

SUPERVISION OF CUSTOMER SERVICE DEPARTMENTS

The proper functioning of institutions' customer service departments (CSDs) is a key element to resolve conflicts between institutions and their customers. During 2015 and 2016, several cross-institutional supervisory actions were carried out aimed at assessing CSDs in detail and, where necessary, remedy the shortfalls detected.

Based on the experienced gained, an addendum was published to the 2016 Annual Claims Report identifying the best practices observed in institutions' CSDs.

As a continuation of this effort, in 2020 work was conducted on supervisory guidelines on the organisational and operational criteria of the CSDs of institutions supervised by the Banco de España.¹ These guidelines will be published over the course of 2021. Specifically, the guidelines are structured along two main lines:

- General principles applicable to the organisation and functioning of CSDs.
- Basic supervision principles that can be divided into three blocks: the composition and functioning of CSDs, claim and complaint handling and, lastly, communication and control mechanisms.

These criteria have been defined bearing in mind both the applicable national regulations and the supervisory guidelines adopted by the Banco de España in this area, in particular those of the Joint Committee of the European Supervisory Authorities on claim and complaint handling for the securities and banking sectors (JC 2018 35).

Recurrent supervisory activities carried out in relation to CSDs include, inter alia, the review of the internal rules

governing their functioning and analysis of the suitability of their head officers.

The management body of the institution must approve the customer protection regulations governing the functioning of the CSD. Subsequently, these internal rules must be verified by the Banco de España, which will check that they comply with the provisions of the applicable legislation (except for savings banks or credit cooperatives whose activities are confined to one region, in which case the verification shall be the responsibility of the regional competent body).

Furthermore, pursuant to Article 5 of Ministerial Order ECO/734/2004, the management body of each institution shall appoint a CSD head officer, who must be a person of commercial and professional integrity with appropriate knowledge and experience for the exercise of their functions. The institution must notify the appointment to the Banco de España and provide evidence of compliance with these requirements.

In the course of this work, a total of 514 letters were sent to various institutions in 2020 regarding the organisation and functioning of their CSDs. 102 files were processed on the suitability of the head officers of CSDs and 221 on the verification of their regulations.

All the CSD-related supervisory actions carried out are aimed at ensuring their proper functioning and organisation, so that they can efficiently handle and resolve claims and complaints, thereby contributing to improve customer protection and, consequently, the reputation of the institution itself and of the entire system.

¹ Institutions subject to Ministerial Order ECO/734/2004 of 11 March 2004 on the customer service department and ombudsman of financial institutions (hereinafter, Ministerial Order ECO/734/2004).