



Financial Services Authority

Treating customers fairly: Progress report

June 2002

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Introduction

- 1 The FSA's overall regulatory aim, as stated in a 'New Regulator for the new Millennium'¹, is to maintain efficient, orderly and clean markets and to help retail customers achieve a fair deal. In pursuit of this, the FSA has a number of high level Principles for Business that apply to the firms it regulates. These include requirements that firms pay due regard to the interests of customers and treat them fairly, communicate information in a way that is clear, fair and not misleading, and manage conflicts of interest fairly.
- 2 In the context of the high level Principles, in 2000/01 the FSA undertook an examination of what a fair deal for retail customers means, and in particular the fair treatment of customers after the point of sale. In the first instance, the project looked at general issues and trends arising across the financial services industry and included discussions with a variety of industry experts and commentators, consumer bodies, financial journalists, the Financial Ombudsman Service, and other regulators including non-financial services regulators. Specific examples of potential 'unfairness' problems were then identified through structured brainstorming, reviewing research findings and holding consultative meetings.
- 3 The conclusions of the project were published in June 2001 in a discussion paper 'Treating customers fairly after the point of sale' to which we invited comments. The FSA received 32 responses from a range of organisations and some individuals. This paper provides feedback on those responses and reports on the FSA's progress in taking work forward in relevant areas.

Paying due regard to customers' interests

- 4 The report 'Treating Customers Fairly after the point of sale' identified six main aspects of current industry practice that can lead to consumers not getting a fair deal in the retail financial services market:
 - persistence of jargon in some product literature
 - marketing practices which can lead to unrealistic consumer expectations
 - failure to provide relevant information to customers during the life of the product
 - the sale of complex, opaque products to consumers where the associated risks are not properly identified
 - unfair barriers to switching
 - poor standards of complaint handling by some firms

1 FSA: January 2000

- 5 The report found that financial services firms often do not pay due regard to customers' interests after the point of sale. This can lead to costly difficulties later for both customers and firms. Previous regulatory regimes have tended to focus on what happened leading up to and at the point of sale, and parts of the financial services industry have traditionally seen their role in terms of "selling" products to meet consumer requirements, rather than providing an ongoing service. This tendency to focus on the sale can ignore the ongoing needs of the customer and subsequent changes in economic conditions. At the same time, unrealistic consumer expectations can arise from poor quality advertising and marketing information that fails to point out the risks or relevant features of a product in a clear and balanced way.

Summary of Responses

- 6 The importance of treating customers fairly was emphasised by a number of respondents to the report, especially in the light of recent shifts in government and economic policy that will require individuals to take greater responsibility for their future financial welfare. Given this climate, respondents noted that how customers are treated assumes particular significance for the FSA and is relevant to its consumer-facing objectives.
- 7 Respondents noted that the financial services sector is a huge and diverse market and it is not possible to generalise or use a blanket approach. When defining what treating customers fairly means, a procedural checklist was unlikely to deliver answers in all these circumstances. It was generally felt that the FSA's proposed principles based approach, grounded on a range of widely recognised concepts and "tests" for fairness, was more desirable than rigid definitions that would be unable to keep pace with rapidly changing environments.
- 8 Respondents generally felt that the FSA's conclusions on what fair treatment means were helpful in identifying the 'fairness' problems consumers face and what could be done to tackle these. Only one respondent thought that in setting out its approach the FSA had considered the fairness issues at too theoretical level.
- 9 Given that fairness is such a flexible and relative concept, and because the FSA's rules already reflect key elements of fairness in a number of areas, it was acknowledged that there would be little benefit if the FSA were to produce generic guidance on treating customers fairly. There was, however, support for a strategy of keeping developments under review with a view to producing product or sector specific guidance where appropriate.
- 10 The six main areas of difficulty identified by the FSA where further work needed to be done (see para 4 above) were widely supported. Respondents focused most of their attention on the areas of post sales information, where it

was felt substantial improvements could be made; complex products; switching and consumer choice; and the FSA's new complaints regime, especially how this would relate to the role of FOS. In progressing these issues many industry respondents stressed the need for the FSA to work in partnership with industry bodies.

- 11 Relevant initiatives were already underway in certain sectors such as the ABI's Raising Standards project and revisions to the Banking Code, and it was felt that the FSA should engage with these at an early stage. Whilst the FSA's Treating Customers Fairly work could underpin such initiatives, many felt that the FSA should avoid duplication wherever possible and keep additional regulatory costs to an acceptable minimum. The FSA accepts the spirit of these comments and wishes to work in partnership with industry and consumer groups in taking work forward.

