

# **Complaints Data Analysis: 2017 H2**

April 2018

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[Aggregate complaints data tables 2017 H2 \(XLSX\)](#)

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## Executive Summary

The FCA uses the complaints data from firms to monitor the number of complaints received and how they change over time. We use these data to track the products and services consumers of financial services are complaining about the most. We use the data to help assess how well firms are treating their customers and how firms' performance changes over time.

This publication focuses on all complaints received by firms during the second half of 2017, between July and December. The following commentary provides a summary of the latest data, including the latest trends and analyses by product group and reason for complaints. Full data tables are published alongside the report.

### **Almost 4 million complaints were received by financial services firms in 6 months, a 13% increase from the first half of the year**

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During the second half (H2) of 2017, a total of 3.76 million complaints were received by 3,072 firms. This was a 13% (427,032) increase compared with the first half (H1) of the year, when 3.34 million complaints were received. The majority, 98%, of the 3.76 million complaints were received by 222 firms, which received 500 or more complaints each.

### **PPI was the main driver for the increase in complaints**

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Complaints related to payment protection insurance (PPI) rose by 40% (439,854) to 1.55 million in 2017 H2, their highest level in more than 4 years, compared to 1.11 million in 2017 H1. This follows the launch of the FCA's media campaign in August 2017 to raise awareness among the UK adult population about the deadline for complaining about the sale of PPI.

### **Excluding PPI, the total number of complaints received in the second half of 2017 was broadly unchanged from the first half of the year**

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Excluding PPI, 2.21 million complaints were received by firms in 2017 H2. This is around 13,000 fewer than the number received in 2017 H1.

### **4 in 10 (41%) of all complaints relate to PPI**

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PPI continues to be the most complained about product, accounting for 41% of all complaints received by firms in 2017 H2, up from a third (33%) of all complaints in 2017 H1. The next most complained about products are current accounts, with 509,047 complaints, down by around 10,000. This is followed by credit cards, with 314,586 complaints, up by around 5,000 complaints from 2017 H1.



## **£2.05 billion in redress was paid for PPI complaints in the second half of 2017, although average redress payments for upheld PPI complaints have fallen from the first half of the year**

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The amount of redress paid out in total during 2017 H2 was £2.36 billion, a 19% (£370 million) increase compared to £1.99 billion in 2017 H1. This was driven by an increase in redress payments for PPI complaints, which increased by 26% (£417 million) to £2.05 billion in 2017 H2. Of this, £2.01 billion was paid out for PPI complaints that were upheld. Average redress paid for each PPI complaint upheld in 2017 H2 was just under £2,100, compared to just over £2,500 in 2017 H1.

## **4 in 10 (39%) complaints were closed within 3 business days**

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39% of all complaints closed in 2017 H2 were closed within 3 business days, compared to 44% of complaints closed in 2017 H1. Only 9% of PPI complaints were closed within 3 days and 11% took longer than 8 weeks. Excluding PPI, 56% of all complaints were resolved within 3 business days, which is unchanged from the first half of the year.

## **Advising, selling and arranging issues were the top reason for complaints received in 2017 H2**

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Almost half (49%) of complaints received in 2017 H2 related to advising, selling and arranging issues, compared to 43% of all complaints received in 2017 H1. The increase in the proportion of complaints falling in this category was almost entirely driven by the increase in PPI complaints. These may relate to claims over previously mis-sold PPI policies or commission earned by a provider from the sale of PPI (following a Supreme Court judgement in November 2014 in the case of Plevin v Paragon).



## Highlights for the second half of 2017

3,072 firms from a population of 15,593 firms reported one or more complaints during 2017 H2. This represents around 20% of the total population of firms which submit the complaints returns. 222 out of the 3,072 firms report 500 or more complaints. These firms account for almost 98% of all complaints reported.

