



Which? Shorts: Why it pays to complain to your insurer

Hello and welcome to the Which? Shorts podcast, I'm Rob Lilley.

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This week we're hearing why it pays to complain to your insurer.

To read us this article, originally written by Dean Sobers, I'll hand you over to the host of the Which? Money podcast, Lucia Ariano...

In November 2020, Which? Member Nigel Corbishley found himself in an unexpected disagreement with NFU Mutual (or NFUM). He'd just bought a new car and was arranging insurance for it. But while discussing its specs over the phone, he and the insurer hit a point of contention about the size of the engine.

Nigel told NFUM that his Porsche Macan had a 2.9-litre engine, but the insurer insisted that the model had a 3-litre engine – albeit a less powerful one. When the car was delivered, Nigel found he'd been right, so he contacted NFUM. It duly corrected the error, only to also inform him that he'd now be paying a higher premium. Frustrated with the situation, Nigel decided to raise a complaint. 'We'll see what happens,' he thought, dubious as to whether anything would come of it. As it turned out, not only did the action end up benefiting him, as he received compensation, but it also drew NFUM's attention to an issue with its systems that could have been affecting other policyholders, too.

Nigel's complaint is one of millions made to insurers each year. Problems range from long call waiting times and admin errors to claims disputes involving thousands of pounds. The good news is that complaining very often gets results. Here, we comb through official data and the experiences of complainants to explore how insurers are letting customers down and what you can expect if you encounter a problem.

Private medical insurance customers are most likely to grumble, according to Financial Conduct Authority figures: 10.2 complaints are made per thousand policies – more than three times the average across all insurance types. Pet insurance is a distant second, with 4.6 complaints per thousand policies. Income protection policies are least likely to generate complaints (at 0.4 per 1,000).

To find out more about what's driving complaints, we surveyed 15,930 Which? members in October 2022. Almost one in 10 had raised an insurance complaint during the previous two years. Reasons for complaining were varied – with causes including speed of service, disputes around policy wording, and cases of mis-selling. Others had taken their insurers to task over admin errors – which in certain cases had caused more than just minor annoyance. One member was overcharged £1,000 when payment for their travel insurance was taken twice from their bank account. And in several instances, car insurers had cancelled policies without giving clear notice – leaving customers unaware they were driving illegally.

In other cases, complaints concerned how reasonably insurers were applying their conditions. One customer, whose home has a thatched roof, was told portions of his fire insurance would be suspended after an appointment with a chimney sweep fell through. At the time, he was struggling to arrange a replacement inspection, with a chimney sweep that would meet the insurer's criteria, within its specified deadline.

Some of the thorniest complaints were about claims. The old bugbears of miscommunication and poor coordination drove some members to send exasperated letters, calls and emails to complaints departments – or in several cases, CEOs' offices – to resolve claims that had gone off the rails. For members like Arlene Mosley, complaining was the only way to resolve deadlock between two squabbling insurers that were underwriting separate parts of her home insurance policy. Other customers were compelled to complain after they felt a claim had been unfairly rejected. Last February, while one member was sitting with his son in a paddock at the end of his back garden, a burglar entered the house and stole around £7,000 of his wife's jewellery. Their home insurer initially refused to pay. As no one was in the house during the theft and the back door was unlocked, the underwriter concluded the owner was technically off the property and hadn't adequately secured it. The member wrote to ask for this decision to be reviewed, and the claim was eventually accepted.

Members repeatedly reported complaining after their premiums went up. As we've found with haggling, voicing your dissatisfaction about an insurer's premium has reasonable chances of paying off. But as some members testified, raising a formal objection can make an even bigger difference. One member told us they complained to their car insurer at renewal when they found it giving cheaper quotes on comparison sites to new customers. 'Initially the company would only offer a small reduction in my renewal premium,' they explained. 'After raising a formal complaint, I was allowed to cancel my policy and take out a new one at the price quoted on the comparison site.'

If you complain to an insurer, it has eight weeks to resolve it – or to explain in writing why it needs more time to investigate. In practice, more than half of complaints are resolved within three days – with only 6% taking longer than eight weeks. The most recent published data – covering complaints closed in the first half of 2022 – showed that the majority (67%) were resolved in the customer's favour. The experiences of Which? members paint a similar picture, with complaints more often upheld than rejected.

If an insurer accepts that it's in the wrong, rectifying the situation may simply involve revisiting a decision (re-evaluating a claim, for instance), apologising or taking feedback on board. But in some cases, financial compensation is paid. A quarter of Which? members who'd complained to an insurer in the past two years received money as a result – the majority receiving £200 or less. In the first half of 2022, insurers paid out more than £83m in redress – an average of £161 per upheld complaint. The resolution of a complaint can even benefit other customers.

In Nigel Corbishley's case, a few weeks after lodging his complaint with NFUM regarding his Porsche Macan, the insurer called him once it had investigated his bumpy experience. It had found that its database of vehicles hadn't been properly updated. This meant his specific model wasn't listed on it at the time he'd arranged his cover, leading to the confusion about its real engine size. The issue was potentially affecting around 50 car models, and so the insurer thanked him for drawing attention to it. He

also received an apology and £50 compensation. He was impressed with the way the complaint was handled and is still with the insurer, telling us that although there had been a problem, the way it had been dealt with left him with greater confidence that it would look after him in future. Unfortunately, though, it more often appears to go the other way. Just 27% of members who had complained were satisfied with how it was handled, compared with 60% who were dissatisfied.

Left dissatisfied after the insurer's response to their complaint, 6% of members in our survey who complained ultimately went to the Financial Ombudsman Service (FOS). You have the option to escalate your complaint to the FOS even if the company had upheld it – but where you're still unsatisfied with how the situation has been addressed. This was the case for just over a third of members going to the FOS. One commented: 'My insurer offered a small sum for inconvenience, which I rejected and raised a complaint with the Ombudsman.'

The Ombudsman's role is to objectively review disputes between customers and companies and determine whether the customer has been treated reasonably. Where it believes this isn't the case, the company must do what the Ombudsman tells it needs to be done to put the situation right. On average, the FOS upheld 28% of customers' insurance complaints in the first half of 2022.

Thank you so much to Lucia, and thank you to Dean Sobers too, the author of that piece originally written for the January issue of Which? Money magazine.

Remember you can find more articles you'll find useful every day on everything from money and technology to home and garden advice by signing up to one of our many free email newsletters at [which.co.uk/newsletters](https://www.which.co.uk/newsletters).

We'll be back next week for another episode of Which? Shorts. Thanks for listening. Which? Shorts was produced by me, Rob Lilley, while the Exec Producer was Angus Farquhar.