



Complaints Handling (DISP)

Introduction

The FSA's paper (CP11/10) contains new Complaints Handling rules, a number of which take effect from 1 September. The link / web address below will take you to the FSA newsletter concerning this.

http://www.fsa.gov.uk/pubs/cp/cp11_10_newsletter.pdf

Procedural changes

The main changes required under the new rules include (but are not limited to) the following:

- The two-stage complaints handling process has been abolished with effect from 1 July 2011.
- There has been an increase in the ombudsman service award limit from £100,000 to £150,000 with effect from 1 January 2012.
- Firms should publish appropriate external information regarding their internal procedures for the reasonable and prompt handling of complaints. It should be clear that complaints can be made free of charge.
- External information should be provided in writing and also be free of charge.

(NB. FSA guidance states that firms do not have to reprint existing material to reflect the clarification on charging – unless firms consider this would benefit clients. But a firm's material should not imply that charges may apply).

- Firms should comply with rules which provide guidance on specific actions that the FSA expects firms to carry out to and evidence when conducting root cause analysis of complaints (DISP 1.3.3).
- Firms must ensure that complaints investigations take into account previous FOS cases and/or guidance on similar matters (DISP 1.3.2A) (and make sure they can evidence this has happened).

Firms should review their procedures, both internal and external, prior to 1 September to ensure that these reflect the new requirements.

Senior Management responsibility

A further change which impacts on all firms is a new rule at DISP 1.3.7 which comes into effect from 1 September 2011. This requires firms to appoint a senior individual to have oversight for complaints handling. This person must be an individual who performs a governing function (i.e. CF1 - 7). In some firms this may not necessarily be the Compliance Officer (CF10).



Oversight for Complaints Handling

Specific responsibilities for this role may include:

- Reviewing the firm's management information (MI) in relation to complaints and assessing whether it is fit for purpose. Specifically, the MI should be robust and detailed enough to allow meaningful root cause analysis to be carried out, in accordance with the requirements of FSA rules, and to enable the firm to be sure that it is treating its customers fairly.
- Reviewing MI and assessing whether appropriate actions are taken in response to the results of root cause analysis.

If the firm considers that the most appropriate person to be allocated this responsibility is not currently performing a governing function (CF1 - CF7), then approval for this individual to carry out a governing function (CF1 - CF7) will need to be obtained as soon as possible in advance of 1 September.

This briefing note is intended as a summary only and is not full and/or firm specific advice. For further information and assistance on how you should comply, please contact Gillian Gallacher.