Communicating clearly

- 12 There was broad support from respondents for the FSA to reinforce its 'fair, clear and not misleading' advertising standards and to promote clear and more effective communication of key information by firms to their customers.

With Profits Products

- 13 Over the year the FSA has made good progress in its work on with profits products and published a series of issues papers, including proposals to improve the clarity of information provided to customers, remove jargon, and keep customers informed beyond the point of sale. A full report of the conclusions of this work was published at the end of May.

Advertising and Marketing

- 14 The FSA concluded an internal review of the way in which it should regulate advertising and marketing material under the FSMA regime and published a policy paper in April 2002 'The FSA's regulatory approach to financial promotions'. This set out the FSA's overall approach to ensuring that financial promotions are 'fair, clear and not misleading', and will lead to more proactive monitoring and transparent regime, with published feedback on complaints received and action taken, and the establishment of a telephone hotline this Summer to make it easier for members of the public to report misleading promotions. These initiatives should reduce the risk of financial promotions giving rise to unrealistic customer expectations further down the track.

Post Sales Information

- 15 The majority of respondents saw the provision of post sales information as an area in which substantial improvements could be made, both in terms of the nature of post-sale information provided and the frequency with which firms communicate with their customers. Further FSA work in this area was felt to be important. Respondents did comment, however, that in some cases consumers already receive a large amount of information such as annual updates on pension products, and requiring more might result in information overload. The FSA accepts that when considering what post-sales communication firms should make available to their customers, it will need to ensure that customer needs, and any additional costs incurred by firms, are properly taken into account.
- 16 Over the next 12-18 months the FSA will be focusing particular attention on this area. We will wish to ensure that customers get the information they need in order to assess and review their situation and take action where appropriate. This work will include:
 - information gathering and analysis i.e. what are the current post-sale information requirements? Are there any perceived gaps or problems with the existing regime?
 - consumer research to identify what consumers actually need to enable them to manage their financial affairs effectively.
 - policy development, with a discussion paper published in 2003. This paper will analyse the issues and recommend priority areas for action. It will also propose good practice tools and approaches for use by firms in this area.

Complex Financial Products

- 17 Most respondents felt that complex financial products should not become “off limits” to mass market retail consumers simply by virtue of their being complex. This could hinder innovation and ultimately result in less choice for the consumer. The FSA’s focus should be on ensuring that complex products are easy to understand, with firms setting out clearly and concisely the main features, risks and benefits of the product as well as paying attention to the form and manner of presentation of product literature.
- 18 The FSA’s work on with profits products has demonstrated that increased transparency and enhanced disclosure can address some areas of potential customer detriment. This work has also demonstrated, however, that reliance on transparency and clarity alone may not always go to the heart of the problem. Low levels of persistency or lack of consumer understanding about the real risks inherent in some financial products (such as split capital

investment trusts) point toward the need for some firms to take stock and review their consumer facing strategies and ensure that their customers have information fairly presented to them and are not misled about the real nature of the product or service that they are buying.

- 19 The FSA has started to work on an analysis of the complexity of product types and volumes marketed by large financial groups. The project will go on to consider the extent to which firms currently consider the risks faced by consumers in developing their business strategies.

Switching and Consumer Choice

Unfair Contract Terms

- 20 The issue of possible unfair barriers to switching was highlighted as a key area for further work by the FSA. One of our approaches to this issue will be via the Unfair Terms in Consumer Contracts Regulations 1999, which we now have powers to enforce for most financial service contracts. We will be carrying out wide ranging reviews of contracts to assess the fairness of their terms, and an important element in this work will be looking at the fairness of terms setting out “tie-ins” or “lock-ins”.
- 21 The FSA will also shortly be issuing a Consultation Paper and draft Guidance which sets out our general intended approach to using our powers under the Regulations. This approach will take into account any overlaps and inter-relations between the requirements of the Regulations and those of the FSA's Conduct of Business Rules, high level Principles for Business, and prudential standards.
- 22 Also relevant will be the forthcoming draft Guidance setting out the FSA's view of what the Regulations require for interest rate variation and penalty clauses in savings accounts and mortgages. We will be publishing this draft Guidance shortly for public consultation. The Office of Fair Trading (OFT) withdrew its Guidance on such clauses in autumn 2001 to carry out revisions. As the FSA has, in agreement with the OFT, taken over lead responsibility for enforcing the Regulations for these products, it has been agreed that the FSA will now issue the revised Guidance. We are working closely with the OFT on the revision.

