



Small Business
Commissioner

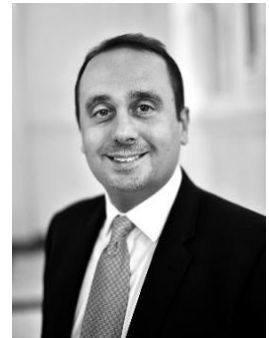
Small Business Commissioner's Report on Zurich Insurance PLC

September 2019

The Small Business Commissioner's report on payment practices at Zurich Insurance PLC

Summary of Complaint

A small vehicle repair specialist business contacted the Small Business Commissioner (SBC) on 20 March 2019 regarding the late payment of vehicle repair service fees owed by Zurich Insurance PLC. They submitted an invoice for £1998.58 on 14 February 2019 with agreed payment terms of 10 days from the date of invoice. However, payment was not received on the due date despite numerous attempts to obtain payment.



Paul Uppal, Small Business Commissioner

Outcome

After a formal complaint was made the SBC contacted the claims handling department at Zurich Insurance PLC several times before being advised that the matter would be resolved and payment for the outstanding invoice would be made imminently.

The SBC contacted the small business to confirm receipt of payment and found that the invoice remained unpaid. After further chasing, Zurich Insurance PLC blamed IT issues for the delay in payment, confirming a manager had approved the invoice and payment would be made by cheque within 5 to 7 working days, however this was not the case. The SBC contacted the Chief Financial Officer (at Zurich Insurance PLC) to escalate the investigation and payment was eventually made 65 days outside of the agreed payment terms. The delay was supposedly caused by an administrative error and a breakdown of approval process.

The SBC encouraged charging late payment interest and compensation, but the small business failed to pursue the case further in fear of damaging their future trading position with Zurich Insurance PLC.

The Commissioner made the following recommendations:

- Zurich Insurance PLC review their escalation processes and ensure suppliers are provided with factual information;
- Zurich Insurance PLC improve their payment practices and internal communication procedures so that payment is made within agreed payment terms;
- Small businesses exercise their statutory right to claim interest (at 8% over the Bank of England base rate) and compensation for debt recovery costs under the Late Payment legislation.

Kirtsy Wilson, Chartered Insurer at Zurich Insurance PL commented:

"Following an internal review of the payment in question, Zurich accepts that there were delays in the time taken to raise the payment to the small business and apologises for this and for the lack of response to the initial calls requesting the same.

"In accordance with your recommendations, we will conduct a full review of the process and ensure that feedback is provided to the teams where improvements can be made. We continue to strive to make improvements in relation to payment practices and therefore we will continue to monitor performance in this area.

"We will also ensure that our vendor management team is made aware of your determination and continues to liaise with suppliers regarding any concerns they may have with the process, including late payments."

Paul Uppal commented:

"This is yet another example of a delay in payment caused by administrative errors. The amount of time it took to navigate through the company's internal communication system and speak to a person with sufficient delegated responsibility to resolve the dispute, is simply not acceptable. As a result of this delay, the complainant was close to incurring interest on their business overdraft which would have impacted their cash flow.

"As a large insurer, Zurich Insurance PLC must have more efficient systems in place and also realise how the simple failure of their administration processes can impact its small business supply chain.

"Zurich Insurance PLC have taken my recommendations on board and moving forward I hope they will demonstrate better payment practices and take ownership of unpaid invoices at an earlier stage to prevent small businesses from suffering undue financial and mental distress."

The Commissioner would like to hear from any other small businesses who supply Zurich Insurance PLC to find out about their experiences of payment, whether positive or negative. This can be anonymous if suppliers are concerned about their future business relationships.

Support and guidance can be found on the Small Business Commissioners website:
www.smallbusinesscommissioner.gov.uk

Complaint Timeline

14/02/2019	Small business submitted invoice to Zurich Insurance PLC.
21/02/2019	Small business contacted Zurich Insurance PLC for update on payment.
18/03/2019	Small business advised invoice received but incorrectly processed. No timescale provided for rectifying error.
20/03/2019	Small business contacted SBC to make formal complaint.
21/03/2019	Email notification of complaint sent to Zurich Insurance PLC, Claims Handling Department. Requested response and assistance to resolve complaint.
27/03/2019	No reply received from Zurich Insurance PLC. SBC contacted small business to feedback lack of communication.
28/03/2019	Senior Associate in Third-Party Claims Department explains late payment caused by incorrect data input.
29/03/2019	SBC requested copy of original email sent to Senior Associate at Third Party Claims Department, from Zurich Insurance PLC.
02/04/2019	Spoke to Claims Handler at Zurich Insurance PLC, assured payment will be chased.
02/04/2019	Email to Zurich Insurance PLC Claims Handler, confirming phone conversation.

03/04/2019

Reply received. Claims Handler confirms payment added to system, cheque to follow.

03/04/2019

Requested expected date of payment from Zurich Insurance PLC.

03/04/2019

Zurich Insurance PLC advised payment to be received within 5-7 working days

03/04/2019

SBC informed small business expected payment date. Requested notification upon receipt.

15/04/2019

Contacted small business to confirm payment received.

15/04/2019

Small business advised no payment received and interest will be incurred on business overdraft from 18/04/2019.

15/04/2019

Contacted Zurich Insurance PLC. On hold for 15 minutes before connected to relevant department.

Advised payment still not authorised, decision maker at lunch but will return call.

No call received.

15/04/2019

Contacted Zurich Insurance PLC, Customer Complaints Department to obtain Finance Directors details.

Email and recorded delivery letter sent to CFO.

15/04/2019

Zurich Insurance PLC advised email forwarded to new UK CFO.

Advised previous CFO no longer works in UK (contradictory to initial information provided by Advisor from Customer Complaints).

15/04/2019 Letter and email sent to new CFO. Awaiting reply.

16/04/2019 Telephone message received from Zurich Insurance PLC. Advised payment authorised, to be sent next day.

17/04/2019 Senior Customer Care Advisor advised apology made to small business and confirmed payment due date.

17/04/2019 SBC contacted small business to relay information.

24/04/2019 Small business contacted SBC to advise cheque received 19 April 2019.

24/04/2019 Zurich Insurance PLC, CFO contacted SBC to advise payment made and small business updated accordingly.

Glossary

Complaints Handling Scheme

Small businesses can complain to the [Small Business Commissioner](#) about payment problems they are encountering concerning their larger business customers, making non-binding recommendations on how the parties should resolve their disputes.

Larger Business (Medium or Large Business)

Larger business means a business that is not a small business. A larger business will therefore have more than 50 employees and will encompass both medium and large businesses as defined by the [Companies Act 2006](#).

The full definition of a larger business in relation to the Small Business Commissioner complaints handling service can be found in [The Enterprise Act 2016](#).

Small Business

For the purpose of determining who is in scope of the Small Business Commissioner complaints handling scheme, a small business is a business which has fewer than 50 employees.

The full definition of a small business in relation to those in scope of the Small Business Commissioner complaints handling service can be found in [The Small Business Commissioner \(Scope and Scheme\) Regulations 2017](#).

The Office of the Small Business Commissioner

This document can be downloaded from:

www.smallbusinesscommissioner.gov.uk

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