



Association of
Mortgage Intermediaries

*Association of Mortgage Intermediaries' response to FOS Temporary
changes to outcome reporting in our business-specific complaints data*

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI) and the Association of Finance Brokers (AFB). AMI is the trade association representing over 80% of UK mortgage intermediaries. AFB sits within AMI and represents second charge (formerly secured loan) brokers.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. AMI members also provide access to associated protection products. AFB members also provide access to unsecured products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage, insurance mediation and consumer credit activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

Our view

AMI is grateful for the opportunity to respond to this consultation and agrees that there is a clear benefit to any initiative that seeks to provide faster complaint resolutions and reduce FOS complaint backlogs.

Whilst FOS has previously stated in the budget and funding proposal earlier this year that Consumer Duty will have a limited impact of complaint figures, we feel that any work that can be done to make the process more efficient while maintaining the existing standards of resolution will be advantageous to both firms and complainants.

Questions

Q1: Do you agree do you agree or disagree with this proposal?

We are supportive of the proposal to extend the temporary outcome reporting initiative as this is proven to be beneficial to both complainants and firms in reducing complaint timescales.

As the consultation lays out that during the trial a large portion of the 'proactively settled' cases had little to no change other than to alter compensation, we would hope that FOS continues to signpost firms to the FOS phoneline for guidance. This would also help towards faster resolutions for the complainants and firms.

Q2: Are there any amendments you would suggest we make to this proposal?

We would suggest that FOS consider whether there are any other changes that could be implemented to provide firms with a tangible financial incentive to proactively settle complaints.

Referring back to our previous budget response earlier this year, we continue to challenge the reduction in the number of free cases especially with FOS currently holding over six months of reserves due to higher income and lower costs. We feel it could be challenged that this surplus shows there is scope to increase the number of free cases offered.

Q3: To what extent do you agree that the Financial Ombudsman Service should review the fairness of an offer made under this process?

We feel that it would likely be damaging to both firms and complainants if FOS was to take a more hands off approach to the assessment of the proactive settlement offers. Firms will continue to need the guidance of FOS, especially in regard to appropriate redress with consumer duty on the horizon and the complainants will need the reassurance of fairness that FOS is able to provide.

We are confident in the level of analysis previously applied by FOS both for the safeguarding of potentially vulnerable complainants and for the continued education of firms in relation to complaints.

Q4: Are there any additional risks towards fairness that haven't been identified, or mitigations that we should consider putting in place, should this proposal be implemented?

We are confident that FOS has already identified the likely potential issues including the potential of 'lowball' offers being accepted by vulnerable complainants and agree with the assessment that it would be wise to continue to be mindful of this possibility even if there were no known instances during the five month temporary period.

We would hope to see that where firms may be over utilising the "proactively settled" category that there may be some dialogue with FOS to determine why the case was not able to be settled during the internal complaints process.

Q5: To what extent do you agree or disagree with our assessment of the risks to data integrity and transparency?

We agree for the most part with the assessment conducted by FOS that there will be little impact on the data integrity and transparency on the basis that there has already been a five-month trial of the "proactively settled" category and therefore there will be a sufficient amount of data to analyse.

We would expect that FOS will reach out to firms in the future to ascertain whether there has been a measurable impact on the way that they utilise FOS data. As stated in the consultation, many firms provided feedback that they were concerned about the loss of valuable insight.

Q6: Are there any additional mitigations for this?

We think the data should continue to be monitored to make sure that there continues to be a sufficient volume of complaints still being recorded as "change in outcome" or "no change in outcome" as these reports provide valuable insight data to firms regarding their complaints

process. Additionally, it would be advantageous for FOS to monitor and publish the data on the uptake of the new category and its impact if any on the complaint's numbers, this will help to ensure stakeholders have a clear picture on the progress of tackling the complaints backlog.

Q7: Do you have any other comments or thoughts about the proposals set out in this consultation paper?

We would ask FOS to share additional data on the benefits to firms; the reduction of free cases is likely to have a significant impact on firms and this proposed change does not bridge the gap. Additionally, we would query the wider benefits of this change given FOS has confirmed in the consultation that there is likely to be little to no impact on annual data.