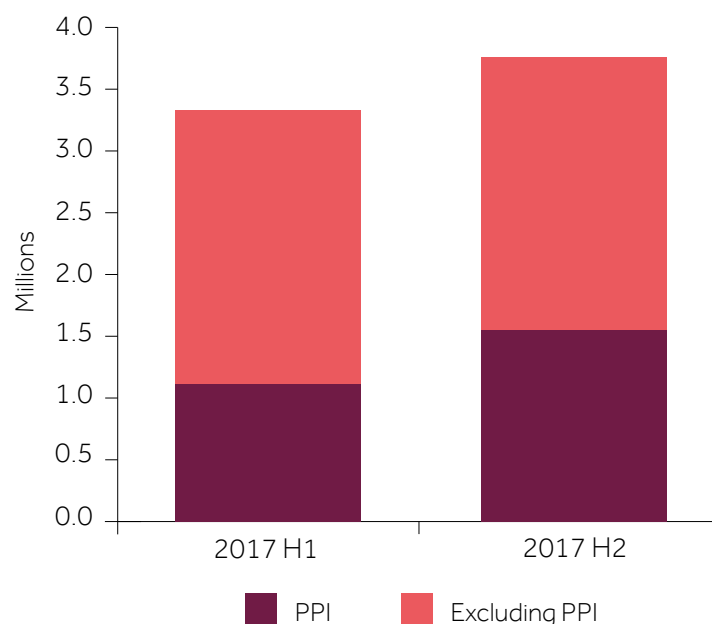
Table 1 shows that the total number of opened complaints reported in 2017 H2 was 3.76 million compared with 3.34 million in 2017 H1, a 13% (427,032) increase over the period. This was almost entirely driven by an increase in PPI complaints, which increased by 40% (439,854) over the same period, from 1.11 million in 2017 H1 to 1.55 million in 2017 H2. This follows the first burst of the FCA's media campaign, which ran from 28 August to 5 November 2017, to raise awareness about the deadline for complaining about the sale of PPI. This is likely to have driven the increase in the volume of PPI complaints received over the period.

Excluding PPI, the total number of complaints received in 2017 H2 was broadly unchanged from 2017 H1.

**Table 1 – Complaints received in the period**

	2017 H1	2017 H2	Change	% change
Total opened complaints received in period	3.33m	3.76m	427,032	13%
of which PPI	1.11m	1.55m	439,854	40%
Excluding PPI	2.22m	2.21m	-12,822	-1%

**Figure 1 - Volume of complaints received**





Tables 2 and 3 show the proportion of complaints closed, upheld and the redress paid on them, both including and excluding PPI. The breakdown for closed, upheld and redress paid for PPI complaints is only available for firms reporting 500 or more complaints, representing 98% of opened complaints in 2017 H2.

Table 2 shows that the volume of PPI complaints closed in the second half of 2017 increased in line with the number received in the period. The proportion that were closed after 8 weeks, however, increased from 5% in 2017 H1 to 11% in 2017 H2. This suggests that PPI complaints are on average taking longer to resolve than was the case in the first half of the year. Excluding PPI, the proportion of complaints closed after 8 weeks fell slightly from 4% in 2017 H1 to 3% in 2017 H2.

The proportion of complaints closed within 3 days has fallen from 43% in 2017 H1 to 39% in 2017 H2. This has been driven by the increase in the proportion of PPI complaints received in the second half of the year, which tend to take longer to resolve - only 10% of PPI complaints were closed within 3 days in 2017 H2. Excluding PPI, 59% of all complaints were resolved within 3 days, which is unchanged from the first half of the year.

**Table 2 – Complaints closed in the period**

	All complaints		PPI		Excluding PPI	
	2017 H1	2017 H2	2017 H1	2017 H2	2017 H1	2017 H2
Total closed complaints in period	3.24m	3.65m	1.00m	1.46m	2.24m	2.19m
<b>of which:</b>						
closed within 3 days (%)	43%	39%	9%	9%	59%	59%
closed within 8 weeks (%)	96%	94%	95%	89%	96%	98%
closed after 8 weeks (%)	4%	6%	5%	11%	4%	2%

Table 3 shows that 60% of complaints closed by firms were upheld in 2017 H2, that is, the firm agreed with a consumer's complaint. This is slightly up from 2017 H1, when 59% of complaints were upheld. This change has been driven by the increase in PPI complaints, a slightly greater proportion (66%) of which were upheld in 2017 H2 compared to that in 2017 H1, when 63% of PPI complaints were upheld. Excluding PPI the uphold rate was broadly unchanged over the period at 56%.

