

Proactive settlement scheme criteria

June 2024

We were set up by Parliament under the Financial Services and Markets Act 2000 (FSMA) to resolve individual complaints between financial businesses and their customers fairly, reasonably, quickly and with minimum formality.

The rules we follow say we will try and resolve complaints at the earliest opportunity, and in the most appropriate way, whether that's through mediation or investigation.

Since October 2021 we've trialled new ways to help financial business and their customers resolve complaints more quickly, giving the financial business the opportunity to be proactive, and make an early settlement offer that resolves the complaint before we carry out a full investigation, 'the proactive settlement scheme'. If a settlement offer met the criteria then we recorded the outcome of the complaint different, as a 'proactive settlement' and it didn't contribute to a business' published uphold rate.

Following a review of the scheme, we've decided to make the 'proactive settlement' outcome an ongoing feature of our reporting.

The scheme criteria, applies to all offers made on cases that are moved to investigation from 24 June 2024.

1. Summary

- 1.1 The proactive settlement scheme offers businesses the opportunity to make a new offer to resolve a complaint within 14 days of this service informing them the complaint has moved to investigation.
- 1.2 This allows businesses to reassess if what they've offered to date is fair and the chance to resolve their customer's complaint more promptly.
- 1.3 If the offer is accepted by the customer, without the need for us to investigate, the case will be recorded as 'proactively settled' rather than as a change in outcome in our complaints data.

2. Criteria

- 2.1 In order for a case to be proactively settled, all of the following criteria must be met:
 - a) The business must make a settlement offer within 14 calendar days of being informed the case has moved to investigation.
 - b) The offer must be a new offer that hasn't already been put to the customer.
 - c) The offer must be accepted by the customer and resolve the complaint without the need for further investigation.

3. How to make a proactive settlement offer

- 3.1 The offer must be made in writing and sent within 14 calendar days of the businesses being notified the case has moved to investigation.
- 3.2 When the offer is put forward, the business must make it clear that it is making an offer under the proactive settlement scheme.
- 3.3 The offer should be different from any offer that's previously been made to the consumer, including in the business' final response letter.
- 3.4 The business should explain the reason it's making the offer and provide any relevant supporting information.

4. How we will handle the offer

- 4.1 When we receive an offer we will consider whether it's a new offer and has been made within 14 days.
- 4.2 Where we find it doesn't, we will write to the business to explain why. We will then consider the offer in the usual way and the complaint won't be recorded as a proactive settlement.
- 4.3 Where we find it does, we will provide the offer to the customer as quickly as possible.
- 4.4 We'll give guidance to the customer whether the offer is in line with the approach we take to similar complaints, and if we think it's likely to be fair based on the information we have. If we don't have enough information to say if it's fair or not, then we will explain this to the customer.
- 4.5 We'll ask the customer to confirm if they accept the offer to resolve the complaint or if they'd prefer us to investigate the issue further.
- 4.6 If the offer is accepted, we will write to both sides to ask the business to carry out the action put forward in the offer. We'll close our file for the complaint and confirm that it's been recorded as 'proactively settled'. The complaint will be excluded from our reporting data.
- 4.7 Should the agreed offer not be carried out by the business within a reasonable time frame, then the complaint will be re-opened and investigated. The complaint will then be recorded in our usual complaint data when it is resolved.
- 4.8 If the offer isn't accepted, we will write to the business to let them know. The complaint will then be investigated as usual.
- 4.9 We will write to both sides to confirm how we think it should be resolved.
- 4.10 The case will be recorded in our usual complaint data as a change or no change in outcome.

5. Extension of the scheme

- 5.1 After two trials, the scheme will now be made permanent.
- 5.2 We will continue to monitor the use and efficacy of the scheme to ensure it provides the best value for businesses, customers and the effective running of the service.