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# FOS complaints newsletter

October 2024

Welcome to the FOS complaints quarterly newsletter. We have pulled together FOS complaints data going back to 2018 when FOS first started publishing complaints data at a product/service level to bring you an overview of what we are seeing in terms of complaints and uphold rates so we can draw trends from the data. FOS complaints data runs from April to March and so the first quarter of any year covers April to June.

We look at total complaints at FOS but also drill down to specific areas – pensions (SIPPs and pension transfers), investment advice, residential mortgages, and complaints against claims management companies.



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# Trends

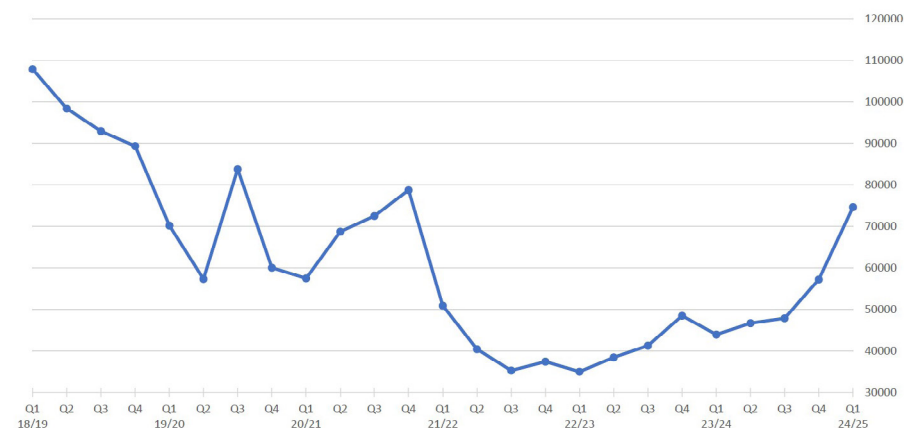
Item		Detail
The trends we have seen for the period July to September 2024 include:		
1	Motor vehicle finance	The second most complained about product is motor vehicle finance which is responsible for over 10,000 complaints currently sat at FOS. As discussed below, a recent FOS final decision upholding such a complaint against a lender is subject to a judicial review and we expect a further spike in complaints and decisions if the judicial review is unsuccessful.
2	IFA/wealth management sector	In good news for the IFA/wealth management sector we continue to see a decrease in complaints about final salary pension transfers, as well as a decrease in complaints concerning investment advice. We also continue to see a decrease in complaints against SIPP providers.
What to look out for in the next quarter:		
3	Motor finance commission	A judicial review in respect of one of the first FOS final decisions in this area was heard by the High Court just before the summer recess this year. The outcome of that decision is likely to unlock complaints about motor finance commission currently sat at FOS. Also, there are rumours that the FCA is considering a consumer redress exercise under s.404 of the FSMA, and it seems likely that they will be emboldened if FOS' approach to such complaints to date is ratified.
4	Impact of the consumer duty	A speech this quarter from the Chief Executive and Chief Ombudsman focussed on communications with customers and whether they meet the outcomes laid down under the consumer duty. However, it will be interesting to see if we start to see complaints with a consumer duty angle. It's also likely that we will see complaints regarding the fee structures operated by advice firms, as issues with these have been well publicised and a number of firms are conducting reviews of their fee models and looking at whether or not annual reviews charged for were actually provided.
5	FOS' response to its consultation on case fees for CMCs	FOS' response to its consultation on case fees for CMCs and whether these are introduced and, if so, whether this constitutes a barrier to consumers using representatives (which most currently do) and the overall number of referrals to FOS.
6	Mortgages	Two year fixed rates on mortgages taken out at the end of 2022 and the start of 2023 will start to expire shortly. If base rates continue to decrease these borrowers may be able to refinance at more favourable rates. However, those that fixed for longer at the end of 2022, into 2023, may start to regret that decision as we move into 2025. This could lead to complaints against mortgage advisers and mortgage providers with customers "stuck" on higher interest rate mortgages regretting their choices with the benefit of hindsight.

