# Industry response to Which? super-complaint

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# Executive summary

Insurance provides a vital financial safety net, with the majority of claims paid and millions of customers supported each year.

In September 2025 consumer group Which? launched a super-complaint suggesting there was widespread issues with the home and travel insurance markets. The action followed the publication of the Financial Conduct Authority's (FCA) General Insurance Retail Roadmap in July, which set out the regulator's view on how the retail insurance market is working.

We recognise and share the ambition from the FCA and Which? to raise consumer understanding of insurance products and to ensuring good outcomes in the claims handling journey. The FCA's Roadmap is comprehensive and included recommendations for firms which they're already acting on. These should be allowed time to deliver improvements.

Our recently updated Flood Guide and expanded storm claims guidance are just the first steps in a wide range of initiatives we're committed to progressing to help build trust with consumers and set realistic expectations. We're also working with our members to promote responsible claims handling and reduce risks associated with outsourcing.

While we agree on the need for improvements in the claims handling journey and people's understanding of the insurance they're buying, the suggestion of "widespread failings" across home and travel insurance markets is unwarranted. Which?'s conclusions are based on nine policy wordings, 24 interviews and 3,322 survey responses. This doesn't reflect the scale of the home and travel insurance markets, which wrote 29 million policies in 2024 and paid out £3.5 billion across 582,000 claims.

The suggestion that the FCA has taken "little decisive action" also doesn't align with a regulator that has intervened robustly in recent years, including through pricing rules, GAP insurance reforms, and multi-firm reviews.

Given the FCA's active supervisory approach and industry-led improvements, we don't believe a market "reset" or Which?'s recommendation for an FCA market study is necessary or beneficial.

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# About us

The ABI is the definitive voice of the UK's world-leading insurance and long-term savings industry, which is the largest sector in Europe and the third largest in the world.

We represent more than 300 firms within our membership including most household names and specialist providers, providing peace of mind to customers across the UK.

Our sector is productive, inclusive and essential to the UK economy and together, we are driving change to protect and build a thriving society.

Find out more at **abi.org.uk**

# The industry's response

## 1. Supporting customers

Insurance is one of life's most reliable safety nets, stepping in when the unexpected happens. It helps families rebuild after devastating fires, provides alternative accommodation when homes become uninhabitable, and supports holiday makers facing medical emergencies abroad. At its core, insurance exists to protect, assist, and restore, giving peace of mind when it matters most.

Our members are committed to paying all valid claims, and they do this at scale. ABI data shows that over 29 million home and travel insurance policies were written last year alone and over £3.5 billion paid out in claims.

Insurers take allegations of poor customer outcomes or regulatory and legal non-compliance very seriously. When consumer harm or non-compliance is raised, our members are committed to acting immediately to rectify the situation. As such, we have analysed the evidence provided by Which? in depth and worked with our members extensively to understand the points raised.

Although we don't agree with Which?'s very broad conclusions or recommendations of significant regulatory and government intervention, we do recognise that there are areas where further, targeted work is needed.

### 1.1 Claims handling

Ensuring a smooth and stress-free experience is essential for consumers when making a claim. While most insurance claims are handled promptly and to customers' satisfaction, both Which? and the FCA have identified areas that could be improved and we and our members recognise the need for more work to be done to address these.

We and our members have taken on board the FCA's concerns about parts of the claims handling journey being outsourced. When handled correctly, 'outsourcing' parts of a customer's claim to experts can have very significant advantages for consumers, ensuring they get the right outcomes at the right time. For smaller or more recently established firms, outsourcing can be vital to a business functioning. But when things go wrong, having additional contractors in the chain can lead to delays, disrupted communication and/or additional costs. We support the FCA's emphasis on robust governance, clear accountability, and strong management information to ensure that outsourced partners meet the same high standards as insurers themselves.

In 2026 we will work with our members to highlight responsible claims handling practices, with the goal of reducing the chances that outsourced claims handling leads to poor customer outcomes.

