



ST. JAMES'S PLACE
WEALTH MANAGEMENT

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By email to
RCCPconsultation@beis.gov.uk

Direct Line: [REDACTED]
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29 September 2021

Dear Sir/Madam,

Reforming Competition and Consumer Policy

We are writing to provide you with feedback from St. James's Place plc on a specific element of the above consultation.

By way of background, St. James's Place plc is a FTSE 100 company managing and advising on circa £144bn of assets for over 800,000 clients, with 4,477 authorised advisers ("the Partnership"). We manufacture life and pensions products and are the Authorised Fund Manager for eight NURS, including a property fund, a FAIF and forty-three UCITS unit trusts¹.

We are very supportive of the Alternative Dispute Resolution approach, in our industry this is provided by the Financial Ombudsman Service (FOS). We welcome any efforts to improve this service for both consumers and the firms that provide them with products and services. It is widely reported that the FOS, itself, is currently facing challenges in resolving cases within an appropriate timeframe and we are supportive of measures which will help reduce that to the benefit of consumers.

Even with an ADR approach in place it remains the case that the best outcome for all concerned, consumers, firms and the ADR provider (eg FOS), is that the complaint is satisfactorily resolved between the firm and their customer without the need to involve the ADR at all. Any changes to the ADR approach need to be made with this in mind and avoid the unintended consequence that fewer complaints reach this preferred outcome.

Against this backdrop we are concerned that the proposal to reduce the threshold from 8 weeks to 4 weeks for firms to resolve complaints before they are passed to FOS (Question 66) may make the situation worse for consumers rather than improving it. Our particular concern is in regard to complaints about financial advice. These are often complex and require lots of data and information to be gathered both from the firm and the client to establish all the

¹ As at 30 June 2020

circumstances in which the advice was given, often years' previously. Even once this is done adjudication of the complaint takes time and expert resource. Whilst in some circumstances, completing this activity within a four-week timeframe may be possible, there will always be a significant proportion of more complex cases that will take longer than four weeks to resolve. For these cases, implementing a four-week threshold is likely to result in an incomplete assessment by the firm, reducing the chances of a satisfactory resolution being reached and increasing the number of such cases that have to be referred to FOS when they may well have been resolved to the satisfaction of the consumer by the firm if given a little longer.

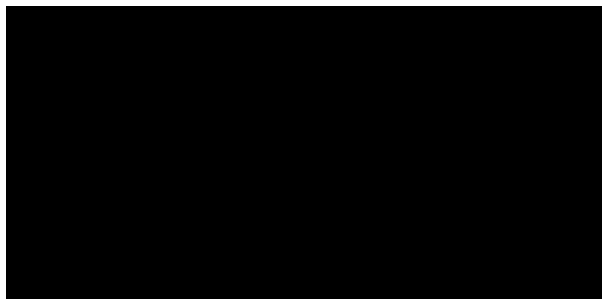
Given the complexity of many of these cases it is unlikely that FOS will be able to complete their assessment of the case in 4 weeks (even once current operational issues are resolved), which means the policy intention of reaching a faster resolution for consumers than the current 8 weeks will not have been achieved. The end result is that those consumers who's complaint currently takes the firm between 4 and 8 weeks to process, may experience a more complex, stressful and lengthy process to follow than would have been the case if the firm had been allowed the time to resolve the complaint directly.

Aside from this unintended negative impact on consumers, an influx of complex cases in the short term may exacerbate the problems FOS is currently experiencing and worsen the experience for all consumers using the service.

We appreciate in some industries significant consumer harm can occur with every day that passes, consequently we would ask that any reduction from 8 weeks to 4 is not applied to all ADR scenarios but considered for individual sectors separately. This could be achieved by allowing regulators to make the decision for the sectors they regulate without an expectation that all sectors will move to 4 weeks.

We hope this response is helpful in shaping your thinking on appropriate timescales and we would be very happy to discuss it with you if that would be helpful.

Yours faithfully



St. James's Place plc