Table 3 also shows that £2.36 billion was paid out in redress during 2017 H2, a 19% (£370 million) increase from 2017 H1 when £1.99 billion was paid out. This change was driven by the increase in redress paid out for PPI complaints, which increased by 26% (£417 million) over the same period from £1.63 billion in 2017 H1 to £2.05 billion in 2017 H2. Of this, £2.01 billion was paid out for PPI complaints that were upheld. This gives an average redress payment of just under £2,100 for each PPI complaint that was upheld in 2017 H2, compared to just over £2,500 during 2017 H1.

Excluding PPI, total redress paid fell by 13% (£47 million), from £359 million in 2017 H1 to £312 million in 2017 H2. This was driven by falls in redress payments for packaged accounts (down £18 million), credit cards (down £11 million), investments (down £8 million) and pensions (down £4 million). £190 million (or 8%) has been paid out in redress for banking and credit card products (down £29 million).



**Table 3 – Complaints upheld and redress paid in the period**

	All complaints		PPI		Excluding PPI	
	2017 H1	2017 H2	2017 H1	2017 H2	2017 H1	2017 H2
Total closed complaints in period	3.24m	3.65m	1.00m	1.46m	2.24m	2.19m
<b>of which:</b>						
Upheld	1.90m	2.19m	0.64m	0.96m	1.26m	1.22m
% Upheld	59%	60%	63%	66%	56%	56%
Total redress paid	£1.99bn	£2.36bn	£1.63bn	£2.05bn	£359m	£312m
Redress for upheld complaints	£1.92bn	£2.29bn	£1.61bn	£2.01bn	£319m	£277m
Redress for not upheld	£63.7m	£70.8m	£23.6m	£35.5m	£40.1m	£35.3m
Average redress per complaint upheld	£1,013	£1,046	£2,522	£2,086	£252	£227



## Putting complaints into context

As well as looking at complaints by volumes, we look at the number of complaints as a proportion of the total number of products to which they relate. This shows the number of complaints in relation to the size of each market or firm. We record complaints per 1,000 accounts or policies in force. This improves our comparison and benchmarking of complaints across different firms. This is shown in our firm specific data.

Firms are required to submit either:

- a 'provision' measure (the total number of accounts or insurance policies a firm maintains for customers at the end of the reporting period)
- or an intermediation measure (the number of products they sell, advise or arrange for customers within the half-year reporting period)

This will depend on the type of business a firm undertakes or the type of complaints they receive. Some firms may submit both types of measures if they are undertaking both types of business.

Table 2 shows the number of complaints per 1,000 accounts or policies provided, for each type of product.

**Table 2 – Contextualised complaints by product group**

	2017 H1	2017 H2	% of complaint volumes in 2017 H2
Banking and credit cards per 1,000 accounts	4.6	4.6	34%
Decumulation and pensions per 1,000 policies	1.3	1.2	1%
Home finance per 1,000 balances outstanding	9.5	9.6	3%
Insurance and pure protection per 1,000 policies	6.9	8.3	60%
Investments per 1,000 client accounts	2.5	2.6	2%

Across all product groups, we see that despite only accounting for 3% of total complaint volumes in 2017 H2, home finance products (for example, mortgages) are the most complained about product category with almost 10 complaints received for every 1,000 accounts with outstanding balances.

On the other hand decumulation and pensions products are the least complained about product category with approximately 1 complaint received for every 1,000 policies in force.





Insurance and pure protection product complaints now account for 8 complaints received for every 1,000 policies in force in 2017 H1. This has increased from 7 complaints per 1000 policies in 2017 H1. This means that complaints related to insurance and pure protections grew at a faster rate than the number of policies in force in the second half of the year. This has been driven by the increase in PPI complaints made against past policies that were taken out some years ago.