This will include:

- A series of learning products for our members – opportunities to engage directly with the regulator on their expectations, as well as webinars on outsourced claims handling developed by experts in the field.
- The sharing of expectations and good practice, building on these interventions, setting out some key principles to help firms ensure they have the right processes in place.

### 1.2 Consumer understanding

We also share the ambition to increase consumers' understanding about common features of some general insurance products.

Working together as an industry, we are taking forward a series of short and longer-term actions to improve customer understanding.

This work is already underway, and in preparation for this year's storm season we have:

- Updated our flood guide (including translating it into Welsh) setting out the support insurers provide at every stage of the recovery process. The guide also highlights how homes can be made more flood-resilient during the repair process through the Build Back Better scheme.

- Revised and expanded our storms and flooding storms advice and FAQs to help explain how cover works and help households prepare for extreme weather, including simple maintenance measures that keep cover valid, and manage a claim effectively.

In the long-term, we will work with our members to develop and launch a phased, multi-year, multi-channel media campaign to build awareness and improve understanding of the most common insurance products. As an important part of this, we will explore opportunities to collaborate with consumer groups and price comparison websites (PCWs), to create more consistent messaging for consumers which 'cut through' to support informed engagement.

By improving understanding, we hope to build trust and instil realistic expectations of what common products will and won't cover, helping consumers make effective decisions so that they can get the cover that's right for them.

## 2. No evidence of market failure

Which?'s super-complaint suggests that there are "widespread failings" in the home and travel insurance market, and that the regulator has taken 'little decisive action' to address these. Its proposals suggest a 'reset' is needed to fundamentally change the home and travel markets and ensure they meet the needs of consumers.

The findings are drawn from just 24 interviews and 3,322 survey responses. This doesn't reflect the scale of the home and travel insurance markets. In 2024 alone, insurers issued around 29 million policies and paid out £3.5 billion across 582,000 claims, demonstrating the breadth and reliability of cover provided to customers.

The legal analysis Which? has presented as a fundamental part of its evidence base considers only nine policy wordings and contains a number of factual inaccuracies. It mis-states the FCA Handbook rules governing cancellation rights (particularly in relation to proportionate refunds and administration fees) and it fails to account for Handbook provisions that allow insurers to reflect the actual risk incurred and recover their reasonable costs. No evidence has been shared to demonstrate that customers whose policies contain such wordings have actually experienced poor outcomes.

The analysis also doesn't consider the full range of relevant laws and regulations that may apply to insurers. For example, it overlooks or conflates key provisions of consumer protection laws and FCA Handbook rules in making allegations about the accuracy or legitimacy of aspects of the policy wordings.

Despite this limited evidence, Which? makes sweeping conclusions and recommendations for significant regulatory and government intervention. We do not believe that these conclusions are justified.

## 3. A robust regulator

The regulator has a consistent history of taking robust action where it identifies failings. The Roadmap for Retail Insurance is a good example of clear and decisive action. Other examples include the introduction of General Insurance pricing rules, its 2024 intervention in the GAP insurance market, and its recent multi-firm review on product governance.

As such, we don't think the recommendations Which? has made are appropriate or proportionate. We're also concerned that further intervention could lead to a prolonged period of uncertainty for consumers and firms, and we don't see the value that would add on top of the FCA's existing significant programme of work.

## 4. Conclusion

We are committed to addressing areas where customer outcomes can be improved, however the evidence Which? has presented does not support claims of widespread failings in the home and travel insurance markets.

The FCA has a strong track record of taking robust and targeted action where it finds failures in the system, and the industry is actively implementing enhancements to claims handling and consumer understanding.

Introducing a market "reset" or an additional FCA market study would create unnecessary disruption without delivering clear benefits. Instead, continued collaboration between regulators, insurers, and consumer groups offers the most effective path to building trust and ensuring fair outcomes for all customers.