

MARKET BULLETIN

REF: Y4961

Title	International Complaints Handling: Expansion of New Procedures
Purpose	To advise of wider implementation of new international complaints handling procedures – initially to France, Germany and Spain
Type	Event
From	Karen Oliver Senior Manager, Complaints Team
Date	18 January 2016
Deadline	Immediately – Territories currently in-scope 1 April 2016 – France, Germany & Spain
Related links	www.lloyds.com/complaintshandling

In [Market Bulletin Y4896](#) Lloyd's set out new arrangements for the handling of international complaints, initially to be piloted in Ireland, Sweden and Norway. Following the successful completion of the pilot, Lloyd's is now implementing the new arrangements in all territories outside of the UK. The roll-out is being carried out in phases, starting with EEA countries. In the first phase the new arrangements are being adopted for France, Germany and Spain, commencing with effect from 1 April 2016.

This bulletin sets out the procedures to be followed by managing agents for all territories notified to managing agents as in-scope. The arrangements are substantially unchanged from the procedures adopted for the pilot territories as set out in [Market Bulletin Y4896](#). However, whereas for the pilot Lloyd's requested managing agents to notify new complaints on a weekly basis, following feedback received, Lloyd's is now only requiring that notification is given within two weeks of receipt.

The background to the changes being implemented by Lloyd's is set out in [Market Bulletin Y4896](#).

Outline and further information

In summary, when handling complaints arising outside of the UK, managing agents must, for all in-scope territories:

- Take full responsibility for handling the complaints in compliance with all local legal and regulatory requirements;
- Notify to Lloyd's all new complaints received; and
- Promptly send to Lloyd's a copy of both the complaint and the complaint response after the response has been sent to the complainant.

Managing agents must ensure they have processes in place to comply with the arrangements for international complaints. The new arrangements are intended to allow for better oversight by Lloyd's of the handling of complaints outside of the UK consistent with the regulatory expectations of the Financial Conduct Authority. They also allow flexibility to managing agents in the way they handle complaints, recognising that different countries have different local rules and practices.

To assist market participants, Lloyd's Complaints Team has produced:

- a summary of the new process (see Appendix 1)
- a practical guidance note for managing agents (see Appendix 2)
- a summary of the important points of the complaint process for each country in scope from 1 April 2016 (see Appendix 3)

These documents can also be found on www.lloyds.com/complaintshandling. Where practical, Lloyd's will make available local language translations of its guidance to assist with providing information to coverholders.

Lloyd's has separate arrangements for UK complaints handling, which can also be found on www.lloyds.com/complaintshandling.

Process for international complaints handling

For all in-scope territories outside of the UK, managing agents must have in place arrangements to ensure that they can comply with the following:

1. Handling the Complaint

It is the sole responsibility of managing agents to handle complaints and ensure that they are compliant with all relevant local rules.

Details of the complaints handling rules for each territory where Lloyd's has a licence are provided on [Crystal](#). Managing agents should also consider in each case whether they require further local advice regarding the detailed application of the rules.

Lloyd's will not be providing a stage 2 review of international complaints. This means that in responding to complaints, managing agents do not need to give complainants the right to refer their complaints to Lloyd's. However, Lloyd's reserves the right to undertake in depth reviews of any complaints where it considers it appropriate to do so.

In handling international complaints, managing agents should consider:

- **Information requirements:** Local rules may require that the managing agent provides certain information to policyholders, including its complaints handling policies/procedures, for example in the pre-contractual information and/or the policy documentation.
- **Definition of complaint:** Managing agents should have regard to the local definition of complaint.
- **Time limits for responses:** Managing agents must ensure that they meet all local time limits for complaints handling. Where there are no locally prescribed time limits, or if the local rules allow for a timescale which is in excess of eight weeks, Lloyd's will expect managing agents to provide the substantive response to the complaint within eight weeks.
- **External Dispute Resolution (EDR) facilities:** Managing agents must give the complainant details of any local EDR facility such as an ombudsman or a regulator where this is provided for in the relevant jurisdiction and where the complainant is eligible in accordance with local rules. This may require informing policyholders of these rights in the pre-contractual information, policy documents or at various stages in the complaint process.

