

Financial Ombudsman Service
jurisdiction changes



In December 2018, the Financial Conduct Authority (FCA) confirmed final rules for the expansion of Financial Ombudsman Service (FOS) jurisdiction to more small and medium-sized enterprises (SMEs), as well as larger charities and trusts, and a new category of personal guarantors to be introduced on 1st April 2019.

The FCA's Policy Statement 'SME access to the Financial Ombudsman Service – final rules' can be found on the [FCA's website](#).

This document is designed for information purposes and to make you aware of the changes and commitment required when this is implemented based on our understanding of the FCA's final requirements and the forthcoming rule change. However in the run up to implementation we would strongly suggest you seek independent advice on how this impacts you directly.



Summary of the changes

In summary, from 1 April 2019, the eligibility criteria for complainants to refer unresolved complaints to the Financial Ombudsman will be extended to include:

1. SMEs with an annual turnover of less than £6.5 million and fewer than 50 employees, or a balance sheet total of less than £5 million
2. Charities with an annual income of less than £6.5 million (prior to 1 April 2019 this was an annual income of £1 million)
3. Trustees of a trust which has a net asset value of less than £5 million (prior to 1 April 2019 this was an a net asset value of less than £1 million)
4. A guarantor (an individual who is not a consumer and has given a guarantee or security in respect of an obligation or liability of a person which was an SME at the date that the guarantee or security was given).

In addition, when determining whether SMEs meet the criteria set out in point 1 above, account should be given to 'partner enterprises' and 'linked enterprises' i.e. if the partner or linked enterprise does not meet the criteria set out in point 1 then neither will the SME.

Linked enterprises are those which have any of the following relationships with each other:

- a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise
- b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise
- c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that

enterprise or to a provision in its memorandum or articles of association

d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that exercise.

Partner enterprises are all enterprises which are not classified as linked enterprises (as per the criteria above) where the enterprise holds either jointly with one or more linked enterprises, 25% or more of the capital or voting rights of another enterprise.

What does this mean?

The final rules affect providers of financial services to SMEs, charities and trusts, including advisers, and intermediaries dealing with SMEs.

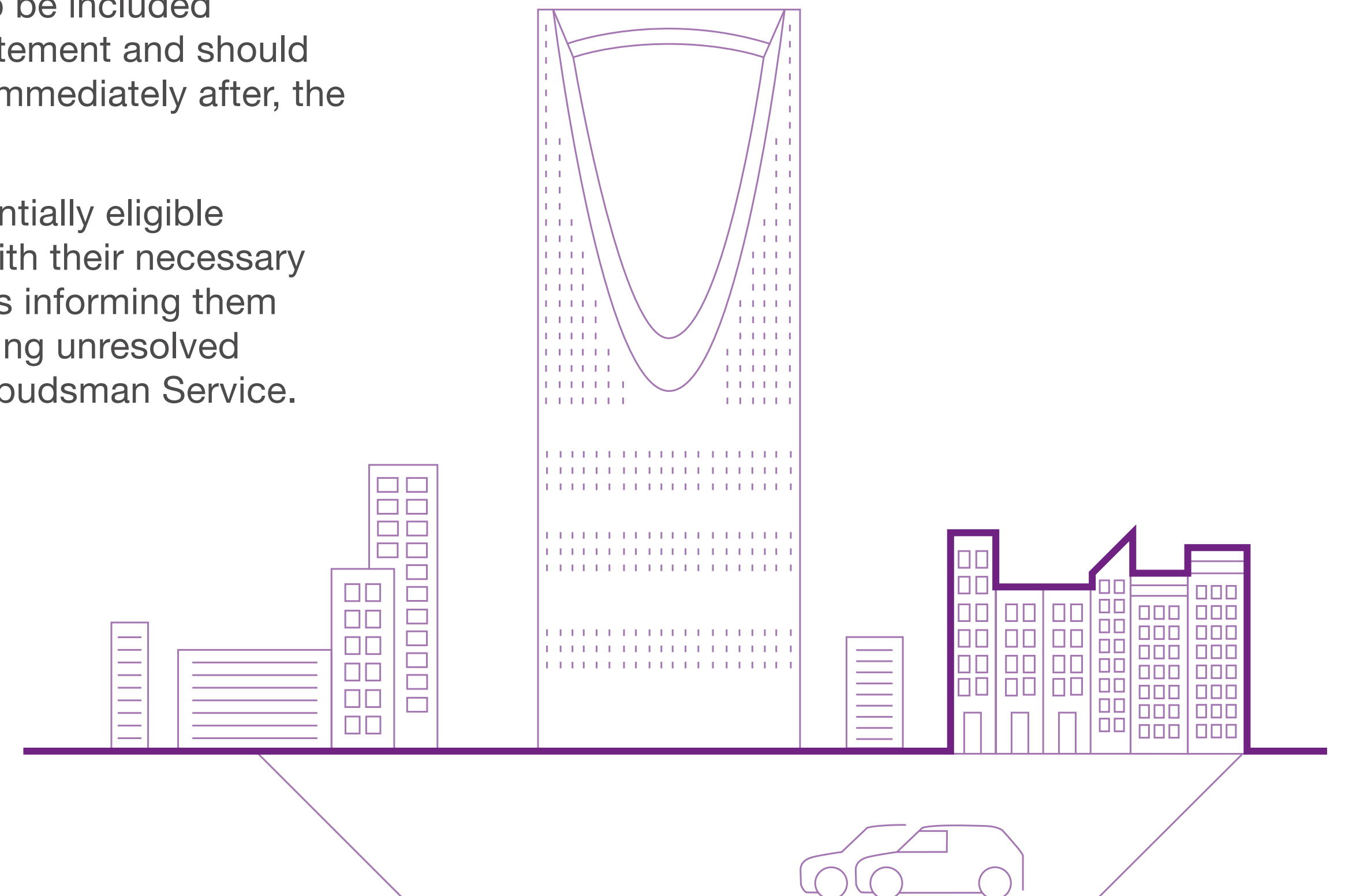
Firms must adapt their complaints processes accordingly to respond to these changes and to inform eligible complainants of their right to refer their case to the Financial Ombudsman Service in the event that they are unhappy with the complaint outcome reached. This includes amends to be made to complaints statements featured within policy documentation.

