

Regulatory Update

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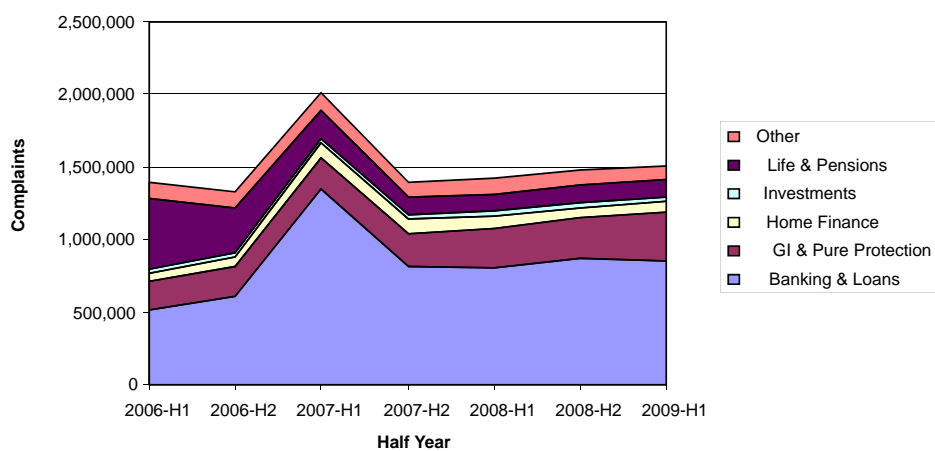
Agenda

- **Financial Risk Outlook**
- **The complaints landscape**
- **Publication of complaints data**
- **The FSA's focus on conduct and redress**
- **White Paper and Financial Services Bill**

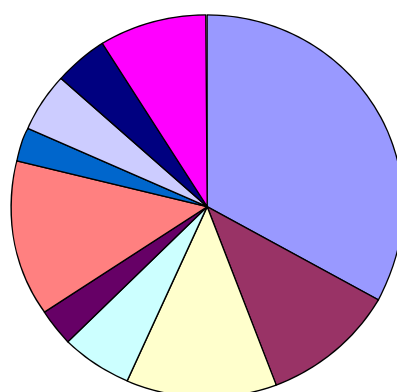
Key message from the Financial Risk Outlook

“[...]Despite these pressures, firms need to ensure that they continue to **treat customers fairly and not cut important resources** in a bid to retain capital. For example, some firms may reduce their resource devoted to complaints handling, which in the long run could reduce the likelihood of firms taking appropriate corrective action.”

Trends in complaints by product type



Complaints in 2009-H1 by product



- Current Account
- Credit card
- Other Banking & Loans
- Motor Insurance
- Property Insurance
- Other GI & Pure Protection
- Mortgage Endowment
- Other Life & Pensions
- Mortgages
- Other Products

Speed of resolution and uphold rate



Firm Type	Complaints closed within 8 weeks*	Complaints upheld*
Life Insurer	93%	42%
Other Insurer	94%	50%
Overall Average	89%	62%

*As a percentage of total closed complaints for each firm type

The FSA's increased focus on conduct and redress



- **We are increasing our focus on facilitating redress through supervision and enforcement action.**
- **We have set up a new Conduct Risk Division to provide specialist expertise and resources for supervision**
 - This includes looking at firms' complaints handling and using complaints data effectively to support our conduct strategy

Publication of complaints data



- **We received 38 responses to CP09/21, "Transparency as a Regulatory Tool".**
- **Key issues raised:**
 - benefits of data publication,
 - categories used,
 - contextualisation, and
 - timing of implementation.
- **We are considering the responses and will publish a Policy Statement in January.**

White Paper and Financial Services Bill FSA

- **The White paper highlighted that there is more to do to**
 - drive up the standards of complaints-handling by firms;
 - reduce the number of cases referred to the FOS;
 - close down emerging issues before they become widespread;
 - improve the wider implications process; and
 - Improve collective redress solutions.
- **The Financial Services Bill introduces proposals for**
 - Collective proceedings through the Courts
 - New FSA power for consumer redress schemes
- **FSA, OFT and FOS will publish a joint DP on redress.**

Challenges

- **For consumers to obtain swift and effective redress when things go wrong:**
 - Firms must handle complaints fairly and in a timely fashion; and learn from experience;
 - FOS must provide an effective backstop for consumers;
 - FSA must direct firms to provide redress when it is due.
- **All must strive to identify issues proactively before they become widespread.**

Key Messages



- We are increasing the transparency of firms' complaints-handling.
- We are taking a more intensive and outcomes-focussed approach to the supervision of complaints-handling.
- The challenge for firms is to deliver redress when things go wrong but also to identify and remedy processes at fault.

More information



Complaints Data

- www.fsa.gov.uk/Pages/Library/Other_publications/commentary/index.shtml

Complaints FAQs

- www.fsa.gov.uk/smallfirms/resources/faqs/complaints_sourcebook.shtml

Complaints Reporting FAQs

- www.fsa.gov.uk/pages/Doing/Regulated/Firms/help/faq/index.shtml

Treating Customers Fairly

- www.fsa.gov.uk/Pages/Doing/Regulated/tcf/index.shtml