

28 April 2022

Final report by the Complaints Commissioner**Complaint number FCA001686***The complaint*

1. On 30 March 2022 you asked me to investigate a complaint about the FCA

What the complaint is about

2. The FCA summarised your complaint as follows:

You have explained that you invest with Firm X. You are unhappy that they do not include the amount they charge for managing bond investments in their annual report; they only include the percentage charged. They also don't inform investors what their return, on the investment, has been for the year.

To resolve your complaint, you are seeking that the FCA introduces *“rules which make it mandatory for organisations to tell investors, exactly how much they have been charged, and show how many units and from which investments the charges were taken from”*.

You also would like it to be mandatory for investment firms *“to tell investors the return/loss they got on their investment each year”* and for there to be a benchmark – so that the performance of firms can be compared.

What the regulator decided

3. The FCA did not investigate your complaint, they advised you:

After carefully considering the information, you have provided, we have concluded that we cannot investigate your complaint under the Complaints Scheme.

This is because the Complaints Scheme covers the investigation of complaints that arise in connection with the exercise of, or failure to exercise, any of the FCA's relevant functions.

The 'relevant functions' of the FCA are defined in the Complaints Scheme and Part 6 of the Financial Services Act 2012, and broadly speaking cover the FCA's regulatory functions that arise under the Financial Services and Markets Act 2000, or such other functions as may be ordered by HM Treasury.

Expressly excluded from the definition of 'relevant functions' is anything arising from the FCA's exercise of legislative functions or standards review functions. 'Legislative functions' of the FCA include the making of rules, and the issuing of general guidance.

Your complaint relates to rules we have issued, which is an exercise of our legislative functions. Therefore, your complaint is excluded from being considered under the Complaints Scheme, as confirmed in paragraph 3.4(c) of the Scheme.

Why you are unhappy with the regulator's decision

4. You have asked me to review the FCA's decision.

Preliminary points (if any)

5. It is important for me to highlight, matters which are excluded from the Scheme which I am unable to investigate.
6. Section 3.4 (c) of the Complaints Scheme provides:

[Exclusions to the Scheme](#)

3.4 Excluded from the Scheme are complaints:

- c) in relation to the performance of the regulators' legislative functions as defined in the 2012 Act

7. I also should explain that the Complaints Scheme is concerned with the actions or inactions of the FCA. It cannot deal with complaints against banks, IFAs, individual firms, nor is it a redress service for individual consumer complaints. The Financial Services and Markets Act 2000 explicitly provides for a consumer redress service separate from the FCA.
8. The FCA does have a statutory duty to secure an appropriate degree of protection for consumers. It does so by regulating the financial industry through the setting of standards which firms must meet, and by taking enforcement action where that is justified. It does not investigate individuals' complaints against the firms it regulates, that is the role of the Financial Ombudsman Service (FOS).
9. That does not mean that the FCA cannot investigate concerns arising from information about individual complaints, but it investigates those in the context of considering whether or not regulatory action is justified, rather than whether or not the individual requires redress. Any action the FCA may or may not take could not lead to redress for you personally.

My analysis

10. You have told me:

I have received a response basically ignoring my complaint but doing so in a very complicated way quoting various regulations, which is rather the point. It has all become so complicated the basic requirement to tell an investor how much they have been charged and what the return is on their money has been lost. The woolly regulations allow investment companies to tell the investor as little as they wish.

The role of Financial Conduct Authority is surely to safeguard the man in the street whether they are borrowing or investing.

Every employed individual has a pension (they probably have a number of pensions as everyone changes job often these days) but how many people know how much they have paid for the administration and what return they got and if the charges and performance are satisfactory. Very few I would wager. Make it

mandatory for this information to be included in annual reporting and the man in the street, who knows nothing of investing, will be better placed to make informed decisions. The annual letters state how much someone is likely to get as a pension, to ask the question, do I need to invest more money in my pension, but another question should be, is this company charging me fairly and are they getting good returns in line with the footse 100.

I believe "investments can go up as well as down" allows companies to hide behind poor performance, as they can blame fluctuation in the markets.

I am asking you to review the regulations, which are rather complicated, to ensure that the man in the street gets important and relevant information.

11. Whilst I know you are unhappy with the response to the complaint you made to the FCA, the FCA investigator was right to tell say your complaint could not be reviewed under the Complaints Scheme. You may wish to contact your MP or a Member of the House of Lords to raise this on your behalf. Information about how to do this is available at: <https://www.parliament.uk/get-involved/have-your-say-on-laws/input-into-legislation/>.
12. In addition to raising the issue to change the legislation, if you want to raise a complaint about Firm X who you invest with, then you may wish to refer your complaint to the FOS.

My decision

13. For the reasons set out above, I am unable to investigate your complaint as it is excluded from the complaints scheme.

Amerdeep Somal
Complaints Commissioner
28 April 2022