 Regulatory Policy Committee		Validation of the One-in, Two-out Status and the Net Direct Impact on Business
Validation Impact Assessment (IA)		Independent Complaints Commissioner
Lead Department/Agency		HM Treasury
IA Number		Not provided
Origin		Domestic
Expected date of implementation		October 2015 (SNR 10)
Date of Regulatory Triage Confirmation		7 August 2014
Date submitted to RPC		24 March 2015
Date of RPC Validation		29 April 2015
RPC reference		RPC14-FT-HMT-2179(2)
Departmental Assessment		
One-in, Two-out status		Zero Net Cost
Estimate of the Equivalent Annual Net Cost to Business (EANCB)		N/A
RPC assessment		
		VALIDATED
Summary RPC comments		
<p>The IA is fit for purpose.</p> <p>The IA states that this is a low cost regulatory proposal (an 'IN'). It explains that the Independent Complaints Commissioner (ICC) already produces a non-statutory annual report and the mechanisms to collect the information are already in place. HM Treasury therefore expects the impact on business to be minimal. On the basis of the information presented, it appears that it would not be proportionate to monetise the cost of the proposal. In accordance with the guidance, the proposal should be treated as zero net cost for One-in, Two-out purposes.</p>		
Background (extracts from IA)		
What is the problem under consideration? Why is government intervention necessary?		
<p>The IA explains that: <i>"The Regulators' Code, which took effect in April 2014, sets Government's expectations of regulators' treatment of appeals and complaints by non-economic regulators. The Government believes that this needs to be accompanied by a new form of assurance that regulators are delivering against these goals."</i> Under this proposal, the non-economic regulators are the Financial Conduct Authority and the Prudential Regulation</p>		

Authority.

What are the policy objectives and the intended effects?

“To improve accountability and quality of scrutiny of complaints handling within the Financial Conduct Authority and Prudential Regulation Authority (“the regulators”) in a cost effective way.” The Government proposes to: *“legislate for a duty on the Independent Complaints Commissioner to produce an annual report including an assessment of the complaint handling of the regulators and their impact on complainants.”*

RPC comments

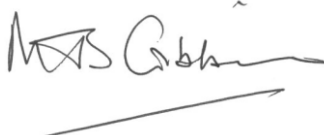
The proposal is to legislate for the Independent Complaints Commissioner (ICC) to produce a statutory annual report that includes an assessment of the handling of complaints by the Financial Conduct Authority and the Prudential Regulation Authority (the regulators). The assessment should also assess the effect this has on different categories of complainants.

The IA explains that, with the approval of HM Treasury, the ICC is appointed by the regulators under the Financial Services Act 2012. The regulators are responsible for meeting the expenses of the ICC. The regulators are funded by fees charged to authorised financial services firms. There are currently 27,630 authorised firms; this is due to rise to around 73,000 once the authorisation process for consumer credit firms has been completed.

The ICC already produces a non-statutory annual report. The cost of this is estimated at £5,200 per year (£2,500 printing/postage costs and £2,700 preparation costs). HM Treasury explains that the mechanisms to collect information for the report are already in place.

HM Treasury considers that the small change in the nature of the report will not impose significant additional costs. It, therefore, expects the impact on business to be minimal, even after allowing for the expected increase in the number of authorised firms. HM Treasury explains that, while the transfer of consumer credit to the FCA may affect the number of complaints, even a significant increase would have only a marginal effect on costs. This is because the report will not be about individual cases, but an overall assessment of the treatment of complaints by the regulators. On the basis of the information presented, it appears that it would not be proportionate to monetise the cost of the proposal.

In accordance with guidance, the proposal should be treated as zero net cost for One-in, Two-out purposes.

Signed		Michael Gibbons, Chairman
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