

Which?

Addressing poor consumer outcomes in home and travel insurance

WHICH? SUPER-COMPLAINT TO THE
FINANCIAL CONDUCT AUTHORITY

23 September 2025



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About Which?

Which? is the UK's consumer champion, here to make life simpler, fairer and safer for everyone. Our research gets to the heart of consumer issues, our advice is impartial, and our rigorous product tests lead to expert recommendations. We're the independent consumer voice that works with politicians and lawmakers, investigates, holds businesses to account and makes change happen. As an organisation we're not for profit and all for making consumers more powerful.

Under section 234C of the Financial Services and Markets Act 2000, Which? (as the Consumers' Association) is a designated consumer body that may make a complaint to the Financial Conduct Authority that a feature, or combination of features, of a market in the United Kingdom for financial services is, or appears to be, significantly damaging the interests of consumers.

Executive summary

Home and travel insurance products are widely held by UK consumers, and hugely important for society and the economy. In 2024, 32 million UK adults held contents insurance and 29 million held buildings insurance, whilst 15 million and 13 million UK adults held annual and single-trip travel insurance, respectively.¹

Yet these markets are failing consumers in many ways. Consumers are routinely treated poorly during the claims-handling process, in breach of Financial Conduct Authority (FCA) rules. Claims are often rejected, unlike many other insurance products. In some cases, the terms and conditions of policies are unfairly disadvantageous to consumers, either very obviously as drafted, or in the way in which they can be interpreted and applied.

These failures have caused consumers avoidable financial and emotional harm over many years – and continue to do so. They are also steadily eroding firms' incentives to adhere to regulation, and consumer trust in insurance markets.

Why Which? is submitting this super-complaint

The FCA's July 2025 claims-handling report highlighted 'many areas where improvements need to be made' across the 15 home insurance firms and 8 travel insurance firms reviewed. This included evidence of 'ongoing customer harm'.²

Despite these findings, the FCA reached no conclusions in the report on whether any of the reviewed firms had failed to comply with FCA rules, nor was a plan to determine this outlined. Little was said about what the FCA is doing to hold the hundreds of other firms across these markets to account on the issues they had identified. Worryingly, the FCA has identified many of these issues before, and failed to address them.

In its 2025 claims-handling report, the FCA acknowledged some issues with consumer understanding of cover for storm damage in home insurance and it has asked the industry to address this. However it failed to identify and address other issues, including the wider prevalence of low claims acceptance rates, poor consumer understanding of products, and the presence of terms which deviate from requirements under insurance and consumer law.

This amounts to a pattern of consistent failure by the FCA to meet its statutory consumer protection objective in these markets to secure 'an appropriate degree of protection for consumers'. We are concerned insurers are being allowed to break the law – including FCA rules, and insurance and consumer legal requirements for the protection of consumers more

¹ These equate to 60% of adults holding a contents insurance policy, 53% holding a buildings insurance policy, 27% holding an annual travel insurance policy, and 23% holding a single-trip travel insurance policy within the previous 12 months. FCA (2025) Financial Lives 2024 Survey. Available from: <https://www.fca.org.uk/financial-lives/financial-lives-2024>.

² FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement> S.

generally. The FCA has also underestimated problems with how these markets are functioning, which are causing further consumer harm, and merit attention.

After careful consideration, Which? has decided, under its statutory powers, to submit a formal super-complaint regarding certain features of the consumer home and travel insurance markets that are significantly damaging the interests of consumers.

The relevant markets

There are two relevant markets for this super-complaint:

- The **retail home insurance** market which covers policies distributed to consumers in the UK, including contents-only, buildings-only and combined buildings and contents policies.
- The **retail travel insurance** market which covers policies distributed to consumers in the UK, including single-trip, European annual, and worldwide annual policies.

Features of the relevant markets significantly damaging the interests of consumers

There are three features of the home insurance and travel insurance markets significantly damaging the interests of consumers:

- **poor claims handling;**
- **inappropriate sales processes; and**
- **a lack of application and enforcement of FCA rules and other relevant law.**

We cite a wealth of evidence in support of these, from Which?, the FCA and other sources. This includes four reports we have published since we launched our public campaign calling on the FCA to End the Insurance Rip-off in Summer 2024. These cover:

- Financial Ombudsman Service (FOS) decisions involving delay, distress and inconvenience caused by insurers;³
- consumer harm in the insurance claims process;⁴
- consumer confusion around general insurance;⁵ and
- potentially unfair flood and storm definitions in home insurance policies.⁶

³ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from: <https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

⁴ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

⁵ Which? (2025) Risky business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

⁶ Which? (2025) The claim after the storm: Potentially unfair flood and storm definitions in home insurance policies. Available from: <https://www.which.co.uk/policy-and-insight/article/the-claim-after-the-storm-addkT9j8POcs>.

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We also include two new sources of evidence:

- 1) Analysis of policy wordings conducted with Fairer Finance, exploring the possible factors leading to variation in claims acceptance rates between firms.⁷
- 2) Legal analysis of a sample of policies and product information documents, conducted by an expert external barrister.⁸

What action Which? wants

Which? wants this super-complaint to lead to a reset of the markets for home and travel insurance so that they properly serve the needs of consumers, who rely on these products and firms at some of the most difficult points in their lives.

We expect this to lead to consumers:

- **purchasing insurance products that better meet their needs and reasonable expectations;**
- **better understanding relevant limitations of their insurance cover;**
- **experiencing fewer problems when making claims;**
- **receiving more appropriate support from their insurer, especially if they are in vulnerable circumstances; and**
- **having fewer claims rejected.**

To deliver these outcomes, Which? wants action in three areas:

- **Recommendation 1: The FCA should urgently intervene to tackle the failure of home and travel insurance firms to comply with their legal obligations, taking formal enforcement action where necessary to force action and act as a deterrent.**
- **Recommendation 2: The FCA should launch a market study to address the market dynamics driving poor consumer outcomes in the home and travel insurance markets.**
- **Recommendation 3: The FCA and the government should conduct a joint initiative to review consumer protection legal frameworks in insurance and how they are operating in practice, identifying key areas where these need strengthening.**

⁷ Which? (2025) Restrictive insurance policy wordings do not appear to be a key driver of low acceptance rates. Available from: <https://www.which.co.uk/policy-and-insight/article/restrictive-insurance-policy-wordings-do-not-appear-to-be-a-key-driver-of-low-acceptance-rates-aLYrV7H51gua>.

⁸ Annex B: Expert legal review of home and travel insurance policies

1 Background and overview

Here we provide further background on:

- Which?'s longstanding concerns with the home and travel insurance markets;
- the FCA's 2025 home and travel insurance claims-handling report;
- similar FCA findings from previous FCA reviews; and
- why Which? is submitting this super-complaint.

We also provide an overview of the super-complaint, which covers:

- the relevant markets;
- the features of the relevant markets significantly damaging the interests of consumers;
- key relevant areas of law; and
- evidence.

1.1 Which?'s longstanding concerns with the home and travel insurance markets

Insurance markets are critical to the functioning of a modern economy, enabling risk pooling and underpinning household financial resilience which ultimately facilitates economic growth.⁹ Buildings insurance, for example, is critical to the maintenance of the mortgage market, without which many consumers could never hope to own their own home.

Home and travel insurance products are widely held by UK consumers. However, these markets are not working well. Consumers are routinely treated poorly during the process, in breach of FCA rules.¹⁰ Claims are often rejected, unlike many other insurance products.¹¹ In some cases, the terms and conditions of policies are unfair to consumers, either very obviously as drafted,¹² or in the way in which they are being interpreted and applied.¹³

⁹ WPI Economics (2025) A 10-year vision for prosperous and secure households, businesses, and communities. Report for the Association of British Insurers (ABI). Available from: https://wpieconomics.com/wp-content/uploads/2025/02/ABI_WPI_REPORT_FINAL.pdf.

¹⁰ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

¹¹ Financial Conduct Authority (2024) General insurance value measures data 2023. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

¹² See Annex B: Expert legal review of home and travel insurance policies

¹³ Which? analysis of text of Financial Ombudsman decisions, available from: <https://www.financial-ombudsman.org.uk/decisions-case-studies/ombudsman-decisions>. The FCA's 2025 claims handling report also identified weaknesses in claims-handling governance. Some firms were found to have ineffective claims handling frameworks which raises the risk of inconsistent decisions and poor consumer outcomes. FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>.

Additionally, our new analysis, conducted by Fairer Finance, also indicates that variation in claims acceptance rates does not vary systematically with policy wording, suggesting that weak claims governance and poor claims handling processes are more important in explaining poor claims acceptance rates. Which? (2025) Restrictive insurance policy wordings do not appear to be a key

These issues are causing avoidable financial and emotional harm for consumers. The harm arising includes financial losses, the time taken to pursue claims and complaints, and the emotional impact this can have on people. Rejected or badly-handled claims can wreak havoc on people's lives in the aftermath of an event such as a fire, burglary or medical problem abroad – often when people are struggling with other practical and emotional challenges. The impact on people's mental health is particularly concerning, with prolonged claims, unreasonable requests and unfair decisions causing frustration, distress and robbing people of sleep.¹⁴ There are even cases where people's physical health is affected, such as where dampness is not properly remedied in a person's home leading to respiratory illness.¹⁵

For too long, substandard levels of service and customer outcomes have been tolerated, steadily eroding both firms' incentives to adhere to regulation and consumer trust in insurance markets. Insurance has persistently registered the second lowest level of consumer trust of any major consumer-facing industry, according to Which?'s Consumer Insight Tracker survey. Only social media consistently scores lower.¹⁶ Consumer case studies demonstrate repeatedly the poor regard in which the industry is held:

Quotes from consumers about the insurance industry

They stand to profit by refusing to cover claims and frequently attempt to hide or minimise the extent to which certain items are excluded from coverage or the extent of deductions in the small print, knowing that people are likely to miss this information and thus purchase a policy expecting better coverage than it actually provides. Female, 26, London

My personal experience of them is when I've needed them they try and weasel out of their obligations and have ultimately cost me more in premiums through no fault of my own. Male, 43, East of England

It feels like I pay out a lot to insurance companies and any time I have a problem, which is rare, it becomes a fight to get what I think I deserve. Male, 44, East Midlands

Too much red tape and hard to understand all of the fine print and exclusions that you only become aware of when attempting to claim. Male, 45, North East

driver of low acceptance rates. Available from:

<https://www.which.co.uk/policy-and-insight/article/restrictive-insurance-policy-wordings-do-not-appear-to-be-a-key-driver-of-low-acceptance-rates-aLYrV7H51gua>.

¹⁴ Which? (2024) Consumer harm in the insurance claims process. Available from:

<https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

¹⁵ Which? (2024) Consumer harm in the insurance claims process. Available from:

<https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>

¹⁶ Which? (2024) Consumer trust in business dashboard. Available from:

<https://www.which.co.uk/policy-and-insight/article/consumer-trust-in-business-dashboard-aVyDw8g1kG9T>

They always have loopholes to ensure they don't have to pay out, and then will put up the premium anyway. They just feel like scams. Female, 40, South East

Because I think they are legal scammers and rarely pay out and if they do they take a long time. Female, 38, London

They are often quick to take your money for an insurance policy, but when the claim actually comes and you really need their help it becomes very difficult to achieve anything. Male, 59, East of England

Lots of claims likely to be rejected due to fine-print details and technicalities that the average consumer shouldn't have to be expected to read. Male, 32, North West

Source: [Which? Consumer Insight Tracker survey](#), a nationally representative online poll of UK adults conducted on 10-12 November 2023.

1.2 The FCA's 2025 home and travel insurance claims-handling report

The most relevant recent piece of FCA work to this super-complaint is the FCA's claims-handling arrangements report, published in July 2025.¹⁷ This review was launched with a sentence outlining its scope in the FCA's 2024-25 business plan:

*'Our multi-firm work will also look at how swiftly the insurance industry responds to claims, including where customers are more likely to show characteristics of vulnerability.'*¹⁸

No terms of reference were published. The FCA published an update on the scope of the review in December 2024, which was broader than the original:

*'Understanding insurers' claims handling arrangements and whether systems, controls, governance and oversight structures drive good consumer outcomes.'*¹⁹

We supported this broader scope. We made clear to the FCA that, in addition to claims-handling processes, its review should address issues with how products are designed and sold to consumers. These issues often contribute to difficulties experienced by consumers when they make claims. We highlighted that in order to meet Consumer Duty requirements to act to deliver good outcomes for retail customers, the FCA's guidance says firms should identify and tackle the factors that are leading to poor outcomes.²⁰ We also

¹⁷ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>.

¹⁸ FCA (2024) Business Plan 2024/25. Available from: <https://www.fca.org.uk/publications/business-plans/2024-25>.

¹⁹ FCA (2025) Our Consumer Duty focus areas. Available from: <https://www.fca.org.uk/publications/corporate-documents/our-consumer-duty-focus-areas>.

²⁰ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

made clear to the FCA that this review should lead to robust action if the FCA found issues with non-compliance with FCA rules and wider law.

We engaged extensively with the FCA throughout this review. This included presenting to the FCA on the four policy research reports summarised in Annex A, covering: FOS decisions involving delay, distress and inconvenience caused by insurers; issues with claims-handling processes; how insurance sales are potentially contributing to rejected claims; and storm and flood definitions.

The FCA's review was the first in-depth review of consumer general insurance claims-handling practices in over a decade, with the last published in 2014.²¹ It was just the third such review since the Financial Services Authority (FSA), the predecessor to the FCA, began regulating general insurance in 2005. Prior to this, voluntary codes were in place in these markets.

In July 2025 the FCA published the outcome of its claims-handling arrangements review.²² It found what appear to us to be actual and potential non-compliance with FCA rules across many of the 15 home insurance firms and eight travel insurance firms reviewed. The FCA grouped the 'many areas where improvements need to be made' into the following four key areas, under which we've cited some of the most notable findings – including the FCA's concerns about 'ongoing customer harm':

Key excerpts from the FCA's 2025 claims-handling report

1. Insurers' oversight of outsourced claims handling providers

- *'Some insurers had limited control over their outsourced claims handling arrangements.'*
- *'Where there is limited oversight, we have concerns about firms' ability to ensure good consumer outcomes that are expected under the Consumer Duty.'*

2. Availability and use of management information (MI)

- *'Some firms produced poor quality MI, lacked comprehensive data and failed to use MI effectively to identify or assess customer outcomes, including for vulnerable customers.'*

3. Claims handling arrangements, including storm claims and the use of cash settlements

- *'We saw weaknesses in firms' definitions, with firms failing to clearly define:*

²¹ FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-and-retail-travel>.

²² FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement> S.

- *What constitutes a 'storm'.*
- *The specific conditions for storm damage coverage.*
- *'This, combined with poor communication, often leads to high claim rejection rates and poor customer outcomes. Only 32% of storm damage claims made to our sample of firms in 2024 resulted in a payment.'*
- *'Some firms lacked oversight and monitoring of cash settlements, failed to consider customer vulnerability, and promoted cash settlements without ensuring good customer outcomes.'*
- *'We were concerned that some firms may be choosing cash settlements primarily to contain costs without considering customers' best interests.'*

4. Claims governance

- *'Firms were often less able to show how their governance arrangements were helping them oversee their claims handling arrangements effectively.'*
- *'We saw evidence of this resulting in poor customer outcomes, including where firms had identified an issue but taken too long to address and resolve it. We are concerned that this resulted in ongoing customer harm. This included examples where firms had identified a lack of customer understanding of the cover provided but not acted to address this.'*

Source: FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from:

<https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangements>.

The FCA said in its claims-handling report that it would give feedback to the 15 home insurance providers and eight travel insurance providers covered by its 2024-25 claims-handling review.²³ However, it did not publish any explicit conclusions on whether any of the reviewed firms had failed to comply with FCA rules, or set out a plan to determine this. Little was said about what the FCA is doing to hold the hundreds of other firms in these markets to account on the issues identified. The regulator simply said other firms should consider the findings and that regulatory tools will be used 'as appropriate'.

The FCA acknowledged some issues with consumer understanding of cover for storm damage in home insurance and it has asked the industry to address this. However it failed to identify and address a range of other issues across these markets leading to poor customer outcomes, including the wider prevalence of low claims acceptance rates, generally poor consumer understanding of products, and the presence of terms which deviate from requirements under insurance and consumer law.

In response to a Freedom of Information (FOI) request we submitted in August 2025, the FCA confirmed it is 'considering any actions and interventions that may be required' and

²³ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement> S.

‘assessing whether the use of any of our regulatory tools would be appropriate’. It also said that the claims-handling review concerned FCA rules only, not also wider consumer law.²⁴

1.3 Similar findings from previous FCA reviews

Many of the failures identified in the 2025 claims-handling report were not new. The FCA’s last such in-depth review focused on claims-handling in consumer general insurance was published over a decade ago in 2014.²⁵ As with the 2025 report, it focused on home and travel insurance. The 2014 review included surveys of consumers and industry professionals. It identified seven key issues,²⁶ which included consumers not being updated about the progress of their claims²⁷ and firms not providing sufficient oversight of outsourced claims and supply chains.²⁸ Similar issues were raised in the FCA’s 2025 claims-handling report.²⁹

In 2023, the FCA reviewed how home and motor insurers were supporting customers in financial difficulty and handling claims. It found examples of good practice, but also areas where firms needed to improve. In particular, it concluded that:

- *‘The time taken to assess claims varies considerably and we saw examples where the time taken to resolve a claim was significant. We found too that the volume of complaints relating to claims handling and the number of rejected claims is increasing.’*

²⁴ See Annex C: The FCA’s response to Which?’s freedom of information request

²⁵ FCA (2014) TR14/8 - Insurers’ management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

²⁶ Recording and use of inbound claims calls (mainly household); Communication and ownership throughout the claim; Management of supply chains (household); The emergency assistance activities of travel insurers and the need for the right insurance; Insurance in relation to medical conditions (travel); Consumer outcomes in long chains of delegation; The clarity of product documentation. FCA (2014) TR14/8 - Insurers’ management of claims – household and retail travel. p.14. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

²⁷ The FCA’s consumer research found that 20% of successful claimants and 34% of unsuccessful claimants were either very dissatisfied or dissatisfied about being updated about the progress of their claim. Of Chartered Institute of Insurance members who completed the survey, a combined 29% for household and travel respondents disagreed with the statement that claimants are kept up-to-date throughout the claims process.

FCA (2014) TR14/8 - Insurers’ management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

²⁸ FCA (2014) TR14/8 - Insurers’ management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

²⁹ ‘We saw issues relating to: Poor claims and supplier management; Ineffective management of customer expectations, particularly relating to timescales; Firms not making sure customers are kept updated on their claim’s progress [...] Some insurers had limited control over their outsourced claims handling arrangements.’ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement> S.

- *'We are concerned that a number of our firms were unable to provide data to demonstrate the number of vulnerable customers receiving support. We saw significant variation in how firms identified financially vulnerable customers. We also saw examples where policies were sold through chains of firms, where it was not clear how each firm had considered their own approach to vulnerability.'*
- *'Some firms were not yet able to demonstrate that they have effective information to monitor consumer outcomes. In particular, we noted that more work is needed to ensure good flows of information between intermediaries and manufacturers.'*³⁰

The FCA's 2024 multi-firm review of outcomes monitoring under the Consumer Duty covered 20 large firms in general and life insurance. It identified yet more related issues, including substandard service levels and poor monitoring of consumer outcomes, including for customers in vulnerable circumstances:

- *'We continue to see substandard service levels across insurance sectors and therefore encourage firms to ensure the customer support targets and SLAs [service level agreements] they aspire to are appropriate to ensure their customers are supported.'*
- *'[...] many firms need to make improvements in their monitoring to enable them to determine whether they are delivering good outcomes for retail customers, as required by the [Consumer] Duty.'*
- *'Some firms showed limited monitoring of outcomes for different groups of customers, including a lack of monitoring of outcomes between customers with characteristics of vulnerability and other customers.'*³¹

As with the 2025 claims-handling report, in the 2014 claims-handling review,³² the 2023 cost

³⁰ FCA (2023) Cost of Living: good and poor practice in the general insurance market. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/cost-living-good-and-poor-practice-general-insurance-market>.

³¹ FCA (2024) Insurance multi-firm review of outcomes monitoring under the Consumer Duty. Available from: <https://www.fca.org.uk/publications/multi-firm-reviews/insurance-multi-firm-review-outcomes-monitoring-under-consumer-duty>.

³² 'Feedback to insurers involved in the project was provided informally at the conclusion of the visits to claims operations, giving our immediate views on what we had seen. In a number of cases we required the firm to take action to correct problems. Later, more structured feedback was provided to the senior management of each of the ten insurers; this included the firmspecific results from the quantitative consumer research...A seminar targeted at chief executives and directors of claims was held at the FCA on 9 April...As is pointed out elsewhere, this thematic review has not given detailed consideration to whether rules such as those highlighted above are being met...It is likely that household and travel insurers – as a minimum – will want to reflect on the findings of this project and what it means for their business. Insurers should also expect that we are likely to want to discuss claims with them as part of our ongoing Pillar 1 supervisory work.' FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. pp.6-7 & 28. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

of living review³³ and the 2024 Consumer Duty outcomes review³⁴, the FCA did not publish definitive conclusions as to whether any of the reviewed firms had failed to comply with FCA rules. The FCA also failed to make clear what it was doing to hold other firms to account. The findings of the most recent claims-handling review suggests that this action has, to date, been insufficient. The persistence of these issues over the course of four separate reviews, spanning more than a decade, points to an ongoing failure of the FCA to fulfil its statutory duty to ensure an appropriate degree of consumer protection in the home and travel insurance markets, as well as potentially cultural issues undermining its regulation of the wider insurance industry.

Yet in some other parts of insurance, particularly on the fair value of products, the FCA has been more willing to address issues with firms' compliance and the resulting consumer harm. For example:

- It agreed a pause in the sale of guaranteed asset protection products with many providers, which was followed by subsequent improvements in the value of these products,³⁵ albeit this was a decade after the FCA first found similarly low levels of payouts as a share of premiums.³⁶
- Its 2024 thematic review of product oversight and governance found 'Many firms were not fully meeting the requirements under PROD 4 and could not ensure and evidence that their products are delivering fair value'.³⁷ In response the FCA said:

³³ 'Some firms are not yet able to demonstrate they have effective governance and controls in relation to our three key expectations set out above. Work remains to be done by these firms to ensure they are receiving the right management information and that data submitted is accurate. In addition, more work is needed to ensure good flows of information between brokers and manufacturers...We will continue to monitor how firms are meeting our expectations in relation to Cost of Living and how prepared they are for the Consumer Duty coming into force.' FCA (2023) Cost of Living: good and poor practice in the general insurance market. Available from:

<https://www.fca.org.uk/publications/good-and-poor-practice/cost-living-good-and-poor-practice-general-insurance-market>.

³⁴ The FCA provided feedback to the specific firms involved in the review and said that all insurers should consider the findings. Firms that identified gaps in their compliance 'should act immediately, putting robust plans in place to address any shortcomings'. The FCA said that: 'Where appropriate, we will also consider use of supervisory tools to make sure that progress is made to meet the requirements of the Duty.' FCA (2024) Insurance multi-firm review of outcomes monitoring under the Consumer Duty. Available from:

<https://www.fca.org.uk/publications/multi-firm-reviews/insurance-multi-firm-review-outcomes-monitoring-under-consumer-duty>.

³⁵ FCA (2024) GAP insurers agree to suspend sales following FCA concerns over fair value. Available from:

<https://www.fca.org.uk/news/press-releases/gap-insurers-agree-suspend-sales-following-fca-concerns-over-fair-value>.

³⁶ 'This action follows findings in the FCA's latest fair value measures data, which shows that only 6% of the amount customers pay in premiums for GAP insurance is paid out in claims...The FCA's assessment of the value provided by GAP insurance includes data going back to 2008. In our 2014 market study, we found that only 10% of premiums were paid out in claims, on average, between 2008-2012.' FCA (2024) GAP insurers agree to suspend sales following FCA concerns over fair value. Available from:

<https://www.fca.org.uk/news/press-releases/gap-insurers-agree-suspend-sales-following-fca-concerns-over-fair-value>.

³⁷ FCA (2024) TR24/2: Product Oversight and Governance thematic review – General Insurance and Pure Protection (PROD 1.4 and PROD 4). p.4. Available from:

<https://www.fca.org.uk/publication/thematic-reviews/tr24-2.pdf>.

*'We are requiring firms to take remedial actions supported by attestations from senior management and using our skilled person review tool, where appropriate. Where we have more material concerns about product value, we are intervening including getting firms to withdraw products from the market. In the event we identify significant harm to customers, we will ensure that firms and their senior managers are held accountable for these failings and remediate the harm, including providing any customer redress necessary.'*³⁸

We are unclear why the FCA has not used these measures, including agreeing undertakings by firms, or requiring firms to take remedial action and provide redress, for the repeated issues it has found with firms' claims-handling governance and practices, and the poor treatment of customers.

1.4 Why Which? is submitting this super-complaint

This persistent evidence of ongoing consumer harm in the home and travel insurance markets led us to campaign to address this, and to engage regularly with the FCA and other stakeholders on our concerns in these markets. Despite this engagement and the coming into force of the FCA Consumer Duty rules, we have not seen significant improvements for consumers in these markets.

Our engagement with the FCA following its 2025 claims-handling report has not made sufficiently clear to us what its plans are to fix the issues it has identified. The FCA could have specified actions for firms to undertake or taken enforcement action. While we appreciate the sensitivities around naming firms at early stages of enforcement investigations, the FCA did not need to name firms to announce that this was happening. Where necessary, the FCA could have launched further investigations, such as a call for input or a market study. None of this was set out by the FCA.

Other issues we have identified in these markets were not considered at all. Wider legal obligations (such as those listed in section 1.7 below) were not mentioned, despite the FCA having the remit to enforce these in relevant markets.³⁹ Which? remains of the view that the FCA's response to its 2025 claims-handling review, and a series of previous regulatory reviews, has been insufficient. The FCA has missed or underestimated many important issues that we have persistently raised. Where it has identified issues, its response has not been commensurate with the scale and nature of harm in these markets.

