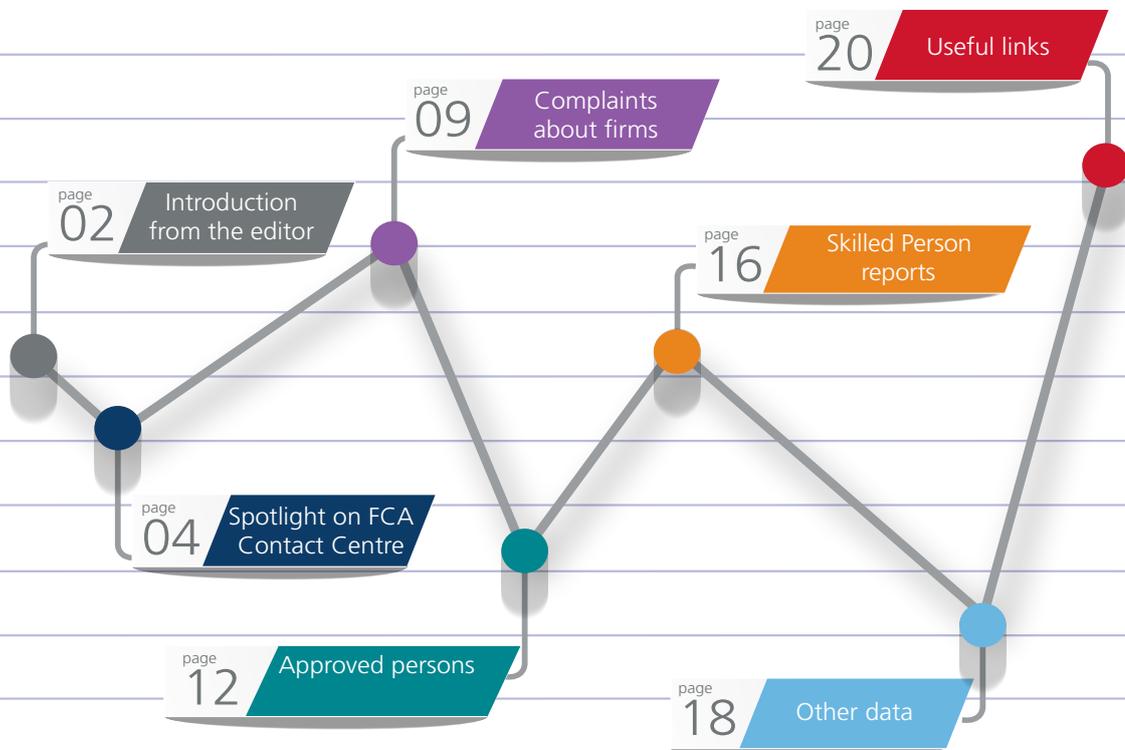


Data Bulletin

May 2015

Issue 3

In this issue



Introduction from the editor



Jo Hill
Director of Market Intelligence,
Data & Analysis

Welcome to the third edition of the FCA Data Bulletin. In our Business Plan 2015/16, we set out our intention to take a more market-focused approach to regulation as part of our new strategy. This will involve looking more broadly at the operation of regulated sectors and products to decide whether intervention is needed.

The new Market Intelligence, Data & Analysis Division will play a key role in bringing together the intelligence we collect from a wide range of sources. We will use the data that firms we regulate send to us, along with the information we gather through our work with consumers, consumer bodies and market research, to develop a picture of the markets we regulate and assess how well these markets are working, particularly for consumers.

You can read more about how we plan to implement our strategy in the coming year in the [Business Plan](#). We will also endeavour to provide any relevant updates on this in future issues of the Data Bulletin.

In the meantime we are always keen to hear your views on the Data Bulletin and any ideas for improvement. Please email your feedback to us at: fcadataandanalysis@fca.org.uk

Jo Hill

Director of Market Intelligence, Data & Analysis

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What we will cover in this issue

Our Data Bulletin gives us the opportunity to highlight some of the information we hold, which we believe will be of interest to you. Here is a brief summary of what we will be covering in this edition.

Spotlight on the FCA Contact Centre

The FCA Contact Centre is the main point of contact for many firms and consumers who want to interact with us.

In this issue we look at how consumers use the FCA Contact Centre and what they ask us about. We also look at where consumers are contacting us from in the UK.

Outcomes of complaints about firms

In our first bulletin we provided some information on the complaints that firms receive from consumers. On page 9 we revisit this topic.

Approved persons

In our second bulletin we looked at the number of approved persons in the UK. On page 12 we look at the volume of controlled function applications.

In addition, sometimes we use attestations to gain a personal commitment from an approved person at a regulated firm that a specific action has or will be taken.

On page 14 we look at how often we use attestations and the type of firms in which these approved persons work.

Skilled Person reports

As well as attestations we also use Skilled Persons to conduct independent reviews of regulated firms.

On page 16 we look at the reasons why these reviews and reports are necessary and which Skilled Person firms have been used to conduct reports over the last quarter.

Other data

We make a number of publications and data sets available to the public.

On page 17 we outline some that could be of interest to you.

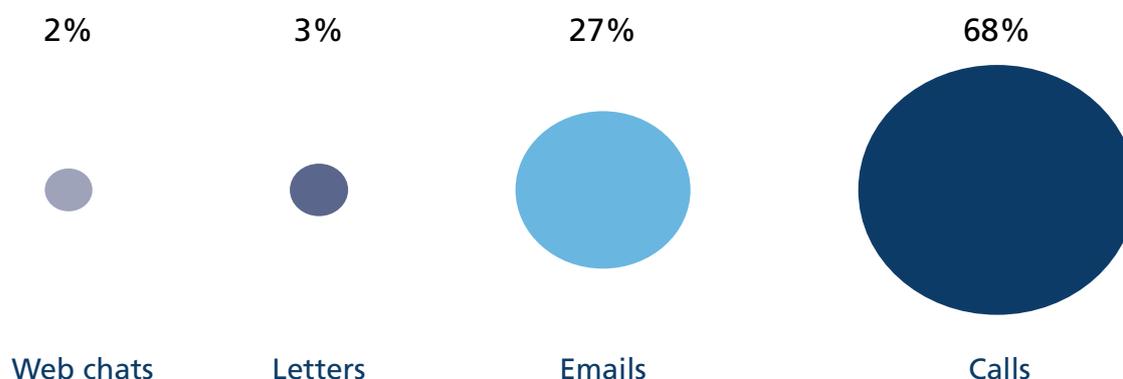
Spotlight on the FCA Contact Centre

Both firms and consumers can get in touch with us via our Contact Centre. In this issue we focus on how consumers use the service.

