

Over £1 billion savings for motorists as whiplash reforms come into force

- car insurance premiums expected to be slashed by around £35 a year
- new online portal to make claims process simpler
- Medical evidence now mandatory under clamp down on exaggerated claims

The changes are designed to reduce the unacceptably high number of whiplash claims made each year, with more than 550,000 in 2019/20 alone, which will allow insurers to cut premiums for millions of drivers.

The reforms include a new user-friendly online portal for road traffic accident claims under £5,000 – simplifying the process and removing the need for expensive lawyers. They also introduce a ban on settling whiplash cases without medical evidence – a practice which has opened the door to fraudulent or embellished claims.

Insurers have pledged to pass on the savings these reforms will create to drivers – worth a total of £1.2 billion.

Despite the UK having some of the safest roads in Europe with fewer crashes reported year-on-year since 2013, road traffic accident claims are more than 40% higher than in 2006. This has been fuelled by a reported increase in exaggerated and often disproportionate claims, driving up the costs of premiums for ordinary motorists. The Government is determined to clamp down on this behaviour and help reduce the cost of insurance for drivers.

The Lord Chancellor, Robert Buckland QC MP, said:

For too long the system for making whiplash claims has been open to abuse by individuals looking for an easy payday – with ordinary motorists paying the price.

Our changes, which come into force today, will put an end to this greedy opportunism and ultimately see savings put back into the pockets of the country's drivers.

Dominic Clayden, Chief Executive of Motor Insurers' Bureau (MIB), who operate the new Official Injury Claim online claims portal, said:

We are pleased to have delivered on our remit to build a service that meets the requirements of these important policy changes.

MIB's focus has always been about making sure the new legal process is as easy and straight forward as possible for anyone who might need to make a claim.

To make sure the service works well for everyone we will continue our work with the Ministry of Justice to listen to feedback and to make further enhancements.

Steve Gooding, director of the RAC Foundation, said:

There are almost as many lurid headlines about whiplash claims as there are claims themselves.

This new system should mean legitimate cases are easier and quicker to deal with, fraudulent claims are more likely to fail and all drivers benefit from decreases in their insurance premiums.

Key changes that have been introduced today include:

- A new digital portal to make a claim for any road traffic related personal injury valued at under £5,000, including claims for whiplash. This means claimants can settle their own claim without the use of a lawyer if they wish. It is anticipated that the majority of road traffic accident claims will use the portal in future.
- Increasing the small claims track limit for road traffic accident-related (RTA) personal injury claims from £1,000 to £5,000. Therefore the majority of all RTA related claims will now proceed through the cheaper small claims track where legal costs are not recoverable.
- A new fixed tariff of compensation for whiplash injuries setting out how much can be claimed for an injury, depending on how long it impacted the claimant with the duration up to two years. It provides claimants with a clear guide to how much their injury would be worth when they make their claim.
- A ban on the practice of seeking or offering to settle whiplash claims without first obtaining medical evidence.

The reforms are part of measures contained in Part 1 of the Civil Liability Act 2018.

The new online portal will revolutionise how claims are made, creating a system that is simple and more efficient to use. It has been tested by professionals in the industry and reviewed to ensure it is easy to understand – with user-guides available to explain how to make and progress a claim at every stage. For those who require additional assistance, a helpline will also be available.

Meanwhile, the increase to the small claims track limit for road traffic accident injuries will mean that claimants whose compensation is valued at less than the £5,000 can use the new portal – in most cases sparing them court appearances, fees and legal costs.

The new whiplash tariffs will give claimants clarity, predictability, and certainty about how much their claim will be worth, while ensuring costs are controlled and that compensation is proportionate to the injury suffered.

Notes to editors

- The online Official Injury Claim portal, developed on behalf of the Ministry of Justice by the Motor Insurers' Bureau (MIB), will guide users through the steps required to make their claim. A user guide, language support service and a telephone helpline are available to those who need further assistance. The new portal will be used for accidents that happen on 31 May 2021 or after.
- Fraudulent claims are limited by requiring all whiplash claimants to provide medical evidence of their injury before any settlement can be made. Currently claims can be settled without this. The portal itself does not seek to identify fraudulent cases but will require medical evidence to be submitted as part of the process for such claims.
- Neither the Guide, nor the telephone helpline, will provide any legal advice.
- The 'Guide to Making a Claim' is designed to support claimants when making a personal injury claim using the Official Injury Claim portal. The guide explains the key legal terms and procedures used in the legal framework that underpins this service – the RTA Small Claims Pre-Action Protocol. It also details what can be claimed for and describes the steps involved, as well as providing more information about the underlying legislation (for example, the Pre-Action Protocol).
- The guide has been developed in association with expert legal practitioners and the voluntary and community sector to ensure that it is both accurate and clear about what needs to be done.
- Two further guides are also available for users to help them navigate the new online system and, where necessary, the court process. These are the Guide to Changes to the Small Claims Limit for Injury Claims (Referring to Part 26 of the Civil Procedure Rules); and the Guide to Practice Direction 27B.
- The telephone helpline can also be used by those who are unable to use the digital system, for example if they do not have an internet connection.
- The latest figures for 2020 show that there were 650,000 road traffic accident related claims of which 550,000 were whiplash related.
- The new tariff which sets out the base level compensation for various injuries can be found here:
<https://www.legislation.gov.uk/ukdsi/2021/9780348220612>
- The RAC Foundation is a transport policy and research organisation which explores the economic, mobility, safety and environmental issues relating to roads and their users.