

COMPLAINT

Handling

Read time: 9 mins



Hello,

A regulated complaint is where the complainant must suffer or may suffer financial loss, material distress, material inconvenience. In addition, it must be about something which is regulated and covered by the Financial Ombudsman Service (FOS).

Therefore, a regulated complaint may not necessarily be about money, as complaints can allege there has been material distress or material inconvenience, not just financial loss.

This guide will explore what a complaint is, who can make one and the complaint handling requirements as set out by the FCA and FOS. In addition, it will provide hints and tips on how to deal with customer complaints effectively.

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Learning *lab* 

What is a complaint?

FCA definition

A complaint is any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of a person, about the provision of a failure to provide a financial service or a redress determination which:

- » Alleges the complainant has suffered or may suffer financial loss, material distress or material inconvenience.
- » Relates to an activity of that respondent or any other respondent with whom that respondent has some connexion in marketing or providing financial services or products, which comes under the jurisdiction of the Financial Ombudsman Service.

The Financial Ombudsman Service is an independent body that was set up under the Financial Services and Markets Act 2000 to help resolve customer disputes with financial companies.



Complaint handling

Treating Customers Fairly

The FCA has six consumer outcomes that firms should strive to achieve to ensure fair treatment of customers.

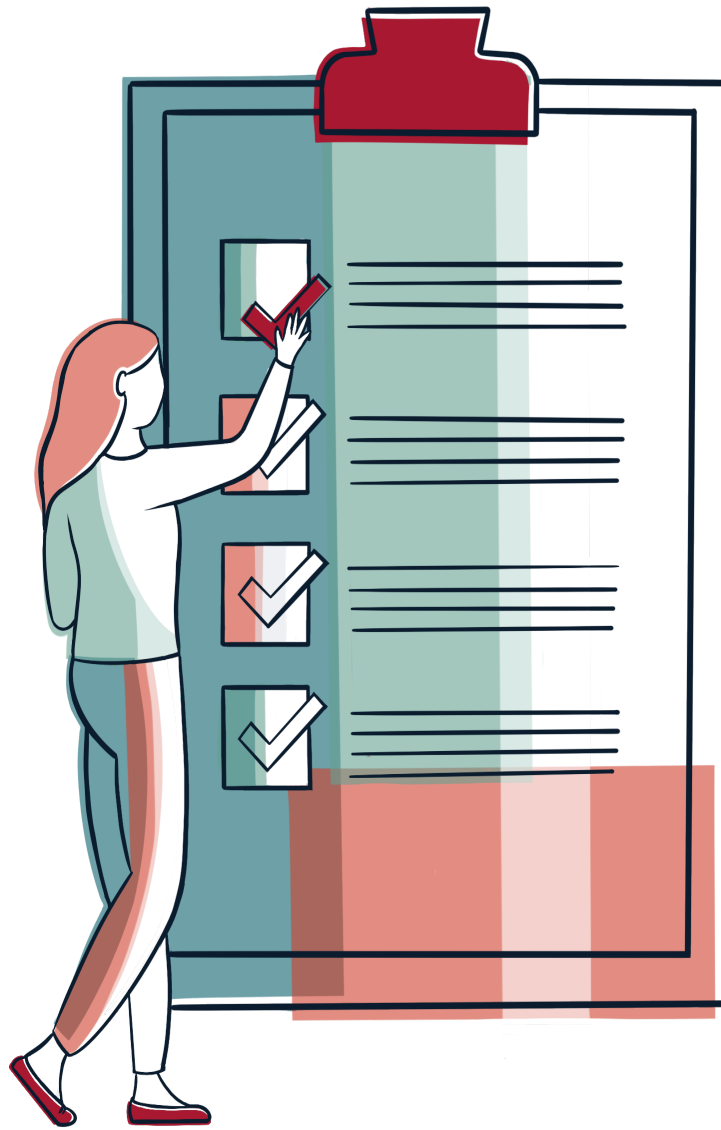
Outcome 6 ensures that all FCA regulated firms must be transparent when handling customer complaints:

Consumers do not face unreasonable post sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

As part of TCF, you need to be able to show:

- » That you recognise and deal with complaints systematically and fairly
- » That your customers are aware of your complaints procedure
- » How you use complaint information to improve standards where appropriate.





FCA COMPLAINT HANDLING

Requirements

FCA requirements

Complaints process

Your organisation must have a complaints process in writing. It should include:

- The definition of a complaint
- How staff can identify a complaint
- The roles and responsibilities of different staff in dealing with the complaint
- The timeframes for dealing with a complaint
- The recording and reporting of complaints



FCA requirements

Roles and responsibilities

The FCA requires that there must be someone senior who was responsible for complaints in your organisation. There should also be a named deputy who can cover when required where possible.