Consumers mostly contact us by telephone. Over the last year our Contact Centre received a total of 102,835 call enquiries, with an average of 8,570 calls per month. We aim to answer 80% of calls within 20 seconds and to provide consumers with the necessary guidance and information as soon as possible. You can find out more by looking at our service standards on [our website](#).

We received 39,776 pieces of written correspondence by letter and email over the last year, with an average of 3,315 a month. We aim to answer letters within five working days and emails within two. We also engaged in 3,323 web chats over the last year. For more data please see the [underlying data pack](#) published with this bulletin.

How do consumers interact with the FCA?



If you are a consumer and would like to get in touch with us then you can do so in a number of ways.



Call us on:
0300 500 8082



Write to us:
Financial Conduct
Authority
25 The North Colonnade
London, E14 5HS



Email us on:
consumer.queries@fca.org.uk



Web chat with us:
[Please visit our website](#)

Consumer stories

Below are some true stories about consumers who contacted us, their experiences and how we were able to help. We have changed names and locations to protect identities.

Abdul's story

Lives in Perth, Perthshire, coming up to retirement age.

I'm considering an equity release product

Abdul was considering an equity release product and had been in contact with an FCA-authorized firm. The firm would not give Abdul a quote without a face-to-face meeting with him.

The firm had told Abdul that according to FCA rules they must meet with him directly.

We explained to Abdul that our rules do not specify how a firm communicates with a consumer, other than it should be via a durable medium. Abdul felt that his request was being ignored as the firm wanted to meet with him for their own purpose.

We suggested that Abdul may wish to re-contact the firm and ask which FCA rule they were referring to specifically and to get back to us.

The firm apologised and admitted it was a commercial decision not an FCA rule

Abdul contacted the firm again and advised us that he had received an apology from them as it was a commercial decision and not an FCA rule as had been suggested to him.

The firm agreed to send the quote to Abdul in writing.

Jenny's story

Jenny lives in Manchester and was cold-called by a firm and offered a free pension review. While Jenny was on the call with us a courier arrived at Jenny's house. The courier was there to collect documents for the review.

I think this could be a pension scam

We could not locate the firm in question on [our register](#) and warned Jenny to proceed with caution. Jenny reviewed the paperwork from the courier and the wording suggested the firm would take over from her existing provider.

Jenny did not want to proceed. She instructed the courier to leave, however, he was reluctant to leave without the signed paperwork.

We guided Jenny to contact [Action Fraud](#)

The courier sat outside Jenny's house in his car then knocked again with the firm on his mobile phone. Jenny spoke to them and confirmed she did not want to go ahead. The courier eventually left.

Internally we escalated the case to our enforcement team to investigate further.

Carolyn's story

Carolyn lives in Torquay, Devon and is 30 years old.

When I checked the paperwork the APR was 63%

Carolyn had taken out a loan agreement for a new car with a firm and an APR of 42% was agreed.

She received her documents the next day after signing and the term was correct but the APR was 63%. She called the firm the day after the purchase and was told that the person who deals with the finance agreements wasn't there.

The firm did not get back to her and claimed that the caller had made no contact within the 14-day cooling off period.

We advised Carolyn on the complaint process

We told Carolyn about the complaints process and our rules and that if she felt that there was not a satisfactory conclusion to speak to the Financial Ombudsman Service. Carolyn was distressed due to the change in APR and the firm's attitude. We called back two days later to check on her.

We also logged the event and gave it to our consumer credit team for review.

What are consumers contacting the FCA about?

Since we have started regulating consumer credit firms we have seen an increase in the number of consumers who contact us about consumer credit. To understand

more about consumer credit and the work we are doing in this sector please visit [our website](#).

Top five reasons why consumers are contacting the FCA



1. Non-product enquiry*

Examples of these products include buy-to-let mortgages and debt collectors acting on behalf of mobile phone companies.



2. Consumer credit

Consumer credit queries mostly come from men, from those aged between 25 and 35 and most frequently concern personal loans.



3. Investment products

The majority of people enquiring about investment products are aged over 56.



4. General insurance

General insurance queries mostly come from men, from those aged between 36 and 45 and most frequently concern motor insurance.



5. Scams

9% of enquiries in March 2015 were about possible scams.

(Top five reasons in March 2015)

*Non-product enquires are when the query does not concern a regulated product, agreement or service as defined under the Financial Services and Market Act 2000. We also capture general feedback about financial services companies where the feedback does not relate to a specific regulated product.

Demographic data above does not capture all consumers who contact the FCA Contact Centre.

ScamSmart

Often consumers call us about possible scams. To help consumers we have launched our [ScamSmart campaign](#), which shows consumers how to spot investment scams.

How consumer cases are progressed

Once a consumer contacts us we decide how best to respond to their query. Below we outline how calls are progressed.

