

Complaints Data Analysis: 2018 H1


October 2018

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Executive Summary

This publication focuses on all complaints that firms received during the first half of 2018, between 1 January and 30 June 2018.

Financial services firms received more than 4 million complaints during the first half of 2018

Complaints continued to increase for the fourth successive half year, reaching a new record level. 3,161 firms received 4.13 million complaints during the first half of 2018. This was a 10% (360,108) increase compared with the previous 6-month period (the second half of 2017), when 3.77 million complaints were received. 98% of the 4.13 million complaints were made to 235 firms, which received 500 or more complaints each.

Excluding Payments Protection Insurance (PPI), complaints increased by 9% (193,360) from the previous 6-month period

There have been several high-profile cases of disruption to retail banking services in the first half of the year. Around half of the increase in other complaints excluding PPI was due to complaints about TSB made by banking and credit card customers following TSB's move to a new IT platform on 22 April 2018.

Most complained about products are PPI, current accounts and credit cards

PPI continues to be the most complained about product, accounting for 42% of all complaints firms received in 2018 H1. This compares to 41% of all complaints received by firms in 2017 H2 and only a third (33%) of all complaints in 2017 H1. The next most complained about products are current accounts, accounting for around 15% of all complaints, followed by credit cards (8%) and motor and transport insurance (6%).

PPI continues to drive much of the increase in complaints from the previous 6-month period

Complaints to firms about PPI in 2018 H1 rose by 11% (166,748) to 1.72 million. This is their highest level in more than 4 years, compared to 1.55 million in 2017 H2. This follows the second round of the FCA's media campaign from 4 April to 18 May 2018, covering the process and deadline for making complaints about the sale of PPI. Following the initial campaign launch, PPI complaints in 2017 H2 had already increased by almost 40% from 2017 H1.



Firms paid £2.57 billion in redress for PPI complaints in the first half of 2018. Average redress payments for upheld PPI complaints have risen from those in 2017

The total amount of redress firms paid out during 2018 H1 was £2.57 billion. This is a 9% (£214 million) increase compared to £2.36 billion in 2017 H2. This was driven by an increase in redress payments for PPI complaints, which increased by 13% (£268 million) to £2.31 billion in 2018 H1. Of this, £2.24 billion was paid out for PPI complaints that were upheld. Average redress paid for each PPI complaint upheld has fallen from £2,087 in 2017 H2 to £1,765 in 2018 H1.

The proportion of complaints closed by firms within 3 business days has fallen

Only 35% of all complaints closed by firms in 2018 H1 were closed within 3 business days, compared to 39% of complaints closed in 2017 H2. This fall has been largely due to the increase in the proportion of PPI complaints received by firms in the first half of 2018, which tend to take longer to resolve. Only 7% of PPI complaints were closed by firms within 3 days and 11% took longer than 8 weeks. Excluding PPI, 59% of all complaints have been resolved within 3 business days.



About our complaints data

The FCA uses the complaints data from firms to monitor the number of complaints received and how they change over time. We use these data to track the products and services consumers complain about the most. The data also help us assess how well firms are treating their customers and how firms' performance changes over time.

The following commentary summarises the latest data, including the latest trends and analyses by product group and reason for complaints. We publish full data tables alongside the report.