On the basis of our research and investigations, we are concerned that a significant number of insurance firms are not complying with relevant consumer and insurance laws and FCA rules, including the Consumer Duty. Allowing firms to behave in this way penalises firms that

³⁸ FCA (2024) TR24/2: Product Oversight and Governance thematic review – General Insurance and Pure Protection (PROD 1.4 and PROD 4). p.8. Available from: <https://www.fca.org.uk/publication/thematic-reviews/tr24-2.pdf>.

³⁹ Competition and Markets Authority & FCA (2019) Memorandum of Understanding between the Competition and Markets Authority and the Financial Conduct Authority on the use of concurrent powers under consumer protection legislation. Available from: https://assets.publishing.service.gov.uk/media/5ed117fc86650c76a86d85bb/FCA_-_CMA_-_MoU_cons_umer_-_pdf_---.pdf.

have done the right thing, by giving their competitors an unfair advantage. This will further erode firms' incentives to adhere to regulation and consumer trust in insurance markets, preventing these markets from working effectively.

Despite raising these concerns repeatedly with the FCA, we are not clear how the FCA is addressing them. In response to the recent Freedom of Information (FOI) request we submitted to the FCA in August 2025, the FCA refused to give overall numbers of open enforcement investigations either across the general insurance sector or specifically in relation to home and travel insurance. The FCA's FOI response also made it clear that very few firms were under investigation, and that its 2025 claims-handling review concerned FCA rules only – not wider consumer law.⁴⁰ We do not regard this approach as sufficient in the circumstances.

Which? has therefore reached the view that the FCA is failing in relation to the home and travel insurance markets to meet its statutory consumer protection objective to secure 'an appropriate degree of protection for consumers'.⁴¹ After careful consideration, Which? has decided to submit a formal super-complaint regarding certain features of the consumer home and travel insurance markets under Section 234C of the Financial Services and Markets Act 2000.

While it is the FCA's responsibility to ensure that the regulations and consumer law it is responsible for are adequately enforced in these markets, responsibility for ensuring these markets function does not sit with the regulator alone, but also with the government. As such, our recommendations reflect the fact that a wider range of solutions may be necessary.

Which? also acknowledges that the FCA may be reluctant to use its consumer law enforcement powers as, unlike the Competition and Markets Authority,⁴² it does not have direct fining powers for the relevant legal breaches. Such fining powers could be used by the FCA, for example, for breach of unfair commercial practices prohibitions (including misleading actions or omissions in insurance selling) or unfair terms non-compliance in policies. For this reason, Which? believes consideration should be given to granting the FCA such powers (see Recommendation 3, section 5.3).

It also appears from our research and investigations, including our own legal analysis, that the existing consumer and insurance law frameworks may well not be effective or clear enough, for example:

- in deterring unfair commercial practices, as prohibited by the Digital Markets, Competition and Consumers Act 2024 (DMCC Act), in relation to claims-handling, such as unreasonable consumer documentation requirements; or
- in how claims are wrongly assessed or refused in breach of the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA 2012) or the Insurance Act 2015.

⁴⁰ See Annex C: The FCA's response to Which?'s Freedom of Information request

⁴¹ Section 1C Financial Services and Markets Act 2000 (FSMA). Available from: <https://www.legislation.gov.uk/ukpga/2000/8/section/1C>.

⁴² Under Chapter 4 of Part 3 of the Digital Markets, Competition and Consumers Act 2024. Available from: <https://www.legislation.gov.uk/ukpga/2024/13/part/3/chapter/4>.

Which? expects that a wider assessment of issues in the insurance industry will be needed alongside the FCA's response to this super-complaint to fully address these systemic issues.

1.5 The relevant markets

There are two relevant product markets for this super-complaint:

- The **retail home insurance** market which covers policies distributed to consumers in the UK, including contents-only, buildings-only and combined buildings and contents policies.
- The **retail travel insurance** market which covers policies distributed to consumers in the UK, including single-trip, European annual and worldwide annual policies.

Insurance markets are complex, with a wide range of policy types which can involve multiple stakeholders at various levels. This can make defining product markets a complicated exercise. The definitions above align with a consumer perspective. They also align with the pragmatic approach the FCA has taken in relation to insurance markets in its previous work. For example, in the FCA's recent review of claims handling, it focuses on 'home and travel products' without going into additional detail.⁴³ For the avoidance of doubt, however, we believe there are issues with the conduct of both manufacturers and distributors of insurance in these markets.

Home insurance is the second most commonly-held general insurance product in the UK. In 2024, 32 million (60%) adults held a home insurance policy that included contents cover, and 29 million adults (53%) held a policy that included buildings cover.⁴⁴ The number of people who benefit from these policies at a household level is likely to be considerably higher.

The home insurance market is also extremely large in terms of value. According to FCA data from 2023, gross written premiums across the three relevant types of home insurance policy were just under £6 billion. For combined buildings and contents home insurance, the most popular by some distance, average premiums were £340.⁴⁵

Travel insurance is a smaller market both in terms of customers and average premiums. Gross written premiums totalled £980 million in 2023, with average premiums ranging from £73 to £159 across the three main types of travel insurance.⁴⁶ Nevertheless, millions of UK

⁴³ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement-s>.

⁴⁴ FCA (2025), Financial Lives 2024 survey: Key findings from the FCA's Financial Lives May 2024 survey – Annex A (Product holdings). Available from: <https://www.fca.org.uk/financial-lives/financial-lives-2024>.

⁴⁵ FCA (2024), General insurance value measures data 2023. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

⁴⁶ FCA (2024), General insurance value measures data 2023. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

consumers purchase travel insurance every year. In 2024, 14.5m UK adults held an annual travel insurance policy, whilst 12.7m held a single-trip policy in the 12 months prior.⁴⁷

1.6 Features of the relevant markets significantly damaging the interests of consumers

This super-complaint to the FCA raises three features of the consumer home and travel insurance markets that are significantly damaging the interests of consumers:

1. **Poor claims handling**
2. **Inappropriate sales processes**
3. **A lack of application and enforcement of FCA rules and other relevant law**

1.6.1 Poor claims handling

The FCA's recent findings in its 2025 claims-handling report have identified 'many areas where improvements need to be made' but where, in our view, it has failed to take appropriate action. These include:

- **poor claims and supplier management, including oversight of outsourced claims-handling providers;**
- **ineffective communication with customers on expectations, progress and claims outcomes;**
- **failing to identify customers in vulnerable circumstances and support them appropriately; and**
- **insufficient claims governance, including the availability and use of management information.**

In each case, Which? thinks that the FCA has outlined insufficient action, and is concerned that this will result in ongoing consumer harm. We point to an array of evidence that these problems exist at a greater scale across the industry than the FCA has grasped in its recent review, and to the fact that similar issues were also identified by the FCA in 2014⁴⁸ or in more recent related reviews, and yet little change has been made as a result. This leaves us with little confidence that the limited steps the FCA has publicly announced it is taking in response to the recent review will lead to the satisfactory resolution of these issues.

The FCA has missed or overlooked many important issues altogether. This is, in part, because its 2025 claims-handling report did not include a significant piece of research with consumers or industry professionals. Instead it relied on data collected by providers which is acknowledged to be substandard in places. This appears to have limited the FCA's visibility of wider issues across these markets. The overlooked issues where the FCA has identified

⁴⁷ FCA (2025), Financial Lives 2024 survey: Key findings from the FCA's Financial Lives May 2024 survey - Annex A (Product holdings). Available from: <https://www.fca.org.uk/financial-lives/financial-lives-2024>.

⁴⁸ FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-r-etail-travel>.

some indicators of harm, but does not appear to have a plan to take action to deal with issues, are:

- **customers having to repeatedly provide information and evidence;**
- **comparatively low claims acceptance rates; and**
- **firms not addressing systemic issues identified from relevant Financial Ombudsman Service (FOS) decisions.**

Overall, these persistent problems show that many firms are not sufficiently focused on consumer outcomes, and that there are major issues with firms' governance, processes and culture.

Various FCA rules and wider legal obligations are applicable, including:

- ICOBs 8.1.1.R obligations that claims must be handled promptly and fairly;
- the Consumer Duty principles to secure good outcomes for consumer; and
- the implied term under Section 49 of the Consumer Rights Act 2015 (CRA 2015) that services must be provided with reasonable care and skill.

However, even if currently investigating these matters further, the FCA has also failed to properly consider the implications of more general relevant law such as that on unfair terms, unfair commercial practices and insurance legislation.

The FCA's response is insufficient. Further action is needed urgently for the FCA to fulfil its obligations to ensure adequate consumer protection.

1.6.2 Inappropriate sales processes

Unfair claims decisions and poor claims governance appear to be partially responsible for low claims acceptance rates in the home and travel insurance markets. However, it is also widely accepted among both the insurance industry⁴⁹ and the FCA⁵⁰ that poor consumer understanding of insurance products causes a significant number of claims rejections.

⁴⁹ See the following two examples:

Chartered Institute of Insurance (2020) CII aims to close customer expectation gap. Available from: https://www.cii.co.uk/news-insight/media/press-releases/articles/cii-aims-to-close-customer-expectation-gap/8eb6ae8c-54f7-4582-8147-dadc5d978a80?srltid=AfmBOooOgeHfuR_p6nat93iHeTBoStF_beDUYUQvwirmQrwJG9_Xyav.

Association of British Insurers (2023) Boardroom Forum: Managing the Expectation Gap in General Insurance. Available from: <https://www.abi.org.uk/events/2023/11/boardroom-forum/>.

⁵⁰ See, for example, the FCA's conclusions on claims acceptance rates for storm claims in its 2025 claims-handling review and its conclusions on falling claims acceptance rates in its 2023 cost of living review: FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from:

<https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangements>. FCA (2023) Cost of Living: good and poor practice in the general insurance market. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/cost-living-good-and-poor-practice-general-insurance-market>.

FCA regulations require insurers to take action to enable consumers to make informed decisions when purchasing products⁵¹ and to ensure that a proposed insurance contract is consistent with the customer's demands and needs.⁵² However, Which?'s research shows that consumers frequently misunderstand the coverage offered by insurance products. In testing a range of scenarios across both home and travel insurance, we found a significant minority of consumers expect to be covered for things typically excluded from home or travel insurance policies, like storm damage to fences or connecting flights. Consumers also commonly expect they will be covered for any event that is not 'their fault', and have little understanding of what would constitute wear and tear or negligence, which could impede their ability to successfully make a claim.⁵³

In these cases, policies may be applied in line with their terms by insurers, but consumers still experience both time and psychological harm when they are unable to make a claim for something they expected to be covered.

Consumer misunderstanding in this market is partially a result of inherent characteristics of insurance products. Unlike most things consumers buy, they hope never to have to use an insurance policy. Many consumers will never make a claim, or do so only rarely, offering little opportunity to learn about products in the market through experience. Consumers also expect a degree of standardisation and the presence of minimum standards across the industry as a result of regulation.⁵⁴

The common use of comparison tools to compare and purchase home and travel insurance policies limits the variation in policies visible to consumers at the point of choosing products. While the simplified view of products offered by a comparison tool facilitates consumer comparison, the limited number of elements of cover surfaced through a comparison interface further reinforces consumers' perceptions that insurance products are largely similar.

Driven by this perception that there is little to choose between products beyond price, consumers rationally limit the time they spend searching for insurance and the extent to which they actively engage in the detail of the product they are purchasing.⁵⁵

⁵¹ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁵² FCA (2018) ICOBS 5.2: Demands and needs. Available from: <https://www.handbook.fca.org.uk/handbook/ICOBS/5/2.html>.

⁵³ For example, 39% of home insurance buyers expect storm damage to fences to be covered by a typical home insurance policy, and 51% of travel insurance buyers expect to be covered for missed connecting flights. Between 34% and 49% of buyers of relevant products expected to be covered for other scenarios which are typically excluded from cover, such as wet rot in floorboards or valuables stolen from hotel rooms. Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

⁵⁴ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

⁵⁵ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

The poor consumer understanding of insurance products which results from this process is challenging, but not inevitable. We find that prompts in the sales process, for example those used to flag the availability of add-on cover options, can improve consumer understanding of what is covered.⁵⁶

However, at present, not enough is being done by either firms or the regulator to address poor customer understanding. Firms' processes are often insufficient to assess the nature of a consumer's demands and needs, and the extent to which coverage matches this. For example, to understand whether a potential travel insurance customer plans to take a connecting flight, and would expect this to be covered. Details of coverage are generally only available to consumers through detailed terms and conditions and in Insurance Policy Information Documents (IPIDs), both of which are largely unintelligible to consumers, and underused.⁵⁷

The industry and FCA should take further action, drawing on behavioural science, to improve consumer understanding of insurance products and reduce the avoidable harm associated with rejected claims. This should include the FCA launching a market study which would enable it to better understand why home and travel insurance markets are not currently addressing these consumer understanding issues and the regulatory interventions required to remedy this.

1.6.3 A lack of application and enforcement of FCA rules and other relevant law

In addition to the compliance issues uncovered by the FCA and Which?'s own previous findings, here we cite evidence from recent external legal analysis showing that leading providers continue to have policy terms and conditions that are not in line with FCA rules, or wider consumer and insurance law.

In summary, our legal analysis found:

- **With the disclaimer that terms may not in fact always be applied strictly, various terms examined improperly deviate from regulatory and statutory standards offering key protections and rights for consumers.**

⁵⁶ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

⁵⁷ See the following three reports:

Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

Fairer Finance (2023) The state of Terms and Conditions and Policy Wordings after one year of the Consumer Duty. Available from: <https://www.fairerfinance.com/insights/blog/the-state-of-terms-and-conditions-and-policy-wordings-after-one-year-of-the-consumer-duty>.

Fairer Finance (2023) The FCA's latest Financial Live survey reveals some troubling facts about communications in the insurance sector. Available from: <https://www.fairerfinance.com/insights/blog/what-does-the-fcas-latest-financial-lives-survey-reveal-about-the-state-of-communications-in-the-financial-services-sector>.

- **Some of the terms were, in practice, likely to operate harshly or unexpectedly against consumers' interests.**

We cite examples where:

- **Policy terms and conditions deviate from statutory and regulatory requirements for the protection of consumers in the insurance market.**
- **There is a lack of transparency and/or clarity as to terms and exclusions.**
- **There are unfair terms under Part 2 of the Consumer Rights Act 2015.**

Many of these points identified do not feature in the FCA's 2025 claims-handling report, although there may be some overlap, for example in relation to policy terms on storms.

More generally, more than two years on since the implementation of the Consumer Duty rules for new products, the FCA has repeatedly found potential issues with non-compliance with FCA rules by insurers, but in our view is not conducting sufficient enforcement activity as a result. This view is also supported by the FCA's response to our recent Freedom of Information request, which suggested that only 'low numbers' of firms were being investigated in this sector and that the recent claims-handling review only focused on possible FCA rule breaches, not wider legal obligations.⁵⁸

Which? is particularly concerned that:

- Many of the issues identified in the claims-handling report echo those identified by the FCA's last such in-depth review focused on claims-handling in consumer general insurance published over a decade ago,⁵⁹ with little evidence the FCA has taken sufficient action in the interim period to ensure consumer protections are rigorously applied.
- Despite the evidence of issues leading to harm found in consecutive reviews, there is little evidence the FCA is addressing these through firm level interventions. There were just six enforcement investigations that remained open across the general insurance and protection sectors in October 2024,⁶⁰ and no enforcement investigations were opened in the year to October 2024.⁶¹
- The FCA's Unfair Contract Terms Library shows that the FCA has agreed just one undertaking with an insurance firm to address unfair contract terms in the last six

⁵⁸ See Annex B: Expert legal review of home and travel insurance policies

⁵⁹ FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

⁶⁰ '5. The number of enforcement investigations currently in progress in the general insurance and protection sector. Please provide a breakdown by: a. Number of firms b. Number of individuals. We currently have 6 investigations open, 2 into firms and 4 into individuals.' FCA (2024) Information on FCA S166 reviews - October 2024. Reference Case Number: FOI11636. Available from: <https://www.fca.org.uk/freedom-information/information-fca-s166-reviews-october-2024>.

⁶¹ '6. The number of enforcement investigations that have commenced in the general insurance and protection sector in the last 12 months. Please provide a breakdown by: a. Number of firms b. Number of individuals. No investigations in the general insurance and protection sector have been opened in the last 12 months.' FCA (2024) Information on FCA S166 reviews - October 2024. Reference Case Number: FOI11636. Available from: <https://www.fca.org.uk/freedom-information/information-fca-s166-reviews-october-2024>

years. It has agreed on just three undertakings with insurance firms since September 2013.⁶²

Which? is concerned that if the FCA's previous, current and future actions in relation to the issues raised in this super-complaint are concentrated on informal, supervisory or settled enforcement actions which aren't publicised sufficiently or at all, then any deterrent effect will be minimal. We also know that firms are keen to understand more clearly what they should do to comply with the Consumer Duty. Clearer communication about actions taken would help to set precedent around the standards expected in these markets, supporting firms that want to comply.

1.7 Key relevant areas of law

The FCA has been clear that the Consumer Duty marked a 'significant shift in our expectations of firms'.⁶³ The FCA also said that the general insurance sector should already have been meeting the products and services outcome, and the price and value outcome, of the Consumer Duty, under the PROD requirements introduced following the FCA's 2020 market study on general insurance.⁶⁴

Various other sections of the FCA Handbook are applicable, and in some cases will give rise to a private right of action in the courts by a consumer if they are breached. The Insurance Conduct of Business Sourcebook (ICOBS) and DISP (dealing with disputes) rules are particularly relevant.

Other key relevant areas of law include:

- **Unfair contract terms provisions in Part 2 of the Consumer Rights Act 2015.** These apply a test of fairness to contract terms used by traders in transactions with consumers, taking into account various factors. There is also a separate and distinct requirement that written terms of consumer contracts should be transparent, which primarily means intelligible to consumers. A term or notice that is unfair is not legally binding on consumers.
- **The supply of services provisions of Chapter 4 of Part 1 of the Consumer Rights Act 2015,** including the implied term under Section 49 that services must be provided with reasonable care and skill, and under Section 52 that a service must be provided within a reasonable time. This right does not replace any stricter rules in other legislation or FCA rules, but may provide useful additional rights and remedies for consumers in individual cases.

⁶² Which? analysis of FCA (2024) Unfair contract terms library. Available from:

<https://www.fca.org.uk/firms/unfair-contract-terms/library>.

⁶³ FCA (2023) Implementing the Consumer Duty in the General Insurance and Pure Protection Sectors. Available from:

<https://www.fca.org.uk/publication/correspondence/consumer-duty-letter-general-insurance-pure-protection-firms.pdf>.

⁶⁴ 'While the Consumer Duty includes requirements around product governance, price and value, insurance firms subject to, and complying with, PROD 4 for non-investment insurance products, will already meet the products and services outcome, and the price and value outcome of the Duty.' FCA (2022) General insurance value measures data - July to December 2021. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-jul-dec-2021>.

- **Unfair commercial practices prohibitions, as now updated in Chapter 1 of Part 4 of the Digital Markets, Competition and Consumers Act 2024 (DMCCA 2024).** These include prohibiting the omission of material information that the average consumer needs to take a transactional decision.
- **The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA 2012)** which requires insurers to prove before denying claims that a consumer has failed to take reasonable care regarding representations they have made when taking out insurance.
- **The Insurance Act 2015 (IA 2015),** which requires that insurers cannot rely upon breaches of terms in an insurance policy to limit or refuse claims unless the loss relates to those terms, as well as providing for an implied term that insurers must pay agreed claims within a reasonable time.

1.8 Evidence

Since summer 2024 when Which? launched its public campaign calling on the FCA to End the Insurance Rip-off, which targets poor value and treatment, we have published four reports (see Annex A for executive summaries) and a series of investigations. The four reports cover:

- **FOS decisions involving delay, distress and inconvenience caused by insurers.** We examined the text of over 8,500 decisions related to motor, home, travel and pet insurance. In each case, we examined an ombudsman's reasoning for why a complaint was upheld, looking in particular at cases where an ombudsman found that an insurer had caused unnecessary distress and inconvenience, or an unfair delay.⁶⁵
- **Consumer harm in the insurance claims process.** 24 in-depth interviews with people who had recently made a claim, and an online survey of 3,322 recent insurance claimants.⁶⁶
- **Consumer confusion around general insurance.** Detailed qualitative work with 24 participants, followed by a depth interview to explore their experiences and perceptions in greater detail. This was followed by an online poll with a nationally representative sample of 4,000 UK adults.⁶⁷
- **Potentially unfair flood and storm definitions in home insurance policies.** We examined 133 recent policy documents from 67 providers; conducted a review of

⁶⁵ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from: <https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

⁶⁶ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

⁶⁷ Which? (2025) Risky business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

expert, industry, regulatory and ombudsman guidance on defining flood and storm; and conducted a nationally representative survey of 2,103 UK adults to establish consumer expectations around what constitutes flood and storm.⁶⁸

We have found compelling evidence of potential non-compliance with FCA rules, insurance law and consumer law. Key evidence that concerns us includes:

- **Persistently low claims acceptance rates.** The FCA's data shows that, in 2023, less than two thirds (63%) of buildings insurance claims, three quarters (77%) of contents only claims, and seven in 10 (72%) buildings and contents combined claims were accepted. For travel insurance, around eight in 10 (81%) claims were accepted. This compares, for example, to motor insurance where 99% of claims were accepted.⁶⁹
- **High rates of reported problems in claims processes.** Over half (54%) of all people making a home or travel insurance claim experienced at least one problem in their claim journey.⁷⁰
- **Worse reported claims experiences for people in vulnerable circumstances.** People surveyed who were in vulnerable circumstances due to the event that led to their home or travel insurance claim, which included dealing with fires in their home or serious medical injuries when on holiday, were significantly more likely to experience a problem with their claim (69% compared to 39% of people surveyed not severely impacted).⁷¹
- **Claims-handling practices leading to negative impacts on mental health for those in vulnerable circumstances.** Half (51%) of consumers surveyed who were severely impacted by their incident said their insurer's actions negatively impacted their mental health.⁷²

⁶⁸ Which? (2025) The claim after the storm: Potentially unfair flood and storm definitions in home insurance policies. Available from:

<https://www.which.co.uk/policy-and-insight/article/the-claim-after-the-storm-addkT9j8POcs>.

⁶⁹ For travel insurance, 81% represents a weighted average across single-trip, annual worldwide, and annual European cover. FCA (2024) General insurance value measures data 2023. Available from:

<https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

⁷⁰ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from:

<https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

⁷¹ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Severely impacted by the event leading to their claim (565), Not severely impacted (1,110). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from:

<https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

⁷² Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base size: Severely impacted by the event leading to their claim (565). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from:

- **Levels and rates of upheld FOS decisions citing distress and inconvenience or delay hitting a five year high in 2023.** Our analysis found that FOS decisions cited distress and inconvenience caused to consumers 1,321 times in 2023, with this harm appearing in 64% of upheld complaints. This was the highest number and proportion of harm cited in upheld complaints since 2019.⁷³

This super-complaint also includes new analysis providing further evidence of issues in these markets:

- **New analysis conducted with Fairer Finance, exploring the possible factors leading to variation in claims acceptance rates between firms.** It identified a handful of coverage areas, including connecting flights in travel insurance and storms coverage in home insurance, in which more restrictive policy wordings appeared to align with low claims acceptance rates. However, more interestingly, in many cases very similar or identical policy wordings were leading to vastly different claims acceptance rates. This suggests that the culture and behaviour of firms, particularly in claims handling, may be a significant cause of low claims acceptance rates.
- **Legal analysis of a sample of policies and product information documents, conducted by an expert external barrister on our behalf.** This identified a significant number of terms which are arguably unfair under the Consumer Rights Act 2015, not compliant with specific insurance legislation or in breach of FCA rules.

<https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

⁷³ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from:

<https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

2 Poor claims-handling

The FCA's recent findings in its 2025 claims-handling report have identified 'many areas where improvements need to be made' but where, in Which?'s view, it has failed to take appropriate action. These include:

- **poor claims and supplier management, including oversight of outsourced claims-handling providers;**
- **ineffective communication with customers on expectations, progress and claims outcomes;**
- **failing to identify customers in vulnerable circumstances and support them appropriately; and**
- **insufficient claims governance, including the availability and use of management information.**

In each case, Which? thinks the FCA has outlined insufficient action, and we are concerned this will result in ongoing consumer harm. We point to an array of evidence that these issues exist at a greater scale across the industry than the FCA has grasped in its recent review, and to the fact that similar issues were also identified by the FCA in 2014 or in more recent related reviews, and yet little change has been made as a result. This leaves us with little confidence that the limited steps the FCA has publicly announced it is taking in response to the recent review will lead to the satisfactory resolution of these issues.

The FCA has missed or overlooked many important issues altogether. This is, in part, because its 2025 claims-handling report did not include a significant piece of research with consumers or industry professionals. Instead it relied instead on data collected by providers which is acknowledged to be substandard in places. This appears to have limited the FCA's visibility of wider issues across these markets. The overlooked issues where the FCA has identified some indicators of harm but does not appear to have a plan to take action to deal with issues are:

- **customers having to repeatedly provide information and evidence;**
- **comparatively low claims acceptance rates; and**
- **firms not addressing systemic issues identified from relevant Financial Ombudsman Service decisions.**

Overall, these persistent problems show that many firms are not sufficiently focused on consumer outcomes, and there are major issues with governance, processes and culture.

Various FCA rules and wider legal obligations are applicable, including ICOBs 8.1.1.R obligations that claims must be handled promptly and fairly, the Consumer Duty principles to secure good outcomes for consumers, and the implied term under Section 49 of the Consumer Rights Act 2015 that services must be provided with reasonable

care and skill. However, even if currently investigating these matters further, the FCA has also failed to properly consider the implications of more general relevant law such as on unfair terms, unfair commercial practices and insurance legislation.

