

# A guide to insurance excesses



For consumer advocates





## What can go wrong?

Sometimes your insurer will refuse to pay your claim until you have paid the **excess**.

The **excess** is the contribution to a claim that you have to pay. The amount and types of excess you have to pay will be stated on your **certificate of insurance**.

If you are in financial difficulty and cannot afford to pay the excess for an insurance claim, the insurer may reject your claim leaving you with a large repair bill you have no way of paying.



## How can FOS help you?

If your insurance claim has been rejected because you are unable to pay your excess, your first step should be to complain to your insurer. You should explain that you are in financial difficulty and cannot currently afford to pay the excess but that your claim is otherwise covered by your policy. To find your insurer's complaint details, go to [www.fos.org.au/members](http://www.fos.org.au/members) or call us.

If you are not happy with the insurer's response or you don't get a response, you should lodge a dispute with FOS.

Disputes can be lodged with FOS on our website [www.fos.org.au](http://www.fos.org.au) or by calling 1800 367 287.

## What is FOS's approach?

When considering disputes about insurance excess, FOS takes the view that:

- an insurer cannot automatically reject a claim because you can't pay the excess if that claim would otherwise be covered by your insurance policy
- your inability to pay the excess does not prevent FOS from considering a dispute about the claim.

If you cannot pay an excess because of financial difficulty, FOS *may* conclude that:

- the insurer should pay the claim amount minus the excess and you should pay the excess over time, or
- the insurer should pay the claim amount in cash minus the excess.

Similar principles apply in cases where a person has damaged another person's property.



## Before contacting FOS

We recommend that you collect the following information before lodging a dispute with FOS:

- copies of the certificate of insurance and the insurance policy
- a written summary of the events leading up to the claim
- copies of all letters received from the insurer about the claim
- a written record of any conversations you have had with your insurer about the claim, including the date and time of conversation, the name of the person spoken to, and a summary of what was said.



## Who are we?

The Financial Ombudsman Service (FOS) Australia offers fair, independent and accessible dispute resolution for consumers who are unable to resolve complaints with member financial services providers.

Our members include banks, insurers, credit providers, financial advisers and planners, debt collection agencies and other businesses that provide financial products and services.

A not-for-profit, non-government organisation, FOS resolves disputes quickly and efficiently, providing a cheaper alternative than going to court. Our service is free of charge for applicants, with the costs of running the service being met by our members.



## How we help

We resolve disputes between consumers and Financial Services Providers:

- › in a cooperative, efficient, timely and fair manner
- › with minimum formality and technicality, and
- › as transparently as possible, taking into account our obligations for confidentiality and privacy.

This involves understanding all aspects of a dispute without taking sides, and making decisions based on the specific facts and circumstance of each dispute.



## What sorts of dispute does FOS handle?

We can handle disputes about a range of financial issues including:

- › Banking and finance
- › Credit
- › Home, contents, travel and life insurance
- › Insurance broking
- › Financial planning
- › Investments
- › Managed funds
- › Mortgage and finance broking
- › Pooled superannuation funds
- › Stockbroking
- › Timeshares
- › Estate planning and management
- › Traditional trustee services

## Case study

Mark crashed his car into a parked car at a shopping centre. The accident was his fault. Mark had comprehensive motor vehicle insurance and he lodged a claim with the insurer for the repairs to both vehicles, which would cost around \$8,000.

The damage was covered by Mark's insurance policy. However, Mark was unable to pay the policy excess of \$2,000 because he was in financial difficulty. He had recently lost his job and was living off Centrelink benefits. The insurer denied Mark's claim because he could not pay the excess.

Mark spoke to a financial counsellor, who called the insurer and was given the same response as Mark was given. The financial counsellor advised Mark to lodge a dispute with FOS, which he did.

FOS concluded that because the damage was covered by Mark's insurance policy, the insurer should have approved Mark's claim, even though Mark could not pay the excess. However, Mark was still obliged to pay the excess.

The insurer agreed to pay out the claim to repair the two cars, and Mark agreed to pay the excess back to the insurer in instalments of \$100 a month.



## Useful information

### **Are there time limits?**

There are time limits for lodging a dispute with FOS. In most cases, you have two years to lodge a dispute with us from the date of the financial services provider's final response to your complaint with them.

If you have not contacted your financial services provider's complaints area, you must lodge your dispute with FOS within six years of the date you became aware of the loss you suffered.

We may still consider a dispute lodged after either of these time limits if we believe exceptional circumstances apply.

### **What if we can't help with your dispute?**

If we can't manage your dispute, we can often suggest other organisations that may be able to help. You can call the Australian Securities and Investment Commission hotline on 1300 300 630 or visit [www.asic.gov.au](http://www.asic.gov.au) for advice on who else you can ask for help.

### **Will you need help lodging your dispute?**

Our service is free to consumers and you do not need to pay someone to help you lodge a dispute with FOS. If you think you may need help, you might qualify for free legal aid or financial counselling assistance. Visit [nationallegalaid.org](http://nationallegalaid.org) or [financialcounsellingaustralia.org.au](http://financialcounsellingaustralia.org.au) for more information.

If English is not your first language, information on the FOS website is available in a range of languages. We can also arrange access to a free interpreter service.



## **Interpreter service**

Call the free interpreter service on 131 450 or call us on 1800 367 287 (9am to 5pm Melbourne time from Monday to Friday) and we will organise an interpreter for you.

## **Accessibility**

We are tailoring our website to be as accessible as possible. We have added descriptive terms to images to help visually impaired consumers access information on the FOS website and we provide phone services for consumers with a hearing or speech impairment.

## **National Relay Service**

For the hearing and speech impaired  
[www.relayservice.gov.au](http://www.relayservice.gov.au)

TTY / Voice call 133 677 (local)

Speak & Listen 1300 555 727 (local)

Internet Relay Call

Go to [www.relayservice.gov.au](http://www.relayservice.gov.au), select the type of call and enter our number 1800 367 287.

*Please note that we do not provide legal or financial advice. Details of consumer advocacy and legal services are provided on our website.*



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AUSTRALIA

## Contact us

The following options are available when lodging a dispute with FOS:

### Online

Disputes can be lodged online at [www.fos.org.au](http://www.fos.org.au) or by sending an email to [info@fos.org.au](mailto:info@fos.org.au)

### Phone

Disputes can be lodged by calling us on **1800 367 287 (1800 FOS AUS)** (9am to 5pm from Monday to Friday)

### Mail

Dispute forms can be sent to:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne 3001