We want to help equip consumers with the knowledge and resources to feel more confident in managing the relationships they have with firms, for example, by

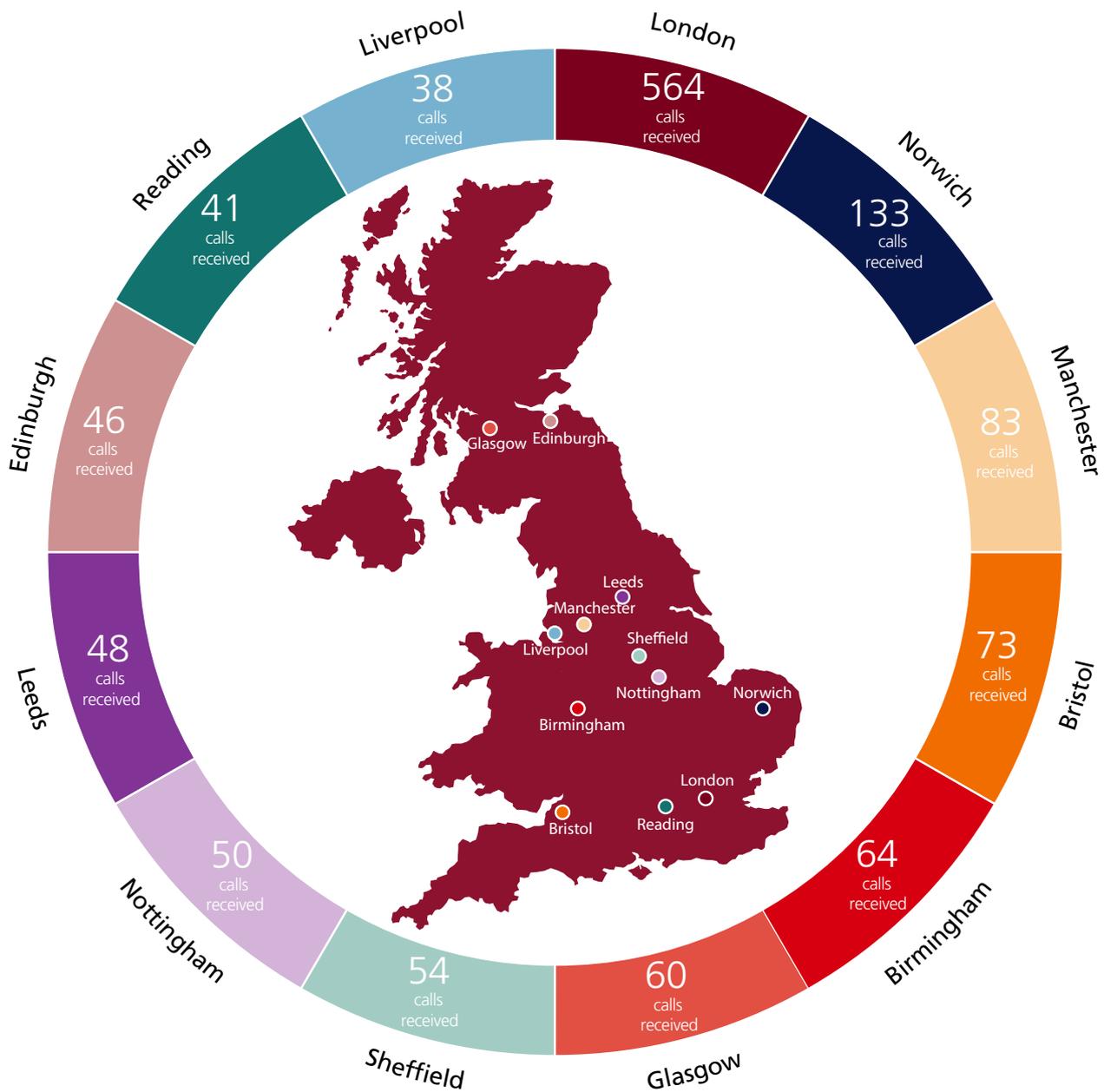
talking them through the principles of how firms should treat them fairly.

The information below represent the primary action but the majority of cases will receive more than one piece of guidance.



Areas with the most frequent contact with the FCA

In March 2015 we received 8,491 telephone enquiries. In the map below we highlight where the top 12 highest call volumes were from. For more data please see the [underlying data pack](#) published with this bulletin.



Based on call data for March 2015

Complaints about firms

We require firms to report to us on the complaints they received from consumers.

The data we collect includes the number of complaints opened per financial product, the outcomes of these complaints and how quickly the complaints were dealt with. We use complaints data for a number of purposes, including identifying issues of concern and emerging risks.

Every six months we publish this complaints data. Individual firms also publish data on their own websites.¹ To find out more please visit [our website](#).

Firms report data according to dates that fall within the first half of the year (H1) and the second half of the year (H2).²

