



## Insurers' 'crash for cash' claims are reckless and irresponsible

A Tracker investigation has found a web of confusion around claims made by the insurance industry that "one in seven" personal injury cases "costing £392m annually" are linked to 'crash for cash' scams.

The Tracker commissioned freelance journalist Nick West to look into the claims made by the Insurance Fraud Bureau (IFB) after Thompsons Solicitors could find no evidence of organised criminal activity among the thousands of road accident cases it handles every year.

"If 'crash for cash' crime really accounted for one in seven personal injury cases, we would have seen some signs of it in our case intake," said Tom Jones, head of policy at Thompsons Solicitors.

"We've seen media coverage of several high profile cases so we accept the problem exists, but the insurers have been both reckless and irresponsible to publish figures that appear at best to be unreliable and at worst knowingly false."

Nick West's research, which involved eight Freedom of Information (FOI) requests to police forces and several interviews, found that:

- Five forces had no data relating to 'crash for cash' and two forces failed to reply
- The one force that could provide information, Derbyshire, had undertaken only two investigations into fraudulent traffic accidents three years ago and none since
- A ninth force, City of London Police, could not provide any information or explain the figures
- A spokesman for the IFB could not explain where the one in seven and £392m figures came from.

"Our researcher spent nearly six months on this and continually ran up against a brick wall when trying to get someone to explain the figures," said Tom Jones.

"This has only served to confirm our suspicions that the insurance industry puts out figures that are exaggerated or false. The impression given is that there is a

'pandemic' of fraud and that's why premiums are so high and it appears that simply isn't the case.

"Thompsons is concerned that wildly inflated claims made by insurers are being used to undermine the law and damage the justice system in Britain.

"This investigation emphasises the importance of the call made by the House of Commons Transport Select Committee for the Government to ensure that public policy and police action on insurance-related fraud is based on reliable data that has been independently verified."

The £392m 'crash for cash' figure is not the only unexplained claim made by insurers about the cost of fraud.

In May 2014, the Association of British Insurers (ABI) said there had been 59,900 'dishonest' motor insurance claims in 2013 with a value of £811m; figures that the Government quoted when announcing its new measures restricting the rights of accident victims.

The Transport Select Committee said in a report published in July that it was not clear how the ABI arrived at these figures or what counts as 'dishonest'.

The cross-party committee of MPs, which described the insurance industry as "highly dysfunctional", said: "The Government should act to ensure that there exists better data about fraudulent or exaggerated personal injury claims, so that there is a stronger evidence base for decisions.

"Since the Government has cited the ABI's figures for dishonest claims in 2013, it should explain how the figures have been arrived at and how 'dishonest claims' have been defined."

*Nick West is a London-based investigative journalist who has written for the Observer Business Section, the Guardian, the Sunday Times and the Scotsman.*

**See inside for details of our investigation into the 'crash for cash' figures.**

**'Crash for cash' pandemic'**

**The Winterbottoms' story**

**Car insurers' half year results**

**Innocent mistakes are not 'fraud'**

# The mystery of the ‘crash for cash’ – research runs into a brick wall

The media has widely quoted the claim that “one in seven” personal injury cases “costing £392m annually” were linked to ‘crash for cash’, but when Tracker checked the source of the figures - an Insurance Fraud Bureau (IFB) report published in November 2012 – there was no explanation of how they had been calculated.

“Thompsons has vast experience of helping people injured in road traffic accidents, and the IFB’s claim that so many are not only fraudulent but linked to organised crime seemed implausible, to say the least,” said Tom Jones, head of policy at the firm.

“But what was even more extraordinary was the fact that a seemingly reputable report provided no footnotes or references that we - or the public generally - could use to verify the figures.

“As the City of London Police had lent their name to the report, we naturally assumed the figures must have been compiled using data from police forces around the country and decided to commission our own research on the issue using an experienced freelance journalist.”

The journalist, Nick West, submitted Freedom of Information (FOI) requests to eight police forces in May 2014, but the responses suggest data is not being kept in a format that would allow it to be collated into meaningful national statistics.

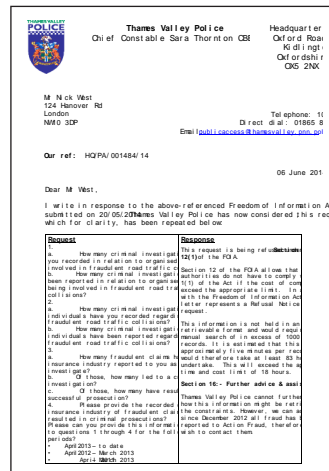
Of the eight forces contacted, two (South Wales and West Midlands) have so far failed to reply and four were totally unable to provide any data relating to fraudulent road traffic collisions.

