

# Yorkshire Building Society

## Complaints Policy Overview

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## 1. Purpose

### The Purpose of the Policy

The YBS Complaint handling approach is to seek to resolve customer complaints at the first point of contact and in a clear, fair and consistent manner. The purpose of this Policy document is:

- To define what constitutes a Complaint and an eligible complainant.
- To define the ways a complainant may raise a complaint.
- To set out how customers will achieve a fair and consistent outcome, including the manner and timeliness with which the Society responds.
- To outline the controls that ensure adherence to the Complaint Policy.
- To outline how complaints will be used to drive business improvements through effective failure demand and root cause analysis.

### Applicable Regulations and Legislation

All colleagues who can identify and/or handle a complaint are responsible for following the YBS procedures. These, in turn, reflect YBS's regulatory and legal obligations, including Payment Services Directive (PSD) and the Financial Conduct Authority's Dispute Resolution rules for complaint handling ('DISP'):

- DISP 1- Treating complainants fairly
- DISP 2 - Jurisdiction of the Financial Ombudsman Service (FOS)
- DISP 3 - Complaint handling procedures of the FOS
- DISP App 1 - Handling Mortgage Endowment complaints
- DISP App 3 - Handling Payment Protection Insurance (PPI) complaints

### Requirements of the Policy

Complaints must be identified promptly, and be investigated thoroughly, honestly and openly with complainants being kept informed of the progress and outcome of the investigation using clear communication and plain English. In addition to this complaint handling must be flexible and responsive to the needs of each individual, with quick and effective resolution to deliver fair customer outcomes.

YBS has no appetite for customer conduct failure. Our Tier 2 Conduct Risk Appetite states that "We will seek to resolve customer complaints at the first point of contact and in a clear, fair and consistent manner".

## 2. Scope

This policy applies to all colleagues across the YBS who interact with personal or commercial lending customers or non-customers.

This policy applies to all YBS past, current and future customer relationships, including all brands, subsidiaries, third party relationships and outsourced providers. It concerns all locations that YBS operates from. It also applies to non-customers who complain to the YBS.

## 3. Definitions

- **Close of Business Next Working Day (COBNWD):** is the timeframe within which FPOC have to resolve a complaint before it escalates to Customer Solutions. A complaint received on any day other than a working day or after close of business on a working day, will be treated for timescale purposes as received on the next working day.
- **Complaint:** The YBS complaint definition is:  
"An Expression of Dissatisfaction where there is alleged or actual financial detriment, or material distress or inconvenience"