2. Notification of new complaints to Lloyd's

Lloyd's is asking managing agents to notify Lloyd's of all complaints where the customer is eligible to have their complaint considered by the local EDR scheme. Furthermore, there may be territories in which the relevant definition of a complainant includes persons whose cases are not eligible for consideration by the EDR scheme; those cases will also need to be notified to Lloyd's. Country specific details are provided in the summary sheets of local rules at Appendix 3.

Managing agents are required to notify to Lloyd's complaints received from complainants outside the UK within two weeks of receipt. Complaints must be notified to Lloyd's Complaints Team, using the international complaints template spreadsheet available at www.lloyds.com/complaintshandling. This information should be e-mailed to Lloyd's at internationalcomplaints@lloyds.com. Managing agents must use the template provided by Lloyd's and should not create their own templates.

3. Send copies of complaints and responses

Managing agents must also send to the Complaints Team a copy of both the complaint and response in every case. These should be provided to Lloyd's as electronic copies and sent via email to internationalcomplaints@lloyds.com within two business days after the response is sent to the complainant. Lloyd's is not asking managing agents for translations

of the complaint or response (although these should be provided where available). Translations, where required, will be arranged by Lloyd's.

The Complaints Team will accept the notification and complaints documentation from managing agents, their coverholders or third party administrators (TPAs).

Maintaining complaints handling standards

The role of the Complaints Team will be limited to monitoring complaints, including compliance with the time limits for responding to complaints under local regulations.

However, where the responses of managing agents, coverholders or TPAs persistently fall below the standards expected of them, then Lloyd's will require the managing agent, coverholder or TPA to send copies of all proposed complaints responses in draft form to Lloyd's for review before the response is sent to the policyholder.

Further, Lloyd's reserves the right to review and take over coordinating the response to individual complaints where, in the view of Lloyd's, this is appropriate in all the circumstances, including in order to ensure compliance with the local regulatory requirements that apply to Lloyd's underwriters.

Delegated authorities and TPAs

Coverholders and TPAs will be an important source of expertise for managing agents to ensure that local complaints rules are being complied with. Coverholders/TPAs will need to have processes in place to ensure relevant information is reported promptly to managing agents or to Lloyd's, where the managing agent has delegated that responsibility. Managing agents should therefore engage with their coverholders to inform them of the procedures and to ensure that the coverholder/TPA can support compliance with the arrangements.

While managing agents may authorise their coverholders and TPAs to handle complaints, it remains the responsibility of managing agents to ensure that Lloyd's complaints requirements, and requirements under local regulations, are complied with. It is also the responsibility of managing agents to ensure that any locally appointed coverholder or TPA has the necessary complaints handling expertise and is provided with appropriate instructions to ensure their compliance with Lloyd's requirements and local regulations.

On binding authorities where there is more than one syndicate participating, Lloyd's expects the lead syndicate to coordinate the discussions with the coverholder.

Lloyd's charges

In line with those charges levied for UK complaints, Lloyd's will not charge any fee in respect of complaints first notified by managing agents to the Complaints Team through the fortnightly reporting process. Complaints first notified to Lloyd's, where Lloyd's will be providing the acknowledgement, will incur Lloyd's usual initial Administration Fee (currently

£208). Also an 'Additional Administration Fee' may be incurred where the international complaints process is not followed correctly. Details of where these charges may be incurred are contained in the summary of the new process (Appendix 2)

In-Scope territories

The following territories are already in-scope or will be in scope with effect from the date shown.

- **Already in-scope:** Ireland, Norway, Sweden, Italy

- **In-scope from 1 April 2016:** France, Germany, Spain

It is also intended that Switzerland will be brought in-scope with effect from 1 April 2016. Arrangements are currently being finalised for the handling of Swiss complaints and, once confirmed, further details will be notified to the market.