Police Scotland said: “There is no classification in our road crash recording system to search under these specific headings. Nor is it achievable to produce any meaningful data.”

Greater Manchester Police said: “There is no specific Home Office crime recording code for fraudulent traffic collisions.”

The Police Service of Northern Ireland said: “It would require all incidents of road traffic collisions to be manually checked.”

And Thames Valley Police said: “The information is not held in an easily retrievable format.”



The only force able to provide specific information, Derbyshire Constabulary, said it had undertaken two investigations into fraudulent traffic accidents three years ago but none since. It also said that neither case involved a connection with organised crime.

In a meeting with the Metropolitan Police, the eighth force contacted via the FOI procedure, our researcher explained the difficulties he was having finding out how extensive the problem of ‘crash for cash’ was and how the £392m figure had been calculated. However, the senior officer he met said, “I don’t know where they get their figures from” and agreed they made little sense unless explained.

The Met referred Nick to the City of London Police, the force that leads on car insurance fraud and works most closely with the insurance industry. But he was told by the media officer at City of London’s Insurance Fraud Enforcement Department that the ‘crash for cash’ statistics came from the IFB and he would need to speak to them.

“This took our research back full circle to the authors of the report, who had not referenced their figures in the first place,” explained Nick.

“I spoke to the IFB’s communications controller and even he wasn’t sure how the statistics were compiled. However, he did suggest that the £392m figure includes cases that are suspected of being fraud and have not been paid out.”

Tom Jones added: “Scaremongering about fraud and exaggerating its costs have the effect of criminalising accident victims and those who represent them. If people have been injured, they deserve proper compensation, not to be made to feel guilty.

“The insurance industry is relentless in pressing for ever more legal changes that favour their commercial interests and limit or deny access to justice for accident victims and it’s always dressed up as being essential to deal with fraud or ‘compensation culture’.

**“The most generous description of the IFB’s figures is ‘blurred’. There is an urgent need for clarity. Why is the IFB publishing figures that they can’t back up? Where is the independent analysis? Will the Government now agree to stop quoting insurance industry claims unless they have been independently verified first?”**

## Thompsons condemns latest AVIVA proposals to avoid paying proper compensation

The car insurers’ campaign to avoid paying proper personal injury compensation has moved up a gear with new proposals to deprive thousands of accident victims of any choice in their medical care or the right to legal representation.

AVIVA has unveiled a plan to provide ‘rehabilitation only’ compensation that they would arrange for motorists they deem to have suffered only ‘minor, short term’ injuries.

And the insurance giant has also called for motorists with claims likely to be valued at below £5,000 to be barred from access to legal representation, increasing the limit from £1,000.

AVIVA claims the measures would reduce premiums but has persistently refused to disclose their trading profits from the UK car insurance market – despite questions in Parliament and the issue being referred to regulators.

Thompsons estimates that UK motorists generate profits of £2 billion annually for car insurers and is calling for effective regulation of the market to protect consumers.

“The relentless drive to increase profit at the expense of access to justice and with no regard to fairness - driving everything into the hands of the insurers - is as breath-taking as it is blatant,” said Tom Jones, head of policy at Thompsons Solicitors. “Why should motorists trust anything AVIVA say when they refuse to disclose their profits?”

“These latest proposals would put the car insurers in the driving seat with the injured motorist tied up in the boot. The idea that they have injured people’s interests at heart when they have a vested interest in paying out as little as possible is laughable.

“They portray themselves as the motorists’ friend but the reality is that they want to boost profits and pay out to shareholders and avoid the ‘inconvenience’ of paying proper compensation that has been independently verified.”

## The human cost of the car insurance industry: the Winterbottoms' story

Donald and Enid Winterbottom were badly injured on 12 January 2012 when a car overtaking from the opposite direction hit their car head-on. Enid was airlifted to hospital with a severe whiplash injury.

The next day while Enid was still in hospital, and with no discussion with her, their legal expense insurers, Cogents, started a claim.

Cogents projected that both Donald and Enid, aged 81 and 79, would recover from their injuries within 7 months and estimated damages for Enid at £1,800 – £2,000. But Donald and Enid rejected this offer and moved their claim to Donald's old union, Unite the Union, in November 2012. In July 2013, Thompsons Solicitors settled Enid's case for £8,000, four times the estimated damages put forth by Cogents.

