



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

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Dear Samuel

CP 14/30 IMPROVING COMPLAINTS HANDLING

The FCA Smaller Business Panel welcomes any changes to the rules on complaints which will remove barriers to effective complaints handling and which allow firms to provide a better and more efficient service to their customers. We do, however, have significant concerns about the practicalities of some of the proposals in the consultation paper, which we believe may result in unintended outcomes.

General points

The handling of complaints is an important part of the customer relationship process. It can be, and is, used to identify where improvements can be made and what is important to customers. Many firms will log all interactions with their customers, ranging from relatively minor expressions of dissatisfaction such as addressing a customer by name rather than by initial, to issues where serious financial detriment has occurred. If customers seek to take more minor complaints to the Financial Ombudsman Service there will be an increase in costs for firms which will ultimately be passed on to the consumer. There is also a risk that firms will no longer log minor issues as complaints, or will have to create a separate process for minor issues, with the result that important patterns may be missed or systemic issues identified later than they could have been.

We also have concerns about the opportunistic use of the Financial Ombudsman Service, or the threat of taking a complaint to the Financial Ombudsman Service. We believe that complaints should be handled, if at all possible, by the firm. We are concerned about instances where customers have requested compensation of an amount just below the cost of taking a case to the FOS. We believe that the system may be being manipulated in this way, and that the solution is for the FOS to take a more robust view on what is a genuine complaint.

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 agree that this allows for better handling of minor and quickly-resolved complaints and for a better customer experience. The one day limit restricts firms to resolving the bulk of such complaints by telephone. This is not always appropriate, practical, or the preferred channel for the customer. Allowing three days provides greater flexibility of response channels and a more realistic timeframe for providing a satisfactory response.

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

We disagree. Many interactions that technically count as complaints can be easy and quickly resolved to the satisfaction of the firm and the customer. Requiring all such complaints to be reported adds a layer of bureaucracy to the process which would divert resource away from customer contact and the actual resolution of such issues. It may also result in firms no longer logging smaller issues as complaints, therefore missing the opportunity to monitor interactions and make improvements at this level, before they become bigger issues.

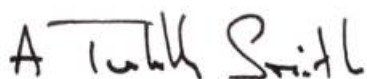
Q3 Do you have any comments on our proposals to improve consumer awareness by requiring firms to send a summary resolution communication in respect of complaints handled within three business days?

We do not believe this would be helpful for customers, and, as in the point made in our response to Q2, would divert resources away from actually handling complaints. The key benefit to the customer of a non-reportable complaints process is that such issues can be quickly resolved – adding a layer of reporting to the process will slow the process down for no particularly identifiable benefit.

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

We believe that an efficient and well-managed complaints process is a key element of managing a firm's interaction with its customers and therefore we do not support changes which would encourage customers to go straight to the Ombudsman Service. We believe the initial interaction in the complaints process should remain, as at present, between the firm and the customer.

Yours sincerely



ANDREW TURBERVILLE SMITH
Chairman, FCA Smaller Business Panel