


Insurance complaints surge continues

19 December 2024  Felicity Pallas

Over the last five years, the Financial Ombudsman Service (FOS) has received nearly 190,000 complaints.

Complaint volumes hit a high in the first quarter of 2023 with a 41% increase from the same period in 2022. However, these figures have not dramatically changed, as data from the second quarter of 2024 shows that complaint volumes remain high.

Insurance DataLab analysed the FOS data and produced a report highlighting the key areas for concern. These areas are detailed as follows:

- Motor insurance received the most complaints, at almost 60,000 over the last five years. This means that motor insurance accounts for just under one third of all complaints to the FOS since 2019. The second quarter of 2024 saw complaints volumes remain level compared to the same period in 2023, however previously motor insurance had seen year-on-year increases in complaints.
- Buildings insurance received the second most complaints, with almost 30,000 over the last five years.
- With 21,407 complaints, travel Insurance was the third most complained about to the FOS in the last five years. Travel insurance also had the highest number of upheld complaints, at a rate of 39%.

In terms of upheld rates, out of the top 10 most complained about business lines only eight have an upheld rate above 25%. This raises concerns regarding the ability to effectively resolve customer complaints.

What does this mean for insurers?

Insurers should be mindful of the Financial Conduct Authority's (FCA) consumer duty when considering topics such as complaints. High complaint volumes and low upheld rates may highlight issues such as slow claims handling and poor communication that can lead to negative reputations and even regulatory implications.

The new data is also a reflection point for policy wordings, as complaints are often a symptom of products not performing as customers had been led to expect. Insurers should be mindful that all documentation is clear, accessible and consumers understand what is or is not being offered.

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