TISA

Response by TISA to FOS & FCA's consultation on modernising the redress system (CP26/9)

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About TISA

Supporting the financial journey through life

The Investing and Saving Alliance (TISA) is committed to improving the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

We care about the entire financial life of consumers: from their first savings account opened to ensuring people can age and retire with dignity. TISA believes that savings and investments play a significant role in the lives of people and small businesses. Consumers benefit when they put aside money for their future. Saving and investing can provide a buffer for emergencies; help people achieve big and small goals throughout their lifetime; and give people quality of life in later years.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have approximately 270-member firms involved in the supply and distribution of savings and investment products and associated services. Our members include the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, FinTechs, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

Our work, your influence

With a focus on four key workstreams that best support the consumer and UK financial services, TISA has become a leading industry voice and ally for delivering consumer focused initiatives.

Our policy work reflects TISA's broad scope of interests and aims on meeting the needs of UK consumers, members and our industry. From improving financial education, inclusion and accessibility, right through to savings, investments and retirement planning, the work we do with our members to **influence policy** is crucial in enhancing the industry we operate in and driving positive change.

As part of our commitment to delivering focused and impactful consumer outcomes, TISA's policy working groups have been structured into **four distinct workstreams**:

1. **Consumer Protection**
   Protecting the best interests of UK consumers in their financial journeys.

2. **Consumer Access**
   Considering issues that could directly impact access to financial products.

3. **Effective Products**
   Examining key considerations and legislation relating to products across the investing and saving landscape.

4. **Corporate Responsibility**
   Exploring issues that directly impact society, the environment, and the economy.

All groups focus on both strategic and technical elements of policy/regulation. Key outputs from our workstreams can include recommendations to government and regulators on developing a financial services framework that protects and benefits UK consumers, finding solutions to operational/infrastructure challenges and developing standards of good practice on the interpretation and implementation of new regulation.

We provide a channel for firms to have their say on the policy we develop and present, contribute to our technical and regulatory interpretation work and, importantly, gain insights from other TISA members, policy makers, government and regulators.

Find out **more about TISA here:** **https://www.tisa.uk.com/about-tisa/**

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Introduction & Summary of Recommendations

TISA welcomes the opportunity to respond to the FOS & FCA's consultation on modernising the redress system. We support the aims to improve alignment, predictability and early engagement across the system while maintaining strong and effective consumer protection. Achieving this will ensure the UK benefits from a redress system that delivers better outcomes for consumers, promotes innovation and investment.

We welcome the steps being taken by the FOS and the FCA to deliver more changes in the short term, ahead of HMT's legislative measures. The proposals in the consultation are focused on improving how the system works in practice and seek to facilitate a smoother and more effective journey for consumers when problems arise, with complaints handled promptly, and fair and fast compensation where it's due. Where we have suggested changes to the proposals, we have sought to further these objectives, as well as increase trust and confidence in the redress system and give appropriate consideration to the needs of vulnerable customers.

To continue progress on this file, we recommend that changes are implemented swiftly, where possible. Modernisation of the redress system is an important prerequisite for the success of Targeted Support, and given this, we recommend that the FOS and FCA seek to implement these proposals as soon as possible, and certainly by end of Q3 2026.

Responses to Questions

Question 1: Do you agree with the proposed rules to introduce a registration stage (pre-registration and registration stages), as set out in the Appendix? If not, please give evidence or reasons as to why not.

We agree with most of the proposed rules.
However, we do not agree with 3.1A.9R(2). The ability of the Financial Ombudsman to re-categorise a registered complaint to the pre-registered stage undermines confidence and trust in the process. 3.1A6R-3.1A.8G provide the FOS with a good deal of discretion to ensure that a complaint only enters the registration stage when it is ready to do so. We urge the FOS to have confidence in the process and its decision making. The current proposal suggests that the FOS is likely to make mistakes and that neither consumers nor firms can have confidence in the FOS' process and decision making.
If the scenario in 3.1A.10G is what is primarily driving the FOS' concern and need to reallocate registered complaints to the pre-registration stage, then the FOS' powers should be appropriately constrained in this manner – i.e. the FOS should only be able to reallocate in specific, outlined scenarios, rather than having a broad discretion that is unclear to other stakeholders and undermines trust in the redress process.