Where at all possible, complaint should be dealt with by an independent person who has:

- » Sufficient knowledge and experience in the matter.
- » No prior involvement in this situation that brought about the complaint.
- » The authority to settle the complaint and offer any appropriate compensation.



FCA requirements

Recording and reporting

Every six months the FCA requires regulated firms to advise them of the number of complaints received, any compensation paid and any outstanding complaints. This is included as part of the firm's Retail Mediation Activities Return (RMAR).

Your firm should have a central complaints log which will be maintained by the person responsible for dealing with complaints. Your complaints log will provide crucial management information to help identify any trends or issues related to staff training or third parties.

Usually, the log will include all the information related to the complaint, such as the customer, the subject matter, the date it was received, the person handling the complaint, and the current status of the complaint.



FCA requirements

Customer awareness

Existing and prospective customers should be made aware of the organisation's complaints process.

The complaints process should be included within your firm's Terms of Business Agreement (TOBA) that is provided to your clients.

If your firm has a website, then the complaints process must be prominent and include the appropriate contact details should someone wish to make a complaint.

A copy of the complaints process should be sent to the complainant at the start of the process. The complaints process must be shared, free of charge, to anyone who requests it.



COMPLAINT Timescales

Complaint timescales

Acknowledgement

Remember, a complaint does not have to be in writing. It can be done in person, over the phone, by e-mail and even by the increasingly popular medium of social media.

It is important that all members of an organisation are aware that complainants cannot be forced to put their complaint in writing.

All complaints must be acknowledged promptly and in writing, either by e-mail or letter. The acknowledgement should include your understanding of the complaint, who at your firm will be dealing with the complaint, a copy of your complaints procedure and details of the Financial Ombudsman Service.

This helps provide the complainant early reassurance that complaint has been received and is being dealt with.



Complaint timescales

Resolved informally

A complaint can be resolved informally by the close of business on the third working day.

A Summary Resolution Communication is then sent in place of a written acknowledgement. This must include:

- » Confirmation that a complaint has been made.
- » That the complainant now considers the complaint to be resolved.
- » That the complainant may be able to refer to the Financial Ombudsman Service (FOS) if they subsequently decide they are dissatisfied.
- » That the firm does not wish to waive relevant time limits for referral to the FOS as per the final response requirements.
- » Details of the FOS website and that further information about the FOS may be available on their website.

Complaint timescales

Final response

Where the complaint cannot be resolved within three business days, a holding letter is sent to the client. The complainant must be kept advised of the progress during the course of the complaint.

A final response letter must be sent to the complainant within eight weeks of the complaint being received.

The final response letter should:

- » Accept the complaint and, where appropriate, offer redress or remedial action, or
- » Offer redress or remedial action without accepting the complaint, or
- » Reject the complaint and give reasons for doing so.

If you are not in a position to issue a final response after the eight-week period. You must write to the client explaining the delay. This letter must give an indication of when a final response may be issued, and that the client now has the automatic right to take the case to the FOS for a decision.

Complaint timescales

FOS and FCA

If the complainant is dissatisfied with the response, they have six months to refer the case to the Financial Ombudsman Service (FOS).

