



Financial Services Authority

Using our complaint handling assessment template

April 2010

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Introduction

We are publishing a complaint file assessment template following our review into complaint handling in 2009/10. This document will help file reviewers complete the template to assess the quality of complaint handling and the resulting customer outcomes.¹ The template is not product-specific and is suitable for assessing complaint files relating to any financial product or service and received by any type of regulated firm. Firms may wish to customise the template to suit their own business model.

The rules in our Dispute Resolution Sourcebook (DISP) apply to authorised firms and payment service providers.² However, they may claim exemption from the rules if they do not conduct business with eligible complainants (i.e. consumers, micro-enterprises, small charities and small trusts).³

Important legal note

This template does not constitute Handbook guidance; it does not define the standards for complaint handling. Firms should have regard to this communication as ‘FSA supporting material’, which is intended to help firms comply with our rules and principles.

There may be several ways of complying with a regulatory requirement – following guidelines or other material we publish is only one approach. A firm’s senior management remain responsible for establishing and implementing effective controls over the conduct of complaint handling. Use of the template alone does not constitute compliance with all the requirements for a firm about complaint handling.

For further information on the status of supporting material please refer to: http://www.fsa.gov.uk/pages/Library/Other_publications/Miscellaneous/2009/guidance.shtml

1 http://www.fsa.gov.uk/pubs/other.complaint_rvw.pdf

2 They also apply to businesses licensed by the Office of Fair Trading under the Consumer Credit Act 2006 and businesses coming within the voluntary jurisdiction. See DISP 1.1.2G.

3 See DISP 1.1.12R and DISP 2.7.3R

Who should use the template?

There is no specific training or experience required to use the template. If firms opt to use the template, they should make a decision about what level of knowledge or experience is appropriate for their staff to enable them to assess complaints received by their organisation. They should also consider what level of experience and authority may be needed to challenge previous decisions on complaints. This may include providing those staff with training if necessary.

Structure of the template

The assessment is divided into two main sections: Complaint Handling Quality (Section A) and Customer Outcome (Section B). Each section is scored separately, but both sections should be completed when undertaking an assessment.

The results of the two sections can be used to help identify the nature of any problems with complaint handling and also whether this has resulted in a poor customer outcome in the case reviewed. It should be noted that ‘deficient’ results for Complaint Handling Quality – particularly for several cases – could indicate a systemic problem with the way complaints are dealt with.

Finally, Section C Supplementary Questions, is designed to help you assess wider aspects of complaint handling. This does not contribute to the scoring of the individual case being reviewed and is not required to complete the template, but it can be used where you want to test other areas – for example, this could be beneficial if you are testing several files or want to assess your internal quality checking process.

Answering the questions in the template

There is certain functionality in the Excel version that is not available in the PDF version:

- All yellow-shaded cells provide a drop-down menu of possible answers.
- Blue-shaded cells are completed automatically when you answer questions within the template. They reflect the result of the answers to the questions in each section. If a deficient or unfair customer outcome is flagged in one of the responses, it will result in an overall score of ‘deficient’ or ‘unfair’.
- There are comments boxes for each set of questions within the template. If a deficient or unfair result is generated by your responses, you will need to complete the comments box to move on.
- There are blue markers next to each question. Once you have answered the question, the blue marker will disappear. Once you have completed the template, look at the box at the bottom of the template – this will tell you whether you have answered all the questions. If you have missed any, look for the blue markers. Some of the answers in drop-down menus depend on answers to earlier

questions. So if you change an answer, check to see whether you need to give answers to further questions as a result. The blue markers will have appeared for questions where this is the case.

- If you disagree with an automatic rating, review your answers to earlier questions to check accuracy. If you disagree that a particular result leads to the handling or outcome being deficient or unfair overall, you can alter the result in the final scoring section, but you should explain why you have taken this approach.

Filter questions

The toolkit is designed to reveal additional questions where these are relevant, to speed up the process of completion. Filter questions will reveal additional questions about using the two stage process and redress, where these are relevant to the complaint file being reviewed.

Unable to assess

When completing certain questions, there is an option to select the answer: ‘unable to assess’. This should only be used where the evidence on the file is insufficient to allow a judgement to be reached or, for example, where key documents such as the final response are missing. This will produce a ‘deficient’ score.

Guidelines on rating a case

The template includes guidelines on how to use the template to rate a case against both the scoring areas. The guidelines are not a comprehensive list, but they highlight some common issues that may be relevant when assessing how well a complaint has been handled. In reaching a conclusion over whether an appropriate decision was reached, you should consider the available evidence objectively and be balanced in your judgement, in particular where there is a disputed recollection or conflicting statements.

