

10 August 2020

## Final report by the Complaints Commissioner

### Complaint number FCA00772

#### *The complaint*

1. On 3 June you asked me to investigate a complaint about the FCA.

#### *What the complaint is about*

2. The FCA summarised your complaint as follows:

##### *Part One*

*You state that following the instructions of the FCA, your bank increased the rate of interest it charges on arranged overdrafts to 39.5%. You would like a clear explanation as to why, at a time of very low interest rates and a national emergency, the FCA took the decision to instruct your bank as they did.*

##### *Part Two*

*You are unhappy with the responses you received from the FCA's Supervision Hub, when you contacted them about the changes to the interest rate.*

#### *What the regulator decided*

3. The FCA told you that, because part one of your complaint was about rules made by the FCA, it was excluded from this Complaints Scheme. For that reason, the FCA would not investigate it. However, the FCA gave you a full explanation of the reasons behind the new rules which it had imposed upon the banks.
4. The FCA did not uphold part two of your complaint: it concluded that the Supervision Hub had given you appropriate advice and information.

### *Why you are unhappy with the regulator's decision*

5. You have told me you do not feel the FCA has justified its actions (in issuing the new rules), and you do not think it is right that the FCA is encouraging banks to 'increase their interest rates to payday loan levels'. You find the FCA decision letter contradictory and condescending.
6. You have not referred part two of your complaint to me.

### *My analysis*

7. The FCA was right to say that, because your complaint was about rules, it could not be investigated under this Scheme. However, it gave you what seems to me to have been a full and helpful explanation of the thinking behind the new rules, which were introduced following a full economic analysis which showed that most customers would be better off as a result. The FCA explained to you that some bank rates for unauthorised overdrafts had reached pay day loan rates. The new rules are designed to ensure these rates are reduced.
8. Furthermore, the FCA – recognising that some customers would be worse off – placed requirements on banks to support people who may be affected by the higher charges.
9. The overall expected impact does appear to be beneficial on a larger scale, and the FCA is monitoring the impact of the changes, welcomes feedback from consumers about the effects on them, and appears to be ready to intervene if the actual results are not as it expected. The FCA's policy statement, including a reference to the fact that it is monitoring the effects of the changes, can be found here: <https://www.fca.org.uk/publications/policy-statements/ps19-16-high-credit-review-overdrafts>.
10. The FCA has explained to you that you have the option of approaching your bank and/or the Financial Ombudsman Service (FOS) if you are adversely affected by the change in rates. Additionally, you have the option to switch bank accounts as you may find more favourable terms with another provider. You have said that you did approach your bank which did not provide you with the outcome you wished for, and that you have approached the FOS but not had a response yet. I appreciate this is frustrating for you, but I cannot review the service you receive from the FOS under the Complaints Scheme. The FOS has

an independent adjudicator you can approach if you are not satisfied with the service standards of the FOS.

11. The FCA has also provided you with additional guidance for Covid-19 support for consumers.
12. I consider that the FCA's explanation to you was helpful. I realise that you disagree with the policy, but that is not a matter which I can consider. You have said, in response to my preliminary report, that the FCA should issue a statement accepting responsibility for its policy – it seems to me that the FCA has already done this by consulting on its policy, and undertaking to review its operation.

*My decision*

13. I have sympathy with your concerns, but I consider that the FCA was right not to investigate your complaint. While you may disagree with the FCA's reasons for introducing the new rules on overdraft charges, it appears to have made the changes following public consultation and careful analysis, and is committed to reviewing their effect

Antony Townsend  
Complaints Commissioner  
10 August 2020