

## Commentary on Aggregate Complaints Data 2010 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 from 2006 through to the first half of 2010 (H1). We are now providing an update for the second half of 2010 (H2).

The data covers the following 3 areas<sup>1</sup>:

- Volume of complaints received according to product, type of firm and cause of the complaint. Firms currently 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.
- Redress paid - this shows the redress paid in respect of complaints reported during the stated half year. 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.

## Highlights for 2010 H2

- Total overall number of complaints increased by 3% to 1,795,182 in 2010 H2 (Table 2.1).
- Complaints about ‘general insurance and pure protection’ increased by 37% to 710,678 (Table 2.1) and 454,193 of these were as a result of ‘advising selling and arranging’ causes (Table 1).
- Included in the ‘general insurance and pure protection’ figures above, the total number of complaints about payment protection insurance increased by 63% to 434,596 (Table 2a)<sup>2</sup>.
- Overall, complaints about ‘advising, selling and arranging’ increased by 47% to 538,427 (Table 2.3). This is mainly caused by the increase in complaints about payment protection insurance.
- Complaints about ‘terms and disputed sums or charges’ were the lowest since 2009 H1 at 467,326 (Table 2.3). This is mainly as a result of the bank charges waiver<sup>3</sup> being lifted in November 2009 causing a peak in this type of complaints in 2009 H2 and 2010 H1.
- The total number of closed complaints decreased by 40% to 1,711,607 (Table 2.4). The percentage upheld has increased from 26% in 2010 H1 to 49% in 2010 H2 (Table 4.1) and the percentage of banking complaints upheld went up from 19% to 49% (Table 4.2). These changes are also mainly as a result of the bank charges waiver being lifted<sup>3</sup>.
- The amount of redress paid increased by 11% to £454m (Table 5.1). The largest amount of redress by product was for general insurance and pure

protection which increased by 15% to £319m. This may reflect the large number of complaints relating to payment protection insurance.

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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 categorisation 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 in 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 in reported complaints figures in each category between periods, as firms may 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 when 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.

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 the data from the second half of 2009:

- 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) and 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 trends for complaints by type of product prior to 2009. Where possible, we have mapped most of the products into their new categories and provide the data, from 2009 only, in Table 2a.

We updated all 2010 H1 aggregate data from the previous publication due to individual firm resubmissions.

The FSA's Aggregate Complaints Data are Official Statistics. Official statistics are defined in the Statistics and Registration Service Act 2007 as statistics produced by (amongst others) the (UK) Statistics Board, government departments including executive agencies, and any person designated by an order made by the Secretary of State. The FSA was designated as a body to which the 2007 Act applies by the Official Statistics Order 2009.

A detailed breakdown of the data can be accessed through these links:

(Insert Links here)

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<sup>1</sup> 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>

<sup>2</sup> For more information on PPI complaints please visit the FSA website at: [http://www.fsa.gov.uk/Pages/consumerinformation/product\\_news/insurance/payment\\_protection\\_insurance/index.shtml](http://www.fsa.gov.uk/Pages/consumerinformation/product_news/insurance/payment_protection_insurance/index.shtml)

<sup>3</sup> The FSA had issued a waiver 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 causing the peak in the number of new complaints in 2009 H2, and consequently the increase in the number of closed complaints in 2010 H1, as firms began to resolve the backlog of complaints that had been on hold since 2007. This has also been a factor in the reduction in the percentage of upheld complaints as a proportion of total closed complaints in 2010 H1 (tables 4.1 and 4.2). 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>