Question 2: Do you agree with the proposal for the Financial Ombudsman to assess whether a case is ready to investigate within the registration stage, recognising that it will develop and publish further supporting guidance to support the rules in due course? If not, please give reasons or evidence as to why not.

Yes. We encourage the FOS to provide transparency on the applicable service standards so that consumers and firms can understand the process and expected level of service. We also encourage the FOS to develop guidance that specifically outlines how the FOS will engage appropriately with consumers and firms where a case is ready to progress to the an investigation.

Question 3: Do you have any other comments, data, evidence, or suggestions regarding the proposed registration stage?

We would welcome the FOS providing an example in its policy statement that covers the scenario where a bad actor firm that deliberately withholds information or delays providing information needed to progress a matter from the pre-registration stage to registration stage.

Question 4: Do you agree that the Financial Ombudsman should retain the ability to dismiss complaints that are frivolous or vexatious? If not, please give evidence or reasons as to why not.

Yes

Question 5: Do you agree that the Financial Ombudsman should be able to dismiss complaints where complainants have acted vexatiously, abusively or otherwise unreasonably? If not, please give evidence or reasons as to why not.

Yes, but we recommend that FOS is able to make exceptions that give consideration to a complainant's mental health.

Question 6: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the respondent has reviewed the subject matter of the complaint in accordance with (a) the regulatory standards for the review of such transactions prevailing at the time of the review; or (b)

any formal regulatory requirement, standard or guidance published by the FCA or other regulator in respect of that type of complaint? If not, please give evidence or reasons as to why not.

Yes

Question 7: Do you agree that the Financial Ombudsman should be able to dismiss complaints where, the Financial Ombudsman is satisfied, having considered its responsibilities under s. 404B FSMA, the respondent has reviewed the subject matter of the complaint in accordance with a consumer redress scheme? If not, please give evidence or reasons as to why not.

Yes

Question 8: Do you agree that the Financial Ombudsman should be able to bring finality by dismissing complaints where the subject matter of the complaint has previously been considered or excluded under the Financial Ombudsman Service? If not, please give evidence or reasons as to why not.

Yes

Question 9: Do you agree with the addition of 'factual' into the existing rule? If not, please give evidence or reasons as to why not.

Yes

Question 10: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the subject matter of the complaint has been dealt with, or is being dealt with, by a comparable complaints scheme, regulatory or law enforcement body or dispute resolution process? If not, please give evidence or reasons as to why not.

We suggest that a caveat is added to this ground so that, where the comparable complaints scheme specifically provides for alternative redress or enforcement bodies may have jurisdiction, the FOS should have jurisdiction. For example, if a matter involved a data privacy aspect that was taken forwards by the ICO, this should not preclude the matter also being taken forward by the FOS where there is also a financial services regulation angle. We would not expect the ICO, in this example, to deal with both the data privacy law and financial services regulation aspects in their complaints process.

We would welcome the development of guidance on how "comparability" and relevance to the complaint's substance will be assessed.

Question 11: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the complaint has been or is the subject of court proceedings? If not, please give evidence or reasons as to why not.

Yes, albeit we would note the caveat in our previous response. If the court specifically provides for the FOS to have jurisdiction, the FOS should be able to handle this matter.

Question 12: Do you agree that the Financial Ombudsman should be able to dismiss complaints that are more appropriate for court, arbitration or another complaint scheme or dispute resolution process? If not, please give evidence or reasons as to why not.

Yes, albeit we think the FOS should think carefully about the potential of whether this decision would effectively preclude consumers from accessing justice, given the cost and stress associated with taking a matter to court or arbitration.

Question 13: Do you agree with reintroducing a dismissal ground for complaints about employment matters from an employee, or employees, of a respondent? If not, please give evidence or reasons as to why not.

We agree, where a matter is solely an employment dispute matter. We would not expect the FOS to opine on matters that are within scope of the Employment Tribunal's jurisdiction.

In addition, we would welcome further clarification from the FOS in respect of this ground and boundary cases. Paragraph 2.67 mentions employment benefits, and we would expect employees to be able to have access to the FOS redress framework, where the complaint relates to an employee benefit that is a financial services products (e.g. life insurance, critical health insurance, or pensions advice that is arranged by an employer).

