

Commentary on FSA Complaints Data 2009 H1 Update

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 2008. Firms submit complaints data twice yearly and we are now providing an update for the first half of 2009. We will publish updates every six months from now on.

The data covers the following 2 areas¹:

- Volume of complaints received according to product, type of firm and cause of the complaint. Firms report the volumes according to 36 different product categories (e.g. credit cards). These product categories can be combined into five different product groups (e.g. Banking and Loans).
- Complaints-handling – including the number of complaints that take more than eight weeks for firms to resolve and the proportion of complaints upheld by firms. Unlike the volumes information described above, firms do not currently report their complaints handling information split into different product categories or groups.

Highlights for H1 2009

- The overall level of complaints has increased by 2% to 1.51m since H2 2008.
- Complaints about general insurance and pure protection increased by 19% to 334,443 giving an overall increase of 72% since H1 2006 (table 2.1) This category includes complaints about payment protection insurance.
- Complaints about arrears handling increased 41% to 39,181 and complaints about misleading advice increased 19% to 207,967. Meanwhile complaints about delays fell by 23% to 117,774 (table 2.3).
- The proportion of complaints dealt with in over 8 weeks increased from 10% to 11%. This was largely attributable to complaints to banks and general insurance intermediaries (table 3).
- The proportion of complaints upheld by firms fell from 40 % to 38%. This was largely attributable to a fall in the number of complaints upheld by banks (table 4).

Future developments

On August 1 this year 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 data from the second half of 2009 onwards will not always be directly comparable to the data that is being published now. We intend to publish data for the second half of 2009 in April 2010.

Consultation Paper 09/21 proposed publishing firm-specific complaints data for those firms with the largest number of complaints. The consultation period closes on 30 October. If this proposal is implemented, firms would begin to publish their own data from July 2010. The FSA's publication of firm-specific data would be alongside the publication of aggregate data.

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 number of complaints reported in each category when firms switch from one category to another. This occurred in H1 2009 and contributed to the 26% increase in the volume of complaints for general insurance intermediaries between H2 2008 to H1 2009. This is partly due to some firms having changed their permissions which therefore changed their firm category since the publication of the 2008 H2 figures, and their complaints for H1 2009 are now being included in the general insurance intermediary firm category. Had this change of firm category not occurred, the increase would have been 13% rather than 26%.

We note that the volumes of complaints in the 'Other GI/Pure Protection' and 'Income Protection' for all periods from H1 2006 to H2 2008 categories have changed. This is due to some income protection insurance complaints being reclassified as complaints about payment protection insurance.

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 we have evidence from some major firms that they are either already handling 75-80% of complaints within this timetable, or have targets to do so.

¹ 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>