

Notice of Determination

by the Life Code Compliance Committee (Life CCC) on alleged non-compliance with the Life Insurance Code of Practice by a subscriber

Reference:	CX4454	Date:	27 June 2019
Code sections:	9.5, 9.8, and 9.12(b) ¹		
Investigation:	A consumer-reported alleged Code breach		

The alleged Code breach:

The Consumer obtained a life insurance policy that was issued by a Life Insurance Company that is a subscriber (the Subscriber) to the Life Insurance Code of Practice (the Code).

On 23 March 2018, the Consumer lodged a formal complaint with the Subscriber relating to the Subscriber's alleged failure to apply a discount to her policy's premiums.

The Subscriber provided its first complaint response letter to the Consumer on 11 April 2018. The Consumer wrote back to the Subscriber on the same day and disputed the Subscriber's decision. Within the Consumer's response, the Consumer also requested that the Subscriber provide copies of the documents that the Subscriber relied on when assessing the complaint.

On 7 May 2018, the Consumer made a referral to the Life CCC alleging breaches of sections 9.5, 9.8 and 9.12(b) of the Code in relation to the Subscriber's handling of the complaint.

The Subscriber provided a second complaint response letter addressing the Consumer's additional concerns on 22 May 2018 and included copies of the documents requested by the Consumer.

On 24 May 2018, the Consumer lodged a dispute at the Financial Ombudsman Service (FOS). The Consumer's FOS dispute was resolved on 4 July 2018. The Life CCC notes that the substance of the Consumer's complaint and the subsequent dispute at FOS were unrelated to the issues raised as part of the Consumer's Code breach referral.

Findings in accordance with Charter clause 7.4(b)(iii)²:

The Life CCC determined that the Subscriber was in breach of sections 9.5, 9.8 and 9.12(b) of the Code and that the allegations were proven in whole.

¹ The Code sections are provided in full in the last section of the Determination.

² The Life CCC is bound by its Charter to use the terminology 'the reported allegation was proven in whole or in part or was unfounded.' This in essence requires the Life CCC to state if it determined there was a breach or not. The Life CCC will explain its determination in plain language in the body of the Determination.

The Life CCC findings and conclusion:

Section 9.5

The Consumer lodged a complaint with the Subscriber on 23 March 2018. Section 9.5 of the Code requires the Subscriber to inform the Consumer of the name and contact details of the person assigned to liaise with the Consumer in relation to their complaint.

In this instance, the Subscriber first acknowledged the Consumer's complaint on 28 March 2018 via email. The email advised that the Subscriber would respond to the Consumer's concerns within 7 days and invited the Consumer to call the Subscriber's Customer Resolutions team if she had any queries.

The email text and the email signature of the person responding included only the generic central Customer Resolutions phone number and email address and did not explicitly identify the person as the individual assigned to liaise with the Consumer in relation to the complaint.

As section 9.5 of the Code requires the Subscriber to provide the Consumer with the name and contact details of the person assigned to the complaint, the Life CCC considered that this was not compliant with section 9.5 of the Code.³ As a result, the Life CCC determined that the Subscriber was in breach of section 9.5 of the Code.

The Life CCC further determined in accordance with Charter clause 7.4(b)(iv)⁴ that the Subscriber's breach of section 9.5 of the Code amounted to systemic non-compliance with the Code as the Subscriber's response was based on a complaint acknowledgement template and as a result, the Subscriber was likely to be in breach of section 9.5 of the Code for all its complaint acknowledgment letters.

Section 9.8

The Life CCC determined that section 9.8 of the Code creates two obligations. The first obligation is that the Subscriber must make an arrangement with the Consumer, and the second obligation is that the Subscriber will keep the Consumer regularly informed about the progress of the complaint. The Subscriber will be in breach of section 9.8 of the Code if it fails to satisfy both requirements.

In this Matter, the Subscriber informed the Consumer that it would respond as soon as possible or within 7 days. In the Life CCC's view, this constitutes making an arrangement to keep the Consumer regularly informed about the progress of the complaint. There is also no evidence to indicate that the Consumer was unhappy with this arrangement.

However, the Subscriber did not provide an update within 7 days and the next correspondence was only issued to the Consumer on 11 April 2018. The Subscriber has acknowledged that it did not comply with section 9.8 of the Code and that the Consumer had to chase the Subscriber for an update on the complaint.

As a result, the Life CCC determined that the Subscriber was in breach of section 9.8 of the Code as the Subscriber failed to provide regular updates to the Consumer as per the

³ The Life CCC intends to raise this issue with the Financial Services Council (FSC) to ensure consistency across the industry and best outcomes for Consumers.

⁴ The Life CCC is bound by its Charter to state, where applicable, whether it finds that a subscriber is responsible for serious and/or systemic non-compliance with the Code.

arrangement. The Life CCC noted that any arrangement proposed by the Subscriber should be clearly expressed and adhered to by the Subscriber.

