

# Branko Compliance & Regulation Bulletin for AMII Members

Winter 2015/16



## New Complaint Handling Rules and changes to call charges

*In July the FCA published its final rules on complaint handling and reporting and guidance on telephone call charges. You should ensure that your systems comply with these new rules. The changes are as follows:-*

### New Rules on Handling Informal Complaints

From **30 June 2016** the following changes will be made to informal complaints (often called non-reportable complaints)

- The time limit for dealing with these complaints will be extending to close of business on the third business day following receipt of the complaint;
- All complaints including these informal complaints will need to be recorded on your RMAR
- Introduction of a summary resolution communication letter/email or other written communication which needs to be sent after the informal complaint has been dealt with. This is a template document which provides the customer of their right to refer the issue to the FOS or contact your firm if they are not satisfied with the resolution. It is not intended that this document be a Final Response type letter.

### New Complaints Return

The FCA is introducing a new complaint return (part of your RMAR) in 2016. This will include all complaints and is due to be implemented for all returns submitted from **30 June 2016**. The categories and sections have been updated such as cause of complaint and there will be a shorter return for those firms who receive less than 500 complaints in total.

### New Telephone Call Charges – effective date 28/10/15 – check your numbers comply

From **28th October 2015** the FCA is implementing a rule that any “post contractual calls which are calls from existing customers must cost no more than a basic rate

telephone call. ‘Basic rate’ means ‘the simple cost of connection and must not provide a firm with a contribution to its costs or revenues’.

**There are three types of numbers that will be acceptable:**

- Geographic numbers (01, 02, 03)
- Freephone numbers (0800, 0808)
- Mobile numbers (07), provided that the firm ordinarily uses a mobile number to receive telephone calls

**That means the following numbers which either always or often apply a ‘Service Charge’ are unacceptable:**

- Premium rate (09)
- Standard Chargeable (0870)
- Variable / Revenue (084, 0871, 0872, 0873) – this includes 0845 numbers where you derive an income or some other benefit (such as from the telecoms provider)

### Alternative Dispute Resolution Directive Rules

ADR brings in several changes to how complaints are dealt with concerning the FOS. Most will not affect you however the key amendments which may include:-

- If both parties agree then the FOS can take on a case immediately without the complainant going through the firm’s complaints procedure;
- Greater awareness of FOS. Firms need to provide information about the website address of the FOS on their own website, terms of business, complaints procedures and in final response letters.
- Firms must include one of the template wordings described in DISP 1 Annex 3. A firm can choose the most appropriate wording to use dependent on the circumstances of the complaint.

## General Insurance Add-Ons

The FCA published its rule changes in the General Insurance Add on market on 28th September 2015. This outlines the following changes that come into effect from **1 April 2016**:-

- Ban on opt-out selling of add-on products;
- For renewals if the add-on was bought prior to the rule change then firms must make reasonable efforts to obtain consent from the customer for the add-on to continue from the renewal date
- For renewals previously either sold on an opt-in basis or where it was after the rule changes then there is no requirement for active election of the add-on unless the add-on has substantially changed
- Where an add-on is provided free then this is exempt from the opt-out ban unless it is likely to be charged for in the future when explicit consent will be required.

## Other Regulatory Changes/Information

### FCA – Firm Classification Changes

The FCA is moving away from firm C1-C4 conduct categories. Firms will now be categorised as either 'fixed portfolio' or 'flexible portfolio'. Fixed portfolio firms will continue to be subject to a programme of firm or group-specific supervision (Pillar I), while flexible portfolio firms will be subject to event-driven reactive supervision (Pillar II) and thematic issue or product supervision (Pillar III) only. The FCA approach will vary depending on the risks identified in each sector, but may mean that, over time, some firms will see changes to how they are supervised. The reclassification means that around 70 firms will move from 'fixed' to 'flexible' portfolio or from 'flexible' to 'fixed'. All firms who will be changing classification should now have been contacted directly by the FCA.

Flexible portfolio firms will be proactively supervised through a combination of market-based thematic work, as well as communication, engagement and education activity aligned to the key risks identified for the sector and will not have a named supervisor, but will contact the FCA through the Contact Centre.

### FCA Website Changes

The FCA has made changes to the Financial Services Register, Handbook and introduced new firm type web pages. This has been based on feedback it has received from firms.



***“If you have any questions or would like any further help on any of the topics above please do not hesitate to get in touch”***

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