

With the Financial Services Authority's interim regime for sale and rent back coming into force on 1 July 2009, firms applying for authorisation need to be aware that FSA authorisation automatically makes them subject to both:

- the FSA's rules about dealing with complaints; and
- the compulsory jurisdiction of the Financial Ombudsman Service

The ombudsman service is the independent body set up by law to settle complaints between consumers and businesses providing financial services.

The FSA's rules on complaint handling are set out in the FSA handbook, which is made up of a number of 'sourcebooks' dealing with different topics. The complaint handling rules are set out in the *Dispute Resolution: Complaints* sourcebook. This is also known as 'the DISP rules' or simply 'DISP'.

The first chapter of this sourcebook, entitled *DISP 1: Treating complainants fairly*, contains FSA rules and guidance on how you should deal with complaints promptly and fairly, including complaints that could be referred to the Financial Ombudsman Service. Other chapters in DISP deal with the jurisdiction and complaint handling procedures of the Financial Ombudsman Service itself.

This is all pretty technical stuff, but the ombudsman service is concerned that smaller businesses should have ready access to the information they need to understand their obligations and, in particular, what happens when a consumer refers a complaint to the ombudsman.

As part of its commitment in this area the ombudsman has recently revised its guide for smaller businesses. This provides a simple, clearly worded explanation of the whole complaint handling process, starting with the need for businesses to have their own complaints procedures in place even before any complaint is received, all the way through to an ombudsman's final decision on a dispute that has been referred to the service. The guide also refers readers to other helpful sources of information, including the ombudsman service's own technical advice desk.

It is strongly recommended that firms seeking FSA authorisation also familiarise themselves with their new obligations regarding the handling of complaints using the ombudsman's guide as a helpful starting point.

REFERENCE

FINANCIAL OMBUDSMAN SERVICE

Guide, *the ombudsman and smaller businesses – your guide to the Financial Ombudsman Service*:

on-line: http://www.financial-ombudsman.org.uk/publications/guides_for_firms.htm
or for hard copy e-mail publications@financial-ombudsman.org.uk or telephone 020 7964 0092

Technical Advice Desk: telephone 020 7964 1400 (10am to 4pm, Monday-Friday)
or e-mail technical.advice@financial-ombudsman.org.uk
See also: <http://www.financial-ombudsman.org.uk/contact/tech-advice.htm>

FINANCIAL SERVICES AUTHORITY

Dispute Resolution: Complaints sourcebook on-line:
<http://fsahandbook.info/FSA/html/handbook/DISP>