

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Direct line: 020 7066 9346

Local fax: 020 7066 9728

Email: enquiries@fs-cp.org.uk

Alison Hoyland
Financial Ombudsman service
South Quay Plaza
Marsh Wall
London
E14 9SR

27th January 2009

Dear Alison,

Financial Ombudsman Service - Publication of Complaint Data: next steps

The Financial Services Consumer Panel welcomes the opportunity to comment on the Financial Ombudsman Service Consultation Paper on Publication of complaint data. In our response to the Hunt Review we argued in favour of the publication of a league table of firms' complaint records, fairly balanced for total business transacted. We therefore strongly support the intention of the FOS to publish complaint data against individual firms, including the percentage of complaints upheld. However, we would go further and propose that concrete figures should also be published as percentages on their own would be misleading and out of context.

As an overall point we firmly believe that transparency is an important tool in empowering consumers to make better decisions and protect their interests. We believe that making information about firms' performance will ultimately improve compliance, as information about the firm's complaints will affect consumers perception of the brand. It is, however important that the data enables consumers to make useful comparisons between firms of different sizes or business types. We have consistently made representations to the FSA in favour of greater transparency on its part and we have every expectation that we will continue to do so.

We have also stated that we would like to see information made available about firms that fail to pay FOS awards. The Panel has been advised that such occurrences are rare, but nevertheless we would like to see greater transparency in this important area.

The proposed threshold for financial businesses about which the FOS publishes complaint data should be at least 30 new cases and 30 closed cases within the relevant period. This would cover 160 firms with 85% of complaints.

We believe the figure for closed cases to be irrelevant as firms could manipulate the timing of closure to fall within a different year, so affecting whether or not all cases involving it should be published. However, if a figure for closed cases is used as part of the overall equation, we believe it should be no higher than 10.

On the same basis, we believe the figure for new cases should also be no higher than 10. The proposed figure of 30 would certainly catch large, household name firms, and we understand the rationale behind this. However, even 10 cases against a firm of stockbrokers or an IFA would be highly significant to consumers, and we would not be happy to see a higher threshold.

Complaint data is currently recorded against the relevant legal entity. Some of these are part of a larger retail group. We believe that any data made public should relate to the brand, as well as to the overall group. Consumers cannot be expected to know the exact make up of financial groups, particular when brands such as Churchill or Direct Line have as strong an identity as the parent RBS. Similarly Halifax and Birmingham Midshires would be recorded against Bank of Scotland. Customers of the Halifax may not understand that the firm's performance is recorded against the Bank of Scotland. We believe that the complaints data should be listed against each brand individually, and not only in aggregate against each group.

Within any group some brands will perform differently to others. FOS is minded to publish the data for the group businesses below the threshold to provide a full picture of the group. This is less necessary if results are published on a brand basis as it will be transparent which businesses have most complaints. For example, a customer of Coutts may be concerned at high volumes of complaints on the part of RBS, but there may be very few against that part of the business. We therefore urge the FOS to consider how it can report the data by brand as well as by legal entity.

We note that new cases are recorded under the financial business against which the complaint was brought. Where the complaint relates to an act by a business which has been taken over, the charge is laid at the new owner firm. Registration by brand would offer greater transparency and may protect some firms from damaged reputations as a result of the actions of other firms. There are therefore issues with reporting the results of financial groups which we believe could be addressed if reporting was by brand.

The proposed format is simple and clear although we would re-emphasise that the financial business should be listed as the brand name with which the customer is dealing as well as the legal entity it belongs to.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Adam Phillips', with a long horizontal flourish extending to the right.

Adam Phillips
Acting Chairman
Financial Services Consumer Panel