The lawyer at Thompsons who ran the case, Hazel Webb, found that Cogents had failed to take proper instructions from the Winterbottoms. They referred them to the wrong type of medical expert who missed the long-term impact of one of Enid's injuries – namely, numbness in her hand which needed an orthopaedic specialist to whom Thompsons referred her.

Enid explains, "We didn't ask for Cogents' involvement and we can only assume that they got our details from our car insurance company. We were in shock after the accident yet we were harassed with phone calls pushing us to make a claim. The way we were then dealt with was so impersonal we felt like we were just a statistic and the staff were consistently rude and unhelpful. Their letters were in legal mumbo jumbo and we struggled to make any sense of them.



*“It's been a very traumatic period in our lives. Our confidence completely collapsed, and it is only recently in the past few months that we have started to feel like we are on the way to recovery. We can't*

*stress the difference that was made to our experience as soon as Thompsons got involved.”*



Scan here to view a short video clip about the Winterbottoms' story and how

Thompsons has helped them in their bid for justice.

## Car insurers' half year results – £650m bonanza for shareholders, no joy for motorists

Car insurance giant Admiral has reported another sharp rise in profits and plans for a big dividend pay out to shareholders – but no cut in premiums for motorists.

In the half year to the end of June 2014, Admiral said its UK car insurance profits rose 8% to £207.7m and announced that it will pay a further £133m in dividends in October, taking Admiral's total pay-out to shareholders since 2102 to £650m.

Contrary to Government claims of insurers suffering from 'compensation culture' and fraud, Admiral's chief executive Henry Engelhardt admitted Admiral is booming because of much fewer claims than expected.

He said the claims environment dating as far back as 2009 has been positive and that this would allow the company to continue to release cash from reserves.



These results followed shortly after half year results announcements from AVIVA showing overall group profits rising by 4% to £1.05 billion, alongside a 4.5% increase in the dividend to shareholders.

AVIVA continues to refuse to divulge separate figures for the UK car insurance market, hiding them under 'general insurance', which made a £263m profit in the period.

Labour MP Richard Burden recently asked in Parliament why AVIVA is not complying with international financial reporting requirements to disclose profits accounting for more than 10% of the total. However, AVIVA continues to resist pressure for transparency.

## Ombudsman says innocent mistakes are not 'fraud'

The Financial Ombudsman has reprimanded insurers for using mistakes made by policy holders to get out of paying claims.

They told insurers that alleging fraud is a serious matter and they should not 'think' a claim is fraudulent and focus on what hasn't been disclosed to find a way of rejecting it.

"We take the view that a consumer should be given an

opportunity to explain any inconsistencies in their account of what happened," said the watchdog's annual report.

"After all, there may well be an innocent explanation. People can make mistakes, and insurers are not always clear in what they're asking the consumer to tell them."

The Financial Ombudsman handled 7,190 complaints about car insurance last year alone and it was only Personal Protection Insurance that received more complaints.



## Justice for motorists



We say:

- Car insurers should cut premiums now – or face a windfall tax on their profits
- This broken market should be reformed to protect consumers and stop profiteering
- Accident victims should be free to choose their own lawyer without insurers trying to influence their decision or make money from their choice.



Head of policy at Thompsons Solicitors, Tom Jones, explains more about the lucrative car insurance industry and Britain's so called 'compensation culture' in this brief three-minute video clip.

## Close relations

An investigation by the Guardian revealed the long-standing financial relationship between the Conservative Party and the insurance industry. Among the most prominent donors uncovered by the investigation was a £71k donation to Chris Grayling (then Shadow Home Secretary) by the founder of Direct Line, Peter Wood. Source: Guardian – 16/09/11

## Contact us

Thompsons Solicitors has been standing up for the injured and mistreated since Harry Thompson founded the firm in 1921. The firm has fought for millions of people, won countless landmark cases and secured key legal reforms.

Thompsons has more experience of winning personal injury and employment claims than any other firm – and uses that experience solely for the injured and mistreated.

Thompsons refuses to represent insurance companies and employers, invests specialist expertise in each and every case and fights for the maximum compensation in the shortest possible time.

Visit us at [www.thompsons.law.co.uk](http://www.thompsons.law.co.uk)

Call us on **0800 0 224 224**

The Thompsons Tracker is all about standing up for consumers and injured people and sets out to expose insurance industry double standards and false claims.

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