For territories that are in scope, managing agents must comply with the requirements set out in this bulletin (which replaces previously issued bulletins) for all new complaints received from the date the territory is in scope. The implementation of the arrangements set out in this bulletin to further territories will be notified to the market in due course. The Complaints Team will also continue to engage with managing agents to provide provisional details and to consult on Lloyd's proposals for rolling out the new arrangements to additional territories.

Channel Islands

Managing agents should note that different arrangements apply to the Channel Islands. For complaints arising in the Channel Islands, Lloyd's managing agents should follow the process that applies to UK complaints.

Accordingly, for all Channel Islands complaints, managing agents must ensure that they comply with the two stage process set out in the [Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling](#). Complainants who have a right to refer their complaint to EDR should, however, be referred to the locally administered ombudsman service for the Channel Islands, the Channel Islands Financial Ombudsman

Further details, including details of how to refer complaints to the Channel Islands Financial Ombudsman can be found in the Channel Island tab in the International Complaints section at www.lloyds.com/complaintshandling.

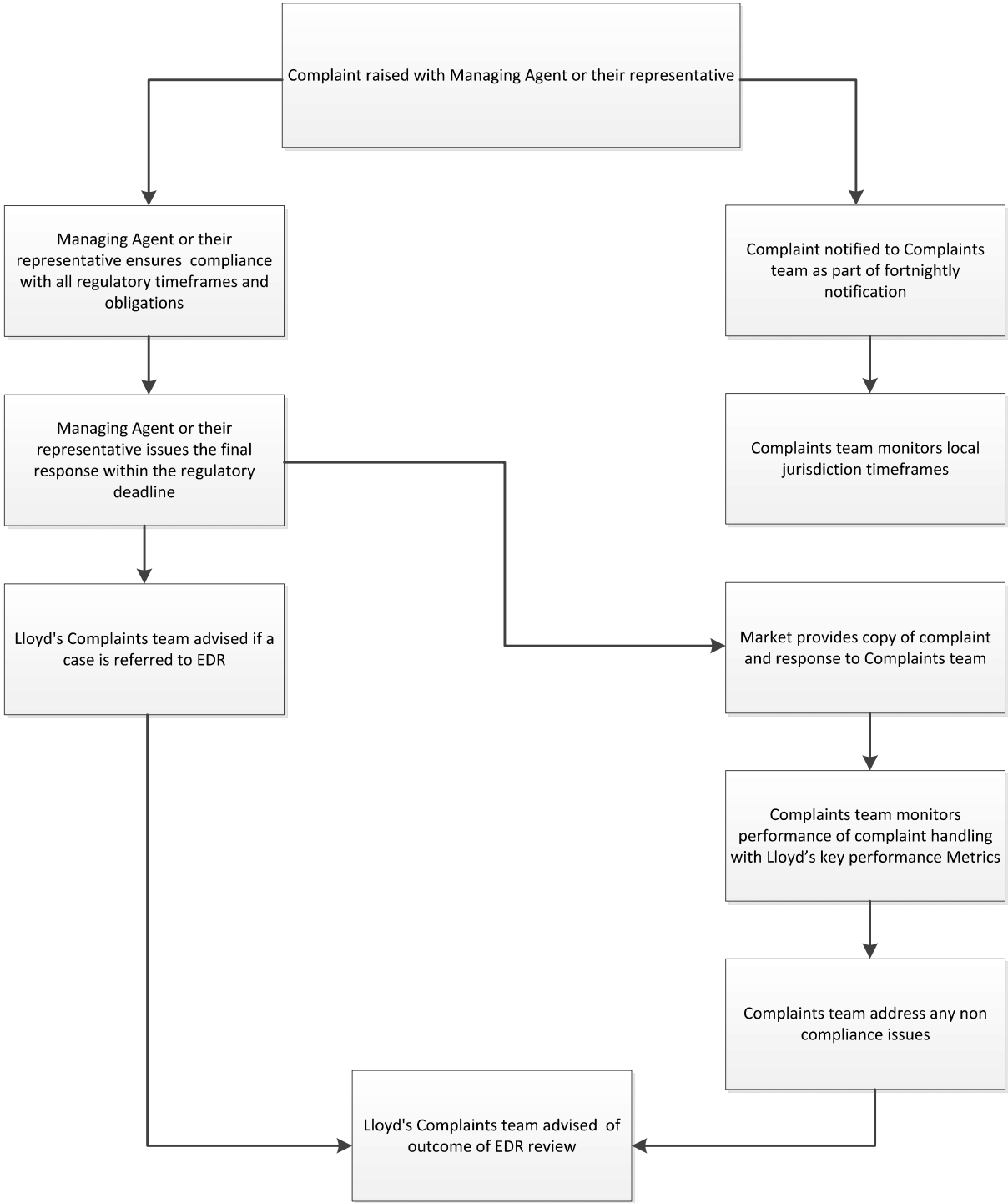
Further information

Lloyd's Complaints Team will be holding briefing sessions on international complaints handling for managing agents during the week commencing 29 February 2016. Invitations will be sent out shortly to all managing agents.

Any questions regarding the arrangements for complaints handling at Lloyd's can be sent to the Complaints Team by email at: complaints-enquiries@lloyds.com. Alternatively managing agents can contact the Complaint Handling Helpline on 020 7327 5696.

Appendix 1

International Complaints Process



Complaints January 2016

LLOYD'S INTERNATIONAL COMPLAINTS

Handling International Complaints at Lloyd's: Guidance for managing agents and their representatives

This guidance note provides a practical process for handling international (non-UK) complaints received from Lloyd's policyholders.

