

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 good and consistent outcome, including the manner and timeliness with which YBS 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), handling of personal data as per the Information Commissioners Office (ICO) 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 good customer outcomes.

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

- **Complaint:** The YBS complaint definition is:
"An Expression of Dissatisfaction where there is alleged or actual financial detriment, or material distress or inconvenience"
- **Complainant:** A person making a complaint
- **Colleague:** YBS colleagues (permanent and temporary) and colleagues delivering services to the YBS as employees of third parties.

- **Customer:** 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:** a colleague that will as part of their day to day routine, interact with customers through any channel.
- **DISP: Dispute Resolution for complaints.** This sets out how complaints are to be dealt with by firms and the Financial Ombudsman Service.
- **An eligible complainant:** must be a person that is:
 - (1) a consumer; or
 - (2) a micro-enterprise; or
 - (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 Consumer BTL business, a Consumer BTL 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, 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.
- **Final Response Letter (FRL):** a written communication, as per DISP 1.6.4, that we must send to complainants when their complaint has been resolved any time after the close of business third working day (not including the day the complaint was received). The FRL will provide the outcome of the complaint, including any offers of redress and confirmation of remedial action being taken. It also tells the complainant that if they remain dissatisfied with the resolution of the complaint, they may be able to refer it to the Financial Ombudsman Service.
- **Microenterprise:** 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.
- **Non-customer facing areas:** a department or team where colleagues will not typically engage with customers as part of their daily routine.
- **Non-eligible complainants:** a person or organisation that can raise a complaint but does not have regulatory right under DISP 2.7.3.
- **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.
- **PSD2:** Complaint relating to payment services
- **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 potentially 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:** YBS uses several third parties to provide elements of the overall product and service proposition. Depending upon the 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 including digital 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.

Time Limits

- YBS will aim to resolve complaints at the earliest opportunity, at the latest 56 days after receiving the complaint. All First Point of Contact business areas have until **close of business on the 4th working day** (including the day the complaint was received) to resolve the complaint otherwise this will escalate into Customer Relations.
- YBS will keep the complainant informed, sending a prompt acknowledgement letter within 5 days of receiving the complaint, a 28 or 56 day holding letter if the complaint is still open and a Final Response. Where the complaint falls under PSD2 regulation we will aim to close the complaint by day 15. We issue an acknowledgement letter, as well as a 15 and 35 day holding letter if the complaint is still open.

Complainants Rights

- Customers have the right if they are eligible under the rules of the scheme, to refer their case to the Financial Ombudsman Service (FOS) at any time. 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 FOS. YBS will receive contact from FOS requesting case information. These requests must be sent to Customer Relations 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. Where it is identified that a customer's vulnerability is impacted by a complaint, Customer Relations will prioritise the complaint.

Complaint Resolution

- YBS treats each customer as an individual assessing the financial and non-financial impact of the issue, that has been raised.
- 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 Customer Relations:
 - Endowment.
 - Payment Protection Insurance (PPI).
 - Third Party complaints.
 - Regulated advice-related complaints.
 - Complaints which include the threat of legal action
 - Staff Complaints raised by a YBS Colleague
 - Any complaint that needs a formal response
 - CEO 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.

Ongoing Complaints

- We 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.

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"); who help customers to make complaints and deal with the paperwork and administration in return for a fee

- 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. YBS 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. 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 YBS) 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, YBS uses this trend analysis to monitor known issues and identify areas for further review.

Third party Complaints

- YBS works with several third parties in delivering products and services to customers. Depending on the service or product provided, complaints may be handled either by YBS or by the related supplier.

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 has occurred. All suspected regulatory breaches (including breaches of Conduct Rules) must be reported through the Regulatory Compliance Breach Incident Policy Guide.
- 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.
- When recording and handling sensitive personal data colleagues must adhere to the Data Privacy Policy.
- Where a customer raises a material complaint relating to the way we've handled their data, any servicing elements should be logged and handled by the colleague who received the complaint. If the complaint relates to an actual or potential (near miss) data breach, the Data Protection Office (DPO) will review and any additional required action will be carried out by that team.
- When investigating a complaint, it may be suitable to refer to a Subject Matter Expert (SME) in the field of the complaint if you need further knowledge to assist in dealing with the complaint.
- YBS must provide regular and accurate reporting to senior management, Board and Regulatory bodies.

5. Implementation and Monitoring

Implementation

All customer facing colleagues are required to undertake training in relation to complaint handling, annually, adhoc and as a new starter.

Policy updates will be communicated to colleagues.

Monitoring

Complaint handling MI is regularly reviewed to ensure regular oversight and adherence to the Complaints Policy and associated guidance by colleagues.

Where issues/trends are identified which may suggest the Policy is not being followed, actions are formally tracked and if required escalated through a sub-meeting of the Customer Service Division Risk Committee.

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

Additionally, a programme of oversight from 1st line risk teams and 2nd/3rd 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.

6. Approval

This Policy must be reviewed annually and updated where necessary. It must be recommended for approval by the Customer Services Divisional Risk Committee.

The Policy must be approved by Group Risk Committee.