



2-4 Questions

2. Complaints and Redress

Procedures

- Eligible complainants are retail clients
- Procedures of the firm must be:
 - In writing
 - Disclosed:
 - At first point of contact or when documentation is first provided
 - On request
 - When a complaint is received
 - **Unless** the complaint is resolved in **one business day**
- A firm's procedures should provide for:
 - Receiving complaints
 - Responding to complaints
 - Investigating complaints
 - Notifying complainants of the FOS
- Firms should use complaints to try to identify any systemic problems

Hints

Investigating a complaint

The person responsible for investigating the complaint must:

- Have the power to resolve the complaint or get it resolved
- Not have been involved in the event that led to the complaint



2. Complaints and Redress

Stages and timings

- Timing
 - Send written acknowledgement of a complaint (and a copy of the complaints procedures) promptly
 - Send a final response within eight weeks
 - If the complaint is unresolved:
 - Explain why this is the case and when it is likely to be resolved
 - Inform the complainant that they may approach the Financial Ombudsman Service (FOS) within six months
- Summary report sent to FCA every six months
 - Total complaints received
 - Number of complaints resolved within four weeks and four-eight weeks and over eight weeks
 - Number of complaints outstanding
 - Number of complaints accepted as valid by the firm

Further information

An eligible complainant can also approach the FOS if a firm's final response does not meet their satisfaction.
If a client does not reply to a written response by a firm, the firm can consider the complaint resolved.



Hints

Complaint must be addressed to the firm first.



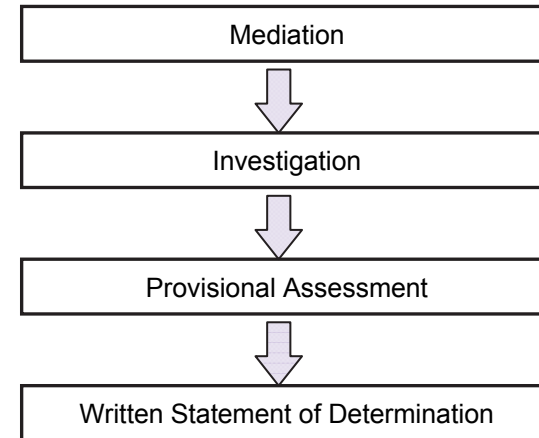
2. Complaints and Redress

The Financial Ombudsman Service

- Free dispute resolution service for eligible complainants
- Compensation
 - Maximum award to complainants: £150,000 (and reasonable costs)
 - Financial loss, pain and suffering, damage to reputation and distress and inconvenience
 - If the complainant accepts the award, it is binding on the firm
 - If the complainant rejects the award, they can pursue the matter through the courts
- Compulsory jurisdiction vs. voluntary jurisdiction
 - Authorised firms conducting regulated activities are subject to the compulsory jurisdiction of the FOS
 - Firms conducting other investment business, such as credit card services, can opt to be subject to voluntary jurisdiction

Further information

FOS stages



Further information

The Ombudsman may dismiss a complaint if:

- No loss was suffered
- The complaint is frivolous or vexatious
- The resolution offered by the firm was reasonable

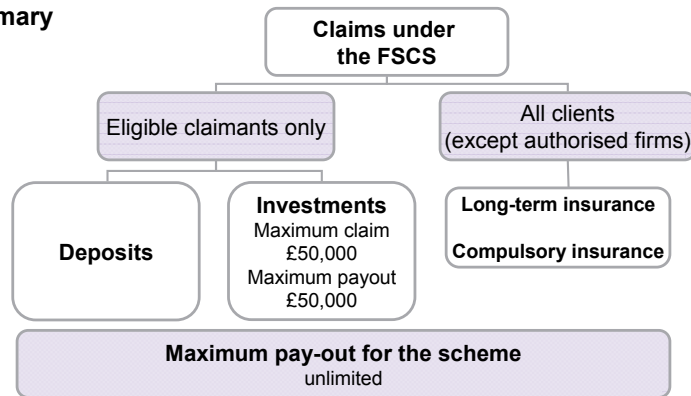


2. Complaints and Redress

The Financial Services Compensation Scheme

- Application
 - Allows clients to claim for losses when a firm goes into liquidation

Summary



Hints

Authorised firms are responsible for funding the FCA, the FOS and the FSCS.



Hints

Any client may claim in respect of long-term insurance (e.g. life) and compulsory insurance (e.g. employers' liability).

Those deemed eligible counterparties can never claim, unless they are a small business (e.g. sole trader) and the claim arises from business outside their expertise.



Keeping on target

Under which set of circumstances could a claim on the FSCS be made?

- A: When an authorised firm becomes insolvent
- B: Exclusively in response to claims from retail clients
- C: Breaches of the Principles of Business
- D: As an alternative to mediation by the Financial Ombudsman Service





6-8 Questions

Answer to the question on the previous slide:
A: When an authorised firm becomes insolvent