

Telephone: 020 7066 9346
Email: enquiries@fs-cp.org.uk

Cosmo Gibson
Redress Policy Team
Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

20 December 2010

Dear Cosmo

CP10/21 Consumer Complaints: The ombudsman award limit and changes to complaints-handling rules

Here is the Financial Services Consumer Panel's response to CP10/21.

The Panel supports the FSA's proposals and welcomes the increased protection given to consumers by increasing the ombudsman award limit and changing the complaints-handling rules.

The Panel's responses to the specific questions in the Paper are set out below.

Q1: Do you agree with our proposal to increase the ombudsman service's award limit for its compulsory jurisdiction, for any complaint referred to the ombudsman service on or after 1 January 2010? If not, what analysis or evidence do you have that it should be higher or lower than the proposed amount?

Yes, we agree with your proposals to increase the ombudsman service's award limit for the reasons set out by the FSA.

Q2: Do you have any comment on our cost benefit analysis (CBA) in relation to this proposal? Do you have any analysis or evidence that supports, contradicts or otherwise relates to this CBA?

We have no comment on the CBA and have no further analysis to provide.

Q3: Do you have any analysis or evidence to present in relation to how the costs of Professional Indemnity Insurance (PII) might change if the ombudsman service award limit is raised to £150,000?

We have no analysis or evidence to present. This is not directly a consumer issue.

Q4: Do you agree with our proposal to remove the two-stage process for complaints handling?

Yes, we agree with your proposal to remove the two-stage process for complaints handling for the reasons given by the FSA.

Q5: Do you agree with our proposal for additional guidance on the processes that firms should have in place to take account of ombudsman service decisions and other relevant material?

Yes, we agree with your proposals for additional guidance. This should result in more consistent treatment between consumers using different service providers. Consumers and firms need readily understandable information and the FSA should discuss this with FOS.

Q6: Do you agree with our proposals for additional guidance on root cause analysis and the processes that firms should have in place to undertake it?

Yes, we agree with your proposals. This should result in more consistent treatment between different consumers using the same service provider.

Q7: Do you agree with our proposals on senior management responsibility?

Yes, we support your proposals but would prefer revised DISP paragraph 1.3.8 to require firms to notify the FSA of the individuals' names so that the information is easily available for consumers. The FSA should consider the costs and benefits of putting the names on the FSA register.

Q8: Do you have any comments on the proposed implementation dates for these proposals?

We question whether firms need to be given until 1 July 2012 to change their complaints procedures and we would prefer the new rules to be implemented earlier.

Q9: Do you have any comment on our cost benefit analysis (CBA) in relation to these proposals? Do you have any analysis or evidence that supports, contradicts or otherwise relates to this CBA?

We have no comments on the CBA. This is not directly a consumer issue.

Q10: Do you agree with the proposed changes to the presentation of the DISP rules?

We have no specific comments on the proposed changes. This is not directly a consumer issue.

Q11: Do you agree with the proposed rules to clarify that complaints can be made free of charge, and that summary details about firms' complaints procedures should be made available free of charge?

Yes, we agree with your proposals. Furthermore, it is critical that the complaints procedure remains free of charge for customers.

Q12: Do you have any evidence of the number of persons suffering detriment (and the size of the detriment) due to identity theft or mistaken identity, who are unable to complain?

We have no evidence, but we support the FSA's initiative in researching into this issue.

Q13: Do you agree with the ombudsman service's proposals for applying the DISP changes in the consumer credit and voluntary jurisdictions?

We have no comments on these proposals.

Yours sincerely,

Adam Phillips
Chairman