

Commentary on FSA Complaints Data 2009 H2

Firms are required to report to the FSA every six months on the number of complaints they receive and how they handle them. We have previously published complaints data for 2006 to 2009 H1. We are now providing an update for the second half of 2009.

The data covers the following 3 areas¹:

- Volume of complaints received according to product, type of firm and cause of the complaint. Firms now report the volumes according to 25 different product categories (e.g. credit cards). These product categories can be combined into five different product groups (e.g. Banking).
- Complaints-handling – including the proportion of complaints resolved within eight weeks and the proportion of complaints upheld by firms. We have moved to reporting complaints resolved within eight weeks, rather than complaints that take more than eight weeks to resolve, in order to match the format that firms will be using to publish their own complaints data later this year.
- Redress paid - this shows the redress paid in respect of complaints with a reporting period end date during the period. This figure only covers cases where a cash value can be readily identified. It does not include other types of redress, for example extending the cover provided by an insurance policy, nor does it include redress paid which does not relate to complaints, for example redress paid as a result of enforcement action or where the firm has undertaken a review of past business.

Changes in the data collected in 2009 H2

On 1 August 2009 we introduced new complaints reporting requirements for firms. The new requirements aim to make reporting less burdensome for firms and more useful to the FSA. This means that some data from the second half of 2009 onwards will not always be directly comparable to previous data. As a result of the reporting changes, there are some alterations in this latest data:

- For the first time, for complaints with a reporting period end date after 1 August 2009, we are able to publish the amount of redress paid split into product group and firm type (Table 5).
- For complaints with a reporting period end date after 1 August 2009, we are also able to provide information on the speed of resolution and the proportion of complaints upheld split into the five different product groups (Table 3.2 and 4.2).
- As the reporting changes have amended the product categories and groups we are not able to provide past trends for complaints by type of product. Where possible, we have mapped most of the products into their new categories and provide the data, for 2009 only, in the notes section (Note 3). We have also updated all 2009 H1 data from the previous publication due to firm resubmissions. We will provide trends in future publications.

- The firm categories of 'Bank (inc e-money issuers)' and 'Building Societies' have now been combined into a new single category.

Highlights for 2009 H2

- The FSA had issued a waiver² in 2007 suspending the resolution and reporting of complaints about the level, fairness or lawfulness of unauthorised overdraft charges, while a test case went to court. Following the Supreme Court's judgment on 25 November 2009, this waiver lapsed and firms resumed reporting these cases. This has been a major factor in the increase in the number of new complaints in 2009 H2, as firms began to resolve the backlog of complaints that had been on hold since 2007.
- For the reasons outlined above, complaints about banking have increased to 2,014,371 (table 2.1) and complaints to banks and building societies increased to 2,225,458 (table 2.2).
- The removal of the waiver has also led to increases in complaints about terms and disputed sums or charges to 1,572,133 (table 2.3) and these complaints form the majority of the complaints about current accounts, which increased to 1,627,310 (Note 3).
- The number of closed complaints increased to 1,599,833 in line with trend. We will expect this to rise in the next reporting period, as the bank charge complaints are reported as closed.
- Total redress paid reported for the period 1 August 2009 to 31 December 2009 was £284m.
- The largest amount of redress by product was for general insurance and pure protection (£144m)

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Technical note: interpreting the data

To provide a more detailed analysis of complaints handling data each firm's data has been linked to the FSA's own categorization of that firm's type (e.g. 'bank' or 'discretionary investment manager'). For information on how firms have been grouped by primary category see note 2 to the tables. This provides the analysis by 'firm type' shown for both the volumes and complaints handling data. A caveat of this analysis is that a firm of one type may do a high proportion of other kinds of business not reflected in its primary category. Therefore, this analysis does not provide a perfect match of the complaints handling information and the type of business to which it relates. This issue can also affect the change between periods in the number of complaints reported in each category when firms switch from one category to another.

These statistics only cover reportable complaints, i.e. complaints which have not been resolved by close of business on the business day following their receipt. A complaint

is resolved where the complainant has indicated acceptance of a response from the firm, with neither the response nor acceptance having to be in writing. In many cases, firms will be able to resolve a complaint, particularly an oral complaint, within this time, and it will therefore not be covered by the complaints reporting rules. By definition, we do not have figures for the numbers of complaints that are not reported to the FSA, but the recent [review of complaint handling in banking groups](#) found that the banks assessed resolved 60-80% of all complaints within this timetable.

Following recent changes in the building society sector, we have decided it is no longer appropriate to show separate building society data. We are now producing data for banks and building societies on a combined basis.

¹ The precise scope of the complaints reporting rules are set out in the FSA Handbook - see DISP 1.10 <http://fsahandbook.info/FSA/html/handbook/DISP>

² The scope of the FSA waiver is set out in the following FSA press release: <http://www.fsa.gov.uk/pages/Library/Communication/PR/2007/090.shtml>