



## Case Study – Complaint Handling Audit

### Complaint handling audit – digging beneath reporting data.

Whilst on the surface, the data being returned by a TPA to an insurer on their complaints handling showed no major issues, by using independent experts, an insurer was able to see issues with the performance and the report data.

#### Situation:

A London Market Insurer's claims were managed by a Third Party Administrator (TPA) under a delegated authority agreement. That delegated authority included some limited scope for dealing with Expressions of Dissatisfaction (EoDs).

Whilst there was reasonable oversight of the TPA's complaints management process, the insurer wanted independent analysis on whether the TPA was maintaining the high standards expected of them when dealing with EoDs.

#### Action:

SX3 met with the insurer to discuss the requirements in more detail, to better understand

- How the delegated authority was expected to be followed on the ground,
- When the TPA was expected to seek guidance or authority to deal with the complaint,
- The Insurer's TCF policies,
- Any other issues or concerns the Insurer wanted SX3 to explore during the review.

Following the meeting, SX3 drafted a scope for the review which covered

- Identification
- Communication with the client
- Effectiveness of investigation
- Fairness of resolution
- Consistency of approach
- Trend analysis
- Quality of data recorded



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SX3 also created a series of bespoke audit questions and agreed those with the Insurer ahead of the review.

SX3's extensive network of consultants includes experts in claims compliance including an ex Claims Director and a Head of Claims Governance. The review was conducted on site at the TPA's claims operation with full access to their systems.

During the review, 60 EoDs were looked at in detail. An open dialogue was maintained with the complaints coordinator at the TPA, to ensure correct interpretation of all relevant case facts and rationale for the actions taken to resolve the complaint.

The Insurer was also contacted as required during the review to verify certain expectations of approach on specific issues.

### Outcome:

Within 1 week of completing the review, a draft report had been issued to the insurer, providing an overview of the review results, including tables with objective scoring on each of the bespoke audit questions, along with the full raw audit data on the 60 cases.

The review highlighted that whilst most complaints were attended to quickly and fairly, there were some areas for concern including:

- Issues with the monthly complaint log data, including inaccuracies and vague descriptions that added little to no insight into key issues such as what part of the claims process or which function was causing the complaints.
- The complaint log data was not being updated, crucially including whether the complaint was justified or not.
- Of cases that should have been capable of resolution by the TPA within their limited delegated authority, almost 50% required the Insurer to become actively involved in the investigation or taking over of the complaint.

Therefore, whilst in every case reviewed a fair resolution had been achieved, the activity required to achieve this was far more labour intensive than it should have been.



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Furthermore, the insurer was not in a position to improve the customer experience as the data being supplied by the TPA was hampering accurate root cause analysis.

SX3's involvement added value to the insurer and their customers by streamlining the complaints process and improved the RCA data.

Related Reading:

[Leakage Audit Guidelines and FAQs](#) - Adrian Gilbert

<https://sx3.co.uk/audit/> - SX3 Web Page on Audit Services

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