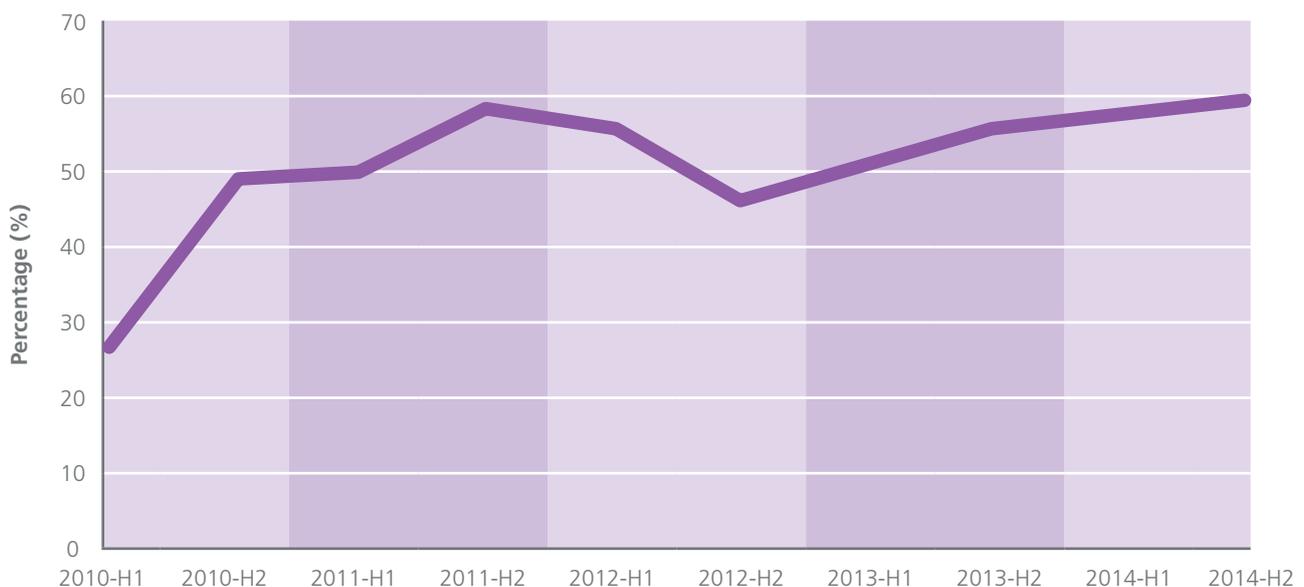
How firms handle complaints

With the complaints data we receive we can get a picture of how firms across the industry handle complaints.

One measure is the percentage of complaints that are closed in favour of the customer. This can help us to possibly identify risks. For instance when compared to their peers, a low upheld rate may indicate harm to consumers, as firms may be dismissing too many complaints. A high upheld rate across the market may indicate more widespread problems.

In the second half of 2014
60% of total closed complaints were upheld by firms in favour of the consumer, the fourth consecutive increase since 2012 H2².

Rate of complaints upheld across financial services



¹ With some exceptions, firms with 500 or more complaints in a half year are required to publish complaints data.

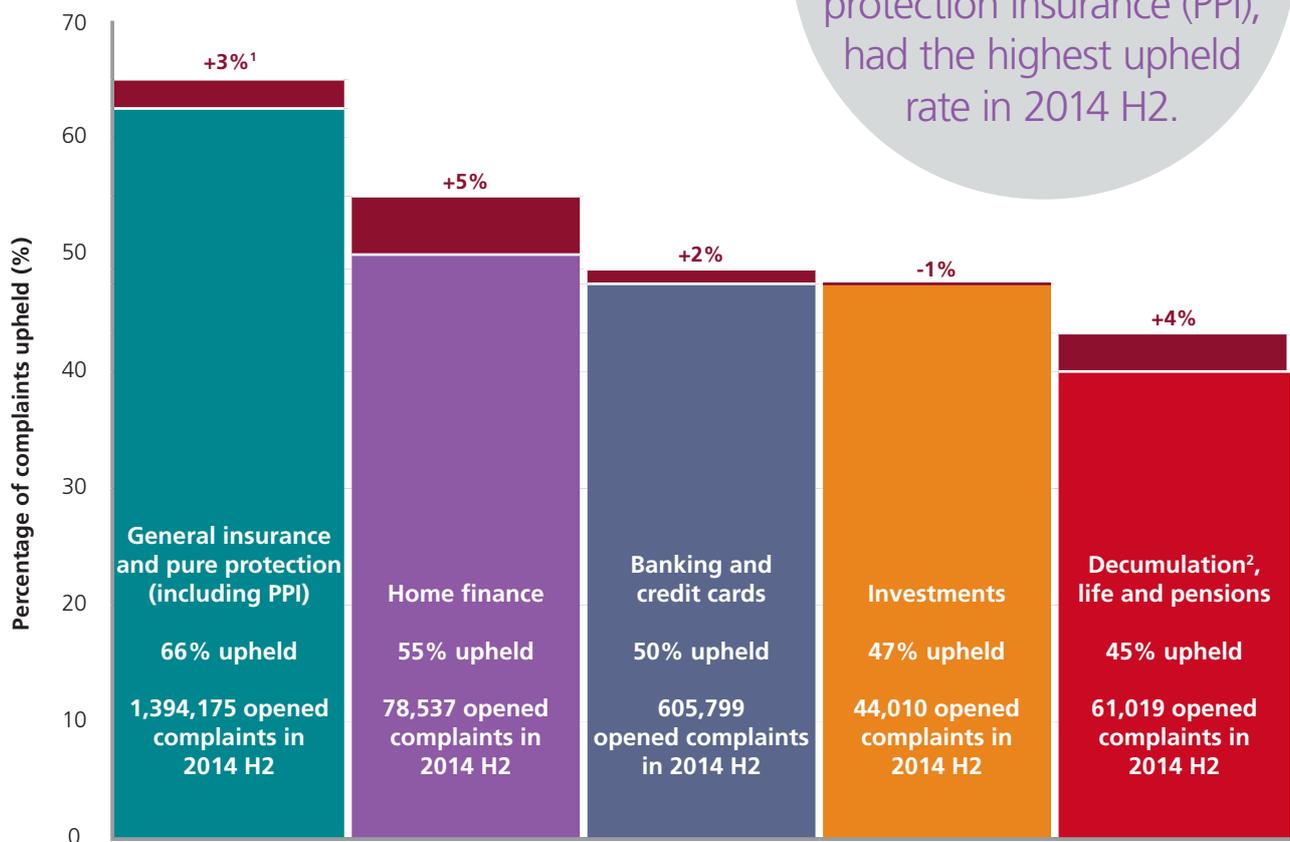
² H1 refers to the months from January to June while H2 refers to the months July to December.

Complaints upheld by product group

In 2014 H2, the number of complaints closed in favour of the consumer increased for all product categories except for investments when compared to 2014 H1.

Between 2014 H1 and H2, home finance products showed the largest increase in terms of the percentage of complaints upheld in favour of the consumer.

General insurance and pure protection products, which includes payment protection insurance (PPI), had the highest upheld rate in 2014 H2.



¹ Red bars indicate percentage change between 2014 H2 and 2014 H1.

² 'Decumulation' means the conversion of pension assets accumulated during working life into pension income to be spent during retirement.