# Total complaints referred to FOS – 2018 to 2024

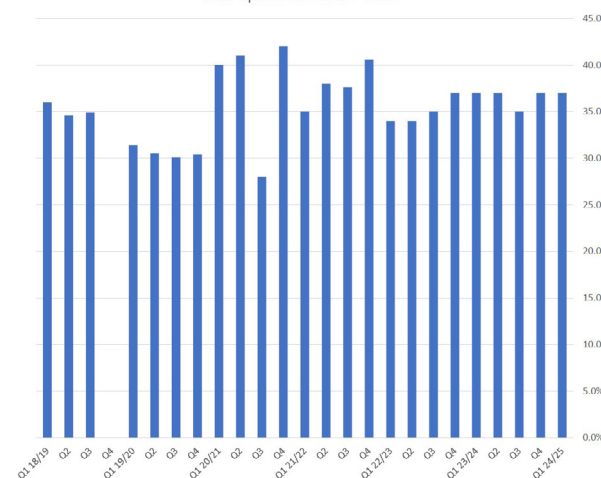
Total complaints at FOS continue on an upwards trajectory which continues from April 2023. In the first quarter of 2024/25 FOS saw:

- **Total new complaints:** 76,645
- **Average uphold rate (excluding PPI):** 37%
- **Most complained-about product:** Current accounts, followed by hire purchase (motor), credit cards, car/motorcycle insurance and conditional sale (motor). These categories have remained consistent over the last five years.

Total Complaints 2018 - 2024



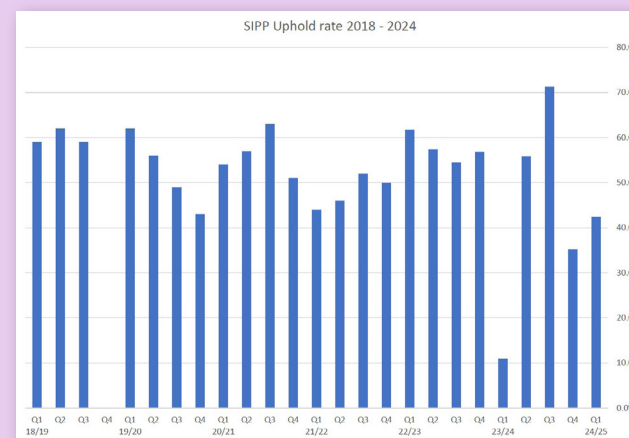
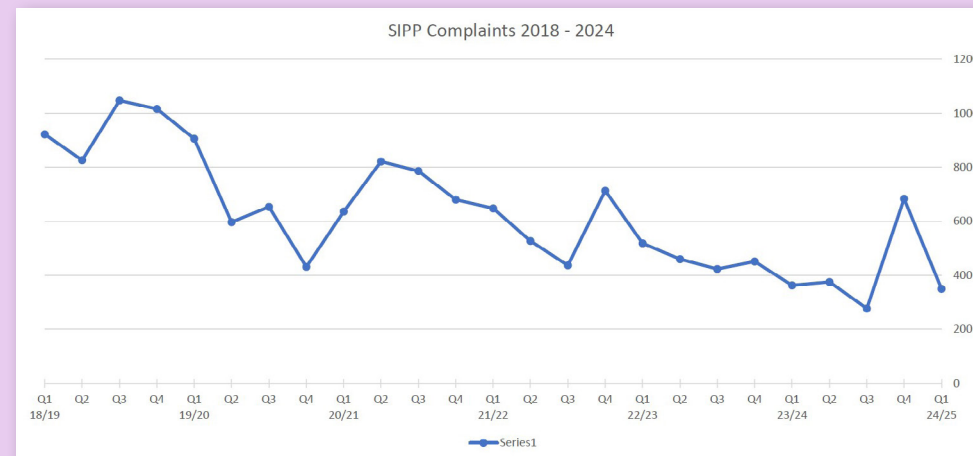
Total Uphold rate 2018 - 2024