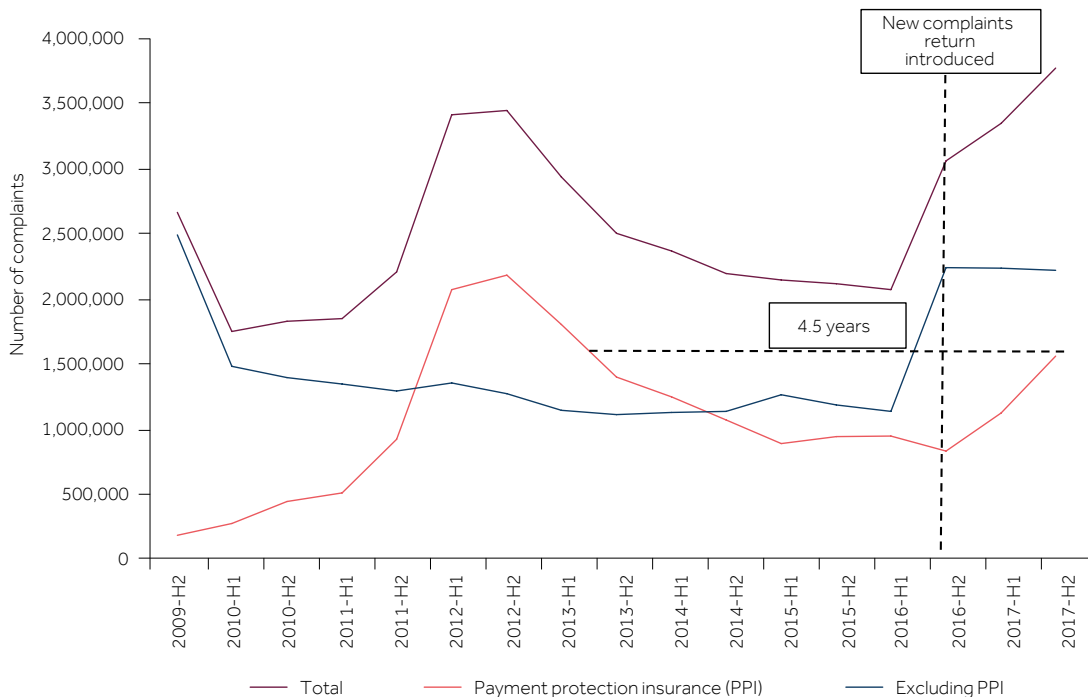
## Complaints over time

Figure 2 shows how the overall volumes of complaints have changed since 2009 H2. Since the peak in PPI complaints in 2012, overall complaints volumes have been driven by PPI complaints. The volumes of PPI complaints have fallen, whereas volumes of all other complaints have broadly stayed the same. In 2014 H2 volumes of all other complaints overtook PPI complaints for the first time since 2011 H2.

In 2016 H2 a new complaints return was introduced. It requires firms to report all complaints, including those handled by the close of 3 business days after the firm receives them. This resulted in a 98% increase in the volume of all other complaints excluding PPI. Because few PPI complaints are resolved by the end of the third business day following receipt, the volume of PPI complaints is largely unaffected by the changes in the new return.

The volume of PPI complaints in 2017 increased by 52% compared to those in 2016, reaching their highest level in 4 years since 2013 H2.

