



BRIEFING PAPER

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Small claims

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Summary

This briefing paper deals with the law in England and Wales.

Defended cases in the civil courts are assigned to one of three tracks, one of which is the small claims track (the others are the multi-track and the fast track). The small claims track is supposed to provide a simple and informal way of resolving disputes. Although lawyers may be instructed, in most cases, the court will not order legal costs to be paid by the losing party. This means that the successful party must generally pay their own costs and for this reason, many claimants deal with a small claim without the help of a solicitor. In contrast, in multi-track or fast track cases, the successful party would normally expect to recover costs from the losing party.

The financial limit for the small claims track for many types of claim is currently £10,000. A lower limit of £1000 applies to claims for personal injury and housing disrepair. From time to time, the Government of the day has considered whether or not to raise the small claims limit, generally, or specifically for certain types of claim. A number of arguments have been made for and against doing so. For example, those in favour of an increase in the limit for personal injury claims have pointed to disproportionately high costs in lower value claims, and have argued that lower value injuries are straightforward for an unrepresented litigant to understand. Those against an increase have argued, among other things, that personal injury claims involve complex law and that potential claimants could be deterred from making a claim, or accept too low a settlement figure, because of the difficulties involved. They also point to a potential “inequality of arms”.

In December 2012, the Ministry of Justice launched a consultation on proposals to increase the small claims track limit to £5,000 for road traffic accident personal injury claims. In its October 2013 response to that consultation, the Coalition Government said that it still believed that there were good arguments for increasing the limit. However, after considering the consultation responses and a Transport Committee report, it was persuaded, on balance, that it would not be appropriate to increase the small claims limit at that stage. The Coalition Government said it would consider the impact of other reforms and would keep this issue under consideration.

The Government is now proposing to increase the small claims track limit for personal injury claims to £5000, and to remove the right to general damages for minor soft tissue injuries. The Government is concerned about the number of whiplash claims and the impact of legal costs on motor insurance premiums. It has said that there will be a consultation on the detail of the reforms, including safeguards, in due course, accompanied by an impact assessment. The Government considers that most minor injury cases are straightforward enough to be brought without the need for legal representation and that the increase is “both justifiable and proportionate”.

The Law Society and the Association of Personal Injury Lawyers are among those who have raised concerns about the effect of the Government’s proposals and the prospect of claimants having to represent themselves when the defendant might be legally represented, and when there might be complex issues involved. The Association of British Insurers (ABI) has welcomed the new proposals.

There has been some debate about whether the cost of motor insurance premiums will fall as a consequence of the proposed reforms. The Government considers that the reforms should result in a saving for motorists, but others question whether savings will be passed on by insurers.

1. The small claims track

1.1 The civil court tracks

Every defended civil case has to be allocated to one of three tracks.

The track that the case follows is decided by a judge and is based on the value of the claim and how complicated the case is. If a case is complex, the judge may refer it to another track for a full hearing, even if it is below the financial limit of that track. A claim's allocation to a particular track has consequences for its subsequent case management and other matters, such as costs.

The tracks are:

- the small claims track - generally for lower value and less complicated claims with a value of up to £10,000 although there are some exceptions (see below);
- the fast track – generally for claims with a value of between £10,000 and £25,000;
- the multi-track - for very complicated claims generally with a value of £25,000 or more.¹

The small claims track is one of three tracks to which a case may be allocated in the civil court

1.2 The financial limit for small claims

The financial limit for many small claims in England and Wales is £10,000 (until April 2013 it was £5,000). However, the rules for personal injury claims and housing disrepair claims are different:

- A personal injury claim which has a financial value of not more than £10,000 will be allocated to the small claims track only if the value of the claim for the personal injuries themselves is not more than £1,000.
- A claim by a tenant of residential premises against their landlord for repairs, or other work to the premises, will generally be allocated to the small claims track only where the cost of the repairs or other work is estimated to be not more than £1,000, and the financial value of any other claim is not more than £1000.²

There is a lower financial threshold for personal injury claims and housing disrepair claims

1.3 Costs

A general principle of civil court procedure is that the loser pays the successful party's legal costs (there are rules which determine how much can be recovered, and in some types of claim there are fixed recoverable costs). However, this principle does not apply to small claims, where, in most cases, the court will not order solicitors' costs to be paid by the losing party. This means that the successful party must generally pay their own costs in a small claims track case. For this reason, many claimants deal with a small claim without the help of a solicitor.

