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Max Wilkinson MP
House of Commons
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6 October 2025

Our Ref: MC2025/00979

Your Ref: 77218

Dear Max Wilkinson,

HM Treasury passed your parliamentary question (77218) to us for answer. You asked whether the Financial Conduct Authority plans to (a) investigate and (b) report on whether all firms' (i) flood and (ii) storm definitions comply with the Consumer Duty.

The Consumer Duty requires firms to act in good faith, avoid causing foreseeable harm, and enable and support customers to pursue their financial objectives. Ensuring that product documentation, including definitions of perils such as flood and storm, is clear and unambiguous is a key part of delivering these outcomes.

As part of our monitoring of the Consumer Duty and wider supervisory work, in July 2025 we published a report on whether insurers' claims handling arrangements were delivering fair outcomes for consumers.[1] We considered how firms applied their policy definitions and whether governance and oversight were effective.

We found that storm definitions were sometimes unclear or inconsistently explained, which could create confusion and risk poor outcomes for customers. For example, only 32% of storm damage claims made to our sample of firms in 2024 resulted in a payment. We also found that some firms promoted cash settlements without ensuring good customer outcomes.

We did not identify any particular issues around flood definitions during our review, but we did ask firms to consider the findings of the review more widely across their business.

As a result of these findings, we are progressing our interventions with individual firms where we identified concerns around their claims handling

[1] https://www.fca.org.uk/publications/good-and-poor-practice/home-travel-claims-handling-arrangements#lf-chapter-id-summary-next-steps

arrangements, with a particular focus on their handling of storm damage claims and use of cash settlements. We won’t hesitate to act using our regulatory powers where we are concerned that firms are not upholding the requirements of the Consumer Duty or our regulatory requirements.

In parallel, we are working with the Association of British Insurers (ABI) to ensure they promptly and effectively consider the need for any further action in response to our findings on storm claims. We have asked for this action by the winter to help prevent customer harms and to ensure good consumer outcomes under the Consumer Duty.

Since publishing our findings, Which? has used its statutory powers to lodge a super-complaint with the FCA over its concerns with the home and travel insurance markets. The super-complaint includes firms’ claim handling processes and policy wording. We will be responding to this super-complaint within 90 days from 23 September, the date it was lodged.

A copy of this answer has also been provided to HM Treasury for library purposes.

Yours sincerely,

G Reynolds

Graeme Reynolds
Director, Competition and Interim Director, Insurance