

**Topics:**

- Data usage & access Act 2025
- Account closures: client disappointment vs complaints
- Rise in fraud-related complaints
- CMC activity
- Regulator focus: poor claims-management practices
- Other regulator points
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- FOS quarterly data

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**Data Usage & Access Act 2025**

<https://www.mills-reeve.com/blogs/technology/july-2025/a-new-statutory-right-to-complain-under-data-protection-law/>

- One firm wanted to know, how others were handling complaints relating to Data Subject Access Requests (DSARs) on the back of the Data Usage and Access Act; specifically, which team had overall responsibility over DSAR complaints - the data protection team which handled the DSARs, or the complaints handling team?
- It pointed out that the DSAR complaint process closely followed FOS regulatory steps, but any complaints that were to be escalated were referred to the Information Commissioner's Office (ICO) rather than the FOS.
- It was agreed that these complaints would need to involve both teams, particularly if the complaint was due to customers feeling they had not received all of the personal information the firm held on them.
- One firm said that its complaints team did not have the skillset or permissions to investigate and rectify this type of DSAR complaint, and therefore it would require some involvement from its data protection team.
- The firm said that it most commonly saw DSAR complaints in relation to fraud cases, where a customer might have expected a file containing every detail the firm had on them, or if they felt data had been overly redacted. It saw around five or six complaints of this type every month.
- It said that a common misconception amongst customers was that there was an entitlement to entire claim files or investigation files.
- One firm said that the themes it saw in its DSAR complaints were dissatisfaction with the time taken, and DSAR packs deemed to being overly redacted.
- Its complaints team was linked in with the relevant teams when dealing with the Data Usage Act for DSAR complaints.
- One firm said that such complaints were handled within its complaints team as normal, which reached out to its data-protection specialists when specialist knowledge was required.
- Another said that, in a previous role, standard wording had been included, explaining that everything that could be included in the DSAR pack had been provided to the customer.
- It would also signpost customers to the relevant organisations that could provide other specific pieces of information they could acquire (CIFAS, for example).
- This approach was supported by the legal and risk teams within the business, and was effective in settling the complaints.

- One firm said that its DSAR complaints were usually where customers wanted information that had been shared with other providers.
- They argued that the firm was withholding information.
- However, as the information was not their personal information, customers were not entitled to it.
- The firm sometimes also received requests from customers for copies of internal legal advice and counsel but again, the customer was not entitled to it, as it was privileged information.
- DSAR complaints usually came from customers that did not fully understand what they were entitled to.

**Account Closures: Client Disappointment vs Complaints**

- One firm said that it had received communications from clients citing their disappointment about account closures being imposed by the firm.
- Some said that they wanted to raise a complaint and/or would take the matter to the FOS.
- The firm highlighted that its terms and conditions stated that they were allowed to exit relationships without having to give a reason.
- However, it also made an effort to provide explanations for closures, and provided assistance and a generous timeframe for transferring out to another provider.
- It explained that it would accept a complaint if an account closure was mishandled in some way, or if the communication was not clear enough.
- The firm said it had the right to close an account, and that it deemed this to be service discontinuation, and not a service failure.
- It did not believe that the closures were likely to result in any financial or material loss – in fact, some of the smaller clients affected could be better served elsewhere.
- The firm was unsure if these complaints met the FOS threshold of an eligible complaint, or how this could be explained this to a client.
- It wanted to know if others had had similar experiences with customers making complaints about account closure, and how the FOS reacted if complaint(s) were escalated.
- One firm said that it would treat the matter as a complaint if the customer has expressed a wish to complain.
- It said that it was currently exiting the Public Liability space and had seen some customers expressing disappointment about this.
- These expressions were being treated as complaints where there was a material or financial loss, however, it did not change the fact that it was exiting Public Liability. The firm said it was not feasible to change this to cater for individual customers.

## Account Closures: Client Disappointment vs Complaints (Contd.)

- Another firm agreed that if a client said they were making a complaint, then it should be treated as such.
- It suggested finding a way to be very clear in final response letters to prevent complaints going to the FOS.
- In a situation where these complaints did go to the FOS, it was important to be extremely clear and upfront in the first contact to try to get them shut down, or at least, proactively settled.
- One firm suggested that clients could argue that they were complaining about a service failure because the firm was failing to provide a service because it was revoking that service.
- Another firm said that, even without financial or material loss, it would still cause some disruption to the affected clients.
- It said that it would treat this type of EOD as a complaint and provide an explanation as to the reason for the closure.
- It would signpost clients to its terms and conditions, saying that it was a commercial decision, and then provide FOS rights if customers remained dissatisfied.
- Another firm said that it has seen complaints of this type escalated to the FOS, and had found that the FOS would defend business' rights to a business decision.
- Others had also successfully defended all such cases on the basis that they had a right to implement a business decision.
- One firm highlighted the importance of doing the justification work prior to communicating the decision to the customer, so that it was readily available for any pushback it could receive.
- Another firm suggested that it might be better to deem those complaints to be material, as not doing so could cause issues where complaints were referred to the FOS and FOS rights had not been provided.
- It highlighted the importance of seeing the issue from the customer's perspective.
- While the firm believed that it was inflicting any financial or material harm, the customer could feel differently.
- It suggested doing a business-level Q&A for its call teams, so that they were able to answer questions consistently, and that messaging was strong when replicated in complaints.
- It also suggested a customer-level Q&A to reinforce the comms. strategy and explain away some of the concerns it might anticipate being raised.
- If the FOS were to look at it, they would see that the decision had been carefully considered, and that the firm has made every effort to clearly address concerns.
- Another firm echoed that doing a customer-level Q&A was a good idea. It had done this when closing some of its own accounts.
- One firm, when closing a client account, offered to transfer the client to another provider.
- It set up a transfer agreement with the new provider, guaranteeing that the firm's current level of costs and charges would be transferred to the new provider for a period of three years.

