

## **Commentary on Aggregate Complaints Data 2010 H1**

Firms are required to report to the FSA every six months on the number of complaints they receive and how they handle them. We have previously published complaints data for 2006 to the second half of 2009 (H2). We are now providing an update for the first half of 2010 (H1).

The data covers the following 3 areas<sup>1</sup>:

- Volume of complaints received according to product, type of firm and cause of the complaint. Firms currently report the volumes according to 25 different product categories (e.g. credit cards). These product categories can be combined into five different product groups (e.g. Banking).
- Complaints-handling – including the proportion of complaints resolved within eight weeks and the proportion of complaints upheld by firms.
- Redress paid - this shows the redress paid in respect of complaints reported during the stated half year. This figure only covers cases where a cash value can be readily identified. It does not include other types of redress, for example extending the cover provided by an insurance policy, nor does it include redress paid which does not relate to complaints, for example redress paid as a result of enforcement action or where the firm has undertaken a review of past business.

### **Highlights for 2010 H1**

- The FSA had issued a waiver<sup>2</sup> in 2007 suspending the resolution and reporting of complaints about the level, fairness or lawfulness of unauthorised overdraft charges, while a test case went to court. Following the Supreme Court's judgment on 25 November 2009, this waiver lapsed and firms resumed reporting these cases. This has been a major factor in causing the peak in the number of new complaints in 2009 H2, and consequently the increase in the number of closed complaints in 2010 H1, as firms began to resolve the backlog of complaints that had been on hold since 2007. This has also been a factor in the reduction in the percentage of upheld complaints as a proportion of total closed complaints in 2010 H1 (tables 4.1 and 4.2).
- In line with this, in 2010 H1 complaints about banking have decreased by 50% to 999,196 (table 2.1) and complaints to banks and building societies decreased by 44% to 1,252,467 (table 2.2). Complaints about current accounts decreased by 63% to 599,249 (Note 3) and complaints about 'terms and disputed sums or charges' decreased by 63% to 575,348 (table 2.3).
- The number of complaints about payment protection insurance increased by 53% to 265,949 (Note 3).

- The number of complaints relating to ‘advising selling and arranging’ increased by 22% to 364,891 (table 2.3). 281,994 of these complaints were about general insurance and pure protection (table 1) and many of these were related to payment protection insurance.
- The number of complaints relating to ‘general admin/customer service’ was the lowest since 2006 H2 at 596,606 (table 2.3).
- The number of closed complaints increased by 76% to 2,819,678 as many of the bank charge complaints were reported as closed (table 2.4). The number of complaints closed by banks and building societies increased by 103% to 2,413,435 (table 2.4) and the number of closed banking complaints increased by 126% to 2,166,304 (table 2.5). 83% of complaints to banks and building societies and 84% of banking complaints were closed within 8 weeks (table 3.1 and 3.2). Both of these percentages were smaller than the previous half year.
- Total redress paid in 2010 H1 increased by 43% to £406m. The largest amount of redress by product was for general insurance and pure protection which increased by 92% to £276m. This may reflect the large number of complaints relating to payment protection insurance.

▲ [Back to top](#)

#### **Technical note: interpreting the data**

To provide a more detailed analysis of complaints handling data each firm's data has been linked to the FSA's own categorisation of that firm's type (e.g. 'bank' or 'discretionary investment manager'). For information on how firms have been grouped by primary category see note 2 to the tables. This provides the analysis by 'firm type' shown for both the volumes and complaints handling data. A caveat of this analysis is that a firm of one type may do a high proportion of other kinds of business not reflected in its primary category. Therefore, this analysis does not provide a perfect match of the complaints handling information and the type of business to which it relates. This issue can also affect the change between periods in the number of complaints reported in each category when firms switch from one category to another.

These statistics only cover reportable complaints, i.e. complaints which have not been resolved by close of business on the business day following their receipt. A complaint is resolved where the complainant has indicated acceptance of a response from the firm, with neither the response nor acceptance having to be in writing. In many cases, firms will be able to resolve a complaint, particularly an oral complaint, within this time, and it will therefore not be covered by the complaints reporting rules. By definition, we do not have figures for the numbers of complaints that are not reported to the FSA, but the recent [review of complaint handling in banking groups](#) found that the banks assessed resolved 60-80% of all complaints within this timetable.

Following recent changes in the building society sector, we have decided it is no longer appropriate to show separate building society data. We are now producing data for banks and building societies on a combined basis.

On 1 August 2009 we introduced new complaints reporting requirements for firms. The new requirements aim to make reporting less burdensome for firms and more useful to the FSA. This means that some data from the second half of 2009 onwards will not always be directly comparable to previous data. As a result of the reporting changes, there are some alterations in the data from the second half of 2009:

- For complaints with a reporting period end date after 1 August 2009, we are able to publish the amount of redress paid split into product group and firm type (Table 5) and information on the speed of resolution and the proportion of complaints upheld split into the five different product groups (Table 3.2 and 4.2).
- As the reporting changes have amended the product categories and groups we are not able to provide trends for complaints by type of product prior to 2009. Where possible, we have mapped most of the products into their new categories and provide the data, from 2009 only, in the notes section (Note 3).

We updated all 2009 H1 data from the previous publication due to firm resubmissions.

The FSA's Aggregate Complaints Data are Official Statistics. Official statistics are defined in the Statistics and Registration Service Act 2007 as statistics produced by (amongst others) the (UK) Statistics Board, government departments including executive agencies, and any person designated by an order made by the Secretary of State. The FSA was designated as a body to which the 2007 Act applies by the Official Statistics Order 2009.

---

<sup>1</sup> The precise scope of the complaints reporting rules are set out in the FSA Handbook - see DISP 1.10 <http://fsahandbook.info/FSA/html/handbook/DISP>

<sup>2</sup> The scope of the FSA waiver is set out in the following FSA press release: <http://www.fsa.gov.uk/pages/Library/Communication/PR/2007/090.shtml>