Annuities - Open Market Option (OMO)

- 23 The FSA has also made progress in the area of customer choice in developing policy for the sale of annuities to customers with missold pensions. CP 106, published last August, recognised that consumers could often get a better deal by switching provider but were often unaware of their right to buy an annuity from a firm other than their pension provider. The recently published rules

specify that at least four months before the customer's retirement date or on request firms must provide customers with the following information:

- the customer's right to an open market option and how to exercise that option;
- that different life companies offer different annuity rates and types of annuity and that the customer may get a better deal by shopping around;
- the financial advantages and disadvantages of making use of the open market option compared with taking an annuity with their pension provider;
- the advisability of taking professional advice.

24 Six weeks before the customer's retirement date firms must send a reminder and provide an estimate of the final transfer value of their fund. The rules encourage firms to send a copy of a new FSA factsheet - Your pension - it's time to choose - to customers along with the Open Market Option letter. The new rules come into effect on September 1st 2002.

25 The FSA has also begun work on comparative tables for annuities. The Tables will focus on 'standard annuities' which will cover around 80% of the annuity market, and will provide some useful generic information on annuities.

Endowment Policies

26 The FSA has made good progress in requiring firms to properly inform their customers of their options when they express a wish to surrender an endowment policy. From September 1st 2002, insurers must provide customers who contact them expressing a wish to surrender an endowment policy with the following information in writing:

- that they can trade the policy on the secondary market and that there may be financial benefits in doing so;
- how to trade the policy on the secondary market;
- other relevant options available to the policyholder.

Ensuring an effective complaints regime

27 There was widespread support for the need to provide reliable and effective procedures for dealing with complaints which gave customers confidence that they would be treated fairly. Respondents felt that the new FSA complaints rules would improve the treatment of customers' complaints, help deliver a consistency of approach, and encourage a more positive and pro-active response to complaints by firms.

28 From October 2002, retail firms must send in half-yearly returns to the FSA about the number and types of complaints they have received and how

quickly they are dealt with. While the prime purpose in collating and analysing this data is to assist the FSA in identifying and assessing the likely occurrence of industry-wide risks to its objectives, there may well be value in making certain data publicly available. The FSA will therefore be consulting later this year on a proposal to publish comparative complaints data. This consultation will take account of the suggestions made by respondents to the Treating Customers Fairly report.

Mortgage Endowment Complaints

- 29 The importance of effective complaints handling by firms is highlighted by the FSA's further work on mortgage endowments. The FSA concluded two years ago that the complaints process, in conjunction with other work on specific issues, was likely to be the most effective way of ensuring targeted and appropriate redress for any mis-selling to customers who had suffered a compensatable loss, rather than setting up an industry-wide pro-active review. This approach was predicated on firms' willingness and ability to deal with such complaints fairly, effectively, and promptly. We monitor closely the effectiveness of product providers' complaints handling processes and, as part of this work, we wrote to all the Chief Executives of the main endowment providers and the largest IFAs in April this year, drawing general attention to the issues of concern that had arisen from our supervision of mortgage endowment complaint handling in firms. Firms were asked to respond to our letter and to review their complaints handling procedures in the light of the concerns expressed. We assess evidence of flaws in those processes and regulatory breaches and, where appropriate, we investigate and take disciplinary action to help safeguard consumers. The mortgage endowment exercise has provided useful lessons for effective and fair handling of complaints, on which we will draw as we work more generally on ensuring fair handling of complaints across the retail market.

The New regime for Complaints Handling

- 30 Whilst the FSA is concerned that firms live up to consumer expectations and regulatory requirements in the fair and effective handling of complaints it is acknowledged that a firm's conduct should always fall to be judged against the standards prevailing at the time when the matter of complaint arose. Any need for consumer redress should flow from and be consistent with this.
- 31 The new regime emphasises the need for firms to give adequate priority to their complaints handling arrangements. Some other problem areas should be overcome under the new rules, such as the need for an employee of sufficient competence to investigate complaints, the length of time to resolve complaints and variation in the quality of complaints handling.

- 32 The FSA intends to embark on a programme of work to raise firms' awareness of the new complaints rules and the importance of utilising intelligence generated by complaints to monitor service standards or product problems. This intelligence could be a valuable means by which firms can monitor regulatory risk.