Costs are not usually awarded to the successful party in the small claims track

¹ HM Courts and Tribunals Service, [EX305 The Fast Track and the Multi-Track in the civil courts](#), 2014

² [Civil Procedure Rules, Rule 27\(1\)](#)

1.4 Help for litigants in person

Advice is available online for people bringing or defending a claim without the help of a lawyer (litigants in person) including:

- Civil Justice Council, [A Guide to Bringing and Defending a Small Claim](#), April 2013;
- Citizens Advice, [Small claims](#);³
- HM Courts and Tribunals Service, [The Small Claims Track in Civil Courts EX306](#), April 2014.

³ Accessed 15 November 2016

2. Previous consideration of increasing the small claims limit

Summary

The question of whether the limit for small claims should be increased, generally, or in relation to particular types of claim, has been considered on a number of occasions, with a number of arguments being made for and against this course of action. The limit for claims was increased generally from £5,000 to £10,000 in April 2013. However, the lower limit of £1000 for personal injury claims and housing disrepair claims remains unchanged.

2.1 Arguments for and against increasing the small claims limit

From time to time, the Government of the day has considered whether or not to raise the small claims limit, generally, or specifically for personal injury and/or housing disrepair claims.

In 2007, a Department for Constitutional Affairs⁴ consultation paper set out arguments for and against increasing the limit for personal injury claims. Some of the arguments made by those in favour of an increase were:

- insurers cited disproportionately high costs as proof that the fast track system was not working well for personal injury claims with a value at the lower end of the scale;
- the small claims track was viewed by some as a more efficient system which would give rise to a more predictable process;
- an increase in the limit would lead to a decrease in the amount of money paid out by insurers (as they would not be burdened with paying the claimant's legal costs) which in turn might lead to a decrease in insurance premiums;
- lower value injuries, such as whiplash were considered simple and straightforward for a claimant in person to understand;
- support and assistance was already available to litigants in person;
- the impact of inflation should be taken into account.

Some of the arguments made by those against raising the limit were:

- the complexity of personal injury claims and the substantive law involved, often required independent legal guidance and expert evidence, the cost of which would be prohibitive if the limit were raised;
- potential claimants could be put off making a claim because of the difficulties involved, for example, in identifying the right defendant and establishing a breach of duty of care; and collating the necessary evidence;
- there could be an inequality of arms as, in a vast majority of claims, the defendants to personal injury claims were insured and insurance companies could afford to be legally represented or

⁴ Now the Ministry of Justice

- would use expert claims handlers, even in lower value claims; whereas if the limit was raised, the claimant would often not be able to afford legal representation and would have no prior knowledge of establishing a claim;
- access to justice could be reduced for the most vulnerable in society;
 - although referred to as low value claims, a sum of £1000 or £2000 was a significant sum of money to the overwhelming majority of the population;
 - claimants in person could potentially undervalue their personal injury claims and accept an offer of settlement that was too low;
 - existing provisions could already stop disproportionate costs being incurred.⁵

2.2 2005 - Constitutional Affairs Committee recommends reconsideration of limits

On 6 December 2005, the House of Commons Constitutional Affairs Committee⁶ published its report, [The courts: small claims](#).⁷ In part 5 of the report, the Committee considered the small claims limit on claims for personal injury and housing disrepair and concluded that they were in need of reconsideration. In February 2006, the Labour Government's [response](#) to the Committee's report stated that all the case track limits would be considered.⁸

2.3 Labour Government decision not to increase limits

On 20 April 2007, the Department for Constitutional Affairs published a consultation paper, [Case track limits and the claims process for personal injury claims](#).⁹ The paper concluded that the small claims track limit of £1,000 for personal injury cases should remain, on the basis that the claims process could be improved "to provide for fair compensation in a more efficient and cost-effective way". The paper continued: "It is considered that this approach provides a better balance between the rights of claimants and defendants".¹⁰

