

## Assessing Fairness & Consistency in Repudiated Home Claims

### Client Challenge:

A leading UK personal lines insurer sought independent assurance around the fairness and consistency of its home claims repudiation decisions. With a focus on compliance with Consumer Duty and control of indemnity spend, the client wanted to understand whether claims were being rejected appropriately, if customer communication met required standards, and whether third-party administrators (TPAs) aligned with internal handling philosophies. Particular attention was placed on ensuring vulnerable customers were being identified and appropriately supported throughout the process.

### Our Approach:

SX3 audited 100 declined home insurance claims closed between September and November 2024, spanning in-house claims and those handled by two TPAs. The focus was on decision accuracy, communication, vulnerability handling and adherence to the client's claims handling philosophy. Claims were assessed against clear technical and customer-handling criteria.

- ▶ **Targeted Sampling:** We selected claims based on rejection volumes across key perils and suppliers, with a focus on storm, AD, EOW and theft claims.
- ▶ **Tailored Audit Framework:** A bespoke audit methodology was applied to test decisions, communication, process adherence and policy alignment.
- ▶ **Remote Audit Execution:** Our team worked remotely, using system access and shared documents and liaised with claims teams to clarify and confirm observations.
- ▶ **Daily Engagement:** Findings were shared regularly with the client and TPAs to ensure transparency, validate insights and drive mutual understanding.

### Findings:

The audit found that 95% of claims were correctly declined. However, variations in execution, documentation, and communication standards highlighted areas for improvement across both internal and outsourced teams.

Key themes included:

- ▶ **Decision-Making Accuracy:** The technical basis for declinature was generally strong, with minimal high-risk concerns.
- ▶ **Customer Communication:** Only 33% of rejections were confirmed in writing, with verbal decisions not always backed by sufficient file documentation or confirmation of customer understanding.
- ▶ **File Note Quality:** Across all handlers, a number of cases showed limited rationale or explanation behind the declinature recorded on file.
- ▶ **Referrals and Escalation:** Opportunities to refer complex or repeat cases to internal specialist teams (e.g. underwriting or fraud) were occasionally missed
- ▶ **Vulnerability Handling:** Vulnerable customers were generally well supported, though automation via self-service channels meant counter-fraud and vulnerability prompts were sometimes bypassed



# CASE STUDY

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### Solution Delivered

SX3 delivered a comprehensive audit report summarising quantitative results and qualitative insights. We highlighted performance by claims function and TPA, provided evidence-led recommendations, and supported the client in ensuring findings were agreed and accepted by each party.

Recommendations included:

- ▶ Clarifying when written communication of rejections is mandatory
- ▶ Reinforcing repudiation protocols and documentation standards
- ▶ Reviewing the customer communication script and declinature letter templates
- ▶ Strengthening internal oversight of self-service and automated claims journeys

### Results:

- ▶ **Repudiation Confidence:** The audit provided evidence that the vast majority of declined claims were technically valid, giving internal and regulatory assurance.
- ▶ **Improved Governance:** Findings will support better consistency of handling across TPAs and in-house teams through clearer guidance and MI monitoring.
- ▶ **Fairer Customer Experience:** The focus on communication and vulnerability will drive improved outcomes, better alignment to Consumer Duty expectations, and stronger customer trust.

### Conclusion

This review demonstrates how independent, insight-driven auditing can validate good practice while uncovering improvement opportunities. By focusing on a complex and sensitive part of the home claims journey, SX£ helped ensure that policy terms were applied fairly, customers were treated consistently and the insurer could move forward with both assurance and clear actions.

**Contact SX3 today to  
explore how independent  
auditing can improve  
claims fairness and  
operational alignment**

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