Dealing fairly with classes of customers

- 33 Under the new complaints rules a firm must put in place appropriate management controls and take reasonable steps to ensure that it handles complaints fairly, consistently and promptly. It should also take reasonable steps to ensure that it identifies and remedies any recurring or systemic problem, as well as any specific problem, identified by a complaint. This implies a more positive approach which involves not just handling the complaint properly, but using that complaint to check whether there is an underlying issue which prevents customers from getting a fair deal which needs to be put right.
- 34 A firm may discover, for example, a systemic error or regulatory breach that disadvantages a number of past and existing customers, which could have come about through a variety of human or system errors. Other causes could be if a firm found that a practice it applied to a number of customers, believing it to be reasonable, was found to be unlawful by a court, or was called into question by a public authority or another regulator such as the Office of Fair Trading. Investigation of a complaint by the Financial Ombudsman Service, although focused on one particular case, could also call into question a firm's conduct in relation to a group of customers.
- 35 It is open to a firm to consult the FSA, as its regulator, as soon as it sees such issues arising. The firm may be faced with decisions as to how it should approach the task of meeting the need to deal fairly with different classes of customers. A firm may be in this situation even when it has received no complaints because it has identified the problem, rather than it coming to light through an external inquiry of some kind such as an Ombudsman investigation.

Issues with wider implications

- 36 If something has gone wrong which affects a wide class of customers, a firm will wish to take appropriate and proportionate action to seek to put things right. This may involve paying compensation where customers have suffered a loss for which the firm is felt to be responsible. When considering the interests of all consumers who might be affected there might be one class or group which the firm feels should be compensated but there are reasons why others should not be, or not to the same extent. Sometimes, particularly in a mutual society, there may be conflicts of interest between different classes of customers.

- 37 In those circumstances the firm could explore with the FSA how to put in place a programme of mitigation to provide appropriate redress to consumers affected, on a fair and equitable basis, without disadvantaging some at the expense of others. This could be in the form of an agreed rectification scheme, which might pro-actively compensate on an agreed basis of fair treatment, or there might be other means by which those concerned could be fairly compensated. It might, in other circumstances, simply mean an apology to customers who have been affected, and an undertaking that the matter would not recur. This would depend on the circumstances of the issue in question, and on materiality and proportionality considerations.
- 38 In approaching this and other aspects of the wider implications of cases where customers have been unfairly treated, the FSA will formulate its policy and response in a way which is compatible with meeting its regulatory objectives. In doing so the FSA will have regard to the principles of good regulation which require it to ensure that regulatory burdens are proportionate to the benefits which they deliver, as well as the need to facilitate competition and innovation. The FSA will secure an appropriate degree of protection for consumers, having regard to their varying degrees of expertise and the general principle that consumers should take responsibility for their decisions.
- 39 When reviewing an issue the FSA will utilise its risk based assessment process in order to determine a proportionate and realistic response. This consideration will include what tools at the FSA's disposal could be utilised, including the possibility of formal regulatory guidance. It could be that it is appropriate to issue such guidance to an individual firm or group of firms and of course this would be done under FSMA process disciplines.
- 40 While firms can identify some issues with wider implications which are specific to them, they will not always be well placed to see wider emerging issues that may be common to a number of firms in a market sector. Here, the Financial Ombudsman Service is uniquely placed to see emerging patterns of cases at an early stage.

Information sharing with FOS on 'wider implications' issues

- 41 The FSA as the regulator, and FOS as the Ombudsman, have clear and distinct roles. A part of the FSA's role is to do all it can to support the independence of FOS, and to take all necessary steps to ensure that FOS is able to fulfil its mandate in the resolution of individual cases of dispute. FOS has also made it clear that its role as adjudicator of individual consumer complaints should not be seen as that of setting regulatory standards. While respecting their different roles and responsibilities, both FOS and the FSA will work closely and co-operatively on generic consumer protection issues in order to promote and foster a coherent and effective regulatory framework.