In July 2008, the Ministry of Justice published its post-consultation report, *Case track limits and the claims process for personal injury claims*.¹¹ It stated that the majority of respondents agreed that the small claims track limit for personal injury claims should remain at £1,000, although a minority stated that they would prefer to see the limit increased. The report further stated that a very large majority of respondents agreed that the small claims track limit for housing disrepair claims should also remain at the same level. An overwhelming

⁵ [Department for Constitutional Affairs, Case track limits and the claims process for personal injury claims](#), CP 8/07, 20 April 2007, pp 12-16

⁶ As it was then, now the Justice Committee

⁷ 6 December 2005, HC 519

⁸ Cm 6754

⁹ CP 8/07

¹⁰ At p3

¹¹ CP(R) 08/07

majority of respondents agreed that the small claims track limit for general claims should remain at £5,000. The Labour Government concluded that the small claims track limits should remain unchanged.

2.4 Increase to general limit in 2013

In March 2011, the Coalition Government consulted on its plans to simplify the civil courts. In its consultation document, [Solving disputes in the county courts: creating a simpler, quicker and more proportionate system](#), the Ministry of Justice put forward plans to introduce a simplified procedure for personal injury claims and to increase the small claims track limit.¹² It proposed increasing the small claims track limit (for claims not relating to personal injury or housing disrepair) to an appropriate figure, suggested to be £15,000. It was proposed that the figure for personal injury and housing disrepair remain at £1,000.

In its [response to the consultation](#) in February 2012, the Ministry of Justice set out its conclusions and next steps.¹³ The response stated that the general small claims track limit would be raised to £10,000, with the aim of increasing it further to £15,000 in the future after full evaluation of the increase to £10,000. The limit increased to £10,000 from April 2013.

2.5 Coalition Government consultation on raising the threshold for road traffic accident personal injury or whiplash claims

In its February 2012 consultation response, the Coalition Government said there would be no change to the limit for personal injury and housing disrepair claims.¹⁴ However, on 16 May 2012, it said that it would consult on raising the small claims threshold for personal injury claims "to reduce the costs of challenging fraudulent cases in court".¹⁵

Consultation

The consultation document, [Reducing the number and costs of whiplash claims: A consultation on arrangements concerning whiplash injuries in England and Wales](#) was published in December 2012.¹⁶ The consultation closed on 8 March 2013. The Coalition Government proposed bringing more personal injury or whiplash claims arising from road traffic accidents into the small claims track. It presented three options:

- increase the small claims track threshold for road traffic accident (RTA) whiplash claims to £5,000;

¹² Ministry of Justice, [Solving disputes in the county courts: creating a simpler, quicker and more proportionate system: A consultation on reforming civil justice in England and Wales, Consultation paper CP6/2011](#), March 2011, para 39

¹³ Ministry of Justice [Solving disputes in the county courts: creating a simpler, quicker and more proportionate system: A consultation on reforming civil justice in England and Wales. The Government Response](#), Cm 8274, February 2012

¹⁴ *Ibid* para 21

¹⁵ [HC Deb 16 May 2012 c174W](#)

¹⁶ CP17/2012

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- increase the small claims track threshold for all RTA personal injury claims (including whiplash) to £5,000; or
- retain the current threshold.

The Coalition Government's stated view was that many small value whiplash claims are relatively straightforward and that the small claims track might be a more suitable venue in which to determine them than the fast track. Additionally, they stated, the change would provide a better framework for the challenge of fraudulent or exaggerated claims.¹⁷

The consultation document stated that the Coalition Government recognised three primary risks in their proposals:

- Firstly, a reduction in access to justice resulting from injured parties either not claiming initially, or not challenging rejections of valid claims. This, the document said, might be an unintended consequence of a claimant on the small claims track being less likely to obtain legal representation without cost to them.
- The second risk noted was based around 'equality of arms'. Given the limits on costs recovery, claimants were more likely to be self-represented in the small claims track than the fast track and there was a risk that claims would not be presented with equal skill, as the defendant was likely to be represented professionally.
- The third risk identified was that, without representation, individuals with valid claims might be more likely to accept settlements of less than the amount which would provide fair compensation for the injury they suffered.¹⁸