Highlights for the first half of 2018

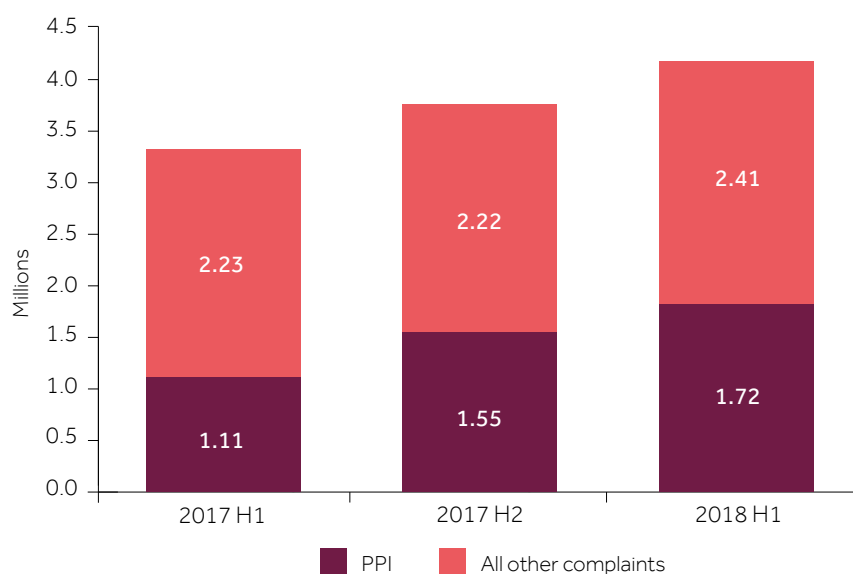
Complaints received

3,161 firms reported they received one or more complaints during 2018 H1. 235 out of the 3,161 firms report 500 or more complaints, accounting for almost 98% of all complaints reported.

Figure 1 shows that firms received 4.13 million complaints in 2018 H1. This is 10% (360,108) higher than the number received in 2017 H2 and 23% (785,357) higher than those received in 2017 H1. This has primarily been driven by PPI complaints, which increased by 11% (166,748) from 2017 H2 and by 54% (603,807) since 2017 H1. Since the launch of the FCA's PPI campaign, PPI complaints have increased by more than half, although almost three quarters of this increase was following the initial burst of the campaign in 2017 H2.

Excluding PPI, the total number of complaints firms received in 2018 H1 increased by 9% (193,360) from 2017 H2. Around half of this was due to the increase in banking and credit card complaints made to TSB about disruption to banking services following its move to a new IT platform on 22 April 2018. There were also smaller increases in complaints to other firms across a number of different products. This includes an 8% increase in credit card complaints, an 11% increase in other general insurance complaints and a 10% increase in motor and transport insurance complaints. These were partly offset by a 10% fall in complaints about packaged accounts.

Figure 1 - Volume of complaints received (millions)





Complaints closed

Firms have 8 weeks after receiving a complaint to provide a written response to the complainant. This must either be a final response or an explanation of why it is not able to make a final response and an indication of when it expects to do so. Where the firm makes a final decision to accept, reject or offer redress without accepting the complaint, they record the complaint as closed. If the complainant remains dissatisfied with the response then they can refer their complaint to the Financial Ombudsman Service.

Tables 1 show the time limits in which complaints were closed by firms during the reporting period. **Table 2** shows the percentage of closed complaints that were upheld by firms, that is, the firm agreed with the consumer's complaint, and the amount of redress paid to them. The figures for PPI complaints is only available for firms reporting 500 or more complaints, representing 98% of opened complaints in 2018 H1.

Table 1 shows that firms closed 4.34 million complaints in the first half of 2018. These are 19% more than the number closed in 2017 H2.

Firms closed 1.99 million PPI complaints in 2018 H1, 36% more than the number closed in 2017 H2. This is greater than the 11% growth in PPI complaints received by firms in 2018 H1 compared with the previous six months. This means that firms did not close a number of complaints received in 2017 H2 until 2018 H1.

However, the proportion of PPI complaints closed by firms after 8 weeks in 2018 H1 has remained unchanged, at 11% from 2017 H2. This suggests that firms are managing to deal with their backlog of PPI complaints within 8 weeks. But the proportion of PPI complaints resolved within 3 days has fallen from 9% in 2017 H2 to 7%. Excluding PPI, the proportion of complaints closed after 8 weeks increased from 3% in 2017 H2 to 5% in 2018 H1.

The proportion of complaints closed by firms within 3 days fell from 39% in 2017 H2 to 35% in 2018 H1. This is due to the increase in the number of PPI complaints firms received in the period, which tend to take longer to resolve. Only 7% of PPI complaints were closed by firms within 3 days in 2018 H1. Excluding PPI, 58% of all complaints were closed within 3 days, which is slightly down from 2017 H2.

