



Changes to complaints handling rules

The Financial Services Authority (FSA) has announced changes to its complaints handling rules as part of a package of measures to drive up standards of complaints handling within the industry.

Consultation Paper (CP) 10/21 is aimed at ensuring that more firms resolve complaints promptly and fairly. The consultation paper closes on 31 December 2010 with a policy statement and final rules due to be issued in April 2011. The changes are likely to take effect from July 2011 onwards.

Proposals include:

- Requiring firms to identify a senior individual responsible for complaints handling;
- Abolition of the 'two-stage' complaints handling rule to incentivise firms to resolve complaints fairly the first time;
- Underlining the requirement for firms to carry out root cause analysis, by identifying and remedying any recurrent or systemic problems with complaints, and to take action where appropriate; and
- Additional guidance in relation to taking account of ombudsman decisions and previous customer complaints and learning from the outcome.

The FSA also proposes to increase the limit on awards made by the Financial Ombudsman Service from £100,000 to £150,000 to provide fairer and more effective redress for customers.

At the same time as this Consultation Paper, the FSA has also published firm-specific complaints data, enabling customers, for the first time, to compare and contrast the way different firms deal with their complaints.