



the Financial Services Authority  
the Financial Ombudsman Service  
the Financial Services Compensation Scheme

■ **what we do**  
■ **how we can help you**

The **Financial Services Authority**, the **Financial Ombudsman Service** and the **Financial Services Compensation Scheme** are separate organisations but all have an important part to play in the relationship between the firms that provide financial services and their customers.

Each of these organisations is an independent body, set up under the Financial Services and Markets Act 2000. The role of each organisation is set out in a little more detail later in this guide, but briefly:

- the **Financial Services Authority** is the regulator (or “watchdog”) for financial services firms
- the **Financial Ombudsman Service** deals with complaints from consumers against firms that are regulated by the **Financial Services Authority** and it can require firms to pay compensation
- the **Financial Services Compensation Scheme** can pay compensation to consumers with claims against firms that are regulated by the **Financial Services Authority** and financially unable (or likely to be unable) to pay the claim themselves.

## making a complaint against a financial firm

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This guide:

- outlines the main circumstances in which you may need to contact one or other of these organisations – when you are making a complaint against a financial firm or claiming compensation;
- sets out briefly what each organisation does in these circumstances and explains how we cooperate with one another;
- answers some of the more frequently-asked questions about making a complaint or claiming compensation; *and*
- tells you how you can get more information, if you need it.

You should complain first to the firm concerned, if it is still trading. But if – after doing that – you remain unhappy, the **Financial Ombudsman Service** may be able to look into the complaint. You can get further details at <http://www.financial-ombudsman.org.uk>

If the firm is no longer trading, and is unable to meet claims made against it, the **Financial Services Compensation Scheme** may be able to help. But you should first try to complain direct to the firm, or its liquidators. This is because even if the firm is no longer trading it may still be able to pay your claim. If the firm is not able to meet your claim, you should contact the **Financial Services Compensation Scheme**. You can get further details at: <http://www.fscs.org.uk/consumer>

In certain situations, you may find that both the **Financial Ombudsman Service** and the **Financial Services Compensation Scheme** become involved. These are where:

- the firm “goes bust” while the **Financial Ombudsman Service** is investigating your complaint; *or*
- you have had a claim rejected by the **Financial Services Compensation Scheme** because it believes the firm is still in a position to pay the claim itself.

## how the Financial Services Authority gets involved

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The **Financial Services Authority** sets down the rules that firms must follow when they deal with consumers. It also sets down most of the rules under which the **Financial Ombudsman Service** and the **Financial Services Compensation Scheme** operate. And it appoints members of the Boards of these two organisations.

But the **Financial Services Authority** is not involved in the way these two organisations are run. It does not look into complaints about firms from individual consumers. And it cannot influence or change decisions that the **Financial Ombudsman Service** and the **Financial Services Compensation Scheme** make in individual cases.

In exceptional circumstances, if the **Financial Services Authority** decides there is a very significant problem either with a particular firm or across a particular part of the financial services industry, then it can require firms to take certain action, make them pay a fine, or even prosecute them.

All firms that are regulated by the **Financial Services Authority** are automatically also covered by the **Financial Ombudsman Service** and the **Financial Services Compensation Scheme**. But even when a firm is no longer regulated by the **Financial Services Authority** (or by one of the previous regulators) it usually continues to be covered by the **Financial Ombudsman Service** and must deal with complaints as if it were still regulated. (There are some exceptions – for example, firms that have only been registered with FIMBRA and left FIMBRA before 1996.)

## frequently asked questions

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**Q** What happens if a firm goes “bust” while the **Financial Ombudsman Service** is looking at my complaint?

**A** If this happens, the **Financial Ombudsman Service** will suspend its investigation into your complaint, as it is unable to assist where a firm is unable to pay claims against it. It will write to you explaining that it has referred your case to the **Financial Services Compensation Scheme**. The **Financial Services Compensation Scheme** will then contact you to explain how it can help.

**Q** I have had my claim rejected by the **Financial Services Compensation Scheme** – can I take my complaint to the **Financial Ombudsman Service**?

**A** Yes. If the **Financial Services Compensation Scheme** considers the firm is in a position to pay claims made against it, you can ask the **Financial Ombudsman Service** to consider your complaint.

## frequently asked questions

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**Q** Are there any limits on the awards or compensation that the **Financial Ombudsman Service** or the **Financial Services Compensation Scheme** can make?

**A** The **Financial Ombudsman Service** can make decisions binding on firms for awards up to £100,000.

The **Financial Services Compensation Scheme** can only pay compensation for financial loss (so it cannot compensate for distress, for example) and there are limits to the amounts of compensation it can pay. These limits are set out on its website.

[http://www.fscs.org.uk/consumer/key\\_facts/limitations\\_of\\_the\\_scheme/compensation\\_limits/](http://www.fscs.org.uk/consumer/key_facts/limitations_of_the_scheme/compensation_limits/)

## frequently asked questions

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**Q** Will there be any difference to the amount of any compensation I may receive, depending on which organisation looks at my complaint/claim?

**A** Wherever possible, the **Financial Ombudsman Service** and the **Financial Services Compensation Scheme** will calculate any redress due to you in the same way. However, because each organisation has different objectives, their approach to redress can sometimes differ. For example, the **Financial Ombudsman Service** has explicit power to order a firm to pay for “distress and inconvenience”. The **Financial Services Compensation Scheme** can only pay compensation for actual financial loss.

**Q** I am an independent financial adviser who is no longer in business. What are my complaint-handling obligations?

**A** Although you have ceased to trade and are no longer authorised by the **Financial Services Authority (FSA)** you still fall within the jurisdiction of the **Financial Ombudsman Service**. You must deal with complaints as if you were still regulated. There are some exceptions – for example, if you were only registered with FIMBRA and left FIMBRA before 1996.

You can find additional FAQs on these websites:

<http://www.financial-ombudsman.org.uk/faq/index.htm>

<http://www.fscs.org.uk/consumer/FAQs/>

## further information

### about the Financial Services Authority

The **Financial Services Authority** is the independent “watchdog” set up by law to regulate financial services in the UK, and protect the rights of retail consumers. The overall aim of the **Financial Services Authority** is to promote efficient, orderly and fair financial markets and to help consumers get a fair deal.

By law, most financial services firms must be authorised by the **Financial Services Authority**.

You can find out more on the website – [www.fsa.gov.uk](http://www.fsa.gov.uk)

### about the Financial Ombudsman Service

The **Financial Ombudsman Service** was set up by law to provide consumers with a free, independent service to help settle disputes with financial firms.

Generally, the **Financial Ombudsman Service** aims to put people in the position they would have been in if things hadn’t gone wrong. This might include telling the firm to make good the consumer’s losses.

The **Financial Ombudsman Service** operates independently of the **Financial Services Authority**, and the **Financial Services Authority** does not get involved in the handling or outcome of individual cases.

You can find out more on the website – [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## about the Financial Services Compensation Scheme

The **Financial Services Compensation Scheme** was set up by law as a free, independent service for consumers who have lost money dealing with an authorised financial services firm that is unable, or likely to be unable, to pay claims against it.

To qualify for compensation, consumers must be eligible under the rules of the **Financial Services Compensation Scheme**, which are made by the **Financial Services Authority**. These rules set out which types of claim are eligible for compensation, and limit how much compensation the scheme is allowed to pay. The **Financial Services Compensation Scheme** covers deposits, insurance, insurance broking, investments, mortgage advice and mortgage arranging – different compensation limits apply to each type of business.

You can find out more on the website – [www.fscs.org.uk](http://www.fscs.org.uk)