Consumer redress

If a complaint is upheld the firm should put the consumer back into the position they would have been in had the failing not occurred. This might involve paying redress to the consumer.

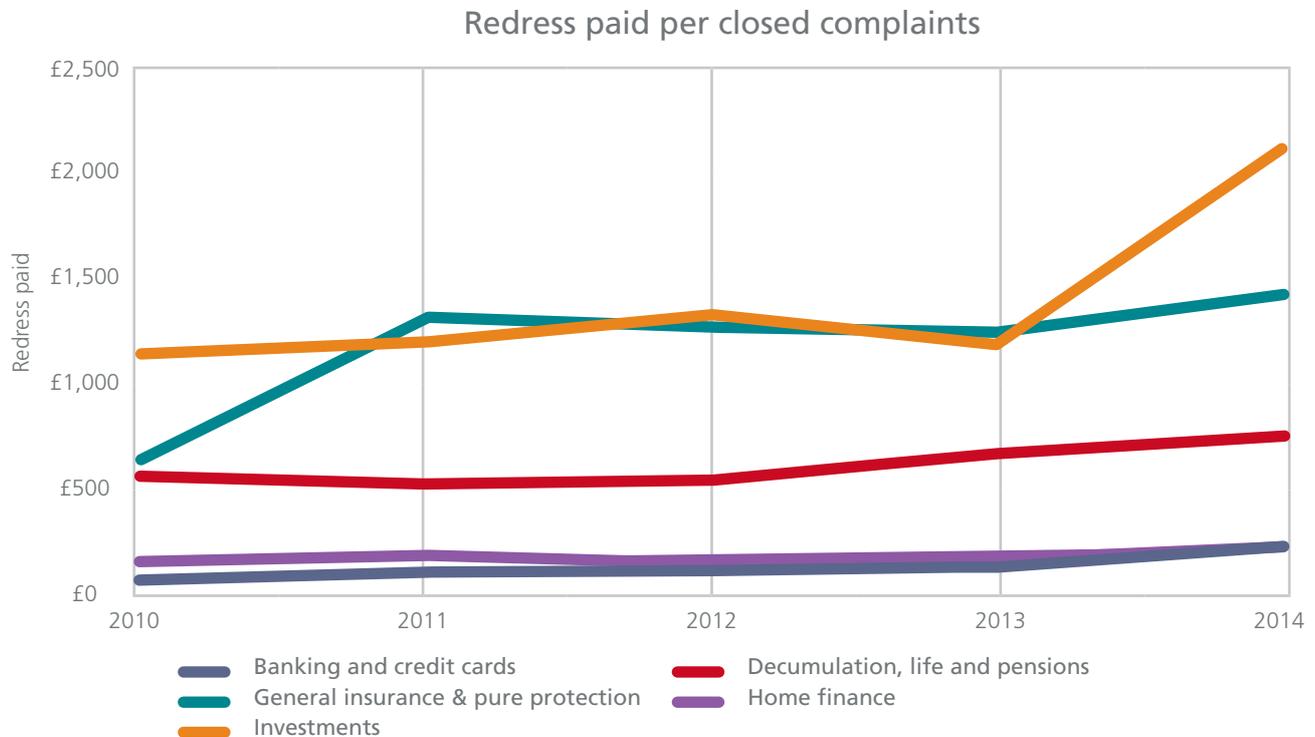
The data we collect from firms includes the redress paid by firms to their customers.

The total redress paid increased by 4% between 2014 H1 and H2 to £2.44bn.

The total redress paid by firms in 2014 recorded a 22% decrease from the peak of PPI complaints in 2012.

Redress trends over time

Redress paid per closed complaint across the industry was £1,033 in 2014. By product group, investment redress has increased 86% between 2013 and 2014.



Redress paid by product type in 2014 H2



¹ 'Decumulation' means the conversion of pension assets accumulated during working life into pension income to be spent during retirement.

Note:

1. In August 2011, our predecessor organisation, the Financial Services Authority (FSA), began publishing separate [monthly figures showing how firms are dealing with PPI \(payment protection insurance\) complaints](#). The monthly PPI redress data solely relates to PPI, whereas the six-monthly data above relates to the wider product group of 'general insurance and pure protection'. Differences in reporting periods and in product coverage prevents comparison between these two data sets.

As part of our data strategy we are proactively seeking to improve the reporting and publication of complaints data.

The consultation on improving complaints handling has now closed but to find out more about the new proposed reporting requirements please see [our website](#).

Approved persons

Controlled function applications

To help us ensure that everyone who has significant influence or deals with customers is fit and proper, we require them to be approved by us.

As part of this process firms must undertake appropriate due diligence and submit an application for approval of the individual. We will only approve applications where we are satisfied that the individual is fit and proper.

Below we look at the number of applications for significant influence and customer dealing functions.

For dual-regulated firms the regulators operate a 'consent and consult' model where they work together to determine certain applications, depending on the function applied for.

For more information please see [our website](#).

What is an approved person?



An approved person is an individual who has been approved by the FCA and/or the PRA to perform one or more controlled functions on behalf of an authorised firm.

Being an approved person brings with it a number of important responsibilities, including a duty to be aware of and comply with FCA regulatory requirements and expectations, including the [Statements of Principle and Code of Practice for Approved Persons](#), and understand how they apply to the day-to-day exercise of controlled functions.

Customer function applications¹

A customer function is a controlled function designed for those who deal with customers, particularly in an advisory capacity.



Significant influence applications²

A significant influence function is for those who exert considerable influence on the conduct of a firm. Examples of such roles are directors and heads of compliance.

