

Annex A: Summaries of Which? policy research reports

A1 FOS decisions involving delay, distress and inconvenience caused by insurers (published 30 May 2024)¹

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%.²

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

¹ 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 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)³

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 2015⁴ and laws against unfair trading, as well as specific rights for consumers in insurance law,⁵ 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

³ 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>.

⁴ 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>.

⁵ 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,⁶ and that it was a less significant change than for other parts of the financial services sector.⁷

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'.

⁶ 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>.

⁷ 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)⁸

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

⁸ 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'.⁹ 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.

⁹ 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)¹⁰

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'¹¹ should enable the FCA to look at the root causes of high rates of rejected claims for home insurance, including

¹⁰ 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>.

¹¹ 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.**