**Figure 2 - Total number of complaints since 2009 H2**





## Main reasons for complaints

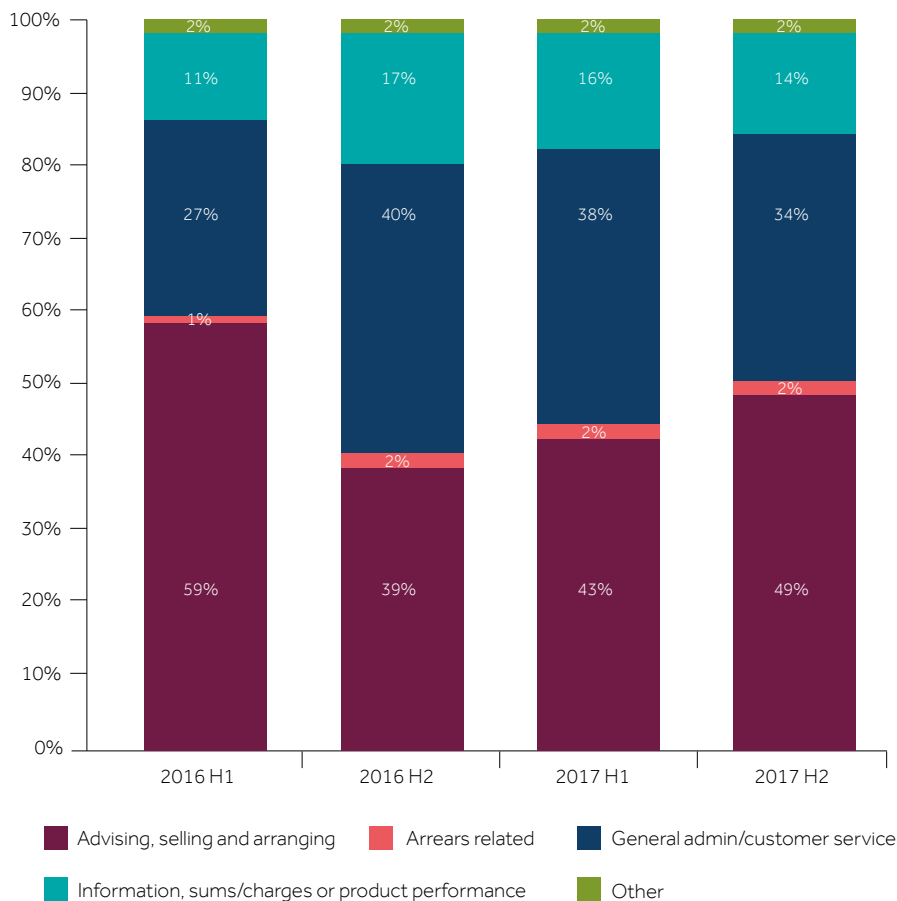
Figure 3, shows the causes of complaints since 2016 H1.

Advising, selling and arranging was the top reason for complaints received in 2017, accounting for 43% of complaints in 2017 H1 and 49% of complaints in 2017 H2. The increase in the proportion of complaints falling in this category has been driven by the increase in PPI complaints. These may relate to claims over previously mis-sold PPI policies or commission earned by a provider from the sale of PPI (following a Supreme Court judgement in November 2014 in the case of Plevin v Paragon).

General administration and customer service was the second most cited reason, accounting for a third (34%) of all complaints received in 2017 H2, down from 38% in 2017 H1. The changes to the new complaints return have driven the increase in the proportion of complaints falling in this category from 27% in 2016 H1 to 40% in 2016 H2. The increase suggests that administration and customer service complaints are resolved more quickly, so fewer were captured in the previous return, whereas issues at the point of sale or advice typically take longer to resolve.

Information, sums/charges or product performance, accounted for 14% of complaints received in 2017 H2.

