



September 2013

Dear claims-management company

I am writing to you and to other claims-management companies that refer complaints about payment protection insurance (PPI) to the Financial Ombudsman Service. I last wrote an open letter like this in April 2009 and I want to update you on our progress since then – and to let you know what we need from you to make sure we keep making progress.

As you know, the volume of PPI complaints has risen significantly. Last year, complaints about PPI accounted for almost three quarters of all the complaints we received. To manage this increased demand, we recruited and trained around 1,000 new staff.

We will continue to have to grow at this rate in the year ahead. So to help our service run effectively and efficiently, it is critical that companies such as yours maintain the standards we expect – as well as those required by your own regulatory rules, codes of conduct or as good practice. Of course, many of these principles apply to [financial businesses](#) too – and I am also writing to them to give them the same message.

To make things as clear as possible, I have grouped the standards expected into sections which reflect the typical lifecycle of a complaint.

our expectations: the basics

The starting point is, of course, the *individual* complaint each consumer has. We therefore expect professional, regulated representatives to take all reasonable steps to ensure that the information relating to each *individual* complaint is accurate and complete. This includes, but isn't limited to, details of:

- the PPI policy that is the subject of the complaint;
- the financial business the complaint is against;
- the credit the PPI policy is linked to and the provider;
- the *individual* consumer's circumstances at the time of sale; *and*
- what the *individual* consumer's concerns are.

our expectations when you deal with a financial business at the start of a complaint

Put simply, we expect you to work together with financial businesses to resolve complaints directly and quickly. We expect you to use your professional knowledge and experience to make appropriate representations on your client's behalf and to consider a business's response.

By law, a financial business has eight weeks to respond to a complaint before you can refer it to us on your client's behalf. This is often known as the "the eight week

rule” – and we expect you to apply it pragmatically and sensibly before sending a complaint to us. If there have been delays, it may well be in your client’s best interests for you to contact the business again, and allow it longer to respond.

If you refer a complaint to us too early, without evidence that you have given a business a reasonable opportunity to respond, then it is likely we will return the complaint to you and ask the business to get in touch with you directly.

our expectations when you decide which complaints to refer to us

When you have received a business’s response, we expect you to consider carefully if you should refer the complaint to us. We have set out [our general approach to PPI complaints](#) on our website and have issued many assessments and decisions based on it – some of which may have been for your previous clients. And we have also recently started publishing individual [ombudsman decisions](#).

We expect you to learn from this information – particularly from complaints we have not upheld – and to advise your clients with reasonable care and skill about their prospects. We do not expect you to refer complaints to us which have no realistic prospect of being upheld in their favour.

our expectations when you have decided to refer a complaint to us

Without key information about a complaint, we cannot look into it. So we expect you to provide us with the following key documents whenever you refer a client’s case to us:

1. a fully completed complaint form;
2. a fully completed payment protection insurance questionnaire (PPIQ);

Both of the above two documents must be signed by your client. If more than one person is bringing the complaint, they must all sign. If an insolvency practitioner is involved, you should also get their consent to bring the complaint, and their signature.

3. copies of all correspondence about the complaint between you (or your client) and the financial business. As an absolute minimum, we need a copy of the original complaint and the business’s final response letter;
4. copies of significant documents that are relevant to the arguments you are presenting – such as your client’s credit agreement or application form; *and*
5. supporting evidence, where appropriate, about a consumer’s circumstances at the time of sale – for example, their employment status – especially if the financial business has conflicting evidence.

The PPIQ is particularly useful to us when we consider a complaint. Most of the questions need straightforward, factual answers to help us understand the context of the complaint and your client’s circumstances. So we need and expect this information to be correct.

Section E of the PPIQ provides space for you and your client to give us *specific* details about the complaint. Fundamentally, it is your client’s complaint – and we want to hear it through their own personal testimony and recollections. Generic statements which do not reflect your client’s personal situation are very unhelpful. In particular, we *do not* expect:

- arguments which do not relate to the type of sale concerned – such as comments about failings by a business's adviser when your client bought the policy over the internet;
- arguments that affect some consumers but not your particular client – such as concerns about restrictions affecting self-employed people when your client was not self-employed; *or*
- anything which contradicts the original complaint with no explanation about why your client's position has changed

Please do not refer complaints to us with minimal details and missing or incorrect information – errors and omissions do not help anyone. We expect you to present your client's complaint to us accurately and completely, and we are likely to return complaints to you if these standards are not met.

our expectations about cooperating with us while we investigate your client's complaint

Once a complaint has been correctly referred to us we will contact the business concerned to ask for its side of events. While cases are waiting to be assessed by our adjudicators we do not expect you to send us routine, scheduled requests for updates – these just delay us investigating individual complaints.

We will get in touch periodically to let you know what is happening and we will contact you when we have a specific update about any progress made in an [individual client's complaint](#). You, and your clients, can also find out what's happening with PPI complaints [by subscribing to our email news update](#).

our expectations when we send our assessments and decisions

Our adjudicators follow the approach our ombudsmen take when deciding cases – and as set out on our website. In the vast majority of cases, consumers are happy to accept our initial view of their complaint. But, of course, your clients have the right to appeal if they don't agree with our assessment. However, unless there's any new information it's unlikely that we'll reach a different outcome. But we will consider all of the facts and evidence carefully before reaching our conclusion.

If your client does decide to appeal, we expect you to return our response card within the stated timescales – otherwise we may close the complaint. You will also need to clearly set out why you disagree with the adjudicator's assessment and provide any new, relevant information.

We expect you to respond to provisional and final decisions from our ombudsmen within the timescales specified in those decisions and the letters which accompany them.

If a business is paying redress – either because it has accepted an adjudicator's recommendation or because an ombudsman has upheld the complaint – we expect you to raise any questions about payment with the business *before* coming back to us. The business, not us, is responsible for calculating the amount due to your client – and so will be better-placed than we are to respond to your questions.

our expectations around disputes about whether or not PPI was sold

We continue to see too many disputes about [whether or not PPI was sold](#). So please remind yourself of our expectations in these situations:

our expectations about keeping us informed and working with us

You are required to maintain registration with the appropriate regulator and we expect you to keep us informed about significant changes in your organisation, such as changes to contact details or to the roles held by key employees.

For larger organisations, we also expect you to help to improve efficiency through technology and cooperate with us when we introduce improvements to our own systems.

in summary

Most claims managers who refer complaints to us follow the steps set out – which is very welcome. And I hope this open letter has been helpful for all in setting out the standards we expect.

In the interests of openness, we may monitor how far your organisation is meeting these expectations and feed back to you from time to time. We may also share information with the relevant regulator where the steps set out are not being followed. We strongly recommend that you set up your own internal measurement processes to help you spot any potential shortcomings before we do.

If you need any clarification on what I have said in this letter, please contact us on 020 7964 1400 or email technical.advice@financial-ombudsman.org.uk.

Yours sincerely



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