Table 1 – Complaints closed in the period

	All complaints		PPI		All other complaints	
	2017 H2	2018 H1	2017 H2	2018 H1	2017 H2	2018 H1
Total closed complaints in period	3.65m	4.34m	1.46m	1.99m	2.20m	2.35m
of which:						
closed within 3 days (%)	39%	35%	9%	7%	59%	58%
closed within 8 weeks (%)	94%	92%	89%	89%	97%	95%
closed after 8 weeks (%)	6%	8%	11%	11%	3%	5%



Table 2 shows that firms upheld 60% of the complaints they closed in 2018 H1. This is unchanged from 2017 H2. The proportion of PPI complaints upheld fell slightly from 66% in 2017 H2 to 64% in 2018 H1. Excluding PPI, the rate of complaints upheld in 2018 H1 was unchanged from 2017 H2 at 56%.

Table 2 also shows that firms paid out £2.57 billion in redress during 2018 H1. This was a 9% (£214 million) increase compared to £2.36 billion in 2017 H2. This change was due to the increase in redress paid out for PPI complaints, which increased by 13% (£268 million) over the same period from £2.05 billion in 2017 H2 to £2.31 billion in 2018 H1. Of this, £2.24 billion was paid out for PPI complaints that were upheld. This gives an average redress payment of £1,765 for each PPI complaint that was upheld in 2018 H1, compared to £2,087 during 2017 H2.

Excluding PPI, total redress paid fell by 17% (£53 million), from £312 million in 2017 H2 to £259 million in 2018 H1..

Table 2 – Complaints upheld and redress paid in the period

	All complaints		PPI		All other complaints	
	2017 H2	2018 H1	2017 H2	2018 H1	2017 H2	2018 H1
Total closed complaints in period	3.65m	4.34m	1.46m	1.99m	2.20m	2.35m
of which:						
Upheld	2.19m	2.59m	0.96m	1.27m	1.23m	1.32m
% Upheld	60%	60%	66%	64%	56%	56%
Total redress paid	£2.36bn	£2.57bn	£2.05bn	£2.31bn	£312m	£259m
Redress for upheld complaints	£2.29bn	£2.47bn	£2.01bn	£2.24bn	£277m	£231m
Redress for not upheld	£70.8m	£103.9m	£35.5m	£76.0m	£35.3m	£27.9m
Average redress per complaint upheld	£1,045	£954	£2,087	£1,765	£226	£175



Putting complaints into context

As well as looking at complaints by volumes, we look at the number of complaints as a proportion of the total number of products complained about. This shows the number of complaints compared to the size of each market or firm. We record complaints per 1,000 existing accounts or insurance policies. This improves the way we can compare and benchmark complaints across different firms. This is shown in our firm specific data.¹

Firms must send us either:

- a 'provision' measure (the total number of accounts or insurance policies a firm maintains for customers at the end of the reporting period) or
- an intermediation measure (the number of products they sell, advise or arrange for customers within the half-year reporting period)

This will depend on the type of business a firm undertakes or the type of complaints they get. Some firms may submit both types of measures if they undertake both types of business.

Table 3 shows the number of complaints, per 1,000 accounts or policies provided, for each type of product.

Table 3 – Contextualised complaints by product group

	2017 H2	2018 H1	% of complaint volumes in 2018 H1
Banking and credit cards per 1000 accounts	4.6	4.6	34%
Decumulation & pensions per 1000 policies	1.2	1.3	1%
Home finance per 1000 balances outstanding	9.6	9.7	3%
Insurance & pure protection per 1000 policies	8.2	9.4	60%
Investments per 1000 client accounts	2.6	2.2	2%

Across all groups, home finance products continue to receive the most complaints as a proportion of the total number of products involved. This is despite home finance products only accounting for 3% of total complaint volumes in 2018 H1. Almost 10 complaints were received by firms for every 1,000 home finance product accounts with outstanding balances.

Decumulation and pensions products are the least complained about product category, with approximately 1 complaint received by firms for every 1,000 policies in force.