Coalition Government response: no change to limit

The Coalition Government's response to the consultation was published in October 2013.¹⁹

The Coalition Government believed that there were good arguments for increasing the small claims track limit to £5000 for all road traffic accident claims. However, after considering the consultation responses and the Transport Committee's report, *Cost of motor insurance: whiplash*, it was persuaded that, on balance, it would not be appropriate to increase the small claims limit for RTA-related personal injury claims at that stage. The Coalition Government said it would consider the impact of other reforms and would keep this issue under consideration:

Therefore, while the Government believes that an increase in the Small Claims limit in this sector would provide additional benefits, it regards it as sensible and pragmatic to consider the combined impact of earlier reforms before embarking on any further change now. As detailed elsewhere in this response, the Government has already taken a number of significant steps to tackle the over-inflated personal injury claims market. We also wish to take further time to consider how best to mitigate any negative

¹⁷ Ibid para 59-60

¹⁸ Ibid paras 65-67

¹⁹ [Reducing the number and costs of whiplash claims: A Government response to consultation on arrangements concerning whiplash injuries in England and Wales Cost of motor insurance – whiplash: A Government response to the House of Commons Transport Committee, October 2013](#)

impacts which might arise as a result of increasing the Small Claims track limit. The Government will though keep this issue under consideration for implementation when appropriate.²⁰

²⁰ Ibid Part 3, paragraphs 38 to 45

3. Government's proposals to increase small claims track limit for personal injury claims

3.1 Government proposals

In November 2015, the Government set out proposals to increase the small claims track limit for personal injury claims to £5000. The proposals were included in the [Spending review and autumn statement 2015](#):

3.103 Motor insurance – The government will bring forward measures to reduce the excessive costs arising from unnecessary whiplash claims, and expects average savings of £40 to £50 per motor insurance policy to be passed onto customers, including by:

- removing the right to general damages for minor soft tissue injuries [footnote: Claimants will still be entitled to claim for 'special damages', including treatment for any injury if required and any loss of earnings]
- removing legal costs by transferring personal injury claims of up to £5,000 to the small claims court.²¹

Government proposal to increase small claims track limit for personal injury claims to £5000

A number of subsequent Parliamentary Questions have asked for further information about the proposals. The Government has replied that there will be a consultation on the detail of the reforms, including safeguards, in due course, accompanied by an impact assessment.²²

It has recently been reported that the Government has decided not to proceed with reforms "at the moment".²³ However, in the most recent written answer, Justice Minister, Sir Oliver Heald, said that the Government remained concerned about the continuing high number and cost of whiplash claims and the impact on motor insurance premiums. He said that the Government would publish details of its further reforms in this area "shortly".²⁴

3.2 Reaction to the proposals

The Law Society and the Association of Personal Injury Lawyers are among those who have raised concerns about the Government's proposals.

The Law Society considers it unfair that more people will have to claim as litigants in person even though defendants may continue to pay for legal advice. Jonathan Smithers, who was then Law Society president, said that there may be complex issues involved even in lower value claims:

'This is a fivefold increase in the present level of cases currently within the small claims procedure, benefiting those who have

²¹ Cm 9162, November 2015 at p125

²² [For example, PQ 26221 \[on Civil Proceedings: Fees and Charges\], 16 February 2016](#)

²³ John Hyde, "[Insurers lament 'delay' to whiplash reform](#)", *Law Society Gazette*, 13 October 2016

²⁴ [PQ 51776 \[on Motor Vehicles: Insurance\], 8 November 2016](#)

negligently harmed people and will result in more people trying to work their way through a complex court system without any legal advice. People recovering from their injuries will have to bring claims as litigants in person (without any legal advice) and this can be very unfair because those defending the claims can often afford to pay for legal advice. This therefore undermines ordinary people's ability to access justice. Especially if defendants simply deny liability forcing people to fight through the courts without legal help.

