

EIOPA Complaint Data Request

Information from the Financial Ombudsman Service

30 January 2013

Thank you for the opportunity to contribute to EIOPA's work on consumer trends.

The Financial Ombudsman Service was established by law to resolve individual disputes between consumers and financial businesses. Our statutory function is to resolve disputes independently, quickly and with minimum formality as an alternative to the courts. We can look at complaints about a wide range of financial matters – from insurance and mortgages to credit and investments. We receive complaints against a wide range of businesses providing such services, including banks, financial advisers, e-money issuers and professional firms.

We have provided answers to your questions below.

Definition of a complaint and our complaints handling procedures

The term complaint is defined in the [FSA handbook](#) as:

...any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a [person](#) about the provision of, or failure to provide, a financial service or a [redress determination](#),^{62, 63} which:^{112, 113, 4}

(a) alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and ^{112, 113}

(b) relates to an activity of that [respondent](#), or of any other [respondent](#) with whom that [respondent](#) has some connection in marketing or providing financial services or products, which comes under the jurisdiction of the [Financial Ombudsman Service](#).^{112, 113}

In normal circumstances, financial businesses are required to respond to complaints within 8 weeks. Once a final response has been issued by a business, or the 8 week period has elapsed, the Financial Ombudsman Service is able to consider the complaint, subject to the other jurisdictional requirements of [DISP 2](#) of the FSA handbook.

The complaint handling procedures of the Financial Ombudsman Service are set out in further detail in [DISP 3](#) of the FSA handbook. The length of time required to resolve a complaint depends upon the individual circumstances of each complaint. However, DISP 3.5.1R states that:

^{1, 2}The *Ombudsman* will attempt to resolve *complaints* at the earliest possible stage and by whatever means appear to him to be most appropriate, including mediation or investigation.^{1, 2}

The Financial Ombudsman Service operates a two-tiered approach to resolving complaints. The majority of our complaints are resolved at the first stage, with an adjudicator making an informal recommendation as to the fair and reasonable outcome.

However, if either party to the dispute disagrees with the adjudicator's recommendations, they are entitled to request that an Ombudsman review the complaint afresh and issue a final decision. This independent review by an Ombudsman is the final stage of our process. Where a final decision is accepted by the complainant, it becomes legally binding on the financial business.

Memorandum of Understanding with the Financial Services Authority

Our existing [Memorandum of Understanding with the Financial Services Authority](#) outlines our approach to disclosing information for the purposes of assisting the Financial Services Authority or the Financial Ombudsman Service to discharge its functions, subject to relevant restrictions. This includes information about the number and types of complaints handled.

Our Memorandum of Understanding will be further strengthened when the Financial Conduct Authority assumes regulatory responsibilities in April 2013. A draft Memorandum of Understanding with the Financial Conduct Authority is available on our [website](#).

Our complaints data

We are keen to share our experience with our stakeholders and so we report extensively on our work, including detailed statistics about the volume and outcome of cases we handle. The data reflects how we generally categorise complaints for internal purposes. It should be noted that it is not possible to capture all aspects of the cases we see in the data because many of our complaints involve multiple products, issues or businesses. Equally, our data represents a proportion of complaints received by the industry and cannot be extrapolated across the whole market.

Our insurance complaints tend to include those that relate to general, non-life insurance products such as motor, buildings and travel insurance, although it does also include term assurance. We tend to categorise complaints with a potential life insurance/assurance element within our investment and pensions product category. This includes products such as whole of life, unit linked investment bonds and with-profit bonds, among others.

For completeness, the information we have provided in *Annex* includes complaints data for both our insurance and our investment and pensions product categories.

