

07 August 2017

Dear Complainant

**Complaint against the Financial Conduct Authority
Reference Number: FCA00319**

Thank you for your letter of 23 May 2017. I have now completed my review of the Financial Conduct Authority's (FCA) investigation into your complaint. Before finalising my decision, I invited comments from both you and the FCA, and I refer to these below.

How the complaints scheme works

Under the complaints scheme, I can review the decisions of the FCA's Complaints Team. If I disagree with their decisions, I can recommend that the FCA should apologise to you, take other action to put things right, or make a payment.

You can find full details of how I deal with complaints at www.frccommissioner.org.uk. If you need further information, or information in a special format, please contact my office complaints@frccommissioner.org.uk, or telephone 020 7562 5530, and we will do our best to help.

Your complaint

You wrote to the FCA on a number of occasions about obtaining car insurance quotations. You were concerned that obtaining a car insurance quotation over the telephone can take up to 20 minutes of the customer's time, and if the customer were seeking several quotes, this could be a waste of time for both the unsuccessful insurers and the customer. You therefore proposed to the FCA, at first via its Customer Contact Centre (CCC), an alternative procedure which would involve a full questionnaire (including warnings on complete honesty) to be sent out in writing to a consumer who could then fill it in, and send it to the insurance companies of their choice. The suggestion is for all insurance companies to use the same questionnaire for obtaining information before providing a quotation.

The CCC responded that it would pass your suggestion to the FCA Insurance Policy team but that it would not be able to provide you with any feedback about what had happened to your suggestion.

You were not happy with this response, as you wished to know whether the FCA would adopt your suggestions and if not, why not. You continued to correspond with the FCA until FCA00319

your correspondence was entered as a formal complaint. On 16 May 2017 the FCA issued its decision letter in which it reiterated its position that your suggestions had been forwarded to the Insurance Policy Team but that no feedback could be provided to you for confidentiality reasons.

You then referred your complaint to me. You asked me to:

- a. *Call upon the FCA to answer my simple questions about using a written quote rather than a verbal one for obtaining quotations for car insurance;*
- b. *Establish how they made the fundamental error of misinterpreting Section 348, and why they refused to admit they were in the wrong;*
- c. *Call upon them to cut out all meaningless waffle in future.*

My further inquiries

As part of my review of your complaint, I asked the FCA what had happened to your suggestion. In response, the FCA says that “Suggestions from consumers are always welcomed. [The complainant’s] suggestion is a business decision for firms, rather than a matter requiring new rules. This is because our rules generally focus on preventing harm and we do not consider this is likely to be a significant area of consumer harm. We wouldn’t pass the information to the ABI [Association of British Insurers] and are not going to be discussing this with the insurance industry.”

The FCA goes on to suggest that if you would like quotations in writing from several firms at one time, then the easiest way to do this is to use an online price comparison website, which allows people to fill in the information once and obtain quotations from a variety of insurers. This is effectively the same as the system which you have proposed, but is currently available only on the internet. If you would like quotations in a paper format, you could contact a local insurance broker which would allow you to provide up to date information which the broker could use to look at the market for a suitable policy.

My position

This was a simple matter which should never have become a complaint: you have effectively been forced to complain because the FCA would not answer a simple question.

The facts of the matter are simple. You made a suggestion for an improvement in the system of obtaining quotations. You received a prompt and full letter from the CCC, explaining that it had passed your suggestion to the FCA’s Insurance Policy Team – a sensible response. It did, however, say that you would not receive any feedback because of unspecified restrictions.

You wrote again, asking for information about what had been done with your suggestion. You received a further prompt reply, again thanking you for your suggestion, but repeating that no feedback would be supplied. You made a third attempt to ask whether your suggestion had been adopted and if not, why not, but were again informed that the FCA could not tell you.

At this point, you decided to complain. Your complaint was dealt with by the Complaints Team. It was not upheld on the basis that the FCA had been right to tell you that it could not give you any further information because of restrictions under the Financial Services and Markets Act 2000. When you challenged this, pointing out that section 348 of that Act (which

restricts what the FCA can publish) related only to confidential information, you were told again that there was nothing further that the FCA could tell you. At this point, you referred the matter to my office.

It is clear from the record that this case started to go wrong from the first FCA letter, with its mention of unspecified restrictions. If the FCA's position had been that it did not have the resources to provide feedback to people making suggestions, it could have said so (though this would not be desirable customer service); but the letter clearly implied that there were other factors preventing the FCA from responding to you. The record shows that when the CCC referred your suggestion to the Insurance Policy Team, that team asked whether you were expecting any further response, but were told that you had been informed that you would not be supplied with any further information.

In your two subsequent attempts to find out what had happened, the FCA stuck doggedly to its line. It does not appear that anyone asked themselves whether it would be helpful to you, and save the FCA time, to provide you with a little further information.

When you made a formal complaint, the FCA had an opportunity to look at this matter afresh and apply some common sense and good customer service. It failed. Worse than that, the letter from the Complaints Team not only perpetuated the myth that the FCA was unable to tell you what it had done with your suggestion, but cited irrelevant legislation. When you pointed this out, the FCA denied it had made a mistake.

The truth of the matter – as set out above in my description of the FCA's response to my further inquiries – is that the FCA had determined that your suggestion was an industry matter and not one for the regulator, and that it had no intention of passing it on to the Association of British Insurers (the relevant industry body). There was nothing to stop it telling you that and – better – forwarding your suggestion to the ABI.

In summary:

- a. The FCA repeatedly misled you about restrictions about what they could tell you in response to your suggestion;
- b. When you complained, instead of being helpful the FCA compounded the error by citing irrelevant legislation, and taking no steps to see whether or not it could assist you – it has given the impression that it does not care;
- c. You have been left unnecessarily frustrated, and significant quantities of your, the FCA's, and my Office's time have been wasted on something which could have been resolved by a simple, helpful letter.

Conclusion

The FCA has repeatedly failed to answer a simple question which they could and should have answered. My consideration of the documents has found no evidence that – as this matter progressed – anyone considered how they might be more helpful to you and bring the matter to a satisfactory conclusion. For an organisation which says that it welcomes suggestions, and is committed to good complaints handling, this is not good enough.

I recommend:

- a. That the FCA apologises to you for the failures which I have described above;
- b. That the FCA offers you an ex gratia payment of £100 to recognise the distress and inconvenience which the handling of this matter has caused.

Since the FCA has made it clear to me that it does not intend to forward your suggestion to the ABI, I will write to the Director General of the ABI, and ask them to consider your suggestion and reply directly to you. (I cannot, of course, say how the ABI will respond to your suggestion.)

In response to my preliminary decision, the FCA has accepted my recommendations and stated it is reviewing the policy on information which can be provided to similar queries such as yours.

In response to my preliminary decision, you have asked that I recommend that the FCA give consideration to replacing present management and review all decisions they have made since their formation in 2013 'based on their erroneous interpretation of financial legislation'.

I agree with you that the FCA did not handle your complaint well. However, it has accepted this point and is reviewing its policy. It is not part of my role to propose changes to the FCA's management.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Antony Townsend', with a large, stylized flourish at the end.

Antony Townsend
Complaints Commissioner