

The Financial Conduct Authority's response to the Annual Report 2017–18 of the Office of the Complaints Commissioner

July 2018

The Financial Conduct Authority's response to the Annual Report 2017–18 of the Office of the Complaints Commissioner

(For the year ended 31 March 2018)

Presented to Parliament pursuant to section 87 of the Financial Services and Markets Act 2012 (as amended by the Small Business, Enterprise and Employment Act 2015)

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Contents

Introduction	P5
Stage 1 complaints	P6
Themes and issues identified by the Complaints Commissioner	P8
The Commissioner's conclusion	P10
Complaints Scheme consultation	P11

Introduction

The Complaints Commissioner's Annual Report for 2017–18 offers the FCA a candid evaluation of, and insight into, our performance in handling complaints over the year.

We consider the Commissioner's role to be a key part of our accountability and value the important role he carries out. We appreciate his insight and advice on how to improve our processes.

We take complaints against the FCA very seriously and aim to deal with most of them within eight weeks. The majority of the complaints that we deal with are resolved without needing to be referred to the Commissioner.

The content of the report was considered carefully by the Board. The Board was reassured that the Commissioner upheld the FCA's decision in 90% of the cases he reviewed and encouraged that the Commissioner feels that the large majority of the complaints that he sees are dealt with fairly by the FCA. The Board felt this supported the view that our overall response when dealing with complaints was fair and reasonable. The Board was also pleased to be recognised by the Commissioner for the work we have done to provide a better service to individuals using the Complaints Scheme.

Nevertheless, the Board recognises that in a number of cases as outlined in the Commissioner's report, our handling of those complaints could have been better. We understand that there is still more we can do and so we will continue to focus on enhancing our approach to dealing with complaints and the service we provide to complainants.

Stage 1 complaints

In 2017-18 the FCA received 557 complaints. See Table 1 for how this compares to previous years. As you can see, the volume of complaints has not changed much over the last 3 years, with the majority coming from individuals or small firms.

Table 1: Complaints received by the FCA between 2016-16 and 2017-18

Year	Complaints received	Concluded in 8 weeks
2015-16	464 590*	-
2016-17	590 577*	42%
2017-18	557	80%

*Figure corrected September 2020

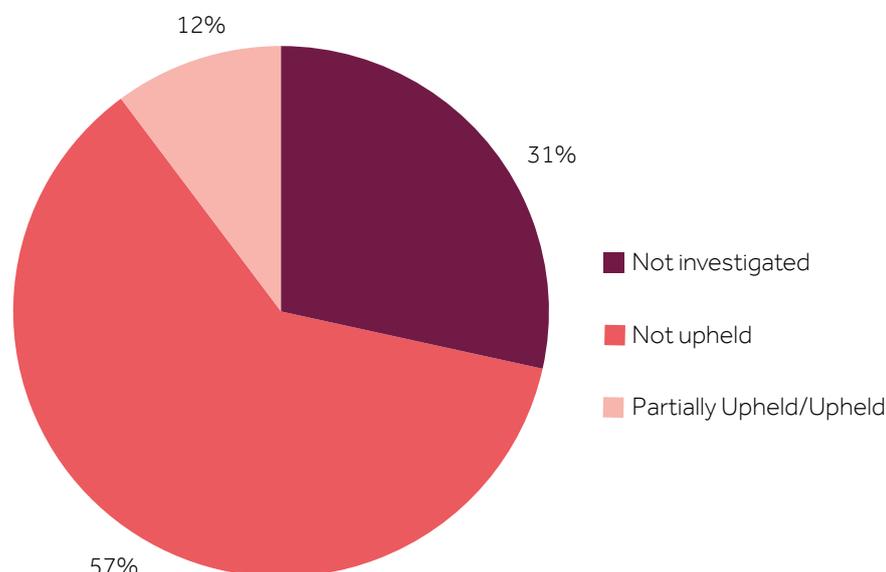
During the year, we concluded 575 complaints, which comprised 776 separate elements.

80% of the complaints we dealt with were resolved in 8 weeks which is a substantial improvement on the previous year. Complaints that exceeded 8 weeks were typically more complex and required more investigation time to properly consider them in a fair and reasonable way.

The complaints team has a continuous improvement strategy to help us focus on improving the way routine things are done. One of the benefits has been to clear the backlog of complaints, enabling us to respond to complaints earlier than had been the case in the previous reporting period. The increase in the number of complaints dealt with within 8 weeks is evidence of this.

We have developed a range of Management Information that allows us to analyse and understand the themes and trends of complaint subject matter. Using this analysis, we are able to flag potential issues to our supervisory colleagues, enabling them to assess the information in relation to the potential risk of harm to consumers and take action if deemed appropriate.

