

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

Samuel Condry,
Strategy and Competition Division
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

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Dear Samuel,

CP14/30 – Improving Complaints Handling

This is the Financial Services Consumer Panel's response to the proposals on improving complaints handling, set out in CP14/30.

We support the overall direction of these proposals; the Panel is particularly interested in how the FCA proposes to improve consumers' awareness of the complaints process, as well as how it proposes to publish contextualised complaints data, in order to help better inform consumers about the complaints that firms receive.

The Panel believes that, over time, access to information such as enforcement action and complaints data, including types of complaints and uphold rates, can empower consumers to make better informed decisions about their choice of financial services provider.

Where we have substantive comments on individual questions, these are set out below.

Q1: Do you agree that the time period for firms to resolve complaints informally should be extended from the close of the next business day to three business days (following receipt)?

The Panel agrees with the rationale behind increasing the time period. However, we question what evidence there is to suggest three days would be optimum for resolving complaints. The Panel believes five working days would provide a better balance and ensure more consumers receive a satisfactory response, without feeling pressured to accept the outcome.

Allowing consumers to contact the Ombudsman service without having to wait eight weeks, should also in our opinion, mean consumers feel less pressured to accept the decision.

Q2: Do you agree that firms should report to us, and publish, all complaints that they receive?

The Panel agrees that a requirement to publish all complaints would provide consumers with valuable information, and act as an incentive on firms to manage complaints better. However, for the data to be meaningful and comparable, all firms must use the same definition of complaint.

The FCA's 2014 Thematic Review of complaints handling showed that some firms' staff found it difficult to identify 'material' distress or 'material' inconvenience. As a result,

and to avoid missing any regulatory complaints, the review found that firms often adopted a broader definition of complaint to cover 'any expression of dissatisfaction'.

We do not have a view on whether the definition should be widened or not, but it is absolutely crucial that firms apply the definition consistently. We question how the FCA will ensure this happens, when it is clear firms are not capable of getting it right. Otherwise, consistent reporting and meaningful comparisons between firms will still not be possible.

Q3: Do you have any comments on our proposals to improve consumer awareness by requiring firms to send a summary resolution communication in respect of complaints handled within three business days?

We agree, although, as noted above, we believe the period for resolving complaints informally should be five days.

Q6: Do you have any comments on the new complaints publication report?

We support the proposal to publish data to inform consumers about the complaints which firms receive. The Panel believes that, over time, access to information such as complaints data, including types of complaints and uphold rates, can empower consumers to make better informed decisions about their choice of financial services provider. However this data has to be clearly visible to consumers. The FCA should consider where to publish the data to reach the highest number of consumers, including on websites such as the Money Advice Service.

Q8: Do you agree that all post-contract telephone calls to financial services firms should be charged at no more than a 'basic rate'.

We strongly support this proposal.

Q10: Do you agree with our proposal to retain the existing six month and six and three year time limits for complaints made to the ombudsman service?

The Panel believes that the fewer different time limits in place, the less confusing the complaints handling process will be for consumers. It remains unclear what evidence has been considered for maintaining the six month limit? Six months is arbitrary and shorter than most legal time bar limits. Furthermore, we do not believe firms who could otherwise rely on a time bar to get rid of claims, would ever agree to an increased limit. We believe the limit should be set at one year, with or without firms' consent.

The Panel believes that the ADR Directive will entitle UK financial services consumers to access to an ADR scheme with a time limit of not less than 12 months, effective from July 2015. We are concerned that the FCA's interpretation of Article 5, and the failure to make such a scheme available in the UK, could be open to challenge at a future date.

Yours sincerely



Sue Lewis
Chair
Financial Services Consumer Panel