Complaint handling involves a sequence of interdependent steps and, as in a manufacturing process, shortcomings can creep in at various points, with the overall outcome often only as fair as the weakest step in the process.

File-specific information and case summary

The file-specific information and case summary sections are included for administration purposes, to identify the details of the case and the reviewer. If a larger number of files are being reviewed, this information can also be used to help identify trends – for example, a recurring reason for complaint or common product area. A firm may also use this information to assist with or inform its root cause analysis, if appropriate.

A Complaint handling quality

Complaint handling timeliness and FOS disclosures

This section assesses whether the timescales set out within DISP have been adhered to and also whether the customer has been made aware of their right to go to the Financial Ombudsman Service (FOS) if they are dissatisfied with the firm's response.

- Q1.1 Check for any signs that the customer had difficulty in making their complaint. For example, evidence that they had to make their complaint several times and/or in different ways.⁴
- Q1.2 Check the time taken to respond to the complaint, and assess whether this was reasonable given the nature of the complaint. Our rules state that complaints should be acknowledged promptly, complainants should be kept informed of progress and that it is expected almost all complaints will have been substantively addressed eight weeks from receipt of the complaint.
- Q1.3 Make a similar judgement to 1.2 – i.e. whether the time taken to pay any redress or take any remedial action offered was reasonable in the circumstances.
- Q1.4 Check that the final response provides clear FOS referral rights and explains that the customer can now refer their complaint to FOS if they remain unhappy, and they have six months in which to do so. This information should be given in the response itself, not just in an enclosed leaflet.

The response should not attempt to dissuade the customer from referring the complaint to FOS (e.g. by noting that referring the complaint to the FOS will mean it takes longer to be resolved).

If the complaint was resolved at the initial stage, you should select NA in response to this question.

- Q1.5 For cases dealt with using the two-stage complaints procedure (the 'two-stage process' – see below), the initial response need only make reference to the ultimate availability of the FOS, but this reference should be given in the response itself, not in an enclosed leaflet.

⁴ See the FSA Handbook definition of a *complaint*

Investigation and communication

Based on our requirements, we have identified several key steps that should be followed when a firm deals with a complaint. This section asks questions to test for these. If a case has been dealt with using the two-stage process, you are asked to look at what happened at each stage of the process.

A firm uses the two-stage process when it sends an initial response⁵ to a complaint, which gives the complainant the opportunity to respond to the firm if they remain dissatisfied.

Important note

A firm may decide not to investigate a complaint in depth, but instead choose to make a commercial decision to uphold the complaint and pay appropriate redress. This does not equate to a failure in the firm's complaint handling. Provided it is clear that redress has been fairly calculated and paid promptly and in full, it is unlikely to lead to an unfair outcome for the customer.⁶ In this type of case, the reviewer should judge the answers to the questions in light of the outcome achieved.

Filter question

If the firm applied the two-stage process to its complaints, but the case you are reviewing has not progressed beyond the initial response stage, you should still select 'yes, resolved at initial stage' in response to the filter question. If more than two substantive attempts were made to resolve the complaint, you should add this information in the comments box.

Q2.1 Assess whether the complaint handler has gathered all reasonably available evidence relevant to the complaint and the circumstances of the customer. You should also consider whether the case handler has correctly identified the real subject matter of the complaint and, if more than one issue has been raised, all other matters complained of.

The handler should, where possible, have looked for documentary and oral evidence from the customer, relevant staff in the firm and relevant third parties (if appropriate).

When determining if all the **material** information has been obtained, it may be helpful to consider what other documents may have added value to the complaints assessment. Not all complaints will require the same level of investigation and documentation to reach a fair assessment and decision.⁷

5 Which complies with the requirements in DISP 1.6.5R.

6 This may affect the ability to carry out effective root cause analysis.

7 In accordance with the requirements in DISP 1.4. 1R.

6 Using our complaint handling assessment template (April 2010)

Examples of relevant **material** information:

- if the customer says they were guaranteed a particular outcome then, among other things, both their and the adviser's recollection of what happened at the point of sale may be relevant; and
- if the complaint is related to administration or service, it may be necessary to locate someone who can verify the customer's version of events and explain why the problem may have arisen, giving documentary evidence in support where possible.

Q2.2 It is good practice when considering a complaint for the handler to have been able to consider wider issues where appropriate – for example, if the adviser complained of has been the subject of other similar complaints that suggest a pattern of behaviour or a repeating pattern of errors in a particular business area. The firm should also, for example, aim to make its complaint handlers aware of any products where a number of complaints have already been received as, although each complaint should be considered on an individual basis, this may help to ensure consistency.