- **Colleague:** YBS colleagues (permanent and temporary) and colleagues delivering services to the YBS as employees of third parties.
- **Client/Customer:** is a person or organisation, receiving advice, a service, using the facilities, or engaged in a business relationship, or any other person or organisations.
- **Customer Facing Colleague:** is a colleague that will as part of their day to day routine, interact with customers through any channel.
- **An eligible complainant:** must be a person that is:
  - (1) a consumer; or
  - (2) a micro-enterprise;
  - (a) in relation to a complaint relating wholly or partly to payment services, either at the time of the conclusion of the payment service contract or at the time the complainant refers the complaint to the respondent; or
  - (b) otherwise, at the time the complainant refers the complaint to the respondent;
  - (3) a charity which has an annual income of less than £6.5 million at the time the complainant refers the complaint to the respondent; or
  - (4) a trustee of a trust which has a net asset value of less than £5 million at the time the complainant refers the complaint to the respondent; or
  - (5) (in relation to CBTL business) a CBTL consumer; or
  - (6) a small business at the time the complainant refers the complaint to the respondent; or
  - (7) a guarantor.
- **First Point of Contact (FPOC):** is the colleague/department, including 3<sup>rd</sup> parties and outsourced service providers, that is the first point of direct business interaction with customers identifying complaints.
- **Financial Ombudsman Service (FOS):** is the independent service in the UK for settling individual disputes between consumers and businesses that provide financial services.
- **Micro-enterprise:** A micro-enterprise is generally defined as a small business employing fewer than 10 persons, and having a turnover or annual balance sheet that does not exceed a certain amount.
- **Organisation:** is a company, firm, enterprise or association, or part thereof, whether incorporated or not, public or private, that has its own function(s) and administration.
- **Non-customer facing areas:** is a department or team where colleagues will not typically engage with customers as part of their daily routine. They will predominately, but not exclusively, be located in the Business Direction and Business Enabling functions.
- **Non-eligible complainants:** is a person or organisation that can raise a complaint but does not have regulatory right under DISP 2.7.3.
- **Redress:** The costs to be borne by the YBS when addressing and rectifying the issues raised by the complainant's complaint. As per DISP 1.4.1 (3) this may include:
  - a) Amounts paid for distress and inconvenience;
  - b) A free transfer out to another provider where the transfer would normally be paid for;
  - c) Goodwill payments and goodwill gestures;
  - d) Interest on delayed settlements;
  - e) Waiver of an excess on an insurance policy; or a waived fee or
  - f) Payments to put the consumer back into the position the consumer should have been in had the act or omission not occurred
- **Regulated complaint-** After receiving regulated advice, the customer deems the product sold to them was not in their best interest, therefore the advice was of poor quality.
- **Re-opened complaint:** a complaint that has been re-opened following further new information identified by YBS or the complainant or where YBS have not addressed all the customers' points in the initial response.
- **Remediation exercise:** An exercise to proactively contact all customers when a particular systemic issue or crystallised customer detriment was uncovered.
- **Summary Resolution Letter (SRL):** a written communication, as per DISP 1.5.4, that we must send to the complainants where their complaint has been resolved by the close of business third working day. The SRL tells the complainant that if they subsequently decide that they are dissatisfied with the resolution of the complaint they may be able to refer the complaint to the Financial Ombudsman Service.

- **Third Parties:** The Society uses a number of third parties to provide elements of the overall product and service proposition. Depending upon the particular product and service, and supporting contract, the nature of the relationship can include:
  - Product manufacturer (e.g. YBS-branded white label product)
  - Product business partner (e.g. YBS customers introduced to a third party)
  - Customer-facing service provider (under YBS or third party brand)
  - Non customer-facing supplier (e.g. provision of supporting service within wider Process)
- **Working Day:** A day Monday to Friday 8am-8pm, excluding Bank Holidays.

## 4. Policy Statements

It is the Yorkshire Building Society's policy that:-

### Raising Complaints

- Customers must be able to contact us through any of our communication channels and by any reasonable means, which may include asking a third party representative to act on their behalf, to make a complaint without any barrier.
- A non-customer facing colleague that identifies a complaint from a customer must communicate the details to the Moments of Truth Team immediately, where investigation and closure of the complaint will be completed by Moments of Truth in liaison with the non-customer facing colleague if required.

### Time Limits

- YBS will aim to resolve complaints at the earliest opportunity. Complaints unresolved by COBNWD following receipt will be escalated and dealt with following formal internal complaint handling procedure.
- YBS will keep the complainant informed, sending a prompt acknowledgement letter within five days of receiving the complaint and issuing a Final Response Letter or 56 day holding letter (which will include FOS rights) by eight weeks.

### Complainants Rights

- If a complainant remains dissatisfied with the YBS's response or the complainant has not heard from us within eight weeks of making their complaint and they are eligible under the rules of the scheme, they may refer their case to the Financial Ombudsman Service (FOS). YBS will receive contact from FOS requesting case information. These requests must be sent immediately to Customer Solutions to respond and action. YBS will fully engage with FOS during their investigation and address any subsequent action that we are asked to undertake.
- We will never discriminate against customers who have complained either through the handling process or in subsequent interactions.

### Vulnerable Customers

- All colleagues must be aware of customers with vulnerable circumstances or characteristics when handling their complaint. Anyone may be potentially vulnerable throughout their lives and this vulnerability can be long term or temporary in nature and so understanding its impact helps support identifying what barriers need to be removed, what needs to be adapted or changed, so customers can access our products and services.

