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Findings of Examination into Complaints Handling Procedures in Credit Institutions

The Financial Regulator has written to all credit institutions to highlight certain issues in relation to complaints handling procedures following a themed inspection to assess whether credit institutions' complaints handling procedures complied with the Consumer Protection Code requirements. The themed inspection also examined how credit institutions were using the information and intelligence from complaints in their organisation.

Overall the inspection found that credit institutions had procedures and controls in place to deal with complaints to comply with the Code requirements. This area was previously looked at in 2004 as part of a wider review and the Financial Regulator noted significant improvements in procedures and in the use of intelligence from complaints since that review. It was particularly encouraging to note that some credit institutions had set shorter timeframes for dealing with complaints than laid down in the Code.

The following issues have been identified by the Financial Regulator and have been highlighted to all credit institutions:

- Adequate records of complaints must be maintained. The inspection found that in some cases, comprehensive records of complaints were not always maintained.
- Credit institutions must inform complainants of their right to refer the complaint to the Financial Services Ombudsman. This was not happening consistently in all credit institutions.
- Credit institutions must offer the customer the opportunity to have their verbal complaint treated as a written complaint. Some credit institutions did not always offer customers this opportunity.
- Complainants did not always receive written confirmation of the outcome of the credit institution's investigation.

- Credit institutions must notify complainants in writing of the outcome of their investigations into the complaint.
- All credit institutions have processes in place for obtaining management information from complaints. It is important that credit institutions use information from complaints in order to improve customer services and inform procedures and controls.