Q2.3 This question is particularly concerned with impartiality. If there are conflicting accounts, assess if evidence has been collated to establish a fair picture of what happened, which focuses in particular on any areas of conflicting recollection. The investigation should be based on a balanced assessment of the evidence on file.

In general, where there are conflicting versions of events, the complaint handler should have attempted to achieve a fair reconstruction of what might have happened to the customer, taking into account what the customer says now and all of the evidence from the time.

Q2.4 Check that the response letter is clear. A fair decision may not result in a fair outcome for the customer if it is not communicated clearly and creates uncertainty about what the decision is, whether it is fair and/or what the next steps are if the complainant remains dissatisfied.

Q2.5 The firm should assess the subject matter of the complaint. The response should then address all the key elements complained of and respond appropriately to each.

Q2.6 The response given should relate directly to evidence on file. An exception to this may be where a commercial decision is taken to uphold without investigation (see note on page 6).

Q2.7 Where the firm has used relevant FSA guidance, or decisions and/or case studies from the FOS, assess that the firm has taken care not to routinely apply such material mechanically without giving wider consideration to its relevance or application to the particular facts. This may be particularly relevant where the materials in question appear to favour the rejection of the complaint.

Q2.8 **Question only applies where the two-stage process has been used and the complaint has progressed to a final response being issued.**

Each stage of the two-stage process should be a fair and impartial consideration of the facts based on the information reasonably available at the time. You should consider how any change in decision has been arrived at and if, bearing in mind the final response, the initial response was fair. For example, if new information came to light between the initial and final responses, which was not reasonably previously available, then this might fairly justify a difference between the initial and final response.

The requirements around investigating a complaint competently, diligently and impartially and making a fair and consistent assessment apply to both initial and final responses.

B Customer outcome

Customer outcome

This section asks you to assess whether a fair decision was made in response to the complaint, and if an appropriate remedy was offered to the complainant. This section is based on your judgement of the facts as presented on the file and already assessed in Section A.

- Q3.1 Consider objectively whether the firm's decision seems fair, based on the evidence. You should base your judgement on the final decision reached by the firm. This will be reflected in either the final response letter, or in the initial response if the complainant was satisfied with this.

Your decision should reflect your judgement, where relevant, of the event giving rise to the complaint. For example, this could mean assessing whether the advice relating to the sale of a product was suitable, or if a claim against an insurance product was unfairly declined. This judgement may require a more detailed understanding of the standards of conduct relevant to the product or service complained of.

Filter question

- Q3.2 This is a filter question, which then prompts you to complete question 3.3 if you consider that redress or remedial action (or both) is due. You should consider all types of redress and remedial action within this, which may not be financial and may relate to a loss that has yet to take place. For example, if a policy has been mis-sold, the most appropriate remedy may be for the terms of the policy to be altered. This should still be considered as a need for redress or remedial action. Redress or remedial action may also relate to distress and inconvenience arising from the event complained of or the handling of the complaint.

Filter question

- Q3.3 As with 3.2 this is a filter question, to identify if redress and/or remedial action was offered when you consider it is due. If redress and/or remedial action has not been offered, this will result in an unfair outcome, with detriment arising as a result (i.e. you have identified in question 3.2 a need for redress/remedial action, and in question 3.3 that this has not been met).
- Q3.4 You are asked to assess whether the remedy and/or redress offered follows a clear logic that looks consistent and appropriate, given the specifics of the complaint upheld.

A guiding principle is that, generally, redress (a financial sum) and/or remedial action (a more practical action putting something right), should aim to put the customer **back in the position they would otherwise have been in**, had the firm not done or failed to do the thing complained of. This may mean making good a loss incurred and/or putting things right for the future.

In rare circumstances firms may legitimately reduce an offer of redress and/or remedial action on the basis of related savings or other benefits received. Where this approach has been used by the firm, it should be considered carefully whether it was appropriate in light of the particular circumstances of the case. For example, netting off gains from another (irrelevant) transaction is likely to be considered inappropriate.⁸

Other unfair outcomes

- Q4.1 There may be other sources of customer detriment and other unfair customer outcomes in addition to those considered so far. Consider if there are any and, if so, record them here.

We have not identified any relevant examples of other unfair outcomes in the course of our work, but consider it possible that these may arise and that there will be a need for firms to reflect this in their assessment.

Final results

Answers in the preceding sections will result in ratings for two different outcomes: Complaint Handling Quality (Section A) and Customer Outcome (Section B).

A 'deficient' result for any question in Section A or an 'unfair' response to the questions in Section B will produce the same final overall rating. If a section is rated as 'unable to assess' this will also produce the same final rating unless there is also an 'unfair' or 'deficient' result – in this case the rating will be 'unfair' or 'deficient'.