- 42 To facilitate the co-operative approach, the Memorandum of Understanding between the FSA and FOS which was drawn up when FOS was first established has now been updated and revised. The section on information sharing and consultation is annexed to this paper. The full document can be found on the FSA and the FOS websites. Among other things, the MOU identifies areas where the FSA and the FOS share information to the mutual benefit of their respective objectives, and to help each organisation fulfil its mandate. It makes explicit arrangements for information sharing both on a routine and on an ad hoc basis, and includes occasions when FOS considers that a case may have wider implications which could be of regulatory significance.
- 43 “Wider implications” cases could be those where there is a widespread issue or issues which could give rise to significant consumer detriment. FOS is in a unique position to see such an issue arising across a number of firms, although it may consider the implications in any one case to be of sufficient importance that FSA’s attention should be drawn to it. Equally, the implications could indicate a possible materially detrimental effect on the financial resources of firms, or on the market in general. In these circumstances, the Ombudsman would wish to alert FSA to these wider implications, and the need for possible regulatory response of some kind. If, having considered the information received from the Ombudsman and taking into account its statutory objectives and principles of good regulation, the FSA was to indicate that it intended to take regulatory action which would result in fair and proportionate redress for those concerned, there would be a strong presumption that the Ombudsman would, depending on the stage consideration of the complaints had reached, suspend or terminate handling the complaints.
- 44 If the issue had been referred from FOS, the FSA would inform and consult FOS in the development of any resulting guidance. Under FOS rules the Ombudsman is required to take into account regulatory guidance, and in applying the guidance to individual circumstances, seek to arrive at fair and reasonable decisions that would reflect a consistent application of the principles contained in it. However in no circumstances would this process involve the FSA in the adjudication of an individual case. Decisions of individual cases are always a matter for the Ombudsman and Ombudsman alone.
- 45 Such an approach would reduce the risk of regulatory arbitrage between FSA and FOS. The FSA and FOS have made it very clear that, in the interests of consistency and to help avoid confusion, they will continue to work together so that the industry has guidance which is clear and consistent, meeting the FSA’s statutory obligation to ensure appropriate consumer protection while providing an overall structure within which the Ombudsman can operate his specific powers to adjudicate on unresolved disputes between consumers and firms. The framework of principles that will be applied is set out in the MOU.

Conclusions

- 46 Whilst the respondents to the Treating Customers Fairly paper had varying perspectives on the issues identified, most were very supportive of the proposed approach to tackle these. Of particular significance was the growing recognition of the treating customers fairly principle, and not just for when dealing with customers after the point of sale. The FSA welcomes this interest and is encouraged by the firms' willingness to 'work in partnership' with the FSA in moving the agenda forward.
- 47 Over the last year the FSA has made good progress in the six areas identified as requiring particular attention, and has deployed a range of techniques from our 'tool kit'. These have included Conduct of Business Rules, providing web-based information, consumer factsheets and comparative tables, and examining consumer contracts under the Unfair Terms in Consumer Contracts Regulations 1999. We believe that consumers will start to feel the practical benefits of these initiatives before too long but, of course, the story does not end here.
48. The principle for firms to treat their customers fairly will continue to underpin the whole of the FSA's approach to fulfilling its statutory objectives. Although our focus will initially be on issues arising after the point of sale, firms are encouraged to turn their attention to the way in which they interface with their customers at all stages during the life of a financial service or product.
- 49 Fair treatment of customers should maintain and raise customer confidence. This has to be good for customers, firms, and the wider economy.

Extract from Memorandum of Understanding between the Financial Services Authority and the Financial Ombudsman Service

Information Sharing and Consultation

- 10 The FSA and the FOS have agreed that they should seek to observe the following principles:
 - There should be consultation at an early stage on any issues which might have significant implications for either organisation.
 - Early consultation is desirable in order that there should be no surprises and that each should be aware of, and have the opportunity to comment on, any proposed action or initiative which might be relevant to the other.
 - Wherever appropriate the FSA and FOS should achieve consistency of approach and avoid confusion or misunderstanding as to their respective roles.
 - Where appropriate the FSA and FOS should exercise their respective responsibilities in a complementary fashion to address issues and problems which affect consumers and firms.
 - Authorised firms have a responsibility to identify issues (whether resulting in complaints or not) that may have regulatory implications and for drawing them to the attention of the FSA. FOS also has a responsibility to inform the FSA where it sees indications of issues which may have regulatory implications. It is then the FSA's responsibility to evaluate those implications.
- 11 Both the FSA and the FOS will seek to act in accordance with these principles by ensuring that there is an appropriate and timely flow of information between them. This exchange of information should take place on a regular and routine basis and, as the circumstances demand, on a one-off specific basis.
- 12 The FSA and the FOS are able to assist each other through the sharing of information as provided for under the relevant gateway provisions.
- 13 For the FOS this is set out in DISP 3.10.1R, which at part (3) states:

“So long as he has regard to the parties’ rights of privacy, the *Ombudsman* may disclose information to the FSA or any other body exercising regulatory or statutory functions for the purpose of assisting that body or the *Financial Ombudsman Service* to discharge its functions.”