'Personal injury claims, even lower value claims, can include serious injuries arising from the fault of an employer or other road traffic accidents where legal rights can be very complex and the injuries caused debilitating. A new limit of £5000 will mean personal injuries including facial scarring would be considered as 'small claims'. This is totally unacceptable.²⁵

The Association of Personal Injury Lawyers (APIL) considers that the proposals might lead to an increase in cold-calling from claims management companies. Jonathan Wheeler, who was then APIL president said:

Only two years ago the Government ruled out increasing the small claims court limit because there were no adequate safeguards to protect genuine claimants. There are still no adequate safeguards. If the small claims court limit is raised to £5,000 all that will happen is that genuine victims of injury will not be able to afford the legal help they need to bring genuine claims and there will be an epidemic of cold calling from claims management companies as they rush to take advantage of vulnerable people who won't be able to afford legal representation. We need to remember that these are people who have been needlessly injured by the negligence of others. Removing the right to damages for pain and suffering would show a callous indifference to the suffering of people who were needlessly injured by the negligence of others.²⁶

The Association of British Insurers (ABI) welcomed the Chancellor's statement. ABI Director General, Huw Evans, said:

This is a significant breakthrough in tackling the compensation culture and is good news for motorists. Insurers have long called for meaningful reform in reducing costs in the compensation system, including increasing the Small Claims Track Limit. Previous Government reforms have already led to insurers passing on over £1 billion in savings to motorists through lower premiums, and in a highly competitive motor insurance market, insurers will continue to pass on savings to customers.²⁷

3.3 Petition

An [e-petition](#) on the UK Government and Parliament Petitions website called for the small claims track limit for personal injury claims to remain at £1,000. It stated that the increase would "restrict access to justice

²⁵ Law Society press release, [Law Society slams personal injury claims limit rise](#), 26 November 2015 [accessed 15 November 2016]

²⁶ APIL, [Chancellor's Autumn Statement – reaction from Association of Personal Injury Lawyers \(APIL\) 25 November 2015](#) [accessed 15 November 2016]

²⁷ ABI, [2015 Autumn Statement: ABI comment on measures to end the right to cash compensation for minor whiplash injuries](#), 25 November 2015 [accessed 15 November 2016]

for thousands of people” and would “put firms of solicitors out of business, leading to unemployment in the legal sector”.²⁸

The Government’s response expressed concern about the number of whiplash claims and the impact of legal costs on motor insurance premiums. It considered the increase to be “both justifiable and proportionate” and said that there would be a consultation on the issue:

Raising the personal injury small claims limit will remove the ability of the claimant to recover legal costs associated with such claims by transferring them to the small claims court. The personal injury small claims limit has been set at £1,000 for nearly 25 years and the Government believes it is both justifiable and proportionate to increase the limit to £5,000.

In addition, the reforms will remove the right to claim for damages for pain, suffering and loss of amenity for minor whiplash injuries. However, people who suffer more serious injuries will continue to be entitled to such compensation. Compensation for other areas of loss such as the costs of medical treatment or for loss of earnings will remain available to all claimants.

The Government is of the view that most minor injury cases are straightforward enough to be brought without the need for legal representation, and that a revision of the small claims track limit for personal injury claims is “long overdue”:

Claimants are not precluded from engaging legal representation, but the small claims track is intended for cases which could be brought without lawyers. However, the £1,000 limit for personal injury cases in the small claims track was set in 1991 and has not been changed for nearly 25 years, so a revision is long overdue. The Government will launch a consultation in the New Year on the detail of this and the measure to remove general damages for low level whiplash claims.

Most minor injury cases are straightforward enough to be brought without the need for legal representation, making them suitable for consideration in the small claims track.

3.4 Impact of proposals on motor insurance premiums

There has been some debate about whether the cost of motor insurance premiums will fall as a consequence of the proposed reforms.