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New complaints received about insurance products¹

| product | number of new cases | | | |
|--------------------------------------|---------------------|------------|------------|-------------------|
| | Q3 2012/13 | Q2 2012/13 | Q1 2012/13 | Full year 2011/12 |
| car and motorcycle insurance | 2,054 | 2,051 | 1,715 | 7,264 |
| buildings insurance | 1,218 | 1,360 | 1,060 | 4,556 |
| travel insurance | 732 | 707 | 472 | 2,400 |
| contents insurance | 533 | 494 | 445 | 2,089 |
| home emergency cover | 235 | 364 | 290 | 1,473 |
| term assurance | 1,005 | 697 | 464 | 1,432 |
| income protection | 411 | 336 | 291 | 950 |
| warranties | 232 | 256 | 176 | 881 |
| critical illness insurance | 426 | 348 | 234 | 817 |
| specialist insurance | 255 | 197 | 197 | 791 |
| legal expenses insurance | 195 | 221 | 178 | 779 |
| commercial property insurance | 122 | 131 | 98 | 629 |
| mobile phone insurance | 167 | 193 | 134 | 599 |
| pet and livestock insurance | 203 | 207 | 221 | 554 |
| private medical and dental insurance | 249 | 214 | 158 | 513 |
| commercial vehicle insurance | 121 | 139 | 121 | 436 |
| roadside assistance | 149 | 101 | 62 | 364 |
| personal accident insurance | 143 | 121 | 87 | 322 |
| guaranteed asset protection (GAP) | 82 | 83 | 60 | 213 |
| business protection insurance | 59 | 71 | * | 160 |

¹ This table shows all insurance products where we received (and settled) at least 30 cases in the relevant period. Where products are shown with an asterisk (*) we received (and settled) fewer than 30 cases during the relevant period.

New complaints about investment and pensions products²

| product | number of new cases | | | |
|---|---------------------|---------------|---------------|----------------------|
| | Q3 2012/13 | Q2 2012/13 | Q1 2012/13 | Full year 2011/12 |
| mortgage endowments | 1,258 | 1,202 | 907 | 3,267 |
| whole-of-life policies | 706 | 657 | 530 | 1,828 |
| personal pensions | 512 | 620 | 405 | 1,496 |
| portfolio management | 413 | 460 | 300 | 1,152 |
| investment ISAs | 410 | 481 | 305 | 904 |
| endowment savings plans | 222 | 274 | 183 | 875 |
| unit-linked investment bonds | 218 | 254 | 166 | 856 |
| share dealings | 178 | 146 | 139 | 549 |
| “with-profits” bonds | 236 | 202 | 146 | 542 |
| annuities | 148 | 178 | 113 | 511 |
| self-invested personal pensions (SIPPs) | 148 | 179 | 128 | 499 |
| guaranteed bonds | 130 | 160 | 81 | 352 |
| occupational pension transfers and opt outs | 83 | 83 | 60 | 331 |
| state earnings-related pension (SERPs) | 89 | 131 | 88 | 294 |
| spread betting | * | 34 | * | 165 |
| OEIC – open-ended investment companies | 105 | 35 | * | 141 |
| unit trusts | 32 | 42 | * | 138 |

² This table shows all investment and pensions products where we received (and settled) at least 30 cases in the relevant period. Where products are shown with an asterisk (*) we received (and settled) fewer than 30 cases during the relevant period.

The number of complaints by complaint cause

| Insurance complaints FY2011/12 - what the complaints were about | |
|--|-----|
| complaints about sales and advice | 16% |
| complaints about claims | 64% |
| complaints about administration | 20% |

| Investment and pensions complaints FY2011/12 - what the complaints were about | |
|--|-----|
| complaints about sales and advice | 61% |
| complaints about administration | 31% |
| other complaints | 8% |

The number of complaints by business type - FY 2011/12



- complaints about general insurance (excluding PPI)**
- 63% general insurers
 - 17% insurance intermediaries
 - 9% life insurance & investment product-providers
 - 7% banks
 - 1% Society of Lloyd's
 - 3% other (including cash-plan health insurers)



- complaints about pensions**
- 56% life insurance & investment product-providers
 - 21% IFAs
 - 8% banks
 - 15% other (including building societies and stockbrokers)



- complaints about investment products**
- 47% life insurance & investment product-providers
 - 26% banks
 - 11% IFAs
 - 4% stockbrokers and fund managers
 - 2% building societies
 - 10% other (including friendly societies and credit unions)

Further background information is available in our [Annual Review of 2011/12](#).