- This meant that clients would have a three-year period to decide where they should ultimately place their investments with minimal impact.
- The firm said that it was a matter of anticipating all situations where customers could be unhappy.
- Another firm suggested that firms should speak to their relationship managers at the FOS, if they had one, and be upfront with them about what was going to happen, before complaints were escalated.

## Rise in Fraud-Related Complaints

- One firm said that fraud-related complaints were currently prevalent across the sector.
- It believed that Artificial Intelligence (AI) was emboldening customers to make fraud claims by helping them to articulate their concerns in their letters of complaint.

## CMC Activity

- One firm had observed a downward trajectory of CMC activity following the implementation of the new FOS fees for professional representatives.
- However, the CMC activity it was seeing, concerning irresponsible lending, included a lot of AI-generated letters.
- The firm was concerned that customers being signed up by CMCs were not being signed up in the correct manner and did not understand exactly what they were being signed up to.

## Regulator Focus: Poor Claims-Management Practices

- One firm mentioned that Vanquis Bank had been given the green light to take TMS Legal to court, having calculated that it had incurred millions of pounds of unnecessary costs.
- It cited TMS Legal's reckless pursuit of irresponsible lending complaints by submitting complaints on behalf of customers that did not have accounts with Vanquis, and also by sending unnecessarily large volumes of the complaints to the FOS.
- It mentioned that there was a lot of push from investors to fund certain CMCs with the belief that it was quick and easy money.
- It highlighted that CMC exit fees were under scrutiny.
- These exit fees were being imposed on consumers that had decided not to continue claiming with the CMC - allegedly to "cover their administration costs".
- One firm felt that the exit fees should be deemed an unfair term and automatically made void, and that more regulation was needed for CMCs.
- Another firm agreed that there should be more scrutiny and regulation of CMCs, and this would likely cause a further decrease in unscrupulous CMC activity.
- One firm suggested that, just like in the financial services industry where commissions must now be disclosed at the beginning of the customer relationship, CMCs should be made to disclose the exit penalties.
- It also said that the FCA had committed to making a statement in relation to motor finance complaints involving CMCs by the end of this year.

## Other Regulator Points

- One firm made reference to the Which? insurance super-complaint, which argued that there were systematic problems in with how policies were sold, and also with how claims were then handled - particularly among home and travel-insurance customers.
- It said that the super-complaint was not firm-specific, but directed at the FCA for not controlling 'renegade' insurers enough.
- There was also a thematic review with firm-specific feedback; claims for damage from storms and floods was a key area due to a lower rate of claim acceptance.
- One firm suggested that there may be too much hiding behind terms and conditions in travel insurance, and too few claims were being paid out as a result.
- The firm said that people were often in vulnerable situations when it came to making a claim, which should to be kept in mind by business areas when looking at whether they had done enough to support customers.
- One firm pointed out that the regulation of travel insurance was not mature as it was still a relatively new type of insurance product.
- A news article had highlighted that those using HRT should declare this when applying for travel insurance, or their policy could be deemed invalid.
- A firm said that using weight-loss jabs could also invalidate a travel insurance policy, if not declared.

## FOS Interest Calculator

- One firm mentioned that the compensatory interest rate was set to reduce to the Bank of England (BOE) base rate plus 1% from the 1st of January.
- The firm had a monthly call with the FOS, which had published guidance for the implementation of the new rate.
- It said that the new rate appeared to be quite complicated to implement, and the guidance suggested there was an expectation that firms would develop their own calculators.
- One firm said that it is waiting to see whether the FOS would add a universal calculator to its website.
- In the meantime, its approach would be to calculate the redress periods with differing BOE base rates separately, retaining screenshots of calculations on the complaint record for audit trail purposes.
- The firm was reluctant to ask someone internally to build a calculator that incorporated the different base rates, as it did not want to place the responsibility on someone to look at base rates and make decisions that could end up being inconsistent with FOS expectations.
- The firm anticipated that the FOS would clarify what was required.
- One firm said that there was a lot happening in the background in terms of governance, to ensure that everything was aligned with the new guidance in time for January 2026.
- One firm said that it fed the FOS' policy statement into its AI, with an instruction to build a calculator and a formula for Excel.

- The AI built the calculator, however, it highlighted inconsistencies in regulator's approach.
- The AI asked the firm if it wanted it to do what it thought it intended to do, or what the FOS had actually said to do.
- The firm tested both scenarios and was able to achieve what appeared to be a very effective calculator.
- Testing remained to be done on the calculator, but it appeared to be very straightforward to apply internally.
- Another firm had taken a similar approach and found that it saved a lot of time.

## FOS Quarterly Data

- Overall, the FOS received 46,300 new complaints between July and September 2025.
- This was substantially lower than the 73,700 complaints it had received in the same period last year, and the 68,000 cases it had received in the first three months of this financial year (April to June).
- The FOS observed fewer complaints being brought by professional representatives in the second quarter of this financial year, following the implementation of a fee for professional representatives.
- In the second quarter of this financial year, the FOS received 4,500 new complaints relating to irresponsible/unaffordable lending compared to 24,900 in July and September 2024.
- The FOS also observed a fall in motor finance commission cases; however, the decrease was largely due to the FCA's complaint handling pause and plans for a redress scheme.
- Current accounts were the most complained about product this quarter.
- One firm, which offered current accounts, explained that the main pain-points for this product appeared to be foreign scams.
- It had observed an upward trend in consumers having the confidence to 'speak up'.

## Chair:

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