Government position

The Government considers that the reforms should result in a saving for motorists:

These reforms will end the cycle in which innocent car owners pay higher premiums to cover false or unnecessary claims by others and the Government expects insurers to pass savings of £40-£50 per average motor insurance policy on to consumers. Two

²⁸ [Keep the small claims track limit for personal injury claims at £1,000.00](#) [accessed 15 November 2016]

companies have already said publicly that they will pass all the savings back to consumers.²⁹

The Government has also acknowledged that it is not going to force insurance companies to pass on savings:

Asked by Andy Slaughter (Hammersmith) on: 16 December 2015

To ask Mr Chancellor of the Exchequer, whether his Department plans to use any of its statutory regulatory powers to ensure that there is the reduction in the cost of car insurance referred to in paragraph 1.143 of the Spending Review and Autumn Statement 2015.

Answered by: Harriett Baldwin on: 18 January 2016

The pricing of insurance products is a commercial matter for individual insurers in which the Government does not seek to intervene. The motor insurance market is intensely competitive and the Government therefore expects that the insurance industry will pass on savings to consumers.

Some insurers have already committed to pass on all savings to consumers as a result of the proposed changes.³⁰

On 4 March 2016, Dominic Raab, then a junior Justice Minister, said, "Leading insurers have committed to give customers 100% of the savings made from new Government reforms to help slash the cost of motor insurance. Some have already made public their intention to do so".³¹

The Gov.UK website has this news story:

- Ministry of Justice, [*Insurers vow to pass on whiplash reform savings*](#), 28 December 2015.

While calling on the Government to press ahead with its reforms related to minor whiplash injuries, the ABI said that the benefit of previous reforms had been passed on:

Previous reforms introduced in 2013 saw £1 billion in reduced costs passed onto customers, proving the insurance industry is true to its word when it says it will pass on savings to consumers.³²

Perhaps in response to the debate, in October 2016, the ABI produced a booklet, [Lifting The Bonnet on Car Insurance What Your Premium Pays For: The Cost of Motor Insurance Explained](#). This states that of the £8 billion spent by insurers on claims in 2015, 37% (almost £3 billion) was for bodily injury claims. Elsewhere, the ABI claim that the delay in introducing reforms is costing motorists nearly £3 million a day:

James Dalton, Director of General Insurance Policy at the ABI said:

"Every day of delay costs honest motorists across the UK nearly £3 million. The plans are drawn up and ready to go so there is no excuse for not pushing ahead.

²⁹ Government response to e-petition, [Keep the small claims track limit for personal injury claims at £1,000.00](#) [accessed 15 November 2016]

³⁰ [PQ 20373 \[on Motor Vehicles: Insurance\]](#), 18 January 2016

³¹ [PQ 29165 \[on Motor Vehicles: Insurance\]](#), 4 March 2016

³² ABI news release, [Ministry of Justice delays to whiplash reform cost motorists nearly £3m a day](#), 13 October 2016 [accessed 15 November 2016]

"If the Ministry of Justice delivers on its promises, millions of honest customers will be better off. If they cave in to the vested interests of the ambulance chasers and cold callers, those businesses will be laughing all the way to the bank at the expense of honest motorists."

The Government said the reforms would save £1 billion a year from premiums, which equates to the delay costing UK motorists nearly £3 million a day and £4 billion over the course of this parliament. An average motorist will be £200 worse off by the end of the Parliament if the Government does not deliver on its promise.³³

Arguments against the Government's position

Others have questioned whether the reforms will necessarily result in savings for motorists. The Government has been challenged on its statement in the [Spending review and autumn statement 2015](#) that it expects "average savings of £40 to £50 per motor insurance policy to be passed onto customers".

In January 2016, the Government provided further information about the figures quoted in the Autumn Statement:

Asked by Catherine McKinnell on: 4 January 2016

To ask the Secretary of State for Justice, with reference to paragraph 1.143 of the Spending Review and Autumn Statement 2015, what assessment he has made of the extent of a fraud and claims culture in the motor insurance industry; and what evidence of such a culture he provided to HM Treasury before publication of the Spending Review and Autumn Statement 2015.

Answered by: Dominic Raab on: 12 January 2016

The Government received and analysed data from numerous sources when formulating the announcement in the Chancellor's Autumn Statement. The quoted figures were arrived at by combining published industry estimates along with data from government and other sources.