### Complaint Resolution

- YBS treat each customer as an individual assessing the financial and non-financial impact of the issue they have raised with us on them.
- Information provided by the customer will be considered, in conjunction with our own understanding of the situation, when determining the outcome, remedial action and the amount of redress.
- YBS will seek to provide each customer with a resolution to their complaint that is fair, appropriate, and reflective of the circumstances and impact.

- Regulatory guidance and best practice will be reflected in decision making including redress, where specific guidance has been provided (e.g. regulatory notifications, FOS decisions).
- The following Complaint types logged MUST be handled in Moments of Truth:
  - Endowment.
  - Payment Protection Insurance (PPI).
  - Third party complaints.
  - Regulated advice-related complaints.
  - Any other potential mis-selling complaints.

## Redress

- In line with the YBS purpose to Provide Real Help for Real Life and to meet our Regulatory requirements, YBS must always consider if our complainant should receive redress to put them back in the position they would have been had the error not occurred and compensate them for the distress and inconvenience experienced where the complaint has been upheld.
- YBS may consider it appropriate to make a gesture of goodwill to protect the ongoing relationship with our customer (or potential customer) where the customer's complaint has been rejected.

## Ongoing and Vexatious Complainants

- Customer Solutions will only re-open a complaint if the complainant or YBS identifies or is provided with new information that may change the outcome, remedial action or the redress paid in respect of a previously-closed complaint or where it is identified that we have not addressed all the aspects of the original complaint. The complainant will be advised of this decision.
- A complainant may be unreasonably persistent or vexatious in pursuing complaints even after through, impartial investigation and response, and exhausting all avenues including statutory routes of appeal such the Financial Ombudsman Services. If a complainant is unwilling to accept responses, Moments of Truth must inform the complainant that we will not enter into any further correspondence or telephone conversations on the matter and consider future relationship.

## Mass Complaints

- From time to time, the Society (like other banks and building societies with a similar customer base) will be at risk of receiving substantial numbers of complaints raising the same or similar issues.

Mass complaints are often generated:

- through media coverage of a specific issue;
- through online and consumer campaigns;
- by claims management companies ("CMCs") whose business model is to generate complaints and then handle them on behalf of customers, charging those customers a fee for doing so, or to generate 'leads' and sell those on to others;
- as a result of regulatory action taken by the FCA in relation to specific issues;
- as a result of published FOS or Court decisions.

The identification of Mass complaints will be supported by Root Cause Analysis in compliance with Disp 1.3.

## Wider or Systemic Issues

- The Complaint Policy identifies complaints as individual issues raised by individual complainants. However, periodically, a single complaint may identify a wider or systemic issue. The Society operates an escalation process, which may be appropriate to follow if it is suspected that a group of customers have been affected by a particular issue. Notifications are made to the Customer Service Division Risk Committee who maintains a Remediation Log for the Society (shared quarterly with Board). Following investigation, a course of action will be discussed which may include a broader remediation exercise. This could include proactively contacting customers who have not yet complained where it is appropriate to do so.

- Any recurring or systemic issues identified will be addressed, even where the issue is not the direct subject of the complaint. If it is appropriate to identify all customers (regardless of whether they have yet to make contact with the Society) that may have been affected by the same issue, we will decide what we consider to be a proportionate response, sometimes in consultation with the FCA. This may mean that we decide that we do not subsequently have to contact every customer. Any decisions will be recorded.
- For every complaint, whether upheld or rejected, it's important to understand the root cause of the complaint. This information will be used to understand what went wrong and how we could improve our products, services, processes and systems to prevent similar complaints happening again. Root cause analysis provides useful and effective feedback to the business. In addition, the Society uses this trend analysis to monitor known issues and identify areas for further review.