# Pensions

## SIPPs

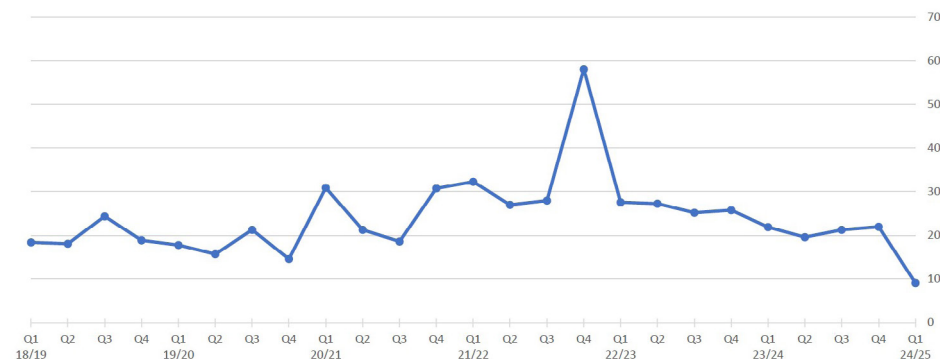
- In Q1 of 2024/2025, there were 350 new cases with an average uphold rate of 42.4% (up from 35.2% in Q4 but still down from 71.3% in Q3 of 2023/2024).
- In the 2023/2024 FOS year there were 1,698 new SIPP complaints, with an average uphold rate of 57.6% (much higher than the average uphold rate at FOS).
- The rate of new cases involving SIPPs has slowed considerably since 2018/2019 which had the highest number of complaints on record for SIPPs (between 826 – 1047 per quarter). There was a spike in the final quarter of 2023/2024 albeit it is not clear why this is the case given that many complaints about investments which had lost value before the Berkeley Burke decision are likely to have been time barred (on the basis FOS applies a 3 year limitation period from the Berkeley Burke judicial review where investments were made and had lost value at an earlier point in the 2010s).
- Given the time that has passed since the publication of the Berkeley Burke judgment in 2018, we anticipate a continued slowdown in SIPP provider due diligence complaints, given FOS' approach to time bar coupled with the fact that SIPP providers have reduced investments in non-standard assets as a result of the capital adequacy requirements introduced in 2016.



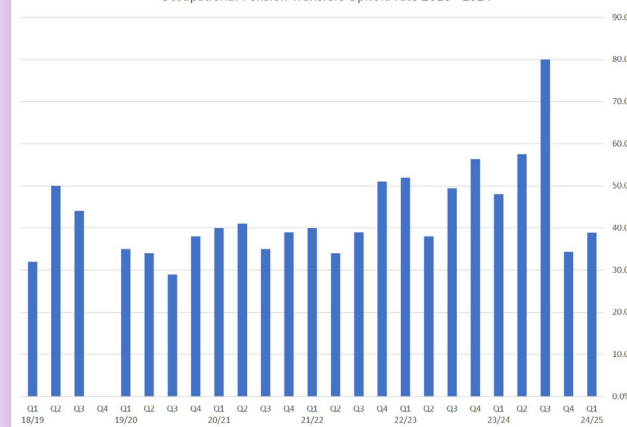
# Occupational Pension Transfers (OPTs)

- In Q1 of 2024/2025, there were 91 new cases with an average uphold of 38.9% (down from 213 and 220 in Q3 and Q4 of 2023/2024 respectively).
- In the 2023/2024 FOS year there were 848 new cases with an average uphold rate of 54.95%.
- It is worth noting that complaints concerning advice to transfer out of defined benefit pension schemes may also fall under a separate category; advisory services/advisory. This may explain the lower level of complaints than perhaps would be expected.
- The rate of new cases has increased steadily which may be a result of the introduction of the pension freedoms in April 2015 and in turn this may have accounted for the increase in OPT complaints between 2020 – 2023. Coupled with this are complaints involving the British Steel Pension Scheme which is likely to be behind the spike in the early part of 2022 (with the consumer redress scheme introduced at the end of 2022). The data does not suggest any spike in defined benefit transfer complaints arising from the implementation of the British Steel Pension Scheme consumer redress scheme which is contrary to what FOS anticipated in its 2023/24 Plans and Budget with the annual complaints number down from 1059 in 2022/2023 to 848 in 2023/2024.

