

Financial Services Authority

Dispute Resolution: the Complaints Sourcebook

A joint FSA/FOS Policy Statement on CP74 and CP99 (including the made text of DISP 1-4 and 'final' text of DISP 5); and

An FOS Consultation Paper on Transitional Case Fees

October 2001

About this newsletter

This Newsletter provides a summary of FSA Policy Statement 74/99 – Dispute Resolution: the Complaints sourcebook.

This paper is particularly relevant for all authorised firms which deal, or are likely to deal, with retail customers.

- You can download the complete Policy Statement from the PS74/99 Resource Page – see details below

Alternatively, to order hard copies of the Policy Statement:

- Copies are available at £40 each
- Phone our helpline on 0845 608 2372, quoting reference PS74/99
- Please allow five working days for delivery

Useful links

PS74/99: Resource Page

http://www.fsa.gov.uk/pubs/policy/ps74_99/index.html

For information about FSA publications, please visit:

<http://www.fsa.gov.uk/pubs/>

For a full copy of the Policy Statement: Call 0845 608 2372 and quote PS74/99

Executive Summary

This paper is issued jointly by the Financial Services Authority (FSA) and the Financial Ombudsman Service (FOS). It:

- provides feedback on Consultation Paper (CP) 99 ‘Complaints handling Rules: transitional arrangements and other amendments’ (June 2001);
- provides feedback on CP74 ‘Funding the Financial Ombudsman Service’ (November 2000); and
- consults on the special transitional case fees, which the FOS proposes to charge, where necessary, during the post-N2 portion of the current financial year.

The proposed amendments were widely supported and have been incorporated into the text. The other changes to the CP99 text mainly reflect the changes that were made to the draft Treasury Order before it was finalised. However, a few substantive changes have also been made because of the consultation responses received – in particular, to clarify the circumstances in which firms may treat a complaint as closed. **The FSA and FOS Boards have now legally made DISP 1-4. These rules will come into force at N2 (1 December 2001).**

Results of Consultation on CP99

Respondents generally welcomed the changes that we had made to our earlier proposals.

Summary of main changes to draft rules in CP74

- Mortgage lenders to be included in the deposit acceptor, mortgage lender and administrator block (formerly known as the deposit-taker and lender block), unlike the FSA fees arrangements.
- Separate new industry-blocks have been created for:
 - corporate finance advisors;
 - execution-only arrangers, dealers and brokers;
 - Society of Lloyd’s (on behalf of members);
 - credit unions;
 - cash plan health providers; and
 - small friendly societies.
- Unit trust managers or OEICs, authorised corporate directors and trustees of collective investment schemes or OEIC depositaries have been combined into one industry block.
- There are now two new separate blocks for advisory arrangers, dealers or brokers depending on whether they hold and control client money, assets or both.

- The tariff-bases for certain industry-blocks have been changed:
 - **Dealers as principal** – now the number of traders (rather than number of approved persons);
 - **Execution-only arrangers, dealers or brokers** – now relevant commission or fee income (rather than number of approved persons);
 - **Society of Lloyd's** – the Society will now form a single industry-block and will divide the sum to be raised from that block among its members and managing agents as it considers appropriate;
 - **Advisory arrangers, dealers or brokers holding and controlling client money, assets or both** – number of approved persons;
 - **Advisory arrangers, dealers or brokers not holding and controlling client money, assets or both** – number of approved persons; and
 - **Advisors only** – number of approved persons.
- The funding arrangements for credit unions, cash plan health providers and small friendly societies conducting low value business have been modified. Separate industry-blocks have been created for these firms and modified arrangements apply.
- Administrative arrangements for invoicing the general levy (for authorised firms in the Compulsory Jurisdiction) are to be delegated to the FOS by the FSA, as proposed in CP74.

The DISP 5 rules are now in 'virtually final' form, but these have not yet been 'made'. Respondents are asked to restrict any further comments that they may have on these rules to the changes made to the draft CP74 rules only.

FOS Consultation on Special Transitional Case Fees

The paper also sets out the special transitional case fees which the FOS proposes to charge certain classes of firms during the transitional period from N2 to 31 March 2002. **Please comment on these proposals by 31 October 2001.**

This Policy Statement reports on the main issues arising from CP74. It also contains feedback on CP99.

Comments and enquiries:

Faridah Pullara
Complaints Policy
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Telephone: 020 7676 0826
Fax: 020 7676 9713
E-mail: cp99@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.

For a full copy of the Policy Statement: Call 0845 608 2372 and quote PS74/99

The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Main switchboard: 020 7676 1000
Fax: 020 7676 1099
Website: <http://www.fsa.gov.uk/>
PS74/99 Resource Page: http://www.fsa.gov.uk/pubs/policy/ps74_99/index.html
Email: cp99@fsa.gov.uk