Where complaints arise policyholders should expect to have their complaint dealt with in a prompt and reasonable way. At the same time, different countries have different local rules for the handling of complaints. Lloyd's arrangements for international complaints are intended to allow for the oversight of complaints handling outside of the UK, consistent with the regulatory expectations of the UK Financial Conduct Authority (FCA), whilst allowing flexibility for managing agents in the way they handle complaints in accordance with local rules.

It is therefore important that managing agents ensure they are able to comply with the local rules in territories outside the UK as well as Lloyd's requirements for handling complaints in that territory. Any questions should be directed to the Complaints team.

Note: This note is only intended to provide summary guidance of Lloyd's arrangements for international complaints handling. Managing agents should continue to refer to [Crystal](#) for the complaints regulations that apply in each territory. In addition, Lloyd's has produced for each territory a summary sheet setting out the key local requirements. Note that in a few instances, the local requirements will mean that managing agents must follow a different process to that which is set out in this note. That is highlighted in the relevant summary sheet. In the event of any differences between the country specific summary sheets and this note, the country specific summary sheets should be followed.

For more information about international complaints handling at Lloyd's please refer to www.lloyds.com/complaintshandling.

Process to be followed for handling international complaints

- Managing agents must have in place procedures that allow complaints to be made by any reasonable means, including orally. The definition of a complaint to be applied is that which is mandated by the relevant regulator in each territory. Where no definition exists, the following definition should be used:

"any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service, which alleges that the

complainant has suffered (or may suffer) financial loss, material distress or material inconvenience."