### Third party Complaints

- YBS works with a number of third parties in delivering products and services to customers. Colleagues who manage third party relationships, where the third party interacts directly with YBS customers, are required to meet the expectations outlined in the Complaint policy statement for 3rd parties. Depending on the service or product provided, complaints may be handled either by YBS Customer Solutions or by the related supplier. In either situation, the Business Relationship Management approach will outline the process to be taken and the governance arrangements that support the delivery of this service.

### Controls and Adherence

- Where it is determined that redress is appropriate, mandates have been established for sign-off limits.
- YBS operates a breach reporting process (defined separately), which could potentially result in a communication with the appropriate regulator.
- When reviewing a complaint or when assessing whether a breach of this policy and associated procedures has occurred, all colleagues must also consider whether a regulatory breach (including breach of a Conduct Rule or the wider requirements of Our Trust Code) has occurred. All suspected regulatory breaches (including breaches of Conduct Rules) must be reported through the Regulatory Compliance Breach Incident Reporting Procedure.
- The Resolution Delivery Team chair the FOS Working Group meetings on a bi-monthly basis to review FOS complaint activity, ensuring that lessons learned as a result of determinations by the Ombudsman are effectively applied in future complaint handling and improvement of products and services. The Resolution Delivery Team must coordinate a consistent approach to tracking actions across people, process, products and technology; quarterly reporting and any escalations to the Customer Service Division Risk Committee.
- Regulatory Policy and Advice scan the horizon to mitigate future issues and concerns by anticipating potential risks that may emerge, sharing regular updates with key YBS stakeholders.
- YBS meet DISP 1.9.1 record-keeping requirements, regarding each complaint received and the measures taken for its resolution, according to the Data and Record Retention Schedule, which supports the Information Management Policy. That record is maintained for a minimum of 10 years.
- Customer Solutions must provide regular and accurate reporting to senior management and Board, and Regulatory bodies.

## 5. Implementation and Monitoring

### Implementation

All customer facing colleagues are required to undertake and pass the 'Restoring and Strengthening Trust-Complaint Handling' e-learning test, on the intranet Learning Portal, annually and as a new starter. Customer Solutions monitor to ensure completion.

Policy updates will be communicated via Newsfeed and any other appropriate mechanisms to cascade to colleagues will be agreed.

The Resolution Delivery Team business partner to ensure all colleagues responsible for adherence understand requirements set out in the Policy.

Customer Solutions must support colleagues to identify and respond to complaints competently.

### Monitoring

Where issues/trends are identified which may suggest the Policy is not being followed, actions are formally tracked through Resolution Delivery Team Business Partner meetings and if required escalated through the Complaint and Vulnerable Customer Forum (quarterly basis).

There are ~~also~~ operational performance controls within business functions - whether mandate levels, in-built process controls, or management checking. The Senior Managers of First Point of Contact (FPOC) functions and Customer Solutions have primary responsibility for these controls to ensure adherence to this policy.

Additionally, a programme of oversight from 1<sup>st</sup> line risk teams and 2<sup>nd</sup>/3<sup>rd</sup> line functions will provide regular assurance and engagement from an independent perspective. Each LoD has different responsibilities for managing the risk and therefore carries different actions.

The first LoD is directly responsible for the day to day management and control of risk throughout the business, generally within business functions. The second line is accountable for competent risk management across the society and overseeing the effectiveness and integrity of the Enterprise Risk Management Framework. The final LoD is providing independent assurance across the first and second LoD through our internal Audit function.

Compliance with this Policy will be monitored through the Three Lines of Defence, including:

- The Risk and Control Self-Assessment (RCSA) process;
- Conducting periodic, thematic reviews and risk assessments on key controls or systems to identify non-compliance with the Information Security Policy and associated policy guide/standards. Any risks identified will be managed through the Group's Risk Management Framework.
- Regular compliance reviews to ensure the Society is compliant with the industry security standards such as Payment Card Industry Data Security Standard and LINK Scheme Information Security Standard.

## 6. Approval

The Complaint Policy is approved by the Customer Services Division Risk Committee.

The Complaint Policy is annually reviewed and re-approved.