The FCA's response is insufficient. Further action is needed urgently for the FCA to fulfil its obligations to ensure adequate consumer protection.

2.1 The 'many areas where improvements need to be made' identified by the FCA where proposed actions are insufficient

The FCA's 2025 claims-handling review identified 'many areas where improvements need to be made'. Many of these showed evidence of persistent failings identified in previous FCA reviews as well as more recent research by Which?.

In each case, we think the minimal action taken by the FCA in response to the issues identified is inadequate, and will result in ongoing consumer harm. This is particularly the case where our evidence points to wider prevalence across the industry or where previous FCA reviews identified similar issues, including its last in-depth review of consumer general insurance claims-handling in 2014, which also focused on home and travel insurance.

2.1.1 Poor claims and supplier management, including oversight of outsourced claims-handling providers

Where firms are outsourcing or using a third-party provider, they are responsible and accountable for all the regulatory responsibilities applying to outsourcing and third-party arrangements.⁷⁴ This includes ensuring that the support provided by a third party meets the Consumer Duty standard, with firms having systems and controls in place to monitor this and provide assurance that it is meeting its regulatory obligations.⁷⁵

The FCA's Consumer Duty guidance specifically cites interactions with third parties as a potential source of detriment to consumers. It says firms should therefore consider the impact the use of third parties has on customer outcomes,⁷⁶ including poor hand-off processes and a lack of clarity for customers about how or where to access support.⁷⁷ The FCA also wrote to insurance firms prior to the introduction of the Consumer Duty to raise 'working with other firms' as one of the three key areas where firms should particularly focus their attention and 'accelerate their work on this important aspect of implementation'.⁷⁸

⁷⁴ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Consumer Duty, Section 9.40. Available from <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁷⁵ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Consumer Duty, Section 9.41. Available from <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁷⁶ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Consumer Duty, Section 4.19. Available from <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁷⁷ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Consumer Duty, Section 9.10. Available from <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁷⁸ FCA (2023) Dear CEO letter: Implementing the Consumer Duty in the General Insurance and Pure Protection sectors. Available from:

All of the firms included in the FCA's 2025 claims-handling review outsourced some part of their claims-handling. Across these firms, the FCA found that:

*'Some insurers had limited control over their outsourced claims handling arrangements [...] Where there is limited oversight, we have concerns about firms' ability to ensure good consumer outcomes that are expected under the Consumer Duty.'*⁷⁹

These findings are similar to those of the FCA's 2014 claims-handling review, in which it found numerous instances of incorrect instructions being sent to suppliers, suppliers missing appointments to visit consumers in their property, and consumer dissatisfaction with workmanship or replacement goods. Only a third of Chartered Institute of Insurance respondents agreed that third party household suppliers were proactively managed.⁸⁰ The FCA also reached the following conclusion about outsourced claims-handling:

*'At the moment it does not appear that insurers that delegate claims handling have the information, or the means to collect it, to show that consumer outcomes are being delivered which are comparable to those where claims are handled directly by the insurer.'*⁸¹

Our own research suggests little has changed over the last decade, and this is causing consumer harm. People surveyed who had made home or travel insurance claims which involved third parties – which can include other firms involved in claims beyond outsourced claims-handling providers – were significantly more likely to report problems (62%) than those without them (40%). These people were also significantly more likely to report having an overall negative insurance claim experience (26% compared to 16% amongst claims with no third parties). Often these problems were directly related to the third party's involvement. Amongst claims involving third parties:

- 18% said there was poor communication between their insurer and third parties;
- 17% of consumers surveyed said it was not clear what their insurer's and third parties' roles were in their claim;
- 15% received conflicting information from their insurer and the third party; and
- 14% were not told why the third party was involved in their claim.⁸²

<https://www.fca.org.uk/publication/correspondence/consumer-duty-letter-general-insurance-pure-protection-firms.pdf>.

⁷⁹ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from:

<https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement-s>.

⁸⁰ FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

⁸¹ FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

⁸² Online Poll with 1,675 people who had made a home or travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Claim involving third party/parties (590), Claim not involving a third party (518). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process.

These issues can cause delays in resolving claims for consumers, and contribute to psychological harm, as in Karen's case.

Karen's experience with a third party exacerbated her anxiety

When Karen first contacted her insurer to make a claim for water damage stemming from a leak, she told them about her mental health problems. At first her insurer accounted for this, progressing the claim straight away.

However, as her claim progressed, she found it difficult to find out what was happening. Meanwhile, the assessor, charged with looking at the water damage, was not responding to her. Her insurer also failed to respond in a timely fashion.

'I was getting so anxious because no one was responding to my calls, my emails, like nothing. Why give me the mobile contact number and tell [me] to speak directly to your assessor if they don't pick up the phone or answer messages?'

'It was really stressful to even connect and speak to somebody. It caused an immense amount of stress and anxiety to me.'

Considering our own findings together with the FCA's findings on outsourced claims in its 2025 claims-handling report, it seems that some firms may not be complying with their obligations to ensure that outsourced claims-handling providers are meeting regulatory requirements including the Consumer Duty. In our view, further investigation – and where required, enforcement – by the FCA is warranted.

2.1.2 Ineffective communication with customers on expectations, progress and claims outcomes

The FCA's ICOBS rules (8.1.1R) include requirements for insurers to handle claims promptly and fairly, and provide appropriate information on its progress.⁸³ The FCA acknowledges in its Consumer Duty guidance that 'some claims may take longer to settle than others', but it nonetheless makes clear that 'firms should ensure they manage customers' expectations throughout the claim journey by providing timely and appropriate communications.'⁸⁴

Despite these requirements, the FCA concluded in its 2025 claims-handling report that: 'While many firms in the sample treated their customers correctly, we've found too many examples of customers not receiving the service they're entitled to.' Specifically, the FCA's review found 'issues relating to the ineffective management of customer expectations,

Available from:

<https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

⁸³ FCA (2017) ICOBS 8.1.1R. Insurers: general. Available from:

<https://handbook.fca.org.uk/handbook/icobs8/icobs8s1?timeline=true>.

⁸⁴ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Consumer Duty, Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

particularly relating to timescales, and not making sure customers are kept updated on their claim's progress.⁸⁵

This followed the FCA's 2014 claims-handling review where a significant share of consumer and industry respondents cited issues with customers being kept updated on their claims.⁸⁶ In its 2024 report on outcomes monitoring, the FCA subsequently said they 'continue to see substandard service levels across insurance sectors'.⁸⁷

Unlike its 2014 claims-handling review which included research with consumers, as well as with industry professionals, the FCA did not conduct consumer research as part of its 2025 claims-handling report to understand the prevalence of these issues and the impact they are having on consumers. Instead, its recent work primarily focused on FCA data, firm's internal data and case files, and reviews of firms' processes.

Our consumer research with consumers who had recent experience of making a home or travel insurance claim further found that more than half (54%) of customers experienced a problem in their claims process. Two in 10 (22%) people making a claim in these markets had to chase for information on the status of their claim. Three in 10 people making a claim said that their initial contact did not leave them feeling clearer or more certain of their situation (29%). This uncertainty creates ongoing anxiety, and can worsen perceptions of the whole claims process: half (49%) of consumers surveyed who did not have a good initial contact ended up rating their whole claims experience as poor.⁸⁸

These issues result in widespread frustration and consumers having to invest a lot of time and energy in managing their claim. This evidence suggests that some firms may not be complying with their obligations under ICOBS 8.1.1R. It is also potentially indicative of non-compliance with legal obligations such as the Consumer Rights Act 2015 requirement to provide services with reasonable care and skill.

⁸⁵ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement-s>.

⁸⁶ The FCA's consumer research found that 20% of successful claimants and 34% of unsuccessful claimants were either very dissatisfied or dissatisfied about being updated about the progress of their claim. Of Chartered Institute of Insurance members who completed the survey, a combined 29% for household and travel respondents disagreed with the statement that claimants are kept up-to-date throughout the claims process.

FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

⁸⁷ FCA (2024) Insurance multi-firm review of outcomes monitoring under the Consumer Duty. Available from: <https://www.fca.org.uk/publications/multi-firm-reviews/insurance-multi-firm-review-outcomes-monitoring-under-consumer-duty>.

⁸⁸ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Specific base sizes: Did not have a good initial contact (425). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

When a claim decision finally is reached, our consumer research with people who had made a home or travel insurance claim found that insurers are not consistently ensuring that their customers understand the reasons why a claim is being denied or only settled in part. One in four people surveyed whose claim was either only partially accepted or rejected said they were not given a reason why (24%); many of this group left feeling the decision was unfair.⁸⁹

This can reduce someone's ability to challenge the fairness of a decision, to complain and to enforce their rights. Importantly, the Consumer Duty's retail customer outcome on consumer understanding requires firms to meet customers' information needs and support their understanding.⁹⁰

Which? research suggests that on a host of issues, requirements are not always being met. But we remain unclear what the FCA's plans are to address these issues, both among the firms involved in its 2025 claims-handling report and in the wider home and travel insurance markets.

While the FCA has identified issues with some firms, by assuming that most firms treated their customers entirely correctly, without undertaking any consumer research to properly evidence this, the FCA is overlooking the prevalence of issues and scale of harm. This is especially concerning given the concerns the FCA has raised about firms' use of management information to understand consumer outcomes. These limitations constrain what the FCA can understand about these markets, and require the regulator to find other ways to investigate firms' compliance.

2.1.3 Failing to identify customers in vulnerable circumstances and support them appropriately

In some of the issues the FCA identified, it raised concerns about the potential impact on customers in vulnerable circumstances. It specifically cited concerns about some firms' inappropriate use of cash settlements, which failed to consider customer vulnerability:

*'Some firms lacked oversight and monitoring of cash settlements, failed to consider customer vulnerability, and promoted cash settlements without ensuring good customer outcomes [...] We were concerned that some firms may be choosing cash settlements primarily to contain costs without considering customers' best interests.'*⁹¹

⁸⁹ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Claim partially accepted or rejected (253), Not given reason why claim partially accepted or rejected (61). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

⁹⁰ FCA Handbook (2023) Consumer Duty: Retail customer outcome on consumer understanding: Communications to retail customers. PRIN 2A5.3R PRIN 2A.5. Available from: <https://handbook.fca.org.uk/handbook/prin2a/prin2as5?timeline=true>.

⁹¹ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement-s>.

This could leave people significantly out of pocket, and add further stress managing complex repairs to their home. Which? is unclear why urgent sector-wide action has not been taken by the FCA on the inappropriate use of cash settlements to prevent this ongoing harm from arising. The behaviour that the FCA is concerned about would clearly be in breach of various FCA rules such as the obligation to act in good faith towards customers.⁹²

Which? believes the FCA also missed many other systematic failings in firms meeting their obligations to customers in vulnerable circumstances. This is, in part, due to the FCA not conducting consumer research which is needed to better understand the challenges faced by consumers in different circumstances. We therefore believe that the FCA has not properly understood the significant harm being caused to consumers.

Firms are required under the Consumer Duty to support customers in vulnerable circumstances, and ensure they experience outcomes at least as good as other customers.⁹³ ICOBS rules also specifically make clear for insurers that the level of support needed for customers who have characteristics of vulnerability may be different from that for others, so they should take particular care to ensure they act to deliver good outcomes for those customers.⁹⁴ Under the FCA's vulnerability guidance, firms should also ensure that they have systems and processes that allow customer service staff to record and access information that will be required in the future to respond to vulnerable consumers' needs.⁹⁵

Our consumer research has found that many firms' claims-handling processes are disproportionately impacting people in vulnerable circumstances due to the impact of the event that led to their claim. People we surveyed who were severely impacted by the event leading to their home or travel insurance claim were significantly more likely to report problems (69% compared to 39% of people not severely impacted).⁹⁶ This includes people who have suffered medical emergencies on holiday or a fire in their home. Insurers should not have issues identifying this vulnerability and they should clearly be providing additional support in such circumstances.

Firms may argue that claims where customers were severely impacted by their incident are by their nature more likely to have problems because of their complexity. However, the FCA

⁹² FCA Handbook (2023) Cross-cutting obligations: Act in good faith. PRIN 2A.2.1R Available from: <https://handbook.fca.org.uk/handbook/prin2a/prin2as2?timeline=true>.

⁹³ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁹⁴ FCA (2021) FG21/1 Guidance for firms on the fair treatment of vulnerable customers. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>.

⁹⁵ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>.

⁹⁶ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Severely impacted by the event leading to their claim (565), Not severely impacted (1,110). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

is explicit that ‘Firms should take additional care to ensure they meet the needs of consumers at the greatest risk of harm.’⁹⁷

While most consumers have a positive experience of the initial step of reporting their incident to their insurer, too often the chance to identify vulnerability and offer appropriate support is being missed. In particular, Which? research has identified that insurers are regularly failing to identify and respond appropriately to consumers experiencing low emotional resilience because of the incident which led to their claim.⁹⁸ This is despite the FCA’s vulnerability guidance making clear that firms should understand what characteristics of vulnerability are likely to be present in their customer base, and take additional care where necessary.⁹⁹

These issues are having a significant impact on people who are often already struggling with the event that led to their home or travel insurance claim. Half (51%) of consumers surveyed who were severely impacted by their incident said their insurer’s actions negatively impacted their mental health, compared to just 11% amongst those not severely impacted by their incident. And four in 10 (42%) consumers surveyed with pre-existing mental health problems felt their insurer’s actions negatively impacted their mental health.¹⁰⁰

One example of poor processes directly causing harm is whereby customers have to unnecessarily repeat traumatic details of events, causing emotional distress. A quarter (26%) of people severely impacted by the incident that led to their travel or home insurance claim said they experienced emotional distress having to repeat traumatic details, compared to just 3% amongst those not severely impacted by their incident.¹⁰¹ This is clearly at odds with the FCA’s vulnerability guidance which says that ‘consumers should not have to repeat information’.¹⁰² Tara’s case illustrates the harm this can cause:

⁹⁷ FCA (2021) Finalised guidance: FG21/1 Guidance for firms on the fair treatment of vulnerable customers. Section 2.15. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>.

⁹⁸ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

⁹⁹ FCA (2021) FG21/1 Guidance for firms on the fair treatment of vulnerable customers. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>.

¹⁰⁰ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Severely impacted by the event leading to their claim (565), Not severely impacted (1,110), Pre-existing mental health problems (139). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

¹⁰¹ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Severely impacted by the event leading to their claim (565), Not severely impacted (1,110). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkvv4h42JVt>.

¹⁰² FCA (2021) Finalised guidance: FG21/1 Guidance for firms on the fair treatment of vulnerable customers. Section 2.15. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>.

Tara's insurer did not record important case details

Shortly after her husband's death, Tara was burgled and many items with sentimental value, including her husband's expensive road bike, fishing equipment and gardening tools, were stolen.

Tara's insurer failed to record the information she gave about her husband's death and act appropriately. On multiple occasions Tara had to repeat herself.

'I was just having to keep explaining myself. And I'm like, I've already told you all this once. It's horrible because I didn't feel like I was getting anywhere and I don't want to keep reminding myself of what's happened. It's enough going through a death without having to think I've got to talk about all that [again and again].'

At one point Tara was asked by the insurer for receipts for the items stolen. When she said she did not have them, her insurer asked 'where's your husband?', despite their knowledge of his death.

These interactions caused Tara significant distress, and she eventually accepted a reduced settlement of her claim just to find closure.

These findings show significant harm being caused to customers in vulnerable circumstances. Which? is particularly concerned by the impact firms' treatment of customers is having on their mental health. The FCA's Consumer Duty expectation that firms should provide outcomes at least as good for customers in vulnerable circumstances is clearly not being met. Tackling the scale and severity of harm, and non-compliance, should be an urgent priority for the FCA but its current conclusions and plans are far from sufficient.

2.1.4 Insufficient claims governance, including the availability and use of management information

The FCA's 2025 claims-handling report found that 'firms were often less able to show how their governance arrangements were helping them oversee their claims handling arrangements effectively.' The FCA saw evidence of this 'resulting in poor customer outcomes' and 'ongoing customer harm'. This included examples where firms had identified a lack of customer understanding of the cover provided but not acted to address this.¹⁰³

The FCA's report found that one cause of this was that some firms produced poor quality management information and failed to use it properly to assess customer outcomes, including for vulnerable customers.¹⁰⁴ This followed a 2024 FCA report looking across 20

¹⁰³ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>

¹⁰⁴ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from:

large insurance firms which found that ‘many firms’ needed to make improvements in their monitoring of consumer outcomes.¹⁰⁵

These issues can have wide-ranging consequences for firms’ ability to meet their regulatory and legal obligations in a variety of areas, including claims-handling arrangements, product governance, sales processes and customer support – which the FCA expects firms to alter to address poor outcomes.

On firms’ approaches to claims, the FCA’s 2025 claims-handling report found that over a quarter of firms reviewed lacked a documented oversight framework or policy to ensure consistency in their claims oversight.¹⁰⁶ Without these frameworks or policies, firms are much more likely to handle claims unfairly and to fail to spot poor customer outcomes. The FCA seemed to underestimate how much harm this may be causing.

The FCA cited an example of good practice being: ‘We saw a small subset of firms encouraging claims handlers to look for ways to pay rather than reject a claim’.¹⁰⁷ However there was no corresponding conclusion reached about the vast majority of firms that were not doing this. The FCA should have raised concerns about these other firms’ approaches to paying claims, with the clear implication being that most firms looked for reasons to reject claims. This is despite the expectation of FCA rules that claims must not be rejected unreasonably (ICOBS 8.1.1R),¹⁰⁸ firms must act honestly, fairly and professionally in accordance with the best interests of customers (ICOBS 2.5.-1R),¹⁰⁹ and that firms must act to deliver good outcomes for consumers (PRIN 2.1.1R).¹¹⁰

While the FCA specifically raised concerns about low claims acceptance rates for storm claims, in its report it primarily proposed action with the industry on improving consumer understanding of policy terms. The FCA found weaknesses in firms’ storm definitions, with firms failing to clearly define what constitutes a ‘storm’ and the specific conditions for storm damage coverage. It said firms should ‘consider whether their policies are meeting customer needs and whether action is needed to improve consumer understanding of policy wording’.

<https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>
[S.](#)

¹⁰⁵ FCA (2024) Insurance multi-firm review of outcomes monitoring under the Consumer Duty. Available from:

<https://www.fca.org.uk/publications/multi-firm-reviews/insurance-multi-firm-review-outcomes-monitoring-under-consumer-duty>.

¹⁰⁶ ‘Six out of 23 firms lacked a documented oversight framework or policy to ensure consistency in their claims oversight’. FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from:

<https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>
[S.](#)

¹⁰⁷ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from:

<https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>
[S.](#)

¹⁰⁸ FCA (2017) ICOBS 8.1.1R. Insurers: general. Available from:

<https://handbook.fca.org.uk/handbook/icobs8/icobs8s1?timeline=true>.

¹⁰⁹ FCA (2018) ICOBS 2.5.-1R: The customer’s best interests rule. Available from:

<https://handbook.fca.org.uk/handbook/icobs2/icobs2s5?timeline=true>.

¹¹⁰ FCA (2023) Principles for Businesses, PRIN 2.1.1R. Available from:

<https://handbook.fca.org.uk/handbook/prin2/prin2s1?timeline=true>.

It specifically cited ‘the lack of clarity around wear and tear and storm damage’.¹¹¹ This followed similar findings published by Which? earlier in 2025.¹¹²

Despite the FCA finding that around half (49%) of storm claims were rejected outright and five firms accepted less than 30% of claims, it concluded that ‘in most cases, claims that were rejected or not continued by the customer had valid reasons for not being successful under the policy terms’.¹¹³ However, as this review only included a small number of firms, the observation that only ‘most’ claims for storm damage were rejected for valid reasons is a major concern. If, as the FCA’s comment suggests, there are cases where firms have unreasonably rejected a claim, those firms will have fallen foul of the FCA’s rules including ICOBS 8.1.1R.

We sought further details of what the FCA was doing to address issues with claims-handling via a Freedom of Information request in August 2025. In response, the FCA said that on storm damage claims there were ‘widespread issues around consumer understanding and specific issues around claims handling in a smaller number of firms’. It also said ‘we believe these issues are best addressed through a combination of wider industry recommendations and actions allied to individual firm feedback and actions’.¹¹⁴ However, we are currently uncertain as to what action the FCA will take to address unfair storm claim decisions, both in those firms where specific issues were identified in the recent review, and across the industry more widely.

For other types of claims, the FCA’s claims-handling report said that generally where it has found poor practices affecting customer outcomes, firms will be required to take corrective action. However, commitments to specific actions were lacking. This is despite the FCA’s findings on claims governance which suggests that issues with claims handling could be much more widespread than claims for storm damage that the FCA has chosen to focus on, and be due to broader issues with firms’ practices, and how firms monitor and review claims outcomes.

¹¹¹ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>

¹¹² Which? (2025) The claim after the storm: Potentially unfair flood and storm definitions in home insurance policies. Available from: <https://www.which.co.uk/policy-and-insight/article/the-claim-after-the-storm-addkT9j8POcs>.

¹¹³ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>

¹¹⁴ ‘Our findings in relation to storm damage claims and cash settlements suggested widespread issues around consumer understanding and specific issues around claims handling in a smaller number of firms. Given these findings and the context provided by our rules, we believe these issues are best addressed through a combination of wider industry recommendations and actions allied to individual firm feedback and actions, as set out in our report’. See Annex C: The FCA’s response to Which?’s Freedom of Information request

2.2 The issues the FCA has overlooked

In addition to the issues described above, where the FCA has identified problems but failed to take adequate action to protect consumers from harm across the home and travel insurance markets, Which? has also identified a number of issues. In some cases, the FCA has either acknowledged a problem amongst firms reviewed, but failed to identify any planned actions as a result, and in others, it seemingly overlooked evidence of problems.

2.2.1 Repeated requests for information and evidence

An issue identified in our consumer research, but not by the FCA in its July 2025 claims-handling report, is consumers experiencing repetitive or sequential requests for similar information and evidence when making a claim. This can be hugely frustrating for consumers and it can erode their trust and confidence in their insurer and its agents' abilities to properly carry out a task. One in four (25%) people making a home or travel insurance claim had to repeat information or repeatedly share documentation and evidence multiple times during their claims process. People making a home or travel insurance claim also reported evidence requests coming in dribs and drabs, resulting in them spending more time gathering this information. 20% of those surveyed who were asked to submit evidence were asked to provide additional evidence following their initial submission. One in four (27%) people said that going through their claim took up a lot of their time and effort and a third (34%) felt their insurer's actions negatively impacted their time available to do other things.¹¹⁵

***'That is when they just want me to repeat again exactly what happened. It makes you feel like how long is this going to go on for if they keep asking the same questions? Obviously I expected to be questioned because again, it's a financial service, so they needed to get the details and I sent everything I had. I expected to send paperwork... But having the same conversation three times I thought was well over the top.'*¹¹⁶**

These findings echoed similar results from the FCA's research in 2014, where both consumers and insurance professionals identified the need to reduce the number of times that consumers were required to repeat themselves while making a claim.¹¹⁷

Sam's case demonstrates the emotional harm this poor claims-handling practice can cause. One in three (34%) consumers with home or travel insurance claims surveyed who had to

¹¹⁵ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Specific base sizes: Asked to submit evidence (1,275). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

¹¹⁶ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

¹¹⁷ FCA (2014) TR14/8 - Insurers' management of claims – household and retail travel. Available from: <https://www.fca.org.uk/publications/thematic-reviews/tr14-8-insurers-management-claims-household-retail-travel>.

repeatedly share documentation and evidence said they experienced emotional distress having to repeat traumatic details surrounding their claims.¹¹⁸

Sam's experience of repetition

Sam and his family were in a particularly stressful and vulnerable position after a major life event. Sam's dad had a major stroke shortly before their planned holiday abroad. Following the stroke the family decided they had to cancel their holiday and contacted firstly their holiday provider and then their insurer. They experienced repetition throughout their contact with their insurer:

'Every time you phone you get put on hold and then you have to speak to somebody and every time you speak to them, you have to tell the story [of your dad's stroke]. And then I have to read the notes and this is all going on while my dad is in recovery'.

On multiple occasions, Sam had to supply evidence he had already given but what he found most frustrating was that additional requests came in dribs and drabs.

'10 days after submitting some evidence we got another email to say we just need a copy of this and a copy of that. It was very much us reacting to them. We kept getting emails saying we need further kind of evidence and further'.

Sam said he thought, *'Fine, if you need further evidence, but it would be much better to be clear upfront of what the criteria is and what they need'.*

Diane experienced similar delays in processing her claim, which led to a deterioration in her physical health.

Diane's experience of repeated evidence requests

'They said we need more photos... I think [the carpet] was already starting to smell. It was days after the photos came through, and then they wanted more photos, you know, a couple of days elapsed in between'.

'We'd send them photos, hear nothing. So then we chased them up again. And I think because two or three different people were dealing with it, they obviously weren't communicating. It just took forever'.

¹¹⁸ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: 187. More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

'Everything was reactive [from the insurer]... I felt like they were just playing for time... what we sent them was good enough'.

'They took so long to get somebody over to us. I went to the doctor and was diagnosed with aggravated asthma. The doctor said it was from the mould spores'

Our research also identified that some evidence requests were unreasonable, intrusive or disproportionate, further delaying claims processing. Collecting evidence can often be very time consuming for people, requiring a trip to the doctors, or digging through years' worth of receipts, for example. Lydia's case study illustrates the issues.

Lydia experienced unreasonable evidence requests

Lydia needed to claim on her travel insurance after her father-in-law had a heart attack which meant they needed to cancel a family holiday. More than three months into the process of making her claim, she was asked to provide two years' worth of medical records for her father-in-law. This was emotionally draining for Lydia. She was also hugely frustrated as the request felt intrusive and excessive as they had already paid for and supplied a doctor's note weeks prior.

'[Two months into the claim, after hearing nothing for a month] they call me saying we haven't got everything we need to complete your claim. So I said, well, what could you possibly need now? They were asking for two years' worth of medical history for my father-in-law'

'I think it's intrusive to ask somebody to look at their medical records for two years. It felt like a smokescreen for another delay. It was so blatant and it tipped me over the edge emotionally... I felt like it was a trick'.