- It is the responsibility of managing agents to handle all international complaints appropriately and ensure they are compliant with all relevant local rules. This includes any requirement to acknowledge complaints, provide information to the complainant and meet applicable time limits.
- Every two weeks (or more frequently if required to comply with the 14 day notification requirement) managing agents or their representative (which could be a coverholder or third party administrator) must complete the Lloyd's International Complaint Notification template, providing details of all new complaints received where the complainant is eligible to have their complaint considered by the local External Dispute Resolution (EDR) scheme. Furthermore, there may be territories in which the relevant definition of a complainant includes persons whose cases are not eligible for consideration by the EDR scheme; those cases will also need to be notified to Lloyd's.
 - There is no need to include complaints which were brought to the attention of the managing agent by Lloyd's.
 - There is no requirement for a "nil return" where no new complaints have been received.
 - On policies or binding authorities where there is more than one syndicate participating, Lloyd's expects the lead syndicate to notify the complaint.
- The International Complaint Notification Template should be downloaded from www.loyds.com/complaintshandling and sent once completed via email to: internationalcomplaints@loyds.com. Managing agents must use the template provided by Lloyd's and should not create their own templates.
- Complaints must be notified to Lloyd's within 14 days of receipt and those not notified to Lloyd's with 21 days of receipt will incur an 'Additional Administration Fee' charge
- The following table explains how to complete the International Complaint Notification template. Completion of all fields is mandatory, with the exception of the Address field. Managing agents should ensure that they provide the information in a way that is compliant with the applicable data protection laws.

Field	Comments
Submitting company	This is the name of the managing agent or its representative who is completing and submitting the template.
Coverholder	If the policy was bound by a coverholder, select the coverholder name from the drop down list.
Third Party Administrator (TPA)	If a TPA is involved, select the TPA name from the drop down list.
Policyholder Surname / Company Name	This is the name of the insured individual/entity.

Address (Optional)	Insert a correspondence address for the complainant.
Post Code	The postcode, mailing code, zip code, etc. for the policyholder.
Policy Number	Please ensure that the Policy Number detailed on the spreadsheet is referenced on the complaint response.
Risk Location	The territory in which the insured is located. Select from drop down list.
Date Received	Insert the date the complaint was first received by the managing agent or its representative. For example where the complaint was initially received by a coverholder who subsequently notifies the managing agent of the matter the date the complaint was first received by the coverholder will be the operative date.
Complaint Code	Select from drop down list.
Class of Business	Select from drop down list.
Placement Type	Select from drop down list.
Syndicate Number	Lead syndicate on the coverage.

- Complaints will be entered onto the complaints monitoring database by Lloyd's to enable effective monitoring and regulatory reporting.
- Managing agents must also keep their own record of each complaint received and the measures taken for their resolution.
- Lloyd's reserves the right to review and take over coordinating the response to individual complaints where, in the view of Lloyd's, this is appropriate in all the circumstances, including to meet local regulatory expectations of Lloyd's.

Response to complainant

- In all cases a written response must be sent to the complainant by the regulatory deadline. Where there is no local regulatory deadline, a response should be sent within eight weeks of the date of the complaint being received.
- Responses must notify the complainant of any right (where applicable) to refer their complaint to the relevant EDR service e.g. an Ombudsman or Regulator, OR the UK Financial Ombudsman Service, if no local EDR is available.
- The letter should set out details of any redress or remedial action being offered. Redress includes:
 - Payments to put the complainant back into the position the complainant should have been in had the act or omission complained about not occurred, including any claim payments
 - Amounts paid for distress and inconvenience
 - Goodwill payments and goodwill gestures

- Interest on delayed settlements
 - Waiver of any excess
- A copy of the response together with a copy of the original complaint must be emailed to internationalcomplaints@lloyds.com within two business days after the response is sent to the complainant. There is no requirement for these documents to be translated to English; this will be arranged by Lloyd's. The covering email should confirm the root cause of the complaint, selecting the main reason from :
 - Claim – coverage / terms and conditions
 - Claim – delay
 - Claim – quantum
 - Claim – standard / duration / delay of repair
 - Cancellation / refund
 - Customer Service
 - Product suitability
 - Other (we would expect this option to be rarely used)
- Lloyd's Complaints team will monitor each complaint against Key Performance Metrics to ensure:
 - the response to the complaint addresses all issues raised
 - regulatory deadlines are complied with
 - appropriate EDR rights are provided to the complainant
- Failure to (1) provide a copy of the original complaint, (2) issue a response within the required timeframe, (3) provide a copy of the response to the Complaints Team, (4) provide correct and complete EDR rights, or (5) confirm the root cause of the complaint will incur an 'Additional Administration Fee' charge.
- Where responses persistently fall below the standards expected of them, Lloyd's will require copies of all proposed complaints responses in draft form for review before the response is sent to the policyholder and these complaints will incur an 'Additional Administration Fee' charge.