Insurance and pure protection (products involving sickness or death where the value is capped at the premiums paid) product complaints now make up over 9 complaints for every 1,000 policies in force in 2018 H1. This has increased from just over 8 complaints per 1000 policies in 2017 H2. Complaints about insurance and pure protections grew at a faster rate than the number of policies in force during 2018 H1. This is due to the increase in PPI complaints made about past policies taken out some years ago.

¹ www.fca.org.uk/firms/complaints-data/firm-level



Most complained about products

Table 4 shows the top 5 most complained about products and the comparison with the previous period in 2017 H2. PPI made up 42% of all complaints received by firms and increased by 40% from the previous period. After PPI, current accounts and credit cards remain the next most complained about products. The volume of complaints received by firms in 2018 H1 for current accounts increased by 18% and for credit cards by 8% from 2017 H2. These products have a higher proportion of complaints closed by firms within 3 days.

Motor and transport insurance complaints increased by 10% and other general insurance complaints increased by 11%, when compared with 2017 H2.

Table 4 – 5 most complained about products in 2017 H1

Product	2017 H2	2018 H1	% change	% closed within 3 days in 2018 H1
Payment protection insurance	1,551,902	1,718,650	11%	7%
Current accounts	509,092	600,358	18%	72%
Credit cards	314,586	338,576	8%	70%
Motor & transport	230,144	252,043	10%	56%
Other general insurance	202,471	224,398	11%	53%



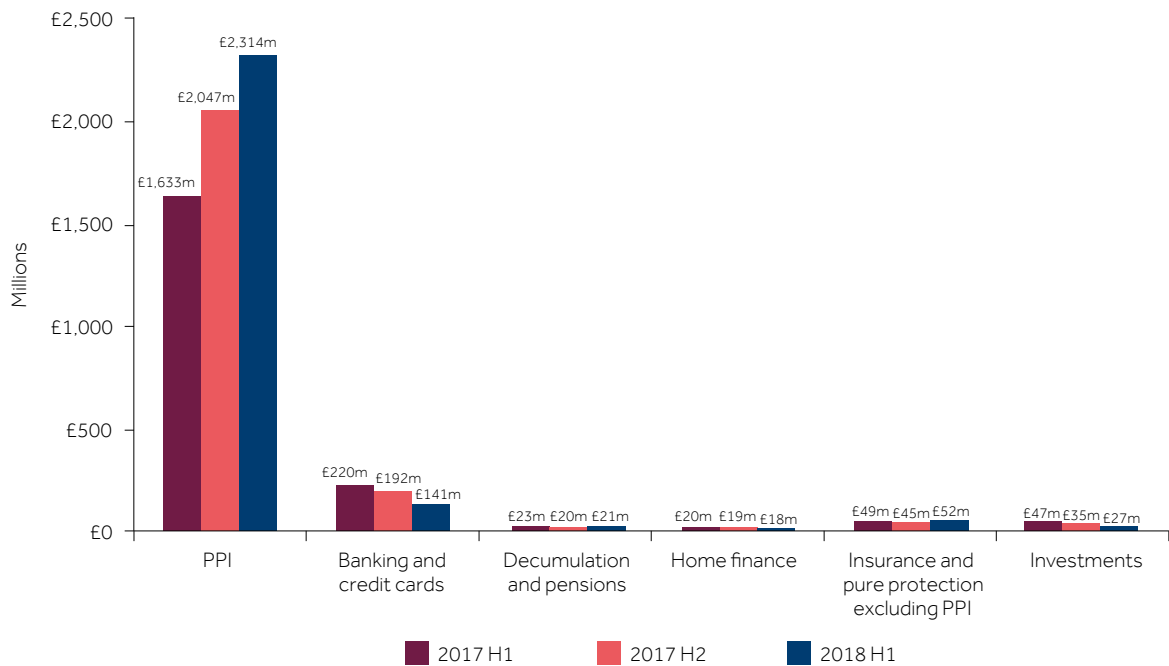
Outcomes for consumers

This section looks at how firms handled complaints in 2018 H1 across the different product groups and PPI, compared to 2017 H2. This includes how much redress firms paid in total for those complaints they upheld and changes in the proportion of complaints upheld over the period.