Occupational Pension Transfers Complaints 2018 - 2024



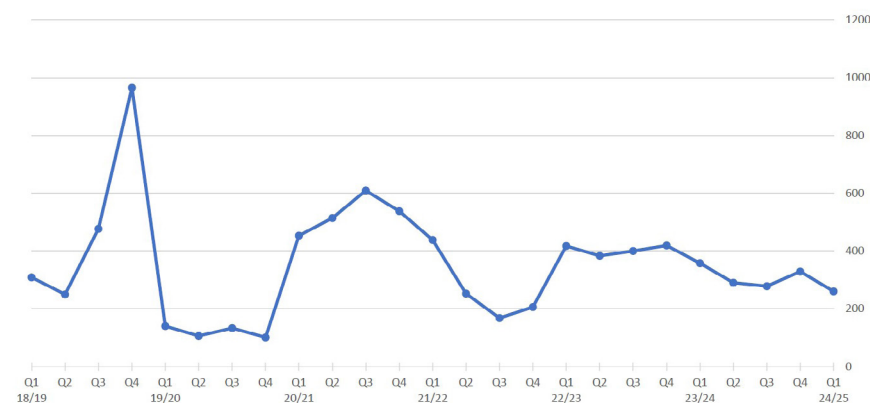
Occupational Pension Transfers Uphold rate 2018 - 2024



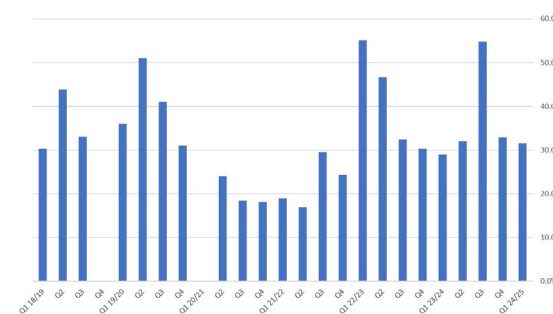
# Advice complaints

- This category refers to investment products such as derivatives, direct property investments, investment trusts and OEICs and the regulated advice provided in relation to those investments.
- In Q1 of 2024/2025, there were 260 new cases with an average uphold of 31.5% (very similar to 32.9% in Q4 of 2023/2024 and down from 54.8% in Q3 of 2023/2024).
- In the 2023/2024 FOS year, there were 1,255 new complaints, with an average uphold rate of 37.18%.
- When it comes to new cases and the uphold rate, both have remained consistent since the FOS split out this category in its complaints reporting to the extent that no complaints data was published in the 2019/2020 year due to there being less than 30 complaints in each category. However, in the 2020/2021 year, in some instances, complaints doubled. This could be due to the performance of investments linked to markets affected by the Covid-19 pandemic and some high-profile issues such as Woodford.
- FOS anticipates that complaints of this nature will increase as a result of new risks such as investment and cryptocurrency scams, performance and portfolio management complaints relating to cost of living and the impact of market performance. However, the picture painted by the data is that complaints concerning 'risky' investment products are a drop in the ocean when looking at the volume of FOS complaints as a whole.