Referral to Regulator or Ombudsman Service

- Subject to applicable eligibility criteria, complainants may refer their complaint to their local EDR service (ombudsman or regulator), OR the UK Financial Ombudsman Service if no local EDR is available.
- Managing agents or their representatives must inform the Lloyd's Complaints team as soon as they are aware that a complaint has been referred to any EDR scheme.
- When the EDR process has been concluded a copy of the EDR outcome must be provided to Lloyd's Complaints team. Where the EDR scheme operates on a "non-binding" basis Lloyd's will also require confirmation as to whether the EDR decision is being accepted or rejected.

FCA complaints return

- Every six months, Lloyd's is required to submit a return to the FCA, detailing the number of complaints received, how quickly they were resolved, how many were upheld in the period and the amount of redress paid. A separate report will be submitted for UK and International complaints.
- Managing agents will be required to confirm on a quarterly basis that they (and anybody acting on their behalf) have notified Lloyd's of all complaints received by them.

International Complaints Handling at Lloyd's: France

Definition of a Complaint	<ul style="list-style-type: none"> A statement of dissatisfaction from a customer to a professional organisation. A request for a service, information, clarification or an opinion is not a complaint.
Definition of a complainant	<ul style="list-style-type: none"> Not defined. However, Lloyd's understands that a complainant can be an individual person or a commercial entity.
Application of Lloyd's procedure and local complaint regulations	All insurance policies written on a freedom of services or establishment basis.
Timescale	<ul style="list-style-type: none"> An acknowledgement of the complaint within 10 business days. A final response to be provided within two months of receipt of the complaint.
EDR Scheme and Eligibility	<p>Insurance Ombudsman at the French Federation of Insurers (FFSA) / Le Mediateur de la FFSA BP290 75425 Paris Cedex 90 France</p> <p>Fax: 01 45 23 27 15 Tel: 01 45 23 40 71 E-mail: le.mediateur@mediation-assurance.org</p> <p>www.ffsa.fr</p> <p>The Insurance Ombudsman will deal with complaints from policyholders and insureds that are individual persons. It will not deal with complaints from individual third party claimants or beneficiaries or any legal entity.</p>
Local Regulatory Reporting Requirements	None
Lloyd's Complaint Notice	<p>The complaints notice for France, LSW1853, will be amended in due course.</p> <p>The amended notice will be published on the Lloyd's Wordings Repository in English or French and referenced in the Pre-contractual notification and Insurance documents sections of Crystal.</p>

International Complaints Handling at Lloyd's: Germany

Definition of a complaint	<p>A statement of dissatisfaction expressed by any person in relation to an insurance undertaking with regard to the insurance contract or any service offered to such a person. Complaints addressed to an insurer containing a reference to an insurance intermediary are also included in the definition. The handling of complaints is distinguished from claims handling, as well as from a simple request to fulfil the contract or to provide information or clarification.</p> <p>A complaint, in order to be considered as such, does not necessarily have to be titled with the word "complaint".</p>
Definition of a complainant	<p>A person who is presumed to be eligible to have a complaint investigated by an insurance undertaking and has already lodged a complaint, e.g. a policyholder, an insured, a beneficiary, an injured party.</p> <p>Lloyd's understands that this definition refers to complaints made by an individual person or a corporate entity.</p>
Application of Lloyd's procedure and local complaint regulations	<p>All insurance policies written on a freedom of services or establishment basis.</p>
Timescale	<ul style="list-style-type: none"> • A prompt acknowledgement of the complaint • A final response must be provided within eight weeks of receipt of the complaint.
EDR scheme and eligibility	<p>The Insurance Ombudsman</p> <p>Insurance Ombudsman / Versicherungsombudsmann e. V. Postfach 080632 10006 Berlin Germany</p> <p>Tel: 0800 3696000 Fax: 0800 3699000</p> <p>http://www.versicherungsombudsmann.de/home.html (German only)</p> <p>The complainant is eligible to refer a complaint to the Insurance Ombudsman if it meets all of the following criteria:</p> <ul style="list-style-type: none"> • the complainant is a consumer or in a consumer-like position, • the policy was written on an establishment basis,