Redress paid by product group

Figure 2 shows that redress paid out for PPI has continued to rise in each period since 2017 H1. 90% of redress paid out in 2018 H1 was for PPI, compared to only 82% in 2017 H1. On the other hand, total redress paid for banking and credit card complaints has fallen from £220m in 2017 H1 to £141m in 2018 H1.

Figure 2 - Total redress paid by product group and PPI

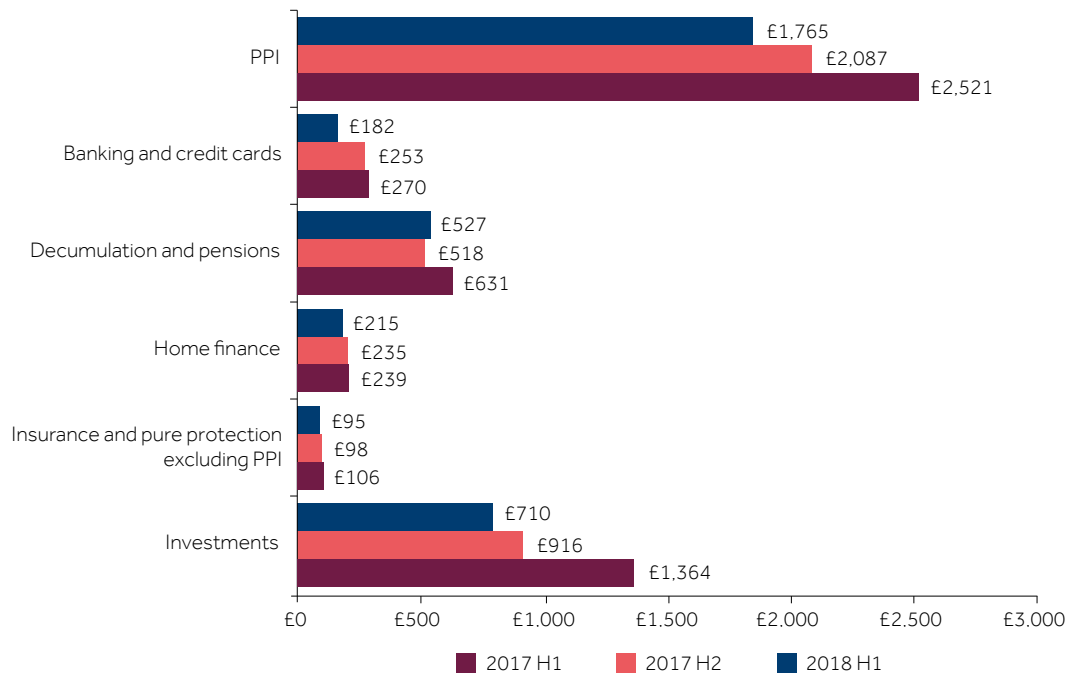




Redress per upheld complaint

Figure 3 shows that redress paid per upheld complaint in 2018 H1 has fallen most significantly from 2017 H2 for investments, PPI and banking and credit cards.

Figure 3 - Redress per upheld complaint



Percentage of complaints upheld by product group

Figure 4 shows that the proportion of PPI complaints upheld fell from 66% in 2017 H2 to 64% in 2018 H1. PPI complaints accounted for 46% of complaints closed by firms in 2018 H1. Excluding PPI, however, the proportion of insurance and pure protection complaints firms upheld increased from 58% in 2017 H2 to 62% in 2018 H1. These accounted for 17% of complaints closed by firms in 2018 H1.

The proportion of banking and credit card complaints upheld fell slightly from 54% in 2017 H2 to 53% in 2018 H1. These accounted for 31% of all complaints closed by firms in 2018 H1.

At the product group level, complaints about investment products continue to have the lowest rate of being upheld by firms. Only 51% of complaints were upheld in both 2017 H2 and 2018 H1. Of the top 5 most complained about products, credit cards had the lowest uphold rates at 43%.



Figure 4 - Percentage of complaints upheld by product group in 2017 H2 and 2018 H1