She remembers saying to her partner *'I can't believe they're doing this...I just can't believe this is happening. And he said, 'well, you know what insurance companies are like'. And I'm like, no, they're regulated, this shouldn't be allowed to happen'.*

Lydia was right that this further request was unreasonable.

'I phoned and told them it was intrusive and asked them to explain why they [needed that information]. They couldn't explain why. They asked if I wanted to make a complaint, and then they came back and I spoke to a lovely lady who apologised to me and said the claim should have been paid out already. She admitted that they've done it all wrong'.

For this ordeal Lydia was given £150 compensation. Lydia estimated that she had over 20 phone calls with her insurer during her whole claim and these calls took over 25 hours in total.

The methods by which firms ask consumers to submit evidence to support claims can also cause delays to processing, particularly where firms expect consumers to do this through an online portal and fail to make adjustments for customers who are not comfortable using the internet.

'I didn't have a clue how to do it. [I'm] not very good with the internet'.

'They sent me a link and you had to upload these things. I didn't know what to do. I hadn't got a clue and I remember saying to them 'I don't know how to do that, I don't, I don't!'.¹¹⁹

Our research suggests that while not common, this is not an isolated occurrence. 13% of consumers with home or travel insurance claims surveyed who had to submit evidence said they had difficulties sending it (eg navigating an online portal). These experiences often lead to further stress for people making a claim. Three in four (74%) of those surveyed who experienced a problem at the evidence stage said they felt their stress levels increased because of these difficulties.¹²⁰

Which? is concerned that the lack of consumer research in the FCA's claims-handling review means that it has missed these issues and failed to appreciate the prevalence and scale of harm being caused to consumers.

2.2.2 Comparatively low claims acceptance rates

While the FCA's 2025 claims-handling report noted that average claims acceptance rates were 73% for home insurance and 79% for travel insurance between 2022 and 2024,¹²¹ it did not reach any conclusion on whether it thought this was a problem. It did not cite claims acceptance rates for any individual firms, named or anonymised, in the report, even though it publishes data by firm on a named basis in its general insurance value measures.¹²² These were striking omissions from its report.

Which?'s view is clear: average claims acceptance rates for home and travel insurance are too low. They have been significantly and persistently lower than for other insurance

¹¹⁹ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

¹²⁰ Online Poll with 1,675 people who had made a home and travel insurance claim in the last three years. The survey took place from 2nd to 19th February 2024. Base sizes: Had to submit evidence: (1,275), Experienced a problem at the evidence stage (497). More details regarding the survey methodology can be found in Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

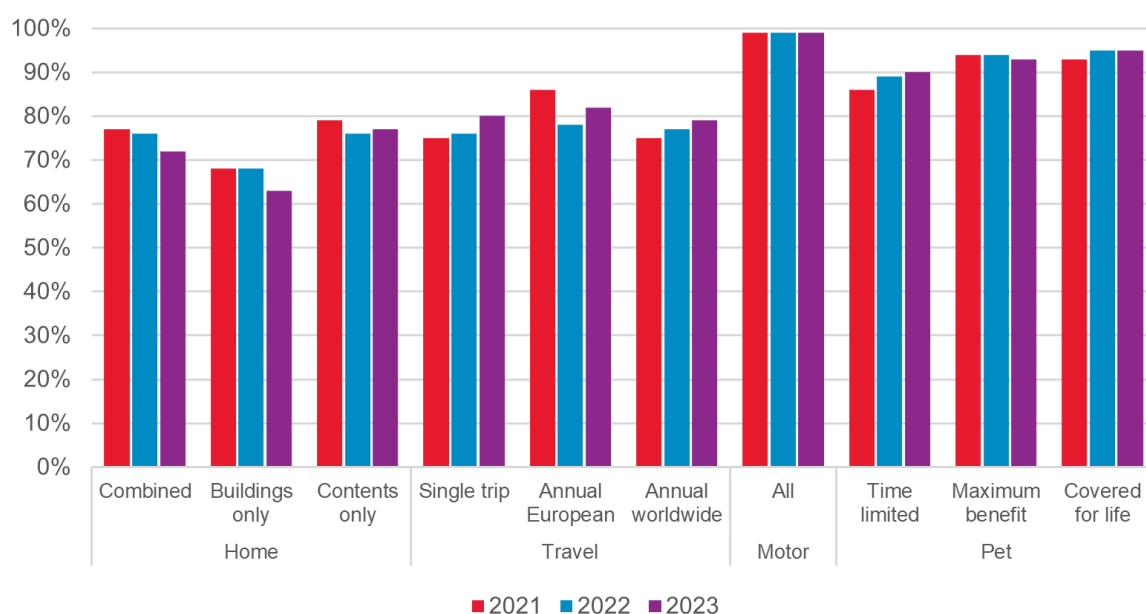
¹²¹ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>.

¹²² FCA (2024) General insurance value measures data 2023. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

markets. The FCA's data shows that less than two thirds (63%) of buildings insurance claims, around three quarters (77%) of contents only claims, and around seven in 10 (72%) buildings and contents combined claims were accepted in 2023. Around eight in 10 travel insurance claims were accepted, at 79% for annual worldwide cover, 82% for annual European cover, and 80% for single trip cover. This compares to a claim acceptance rate of 99% for motor insurance claims and 95% for lifetime pet insurance claims.¹²³

This is not a one-off. Figure 1 shows that claims acceptance rates for home and travel products were similarly low in 2021 and 2022. In some cases, rates have fallen further despite the FCA warning firms to ensure that their products offer fair value.¹²⁴

Figure 1: Acceptance rates for home and travel insurance are significantly and persistently lower than for motor and pet insurance



Source: FCA (2024) General insurance value measures data 2023. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

The FCA's lack of concern about firms' acceptance rates for home and travel insurance

To meet the overarching principle of the Consumer Duty, firms should be acting to deliver good outcomes for consumers. FCA guidance specifically says firms should be identifying where good outcomes are not being achieved. Persistently low claims acceptance rates for home and travel insurance claims is very clearly a poor outcome for customers. Within that, firms should be aware that there are certain types of claims where acceptance rates are

¹²³ FCA (2024) General insurance value measures data 2023. Available from: <https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

¹²⁴ FCA (2024) FCA calls on insurers to ensure they demonstrate fair value and good customer outcomes. Available from: <https://www.fca.org.uk/news/press-releases/fca-calls-insurers-demonstrate-fair-value-good-customer-outcomes>.

lower than others for their customers. This suggests that firms are not meeting requirements to address poor outcomes.

Despite these requirements, the FCA's 2025 claims-handling report did not conclude whether any specific firms' acceptance rates were too low. Across the home and travel insurance markets, Which? believes many firms' claims acceptance rates are worryingly low. Across all firms in the FCA's general insurance value measures, 18 firms accepted fewer than three quarters of combined home insurance claims in 2023, whilst one major provider accepted just 30-35% of buildings claims. In travel insurance, only one provider of single-trip travel insurance accepted over 90% of claims.¹²⁵

While initially described as a 'sunshine' remedy,¹²⁶ publishing claims outcome data does not appear to have had the ameliorating effect on firm practice the FCA may have hoped for. The frequency of claims rejections appears to be playing a fundamental role in undermining trust in the industry. Rejected claims leave people facing unexpected costs, and undermine their belief that insurance will pay out when they need it to.

Some industry voices argue there are inconsistencies in the way claims outcomes are recorded across firms which make this data unreliable, and we recognise there may be issues specific to product types that mean acceptance rates are unlikely to align across products. However, the cross-industry trends here are of sufficiently large magnitude to merit further investigation. Furthermore, the FCA first began piloting published claims acceptance data from the 2015-16 period.¹²⁷ It conducted a review in 2018 which 'found it had a positive impact',¹²⁸ and it refined its approach in 2020.¹²⁹ If there were data issues, the FCA should have taken prompt action to improve them to allow proper monitoring of consumer outcomes.

Unfair claims decisions as a driver of low claims acceptance rates

From the FCA's general insurance value measures data it is clear there are large variations in claims acceptance rates between firms, but currently, these differences remain unexplained. As we note above, some argue that inconsistencies in the data make it unreliable, however Which? disagrees that such large variations can be explained away by this. There is a 55 percentage point difference between the highest and lowest acceptance rates for buildings insurance between firms; it seems highly unlikely that this can be solely attributed to issues in the data.

¹²⁵ FCA (2024) General insurance value measures data 2023. Available from:

<https://www.fca.org.uk/data/general-insurance-value-measures-data-2023>.

¹²⁶ FCA (2014) General insurance add-ons: Provisional findings of market study and proposed remedies. Available from: <https://www.fca.org.uk/publication/market-studies/ms14-01.pdf>.

¹²⁷ FCA (2017) General Insurance value measures data – year ending 31 August 2016. Available from:

<https://www.fca.org.uk/data/general-insurance-value-measures-data-year-ending-31-august-2016>.

¹²⁸ FCA (2020) General Insurance value measures reporting and publication. p.4. Available from: <https://www.fca.org.uk/publication/policy/ps20-9.pdf>.

¹²⁹ FCA (2020) General Insurance value measures reporting and publication. Available from: <https://www.fca.org.uk/publication/policy/ps20-9.pdf>.

We also considered whether restrictive policy wordings could be a key factor that would explain the variation, and commissioned research by Fairer Finance to explore this.¹³⁰ It found a handful of instances where more restrictive policy wording appeared to align with low acceptance rates, such as storms in home insurance and connecting flights in travel insurance. However, these instances were uncommon.

The Fairer Finance research identified that many policy wordings were very similar or identical in some parts, yet the firms had reported vastly different claims acceptance rates. This suggests that, on the whole, it is not the specific policy wordings that are leading to low acceptance rates, but the claims-handling governance and behaviour of specific firms. This would seem to us to increase the risk of low claims acceptance rates.

This is consistent with the FCA's worrying findings about issues with firms' claims-handling governance and practices. The FCA also identified that over a quarter of firms reviewed lacked a documented oversight framework or policy to ensure consistency in their claims oversight.¹³¹ Without these frameworks or policies, there are clear risks that firms handle claims unfairly and are not identifying this. This finding also suggests that problems leading to inappropriate claims rejection are much wider than those relating specifically to storms, which the FCA chose to focus on.

Which? concludes that issues with firms' governance and behaviour, identified by the FCA and corroborated by our research with Fairer Finance, are at least partially driving low claims acceptance rates across the home and travel insurance markets, while acknowledging that there are also issues around consumer understanding leading to inappropriate claims (see Section 3 of this document). Such outcomes indicate a systemic failure within the industry to meet the fundamental principle of fair claims handling and to uphold the Consumer Duty by ensuring customers understand their coverage.

The financial and emotional harm inflicted upon consumers by these unfair and incorrect rejections is undeniable. By not examining claims acceptance rates in detail, particularly among firms where rates are particularly low, the FCA has overlooked the root causes of consumer detriment. By failing to set out a clear strategy for dealing with these issues across the market, the FCA is continuing to tolerate unacceptably low claims acceptance rates, and failing to fulfil its duties towards consumers.

2.2.3 Firms not addressing systemic issues identified from relevant Financial Ombudsman Service decisions

When handling complaints, the FCA's complaint-handling rules require firms to consider 'appropriate analysis of decisions by the Financial Ombudsman Service concerning similar

¹³⁰ Which? (2025) Restrictive insurance policy wordings do not appear to be a key driver of low acceptance rates. Available from: <https://www.which.co.uk/policy-and-insight/article/restrictive-insurance-policy-wordings-do-not-appear-to-be-a-key-driver-of-low-acceptance-rates-aLYrV7H51gua>.

¹³¹ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement-s>.

complaints received by the respondent (procedures for which are described in DISP 1.3.2A G).¹³²

While the FCA's 2025 claims-handling report cited FCA data on complaints and firms' internal complaint uphold rates, it made no mention of FOS decisions or data, which should form an essential part of both the FCA's supervision of the sector and firms' monitoring to identify potential failings and to address them.

We previously analysed the text of 8,500 FOS decisions on motor, home, travel and pet insurance using a large language model. This showed high rates of FOS decisions involving unnecessary delays, and causing undue distress and inconvenience.¹³³

High levels of distress and inconvenience spanned widely-held products and included many large providers. Levels of distress were also persistently high in areas where we would expect insurers to exercise particular care. This includes medical issues in travel insurance and cases where an insurer needed to make repairs to buildings.¹³⁴

Unfairly delayed claims are also a widespread issue in the sector, particularly affecting buildings insurance where this can mean people are living in damaged homes or alternative accommodation for extended periods. These decisions show firms not acting in a fair and reasonable manner, and not complying with FCA rules and other legal obligations to consumers.¹³⁵

Similarly, high uphold rates for complaints related to denied claims suggest the presence of systemic issues either in claims handling practices or claims decisions. In 2024, across home and travel insurance, 42% of complaints about a declined claim were upheld in favour of the consumer by the FOS.¹³⁶ These complaints could have been upheld for a variety of reasons - because the decision was unfair, or because of the way the insurer handled the claim. In either case, this relatively high uphold rate is worthy of further investigation, which the FCA has failed to undertake.

¹³² FCA (2019) Dispute Resolution Complaints Sourcebook. 1.4.Complaints Resolution Rules: Investigating, assessing and resolving complaints. 2G27/09/2019. Available from: <https://www.handbook.fca.org.uk/handbook/DISP/1/4.html>.

¹³³ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from: <https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

¹³⁴ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from: <https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

¹³⁵ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from: <https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

¹³⁶ A weighted average from complaints published by the FOS between 1/1/24 and 31/12/24, for which 'contents', 'buildings' or 'travel' insurance was recorded by the FOS as a product type, and 'claim declined' recorded in the 'complaint issue' field. Note that this field records one aspect of the complaint at the time it was made by the consumer, and doesn't necessarily represent the 'main' issue in the complaint, or the reason for which a complaint was upheld.

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The FCA's claims-handling report should have identified issues such as these within FOS decisions and investigated further. This should have included seeking evidence from firms that have taken steps based on learning identified from past FOS decisions against them to prevent similar harms from arising.

3 Inappropriate sales processes

Unfair claims decisions and poor claims governance appear to be partially responsible for low claims acceptance rates in the home and travel insurance markets. However, it is also widely accepted among both firms and the FCA that poor consumer understanding of insurance products causes a significant number of claims rejections.

FCA regulations require insurers to take action to enable consumers to make informed decisions when purchasing products and to ensure that a proposed insurance contract is consistent with the customer's demands and needs. However, Which?'s research shows that consumers frequently misunderstand the coverage offered by insurance products. When we tested a range of scenarios across both home and travel insurance, we found a significant minority of consumers expected to be covered for things typically excluded from home or travel insurance policies, like storm damage to fences or connecting flights. Consumers also commonly expect they will be covered for any event that is not 'their fault', and have little understanding of what would constitute wear and tear or negligence which could impede their ability to make a claim.

In these cases, policies may be applied in line with their terms by insurers, but consumers still experience both time and psychological harm when they are unable to make a claim for something they expected to be covered.

Consumer misunderstanding in this market is partially a result of the inherent characteristics of insurance products. Unlike most things consumers buy, they hope never to have to use an insurance policy. Many consumers will never make a claim, or only do so rarely, offering little opportunity to learn about products in the market through experience. Consumers also expect a degree of standardisation and the presence of minimum standards across the industry as a result of regulation.

The common use of comparison tools to compare and purchase home and travel insurance policies limits the variation in policies visible to consumers when they choose products. While the simplified view of products offered by a comparison tool facilitates consumer comparison, the limited number of elements of cover surfaced through a comparison interface further reinforces consumers' perceptions that insurance products are largely similar.

Driven by this perception that there is little to choose between products beyond price, consumers rationally limit the time they spend searching for insurance and the extent to which they actively engage in the detail of the product they are purchasing.

The poor consumer understanding of insurance products which results from this process is challenging, but not inevitable. Which? research has found that prompts in the sales process, for example those used to flag the availability of add-on cover options, can improve consumer understanding of what is covered.

However, at present, not enough is being done by either firms or the regulator to address poor customer understanding. Firms' processes are often insufficient to assess the nature of a consumer's demands and needs, and the extent to which coverage matches this. For example, to understand whether a potential travel insurance customer plans to take a connecting flight, and would expect this to be covered. Details of coverage are generally only available to consumers through detailed terms and conditions and in Insurance Policy Information Documents (IPIDs), both of which are largely unintelligible to consumers, and underused.¹³⁷

The industry and FCA should take further action, drawing on behavioural science, to improve consumer understanding of insurance products and reduce the avoidable harm associated with rejected claims. This should include the FCA launching a market study which would enable it to better understand why home and travel insurance markets are not currently addressing these consumer understanding issues and the regulatory interventions required to remedy this.

While the evidence presented in Section 2 suggests that unfair claims decisions are partially to blame for low claims acceptance rates in the travel and home insurance markets, Which? also believes that poor consumer understanding of the products they are purchasing is a significant cause. Both firms and the FCA are well aware of these issues, yet have failed to take action to improve consumer understanding of insurance products during the sales process. In this, both firms and the regulator are tolerating a situation where many consumers have their claims unexpectedly rejected after an event, and failing to prevent foreseeable consumer harm.

3.1 Requirements for demands and needs assessments and to support consumer understanding

Distributors of insurance products, which can include manufacturers selling directly to consumers, face requirements under ICOBS to ensure that a proposed insurance contract is consistent with the customer's demands and needs.¹³⁸ The Consumer Duty also requires that firms support customers to understand the products and 'equip retail customers to make

¹³⁷ See the following three reports:

Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

Fairer Finance (2023) The state of Terms and Conditions and Policy Wordings after one year of the Consumer Duty. Available from: <https://www.fairerfinance.com/insights/blog/the-state-of-terms-and-conditions-and-policy-wordings-after-one-year-of-the-consumer-duty>.

Fairer Finance (2023) The FCA's latest Financial Live survey reveals some troubling facts about communications in the insurance sector. Available from: <https://www.fairerfinance.com/insights/blog/what-does-the-fcas-latest-financial-lives-survey-reveal-about-the-state-of-communications-in-the-financial-services-sector>.

¹³⁸ FCA (2018) ICOBS 5.2: Demands and needs, 5.2.2 R. Available from: <https://www.handbook.fca.org.uk/handbook/ICOBS/5/2.html>.

decisions that are effective, timely and properly informed'.¹³⁹ Firms are also expected to test communications and regularly monitor them to ensure they are effectively supporting good outcomes for customers, and to take corrective action where issues are identified.¹⁴⁰ FCA rules, as well as consumer law protections,¹⁴¹ require that insurance products are designed and sold in a way that is fair, transparent and not misleading.

Despite these requirements, Which?'s research has identified widespread limitations in consumer understanding of home and travel insurance cover. In both qualitative and quantitative testing, we found significant consumer confusion about what is commonly covered by home and travel insurance policies, and what is routinely excluded. This suggests firms are not taking appropriate action to inform consumers of the nature and limitations of the products they are buying during the sales process.

3.2 Consumer confusion about the nature and extent of insurance coverage is widespread

Our research has identified three common misconceptions about the nature of insurance:

- 1) **When consumers take out cover for a defined item or event, they have little understanding of any limitations of this cover.**
- 2) **When a situation is due to events beyond a consumer's control, ie 'not my fault', they often assume they will be covered.** In our survey, three in ten (31%) participants thought their insurance would cover them for anything that wasn't their fault and another quarter (25%) said they didn't know. Consumers often see accidental damage as being optional cover for things that are their fault (like damage they or their children have caused), whilst assuming that the core product will cover them for everything else that's beyond their control.
- 3) **Whilst consumers understand that negligence and wear and tear are factors that can limit insurance cover, there is sometimes little understanding of what might constitute negligence or wear and tear.** Three in ten (29%) participants in our survey thought that if they have cover for possessions, they are protected against any event involving those possessions with little appreciation for any limitations on this. In reality, moral hazard means insurance will not usually cover people for things they could have taken action to prevent, for example by undertaking regular home maintenance or taking care to protect their property from theft. We found, however, that people struggled to define what might count as their own 'negligence' or 'wear

¹³⁹ FCA (2023) Principles for Businesses, PRIN 2A.5.3 R. Available from: <https://www.handbook.fca.org.uk/handbook/PRIN/2A/5.html>.

¹⁴⁰ FCA (2023) Principles for Businesses, PRIN 2A.5.10 R. Available from: <https://www.handbook.fca.org.uk/handbook/PRIN/2A/5.html>.

¹⁴¹ Such as the unfair contract terms provisions in Part 2 of the CRA 2015 (Available from: <https://www.legislation.gov.uk/ukpga/2015/15/part/2>), and the unfair commercial practices prohibitions in Chapter 1 of Part 4 of the DMCCA 2024 (Available from: <https://www.legislation.gov.uk/ukpga/2024/13/part/4>).

and tear', and would not be covered on this basis, leading to potential misunderstanding and disappointment when people come to make a claim.¹⁴²

These consumer expectations stand in stark contrast to the reality that insurance only covers specified 'insurable events'. In practice, this can lead to widespread misunderstanding of the specific coverage that products offer. In Which?'s qualitative research, all participants incorrectly judged the cover associated with their chosen insurance policy in at least one scenario. Across all the qualitative testing we conducted, just under half of the time (40 out of 85 scenarios) participants incorrectly identified whether they were covered or not.¹⁴³

These findings were replicated in quantitative testing. A significant minority of consumers across many scenarios expected they would be covered for things typically excluded from insurance policies, like storm damage to fences (39%) or wet rot in floorboards (34%). Additionally, a substantial proportion, unusually for survey research, admitted they didn't know. In each of these cases, our research suggested that more than half of people holding these policies may be in a position where they would make a claim that would subsequently be rejected, based on a lack of understanding of the product.¹⁴⁴

This is further validated by a number of FOS decisions where consumers have complained about insurers not accepting claims in these areas, as illustrated in the case studies below.

Misunderstanding coverage of fence damage: Mrs B and Mr H

Mrs B and Mr H complained to the FOS when their home insurer refused to pay for damage caused to their fences during a storm. The complaint, however, was not upheld by FOS, as the policy excluded damage to gates and fences, contrary to Mrs B and Mr H's understanding.

Source: FOS Decision Reference DRN-3589608. Available from:
<https://www.financial-ombudsman.org.uk/decision/DRN-3589608.pdf>.

¹⁴² Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁴³ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁴⁴ Assuming those who either incorrectly think they would be covered or who don't know risk making a claim which would be rejected. For example, in addition to the 39% of home insurance buyers who think they would be covered for storm damage to fences, 15% said they didn't know, totalling 54% at risk of making a claim which would likely be rejected. This figure was above 50% for all four home insurance scenarios tested. Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

‘Escape of water’ clause causing confusion: Ms W

Ms W discovered a leak from a waste pipe under her bath after the bath panel was removed to install new taps, but her insurer declined the claim, based mainly on the fact that the ‘escape of water’ clause in her policy did not cover the damage. They said that the leak had been ongoing for some time and was therefore not ‘sudden’ within the terms of the policy coverage. Ms W’s complaint to FOS was not upheld, despite the arguments that she made that the clause was ambiguous.

Source: FOS Decision Reference DRN-5490646. Available from:

<https://www.financial-ombudsman.org.uk/decision/DRN-5490646.pdf>

In each of these cases, although the policy was applied in line with its terms, the policyholders’ misunderstanding of their cover means they experienced time and psychological harm. This included the time taken to complain to their insurer and escalate to the FOS, and the stress and uncertainty associated with this process. In some cases, there were also lengthy delays to undertaking repairs due to a lack of clarity about where responsibility lay. While the issue may have been clear cut to the insurer in each case, it wasn’t to their customers. Consumer misunderstandings like these can therefore cause significant harm.

We found a similarly mixed understanding of typical coverage in the travel insurance market, particularly around coverage for connecting flights, a common cause of complaints, and around coverage for luggage.¹⁴⁵ Half (51%) of travel insurance buyers thought they would be covered if a delay on their first flight meant missing a connecting flight with a different airline.¹⁴⁶ Some policies do cover this, so this is an insurable risk. However, we found several policies that will not cover a connecting flight if the connecting flight does not leave from the UK.¹⁴⁷

Misunderstandings around cover for flight delays involving connecting flights are a common cause of complaints, as in the FOS case decisions below. In these cases, while the decisions may have been in line with policy terms, the people involved still suffered stress and uncertainty.

¹⁴⁵ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁴⁶ Which? (2025) Risky business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>

¹⁴⁷ Which? (2025) Risky business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>

Missed connections misunderstanding case 1: Mr and Mrs G

Mr and Mrs G were travelling abroad with their two children when the departure of their UK flight was delayed for technical reasons. This meant they missed their connecting flight and needed to stay in a hotel overnight and book a new flight to their destination the next day. Their insurer declined the claim on the basis that this was not covered by their policy, and the FOS upheld the decision.

Source: FOS Decision Reference DRN-4949391. Available from:
<https://www.financial-ombudsman.org.uk/decision/DRN-4949391.pdf>.

Missed connection misunderstanding case 2: Mr G

Mr G bought a travel insurance policy through a comparison website. He tried to claim on this policy when the first flight on a two stage journey back from a trip abroad was cancelled, meaning he missed his connection and needed to purchase another ticket for his second flight. However he was not covered, as his policy did not include travel delay or missed departure, and his complaint was not upheld by FOS.

Source: FOS Decision Reference DRN-4836523. Available from:
<https://www.financial-ombudsman.org.uk/decision/DRN-4836523.pdf>.

These issues with cover for connecting flights were also identified as part of our new research with Fairer Finance. This found that firms with high acceptance rates set out clearly what was covered or excluded, whereas those with low acceptance rates either referenced connecting flights vaguely in other sections, or avoided mentioning them at all.¹⁴⁸ This suggests that consumer confusion around coverage in this area could be a causal factor in variation in claims acceptance rates.

