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LLOYDS
BANKING GROUP

Jeremy Ward
Lloyds Banking Group
Wellington Place
Leeds
LS1 4AP

Dame Meg Hillier MP
Chair of the Treasury Committee
House of Commons
Palace of Westminster
London
SW1A 0AA

22 August 2025

Dear Dame Meg,

Follow-up requests following insurance companies hearing on 8 July

Thank you for your letter of 23 July requesting some further information following my appearance before the Committee on 8 July. I have answered each of your questions in turn below.

According to the FCA's firm-specific complaints data from December 2024, Scottish Widows' uphold rate for insurance and pure protection complaints was at 80% between July and December 2024. Why is that?

As noted in your letter, Scottish Widows' uphold rate for insurance and pure protection complaints was 80% between July and December 2024. This figure relates only to the Scottish Widows legal entity, through which we offer pensions, life insurance and critical illness & income protection. If we include the other legal entities through which Lloyds Banking Group provides insurance, such as Lloyds Bank General Insurance Limited through which we offer home insurance, the overall uphold rate for complaints is 68.8%.

The main driver of this uphold rate is customer service. Our approach to complaint handling, grounded in both our customer centric strategy and our Consumer Duty obligations, involves considering a customer's end-to-end journey when deciding whether to uphold a complaint. This includes the customer service before and during the complaint process. If we feel that we have not delivered a good customer experience throughout the journey we will uphold the complaint regardless of the original reason to complain. To bring this to life; if a customer complains about a declined claim but there is a delay in the team reviewing the case, we will uphold the service element of that complaint, while not upholding the declinature element. This would then show as an upheld complaint in the FCA's published data.

It's also important to recognise that a high uphold rate can be a strong indicator of a firm's commitment to fairness, transparency, and accountability, demonstrating that concerns are investigated thoroughly and that appropriate action is taken when mistakes are made. Our focus is on putting things right when we have not met the high standards our customers expect. We do not set targets for our uphold rates as we encourage our complaint handlers to focus on good outcomes and fair resolutions rather than the attribution of blame.

The quality of our complaint handling is also reflected in the fact that across our insurance, pensions and investments business in 2024, only 3.5% of complainants chose to take their case to the Financial Ombudsman Service (FOS) after receiving our decision. This shows that the vast majority of customers are satisfied with the outcomes we reach.

Finally, I should note that the uphold rate is distinct from the FOS change rate which was also discussed in the session on 8 July. As you'll be aware, the Scottish Widows uphold rate is the proportion of complaints made directly to Scottish Widows that we uphold. The FOS change rate, on the other hand, is the proportion of complaint decisions that are overturned by the FOS. A customer can only refer a complaint to the FOS after first complaining directly to us.

What is the gender and ethnic breakdown within your organisation?

I am pleased to provide a table with the gender and ethnicity breakdown for Lloyds Banking Group, of which Scottish Widows is a part, on page three of this letter.

Does your firm support the proposals currently under consultation by the FCA regarding non-financial misconduct rules?

Yes, we support the FCA's proposals currently under consultation on non-financial misconduct (NFM). We welcome the FCA's constructive engagement with industry feedback and, in particular, its efforts to align the proposed guidance with employment law. This alignment is essential to ensure fairness, legal clarity, and consistent application across the sector.

We believe the introduction of new Handbook guidance in COCON and FIT represents a helpful step in embedding high standards of conduct and integrity throughout financial services. The proposed guidance provides useful clarification on the boundaries between professional and private life, and we particularly welcome the inclusion of examples relating to conduct on social media and scenarios that help to define serious misconduct.

At Lloyds Banking Group, we already have a mature and embedded approach to managing non-financial misconduct and associated conduct rule breaches. The FCA's proposals will enable us to further enhance our framework and ensure it remains aligned with evolving regulatory expectations and best practice. We view this consultation as a valuable opportunity to strengthen the sector's collective commitment to fostering inclusive, respectful, and accountable workplace cultures.

Yours sincerely

Jeremy Ward
Managing Director, Insurance, Lloyds Banking Group / Scottish Widows

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Annex: Lloyds Banking Group gender and ethnicity data

			Number 2024	% 2024	% 2023
Gender[1]	Board members	Men	5	50.0	54.5
		Women	5	50.0	45.5
	Senior positions on the Board	Men	3	75.0	75.0
		Women	1	25.0	25.0
	Group Executive Committee (GEC)	Men	7	53.8	53.3
		Women	6	46.2	46.7
	GEC direct reports	Men	71	54.6	53.8
		Women	59	45.4	46.2
	Senior managers	Men	4,691	59.6	59.9
		Women	3,184	40.4*	40.1
	All colleagues	Men	30,090	45.2	43.7
		Women	36,397	54.8	56.3
Ethnicity[2]	Board members	White British or other White	8	80.0	81.8
		Asian heritage	1	10.0	9.1
		Mixed/multiple ethnic groups	1	10.0	9.1
	Senior positions on the Board[3]	White British or other White	4	100.0	100.0
	GEC	White British or other White	11	84.6	86.7
		Asian heritage	2	15.4	13.3
	Colleagues	Senior managers of Black, Asian and Minority Ethnic	950	12.6*	11.3
		Senior managers of Black heritage	138	1.8*	1.7
		All colleagues of Black, Asian and Minority Ethnic heritage	10,735	16.9	15.3

Methodology and definitions:

- Data is sourced from the HR system (Workday) containing all permanent colleague details
- All data as at 31 December 2024
- All diversity information for ethnicity and gender identity is based on voluntary self-declaration by colleagues. Our systems do not record diversity data of colleagues who have not declared this information and is for UK payroll only
- Gender data includes international, those on parental/maternity leave, absent without leave and long-term sick and excludes contractors, temporary and agency staff
- The Group Executive Committee (GEC) assists the Group Chief Executive in strategic, cross-business or Group-wide matters and inputs to the Board. GEC includes the Group Chief Executive and excludes colleagues who report to a member or attendee of the GEC, including administrative or executive support roles (personal assistant, executive assistant)
- GEC and GEC direct reports includes the Group Chief Executive, the Group Chief Financial Officer and colleagues who report to them or to any other member or attendee of the GEC, excluding administrative or executive support roles (personal assistant, executive assistant)
- Senior managers: Grades F, G and Executive (Executive being grades above G)
- A colleague is an individual who is paid via the Group's payroll and employed on a permanent or fixed-term contract (employed for a limited period). Includes parental leavers and internationals (UK includes Guernsey, Isle of Man, Jersey and Gibraltar). Excludes leavers, Group non-executive directors, contractors, temps and agency staff
- Diversity calculations are based on headcount, not full-time employee value
- Ethnicity data excludes non-UK colleagues

[1] Data is collated and reported in compliance with the provisions of section 414C(8)(c) Companies Act 2006.
[2] Data is collated and reported in compliance with the provisions of section 414C(8)(c) Companies Act 2006.
[3] Senior positions on the Board refer to the roles of the Chief Executive Officer, Chief Financial Officer, Senior Independent Director and Chair of the Board.
*Indicator is subject to Limited ISAE 3000 (revised) assurance by Deloitte LLP for the 2024 Sustainability Reporting. Deloitte's 2024 assurance statement and the sustainability metrics basis of reporting 2024 are available online at sustainability download.