Advice Complaints 2018 - 2024



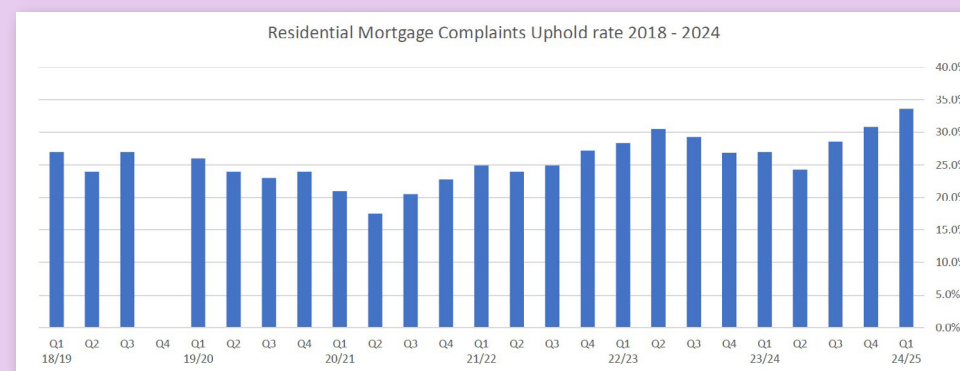
Advice Complaints Uphold rate 2018 - 2024





# Residential mortgages

- In Q1 of 2024/2025, there were 1475 new cases with an average uphold of 33.6% (a very similar level to 28.6% and 30.8% in Q3 and Q4 of 2023/2024 respectively).
- In the 2023/2024 financial year, there were 6251 new complaints, with an average uphold rate of 27.68%.
- This category captures complaints made against both mortgage lenders and advisers.
- The rate of new cases has been consistent at around 1,200 – 2,500 per quarter for the last five years, with a relatively low uphold rate.
- There was a brief spike in Q2, Q3 and Q4 of 2020/2021 which is likely to be a result of the Covid-19 pandemic leading to consumers being put in financial difficulty or having to exercise forbearance options or mortgage payment holidays, under FCA guidance.
- Between 2020 – 2021, there was a spate of high-volume litigation surrounding historic interest only mortgages from 2005 – 2012 but this does not appear to have made its way to FOS, with firms bringing these claims seemingly preferring court proceedings over FOS.
- The implementation of the Mortgage Charter in June 2023 does not appear to have led to any spike in complaints. However, the mini-budget in September 2022 (Q3 for 2022/23) does appear to have led to an increase in complaints with a spike in the first few months of 2023. Interestingly the uphold rate in this area appears to be on the increase – there is a delay between a spike in complaints and upholds given the time it takes to get a decision before FOS – and so we could now be seeing FOS' approach to lender/adviser complaints off the back of the mini-budget and potentially even following the implementation of the consumer duty in July 2023 for current products.