3.3 Underlying behaviours and beliefs drive poor consumer understanding

Consumer misunderstanding in these markets is not surprising. Buying insurance is a challenging task for consumers due to asymmetric information, where firms possess more knowledge about their products and customers than consumers do. Insurance is unusual in being a product that consumers hope to never have to use. Furthermore, seeking to fully understand their coverage needs would require consumers to think through negative scenarios, something we are psychologically averse to. As one participant in our research described:

¹⁴⁸ Which? (2025) Restrictive insurance policy wordings do not appear to be a key driver of low acceptance rates. Available from:
<https://www.which.co.uk/policy-and-insight/article/restrictive-insurance-policy-wordings-do-not-appear-to-be-a-key-driver-of-low-acceptance-rates-aLYrV7H51gua>.

***'I have no idea if the policy will suit my needs, because I really don't know what my needs are - I don't know what the level of cover would need to be for things like medical expenses because I have zero concept or point of reference to how much medical expenses cost when abroad... I really don't want to think about levels of cover - because that would lead down a rabbit hole of all the things that could go wrong, and worrying about different outcomes, and do I feel safe going abroad etc - it's unnecessary.'*¹⁴⁹**

Consumers also make insurance claims relatively infrequently, and so lack the opportunity to learn about what they need from a product or what represents good value through experience.

'I'm paying for something I'm never going to use'

***'I've never claimed in my life so don't want to spend a lot on it'*¹⁵⁰**

Without this opportunity to learn, consumers' starting assumption is usually that insurance products are largely standardised, with 64% of consumers agreeing with the statement 'most insurance products available on the market offer similar levels of protection'.¹⁵¹ Two factors seem to reinforce this view: a belief that regulation drives standardisation, and a lack of visible variation through comparison tools.

3.4 Consumers assume that insurance is standardised and protected by regulation

The majority of consumers in our research thought that most insurance products offer similar levels of protection and, whilst they may not know the FCA by name, many assume that someone is regulating these products to ensure that they are fit for purpose:

***'I just trust there is a system in place to make sure all these providers do what they say'*¹⁵²**

The majority of consumers in our survey (65%) believed that 'insurance products must meet a minimum level of cover as required by regulation'. Just 6% thought this statement was

¹⁴⁹ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

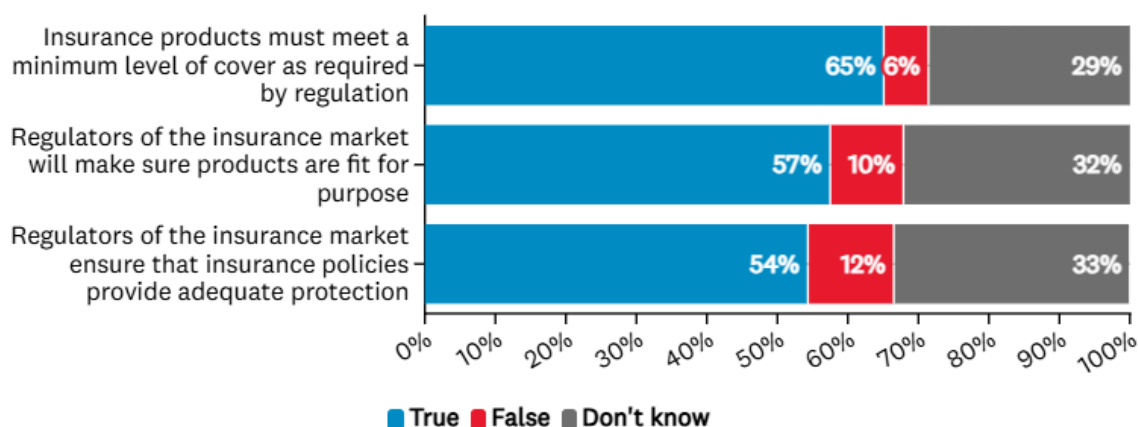
¹⁵⁰ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁵¹ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁵² Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

false. Similarly, 57% thought it was true that 'regulators of the insurance market will make sure products are fit for purpose', whilst just one in ten thought this was false.¹⁵³ This suggests that at a population level, people have a strong expectation that insurers will be held to account by regulators and there are minimum standards in place.

Figure 2: Most consumers think that regulations are already in place to ensure insurance products are fit for purpose and provide a minimum level of cover



Which? Insurance buying survey (October 2024), nationally representative poll of 4,000 UK adults. The base for this chart is 3,538 consumers who have bought car, home, pet or travel insurance.

3.5 Sales processes reinforce the view that product variation is limited

Comparison tools are now the main channel for purchasing insurance. Across all general insurance or protection policyholders in the FCA's 2024 Financial Lives Survey, 77% said they had used a comparison tool to compare or buy insurance – an increase of 7 percentage points compared to 2022.¹⁵⁴

Comparison tools enable consumers to easily compare a wide range of policies by summarising them and ranking them, but in doing so they necessarily overlook the many detailed ways in which policies can vary. The UK's largest comparison tools typically only surface a handful of variables to consumers – the price of the policy, levels of excesses, sometimes the headline level of coverage (eg the pound value of buildings, contents or medical cover), and whether a handful of specific elements are included or available as add-ons. A consumer browsing these pages may make the assumption that coverage only varies among these dimensions.

Even where more information is provided on the first page of results, for example whether coverage is new for old, includes alternative accommodation or freezer contents, these tend

¹⁵³ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁵⁴ FCA (2025), Financial Lives 2024 survey. Available from: <https://www.fca.org.uk/financial-lives/financial-lives-2024>.

not to be elements that vary significantly between policies, potentially further reinforcing the perception that the only real differences between policies are price and coverage amounts.

While some comparison tools surface further details about policies in a list-style format when a customer clicks through, these are often provided in a way that makes it difficult for a consumer to compare the details of policies.¹⁵⁵ When many consumers rely on these tools to identify insurance policies, it is perhaps not surprising that they conclude policies must be very similar.

There is also an absence of metrics providing insight into the relative quality of providers such as data related to acceptance rates or claims-handling satisfaction. Consumers are unlikely to go searching for this information, or even be aware that it is available, given that it is only published by the FCA in spreadsheet format. This means that when a consumer is making a decision, there is very little information available about how the odds of successfully making a claim can vary substantially between providers.

In these circumstances, where consumers believe there is limited variation in products, it is rational for them to minimise the time they invest in choosing a product. Given their limited understanding of and engagement with insurance, and perception of a lack of variety, consumers look for shortcuts to help simplify the choice. This includes leaning heavily on comparison tools and heuristics like price and brand, and not engaging with detailed policy documents.

3.6 Opportunities to address these misunderstandings are being missed

The industry and FCA should not be accepting this level of consumer confusion as inevitable, particularly when it is clearly leading to consumer harm, and existing regulation specifically puts duties on insurers to take action to prevent this throughout the supply chain. The consumer behaviours and beliefs described above pose a challenge to efforts to improve consumer understanding of insurance products. However, strategies informed by behavioural science should offer opportunities to improve consumer understanding and meet regulatory expectations.

Our research identified that prompts and cues embedded in the sales process are already improving consumer understanding of cover limitations in some areas – for example, where elements of coverage are clearly sold as add-ons, prompting consumers to acknowledge the limitations of core coverage.¹⁵⁶ This indicates that people are able to absorb information through the insurance sales process when it is provided in a way that is salient to them. There are clear opportunities here to address consumer harm, which neither the industry nor the FCA have taken proactive action to address.

¹⁵⁵ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁵⁶ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

Specifically, the current implementation of ICOBS 5.2 leaves much to be desired. There does not seem to be sufficient effort made by firms through application and sales process to identify potential consumer needs or demands which products would not meet, for example coverage for fences or connecting flights. Even where firms are not willing or able to offer this cover, asking questions to identify the customer's specific needs would provide an opportunity to inform them about the limitations of cover at the point of sale, reducing the potential for harm later.

The FCA's Consumer Duty guidance is clear that consumers are expected to take responsibility for their decisions.¹⁵⁷ However, at present, full details of the policy are typically provided only through detailed terms and conditions documents, which are largely incomprehensible to consumers.

'I don't know how to read legal documents - I would need to employ a solicitor to break this down for me!'¹⁵⁸

Improvements may have been expected following the introduction of the Consumer Duty, which explicitly asks firms to take steps to ensure those with poorer literacy do not receive worse outcomes, and to ensure that they communicate to all consumers in a way that they are likely to understand and which allows them to make informed decisions.¹⁵⁹ However, Fairer Finance analysis finds that readability scores for terms and conditions and policy documents have not generally improved, and scores in home insurance marginally worsened between 2023 and 2024.¹⁶⁰

Shortened Insurance Product Information Documents (IPIDs) are intended as a solution to this challenge. However, FCA data shows that, across insurance product categories, at most around half of people remember receiving this summary, suggesting engagement with even these simplified documents is low.¹⁶¹ Which? research echoed this, finding that consumers were more likely to engage with an IPID than the full policy wording, but that engagement with these summary documents was still low.¹⁶²

¹⁵⁷ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

¹⁵⁸ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

¹⁵⁹ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

¹⁶⁰ Fairer Finance (2023) The state of Terms and Conditions and Policy Wordings after one year of the Consumer Duty. Available from: <https://www.fairerfinance.com/insights/blog/the-state-of-terms-and-conditions-and-policy-wordings-after-one-year-of-the-consumer-duty>

¹⁶¹ Fairer Finance (2023) The FCA's latest Financial Live survey reveals some troubling facts about communications in the insurance sector. Available from: <https://www.fairerfinance.com/insights/blog/what-does-the-fcas-latest-financial-lives-survey-reveal-about-the-state-of-communications-in-the-financial-services-sector>.

¹⁶² Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

These solutions are clearly not sufficient to address the harms resulting from widespread consumer confusion about insurance products. To ensure firms can fully comply with requirements under ICOBS and the Consumer Duty, action is required to identify innovative changes to the sales process itself to improve customer understanding and avoid harm downstream. This may include adding ‘positive friction’ to the sales process, as suggested by the FCA for complex and high-risk products in its non-Handbook Guidance on the Consumer Duty.¹⁶³

¹⁶³ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Section 4.17. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

4 A lack of application and enforcement of FCA rules and other relevant law

In addition to the compliance issues uncovered by the FCA and our own previous findings, here we cite new evidence showing that leading providers continue to have policy terms and conditions that are not in line with FCA rules, or wider consumer and insurance law.

In summary, legal analysis we commissioned found:

- With the disclaimer that terms may not in fact always be applied strictly, various terms examined improperly deviate from regulatory and statutory standards that offer key protections and rights for consumers.
- Some of the terms were, in practice, likely to operate harshly or unexpectedly against consumers' interests.

We cite examples where:

- **Policy terms and conditions deviate from statutory and regulatory requirements, for example by failing to follow ICOBS or requiring higher standards of disclosure by consumers than permitted by CIDRA 2012.**
- **There is a lack of transparency and/or clarity as to terms and exclusions.**
- **There are unfair terms under Part 2 of the Consumer Rights Act 2015.**

Many of these points do not feature in the recent FCA's 2025 claims-handling report, although there may be some overlap, for example in relation to storm claims.

More generally, more than two years on since the implementation of the Consumer Duty rules for new products, the FCA has repeatedly found potential issues with non-compliance with FCA rules by insurers, but in Which?'s view is not conducting sufficient enforcement activity as a result. This view is also supported by the FCA's response to Which?'s recent Freedom of Information request, which suggested that only 'low numbers' of firms were being investigated in this sector and that the recent claims-handling review only focused on possible FCA rule breaches, not wider legal obligations.

Which? is particularly concerned that:

- Many of the issues identified in the claims-handling report echo those identified by the FCA's last in-depth review focused on claims-handling in consumer general insurance, published over a decade ago. There is little evidence the FCA has taken sufficient action in the interim period to ensure consumer protections are rigorously applied.
- Despite the evidence of issues leading to harm found in consecutive reviews, there is little evidence the FCA is addressing these through firm-level

interventions. There were just six enforcement investigations that remained open across the general insurance and protection sector at the end of March 2024, and no enforcement investigations were opened in the year to March 2024.

- The FCA's Unfair Contract Terms Library shows that the FCA has agreed just one undertaking with an insurance firm to address unfair contract terms in the last six years. It has agreed on just three undertakings with insurance firms since September 2013.

Which? is concerned that if the FCA's previous, current and future actions in relation to the issues raised in this super-complaint are concentrated on informal, supervisory or settled enforcement actions which are not publicised sufficiently or at all, then any deterrent effect will be minimal. We also know that firms are keen to understand more clearly what they should do to comply with the Consumer Duty. Clearer communication about actions taken would help to set precedent around the standards expected in these markets, supporting firms that want to comply.

As highlighted in the preceding chapters, Which? feels there are multiple areas where there are potential issues with firms' compliance with FCA rules and applicable legal obligations – but as far as we can see, the FCA is not taking effective action to enforce these issues.

More than two years on since the implementation of the Consumer Duty rules for new products, the FCA has repeatedly found potential issues with non-compliance with FCA rules by insurers. This non-compliance flies in the face of the specific warnings and guidance given to CEOs by the FCA in its public letter on retail insurance in September 2023.¹⁶⁴

The FCA's 2025 claims-handling report was no different. If the sample of firms in this report was expected to be indicative of the wider market, this suggests potential widespread non-compliance across the home and travel insurance markets. However, the FCA has not made clear what it is doing to investigate and take enforcement action against firms in the wider home and travel insurance markets not complying with its rules or the law more generally.¹⁶⁵

The FCA found that many firms were reactive rather than using their management information to proactively address issues, as required by FCA rules. This aligns with the high FOS uphold rate for insurance claims, as firms are all too often waiting for consumers to complain before taking corrective action. By tolerating this, the FCA is expecting consumers to advocate for themselves, not protecting them, and thus failing in its statutory duty to provide an appropriate degree of consumer protection in the home and travel insurance markets.

¹⁶⁴FCA (2023) Insurance Market Priorities 2023-2025. Available from: <https://www.fca.org.uk/publication/correspondence/personal-commercial-insurance-market-priorities-2023.pdf>.

¹⁶⁵ The FCA's enforcement policy in relation to unfair terms is set out in the UNFCOG section of the FCA Handbook (available from: <https://www.handbook.fca.org.uk/handbook/UNFCOG/1/?view=chapter>) but this does not appear to be applied in practice.

In addition to the compliance issues uncovered in the FCA's and our own previous findings, in August 2025 Which? commissioned a legal analysis which revealed further issues.

4.1 Which?'s legal analysis

Which? commissioned an expert external barrister to review terms and conditions and other key material, such as Insurance Product Information Documents ('IPIDs'), of a sample of well known underwriters and brands of home and travel insurance. The analysis found many examples of non-compliance with FCA rules, as well as failures to meet statutory consumer protection standards for lack of transparency and other reasons, and likely breaches of specific insurance legislation.¹⁶⁶

The findings of the legal analysis reinforce our preliminary conclusions gained from other Which? research and investigations in the past few years, in the course of which we examined many other policy documents, case study examples and trends.

We chose our sample of insurers for legal analysis based on a number of key factors, including: significant market share, average or lower-than-average claim acceptance rates, and a large number of reported problems with complaints and claims- handling. Five home insurance and four travel insurance providers were assessed, on the basis of recently available versions of policy documents and IPIDs, together with FOS decisions involving those providers, policy schedule examples, renewal and general business terms. Further details (on an anonymised basis) are given in Annex B, but in summary, the findings of the legal analysis were that:

- With the disclaimer that terms may not in fact always be applied strictly, various terms examined improperly deviate from regulatory and statutory protections for consumers.
- Some of the terms were, in practice, likely to operate harshly or unexpectedly against consumers' interests.

Within this, there were three main themes which appeared repeatedly from the documentation reviewed, illustrated below with examples:

4.1.1 Deviation from statutory and regulatory consumer protection in the consumer insurance market

This was especially the case with regards claims-handling rules, Insurance Act 2015 restrictions, disclosure requirements under CIDRA 2012, and cancellation rights.

¹⁶⁶ Particularly the Insurance Act 2015 (Available from: <https://www.legislation.gov.uk/ukpga/2015/4/contents>) and the Consumer Insurance (Disclosure and Representation) Act 2012 (Available from: <https://www.legislation.gov.uk/ukpga/2012/6/contents>).

Example: Claims-handling rules

Terms which permit the provider to decide whether to give a cash settlement on a claim as opposed to arranging for the repair or replacement of damaged or lost goods. In particular, the terms in several of the policies appear to give the provider an unfettered discretion to offer a cash settlement. They do not set out any factors which may be used to make a determination one way or the other, nor do they offer the consumer any right of challenge to such a decision. Cash settlements by insurers can often lead to poor outcomes for the insured party. As noted in the 2025 FCA claims-handling report, the use of cash settlements 'may not result in good customer outcomes in complex and higher value claims' and 'is of particular concern where the customer may be vulnerable'. It may result in the consumer receiving a pay-out from their claim which is insufficient to cover their loss since cash settlements can be set according to 'discounted rates from a firm's suppliers and contractors that will not be available to customers'.¹⁶⁷ In those circumstances, a provider's apparently unfettered right to offer a cash settlement risks unfairness in the claims-handling process. It is therefore surprising that the FCA report did not specifically highlight the drafting of terms on cash settlement being at the sole discretion of the insurer.

Example: Insurance Act 2015 ('IA') restrictions

Terms which suggest, contrary to Section 11 IA¹⁶⁸, that a failure to comply with a particular requirement entitles the insurer to refuse all claims, whether or not related to the failure. Perhaps the most egregious example is one of the travel policy documents. It seeks to permit the provider to refuse a claim on the basis of non-disclosure of a pre-existing medical condition 'even if a claim is not related to' such non-disclosure. Thus, a consumer's failure to disclose high blood pressure could be used to refuse a claim for a stolen laptop. There are also other more subtle examples. For example, one home policy implicitly permits the provider to reduce the amount payable on a claim if the insured buildings were not 'in a good state of repair' whether or not that was relevant to the claim.

Example: Disclosure requirements under CIDRA 2012

CIDRA 2012 puts an obligation on consumers 'to take reasonable care not to make a misrepresentation to the insurer'. Schedule 1 of CIDRA 2012 sets out the remedies available to an insurer where a consumer fails in his or her duty of 'reasonable care'.¹⁶⁹ However, these remedies are available to an insurer only in respect of a so-called 'qualifying misrepresentation' being one where 'without the misrepresentation, the insurer would not have entered into the contract (or agreed to the variation) at all, or would have done so only on different terms'. In turn, a 'qualifying misrepresentation' can be either 'deliberate or

¹⁶⁷ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement> S.

¹⁶⁸ Insurance Act 2015, Section 11. Terms not relevant to the actual loss. Available from: <https://www.legislation.gov.uk/ukpga/2015/4/section/11>.

¹⁶⁹ Consumer Insurance (Disclosure and Representations) Act 2012. Schedule 1: Insurers' remedies for qualifying misrepresentations. Available from: <https://www.legislation.gov.uk/ukpga/2012/6/schedule/1>

reckless' or 'careless'.¹⁷⁰ However, some of the policies analysed seek to give the provider remedies beyond those respectively allocated to 'deliberate or reckless' and 'careless' misrepresentations. For example, one home policy reserves a right to 'void the policy' if the consumer has provided 'any inaccurate information'. In fact, Schedule 1 to CIDRA 2012 would only justify such a step where the misrepresentation in question is a 'deliberate or reckless' 'qualifying' one.¹⁷¹

Example: Cancellation rights

A consumer 'has a right to cancel, without penalty and without giving any reason' within 14 days of any general contract of insurance (ICOBS 7.1.1R).¹⁷² A consumer is deemed to have exercised his/her right if written notice of cancellation 'is dispatched before the deadline expires'. So, if the notice is sent on day 13 but does not reach the firm until day 15, the right will still have been validly exercised in the 14-day period. In some policies, the 14-day cancellation period is wrongly applied by reference to the date on which the notice of cancellation is received by the provider. As a result, contrary to ICOBS, the provider may suggest that the consumer has not exercised his/her cancellation rights within time. With some of the policies, where the consumer is not entitled to the refund of any premium outside the 14 days, that misapplication would have a significant adverse financial impact.

4.1.2 Lack of transparency and/or clarity as to terms and exclusions

Terms with these issues may breach ICOBS and the Consumer Duty, as well as Section 68 of the Consumer Rights Act 2015 for lack of transparency,¹⁷³ and unfair commercial practices rules as to invitations to purchase and material omissions.

Example: Lack of transparency

One travel policy included significant health-related exclusions, which appear only in the middle of the policy documents. Moreover, they were not clearly explained in the IPID which stated only in very general terms that 'We are unable to cover claims relating to existing medical conditions'. In our view, that statement is likely to be inadequate to communicate the true breadth of the exclusions and is apt to mislead as to material features of the policy.

¹⁷⁰ Consumer Insurance (Disclosure and Representations) Act 2012. 4: Qualifying misrepresentations: definitions and remedies and 5: Qualifying misrepresentations: Classification and presumptions. Available from:

<https://www.legislation.gov.uk/ukpga/2012/6/crossheading/qualifying-misrepresentations>.

¹⁷¹ Consumer Insurance (Disclosure and Representations) Act 2012. Schedule 1: Insurers' remedies for qualifying misrepresentations. Available from:

<https://www.legislation.gov.uk/ukpga/2012/6/schedule/1>.

¹⁷² FCA (2016) ICOBS 7.1.1R: The right to cancel. Available from:

<https://handbook.fca.org.uk/handbook/icobs7/icobs7s1?timeline=true>.

¹⁷³ Consumer Rights Act 2015. Section 68: Requirement for transparency. Available from:

<https://www.legislation.gov.uk/ukpga/2015/15/section/68>.

4.1.3 Unfair terms under Part 2 of the Consumer Rights Act 2015

For example those attempting to deviate from mandatory obligations to the detriment of consumers, unreasonably trying to exclude claims, or specifying unacceptable levels of evidence needed from consumers.

Example: Unfair terms

Any term in a consumer contract is unfair 'if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer'.¹⁷⁴ In some of the policies, the need for original receipts, proof of ownership and proof of usage for items covered on travel insurance imposes a significant burden on consumers and third-parties. By contrast, a lack of appropriate evidence would be an easy discretionary basis for a provider to reject a claim. In our view, there are good arguments that such requirements therefore create a 'significant imbalance... to the detriment of the consumer'. As to good faith, while it is obviously necessary for consumers to prove the legitimacy of any claim, it would be appropriate for providers to agree to a corresponding commitment to take a reasonable approach to such evidence.

4.1.4 Implications for the FCA

Many of these points identified do not feature in the recent FCA claims-handling review, although there may be some overlap. Which? would be happy to discuss its legal analysis in more detail with the FCA, to assist with any potential enforcement action in response to this super-complaint, and subject to the usual confidentiality requirements.¹⁷⁵

When the legal analysis relating to some firms' policy terms is combined with the other problematic aspects identified in this super-complaint, the outlook for consumers is not encouraging. If firms have an approach of looking for ways to reject claims, and their policies are drafted in a way which facilitates this (for example, where the policy allows the firm to reject a claim if there has been a failure to declare a medical condition even if the claim is not related), then it is hard not to conclude that the relationship is set up for the convenience of the insurer, and not to ensure good outcomes for consumers. It can also be argued that if firms contract with policy terms which give them the scope to act in a way which does not comply with FCA rules or consumer law (even if they would argue that in practice the terms are applied in a compliant way), this is not acting in good faith.

4.2 Upholding the law

The FCA is supposed to help level the playing field so that competition works more effectively in the interest of consumers. Its ineffective approach to enforcement is doing the opposite. There were just six FCA enforcement investigations – two into firms and four into individuals – that remained open in the general insurance and protection sector at the end of

¹⁷⁴ Consumer Rights Act 2015. Section 62(4). Available from: <https://www.legislation.gov.uk/ukpga/2015/15/section/62>.

¹⁷⁵ Under Section 348, Financial Services and Markets Act 2000. Available from: <https://www.legislation.gov.uk/ukpga/2000/8/section/348>.

March 2024,¹⁷⁶ and there were no enforcement investigations that commenced in the general insurance and protection sector in the year to March 2024.¹⁷⁷ This seems surprisingly low to Which? given the extent of the evidence it has examined and set out above as to likely non-compliance with FCA rules in just the home and travel insurance markets. Many of the issues identified in the claims-handling report echo those identified by the last such in-depth review focused on claims-handling in consumer general insurance published a decade ago, suggesting this is not a recent neglect on the part of the FCA, but rather a long-standing failure to operate effectively.

The FCA therefore needs to do more to enforce existing ICOBS requirements and statutory consumer protection standards, as well as the consumer understanding requirements under the Consumer Duty. For example, the FCA's Unfair Contract Terms Library shows that the FCA has agreed just one undertaking with an insurance firm to address unfair contract terms in the last six years. It has agreed on just three undertakings with insurance firms since September 2013.¹⁷⁸ The FCA also needs to do more to ensure its Handbook reflects the latest legal developments such as the Digital Markets, Competition and Consumers Act 2024. It is a damning indictment of the lack of seriousness with which the FCA is treating its wider consumer law responsibilities that the relevant sections of the FCA handbook have yet to be updated to reflect new DMCC Act powers on undertakings and penalties more than 15 months after the Act received Royal Assent.

Which? is conscious that the FCA may have been taking informal action or using its remedy tools under its supervisory powers¹⁷⁹ which are not always publicised. The FCA may even be commencing enforcement investigations which are then settled and which may not be published. However, even if this is the case, in view of the range of current issues that we have outlined, Which? would argue that this action isn't having a sufficient effect.

To Which?'s knowledge, since 2020 the FCA has only issued 3 'final notices' (under its formal enforcement procedure) to firms distributing insurance in relation to breaches of ICOBS or the Principles for Business. ENFG 4.2.11G states that the FCA 'will ordinarily publicise enforcement action where this has led to the issue of a final notice'.¹⁸⁰ Even allowing for the possibility that some final notices may not have been published, Which? thinks this volume of formal, visible enforcement action is insufficient. Although the FCA may refer to its actions which aren't publicised, Which? would point to the need for visible action

¹⁷⁶ '5. The number of enforcement investigations currently in progress in the general insurance and protection sector. Please provide a breakdown by: a. Number of firms b. Number of individuals. We currently have 6 investigations open, 2 into firms and 4 into individuals.' FCA (2024) Information on FCA S166 reviews - October 2024. Reference Case Number: FOI11636. Available from: <https://www.fca.org.uk/freedom-information/information-fca-s166-reviews-october-2024>.