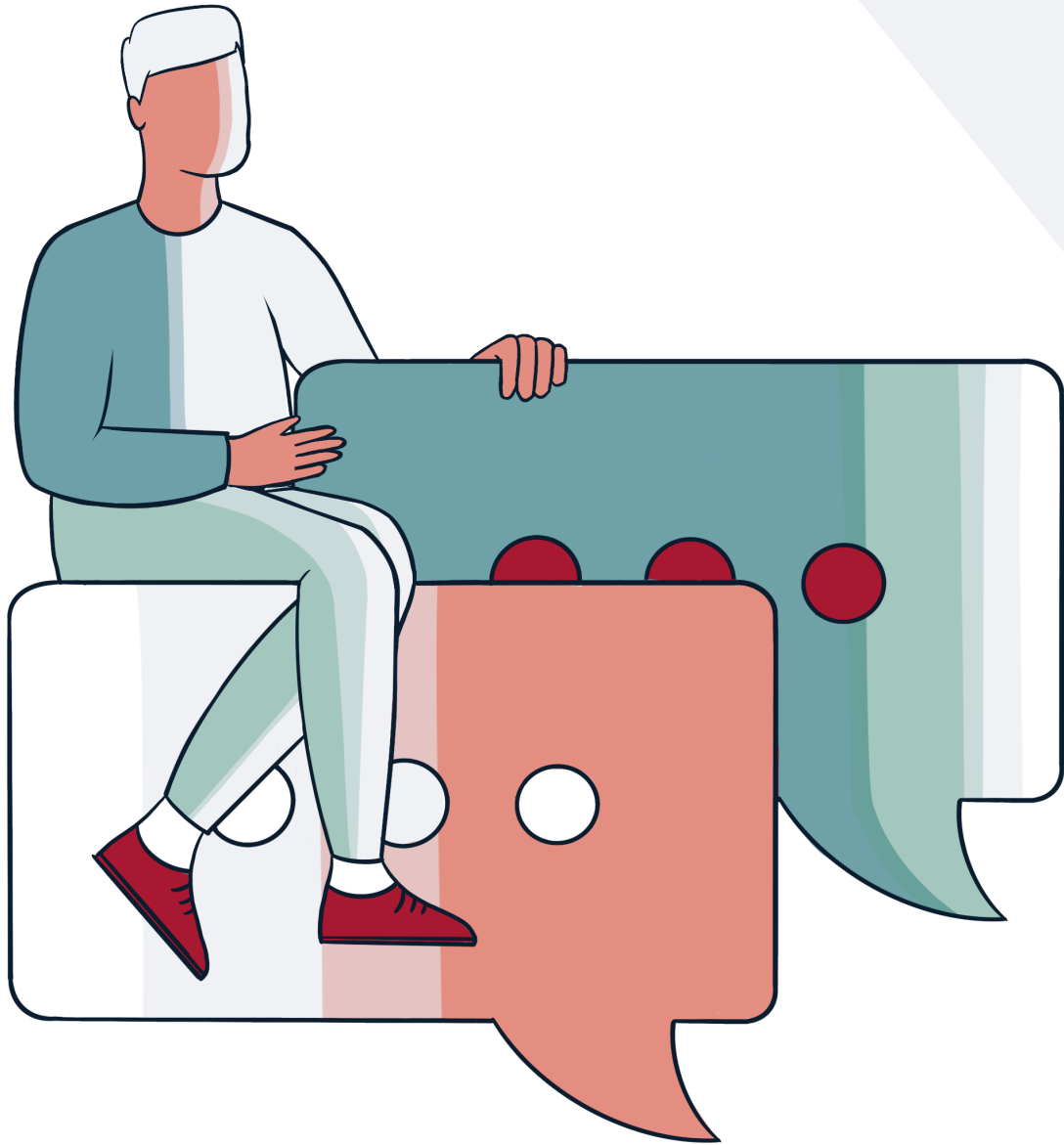
The time scale starts from the date of the final response or the letter setting out the reasons for delay.

At least every six months every regulated firm is required to formally advise the FCA of the following:

- » The number of complaints received including any redress paid
- » Any outstanding complaints at the reporting date.



**Financial
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WHO CAN Complain

Who can make a complaint?

Overview

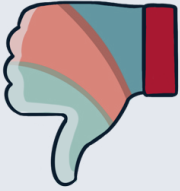
Those that who can make a complaint are a customer or a potential customer.

A complaint may be made by a third party on behalf of an eligible complainant, as authorised by the complainant or by law, for example, an executor, beneficiary or solicitor.

In addition, it does not matter if the person authorised to act on behalf of an eligible complainant are themselves an eligible complainant.

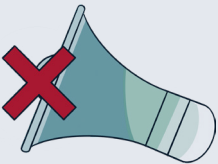


Reasons for complaints



Poor customer service

- » Unresolved issues
- » Not keeping promises
 - No call-back
 - Documents not sent
- » Inaccessibility
 - Waiting times
 - Can't log in



Failing to listen to a customer's needs

- » Policies set up without the client's consent.
- » Miss selling



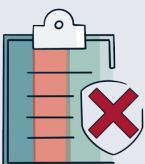
Administration errors

- » Policies cancelled mistakenly
- » Incorrect information given
- » Incorrect address, name, or date of birth



Disputed Sums or charges

- » Complaints regarding a clients claim
- » Complaints about fees applies to a product, policy or service



Breaches of GDPR

- » Volume or nature of correspondence set out.