Government data, compiled by the Compensation Recovery Unit at the Department for Work and Pensions, indicates that claims volumes remain at historically high levels, some 50% higher than in 2006. Over the same period motor accident rates have fallen by around 26%. This is clear evidence that the system is in need of further reform, which is why on 25 November, in his Autumn Statement, the Chancellor announced tough new measures to control costs and reduce the number of unnecessary whiplash claims.

The Government will consult on the detail of the new reform package in due course and the consultation document will be accompanied by an impact assessment.³⁴

In May 2016, Dominic Raab was asked what assessment had been made of the accuracy of the published industry estimates used to formulate the announcement about the motor insurance industry in the Autumn Statement 2015:

³³ ABI press release, [Ministry of Justice delays to whiplash reform cost motorists nearly £3m a day](#), 13 October 2016 [accessed 15 November 2016]

³⁴ PQ 20722 [on Motor Vehicles: Insurance], 12 January 2016

The Government received data from numerous sources, and the industry estimates do not differ significantly from other available figures...³⁵

In December 2015, following the Government's announcement that leading insurers had committed to giving customers 100% of the savings made from the proposed personal injury reforms, an article on the *Legal Futures* website commented that the Government had not explained if or how this pledge would be monitored and enforced.³⁶

In August 2016, *The Times* carried a front page story, headed "Insurers cheat motorists". It reported that premiums had increased by as much as a fifth in the previous 12 months, adding about £115 to bills, even though Government reforms to the no-win, no-fee industry had led to a drop in whiplash claims.³⁷ In the same article, the ABI denied profiteering and said that savings had been passed on.

APIL welcomed reports that the Government had 'set aside' whiplash reforms. APIL president, Neil Sugarman called on the Government to investigate why insurance premiums were rising:

"When news emerged in the summer that insurers had failed to pass on savings from previous personal injury reforms to motorists, it was clear that the proposed reforms were aiming at the wrong target,"

"Car insurance premiums continue to rise while costs to insurers from personal injury claims are falling. It's now time for the Government to investigate the real reasons for rising premiums and hold the insurance industry to account.

"But there is no room for complacency," he cautioned. "We will continue to argue that any reforms to the personal injury claims process must be based on independent evidence, rather than insurance industry rhetoric."³⁸

3.5 Further reading

- John Hyde, "[MoJ undecided on scope of small-claims limit increase](#)", *Law Society Gazette*, 7 January 2016; [\[accessed 15 November 2016\]](#)
- Neil Rose, "[Government trumpets insurer pledge to pass on whiplash reform savings – but not how it will be monitored](#)", *Legal futures*, 28 December 2015;
- John Hyde, "[APIL 2016: no retreat on personal injury reform, says justice minister](#)", *Law Society Gazette*, 4 May 2016
- Law Society press release, "[Plans to remove right to recover general damages for soft-tissue injuries robustly opposed by the Law Society](#)", 5 May 2016;
- John Hyde, "[Straw backs Osborne on banning 'completely unjustified' whiplash claims](#)", *Law Society Gazette*, 16 June 2016;

³⁵ [PQ 36348 \[on Motor Vehicles: Insurance\]](#), 11 May 2016

³⁶ Neil Rose, "[Government trumpets insurer pledge to pass on whiplash reform savings – but not how it will be monitored](#)", *Legal futures*, 28 December 2015 [accessed 15 November 2016]

³⁷ Graeme Paton, "Insurers cheat motorists", *Times*, 27 August 2016 (subscription required)

³⁸ APIL press release, "[Whiplash reforms 'set aside'](#)", 13 October 2016 [accessed 15 November 2016]

- Neil Rose, "[Finally – insurers get it in the neck for not passing on whiplash savings](#)", *Legal futures*, 30 August 2016;
- "[Whiplash debate and respecting people's rights Pledges that motor premiums would fall by £50 were blatant spin](#)", *Law Society Gazette*, 17 October 2016;
- John Hyde, "[MPs to lobby Truss direct on whiplash reform](#)", *Law Society Gazette*, 18 October 2016;
- Library briefing paper, [Motor car insurance](#).³⁹

³⁹ Number 06061, 1 April 2016

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