- 14 For the FSA, the FSMA (Disclosure of Confidential Information) Regulations 2001 provide a gateway for confidential information to be passed to the FOS in the furtherance of its regulatory functions, under the so-called “self-help” gateway.

Regular and Routine Information Sharing

- 15 The FOS will provide the FSA with:
 - (a) Briefing and, as required, detailed information on preliminary rulings and final decisions made by an Ombudsman (subject always to the appropriate privacy considerations).
 - (b) Statistical and qualitative information about its complaints-handling activities on a monthly basis (to include the statistical return for the FSA complaints database).
 - (c) Reports on the number of complaints made to the Independent Assessor, and their outcomes.
- 16 The FOS will inform the FSA of any actual or intended litigation against the FOS and will keep the FSA informed, where appropriate, of how it intends to deal with such actions. Where possible, it will give the FSA advance warning of any threatened litigation.
17. The FSA will provide the FOS with such information and briefing as is necessary and relevant to the performance of the FOS’s statutory functions. This will include:
 - (a) Briefing and, as required, detailed information on regulatory action likely to affect the FOS in the exercise of its functions.
 - (b) Briefing and, as required, detailed information on proposed changes to rules or guidance relating to complaints handling or the activities of FOS generally.
 - (c) Statistical and qualitative information arising from consumer research or related activities of relevance to FOS’s functions.
 - (d) Relevant litigation that might affect the exercise by FOS of its functions

Specific Information Sharing

- 18 Subject to the appropriate privacy considerations, the FOS will provide the FSA with further detailed and specific information relating to a complaint (or complaints):
- (a) Where the circumstances of the case appear to call into question
 - a firm's fitness and propriety
 - or whether any person, who may be an approved person for the purposes of the Act, may not be a fit and proper person to carry on a relevant function
 - or if it appears that a criminal offence or a serious regulatory contravention has occurred.
 - (b) If it appears to the ombudsman that a complaint or a series of complaints may give rise or are giving rise to issues of regulatory relevance to the FSA (whether or not the firm has itself drawn the issues to the attention of FSA).
 - (c) If it appears that it would be desirable and appropriate for the FSA to consider using one or more of its regulatory tools including the exercise of its investigative and other enforcement powers, the making of rules or the giving of guidance to firms.
 - (d) In response to a request from the FSA where the FSA is or is contemplating using any of its regulatory tools in relation to a firm which is the subject matter of a complaint.
 - (e) Where it appears that a firm has failed to comply with an award made by an Ombudsman.
 - (f) Where it appears that a firm has, without reasonable excuse, failed to comply with a requirement to provide information or to produce documents to an Ombudsman.
 - (g) If it appears that it may be necessary for the FSA to exercise its powers to address shortcomings in a firm's complaint handling procedures.
- 19 Where the FSA considers that issues of regulatory relevance have arisen that may also be under consideration as disputes before the Ombudsman, it will alert the FOS to the issues and discuss any proposed regulatory action.
- 20 Before making any rules, or giving guidance to firms relating to rules, the FSA will comply with the applicable procedural requirements arising under the Act. The FSA will ensure that making any such rules or giving any such guidance is compatible with its general duties and will have regard to the principles of good regulation set out in the Act.

- 21 The FSA and the FOS will act with the intention of ensuring that any rules or guidance with which firms are expected to comply in addressing possible instances of consumer loss and prejudice are not inconsistent with the principles of fairness and reasonableness applied by the Ombudsman, and with the statutory objective of FOS to resolve disputes quickly and with minimum formality.
- 22 The FSA and the FOS will decide on how best to communicate with consumers and with firms where the circumstances of a complaint, or complaints, give rise to regulatory action by the FSA and where it is likely that steps will be taken to address the generality of the problems and concerns which may have arisen in a firm or a number of firms.
- 23 The purpose of any communication with consumers or complainants will be to ensure that they are at least aware of the time scale within which action may be taken and can remain confident that their concerns will be appropriately addressed and, if necessary, that they will have an opportunity to obtain any redress which they are due.

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