FCA response to a Freedom of Information request submitted by the Insurance Times, cited in:

¹⁷⁷ '6. The number of enforcement investigations that have commenced in the general insurance and protection sector in the last 12 months. Please provide a breakdown by: a. Number of firms b. Number of individuals. No investigations in the general insurance and protection sector have been opened in the last 12 months.' FCA (2024) Information on FCA S166 reviews - October 2024. Reference Case Number: FOI11636. Available from:

<https://www.fca.org.uk/freedom-information/information-fca-s166-reviews-october-2024>.

¹⁷⁸ Which? analysis of FCA (2024) Unfair contract terms library. Available from:

<https://www.fca.org.uk/firms/unfair-contract-terms/library>.

¹⁷⁹ <https://www.fca.org.uk/publications/corporate-documents/our-approach-to-supervision>

¹⁸⁰ FCA (2025) ENFG 4.2.11G: Decisions and final notices. Available from:

<https://handbook.fca.org.uk/handbook/enfg4/enfg4s2>.

in order to act as a deterrent. We note that the FCA's enforcement webpage¹⁸¹ refers to the importance of 'deter(ring) wider misconduct' and states that it focuses its efforts 'on achieving impactful deterrence aligned to the FCA's strategic priorities, with particular focus on: Putting consumers' needs first, Delivering assertive action on market abuse, Reducing and preventing financial crime'. Publicising enforcement action could also help firms to understand expectations, particularly as these relate to the Consumer Duty, helping to lift standards across the market.

Which? is concerned that if the FCA's previous, current and future actions in relation to the issues raised in this super-complaint are concentrated on informal, supervisory or settled enforcement actions which aren't publicised sufficiently or at all, then any deterrent effect will be minimal, as will opportunities for learning across the wider market. The outcomes monitoring issues raised in the FCA's 2024 multi-firm review of outcomes monitoring under the Consumer Duty, and then again in the 2025 claims-handling report a year later, serve to justify this concern. Firms have certain duties in relation to outcomes monitoring, set out in FCA rules (PRIN 2A.9).¹⁸² The 2024 review stated that:

- *'many firms need to make improvements in their monitoring to enable them to determine whether they are delivering good outcomes for retail customers, as required by the Duty.'*
- *'All insurers, insurance intermediaries and outsourced service providers operating within the insurance sector should consider these findings, including the good and poor practice observations.'*
- *'All firms participating in the review will receive individual feedback. Where appropriate, we will also consider use of supervisory tools to make sure that progress is made to meet the requirements of the Duty.'*¹⁸³

However, the 2025 review observed multiple issues in relation to outcomes monitoring, including:

- In relation to cash settlements: *'We found that 5 firms either didn't conduct any type of monitoring of cash settlements or had limited MI [management information].'*
- In relation to storm definitions: *'In this context, we are concerned that firms aren't effectively monitoring customer outcomes to understand customer needs, consider products offerings where necessary, and communicate/disclose key parts of policy cover and exclusions clearly and in a way that supports customers' understanding.'*
- *'While 12 firms in our sample had sufficient vulnerable customer MI to monitor customer outcomes, the others did not. Two firms had no specific monitoring of*

¹⁸¹ FCA (2025). Enforcement. Available from: <https://www.fca.org.uk/about/how-we-regulate/enforcement>.

¹⁸² FCA (2023) Principles for Businesses, PRIN 2A.9: Monitoring of consumer outcomes. Available from: <https://handbook.fca.org.uk/handbook/prin2a/prin2as9?timeline=true>.

¹⁸³ FCA (2024) Insurance multi-firm review of outcomes monitoring under the Consumer Duty. Available from: <https://www.fca.org.uk/publications/multi-firm-reviews/insurance-multi-firm-review-outcomes-monitoring-under-consumer-duty>.

*outcomes for vulnerable customers, while 9 others had inadequate MI or said the collection of this information was still in progress.*¹⁸⁴

Although we cannot verify whether the same firms had shortcomings with their outcomes monitoring in both 2024 and 2025, it appears that the FCA's warning in 2024 that it would consider using its supervisory tools to ensure compliance with the Consumer Duty did not result in all firms making the necessary progress.

In the context of failures to comply with the FCA's Principles (such as the Consumer Duty), ENFG 3.2.3 says 'To determine whether there has been a failure to comply with a Principle, the standards we will apply are those required by the Principles at the time the conduct took place. The FCA will not apply later, higher standards to behaviour when deciding whether to take enforcement action for a breach of the Principles. However, where conduct falls below expected standards, the FCA considers that it is legitimate for consequences to follow, even if the conduct is widespread within the industry or the Principle is expressed in general terms'.¹⁸⁵ In Which?'s view, the FCA's current approach to enforcement does not follow the spirit of its guidance here.

¹⁸⁴ FCA (2025) Home and travel claims handling arrangements: good practice and areas for improvement. Available from: <https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangement>

S.

¹⁸⁵ FCA (2025) ENFG 3.2.3. Available from: <https://handbook.fca.org.uk/handbook/enfg3/enfg3s2>.

5 What action Which? wants

Which? wants this super-complaint to lead to a reset of the markets for home and travel insurance. These markets need to fundamentally change if they are to meet the needs of consumers, who rely on these products and the firms selling them at some of the most difficult points in their lives.

Which? expects this to lead to consumers:

- **purchasing insurance products that better meet their needs and reasonable expectations;**
- **better understanding relevant limitations of their insurance cover**
- **experiencing fewer problems when making claims;**
- **receiving more appropriate support from their insurer, especially if they are in vulnerable circumstances; and**
- **having fewer claims rejected.**

Achieving this will require a significant shift in the mindset of the regulator and of the industry. This must be combined with concerted efforts by the FCA to better hold firms to account for their regulatory obligations.

Some of the matters Which? is raising should be considered by the government too. This includes areas of law which the FCA and the government should jointly consider strengthening. This is needed to better reflect the weak position that consumers find themselves in when purchasing insurance and making claims.

Which? wants action in three areas, starting with the most urgent:

1. **Urgent FCA action to address non-compliance by firms.**
2. **An FCA market study to address the market dynamics driving poor customer outcomes.**
3. **A joint FCA and government initiative to review consumer protection legal frameworks in insurance.**

5.1 Urgent FCA action to address non-compliance by firms

The FCA's 2025 claims-handling review did not reach explicit conclusions on whether any of the reviewed firms had failed to comply with FCA rules. The FCA should now reach those conclusions urgently. It should publicly state how many of those firms have breached FCA rules, and outline what it is doing to address this and by when.

Hundreds of other firms operating in the home and travel insurance markets were not covered by the FCA's claims-handling review. The FCA must outline what initial assessment it has made of the scale of potential non-compliance among these firms. It should then outline how and when it will address any non-compliance, and report on progress.

Recommendation 1: The FCA should urgently intervene to address the failure of home and travel insurance firms to comply with their legal obligations, taking enforcement action where necessary to force action and act as a deterrent.

In its formal response to this super-complaint, Which? expects the FCA to go substantially further than indicated in its response to our recent Freedom of Information Act request, and:

- Explain how the possible firm-specific and industry-level interventions and actions concerned in the claims-handling review are progressing, and investigate any breaches of wider consumer protection law by particular firms.
- Produce an initial assessment of the wider scale of potential non-compliance among firms with legal obligations in relation to consumer home and travel insurance.
- Outline how and when it will address any non-compliance, and report on progress. This should include formal enforcement action if justified. The FCA should also consider naming firms under investigation in exceptional circumstances, where the public interest in doing so is clear.
- Work proactively with other regulators and bodies, where relevant, to help address non-compliance of insurers, of FCA rules and breaches of further legal obligations to consumers, for example under general consumer, equality or insurance laws.

The FCA can only name individual firms under certain circumstances where they are under an enforcement investigation. However, it can and should indicate the number of firms it is investigating, either through its enforcement or supervision activities.

5.2 An FCA market study to address the market dynamics driving poor customer outcomes

It can be difficult for firms to break out of market norms when they may price themselves out of being competitive by investing more than competitors to support good customer outcomes. Proper supervision and enforcement will help to some extent to level the playing field. But the regulation and supervision of individual firms is unlikely to be sufficient to address systemic issues in these markets.

Which? believes a market study is needed to analyse, understand and address the underlying issues driving poor customer outcomes. The scope of this market study must be sufficient to address the causes of poor outcomes. This should include addressing issues with the processes through which home and travel insurance products are sold, including through comparison tools, which are the most common route for consumers to purchase these products. It would therefore need to assess the extent to which consumers are provided with adequate information about firms' claims-handling outcomes and the key features and limitations of their products. This will help to put more competitive pressure on

firms to treat customers fairly and to address common misunderstandings through the insurance sales process, whether directly from a provider or through a distributor.

The market study should also investigate the business models driving poor claims-handling. This should include issues with the oversight of outsourced claims-handling providers and other third parties, and commercial arrangements between firms, to ensure that firms throughout the supply chain are incentivised to support consumers and make timely and fair claims decisions.

Which? expects a market study to lead to a robust set of policy interventions so that the market works more effectively to reward firms that support good consumer outcomes and penalise those that do not. This could include demand-side and supply-side remedies focused on improving how consumers make decisions when purchasing insurance. By better enabling consumers to assess quality and ensure that products meet their needs, this would place greater competitive pressure on firms to improve their products and sales processes, treat customers properly during the claims process and to handle claims fairly.

Recommendation 2: The FCA should launch a market study to the market dynamics driving poor consumer outcomes in the home and travel insurance markets.

The scope of this market study should include:

- distributors' sales processes; and
- insurers' claims-handling practices and business models.

Any such remedies would require a thorough programme of research and testing to understand how best to improve the sales process. Which? would welcome discussions on how it and other civil society organisations can help design and test potential solutions.

5.3 A joint FCA and government initiative to review consumer protection legal frameworks in insurance and identify key areas where these need strengthening

The nature of insurance means that consumers are in an inherently difficult position when purchasing insurance and making claims:

- They have limited information and capacity to assess their risks compared to insurers, who have vast amounts of data and intellectual property.
- It is hard for a consumer to determine what they should cover and for how much, and to answer detailed questions about this.
- It is rare for someone to make a claim, so this can be a difficult process to navigate.
- Claims are often made at difficult points in people's lives.

This can make it extremely challenging to go up against an insurer who has every incentive to hold them to the letter of the law, and in some cases not to uphold the law. Existing insurance and consumer law provides key protections in addition to FCA rules. However, this is not always applied effectively or providing sufficient protection in practice.

Which? is proposing that the FCA works with the government on some key areas where the law could be strengthened, to better counteract the weak position that consumers find themselves in when purchasing insurance and making claims. In particular, the FCA and the government should review whether CIDRA 2012 and the Insurance Act 2015 are working as intended.

Recommendation 3: The FCA and the government should conduct a joint initiative to review consumer protection legal frameworks in insurance and how they are operating in practice, identifying key areas where these need strengthening.

In light of the evidence and analysis set out in previous chapters of this super-complaint, especially on the lack of FCA enforcement, probable unlawful policy terms and poor claims-handling, this review should include considering:

- **Whether insurers are properly taking account of the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA 2012) in their policies and processes.** Strengthened provisions could include a duty on firms to inform consumers of their CIDRA 2012 rights, as well as making CIDRA 2012 presumptions clearer and simpler so that insurers do not deny or restrict claims unreasonably for 'failure to disclose' reasons.
- **To what extent the Insurance Act 2015 has been successful in achieving its objectives, and how it might be improved to help address unfair treatment of consumers.** This could include reversing the burden of proof so that it is for insurers, not consumers, to show that non-compliance with a particular term (such as to have locks of a certain type or standard) actually has resulted in a loss or increased loss. In addition, the review should investigate whether the Insurance Act provisions requiring agreed claims to be paid to consumers in a reasonable time are being complied with.
- **Reviewing and strengthening paragraph 29 of Schedule 20 of the Digital Markets, Competition and Consumers Act (DMCC Act).** In light of the evidence on poor claims-handling, this provision prohibiting certain unfair commercial practices in insurance could be improved, including to help tackle more effectively the issue of insurers unreasonably demanding documents and information from consumers trying to obtain cover or make claims.
- **Extending the powers in the DMCC Act to fine firms directly for breaches of consumer law in financial services matters to the FCA.** The Competition and

Markets Authority currently has direct fining powers, subject to appropriate statutory and procedural safeguards. Also allowing the FCA to fine firms for breaches of unfair commercial practices law and unfair contract terms, for example, would help provide the right incentives for firms to comply with the law, and expand the enforcement options available to the FCA.

Annex A: Summaries of Which? policy research reports

A1 FOS decisions involving delay, distress and inconvenience caused by insurers (published 30 May 2024)¹⁸⁶

For consumers, insurance products are a safeguard against calamity; a resource to call on when things go wrong. Too often, the actions of insurers cause those relying on them unnecessary distress, uncertainty over delays in the process, and inconvenience – often to people already knocked off course by the events which led to their claim. The FCA's Consumer Duty and specific insurance rulebook are clear that providers must act proactively to avoid causing harm to consumers, and deliver good outcomes throughout the claims process. However, complaints to the Financial Ombudsman Service (FOS) have highlighted issues with how the sector is treating its customers. Between the last full year of data before the covid pandemic (2019/20) and the latest year of data (2022/23), complaints to the FOS about insurance rose by 22%.¹⁸⁷

Which? has conducted a deep dive into a subset of complaints upheld by the FOS over the last five years, using a large language model to examine the text of over 8,500 decisions related to motor, home, travel and pet insurance. In each case, we examined an ombudsman's reasoning for why a complaint was upheld, looking in particular at cases where an ombudsman found that an insurer had caused unnecessary distress and inconvenience, or an unfair delay. Which? found that:

Levels of upheld decisions citing distress and inconvenience or delay hit a five year high in 2023

In 2023, the FOS cited distress and inconvenience caused to consumers 1,321 times, with this harm appearing in 64% of upheld complaints. They also found that insurers had caused unfair delays in 800 complaints - 38% of those upheld. On both measures, this is both the highest number and the highest proportion of harm cited in upheld complaints since 2019.

Some providers caused distress and inconvenience significantly more than others

Distress and inconvenience caused to consumers is not equally spread over the insurance market. Four providers of buildings and motor insurance were found to have caused distress and inconvenience in at least 70% of their upheld decisions since 2019. Concerningly, some of the UK's largest providers caused distress in over 60% of upheld FOS decisions. Which?'s analysis shows that better outcomes are possible, with some providers causing

¹⁸⁶ Which? (2024) Complaint upheld: delay, distress and inconvenience caused by insurers. Available from:

<https://www.which.co.uk/policy-and-insight/article/complaint-upheld-delay-distress-and-inconvenience-caused-by-insurers-a0tly1M7GqFs>.

¹⁸⁷ Financial Ombudsman Service (2023) Annual complaints data and insight 2022/23. Available from: <https://www.financial-ombudsman.org.uk/data-insight/annual-complaints-data/annual-complaints-data-insight-202223>.

distress in considerably fewer of their decisions, as well as having lower rates of complaints against them upheld.

Distress and inconvenience was cited as a reason for upholding the complaint in at least half of upheld complaints relating to home emergency, car or motorcycle, buildings and contents insurance

The FOS found that home emergency insurance providers caused distress in almost three quarters (73%) of upheld complaints since 2019, as well as above average levels of delay. Delays were most often experienced in buildings insurance, for which the FOS published the highest number of complaints in this period (6,270 – an average of more than three per day.)

Consumers experiencing certain types of issues – including delay – are particularly likely to experience negative outcomes

The FOS assigns a ‘complaint issue’ to each complaint when it is first raised, describing the problem highlighted by the consumer. We found that more distress and inconvenience was caused in complaints related to delays in a claim than any other type, highlighting the impact these delays cause. Concerningly, levels of distress were also high in areas where Which? would expect insurers to exercise particular care, including medical issues in travel insurance and cases where an insurer needed to make repairs to buildings.

That the FOS is more often finding that insurance firms have caused people avoidable distress and delays, with some providers and products causing particularly poor outcomes to consumers, is a clear area of concern.

Which?’s recommendations:

1. The FCA should ensure that its planned review of how swiftly insurance claims are handled covers wider issues with how firms handle claims, including how firms identify and respond to issues of potential vulnerability arising from the nature of the claim.
2. The FCA should undertake enforcement action against insurance firms that are persistently failing to meet its requirements to avoid causing foreseeable harm to customers and to handle claims fairly and timely.
3. The FOS should publish metrics on the reasons for complaints being upheld to improve visibility of issues affecting consumers.

A2 Consumer harm in the insurance claims process (published 23 July 2024)¹⁸⁸

General insurance products are widely held by UK consumers to protect against things going wrong in their lives. It is vitally important that consumers are treated properly by their insurance provider when they need them most. That might be following a car crash, a flood in their home or when needing medical treatment on holiday.

Which? has raised concerns for some time about how insurance claims are being handled by providers. Our recent analysis of 8,500 Financial Ombudsman Service (FOS) decisions using AI found that 2023 had the highest levels of insurers causing distress and inconvenience in upheld insurance complaints since 2019. Which? therefore welcomes the FCA's announcement in its latest business plan of two relevant reviews:

- A multi-firm review of how swiftly the insurance industry responds to claims, including where customers are more likely to show characteristics of vulnerability.
- A review into financial services firms' treatment of customers in vulnerable circumstances, which will report by the end of 2024.

The Financial Conduct Authority (FCA) has long-standing requirements and guidance on the consumer outcomes that insurers should be delivering when handling insurance claims. Introduced in 2008, the FCA's Insurance Conduct of Business Sourcebook (ICOBS) requires insurers to handle claims promptly and fairly, and act in accordance with the best interests of its customers. In 2014, the FCA set out how firms should be ensuring that customers in vulnerable circumstances are treated fairly, which was reinforced with detailed guidance in February 2021. These requirements exist within the overall framework of consumer protection law provided by the Consumer Rights Act 2015¹⁸⁹ and laws against unfair trading, as well as specific rights for consumers in insurance law,¹⁹⁰ protecting them if they answer insurers' questions reasonably and honestly.

The Consumer Duty, which came into force in July 2023, includes specific requirements for firms to support customers and consumer understanding, and sets out the expectation that consumers in vulnerable circumstances should experience outcomes as good as those for other customers. The FCA has made clear that insurers should have already been meeting

¹⁸⁸ Which? (2024) Consumer harm in the insurance claims process. Available from: <https://www.which.co.uk/policy-and-insight/article/consumer-harm-in-the-insurance-claims-process-adkwv4h42JVt>.

¹⁸⁹ Especially Part 2 of the Consumer Rights Act 2015 (requiring contract terms to be fair) and Section 49 (implying contractual duties that services must be carried out with reasonable care and skill). Available from: <https://www.legislation.gov.uk/ukpga/2015/15/part/2> and <https://www.legislation.gov.uk/ukpga/2015/15/section/49>.

¹⁹⁰ Under the Consumer Insurance (Disclosure and Representations) Act 2012. Available from: <https://www.legislation.gov.uk/ukpga/2012/6/contents>.

many parts of the Duty based on existing requirements,¹⁹¹ and that it was a less significant change than for other parts of the financial services sector.¹⁹²

Despite these requirements, Which?'s findings from an online survey of 3,322 people who had made an insurance claim in the three years up to February 2024 and 24 in-depth interviews with people who had made a claim in the same period, show that insurers have in many cases failed to meet the FCA's requirements. Which?'s research found:

Widespread evidence of significant harm caused by insurers' claims-handling processes.

- Almost half (48%) of all people making a claim experienced at least one problem in their insurance claim journey.
- Claims undoubtedly take some time and effort for consumers to complete, but how insurers manage claims can determine the extent of this burden. Over one in four (28%) consumers making a claim felt their insurer's actions negatively impacted their time available to do other things.
- One in 10 (10%) had issues sleeping as a result of their insurance claim.
- 31% said they felt their insurer's actions negatively impacted their stress levels.
- One in 10 (10%) said they felt their insurer's actions negatively impacted their physical health.

Insurers are failing to consistently ensure that customers in vulnerable circumstances are experiencing outcomes as good as those for other consumers.

- People surveyed who were severely impacted by the incident that led to their insurance claim were more likely to experience problems in their claims journey (63% compared to 33% of people not severely impacted).
- They were also three times more likely to rate their provider as poor at considering and accounting for any challenges they were facing at the time (30% compared to 9% for those not severely impacted by their incident).
- Almost half (44%) of people surveyed severely impacted by their incident said their insurer's actions negatively impacted their mental health, compared to just 9% of those not severely impacted by their incident. This is despite the FCA making clear that 'firms should take additional care to ensure they meet the needs of consumers at the greatest risk of harm'.

¹⁹¹ FCA (2022) FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. Available from: <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>; and FCA (2023) Dear CEO letter: Implementing the Consumer Duty in the General Insurance and Pure Protection sectors. Available from: <https://www.fca.org.uk/publication/correspondence/consumer-duty-letter-general-insurance-pure-protection-firms.pdf>.

¹⁹² Comments by Dan Hurl, Head of Insurance, FCA: 'For the most part, I believe that the Consumer Duty will not be as significant a change for the insurance market compared to other areas of financial services'. FCA (2022) Transcript: Consumer Duty Webinar – Insurance. Available from: <https://www.fca.org.uk/publication/transcripts/consumer-duty-insurance-webinar-transcript.pdf>.

Insurers are not providing sufficient oversight of how customers are treated where there are third parties contracted to help assess claims or provide remedies.

- Insurers often use third parties to help assess and resolve claims but this regularly adds complexity and confusion to claims, often leaving consumers doing the legwork to resolve their claim. Claims with third parties were nearly twice as likely to have problems arise (60%) compared to those without them (34%).
- This is despite the FCA being clear that firms should consider how outsourcing to third parties can impact customer outcomes, and consider this as a key risk that could cause consumer harm. This suggests that many insurers that use third parties to assess claims or for remedies are not putting in place sufficient systems and controls to oversee the third parties that they partner with and how this impacts customer journeys.

Consumer harm is being driven by firms' poor processes at every stage of the claims-handling process:

Claims-handling stage	Insurers have failed to consistently...	Our findings
Reporting the incident	1) Clearly explain the different stages of the claims process and expected timelines	Many people are nervous or anxious about starting a claim. One in four people making a claim (26%) said that their insurer's initial contact did not leave them feeling clearer or more certain of their situation.
Providing information and evidence about the claim	2) Ensure all evidence requests are reasonable, proportionate, not repetitive and made in a timely fashion.	It is hugely frustrating when we are asked repeatedly for the same or similar things over and over. One in five (21%) people making an insurance claim had to repeat information or repeatedly share documentation and evidence multiple times during their claims process.
	3) Tailor their claims-handling processes to the diverse needs of their customers and provide additional support where required.	Consumers have diverse needs and many are not comfortable using the internet. Around one in 10 (10%) claimants surveyed who had to submit evidence said they had difficulties sending it (eg navigating an online portal).

Determining and communicating the decision	4) Update their customers about the progress of their claim, including how they are addressing any issues that have arisen.	Many of the most prevalent problems we identified in the claims process revolved around customers having to chase their insurer. One in five (20%) of consumers making a claim had to chase for information on the progress of their claim.
	5) Clearly explain why they have rejected or partially rejected a claim.	It is important that consumers understand the reasoning behind their decision so they can challenge it if they disagree. One in four (24%) of claimants surveyed that had their claims rejected said they did not understand why.

Alongside these worrying statistics and some shocking stories, Which? has also found evidence of good processes and outcomes, which shows that it is possible for insurers to support their customers well, even in the most difficult circumstances. This is evidence that the insurance sector can, and must, do better for consumers.

The FCA already has very clear regulatory requirements of insurers, and it has regularly reminded firms of these via its guidance and communications. Which? is therefore not proposing any new requirements. Instead, we want to see the FCA holding firms to existing requirements and making sure there are clear penalties for failing to meet them. While Which? welcomes the FCA's claims-handling and vulnerability reviews, recent FCA reviews in insurance covering compliance with the Consumer Duty and motor insurance payout values have identified major failings, yet have resulted in no announcement of enforcement action. This is further undermining trust in the insurance sector, which has the lowest level of consumer trust of any major consumer-facing industry. Given the prevalence and severity of the harm that our findings have shown, the FCA cannot fail to act on firms' claims-handling processes.

Which?'s recommendations:

1. The FCA's vulnerability and claims-handling reviews must lead to robust enforcement action against insurers that are failing to meet its requirements
2. The FCA must at the very least take action to address:
 - Harm experienced by customers who are in vulnerable circumstances due to the impact of the event that led to their claim
 - Where firms using third parties in their claims process leads to far worse customer outcomes
 - Poor processes that mean firms are not consistently supporting customers to navigate and understand the claims process
3. The FCA should improve its ongoing supervision of insurers' claims-handling practices to proactively prevent harm from arising

A3 Consumer confusion around general insurance (published 16 January 2025)¹⁹³

General insurance products are widely held by UK consumers to protect against things going wrong in their lives. It is vitally important that consumers are buying insurance products that meet their needs, and give them adequate protection in the event that they make a claim. That might be following a car crash, a flood in their home, or when needing medical treatment on holiday.

Financial Conduct Authority data shows that for some insurance products, particularly travel and home, claims acceptance rates are low. According to their most recent data, nearly four in ten (37%) of claims were rejected for buildings insurance and one in five (20%) for single-trip travel insurance.

Unless they have personal experience of having a claim rejected, consumers are generally confident that their insurer would pay out in the event of a claim. Given low claims acceptance rates for some products, this suggests some consumers are receiving nasty shocks when their claims are rejected, and experiencing financial, psychological and time harm as a result.