The Subscriber conducted a review of all complaints received between March to August 2018 and confirmed that no breaches of section 9.8 were identified as part of this review. As a result, the Life CCC determined in accordance with Charter clause 7.4(b)(iv)⁵ that there was no basis to conclude that the Subscriber's breach of section 9.8 of the Code amounted to serious or systemic non-compliance with the Code.

While the Subscriber did not provide regular updates according to its arrangement with the Consumer, the delay was not substantial as the Subscriber provided its final response to the complaint on 11 April 2018, 19 days from when the Consumer first lodged her complaint. This meant that the Consumer experienced a delay of approximately 12 days. The Life CCC notes that the Subscriber responded to the complaint in 19 days, which was well within the 45 day timeframe provided by section 9.12 of the Code.

Section 9.12(b)

Section 9.12(b) of the Code requires the Subscriber to inform the Consumer, within the Subscriber's complaint response letter, that the Consumer has the right to copies of the documents and information relied on by the Subscriber in assessing the complaint, and that the information will be provided in 10 business days if requested.

In addition, section 9.12(b) also creates an obligation for the Subscriber to provide the documents and information relied on within 10 business days, if requested by the Consumer.

The Life CCC reviewed both complaint response letters from the Subscriber and noted that both letters included the information required under section 9.12(a) to (d) of the Code. As a result, the Life CCC's investigation of the Subscriber's compliance with section 9.12(b) in this instance was limited to whether the Subscriber provided the information that was requested by the Consumer within 10 business days.

The Consumer requested that the Subscriber provide a copy of the information that it relied on to assess her complaint on 11 April 2018. However, the Subscriber only provided the Consumer with a copy of the requested information on 22 May 2018.

The Life CCC therefore determined that the Subscriber was in breach of section 9.12(b) of the Code.

The Subscriber noted that the breach was caused by resourcing constraints and a peak in complaint volumes, along with an inadequate handover process. The Subscriber conducted a review of complaints received between March and August 2018 and has confirmed that no other breaches of section 9.12(b) were identified.

The Subscriber has implemented a new work flow process in relation to providing the documents and information requested under section 9.12(b) within ten business days, and the Subscriber now requires that complainants should be contacted by the incoming person assigned to the complaint when the current person assigned to the complaint goes on leave.

⁵ The Life CCC is bound by its Charter to state, where applicable, whether it finds that a subscriber is responsible for serious and/or systemic non-compliance with the Code.

As a result, the Life CCC was satisfied that the event was an isolated incident and determined in accordance with Charter clause 7.4(b)(iv)⁶ that there was no basis to conclude that the Subscriber's breach of section 9.12(b) of the Code amounted to serious or systemic non-compliance with the Code.

Key Learnings

The Life CCC considers that the Spirit and intent of section 9.5 is to provide the Consumer with a dedicated point of contact from the outset of the complaint to help obtain timely updates and avoid ongoing communication delays and confusion.

The complaint acknowledgement email or letter from the Subscriber should clearly indicate the identity of the person assigned to the complaint. This can be done by either stating that the person is assigned to the complaint, or by providing the direct phone line or email address of the person assigned to the complaint.

While Subscribers are entitled in practice to use a central phone line or email inbox, in such instances the identity of the person assigned to the complaint should be clearly stated if a direct line or email address cannot be provided.

In relation to section 9.8 of the Code, the Life CCC expects that Subscribers will proactively engage with Consumers to make arrangements with them to keep them regularly informed about the progress of their complaints. The reasonableness of any such arrangement will depend on whether the Consumer was satisfied with the arrangement and the proposed timeframe, and Life CCC will consider such arrangements on a case by case basis.

Relevant Code Sections

Section 9.5:

We will notify **you** of the name and contact details of the person assigned to liaise with **you** in relation to **your Complaint**.

Section 9.8:

We will make an arrangement with **you** for keeping **you** regularly informed about the progress of **your Complaint**.

Section 9.12:

Where possible, **we** will provide a final response to **your Complaint in writing** within 45 calendar days. **We** will tell **you**:

- a) **our** final decision in relation to **your Complaint** and the reasons for that decision;
- b) that **you** have the right to copies of the documents and information we relied on in assessing **your Complaint**, and if **you** request **we** will provide **you** (or **your** doctor, where appropriate) with copies within ten **business days**, in accordance with the Access to Information section of the **Code**;
- c) **your** right to take **your** Complaint to the Financial Ombudsman Service (**FOS**) if **you** are not satisfied with **our** decision, and the timeframe within which **you** must take **your** Complaint to **FOS**; and
- d) contact details for **FOS**.

⁶ The Life CCC is bound by its Charter to state, where applicable, whether it finds that a subscriber is responsible for serious and/or systemic non-compliance with the Code.

The Life CCC is the independent body responsible for the administration and enforcement of the Life Insurance Code of Practice (the Code). It acts in accordance with the Life CCC Charter, which sets out the powers, duties, functions and responsibilities of the Committee, subject to any provisions in the Code. This Determination is issued in accordance with clause 7.4 of the Life CCC's Charter in order to facilitate agreement between the Life CCC and the Subscriber on corrective measures and the relevant timeframes for their implementation.