



## The FCA has fined Liberty Mutual Insurance Europe SE £5.2 million for failures in its oversight of mobile phone insurance claims and complaints handling

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The Financial Conduct Authority (FCA) has fined Liberty Mutual Insurance Europe SE (Liberty) £5,280,800 for failures between 5 July 2010 and 7 June 2015 in its oversight of its mobile phone insurance claims and complaints handling processes administered through a third party.

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Liberty is a large UK insurer who entered into a relationship in the UK with a third party to enable them to provide mobile phone insurance to retail customers. The third party undertook all administrative functions associated with the mobile phone insurance on Liberty's behalf including all claims and complaints handling functions. Liberty retained regulatory responsibility for ensuring that claims and complaints made by customers were handled fairly, and ought to have ensured that it had in place adequate systems and controls to oversee the activities of the third party throughout. It did not.

Liberty's customers were exposed to the possibility that their claims and complaints would not be handled fairly. During the relevant period some claims were unfairly declined or not investigated adequately. Some customers who complained about this had the original decision overturned which created a de facto two-stage claims process and others had complaints dismissed without a proper investigation having been undertaken.

In 2013 the FCA published a Thematic Review setting out its expectations for the mobile phone insurance market and followed this up with a further publication in December 2015, having also produced a Thematic Review reiterating insurers' regulatory obligations for overseeing outsourcing arrangements in 2015.

Mark Steward, Executive Director of Enforcement and Market Oversight at the FCA, said:

"Fair, effective, and prompt settlement of claims is a fundamental requirement of mobile phone insurance, and customers should expect that any claim they make, or any subsequent complaint they lodge, will be dealt with fairly. Insurers must put in place adequate measures to make sure that claims and complaints are handled fairly, especially where those functions are outsourced."

Prior to the commencement of the Enforcement investigation, a voluntary redress and remediation exercise was undertaken by the third party in conjunction to Liberty in relation to claims which may have been unfairly rejected. The total amount of redress offered to customers who may have suffered detriment was nearly £4 million. This has been taken into account in calculating the financial penalty.

Liberty settled at an early stage of the investigation and therefore qualified for a 30% discount. Without the discount, the financial penalty would have been £7,544,000.

### Notes to editors

1. [Final Notice 2018: Liberty Mutual Insurance Europe SE](#)
2. [Mobile phone insurance – ensuring a fair deal for customers](#)

3. [Mobile phone insurance: Follow-up review findings](#)
  4. [Delegated Authority: Outsourcing in the general insurance market](#)
  5. On 1 April 2013, the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
  6. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this, it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
  7. Find out more information [about the FCA](#).
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