

RESPONSE BY THE ASSOCIATION OF MORTGAGE INTERMEDIARIES TO THE TREASURY CONSULTATION ON TRANSITIONING MORTGAGE AND GENERAL INSURANCE COMPLAINTS

This response is submitted by the Association of Mortgage Intermediaries (AMI), which represents mortgage advisers. It is primarily concerned with mortgage complaints and we do not offer answers on those questions concerned with General Insurance.

We do not believe that the sector would benefit from an absence of transitional arrangements but might well suffer reputational damage if consumers with a legitimate grievance had no complaints mechanism. Whilst it is true that a very few firms will be able to avoid transitional arrangements because they did not belong to the MCCB, we suggest that the number is too small to make any appreciable difference either to consumer perception or to competition.

For most intermediaries, the key objective is more to do with the way in which complaints are handled rather than with the institutional structure. The approach should reflect the standards and regulatory requirements applying at the time of advice, not any subsequent reinterpretation of what those requirements ought to have been. We hope that the body by whom transitional complaints are handled will acknowledge and demonstrate this.

Structure

We favour the Financial Ombudsman Service being given responsibility for the transitional complaints regime. We considered whether consistency pointed towards retention of responsibility by MCAS, through an industry based solution, but decided that this would add to costs in that two services would be operating in parallel; and in that consumers might well be confused by a duplication of complaints bodies.

We can also see advantage – given that there are relatively few complaints – in seeking to build up FOS knowledge and understanding of mortgage related issues. Whilst there may be more complaints because of the higher profile of the FOS, we would suggest that the main driver is likely to be market behaviour

We think that the document correctly identifies the arguments in favour of transitioning complaints and those against. The balance is quite close but, in our view, the advantage clearly lies in placing responsibility with FOS.

AMI
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