August 2018

In October 2016 we published a consultation paper: Financial Ombudsman Service complaints data publication, followed by a feedback statement in December 2016. The feedback statement included commitments to work with stakeholders to explore a new measure of cases received per 100 FCA-reportable complaints, and to report some resolved PPI complaints by volume only for a limited period.

new cases received per 100 FCA-reportable complaints

- Several respondents to our consultation suggested a measure of new cases per 100 FCA-reportable complaints, or a “referral rate”. This would require using the FCA’s published complaints data alongside our own to calculate the percentage of complaints received by a financial business that were then referred to the ombudsman service.

- In our feedback statement, we agreed that the referral rate proposal merited further investigation and could potentially add valuable context to our complaints data. We also agreed that, on the face of it, publishing a measure using new cases received per 100 FCA-reportable complaints seemed like a sensible way of measuring satisfaction with firms’ front line complaint handling. But, we also noted some practical issues:

  o Not all of the data required to calculate the referral rate is publicly available. The firm level data published by the FCA includes PPI in the general insurance product group, whereas we report PPI separately.

  o Due to the time between consumers complaining to a business and then referring their complaint to our service there would never be an exact correlation between the two sets of data.

- We said that we would work through the issues identified with businesses and trade bodies to explore whether the referral rate was viable and that we would provisionally apply it to our H1 2017 complaints data.

- In doing so, we identified further issues that made accurately calculating the referral rate more difficult than originally anticipated:
In addition to PPI, we categorise some products under different product groups to the FCA. In order to address this, businesses would need to provide us with complaints data on several products on a voluntary basis in order to make the calculations possible. This would considerably complicate the process of calculating and verifying the data. It would also mean we would be unable to calculate referral rates for firms that did not supply the required data.

A number of consumer credit businesses are only required to report complaints data to the FCA annually, which would make it impossible to calculate an average referral rate for a six month reporting period. As the average referral rate would act as a benchmark – much like the average uphold rate does – we believe that being able to calculate it is key to the measure being viable. For this reason we explained that we would not include the referral rate in our H2 2017 complaints data and would only publish the measure once we were satisfied we had worked through all of the issues identified.

Having spent some time working through these issues, it has become clear that the referral rate does not meet the tests we outlined in our October 2016 consultation paper – that any new measure must be easy to understand and simple to administer. We have therefore concluded that it is not suitable for inclusion in our published complaints data.

**Plevin and undisclosed high commission affected PPI cases**

- In our feedback statement we said that reporting the outcome of Plevin-affected complaints already with our service when the FCA’s guidance came into effect would not be a fair reflection of firms’ complaint handling. We explained that this could also create a misleading picture for consumers and their representatives.

- We said that, for a limited time, we would not publish change in outcome data for certain Plevin-affected PPI complaints.

- We set out that this exception would apply to PPI complaints that:
  - fall under the scope of the FCA’s final rules and guidance on *Plevin vs Paragon Personal Finance Ltd*;
  - were received by our service by 29 August 2017 (the date the FCA guidance came into effect); and
  - were resolved by 30 June 2018 (the end of the next full reporting period after the FCA guidance came into effect).
• At the time the FCA’s guidance came into effect on 29 August 2017, our service had approximately 160,000 Plevin-affected complaints. As of 30 June 2018 (the end of our H1 2018 reporting period), we had resolved 130,000 of these.

• Due to the complexity of some of the issues under consideration, along with ongoing legal issues and recent regulatory developments, 26,070 Plevin/undisclosed high commission affected complaints that were received by our service before 29 August 2017 remained open as of 30 June 2018. This would mean that, once closed, these complaints would be reported under our established approach.

• We believe that the reasons for introducing the exception for complaints received by 29 August still apply: that businesses weren’t able to answer the Plevin/undisclosed high commission aspect of these complaints before they were referred to our service, so it would be misleading to include them in our change in outcome data.

• In view of this, we have decided to extend the exception for reporting the affected PPI complaints. This will provisionally be until 31 December 2018 (our H2 2018 data) and will be kept under review.
May 2019

**Plevin and undisclosed high commission affected PPI cases**

- As we set out in our August 2018 update we have kept the decision to extend the exception for reporting Plevin and undisclosed high commission affected PPI cases under review.

- As of 1 January 2019, around 12,000 Plevin/undisclosed high commission affected complaints that were received by our service before 29 August 2017 remained open. This is, in part, due to regulatory developments concerning the regular premium PPI complaints and recurring non-disclosure of commission, which the FCA published its final guidance on in November 2018. This figure also includes a significant number of CMC-led complaints which have been referred for an ombudsman’s final decision.

- We continue to believe that the reasons for introducing the exception for complaints affected by PS17/3 that were received before 29 August still apply: that businesses weren't able to answer the Plevin/undisclosed high commission aspect of these complaints before they were referred to our service, so it would be misleading to include them in our change in outcome data.

- In view of this, we have decided to extend the exception for reporting Plevin and undisclosed high commission affected PPI cases indefinitely (although this will be kept under review). This means that all cases that fall under the scope of the FCA’s final rules and guidance in PS17/3 on *Plevin vs Paragon Personal Finance Ltd*; and were received by our service by 29 August 2017 (the date the FCA guidance came into effect) will be reported by volume only. All other complaints will be reported in the usual way.

If you have any questions, please contact stakeholder.enquiries@financial-ombudsman.org.uk