At RSA, we incorporate our Complaints Statement (can be found on page 10) within our policy wordings for products which may give rise to a newly eligible complainant, informing that customers 'may be eligible to refer' their case to the Financial Ombudsman Service.

The Financial Ombudsman Service contact information, including the Financial Ombudsman

Service website address is to be included alongside the complaints statement and should be provided in writing at, or immediately after, the point of sale.

This is to ensure that all potentially eligible complainants are provided with their necessary protection and rights, such as informing them about the possibility of referring unresolved disputes to the Financial Ombudsman Service.



Working with you

RSA has begun the process of updating our systems and processes to enable compliance by the deadline and will look to ensure consistency in approach.

As part of our implementation of the required changes we ask that you review the FCA's Policy Statement to understand the scope of change and impact to customers and policyholders.

We look forward to working closely with you to implement the required changes. If you have any questions on the rule changes themselves or how RSA plans to respond please speak to your usual RSA contact.



RSA Complaints statement wording

Our promise to you

We will:

- Acknowledge all complaints promptly
- Investigate quickly and thoroughly
- Keep you informed of progress
- Do everything possible to resolve your complaint
- Ensure you are clear on how to escalate your complaint, if necessary

If your complaint relates to your policy then please contact the sales and service team in the office which issued the Policy or your

Broker. If your complaint relates to a claim then please call the claims helpline number shown in your policy booklet.

We aim to resolve your concerns on an informal basis, within three business days. Where we have been able to, we will send you a letter confirming this. We'll also explain how you may be able to refer the matter to the Financial Ombudsman Service if you subsequently decide that you are unhappy with the outcome.

In the unlikely event that we are unable to resolve your concerns through our

informal complaints process, our Customer Relations Team will then review the matter on behalf of our Chief Executive. Once our Customer Relations Team have reviewed your complaint they will send you a final decision in writing within 8 weeks of the date we received your complaint.

Our Customer Relations Team's contact details are as follows:

Post: RSA Customer Relations Team, P O Box 255, Wymondham, NR18 8DP

Email: crt.halifax@uk.rsagroup.com

If you are still not happy

If you are still unhappy after our Customer Relations Team's review, or you have not received a written offer of resolution within 8 weeks of the date we received your complaint, you may be eligible to refer your case to the Financial Ombudsman Service. The Financial Ombudsman Service is an independent body that arbitrates on complaints. They can be contacted at:

Post: Financial Ombudsman Service, Exchange Tower, London, E14 9SR

Telephone:

0800 023 4567 (free from mobile phones and land lines)

0300 123 9123 (costs no more than calls to 01 or 02 numbers)

Email: complaint.info@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

You have six months from the date of our final response to refer your complaints to the Financial Ombudsman Service. This does not affect your right to take legal action, however, the Financial Ombudsman Service will not adjudicate on any case where litigation has commenced.