You may feel that the overall automatic rating applied does not reflect your assessment of how the complaint has been dealt with. For example, if a particular file has been rated unfair as a result of a single question, you may judge that this

⁸ DISP APP 1.5.13 – 21 G sets out guidance applicable to mortgage endowment complaints on “windfall benefits”.

is not representative of the way the complaint was dealt with overall. You should review the answer(s) leading to the result and amend if appropriate. If on reflection the original response(s) is correct, you may leave it unchanged but nonetheless choose to over-ride the automatic overall rating. In this case you should add notes to explain your reasoning for doing so (the template will not show as completed until such notes are added).

C Supplementary questions

Complete where appropriate

- QC.1 You should consider whether any quality check is a genuine review of the complaint or a process-driven check to confirm all the correct documents are on file. This allows you to test the strength of controls in this area, as per SYSC 4.1.1R.
- NBD.1 The toolkit is not designed to assess the handling of complaints resolved by close of the next business day from receipt. However, this question allows you to gather data on this, which may help you investigate this aspect of complaint handling.

Examples of good and poor practice

You may find it useful to collate this information for your internal training and to share best practice.

Interpreting results

As the template produces two separate scores, there are several combinations of overall outputs. Below are some examples of how these could be interpreted and the type of action that could be considered in light of the results.

Competent handling, fair outcome

In this case, no problems have been identified within the way the complaint has been handled or the consumer outcome. This would not normally result in any remedial action either for the particular complainant or for the firm. You should consider how indicative this particular case is of complaint handling more generally and how many cases you may need to review to gain a clear picture.

Deficient handling, fair outcome

A deficient complaint handling outcome indicates a failure to comply with one or more of the complaint handling requirements in DISP.

In this case, the fair outcome indicates that there is no evidence of detriment to the customer concerned. However, you should still consider the aspects of handling that have been found to be deficient. For example, if FOS referral rights are not always being disclosed, this may result in customers not being able to access a further adjudication on their complaint.

Importantly, this result could also demonstrate a systemic failure, for example, if the investigation was inadequate; this is likely to require action to ensure complaint handling is consistent and all complaints are investigated properly. You should examine the results to identify which sub-section(s) has been flagged as deficient. You may then wish to review the systems you have in place and whether these are adequate.

Deficient handling, unfair outcome

This outcome indicates both a failure to comply with one or more DISP requirements and potentially consumer detriment.

In this case, you should consider the points above for the deficient complaint handling outcome.

As customer detriment has arisen you need to consider the firm's obligation to treat its customers fairly⁹ in deciding what action may be required to correct the outcome for the customer concerned.¹⁰ As customer detriment has arisen, you may also want to review more complaints to satisfy yourself that the problem is not indicative of a more widespread issue.¹¹

Unable to assess

A number of the questions allow for an 'unable to assess' response, and you may have cases where this is the final result for either or both sections of the template. In this case, you may wish to seek further evidence or documentation to enable you to try and reach a decision. For example, if there is no copy of the final response letter then you will be unable to assess if this was fair.

A large number of 'unable to assess' results may indicate a weakness within the record-keeping process, or poor standards of documentation. You should take action as appropriate, particularly where you are unable to reach an overall decision. This could include re-opening cases where you are concerned that the appropriate decision was not reached for the customer.

9 Principle 6 (Customers' interests).

10 DISP 1.3.5G.

11 DISP 1.3.3R.

Relevant rule references

Relevant rule references

The table below shows, where applicable, the main relevant DISP rules relating to each question in the template.

Question	Relevant DISP reference
1.1	1.3.1R & 1.3.2G
1.2	1.6.1R & 1.6.7G
1.3	1.4.1R
1.4	1.6.2R, 1.6.4R & 1.6.6AG
1.5	1.6.5R & 1.6.6AG
2.1	1.4.1R & 1.4.2G (1)
2.2	1.4.1R(2) + (4) & 1.4.2G(2)
2.3	1.4.1R, 1.4.2G
2.4	1.4.1R(4)
2.5	1.4.1R(4)
2.6	1.4.1R, 1.4.2G(1)
2.7	1.4.2G (3) + (4)
2.8	1.4.1R
3.1	1.4.1R & 1.4.2G
3.2	N/A filter question
3.3	N/A filter question
3.4	1.4.1R & 1.4.2G

The Financial Services Authority
25 The North Colonnade Canary Wharf London E14 5HS
Telephone: +44 (0)20 7066 1000 Fax: +44 (0)20 7066 1099
Website: <http://www.fsa.gov.uk>

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