Low claims acceptance rates can result from insurers failing to pay out claims in line with policies, or from consumers making inappropriate claims. While we know insurers sometimes fail to get it right, we also know this isn't the whole story.

Which?'s new evidence explores whether these low claims success rates reflect consumer misunderstandings about insurance, and whether these might be exacerbated by the ways insurance is sold. To assess whether elements of the sales journey could contribute to the likelihood of rejected claims later down the line, we explored how people search for insurance, compare options and buy insurance products, their understanding and expectations about cover, and the assumptions they make about the cover they take out.

Consumers commonly lack understanding of the limitations of insurance.

Which? tested a number of potential claims scenarios with consumers, asking them whether they thought they would be covered for things like lost luggage or missed connections for travel insurance, or wet rot or storm damage for home insurance. Overall we found that people struggled to anticipate which scenarios they would be covered for, with many saying they 'don't know', and the rest being split as to whether they believed they would be covered or not.

In some situations, consumers assumed they would be covered for things, when the reality of their policies was more complex. Consumers often drew on their memory of questionnaires completed during the purchasing journey to assess whether something would

¹⁹³ Which? (2025) Risky Business: Consumer confusion around general insurance. Available from: <https://www.which.co.uk/policy-and-insight/article/risky-business-consumer-confusion-around-general-insurance-atkz55a7BhBR>.

be included or not. Where they were more aware of exclusions from policies, this was often prompted by a given item being singled out as an 'add-on' to a product.

Which? has identified three common misconceptions that may lead consumers to an incorrect assumption about whether they would be covered for a given scenario:

- When they take out cover for a defined item or event, consumers have little understanding of any limitations of this cover, eg that travel insurance may not cover missed flight connections, or that home insurance only covers specific insured events.
- When a situation is due to events beyond a consumer's control, ie 'not my fault', they often assume they will be covered.
- Whilst consumers understand that negligence and wear and tear are factors that can limit insurance cover, there is sometimes little understanding of what might constitute negligence or wear and tear.

These issues may be more likely to bite in home and travel insurance policies, which could be more complex or more likely to involve limitations of cover than other products, potentially explaining the higher rates of rejected claims for these products. One large insurer recently told Which? that 72% of its declined contents claims resulted from a lack of cover or policy exclusions, often related to customers not selecting optional add-on cover like personal belongings or accidental damage. Which?'s exploration of the purchasing journey clarifies how these issues emerge.

Consumers typically approach buying insurance with a disengaged mindset.

Which? finds that whilst consumers recognise the necessity of taking out insurance, ultimately they're buying a product they hope they will never have to use. They don't want to spend any more time and energy than they need to on choosing a policy, seeing it as a 'tick-box' exercise. Beyond recognising that they need some kind of insurance cover, people don't typically have a strong sense of what they're looking for.

Where they lack knowledge or a strong sense of their needs, consumers make simplified assumptions about cover.

Quite often consumers think that insurance products are 'much of a muchness'. 64% of insurance buyers agreed with the statement that most insurance products offer similar levels of protection.

There's also an assumption that all insurance products are held to a basic standard – the majority (65%) believe that insurance products must meet a minimum level of cover required by regulation.

As a result of their lack of engagement and motivation, consumers look for ways to simplify the choice and take shortcuts to selecting products.

The majority of consumers in our research used comparison tools to find their insurance products, and many rely heavily on these websites to offer policies that meet their needs for the best price. The questionnaires they have to answer to receive quotes give people a sense that the comparison tool is doing their due diligence for them and showing them policies that are tailored to them. Consumers won't typically look beyond the first few options, and will base their choices primarily on price, and in some cases on other factors like whether they recognise the brand.

Very few consumers interrogate policies in any detail. It is fairly rare for consumers to open a policy document before purchasing a policy, let alone read it in full. Documents like this are understandably seen as long, technical and boring.

Even where consumers are concerned about how comprehensive cover is, they will often assess this using heuristics like price. For example, given a choice of three products or levels of cover, some assume that the cheapest product might not be sufficient, but that the most expensive is excessive, and so prefer the middle option.

These behaviours are all individually rational: given that consumers are buying a product they do not anticipate using, minimising the investment of time and money in buying insurance makes sense. However, the heuristics (mental shortcuts) used and assumptions made during the purchasing process risk leaving consumers facing a shock when a claim is declined legitimately, but unexpectedly. A lack of consumer understanding in this market should not be surprising to the industry or policymakers. However, as these misunderstandings risk contributing to serious consumer harm, it is worth considering how the ways in which insurance is sold could be aggravating these issues.

Difficulties with disclosure may also leave consumers at risk of rejected claims.

Consumers also commonly struggle to complete the questionnaires used to personalise insurance quotes, meaning they risk accidentally providing inaccurate or incomplete information.

Possible areas of non-compliance by insurers, brokers and comparison tools

Issues with consumer understanding and products meeting customer needs and expectations point to potential issues with compliance by firms with existing regulatory requirements as well as broader issues with how insurance markets are working. Specifically, the findings in this new Which? research, coupled with high claims rejection rates in home and travel insurance, would suggest significant limitations in the extent to which firms are meeting their obligations under the FCA's ICOBS rules and the FCA's Consumer Duty:

1. **The FCA's ICOBS rules: ensuring that insurance contracts are consistent with the customer's demands and needs.** Which?'s findings show that consumers often have little understanding of many limitations of the cover they have purchased. This suggests that firms may not be doing enough prior to a sale to understand and meet the customer's demands and needs. Firms' reliance on standardised and limited survey questionnaires suggests these regulatory requirements have become a tick-box exercise that is not delivering the FCA's intended outcome.
2. **The FCA's Consumer Duty rules: acting to deliver good outcomes for customers and addressing poor outcomes.** Persistently high rates of rejected home and travel insurance claims is very clearly a poor outcome for customers, which means it is difficult to conclude that firms and intermediaries are sufficiently meeting requirements to address poor outcomes. While the FCA is clear that the Consumer Duty does not remove consumers' responsibility, consumers can only take responsibility for their actions when they can trust that the products and services they can choose from are designed to meet their needs and they are supported by firms to make decisions. Firms should therefore be expected to design their products and services, sales processes, and communications to better reflect the challenges consumers face when buying insurance, in line with the relevant Consumer Duty outcomes. However, Which? has found specific issues related to these outcomes:
 - **Product and services outcome:** There are some scenarios that can be insured that people very often expect to be covered, such as connected flights and baggage cover for travel insurance. However, there are often major limitations to these areas of cover in standard products. This suggests firms are not sufficiently designing their products and services to meet the reasonable expectations and needs of the intended target market. The FCA should investigate how firms have considered these factors when designing and reviewing their products.
 - **Supporting consumer understanding:** Which? has found many crucial limitations of cover that consumers do not understand. This suggests firms are not sufficiently meeting existing requirements to support consumer understanding. Bold action is needed given the scale of the challenge. This is likely to require both improved communications and sales processes, to ensure that firms identify and seek to address potential misunderstandings that are tailored to the person's capabilities and circumstances.

ICOBS and Consumer Duty requirements apply to firms throughout the distribution chain, with the FCA setting different expectations depending on the firm's role in the sales process. This includes comparison tools which we have found are involved in the majority of sales of home, motor, travel and pet insurance but have not been a key focus of recent investigations by the FCA in insurance.

There are also potential issues with compliance with firms' wider legal obligations. Difficulties in the process for consumers to make relevant disclosures about their circumstances can leave consumers at risk of having their claim rejected or cover revoked, despite legal protections against unfair rejection including through FCA's ICOBS rules. There may also be

issues relating to legally unfair terms under the Consumer Rights Act 2015, particularly where providers' terms are not sufficiently transparent.

Which?'s recommendations

The insurance industry is under significant scrutiny at present. The regulator is rightly investigating a range of areas to address pricing practices in the insurance industry, including a market study on premium finance and a review of motor insurance business models. It is also investigating claims-handling arrangements and recently announced a broader remit than just how swiftly claims are handled to include whether firms' 'systems, controls, governance and oversight structures drive good consumer outcomes'.¹⁹⁴ Which? welcomes this broader approach given how interrelated firms' design, marketing and sale of product and services is with issues with claims outcomes.

Which? Expects its findings on potential areas of non-compliance with ICOBS and the Consumer Duty, as well as other applicable legal requirements, to form a key part of the FCA's ongoing review of claims-handling arrangements and for the FCA to intervene to address areas of non-compliance.

The FCA's claims-handling review marks a significant test of its appetite to intervene to address poor outcomes under the Consumer Duty. Given the significance of Which?'s findings in this report and the risk of harm to consumers from rejected claims, the FCA must act decisively to address any failure by firms to meet existing requirements. The FCA may also need to undertake further work regarding how insurance markets are working to determine whether new interventions are needed to ensure these function effectively.

¹⁹⁴ FCA (2025) Our Consumer Duty focus areas. Available from: <https://www.fca.org.uk/publications/corporate-documents/our-consumer-duty-focus-areas>.

A4 Potentially unfair flood and storm definitions in home insurance policies (published 8 April 2025)¹⁹⁵

In February 2025, Which? asked consumers with buildings insurance how they defined ‘flood’ and ‘storm’. Most of those surveyed thought that a flood was when water builds up in your home, no matter how fast this happens; most thought that rain, hail and snowstorms can happen without storm force winds. The Association of British Insurers (ABI), the government’s Flood Re scheme and guidance from the Financial Ombudsman Service agree. As Which?’s new research shows, many insurers do not, leaving consumers at risk of having claims unexpectedly rejected when their homes are damaged.

In this report, Which? presents a novel analysis of storm and flood definitions in home insurance policies, examining 133 recent policy documents from 67 providers. We found that one in three contain flood definitions and one in five contain storm definitions that contradict what we found to be most consumers’ common sense expectations and industry guidance. Which? believes each of these policies is potentially unfair to consumers. We also know from published FOS decisions that the application of similar definitions has caused avoidable distress and financial harm, and that where flood and storm are not defined, firms have applied definitions that go against most consumers’ expectations. Which? found that more than half and more than a third of documents reviewed did not define flood and storm respectively.

Under the Consumer Duty, the FCA expects firms to consider the reasonable expectations of customers in their target market in relation to the product or service. The FCA also requires manufacturers and distributors of insurance products to keep this under regular review to prevent foreseeable harm. Which? Thinks that people’s expectations for coverage in the case of floods and storms are reasonable given that they are broadly in line with the definitions of the UK’s largest trade body for insurers, the ABI, and the government’s Flood Re scheme. That many products adhere to these definitions proves that these are insurable risks.

The findings outlined in this report clearly show that consumers’ reasonable expectations are not being met by a significant number of firms in the UK market, which includes some of the largest providers by market share. They also suggest that flood and storm definitions could partly explain the persistently high rates of rejected claims for buildings insurance, which firms do not appear to be sufficiently addressing by reviewing their products and claims-handling practices.

Which? wants the FCA to investigate all firms’ practices as part of its ongoing review of firms’ claims-handling arrangements and take enforcement action where necessary. The broad approach proposed for this review, of investigating whether ‘systems, controls, governance and oversight structures drive good consumer outcomes’¹⁹⁶ should enable the FCA to look at the root causes of high rates of rejected claims for home insurance, including

¹⁹⁵ Which? (2025) The claim after the storm: Potentially unfair flood and storm definitions in home insurance policies. Available from:

<https://www.which.co.uk/policy-and-insight/article/the-claim-after-the-storm-addkT9j8POcs>.

¹⁹⁶ FCA (2025) Our Consumer Duty focus areas. Available from:

<https://www.fca.org.uk/publications/corporate-documents/our-consumer-duty-focus-areas>.

whether firms have met requirements under the Consumer Duty regarding the design of their products.

The FCA's work should include considering the nature of the market and whether new guidance is needed for firms. Since it's very difficult for consumers to compare definitions of terms between providers, Which? thinks that competition is unlikely to be effective here in guarding against poor outcomes for consumers. Given widespread agreement among consumers of what reasonably constitutes a flood or a storm, and that this understanding is broadly in line with industry and government-backed guidance as well as the definitions used by many firms, the FCA should be clear that it expects firms to at least meet this definition. Which? is also concerned that where firms do not define flood or storm, consumers may receive worse outcomes than if a fair definition was included in the policy terms. The FCA should consider how this is impacting consumers and whether firms should define terms such as these in their policy terms.

Which?'s recommendations:

- **Recommendation 1: The FCA should investigate whether all firms' flood and storm definitions comply with the Consumer Duty as part of its ongoing claims-handling review and take enforcement action where necessary.**

This should include investigating whether firms have:

- evidenced how they have met the reasonable expectations of their target market in any flood and storm definitions
 - reviewed rejected claims for floods and storms to understand how to better align their approaches to their customers' reasonable expectations
 - addressed any identified issues with product design.
- **Recommendation 2: The FCA should make clear to firms, such as via issuing new guidance, that using the ABI and Flood Re definitions of flood and storm is one way for them to ensure they are currently meeting the Consumer Duty, with the FCA keeping these definitions under review.**
 - **Recommendation 3: The FCA should review consumer outcomes from claims involving policies that do not define flood or storm, and consider requiring firms to define these terms and any others where doing so may better prevent consumer harm from arising.**

Annex B: Expert legal review of home and travel insurance policies

1. Which? commissioned a detailed review by an expert external barrister to examine the policy booklets and Insurance Product Information Documents ('IPIDs') of five home insurance and four travel insurance providers.
2. Where available, additional materials were also examined, including Financial Ombudsman Service ('FOS') decisions, sample policy schedules, renewal terms and general terms of business.
3. Which? chose its sample of insurers for legal analysis based on a number of key factors, including: significant market share, average or lower-than-average claim acceptance rates, and a large number of reported problems with complaints and claims handling.

B1 Summary findings

4. Five home insurance and four travel insurance providers were assessed. In summary, the external legal analysis found:
 - With the disclaimer that terms may not in fact always be applied strictly, various terms examined improperly derogate from regulatory and statutory materials offering key protections and rights for consumers.
 - Some of the terms were, in practice, likely to operate harshly or unexpectedly against consumers' interests.
5. In addition, there were three main themes which appeared repeatedly from the documentation reviewed:
 - Deviation from statutory and regulatory requirements for the protection of consumers in the insurance market.
 - Lack of transparency and/or clarity as to terms and exclusions.
 - Use of unfair terms under Part 2 of the Consumer Rights Act 2015 ('CRA').

B2 Deviation from statutory and regulatory provisions

6. A number of statutory and regulatory provisions were potentially relevant to each of the providers considered. As explained further below, all of the providers' documentation purports to deviate from those provisions to some extent.
7. Non-compliance with, or deviation from, rules of the FCA Handbook may have both private law and regulatory consequences for providers. As regards any individual customer, it may render the provider liable for damages for breach of statutory duty under Section 138D Financial Services and Markets Act 2000 ('FSMA'). Non-compliance with FCA rules and guidance is also relevant to the FCA's on-going assessment of a provider as a 'fit and proper person' having regard to threshold condition 5 ('Suitability') and the matters in paragraph 2E of Schedule 6 to FSMA.

8. In particular, whether a provider's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers...' (paragraph 2E(c)) and whether it 'has complied and is complying with the requirements imposed by the FCA in the exercise of its functions... and... the manner of that compliance' (paragraph 2E(d)).

9. In other cases, however, the relevant statute expressly prohibits 'contracting-out'. Thus, any term which is, in effect, inconsistent with the position mandated by the statute will be void to that effect. As described further below, that is the position in relation to consumers' duties of disclosure and insurers' consequential remedies under the Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA').

10. Which?'s review identified three main areas of potential derogation from mandatory regulatory and statutory obligations: (i) cancellation rights, (ii) claims-handling obligations, and (iii) disclosure obligations.

B2.1 Cancellation rights

B2.1.1 The law

11. Sections 6.2 and 7 of the FCA's Insurance Conduct of Business Sourcebook ('ICOBS') govern customers' cancellation rights and what they must be told about them.

12. A consumer 'has a right to cancel, without penalty and without giving any reason' within 14 days of any general contract of insurance or distance contract (ICOBS 7.1.1R). The relevant 14-day period begins either on 'the day of the conclusion of the contract' or, if later, 'the day on which the consumer receives the contractual terms and conditions and any other pre-contractual information required...' (ICOBS 7.1.5R).

13. A consumer is deemed to have exercised his/her right if written notice of cancellation 'is dispatched before the deadline expires' (ICOBS 7.1.6R). Thus, if the notice is sent on day 13 but does not reach the firm until day 15, the right will still have been validly exercised in the 14-day period.

14. Of particular importance is that in the event of cancellation a consumer 'may only be required to pay... for the service provided by the firm in accordance with the contract' (ICOBS 7.2.2R(1)). Such amount 'must not... exceed an amount which is in proportion to the extent of the service already provided' and/or which 'could be construed as a penalty' (ICOBS 7.2.2R(2)). Thus, if the contract is for six months and the consumer cancels after 14 days, they can be made to pay only one twelfth of the total premium.

15. In any event a consumer should not be required to pay any amount unless the firm 'duly informed' the consumer of it and/or the contract 'commenced... before the expiry of the of the cancellation period' at the consumer's request (ICOBS 7.2.2R(3)). The amount payable may include sums the firm has 'reasonably incurred in concluding the contract, but should not include any element of profit', 'an amount for cover provided' and/or certain commissions and fees paid to or charged by insurance intermediaries (ICOBS 7.2.3G).

16. Rules also apply to what information on those rights must be provided to consumers and how and when firms are to do so. The information to be given is (ICOBS 6.2.5R(2)(a)-(f)):

- (i) the existence and duration of the cancellation right;
- (ii) conditions for exercising it;
- (iii) information on the amount he 'may be required to pay if he exercises it';
- (iv) the 'consequences of not exercising it'; and
- (v) 'practical instructions for exercising it'.

Each of those matters 'must be provided in good time before conclusion of the contract and in writing or another durable medium' (ICOBS 6.2.5R(3)).

B2.2 Analysis

17. The majority of the policies reviewed include terms which do not appear to correctly reflect the requirements of ICOBS 7.1 and 7.2. For example:

- In some instances, the terms require the customer to pay fixed-sum 'administration' charges in order to cancel, whereas ICOBS 7.1.1R requires consumers to be given the right to cancel 'without penalty' (ie without negative financial consequences)
- In some policies, contrary to ICOBS 7.6.1R, the 14-day cancellation period is wrongly applied by reference to the date on which the notice of cancellation is received by the provider. That means consumers will not be afforded their full 14-day cancellation period. On policies where the consumer is not entitled to any premium refund outside the 14 days, such an approach will have a significant adverse financial impact.
- Other policies suggest that the consumer is only entitled a premium refund within the 14 days if they have not yet made use of the policy. For example, by taking a trip on a travel insurance policy or making a claim. That is contrary to ICOBS 7.2 which makes clear that use of the policy during the 14-day period should be reflected by a discount to the refund 'in proportion to the extent of the service already provided'. The conclusion of our review is that any other approach would properly be 'construed as a penalty' for the purposes of ICOBS 7.2.2R(2).

18. To the extent that providers are giving misinformation we consider it unlikely that they can be properly communicating information on 'the right to cancel' (being that provided for by ICOBS 7.1.1R) pursuant to ICOBS 6.2.5R.

19. The cancellation provisions in ICOB 7 are straightforward. A systemic inability by one or more providers to properly embed them into policy terms suggests a failure to conduct business with 'due skill, care and diligence' under Principle 4, as well as a failure to 'deliver good outcomes for retail customers' under Principle 12.

B2.3 Claims handling

B2.3.1 The law

20. Some of the policy documents reviewed include terms permitting providers to handle claims in a manner inconsistent with the requirements of the Insurance Act 2015 ('IA') and/or ICOBS 8.

21. S.11 IA restricts an insurer's ability to 'exclude, limit or discharge' liability for losses on the basis of the insured's non-compliance with a contract term tending to 'reduce the risk of loss of 'a particular kind', 'at a particular location' or 'at a particular time' (Section 11(1)). It may not do so if the insured can show that his/her non-compliance 'could not have increased the risk of the loss which actually occurred' (Section 11(3)). The Explanatory Notes to the IA give the example of a claim in respect of a property damaged by flooding. In such a case 'it is expected that an insured could show that a failure to use the required type of lock on a window could not have increased the risk of that loss. In this case the insurer should pay out on the flood claim' (paragraph 95).

22. Thus, s.11 'removes the automatic right of an insurer to rely upon a condition precedent where the condition relates to a risk and there is no link between the purpose of the condition and the loss'.¹⁹⁷

23. ICOBS 8 deals with general claims-handling obligations. Amongst other matters it requires insurers to 'handle claims promptly and fairly' and to 'not unreasonably reject a claim (including by terminating or avoiding a policy)' (ICOBS 8.1.1R(1) & (3)). Those broad requirements would include failures to comply with both s.11 IA and the requirements of CIDRA (ICOBS 8.1.2AG & 8.1.3R).

24. The rules of ICOBS 8.1 necessarily inform the potential fairness (or unfairness) of related contract terms. Our review gives the example of a term which purports to allow the provider to reject a claim upon discovery of a non-qualifying misrepresentation and so necessarily seeks to permit the unreasonable rejection of a claim. Such a term is, therefore, also very likely to be considered unfair under the CRA, as well as being void to that extent under s.10 of CIDRA.

B2.4 Analysis

25. We gathered anecdotal evidence as to how, in practice, providers apply their terms during the claims process. This supports concerns flagged by our external review as to whether claims are likely to be handled in compliance with Section 11 IA and/or fairly and reasonably as required by ICOBS 8.1.1R. In particular:

- Terms which suggest that a failure to adhere to a particular requirement entitles the insurer to refuse all claims, whether or not related to the failure. For example, one of the travel policy documents considered within this review permits the provider to refuse a claim on the basis of non-disclosure of a pre-existing medical condition

¹⁹⁷ *Lonham Group Ltd v Scotbeef Ltd* [2025] EWCA Civ 203, at [63].

'even if a claim is not related to' such non-disclosure. Thus, a consumer's failure to disclose high blood pressure could be used to refuse a claim for a stolen laptop. There are also other more subtle examples. For example, one home policy implicitly permits the provider to reduce the amount payable on a claim if the insured buildings were not 'in a good state of repair' whether or not that is relevant to the claim. Such terms are plainly contrary to s.11A of the IA.

- Terms requiring consumers to provide very extensive or highly specific evidence of losses. Our review suggests that these types of 'unreasonable proof' clauses are particularly prevalent in the travel insurance sector. For example, one policy reviewed requires written evidence from 'the Highways Agency' as to the 'length... and reason for' any traffic congestion, and (ii) an 'appropriate authority' of 'when and the length' of a customer hijacking on a trip within scope. As to each:
 - i. The reference to the Highways Agency is unclear and misleading since it no longer exists. Moreover, it is not clear that it would be willing or able to provide the requisite written evidence to policyholders. In any event, as a purely domestic agency, it could not assist with traffic congestion outside the UK.
 - ii. Our review considered that the evidence required for hijacking claims is particularly problematic. It is reasonable to suppose that anyone who has suffered such an incident is likely to be vulnerable, the experience having been a traumatic one. In those circumstances the type and level of proof required to process the claim is very probably unreasonable. In any event, no detail is provided as to what constitutes an 'appropriate authority' and/or how any dispute in that regard is to be resolved.
- Further, almost all the home policies include definitions of 'storm' and 'flood' which are likely to make it difficult for consumers to establish that damage has been suffered in consequence of the specifically prescribed conditions. For example, they apply the highly specific definition of 'storm' used by the Association of British Insurers or go further still, eg hailstones which 'exceed 20mm in diameter'. Read literally, the strict application of those definitions would entitle the providers to reject a claim on the basis that the consumer cannot evidence, for example, the diameter of the hailstones which caused damage. The result is a contractual justification for the possible rejection of a large number of legitimate and meritorious claims. To that end, we note the concerns flagged by the FCA in the 2025 claims-handling Report that some firms 'didn't show they had an appropriate basis when considering whether to accept or reject claims'. These concerns are also apparent from FOS decisions which uphold complaints arising from rejected storm claims.
- Terms which give the provider a discretion to offer a cash settlement in lieu of arranging for the repair or replacement of damaged or lost goods. In particular, several of those reviewed give an apparently unfettered discretion: they do not set out any factors which may be used to make a determination one way or the other, nor do they offer the consumer any right of challenge to such a decision. Moreover, cash settlements by insurers can often lead to poor outcomes for the insured party. As noted in the 2025 FCA claims-handling report, the use of cash settlements 'may not

result in good customer outcomes in complex and higher value claims' and 'is of particular concern where the customer may be vulnerable'. It may result in the consumer receiving a pay-out from their claim which is insufficient to cover their loss since cash settlements can be set according to 'discounted rates from a firm's suppliers and contractors that will not be available to customers'. We therefore consider that a provider's apparently unfettered right to offer a cash settlement risks unfairness in the claims-handling process.

26. Our review concluded that many of the terms touching upon claims-handling appear to be formulated largely to suit the convenience of the provider. Again, the result is likely to be a failure to adhere to Principle 12 to 'deliver good outcomes for retail customers'. Further, Principle 9 may be also relevant: 'A firm must take reasonable care to ensure the suitability of its... discretionary decisions for any customer who is entitled to rely upon its judgment'.

B2.5 Disclosure obligations

B2.5.1 The law

27. CIDRA modifies the usual obligation on an insured of utmost good faith in respect of consumer insurance contracts (see Section 2(5)). Its purpose 'is to reset the balance between fairness in the insurance industry, with overly technical, historical and potentially harsh rules that had far outlived their usefulness'.¹⁹⁸

28. Instead, CIDRA imposes on consumers an obligation 'to take reasonable care not to make a misrepresentation to the insurer' (Section 2(2)). That includes a failure 'to comply with the insurer's request to confirm or amend particulars previously given' (Section 2(3)), i.e. to update any material details either in the day-to-day operation of the policy or in the event of renewal/variation. What constitutes 'reasonable care' for that purpose 'is to be determined in the light of all the relevant circumstances' (Section 3(1)).