Question 14: Do you agree with reintroducing a dismissal ground for complaints purely about investment performance? If not, please give evidence or reasons as to why not.

Yes. We think this ground is particularly helpful given the introduction of the Targeted Support regime.

In addition, it would be helpful if practical guidance and examples were developed to ensure this ground does not inadvertently capture complaints centred on advice, disclosure, due diligence, governance, or operational failings.

Question 15: Do you agree with reintroducing a dismissal ground for complaints relating to a respondent's discretion under a will or private trust. If not, please give evidence or reasons as to why not.

Yes

Question 16: Do you agree that the Financial Ombudsman should be able to dismiss complaints where there is more than one eligible complainant, but they have not all consented to the complaint? If not, please give evidence or reasons as to why not.

We urge caution in relation to this ground. We would note wider efforts, including those championed by HM Treasury via its Financial Inclusion Strategy, that seek to improve access and support for victims of domestic and economic abuse. There is a risk that this ground would prevent victims from obtaining redress, where there partners refuse to consent. We recommend that the FOS incorporates protections and additional steps into its process to identify whether complainants may be victims of domestic or economic abuse, and in those instances, they do not dismiss complaints.

Question 17: Do you agree that the Financial Ombudsman should be able to dismiss complaints for other compelling reasons? If not, please give evidence or reasons as to why not.

Yes

Question 18: Do you agree with the examples that are proposed for DISP 3.3.4D G? If not, please give evidence or reasons as to why not.

We suggest that the following example is redrafted:

(1) the complainant has not suffered (or is unlikely to suffer) material financial loss, material distress or material inconvenience;

We have concerns about this current example, as this subjective test may disproportionately impact poorer people: the sums of money involved may not be material to the FOS or firm, but they may be material to the complainant. Paragraph 2.78 mentions considering whether the cost of resolving the complaint and whether it is disproportionate to the complaint's subject matter. We would not want to see the introduction of a minimum financial nexus for any complaint and we are concerned that these considerations may mean that people who raise complaints in relation to smaller sums of money may be unable to access justice, This is of particular concern given these individuals are less likely to have access to alternative forms of recourse. If the FOS were to adopt this practice, we would also have concerns about the broader implications this may have for consumer outcomes and whether this could lead to an increase in poor practices by bad actor firms in respect of customers with small balances or incomes. We appreciate any assurances that the FOS can give on this matter.

Question 19: Do you think the six examples that are proposed as guidance for other compelling reasons in DISP 3.3.4D G should instead be separate rules in their own right?

We recommend that the examples that are taken forwards into the final Handbook text are all treated uniformly.

We do not have a strong preference, in principle, as to whether these examples are set out as rules or as non-exhaustive guidance. However, we consider that consistency of treatment is more important than the form itself. A mixed approach risks creating uncertainty for both firms and consumers as to the weight that should be attached to individual examples and how they should be applied in practice.

If the FCA considers that the examples are sufficiently clear, stable and central to the operation of the dismissal framework, there may be merit in codifying them as rules to enhance predictability and confidence in outcomes. On the other hand, if flexibility is required to allow for judgment and case-specific differences in meaning, retaining them as guidance may be more appropriate.

In either case, we encourage the FCA and the Financial Ombudsman Service to ensure that the final approach supports transparency, consistency of application, and clarity for all parties as to how the 'other compelling reasons' ground will be interpreted and exercised going forward.

Question 21: Do you agree with the proposed changes to DISP 3.6.4R? If not, please give reasons or evidence as to why not.

Yes.

In addition, we would welcome clarifications as to the in scope, relevant codes of practice that will be considered by the FOS, when applying DISP 3.6.4R(1)(c). For example, does this only align with the codes of conduct that the FCA has formally recognised? Does it also include codes of practice that a firm publicly states they adhere to? Does it include codes of practice that the firm does not adhere to?

We would welcome clarity on this position so that firms and consumers can understand the level of service they can expect and the standards that providers will be held to. We would note that without any clarity, there is a potential inference that firms will be held to the standard of codes of practice

irrespective of whether they say they adhere to them, due to the removal of the good industry practice limb of the fair and reasonable test.