

September 2009

# 09 / 23

*newsletter*



This newsletter provides a summary of CP09/23. Please see the section 'Who should read this paper?' to see if CP09/23 is relevant to you.

Financial Services Authority

## The assessment and redress of payment protection insurance complaints

### Why are we issuing the Consultation Paper?

The Consultation Paper (CP) sets out our proposals for:

- guidance on the fair assessment and (where appropriate) redress of complaints related to sales of payment protection insurance (PPI); and
- rules requiring firms to re-assess, against the proposed new guidance, complaints (received since 14 January 2005) about PPI sales that the firm had previously rejected.

### Who should read this paper?

The CP will be of prime interest to firms currently or previously active in the sale of PPI. It is also of interest to relevant trade and consumer bodies.

The paper will be relevant to consumers who have complained about a sale of a PPI policy, or are considering doing so, and to third parties representing them.

## What is the background to this?

The proposals in the CP stem from our serious concerns about the fairness with which firms have assessed consumer complaints about past PPI sales, which have significantly increased in recent times. These shortcomings fall far short of what our principles and rules require from firms, and our Handbook proposals and supporting actions are designed to ensure firms address them.

We anticipate that our proposals and other actions will lead firms to treat PPI complaints more fairly and consistently and to uphold and redress a greater proportion of them. This will benefit consumers and reduce the current heavy burden of cases on the Financial Ombudsman Service (FOS).

## How is the paper set out?

As well as an Overview setting out the background and summarising our proposals, the paper is structured as follows:

- Chapter 2 sets out in more detail the rationale for these proposals;
- Chapter 3 reviews in more detail the content of the proposals, and sets out the questions we want to consult on;
- Chapter 4 outlines the next steps following the consultation;
- Annex 1 is the cost benefit analysis of the proposals;
- Annex 2 is our assessment of the proposals' compatibility with our statutory objectives and principles of good regulation;
- Annex 3 brings together the various consultation questions; and
- Appendix 1 contains the draft Handbook text.

## What happens next?

The number of PPI complaints continues to mount rapidly, and because we want as many of these complaints as possible to be handled in accordance with our proposals as soon as possible, we are setting the period for consultation at **one month**. We recognise this is short for proposals that are of significant impact, but we have undertaken extensive pre-consultation, including with industry, consumer representatives and the FOS, and we believe this short consultation period is now warranted in the circumstances, to limit consumer detriment.

So the consultation closes on 30 October. We will then review and finalise our proposals in light of the responses received.

Once the proposals are implemented, we will monitor firms' performance to assure ourselves that PPI complaints are being fairly handled and reviewed. If we find that firms are not doing this and are putting complainants' interests at risk, firms can expect tough action from us.

This newsletter summarises Consultation Paper 09/23. The Financial Services Authority invites comments on this CP. Comments should reach us by 30 October 2009.

Comments may be sent by electronic submission using the form on the FSA's website at ([www.fsa.gov.uk/pages/library/policy/cp/2009/cp09\\_23\\_response.shtml](http://www.fsa.gov.uk/pages/library/policy/cp/2009/cp09_23_response.shtml)).

Alternatively, please send comments in writing to:

Julian Watts  
Retail Policy and Conduct Risk Division  
The Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

Telephone: 020 7066 1046    Fax: 020 7066 1047    E-mail: [cp09\\_23@fsa.gov.uk](mailto:cp09_23@fsa.gov.uk)

It is the FSA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure.

A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

## How can I get the full paper?

You can download the full Consultation Paper from:

[www.fsa.gov.uk/pages/Library/Policy/CP/2009/09\\_23.shtml](http://www.fsa.gov.uk/pages/Library/Policy/CP/2009/09_23.shtml)

Or you can order hard copies of the paper:

Phone our helpline on **0845 608 2372**, quoting reference **CP09/23**

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