	<ul style="list-style-type: none"> • the value of the complaint is EUR 100,000 or less, • the policy is subject to German jurisdiction, • the policy has been issued in the German language, • the complaint does not relate to private health insurance, credit insurance or re-insurance. <p style="text-align: center;">-----</p> <p>The Federal Institute for Financial Services</p> <p>Federal Institute for Financial Services / Bundesanstalt für Finanzdienstleistung (BaFin) Graurheindorfer Straße 108 53117 Bonn Germany</p> <p>Tel: +49 (0)228 29970299</p> <p>http://www.bafin.de/EN/Consumers/ComplaintsContacts/ComplaintsToBafin/complaintstobafin_node.html</p> <p>An individual person can refer a complaint to BaFin at any time and without first submitting the complaint to the relevant insurer or the Insurance Ombudsman.</p>
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Local Regulatory Reporting Requirements	Annual reporting to BaFin. This is done centrally by Lloyd's General Representative on behalf of the Lloyd's market,
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Lloyd's Complaint Notice	<p>A new complaints notice for Germany will be produced in due course. The pre-contractual notices LSW1650E and LSW1651D will also be amended accordingly.</p> <p>The new and amended notices will be published on the Lloyd's Wordings Repository in English or German and referenced in the Pre-contractual notification and Insurance documents sections of Crystal.</p>
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International Complaints Handling at Lloyd's: Spain

<p>Definition of a Complaint</p>	<p>A complaint shall mean any complaint submitted by a user of a financial service due to delays, neglect or any other failing in the functioning of the financial institution against which the complaint is filed. It also includes complaints, with a view to obtaining compensation for the harm to the user's interest or right, for specific facts about acts or omissions, which are detrimental for the user and that arise from breaches of the regulations on transparency and customer protection, or of good practices in financial business.</p> <p>A complaint <u>must</u> be submitted to the insurer in writing in order for it to be considered a complaint.</p>
<p>Definition of a complainant</p>	<p>There is no definition of a "complainant" but any individual person or corporate entity that has a right or interest in a policy (e.g., policyholder, insured, beneficiary, third party claimant) is entitled to submit a complaint to an insurer.</p>
<p>Application of Lloyd's procedure and local complaint regulations</p>	<p>All insurance policies written on a freedom of services or establishment basis.</p>
<p>Timescale</p>	<ul style="list-style-type: none"> • A prompt acknowledgement of the complaint • The insurer must issue its final response, in writing, within 10 days after it has made a decision on the complaint and at the latest within two months of receiving the complaint.
<p>EDR scheme and eligibility</p>	<p>Dirección General de Seguros y Fondos de Pensiones / Directorate General of Insurance and Pension Funds Paseo de la Castellana, 44 28046 Madrid Spain</p> <p>Tel: 902 19 11 11</p> <p>www.dgsfp.mineco.es/reclamaciones</p> <p>Complaints from individuals and corporate entities may be referred to the insurance regulator, the Directorate General of Insurance and Pension Funds (DGS). The DGS deals with complaints in respect of mass risks written by local and EEA insurers.</p>

Local Regulatory Reporting Requirements	None
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Lloyd's Complaints Notice	<p>A new complaints notice for Spain will be produced in due course. The Pre-contractual notices and the Important Information notices for policy documents will be amended accordingly.</p> <p>The new and amended notices will be published on the Lloyd's Wordings Repository in English or Spanish and referenced in the Pre-contractual notification and Insurance documents sections of Crystal.</p>
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