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Examination on the Management and Reporting of Charging Errors

The Financial Regulator recently carried out an examination of banks and insurers regarding the management of charging errors and correction of charging errors, the reporting of material errors to the Financial Regulator and the notification of such errors to customers in the context of the Code requirements in relation to Errors-Common Rule 45.

Following on from the examination, the Financial Regulator has written to firms highlighting the following areas:

- With regard to the logging of charging or pricing errors, institutions should be in a position to identify all errors from a control perspective and that a central log should be maintained of all errors, both material and non-material, to ensure that pricing or charging errors of a systemic nature are recognised and that all errors can be monitored from a control perspective by the institutions;
- The quality of data input into the logs used for recording errors needs to support appropriate analysis of patterns of errors and proper control of the correction process;
- Escalation of errors must take place internally to compliance/risk units as well as to senior management where appropriate and is considered best practice;
- Error logs are subject to inspection by the Financial Regulator ;
- Institutions should ensure that staff are aware of these procedures and that procedures are regularly reviewed.
- With regard to reporting 'material' overcharging issues to the Financial Regulator, firms were requested to consider the range of criteria in their assessment of materiality (see notes to editors).

- With regard to public communication, institutions were requested to correct inaccurate information regarding charging or pricing errors in the public domain in a timely manner;
- Firms were asked to consider the information that should be provided to the media on errors which may vary depending on the nature of error, but which should include at a minimum the total monetary amount of the error and the number of customers impacted.
- The Financial Regulator requested that if institutions are making public press statements (on reporting of consumer charging/errors), any references to the Financial Regulator contained in these statements should be advised to the Financial Regulator, prior to being released, in order to facilitate the Financial Regulator in dealing with subsequent public and customer queries.
- Firms were advised that it can prove beneficial in the long term for institutions to proactively bring issues to the attention of the media, rather than wait for them to come into the public domain and it requested institutions to consider this approach for the future. In addition, where institutions are writing to a large number of customers on charging issues, the Financial Regulator considers that they should be proactive with the media and be prepared for media queries that may arise.