**Figure 3 - Reasons or causes of complaints 2016 H1 to 2017 H2**





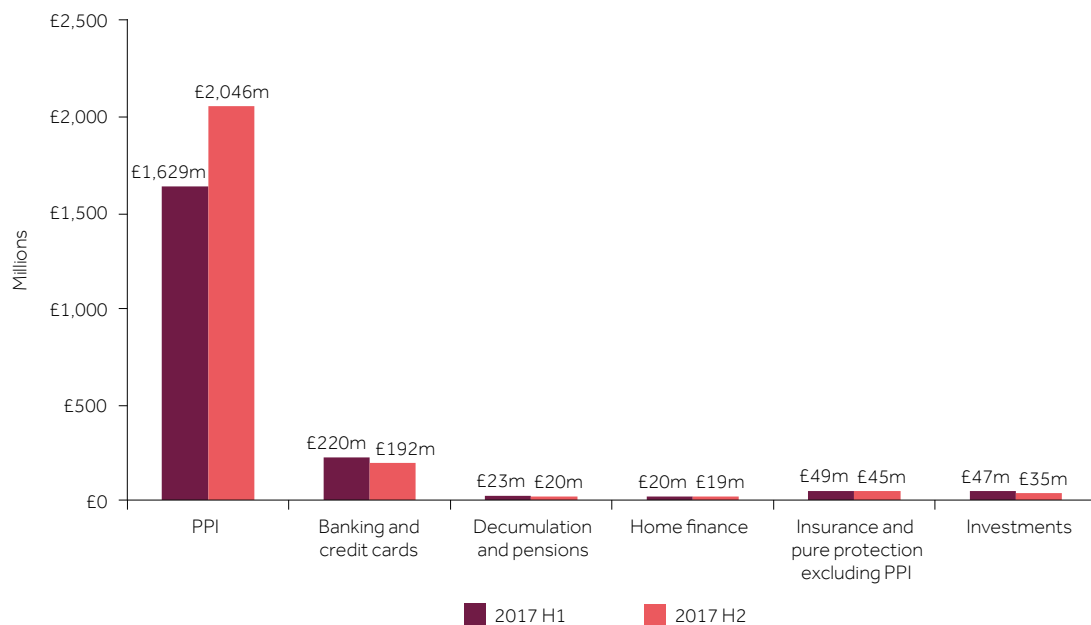
## Outcomes for consumers

This section looks at how complaints were handled by firms in 2017 H2 across the different product groups and PPI, compared to 2017 H1. This includes how much redress was paid in total for those complaints upheld and changes in the proportion of complaints upheld over the period.

### Redress paid by product group

Figure 4 shows that redress paid out in 2017 H2 has fallen since 2017 H1 across all product groups apart from PPI. Over 88% of redress paid out in 2017 H2 was for PPI.

**Figure 4 - Total redress paid by product group**

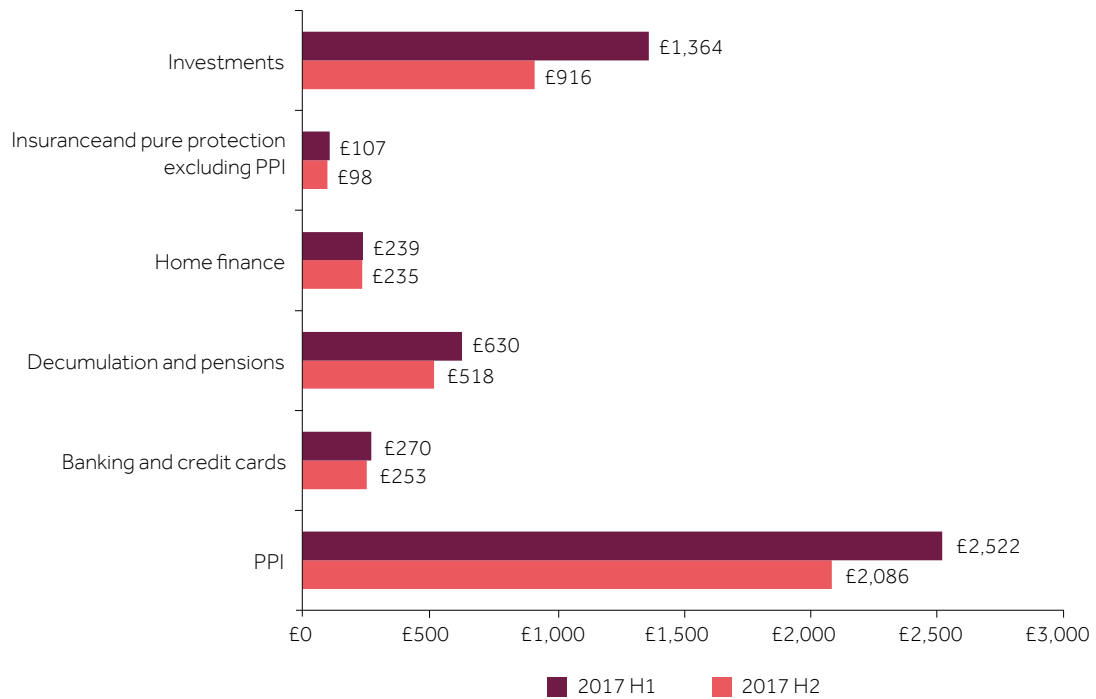




### Redress per upheld complaint

Figure 5 shows that redress per upheld complaint has fallen across all product groups, and most significantly for investments, decumulation and pensions, and PPI.

