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FAIR TREATMENT OF CLIENTS COMPLAINTS

The Financial Sector Conduct Authority (FSCA), issued General Notice 706 of 2020 (GN 706) on the 26th June 2020. This notice amended existing provisions and introduced new regulations to the General Code of Conduct. One of the key provisions dealt with in GN 706 is the Complaints Resolution Procedure. The amendment to the Complaints Resolution Procedure prescribes the complaints handling process, as well as the commitment to the fair treatment of clients, shining the light on Treat Customers Fairly (TCF) principles.

The amendment clarifies a few definitions, and it also introduces a complaints management framework, processes of engaging with the Ombud and reporting requirements. It defines what constitutes a 'complaint', as being far broader than a FAIS Ombud complaint or complaints of a serious nature, but includes instances where a client alleges that there has been unfair treatment. It further states that a "provider, excluding a representative, must establish, maintain and operate an adequate and effective **complaints management framework** to ensure the effective resolution of complaints and the fair treatment of complainants."

This requirements for a complaints management framework includes, allocation of responsibilities, complaints categorisation, the complaints escalation and review process, decisions relating to complaints, record keeping, monitoring and analysis of complaints, as well as how to communicate with complainants. These requirements must be linked to various TCF outcomes to maintain and conduct analysis on specific information relating to complaints

All complaints received by the FSP must be categorized to clearly outline, their design, i.e. what information was provided to the client, advice given to the client, and the performance of the financial product or service. There must be a category for complaints relating to financial products which means, you may need to make complaint related data available to product providers that you have contracts with. Other categories that must form part of the complaints management framework are, the handling of the complaint, risks associated with a chosen financial product and, any other category to cater for any factors that may not be common.

The Record Keeping obligation remains and the new amendments put more emphasis on it. The FSP must ensure that complaints and complaint related information is recorded accurately, efficiently and kept secure. The following records must be kept, all relevant details of the complainant and the subject matter of the complaint, copies of all evidence, correspondence and decisions, the category of the complaint, progress and status of the complaint, including whether the progress falls within any

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set timelines, the number of complaints received, the number of complaints upheld, the number of rejected complaints and reasons for the rejection, the number of complaints referred to the Ombud and their outcomes, the number and amounts of compensation payments made, and the total number of complaints that are still outstanding. These records must be used to improve customer experience. They must be analyzed on a regular basis to manage and mitigate risk.

The amended Code is going to demand a lot of work, both in terms of implementation and monitoring, however compliance with regulation is a life-long process. What is important is that the FSP understands the amendments and implements the requirements posed by them. This requires a review of the complaints resolution policy and ensuring that the FSP staff is trained on the changes and understand what is expected of them. This will support the consistent delivery on TCF outcomes to clients, securing long-term relationships.

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