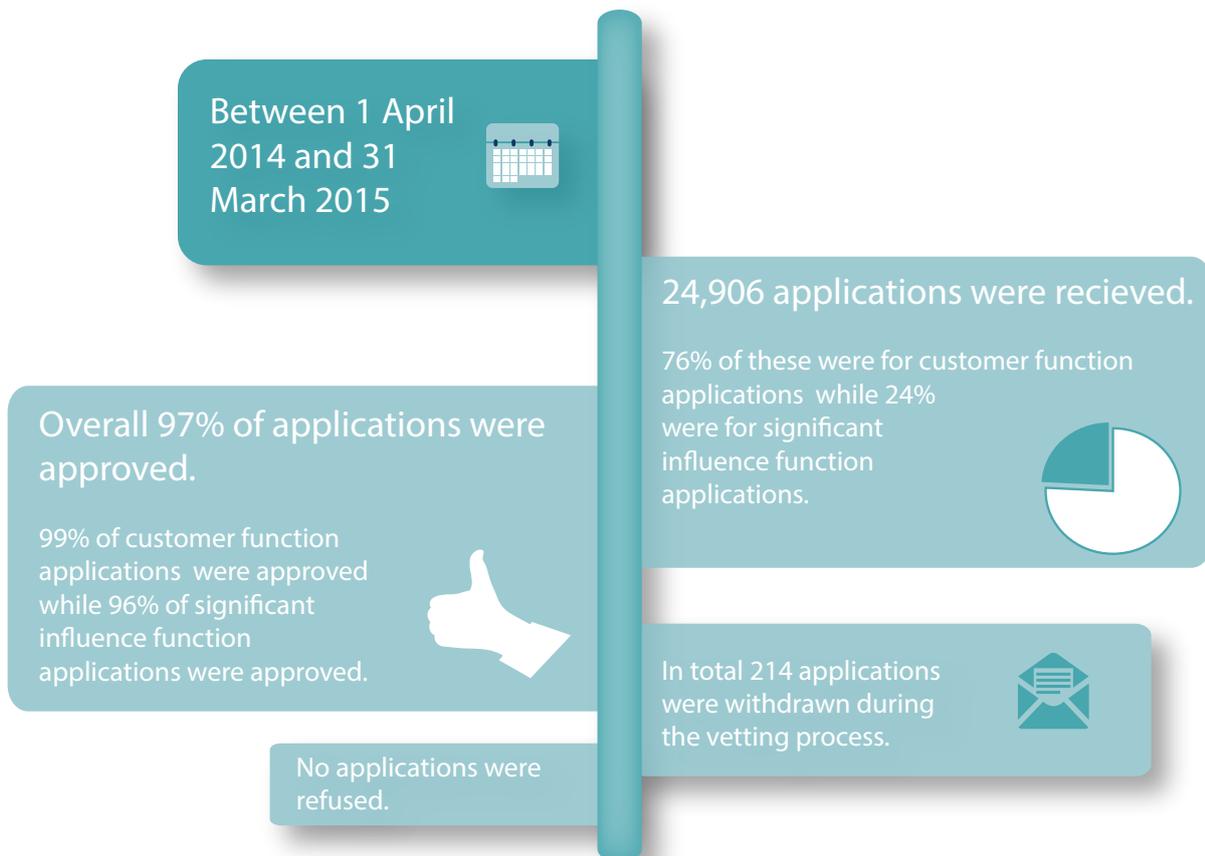


¹ From FCA solo-regulated and dual-regulated firms.

² From FCA solo-regulated firms and do not include significant influence function applications for appointed representative firms.

How approved person applications are progressed

Between 1 April 2014 and 31 March 2015 no applications were refused. However, in this time 214 applications were withdrawn during the vetting process. Please see [refusing and withdrawing an application for FCA approval](#) for further information regarding this process.



New Senior Manager and Certification Regime in banking

This new regime will increase individual accountability in banks, building societies, credit unions and PRA-designated investment firms specifically for those classified as senior managers and will come into force on 7 March 2016.

We published the feedback statement ([CP15/9](#)) to our July 2014 consultation paper ([CP14/13](#)) in March, which included a timeline of future publications such as our final rules in spring/summer 2015.



How we use attestations

Attestations are a supervisory tool which we use to ensure clear accountability and that a firm's senior management are focused on resolving specific issues.

We request an attestation to gain a personal commitment from an approved person that specific action has been or will be taken.

The aim of an attestation is to ensure that there is clear accountability and that senior management are focused on specific issues where we would like to see change, often without ongoing regulatory involvement.

Attestations are an important supervisory tool and we recognise the importance of clarity, transparency and consistency in their use.

Due to their potentially significant impact, it is important that attestations are specific, realistic and have achievable timeframes.

We publish information on how often we request attestations on a quarterly basis.

For more information about how we use attestations please visit [our website](#).

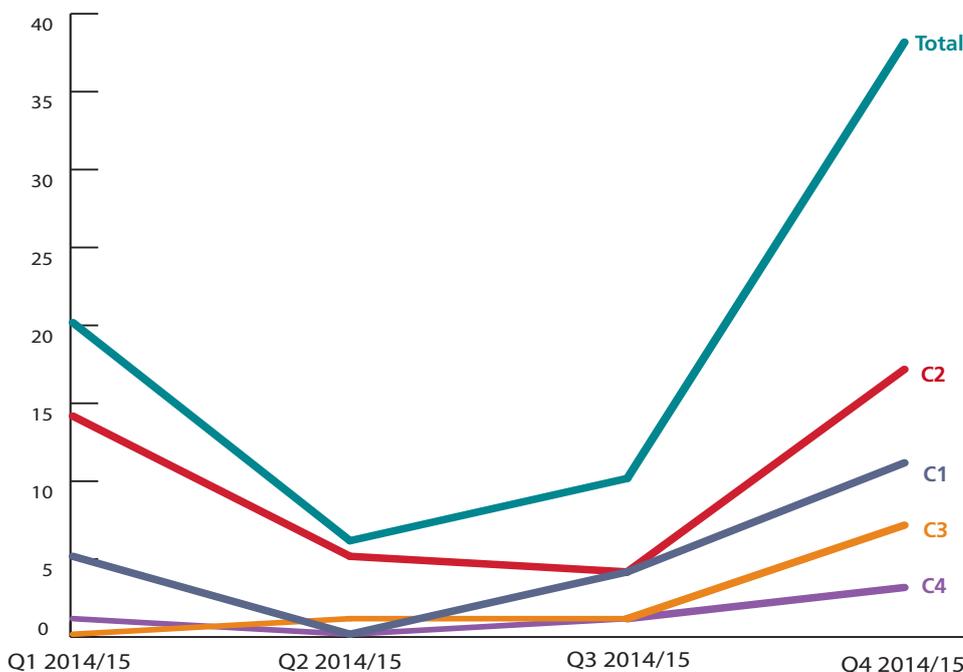
Number of attestations for 2014/15

Below is the number of attestations split by conduct classification of each firm.