**Figure 5- Redress per upheld complaint**





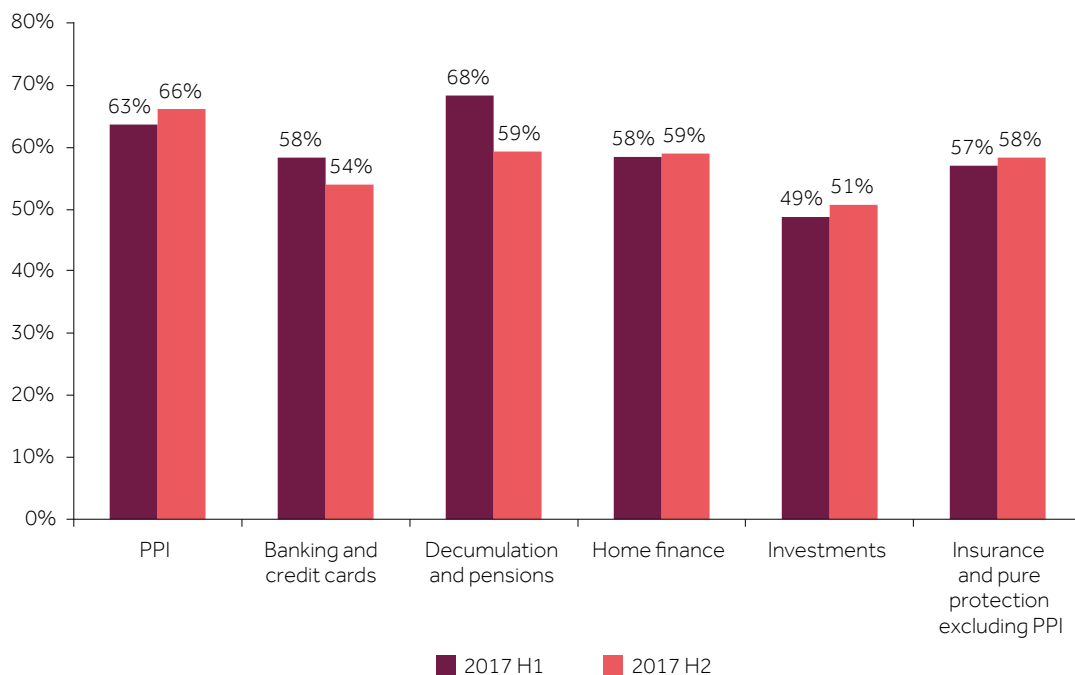
## Percentage of complaints upheld by product group

Figure 6 shows that the proportion of complaints upheld fell most significantly for decumulation and pensions from 68% in 2017 H1 to 59% 2017 H2. These only accounted for around 1% of complaints closed in 2017 H2. The proportion of banking and credit card complaints upheld also fell from 58% in 2017 H1 to 54% in 2017 H2. These accounted for 35% of all complaints closed in 2017 H2.

The uphold rate for PPI complaints was 66% in 2017 H2, which is slightly higher than that in 2017 H1, when 63% of complaints were upheld, but lower than during the same period in the previous year (2016 H2) when 70% of complaints were upheld.

At the product group level, complaints about investment products continue to have the lowest uphold rate in 2017 H2, with 49% upheld, compared with 51% in 2017 H1. Of the top 10 most complained about products, credit cards and packaged accounts had the lowest uphold rates at 44% and 43% respectively.

**Figure 6 - Percentage of complaints upheld by product group in 2017 H1 and 2017 H2**





## Most complained about products

Table 5 shows the top 5 most complained about products and the comparison with the previous period in 2017 H1. Aside from PPI, which made up 41% of all complaints received by firms in 2017 H2, and increased by 40% from the previous period, current accounts and credit cards remain the next most complained about products. The volume of complaints received in 2017 H2 for current accounts fell by 2% and for credit cards, increased by 2%, from 2017 H1. These products have a higher proportion of complaints closed within 3 days.

Motor and transport insurance complaints fell by 5% and packaged back account complaints increased by 1% respectively when compared with 2017 H1.

**Table 5 – 5 most complained about products in 2017 H1**

Product	2017 H1	2017 H2	% change	% closed within 3 days in 2017 H2
Payment protection insurance	1,112,043	1,551,897	40%	9%
Current accounts	518,608	509,047	-2%	70%
Credit cards	309,875	314,586	2%	70%
Motor and transport	241,319	230,146	-5%	56%
Packaged accounts	203,509	206,089	1%	25%