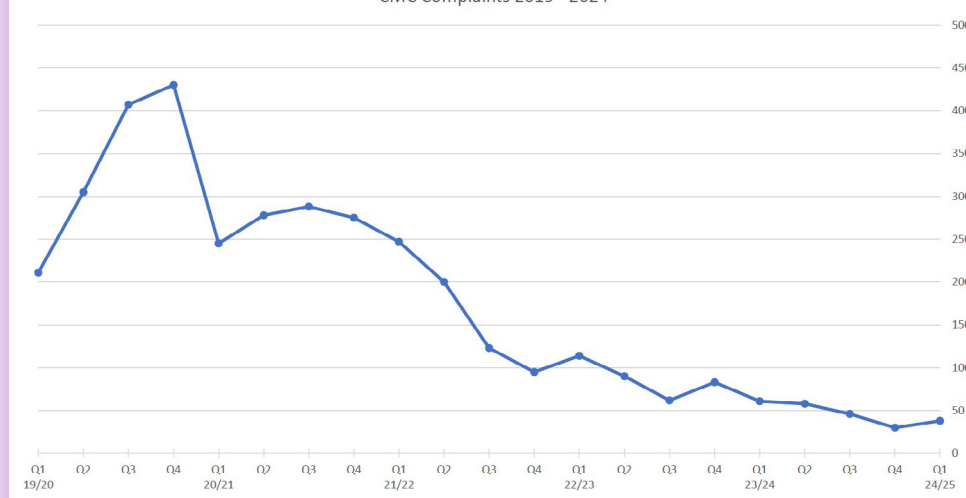




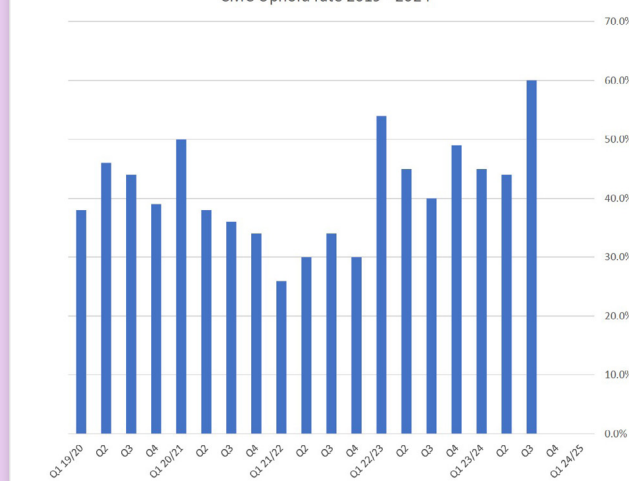
# Claims Management Companies (CMCs)

- In Q3 of 2023/2024, there were 46 new cases with an average uphold rate of 60%. In Q4 of 2023/2024 and Q1 of 2024/2025 the number of complaints were 30 and 38 respectively, with the uphold rate being too low to be recorded in the data published by FOS.
- In the 2023/2024 financial year, there were 195 new complaints, with an average uphold rate of 49.7%.
- This is a relatively new category of complaints given that FCA regulation of CMCs only commenced on 1 April 2019 meaning that prior to this date any complaint against CMCs would not have fallen within FOS' jurisdiction.
- The rate of new cases has been fairly steady since 2019 at around 250 – 400 claims per quarter and a similarly steady uphold rate of 26-54%.
- Complaints about how CMCs handled customers' PPI claims is by far the most complained about CMC activity, perhaps as a result of the sheer volume of these claims. As the PPI deadline has long expired, we expect claims of this nature to fall away, and we anticipate that complaints about accident management will emerge as the most complained about product instead.
- With the introduction of the CMC fee cap (up to £10,000 for redress over £50,000) and the potential for charges on referrals to FOS (at a minimum of £75) we wait to see if complaints around fees becomes a new trend.

CMC Complaints 2019 - 2024



CMC Uphold rate 2019 - 2024



# Other FOS developments

## June – September 2024

- Ombudsman News 194** – the publication included the complaints data for April to June 2024 reporting a 70% rise in complaints compared to the same period last year. The first quarter of 24/25 saw 76,645 cases about financial products compared to 43,943 for the same period in 23/24. Professional representatives now account for around half of the complaints received, but does not necessarily lead to a more favourable outcome with only 25% of claims brought by professional representatives upheld compared to 40% brought by consumers direct. Most complaint issues brought by professional representatives are said to relate to either irresponsible and unaffordable lending or motor finance. Credit cards are the most complained about product but with hire purchase (motor) second with 15,925 complaints of which 75% related to motor finance commission (and 90% of these are brought by professional representatives).

In particular fraud and scams accounted for 8,734 cases with over half about customers approving online bank transfers known as authorised push payments. Of the 4,752 authorised push payment scam cases, c. 2,000 were covered by the voluntary reimbursement model code that provides for additional protection for consumers and where banks have voluntarily signed up. This is less than 50%. The regime around reimbursement is changing

later this year with the new reimbursement rules covering authorised push payment scams up to £415,000 with some exceptions. Other complaints arising from fraud/scams included consumers spotting investment opportunities on social media and inadvertently paying fraudsters using debit or bank cards (accounting for 1,500 complaints). Notably the uphold rate for fraud and scam complaints is at 44% compared to 37% across all products and complaints issues.