HANDLING COMPLAINTS Effectively

Complaint Handling

Hints and tips

There are five steps that will help you to handle a customer who was making a complaint effectively:



Listen



Keep calm & empathise



Summarise



Take notes



Agree next steps

Handling complaints effectively

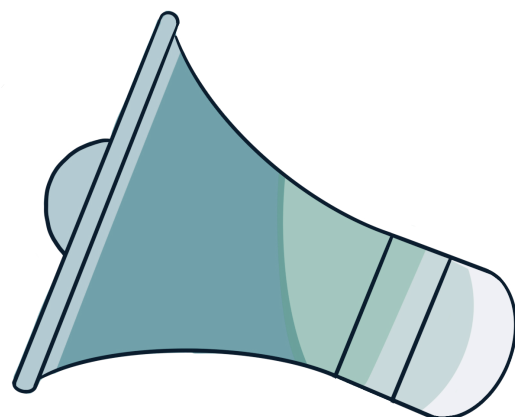
Step 1 - Listen

You need to understand the nature of the complaint. What the complainant has taken issue with, how they would like the situation to be resolved.

You need to obtain the facts from the complainant before you can decide on a response. Ask questions if needed.

It is important to allow the complainant time to vent. Give the customer your full attention and listen to what they have to say without interrupting. Use verbal nods to reassure the customer that you are listening to what they have to say.

Remember, if you are dismissive of a person's complaint, the complainant can feel rejected or disrespected and in some cases become angry.



Handling complaints effectively

Step 2 - Keep calm and empathise

It is important to remain calm when dealing with a complaint, even if the customer becomes irate or confrontational.

Remain impassive and emotional response will only serve to irritate the customer further.

Remember that the customer is not angry at you. It is the situation that is angering them.

Even if you think that a complaint is unjustified or spurious, you need to take it seriously. You must act professionally at all times.

It is easy to be defensive, particularly if you don't believe your fault.

Remember, arguing back will only make the situation worse. Your ultimate aim is to turn their negative experience into a positive one.

Try to understand and put yourself in their shoes. How would you feel if this had happened to you? How would you like to be treated?



Handling complaints effectively

Step 3 - Summarise

Once the complainant has finished talking, it is important to make them feel as if you're on their side. Summarising the problem can assist you.

Calmy repeating their concerns back to the complainant will demonstrate you were listen carefully and help you to clarify the problem. If you need to, ask questions to make sure that you've identified the problem correctly.

Use the I pronoun instead of we to make the exchange personal and to show ownership.

Once you're sure that you understand your customers issues or concerns, show them you understand why they are upset. Make sure that your tone expresses this understanding and empathy.



Handling complaints effectively

Step 4 - Take notes

Taking notes are vitally important when dealing with the complaint. Complainants can often go on a tangent, keeping notes will help you to answer their query/complaint more effectively.

Taking notes helps to ensure you or a colleague are well prepared for the next interaction with them.

Things that you should jot down are who made the complaint and what is the reason for the complaint. If a call-back is required, note the clients preferred contact number and their preferred time and date.

Taking notes will also help to demonstrate that you want to help your customer rather than discarding them as just another complaint.



Handling complaints effectively

Step 5 - Agree next steps

Once the complainant has explained the issue, you need to act immediately.

Confirm the complainant's expectations and provide options.

- » Offer them help and advice.
- » Can you escalate to a manager?
- » Do they want to call-back?
- » Can the problem be solved there and then?
- » Are they considering leaving?

Summarise the next steps

- » Let the customer know exactly what to expect.
- » Be sure to follow through on your promises
- » Ask if there is anything else you can help them with.
- » Make sure that they have your name and contact details.



Handling complaints effectively

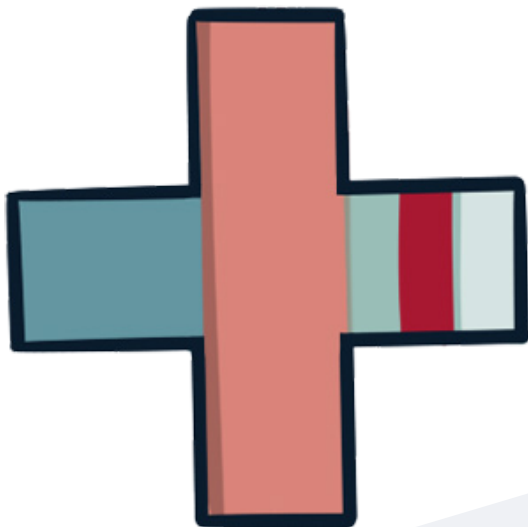
Using complaints as a positive

Unfortunately, it's not always possible to prevent poor customer experiences. However, by handling any complaints quickly and effectively, it is possible to salvage negative situations and embrace the opportunity to improve.

Complaints can be a useful way to gain feedback about your service. A customer complaint can highlight a problem, whether that be with a product, employee, or internal process.

Complaints offer the opportunity to investigate and solve problems, resulting in an improved service for your customers.

Complaints that are handled properly can improve your reputation and strengthen public confidence in your organisations administrative processes.





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