

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

13 March 2015

Dear Samuel,

### **CP14/30: Improving Complaints Handling**

The FCA Practitioner Panel has already provided input to the Consultation Paper, but would like to take this opportunity to underline some of its key points around the process of complaints handling.

Panel members' firms are committed to developing and maintaining efficient complaints processes, but we have some concerns about developments in the general complaints landscape. We have responded to specific questions below, but we have a particular concern about the increasing 'professionalism' of customer complaints.

#### **'Professionalisation' of complaints**

When we use the term 'professionalism' we are talking about an increased complaint culture where a trivial issue is being used as a trigger to get compensation over and above the financial impact caused, and where a customer is using the Financial Ombudsman Service (FOS) as a driver. We have already submitted evidence of this to you, gathered from one of the Panel members' firms. As an example, some customers will ask not for their complaint to be resolved, but for a specific amount of compensation, otherwise they will approach the FOS, knowing it will cost the firm £550.

A key concern is that the more time firms have to spend on spurious or purely opportunistic complaints the less time they are able to dedicate to resolving issues for customers who have a problem or may be in distress.

We would suggest that a helpful way forward would be to agree with the FOS a more flexible way to determine if a complaint is vexatious, and as such, the FOS could either waive or refund their fee if the firm can demonstrate a 'professional' approach has been taken by the customer. This would be in line with the provisions of the ADR Directive which allows the FOS to turn down such complaints.

#### **Answers to specific questions**

*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)?*

We have made the point that resolving more complex complaints under the 'next business day' rule is not long enough and that staff can be pressured to close complaints

early. We are therefore pleased to see that the time period has been extended to three business days.

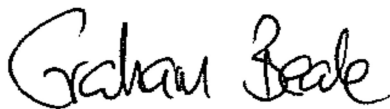
*Q2: Do you agree that firms should report to us, and publish, all complaints that they receive?*

We have some concerns about the requirement to make all complaints reportable. Widening reporting beyond currently reportable complaints may constrain firms from capturing small opportunities which, despite not being reportable, can be beneficial for customers if addressed. It will be harder to compare firms' performance as smaller organisations will move away from reporting smaller items, and there will therefore be more variability in reporting complaints.

*Q5: Do you agree with our proposed approach to data contextualisation?*

Measures that allow consumers to benchmark their financial services provider on a meaningful basis will help the industry raise its game and focus on consumer outcomes.

Yours sincerely

A handwritten signature in black ink that reads "Graham Beale". The signature is written in a cursive, slightly slanted style.

GRAHAM BEALE  
*Practitioner Panel Chairman*

*Full list of questions (for reference, to be deleted in final response)*

*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)?*

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

*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?*

*Q4: Do you have any comments on the proposed new complaints return?*

*Q5: Do you agree with our proposed approach to data contextualisation?*

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

*Q7: Do you have any comments on these changes? [Updating the complaints data reporting form and guidance]*

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

*Q9: Do you agree with our proposed amendments to DISP 2.8.1?*

*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?*

*Q11: Do you agree that once a firm has consented to the ombudsman service considering a complaint it should not be permitted to withdraw consent?*

*Q12: Do you have any comments on the proposed wording firms will be required to include in final response letters?*

*Q13: Do you agree with our proposal to extend the definition of eligible complainant so it is consistent with the ADR Directive?*

*Q14: Do you have any comments on the new rules in DISP 5 that apply to the ombudsman service's annual reports?*

*Q15: Do you agree with our proposed revision of the dismissal grounds in order to bring them in line with the Directive?*

*Q16: Do you agree with the proposal to amend the test case rules in this way?*

*Q17: Do you have any comments on the proposed wording for this rule?*

*Q18: Do you agree with our proposed amendment to DISP on the timing of complaints procedure disclosure for intermediaries within the scope of the MCD?*