Figure 1: Outcome of complaints considered by the FCA in 2017–18



There are various reasons for not investigating a complaint. For example, it might be outside the scope of the Scheme, or about a matter that is specifically excluded from the Scheme, such as the exercise of our legislative functions (including the making of rules and guidance).

We may also decide not to investigate a complaint under the Scheme if we believe it would be more appropriate to deal with it in another way, for example through legal proceedings.

We provide details of how we deal with complaints in the Complaints Scheme (the Scheme) on our website:

www.fca.org.uk/your-fca/complaints-scheme

The majority of complaints that we deal with are resolved without the need for referral to the Commissioner. During 2017-18 the Commissioner reviewed 115 complaints (20%) of the 575 we responded to, of which 96 were concluded with a substantive response.

Of these, there were 9 cases where the Commissioner wholly or partly overturned the FCA's decision. This represents 9.3% of the complaints the Commissioner reviewed, compared with 6.3% the year before. Overall this represents 1.6% of the total number of complaints dealt with in this period by the FCA.

Themes and issues identified by the Complaints Commissioner

In his Annual Report, the Commissioner identified three key themes emerging from the cases he has reviewed. These were based on nine cases from the 96 complaints that were reviewed in the period.

The final reports of these complaints and others can be found on the FCA website:

www.fca.org.uk/about/complain-about-regulators/complaints-commissioners-final-reports

The Commissioner has provided examples in his report where he felt the FCA could have been more open and transparent in its approach to dealing with a complaint.

In general, our approach is to be open with complainants and to admit our shortcomings. During the year, we upheld 12% of the complaints made against the FCA, which is evidence of this. We will make clear our position if we feel strongly about a certain matter, but only if we feel the assertions made are inaccurate or misrepresentative. However, we do accept that we could seem defensive sometimes and we will work on how to communicate in a more effective and transparent way.

The Commissioner also notes a failure to consider the cumulative effect of the FCA's actions or inactions upon individuals. We believe that approaching complainants with empathy is essential. However occasionally we know we could have done better in recognising the impact that we have. Many of the issues we deal with are difficult and challenging, and complainants often have a number of interactions with the FCA before raising a complaint. We can see that this sometimes causes frustration.

Regardless of the underlying cause, we understand that the matters brought to us are extremely important to complainants. So, we will promote openness and empathy in our approach, creating a more customer-centric culture and a better experience for complainants.

The Commissioner has commented that there is a need for the FCA to have scrupulous candour when handling complaints and we agree completely with this. It is essential if we are to deal with complaints openly and fairly.

Our values represent who we are but crucially who we aspire to be and we use them to guide our everyday actions and judgements, one of which is to 'Act with Integrity'.

Therefore, being open and honest in our responses and owning up to the mistakes we make is a core belief of our organisation.

There are a number of statutory and policy restrictions on the information we can provide to complainants, but we accept that there may have been occasions where we have been over-cautious in their application.

The Commissioner is clear that we should consider whether things might have been done better, and how they could be in future. We agree with this. The lessons learned from complaints can be a powerful tool to understand what went wrong and how we can change for the better.

The Commissioner's conclusion

The Commissioner concludes the report by urging the FCA to:

- promote a culture in which consumers, regulated individuals and firms, and all those interacting with the FCA are dealt with sympathetically
- ensure that those considering complaints provide robust internal challenge within the organisation, rather than simply seeking to defend what has happened
- ensure that responses to complaints are scrupulously honest and candid
- see complaints as opportunities to put things right and improve, not as cases to be defended

We agree entirely with these principles and believe that in most cases we achieve them. We will continue to focus on improving how the FCA operates the scheme and how we can better help those that bring complaints to us.

From a wider perspective, the FCA has a proactive approach to continuously improving the way that we work with firms and consumers. A prime example of this is a recent project entitled 'Delivering Effective Supervision' (DES) which is aimed at delivering proactive, reactive and thematic Supervision for all firms.

In 2015, the FCA introduced the Supervisory model which split firms into Fixed and Flexible categories, with the former being supported by permanent supervision teams and the latter being resourced according to risks in the sector. A series of audits concluded that that overall this model was a success but there were some further improvements that could be made. This resulted in the development of DES.

Implementation of DES commenced in the Autumn of 2017, the outcome of which will be a continual improvement process embedded within Supervision.

Complaints Scheme consultation

Finally, the Commissioner notes that the regulators have not yet consulted on amendments to the Complaints Scheme, despite indicating that we had expected to do so last year. We recognise his frustration, and have made significant progress recently toward developing an updated version of the Scheme, in conjunction with both the PRA and the Commissioner. We plan to issue a consultation later this year.

The amended version will improve the accessibility and clarity of the Scheme for complainants. We believe it will greatly enhance their experience.



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