



10 June 2025

Final report by the Complaints Commissioner

Complaint number 202400668

The complaint

1. On 11 February 2025, you submitted a complaint to my office about the FCA, which can be summarised as follows:
 - a. Element One – The FCA mishandled your query regarding whether regulated firms are prohibited from communicating with customers in a way that suggests their unregulated products or services are regulated. This left you with the incorrect impression that no such FCA rules exist. However, there are indeed FCA rules in place addressing this issue.

Outcome: The FCA complaints handling of this matter was inadequate and I uphold your complaint.

- b. Element Two – you are dissatisfied that the FCA provided you with incorrect advice. Although the FCA apologised for this, it did not offer you compensation.

Outcome: Like the FCA, I uphold this Element of your complaint and agree the FCA was right to apologise to you. I recommend that the FCA provide adequate training to their staff on the subject matter of the incorrect advice given. The FCA have offered you £150 in compensation for the distress and inconvenience caused to you.

Background

2. You engaged a claims management firm [X] to recover funds you lost due to an investment scam. However, you became dissatisfied with their performance and subsequently contacted the FCA. You explained that “you were ... led to believe

that the firm X was a fully regulated firm by the FCA, and all the work they conducted was regulated work.”

3. The FCA informed you that, although regulated, not all work carried out by the firm X fell within the FCA's remit, as some of it is regulated while other aspects are not. In your case, the work performed by the firm X was unregulated and, as such, fell outside the scope of the FCA's responsibilities.
4. In the course of your continuous engagement with the FCA, you were also told that *“the FCA do not look into individual complaints..”*, and instead *“you were advised to contact the Financial Ombudsman Service (FOS) as it falls within their remit as they can look at complaints regarding firms who are not doing right by their consumers.”*
5. After some time, you contacted the FCA again to inform them that, since the work conducted by firm X on your behalf was unregulated, the FOS also concluded that your complaint was outside the scope of their remit. Additionally, you wanted to understand *“whether firms should tell consumers that although they are fully regulated, some of the work they conduct is unregulated work.”* You were told by the FCA that it's *“the firms’ decision to advise its consumers..”*.
6. Following this, you submitted a complaint to the FCA. The FCA apologised for previously advising you—incorrectly—to approach the Financial Ombudsman Service (FOS). However, regarding the separate issue of Firm X's alleged misrepresentation, the FCA did not uphold your complaint. It concluded that while there is no specific requirement for a Claims Management Company to state that a service is not regulated, it is essential that they do not claim a service is regulated if it is not.

My analysis

Element One

7. The crux of the matter is that you dealt with an FCA regulated firm which you allege misled you into believing that all of its activities were regulated, whereas in fact the service they provided you was not. As a result, you questioned the FCA (among other things) why it had no rules in place to protect customers from such misleading practices.

8. The FCA does, in fact have rules about this. Under the FCA rules, regulated firms are required not to communicate with their customers in a way that implies that their unregulated products and services are regulated, in order to ensure that customers understand the level of protection and oversight associated with the services they are receiving.
9. What I would have expected to happen in the course of your complaint at the FCA is for the FCA Supervision Hub or Complaints Team to:
 - a. Inform you that in fact it does have rules that regulated firms are required not to communicate with their customers in a way that implies that their unregulated products and services are regulated;
 - b. Ask you for and obtain any evidence or information you have about Firm X to substantiate your allegation that it misled you into believing the service it provided you with was regulated;
 - c. Pass the information to its Supervisory Team for review;
 - d. Liaise with the Supervisory Team to ascertain whether the information was considered appropriately;
 - e. Refer back to you and explain whether it was satisfied the FCA had given the information you provided appropriate consideration and provide you with as much feedback as possible given the confidentiality constraints it operates under it; and
 - f. Explain that its role is to review the information you provided with the view to taking regulatory action against the firm rather than to obtain redress for you from the firm.
10. Whilst the FCA took some (but not all) of the steps above at different times during its correspondence with you, it did so in a disjointed way leaving you unclear about the FCA rules on the matter; whether an investigation had indeed taken place with respect to the information you had provided, and what the result of that investigation was. I consider there were complaints handling failures on the part of the FCA in dealing with you on this matter.
11. I invited the FCA to pass an accurate description of your complaint to the relevant supervision area and inform me how the information was considered in

response to the preliminary report. The FCA have confirmed that: *“While it is ultimately for a court to decide, our interpretation is that [your claim] does not fall within the definition of a financial service or product.”* Therefore, Firm X should not have stated that it was regulated relating to unregulated claims, such as yours. The FCA have since engaged with the Firm, which has agreed to remove these statutory disclosures from any promotions or literature relating to unregulated claims.

12. Additionally, the Firm has agreed to allow you to exit your contract without charge if this is the outcome you are seeking. If that is the case please let the FCA know and they will pass this information to the firm.
13. I note the FCA has already answered a number of your other queries with respect to this firm and there is nothing further I can add with respect to these.

Element Two

14. The FCA Supervision Hub advised you to refer your complaint to the FOS.
15. You have explained that, following the FCA's advice, you spent *“over a month putting your case together”* to submit it to the FOS, only to be told that your complaint didn't fall within their remit. You raised this issue with the FCA, who acknowledged the matter and apologised for the incorrect advice; however, did not offer any financial redress.
16. It is concerning that the FCA recommended submitting your complaint to the FOS after advising you that the matter involved an unregulated activity and was therefore outside their own scope of work. This suggests an opportunity for the FCA's staff to enhance their training to better handle such situations in the future. The FCA have confirmed that feedback had been provided to the Supervisor and that training for the Supervision Hub on this topic and a reference guide for the organisation to access are being organised.
17. In view of the above, like the FCA, I uphold this Element of your complaint.
18. I note that you did not request compensation when you submitted your complaint to the FCA, therefore it has not had a chance to review it. Under the Complaints Scheme to which both the regulators and I operate to it is usually best practice for the FCA to review complaint points in the first instance. I invited

the FCA to consider your request for compensation in response to my preliminary report. The FCA have accepted that they *“should have told [you] on the 18 March 2024 that Firm X does not fall within the Financial Ombudsman’s remit. In recognition of [their] mistake, [they] would like to offer [you] £150 compensation for the distress and inconvenience caused.”* I consider this is sufficient remedy.

The Complaints Commissioner

Complaints Commissioner

10 June 2025