We assign every firm or group to one of four categories of conduct supervision: C1, C2, C3 and C4. These broadly reflect a firm's size and retail customer numbers or wholesale presence and the corresponding level of risk the firm potentially poses to our objectives. Each

category is subject to a different level of supervision, allowing us to use our resources as efficiently as possible and concentrate on the areas that pose the greatest risks to our objectives.

To understand more about how we classify firms please visit [our website](#).



74
attestations
were
requested in
2014/15

Firm
classifications

Note:
1. The quarters are split according to financial year (i.e. Q1 starts 1 April).
2. The numbers are correct as of 30 April 2015.

Attestations by sector and conduct classifications

In the last quarter of the 2014/15 financial year the FCA requested the highest number of attestations from approved persons in the wholesale and investment management sector.

For more information about the number of attestations please visit [our website](#).

Sector	C1	C2	C3	C4	Total
 Retail	6	0	0	0	6
 Wholesale and investment management	4	14	7	2	27
 General insurance	1	0	0	0	1
 Long term savings and pensions	0	2	0	1	3
 Mortgages and consumer lending	0	1	0	0	1

Note:

1. The quarters are split according to financial year (i.e. Q1 starts 1 April).
2. The numbers are correct as of 30 April 2015.

Skilled Person reports

A Skilled Person is a firm, or an individual within a firm, who can provide us with an independent and expert view of an authorised firm's activities in a Skilled Person report. These reports are a regulatory tool that we can use to gain a view on aspects of an authorised firm's activities that cause us concern and that we believe merit further independent analysis.

We have the power to require any regulated firm, or a member of its group, to provide us with a report (s.166) by a Skilled Person on any matter as set down by the Financial Services and Markets Act (FSMA) as amended by the Financial Services Act 2012.

We have a panel of Skilled Person firms to ensure a consistent, high quality and transparent approach to conducting Skilled Person reports. A diverse range of firms sit on the panel such as accountants, auditors, consultants and law firms.

In addition, these firms all contain individually approved Skilled Persons who in turn lead the reports. The individual Skilled Persons are also assessed against strict criteria to ensure all are experts in their relevant fields.

Skilled Person firms on our panel include accountants, auditors, consultants and law firms.

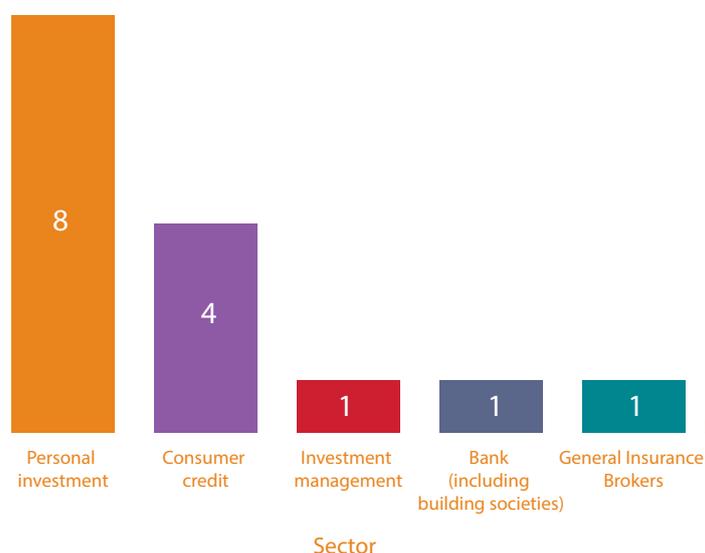
Number of Skilled Person reports commissioned

Between January and March 2015, 15 Skilled Person reports were commissioned.

Eight of these were commissioned under our power introduced in the Financial Services Act 2012, which means that we contracted directly with a Skilled Person.

For the other seven of the 15 Skilled Person reports the authorised firm appointed the Skilled Person to be used.

Number of Skilled Person reports by sector in Q4 2014/15

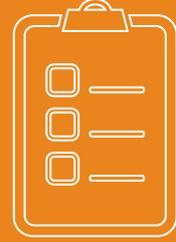


Note:

1. Other sectors including Credit Union and Insurance Companies did not have any Skilled Person reports in the period.

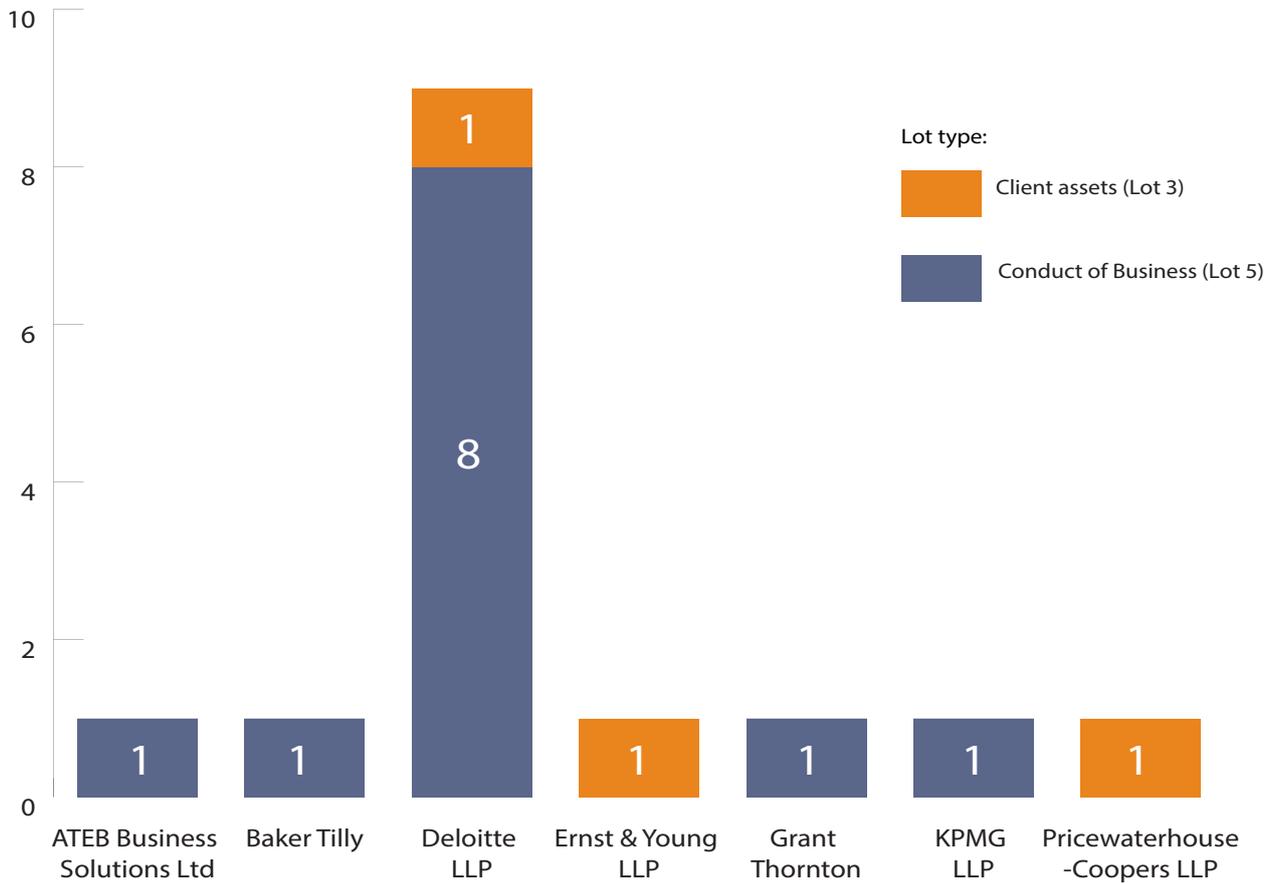
When appointing a Skilled Person firm we look at:

1. their technical expertise
2. potential conflicts of interest
3. value for money



For more information please see [our website](#).

Skilled Person firms appointed in Q4 2014/15



Note:

1. The categories of Skilled Person reports are referred to as Lots.
2. Other Lot types including Financial Crime did not have any Skilled Person reports in the period.

Other data

Financial promotions

In the last edition we gave details about how we review financial promotions. Here we provide data for 1 January 2015 to 31 March 2015, during which we reviewed 2,023 financial promotions.

During this time, 86 cases resulted in one or more promotions being amended or withdrawn through our interactions with firms.

Cases resulting in an amend/withdraw outcome by sector



Consumer
credit

59%



Investments

33%



General
insurance

1%



Banking

1%



Mortgages

5%



Pensions

1%

Please note this relates to the 86 cases actioned between 1 January and 31 March 2015.

Service standards

As part of our ongoing commitment to being a transparent organisation we publish our performance against an agreed set of service standards that highlight our efficiency and effectiveness. We are publishing our full year performance for 2014/15 on 20 May 2015.

Our service standards are the levels of performance that we aim to meet when performing our regulatory functions. These include voluntary and statutory commitments in the Financial Services and Markets Act 2000 (FSMA) or other legislation.

The standards apply to a range of our services including how we deal with telephone enquiries, correspondence and applications.

The service standards portfolio provides information about:

- key areas of our service
- how we are performing
- how firms and consumers assess the levels of satisfaction with our service

Of the 70 service standards in 2014/15, we met the minimum requirements for 62 (89%) and while we fell short on eight, only two of these were statutory standards.

The authorisations function has been the area where we have seen the majority of the dips in performance. Across the organisation the issues have been driven in part by significant increases in demand, tighter performance timescales and the embedding of new procedures and practices.

Our service standards have been affected during 2014/15 due to a major restructuring in the Authorisations Division. This is part of our ongoing programme of investment in both our systems and our people. We expect our performance to improve during 2015/16 as we reap the benefits of improved system performance and up-skilling of new staff.

Our full service standard performance account publication and associated information can be accessed [on our website](#).

Key performance indicators

In the last edition we published some background information to help readers understand the key performance indicators that we produce to provide transparency around the authorisations process. If you would like to find out more about the latest Q1 2015 figures please visit [our website](#).



Next steps

In future issues we want to make sure we give you the information that you would find most useful, so if you have any comments or suggestions for future content please contact us at:

fcadataandanalysis@fca.org.uk

Get the facts

If you would like to subscribe/unsubscribe from the Data Bulletin please visit:

fca.org.uk/your-fca/documents/data-bulletin/form

Useful links



Latest available data

External links

[Bank of England statistics](#)

FCA links

[Business Plan](#)

[Action Fraud](#)

[ScamSmart](#)

[FCA Complaints data](#)

[Complaints handling consultation](#)

[Code of Practice for Approved Persons](#)

[Attestations data](#)

[Skilled Person reports](#)

[Financial promotions](#)

[Financial promotions guidance](#)

[Authorisations KPIs/service standards](#)

[Interest Rate hedging products compensation](#)

[Mortgage lending statistics](#)

Data Bulletin

[Underlying data used in this bulletin](#)

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