Complaints about buildings insurance also reached a new high with 2,000 new cases, making building insurance the most complained about insurance product. Cases are up 13% compared to the same period last year. The top three reasons for complaints to FOS are – claim decline, claim delay and claim value.

- Chief Executive and Chief Ombudsman discusses the consumer duty** – the consumer duty was introduced on 31 July 2023 and on its first anniversary Abby Thomas spoke to its first year. She commented that “... *The Consumer Duty has meant firms need to focus even more on the outcomes that customers receive. Over the last year, we’ve continued to take action where we think businesses haven’t treated customers fairly and in line with the requirements under the Duty...*”. Ms Thomas stated that “... *Regulatory rules are one of*

*our considerations in deciding cases, and the requirements of the Duty have had an impact on what’s fair and reasonable in the individual circumstances of each case*”. The examples cited focus on customer communications and ensuring they match individual expectations, particularly changing approaches for vulnerable customers.

Ms Thomas also confirmed the FOS restructure so that casework teams are now aligned to industry sectors or supporting the implementation of cross-cutting policy initiatives such as the consumer duty.

- Ombudsman News 193** – this reported that banking complaints had hit a 10 year high with 80,137 cases about banking and payment products.
- Travel insurance complaints also hit their highest since the Covid-19 pandemic (up 19%) with a rising trend whereby holidaymakers were told that medical conditions had not been properly disclosed, dissatisfaction with the levels of assistance when ill abroad and complaints about delays/lost luggage.
- The Ombudsman news also includes guidance for professional representatives at FOS.
- Proactively settled complaints** – from 24 June 2024 FOS introduced changes to the scheme

criteria. The scheme encourages businesses to review their position and to resolve complaints early on in the FOS process. There is also an incentive as any complaints settled at that early stage are recorded as ‘proactively settled’ in the complaints data rather than as a ‘change in outcome’. From 24 June 2024, in order to use the scheme a business must make an offer within 14 calendar days from when the case moves to investigation (this is a reduction from 21 days) and make it clear it is under the “proactive settlement scheme”. The offer must be different from any previous offer made including any offer in the final response letter and also explain why the offer is being made with relevant supporting information. Further, when making an offer, the FOS will assess whether it meets the scheme criteria and if not let the business know why and FOS will investigate the complaint in the usual way. If the offer is communicated to a customer, FOS will offer them guidance to help them decide whether to accept it.

- July 2024** – responses were due to FOS’ paper on charging claims management companies and other professional representatives with the proposal to charge CMCs and other professional representatives £250 but with this reducing to £75 where the case outcome reached is in the complainant’s favour.



# Relevant RPC blogs

To read more on these and related topics relevant to FOS:

- **Authorised push payments** ([click here](#))
- **Principals and appointed representatives**  
(1) the new supervision rules ([click here](#)) and  
(2) the scope of the agency ([click here](#))
- **Increase in s.166 reviews** ([click here](#))
- **FCA's approach to motor finance complaints**  
([click here](#))
- **FCA market study into protection products**  
([click here](#))
- **The advice/guidance boundary** ([click here](#))
- **The BSPS redress scheme** ([click here](#))
- **FCA guidance on financial promotions In social media** ([click here](#))
- **FCA reviews consumer duty outcomes across the insurance industry** ([click here](#))
- **FOS proactive settlement scheme**  
([click here](#))
- **Failed FOS judicial review on whether a complainant was an "eligible complainant"**  
([click here](#))

**Note:** gaps in the data result from (a) FOS not publishing Q4 complaints data until 2019/2020, and (b) FOS not publishing data for categories where there are 30 complaints or less. This means that for some areas the data is not perfect. Also FOS' categorisation of products has not always remained consistent and again this may result in some small anomalies. The fact that there is a delay between complaints referred to FOS and uphold rates means that there is not a clear correlation between a spike in complaints and a spike in uphold rates – you can expect a slight drag in the data .



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