29. Schedule 1 to CIDRA sets out the remedies available to an insurer where a consumer fails in his or her duty of 'reasonable care' under Section 2(2). However, such remedies are available to an insurer only in respect of a so-called 'qualifying misrepresentation' being one where 'without the misrepresentation, the insurer would not have entered into the contract (or agreed to the variation) at all, or would have done so only on different terms' (Section 4(1)(b)).

30. In turn, a 'qualifying misrepresentation' can be either 'deliberate or reckless' or 'careless' as defined (Sections 5(1)-(3)).

31. The insurer bears the onus of proving: (i) that a misrepresentation has been made within the meaning of Section 2(2); (ii) that it was a 'qualifying misrepresentation' within the meaning of Section 4; and (iii) if so, whether it was 'deliberate or reckless' on the one hand, or merely 'careless'.

¹⁹⁸ *Lonham Group Ltd v Scotbeef Ltd* [2025] EWCA Civ 203, at [36].

32. In broad terms, an insurer's remedy depends upon whether the qualifying misrepresentation was 'deliberate or reckless' or merely 'careless':

- If 'deliberate or reckless', the insurer may 'avoid the contract and refuse all claims' and 'need not return any of the premiums paid, except to the extent (if any) that it would be unfair to the consumer to retain them' (Schedule 1, paragraph 2).
- If merely 'careless':
 - i. If the insurer would 'not have entered into the... contract on any terms', it 'may avoid the contract and refuse all claims, but must return the premiums paid' (Schedule 1, paragraph 5);
 - ii. If the insurer would 'have entered into the... contract, but on different terms', then 'the contract is to be treated as if it had been entered into on those different terms if the insurer so requires' (Schedule 1, paragraph 6). It may give the consumer notice to that effect (Schedule 1, paragraph 9(4)(a)), in response to which the consumer 'may terminate the contract by giving reasonable notice to the insurer' (Schedule 1, paragraph 9(6)). Alternatively, the insurer may 'terminate the contract by giving reasonable notice to the consumer' (Schedule 1, paragraph 9(4)(b)).
 - iii. If the insurer would have entered into the contract 'but would have charged a higher premium, the insurer may reduce proportionately¹⁹⁹ the amount to be paid on a claim' (Schedule 1, paragraph 7). It may give the consumer notice to that effect (Schedule 1, paragraph 9(4)(a)), in response to which the consumer 'may terminate the contract by giving reasonable notice to the insurer' (Schedule 1, paragraph 9(6)). Alternatively, the insurer may 'terminate the contract by giving reasonable notice to the consumer' (Schedule 1, paragraph 9(4)(b)).
- If either party exercises their right to terminate on reasonable notice, the 'insurer must refund any premiums paid for the terminated cover in respect of the balance of the contract term' (Schedule 1, paragraph 9(7)). Further, such termination 'does not affect the treatment of any claim arising under the contract in the period before termination' (Schedule 1, paragraph 9(8)).
- Crucially, contracting out is forbidden. Any term which puts the consumer in a 'worse position' than provided for by CIDRA in relation to 'disclosure and representations by the consumer to the insurer before the contract is entered into or varied' and/or 'remedies for qualifying misrepresentations' is 'to that extent of no effect' (Sections 10(1)-(2)). Thus, terms imposed by any of the providers which require customers to go beyond 'reasonable care' in providing material information and/or purporting to allow the provider remedies beyond those permitted by Schedule 1 would be unenforceable.

¹⁹⁹ By reference to the formula specified by Schedule 1, paragraph 8.

B2.6 Analysis

33. All of the policies address the requirements of CIDRA to some extent. However, our review concluded that several suffer from one or more of the following failings:

- They purport to impose on customers a standard of disclosure exceeding 'reasonable care'. For example, they refer to an absolute obligation to make disclosure of all material circumstances or suggest that any inaccuracies in information provided could have adverse consequences.
- They make no distinction between 'qualifying' and other misrepresentations. They therefore seek to permit the provider to avail itself of the statutory remedies, whether or not relevant to its decision to offer insurance and, if so, on what terms. For example, one of the home policies seeks to exclude claims where a mistake by the customer means 'we are no longer willing to cover you'. However, the question posed by s.4(1)(b) CIDRA is what the insurer would have done at the time of contracting had it known the truth, rather than its reaction to discovery of the true position. As currently framed, the term would permit the insurer wrongly to treat many misrepresentations as 'qualifying' when, as a matter of law, they are not.
- They purport to allow the provider remedies beyond those respectively allocated to 'deliberate or reckless' and 'careless' qualifying misrepresentations. For example, one home policy reserves a right to 'void the policy' if the consumer has provided 'any inaccurate information'. In fact, Schedule 1 to CIDRA would only justify such a step where the misrepresentation in question is a 'deliberate or reckless' 'qualifying' one.

34. In consequence such terms are likely to be, at least in part, 'of no effect' pursuant to Section 10(1) CIDRA. In practice the result may be that providers are seeking to enforce remedies against consumers for misrepresentations which do not properly entitle them to the same. Our review concluded that to be indicative of failures under Principles 4 and 12: to conduct business with 'due skill, care and diligence' and to 'act to deliver good outcomes for retail customers'.

B3 Lack of transparency

B3.1 The law

35. As in any consumer contract, transparency and fairness govern the providers' documentation and communications with customers. It is well-established that: '...terms should be expressed fully, clearly and legibly, containing no concealed pitfalls or traps. Appropriate prominence should be given to terms which might operate disadvantageously to the customer. Fair dealing requires that a supplier should not, whether deliberately or unconsciously, take advantage of the consumer's necessity, indigence, lack of experience, unfamiliarity with the subject matter of the contract, weak bargaining position...' ²⁰⁰

²⁰⁰ *Director General of Fair Trading v First National Bank Plc* [2002] 1 AC 481, at [17].

36. The key modern regulatory and legislative sources for requirements of transparency in this context are the PRIN and ICOBS sections of the FCA Handbook, s. 68 CRA, and s.230 of the Digital Markets, Competition and Consumers Act 2024 ('DMCCA').

B3.2 ICOBS 2 and 6

37. Two parts of the ICOBS rules are particularly relevant under this theme:

- ICOBS 2.2.2R requires a firm's communications with its customers to be 'clear, fair and not misleading'. It imposes three distinct but related obligations: clarity, fairness and honesty. This necessarily engages questions of whether communications are in suitable language and whether they have been presented in a legible and user-friendly manner. Contractual terms which contain legal jargon, limitations buried in the small print and/or are ambiguously drafted may all fall foul of the obligation.
- ICOBS 6 ('Product Information') requires firms to give customers 'appropriate information about a policy in good time and in comprehensible form so that the customer can make an informed decision about the arrangements proposed' (ICOBS 6.1.5R). The obligation includes the provision of an IPID and applies at 'all different stages of a contract', including pre- and post-contract and in the event of renewal/variation (ICOBS 6.1.6G). Thus, both in terms of content and presentation, policy documentation must be easily comprehensible to customers. Our review was conducted taking into account that the consumer context means the vast majority of customers will not have studied the contractual materials in detail prior to committing to the policy. Rather, they are most likely to pay close attention to particular terms only in the event of having to make a claim. The IPID and any other summary material is therefore likely to be of particular significance in highlighting key terms and exclusions.

B3.3 PRIN 2A (Consumer Duty)

38. PRIN 2A.2 defines firms' cross-cutting obligations, of which the first two are of particular importance:

- To 'act in good faith towards retail customers' (PRIN 2A.2.1R), being 'a standard of conduct characterised by honesty, fair and open dealing and acting consistently with the reasonable expectations of retail customers' (PRIN 2A.2.2R). Poor presentation of information and/or taking advantage of known vulnerabilities of retail customers in a manner likely to cause detriment are examples of breach of this cross-cutting obligation (PRIN 2A.2.3G(a) & (c)). So far as black-letter documentation is concerned, it covers both matters of form and substance. For example, failing to give adequate prominence to important exclusions and limitations of which consumers would reasonably expect due notice, is likely to be contrary to good faith.
- To 'avoid causing foreseeable harm to retail customers' (PRIN 2A.2.8R) by 'both act and omission' (PRIN 2A.2.9R). That includes 'ensuring all aspects of the... terms... of... its products avoid causing foreseeable harm' (PRIN 2A.2.10G(1)). Thus, for example, a term which potentially falls foul of a provider's other primary statutory and

regulatory obligations to its customers is also likely to be one which contributes to the product as a whole causing foreseeable harm in breach of this obligation.

39. In addition, the substantive retail customer outcome on consumer understanding at PRIN 2A.5 is relevant. It applies to 'all communications throughout a firm's interactions with retail customers' (PRIN 2A.5.1R(1)(b)) and therefore covers all pre- and post-contractual written materials each provider supplies to their customers. In particular, firms must 'support retail customer understanding' by ensuring communications 'are likely to be understood by retail customers' and 'equip retail customers to make decisions that are effective, timely and properly informed' (PRIN 2A.5.3R(1)(a)-(c)). It also incorporates the broader 'clear, fair and not misleading' obligation considered above (PRIN 2A.5.3R(2)).

B3.4 Section 68 of the Consumer Rights Act 2015

40. The CRA imposes a broader obligation that any consumer term or notice be 'transparent' (s.68(1)), which requires it to be 'expressed in plain and intelligible language and... legible' (s.68(2)). It goes further than merely requiring terms to be 'formally and grammatically intelligible', instead requiring them to put the consumer 'in a position to evaluate, on the basis of clear, intelligible criteria, the economic consequences for him which derive from the term in question'.²⁰¹

B3.5 Section 230 of the Digital Markets, Competition and Consumers Act 2024

41. Finally, Part 4 of the DMCCA includes within the concept of a 'commercial practice'²⁰² the omission of material information from an invitation to purchase unless 'already apparent from the context' (Section 230(1)). The relevant information is as prescribed by subsection (2) and includes 'the main characteristics of the product' (subsection (2)(a)) and 'the existence' of any 'right of withdrawal or cancellation' (subsection (2)(h)). Crucially, information is 'omitted' not only where it is not included at all, but also where it is provided 'in a way that is unclear or untimely' or 'in such a way that the consumer is unlikely to see it' (subsection (9)).

42. An 'invitation to purchase' is any 'commercial practice involving the provision of information to a consumer' which 'indicates the characteristics of a product and its price' and 'enables, or purports to enable, the consumer to decide whether to purchase the product or take another transactional decision in relation to [it]' (subs.(10)). Thus, information given by the providers in compliance with their ICOBS 6 obligations, including the IPID, would fall within the scope of Section 230 DMCCA.

B3.6 Analysis

43. Our review concluded that transparency concerns permeate all of the providers' documentation, both as a matter of substance and presentation.

²⁰¹ *Kásler v OTP Jelzálogbank Zrt* (C-26/13) [2014] Bus LR 664, at [71] & [73].

²⁰² For example, for the purposes of s.225(1) DMCCA, which prohibits any unfair commercial practice.

B3.6.1 Substance

44. In many policy documents, terms themselves are drafted in unclear or misleading terms. The result is that customers may be unable to understand what the term in question means, how it might apply and the consequences which may flow from its application.

45. In some cases this is because the drafting is such that the meaning of the term cannot be easily understood. For example, one home policy defines 'Accidental damage' by reference to 'visible loss'. However, a loss is, by definition, the absence of something. As such it is conceptually difficult to understand what was intended by the phrase. Likewise, one travel policy includes an exclusion for claims relating to 'an unintentional accident'. Since accidents are necessarily unintentional, it is unclear what this is intended to mean (if anything).

46. In other cases terms are simply misleading. Most notable is a 'Suitability statement' which appears in one travel policy. It suggests that insurance 'suits customers...' but then goes on to say no 'recommendations or advice' have been given 'about whether this product meets your specific needs'. The heading and opening words are therefore apt to mislead consumers into believing that the policy is being offered as specifically suitable for them. At the very least, if read as a whole, it is likely to result in confusion as to the scope of the suitability assessment (if any) undertaken in relation to the policy.

47. Further, some of the documentation contains terms which simply lack key information to enable the customer to consider 'the economic consequences for him which derive from the term in question'. For example, one travel policy includes an exclusion for 'package holidays' if cancelled by the 'travel provider... due to a change in FCDO travel advice'. This may be intended to reflect the fact that consumers may, in those circumstances, obtain a refund of the price directly from the package provider under other legislation. However, that is very unlikely to be evident to a consumer reading the term. In fact, without that knowledge, it appears to conflict with the cover for cancellation of travel in compliance with advice of the '[FCDO] or other regulatory authority in a country which you are travelling to...'.

48. A term which is ambiguous and/or lacks key information required for a consumer to understand its consequences also raises potential Consumer Duty issues. A provider may be able to use such ambiguity to the disadvantage of its customer, thereby breaching the cross-cutting obligation to act in good faith. Likewise, a term which is not transparent because it does not permit the consumer to consider its economic consequences, would breach the retail customer outcome on consumer understanding. Our review concludes that both issues evidence non-compliance with Principle 12.

B3.6.2 Presentation

49. There are also numerous examples of particularly important exclusions or limitations which – although clear on their face – are buried in the small print. In those circumstances, unless the customer's attention is elsewhere drawn specifically to their importance, it is unlikely that they will be either seen or understood. For example:

- Two home policies in particular confirm Home Emergency Cover as optional cover available only as an extra add-on. However, it is not addressed at all in their IPIDs, both of which omit Home Emergency Cover from the list of 'Optional Cover'. Unless clearly told otherwise, many householders may expect to be able to claim on their home insurance in the event of an emergency such as a burst pipe or broken boiler. Moreover, the nature of emergency cover is such that householders could suffer significant disadvantage in consequence. Thus, in our view a failure to prominently state that it is an optional extra is both a failure to communicate in a way that is clear and fair under ICOBS 2.2.2R and, in light of the IPID, a breach of Section 230 DMCCA.
- One travel policy includes a provision entitling the provider to limit or refuse claims in the event of any failure to declare a pre-existing medical condition 'even if a claim is not related' to such failure. Our review concluded that such exclusion is onerous and surprising. Fair, clear and transparent communication requires it to be explicitly stated in the IPID and/or more prominently set out in the policy itself. However, the IPID merely states: 'If medical conditions are not declared, the claim may be rejected'. In our view, that is unlikely to bring home to a consumer the full effect of the exclusion. The full term then appears only elsewhere in the policy.
- One travel policy includes significant health-related exclusions, which appear only in the middle of the policy documents. Moreover, they are not clearly explained in the IPID which state only in very general terms that 'We are unable to cover claims relating to existing medical conditions'. In our view, however, that statement is likely to be inadequate to communicate the true breadth of the exclusions and is apt to mislead as to material features of the policy.

50. These types of transparency issues arguably cause greater confusion and harm to consumers than the 'substantial' issues addressed above since they can mislead as to important features of the product.

B4 Unfair terms

B4.1 The law

51. An unfair contract term is not binding on the consumer (Section 62(1) CRA). Any term in a consumer contract is unfair 'if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer' (Section 62(4)).

52. The assessment is to be made taking account 'the nature of the subject matter of the contract', as well as 'all the circumstances existing when the term was agreed and to all other terms of the contract or of any other contract on which it depends' (Section 62(5)). However, insofar as a term is 'transparent and prominent' it may not be assessed for fairness to the extent that either 'it specifies the main subject matter of contract' or 'the assessment is of the appropriateness of the price payable under the contract by comparison with the... services provided under it' (Section 64(1)-(2)). A term will be 'transparent' if 'expressed in plain and intelligible language and... legible' (s.64(3)). It will be 'prominent' if 'brought to the

consumer's attention in such a way that an average consumer would be aware of [it]' (s.64(4)).

53. The assessment of unfairness is a two-stage process:²⁰³

- First, whether the term 'causes a significant imbalance' in rights and obligations. In turn, that 'depends mainly on whether the consumer is being deprived of an advantage which he would enjoy under national law in the absence of the contractual provision...'
- Second, and in any event, whether the imbalance is 'contrary to the requirement of good faith' which depends upon whether the 'seller or supplier, dealing fairly and equitably with the consumer, could reasonably assume that the consumer would have agreed to such a term in individual contract negotiations...' Questions relevant at this stage may include the term's 'purpose and practical effect' and whether it is appropriate to secure the supplier's objectives but no more.

54. To that extent, the assessment of whether any given term in a provider's policy terms is fair or unfair will considerably overlap with the derogations and transparency issues addressed above. Indeed, insofar as the term derogates from mandatory legislation like CIDRA it will necessarily also be automatically unfair and, on either basis, unenforceable against the consumer.

B4.2 Analysis

55. On the basis of our review, very many of the above points would also justify a finding that the term(s) in question are unfair.

56. In particular, having regard to the indicative list of unfair terms at Schedule 2 to the CRA, those terms which derogate from other mandatory obligations on providers may be said to have the 'effect of excluding or hindering the consumer's right to take legal action or exercise any other legal remedy' (paragraph 20). For example, cancellation provisions which misapply the 14 day period in ICOBS 7 and thereby entitle the provider to retain premiums paid very clearly create a significant imbalance in the parties' rights and obligations to the detriment of the consumer. On the question of good faith, it is improbable that a consumer would be willing to agree to a term which provides for a lesser cancellation right and a potentially significant financial penalty.

57. Likewise, terms limiting the right to claim on the home policies and specifying evidence needed to claim on travel policies put the consumer at a significant disadvantage. For example:

- In the home policies, the definition of 'storm' used by many providers enables them to refuse many such claims so as to create a significant imbalance between the parties' rights and obligations. Without a corresponding obligation on the provider to apply reasonable margins to (for example) wind speed where other factors justify it (eg the location of the property), it seems unlikely that a consumer would agree to such a specific definition.

²⁰³ *ParkingEye Ltd v Beavis* [2016] AC 1172, at [105].

- The need for original receipts, proof of ownership and proof of usage for items covered on travel insurance imposes a significant burden on consumers and third-parties. By contrast, a lack of appropriate evidence would be an easy discretionary basis for a provider to reject a claim. In our view, there are good arguments that such requirements therefore create a 'significant imbalance... to the detriment of the consumer'. As to good faith, while it is obviously necessary for consumers to prove the legitimacy of any claim, again it would be appropriate for providers to agree to a corresponding commitment to take a reasonable approach to such evidence.

58. In both cases, the effect of terms as presently drafted in several of the policies is to curtail the overall value offered by it. Even if coverage exists in theory, the terms restrict the practical utility of such cover either because exclusions apply or the consumer is unlikely to be able to gather the required evidence to successfully make a claim.

Annex C: The FCA's response to Which?'s Freedom of Information request

Thank you for your request of 6 August 2025, in which you asked as follows:

1. Please provide a current update on the number of open FCA enforcement investigations across the general insurance sector, with reference to the type of enforcement as identified in the FCA enforcement information guide.

2. Please also specify how many proposed or open enforcement investigations are regarding home and travel insurance for consumers in particular, broken down by those categories.

The FCA's 22 July review of home and travel claims handling arrangements identified several issues that may require action by the regulator, for example whether firms 'use of cash settlements is controlled and monitored appropriately'.

3. Where the report suggests non-compliance by firms may be occurring, please confirm whether or not the FCA is, or is considering, escalating any intervention beyond asking firms to consider whether they are complying with rules.

4. If so, what specific actions will the FCA take, or is considering taking, with firms it believes are not following the rules, and when will or would they be taken?

The aforementioned review cites potential non-compliance with FCA rules but not wider law. Separately, the FCA's unfair contract terms library shows that the FCA has agreed just one undertaking with an insurance firm to address an unfair contract term in the last six years and just four in the last 12 years.

5. Is the FCA investigating home and travel firms' compliance with other laws, such as on unfair contract terms, the unfair commercial practices legal requirements, and the implied term to provide services with reasonable care and skill (Consumer Rights Act 2015)?

6. If so, how many firms are currently under investigation?

The same report notes that the FCA has requested trade bodies to consider the need for further action in response to the report's findings on storm claims.

7. How is the FCA working with trade bodies to address unfair claims decisions on storms?

8. Has the FCA requested a wider take-up of the ABI's definition of a storm and/or changes to this definition?

9. Is the FCA directly taking, or considering taking, action to address unfair claims decisions on storms? If so, what specific actions are being taken, or are under consideration?

We have processed your email in line with the provisions of the Freedom of Information Act 2000 (FOIA) and our response is below.

Questions 1 and 2

We hold information relevant to your request, but we are unable to disclose it to you as we are of the view that making this information public at this stage would be likely to prejudice the exercise by the FCA of its regulatory functions under FSMA, and therefore, the requested information is exempt from disclosure under Section 31 (Law enforcement) of FOIA.

The FCA has a policy of not commenting publicly on whether or not it is investigating a particular firm/individual, unless there are exceptional circumstances. This policy is set out in the FCA's Enforcement Guide (EG); see in particular chapter ENFG4.1 on Publicity. In this instance, because of the low numbers involved, we are of the view that disclosing the requested information would be likely to lead to the identification of the firm/s in question.

In the event that the FCA is investigating a particular individual/entity and formal enforcement action is subsequently taken, details of the action will generally be published on the FCA's website in the form of a Final Notice and associated press announcement. This serves to inform the public of the action taken and the reasons for that action. For a detailed explanation of why this exemption applies, please see Annex A.

Question 3

We have analysed individual firm findings and are interacting with firms in relation to these, including considering any actions and interventions that may be required. We will be providing individual feedback to the firms involved in our review which will include setting out specific actions they need to take, where necessary. In line with our usual process, we are assessing whether the use of any of our regulatory tools would be appropriate where we are concerned that some firms are not meeting our requirements to deliver good outcomes for customers.

Question 4

We are working on firm specific interventions and actions. As part of this process we are considering whether the use of any of our regulatory tools would be appropriate where we are concerned that some firms are not meeting our requirements to deliver good outcomes for customers.

Questions 5 and 6

Our review focused on firms' compliance with the rules contained within our handbook. These rules include requirements relating to firms' conduct and their systems and controls to support the delivery of good outcomes for customers.

Within these rules there are requirements around how firms interact with and treat customers. Specifically:

- The Principles for Business 2 A firm must conduct its business with due skill, care and diligence.
- ICOBS 2.5.-1R which requires firms to act honestly, fairly and professionally in the customer's best interests. Reasonable care and skill are inherent in that.
- Systems and Controls ('SYSC') SYSC 5 and 28 – firms must ensure their employees have the skills, knowledge and expertise necessary to perform their roles.

Our Consumer Duty rules sets the standard of care that firms should give to customers in retail financial markets. Under our consumer understanding outcome these rules require firms to:

- Support their customers' understanding by ensuring that their communications meet the information needs of customers, are likely to be understood by customers intended to receive the communication, and equip them to make decisions that are effective, timely and properly informed.
- Tailor communications taking into account the characteristics off the customers intended to receive the communication – including any characteristics of vulnerability, the complexity of products, the communication channel used, and the role of the firm.
- Test, monitor and adapt communications to support understanding and good outcomes for customers.

Our findings in relation to storm damage claims and cash settlements suggested widespread issues around consumer understanding and specific issues around claims handling in a smaller number of firms. Given these findings and the context provided by our rules, we believe these issues are best addressed through a combination of wider industry recommendations and actions allied to individual firm feedback and actions, as set out in our report.

Question 7

We asked relevant trade bodies to work with their members and act promptly to address our broader findings on storm damage claims and the lack of consumer understanding. We are engaging directly with these bodies and their members on an ongoing basis as this work develops.

Question 8

We haven't specifically asked for a wider take up of the ABI's definition of storm as part of our recommendations. As set out in our report, we have asked that the market (including relevant trade bodies and their members) consider our findings and act promptly to address the range of issues identified to ensure the delivery of good customer outcomes.

Question 9

As set out above, and in our report, we are considering our next steps and assessing what actions are appropriate, including the need for firm specific interventions. We will provide individual feedback to the firms involved in our review, including setting out actions we

expect them to take where appropriate. We are assessing whether the use of any of our regulatory tools is appropriate and necessary where we have concerns that firms are not meeting our requirements to deliver good outcomes for customers.

Your right to complain under the FOI Act

If you are unhappy with this response, you have the right to request an internal review. To do so, please contact us within 40 working days of the date of this response at FreedomofInformationAppeals@fca.org.uk.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner by phone or on their website at:

- Telephone: 0303 123 1113
- Website: www.ico.org.uk

Annex A

General right of access to information held by public authorities

Anyone making a request for information to a public authority is entitled to be told in writing by the public authority whether it holds the information the request describes. If the public authority does hold this information, the person requesting it has the right to have the information communicated to them. These rights, in section 1(1)(a) and (b) of FOIA, have some exclusions and exemptions.

• Section 31 (Law enforcement)

The qualified exemption in section 31(1)(g) of FOIA applies to this request because disclosure of the information requested would, or would be likely to, prejudice the exercise by the FCA of its functions for the following purposes:

- the purpose of ascertaining whether any person has failed to comply with the law,
- the purpose of ascertaining whether circumstances which would justify regulatory action in pursuance of any enactment exist or may arise.

This exemption applies because if we disclosed the information now, it would, or would be likely to, prejudice any such investigations or actions. It would also be likely to compromise our ability to obtain information from other agencies, which would be likely to prejudice to our ability to carry out investigations.

Since section 31 is a 'qualified exemption', we have considered relevant factors in favour and against disclosing the information, as required by FOIA.

For disclosure

- There is a strong public interest in favour of transparency and in the public being reassured about the effectiveness of the FCA's approach.
- Disclosing the information would demonstrate how we respond to matters arising in the markets we regulate.

Against disclosure

- Disclosure would be likely to adversely affect the brand and reputation of the relevant markets and/or entities without due process having been followed – ie without any formal public announcement and without the relevant markets and/or entities having had the opportunity to comment.
- Disclosure would likely affect our interaction with third parties, making them less willing to voluntarily share information with us.

On the facts of this particular request we have concluded that the balance of the public interest is in favour of applying the exemption under section 31 of FOIA for these reasons.

Which?

Which? is the trading name of Consumers' Association – a registered charity No 296072