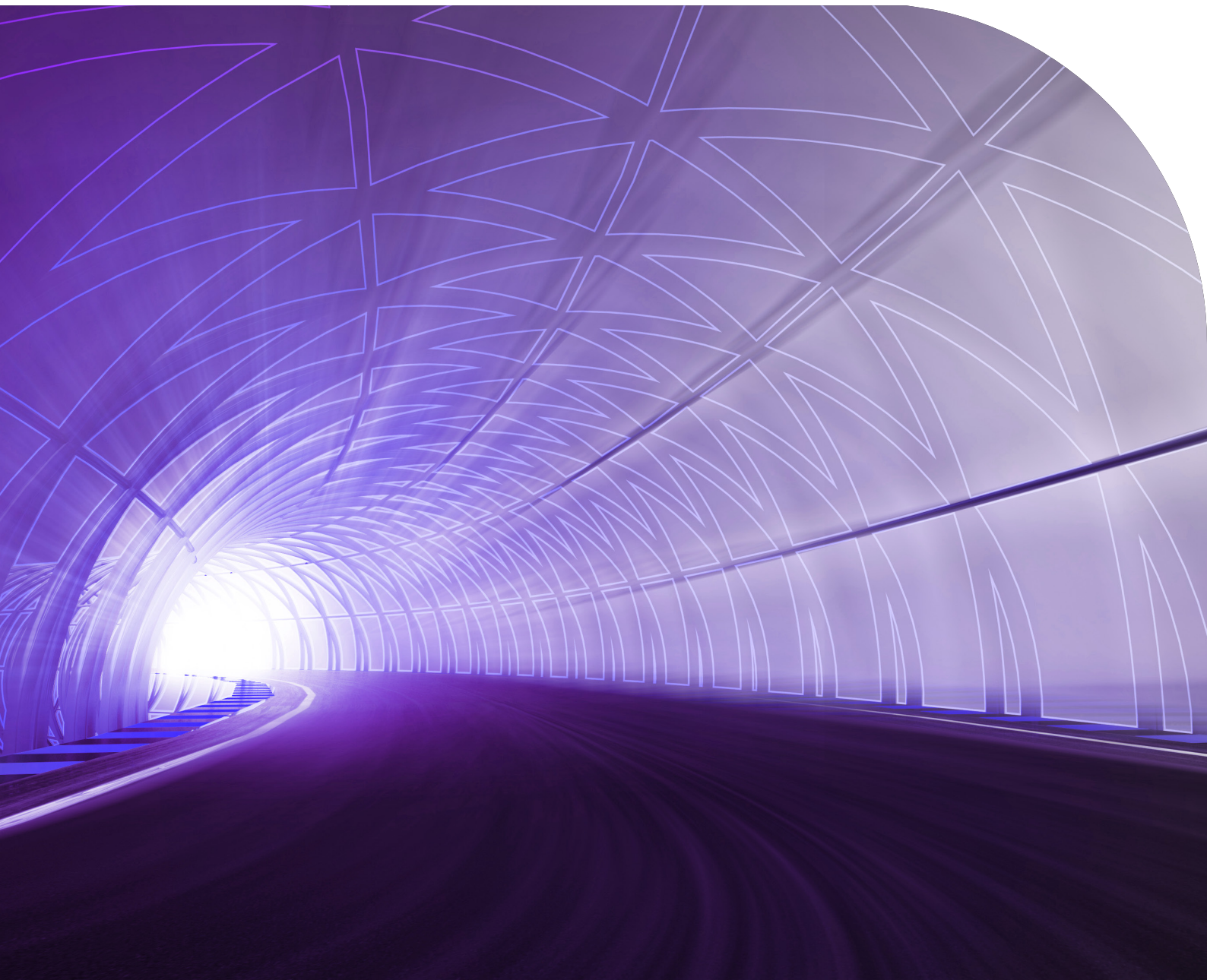


Consumer protection and market conduct in UAE financial services sector

Complaints handling – Consumer protection regulations & standards

Part 2/3 | May 2025



Effective complaints management for UAE Licensed Financial Institutions

This second installment in our three-part series examines the crucial impact of effective complaints handling on Licensed Financial Institutions (LFIs). We aim to provide valuable insights into conduct risk management and how LFIs can strengthen their control frameworks to meet the Central Bank of the UAE (CBUAE)'s Consumer Protection Regulation and Standards.

GT UAE offers expertise in navigating the evolving regulatory landscape and the complexities of maintaining ethical standards while addressing consumer protection and market conduct risks. The CBUAE's regulations underscore the necessity for

LFIs to establish robust and well-governed complaints management frameworks to ensure consumer protection and market integrity.

The 2023 establishment and March 2024 activation of the CBUAE's 'Sanadak' Complaints Ombudsman sets a new standard for transparent and effective consumer complaint resolution, ultimately safeguarding trust in the UAE's financial sector. GT can assist LFIs in navigating this dynamic regulatory environment shaped by innovation and customer growth.

The importance of effective complaints handling

Customer complaints are more than mere service issues; they are vital data points revealing consumer experiences, operational weaknesses, and regulatory compliance gaps. For LFIs, a robust complaints management framework is essential not only for resolving issues but also for building trust, driving continuous improvement, and ensuring compliance with the CBUAE's evolving regulations and mandates. The CBUAE's Enforcement Department can impose sanctions on LFIs failing to adhere to these regulations.

By actively analysing and learning from customer complaints, LFIs can refine their offerings, enhance customer experience, and gain a competitive edge through superior service. Effective complaint handling fosters customer loyalty, identifies systemic weaknesses, and informs product and service enhancements.





Key complaint handling requirements for LFIs

Firstly, LFIs must clearly define what constitutes a complaint, ensuring all employees understand and recognise it. The CBUAE defines a complaint as:

“An expression of dissatisfaction by a Consumer with a product, service, policy, procedure or actions by the Licensed Financial Institution that is presented to an Employee of the Licensed Financial Institution in writing, verbally or through other electronic means.”

A significant challenge in complaints handling is underreporting and misclassification, where institutions fail to accurately recognise, record, and analyse customer dissatisfaction. This often stems from organisational culture, insufficient staff training, and inadequate digital or procedural mechanisms.

The CBUAE has embedded key measures in the Consumer Protection Regulation & Standards to enforce the importance of complaints handling, including:

● **Business Conduct (Article 5):**

- States LFIs must clearly inform consumers of their rights and responsibilities, including the right to have complaints handled promptly and respectfully.

● **Complaint Management & Resolution (Article 8):**

- LFIs must establish an independent complaints function that reports directly to senior management to ensure impartial resolution.
- Establishes clear complaint resolution rules, including the creation of Sanadak—an Ombudsman Unit for consumer complaints related to LFI conduct, service failures, and financial harm from unfair practices.

Why an effective complaints handling framework is essential for LFIs

A well-structured complaints management framework is vital for financial institutions to maintain consumer trust, regulatory compliance, and operational excellence. Failure to address complaints effectively can lead to consumer dissatisfaction, reputational damage, and regulatory penalties. A strong framework offers several benefits:

Strengthening customer trust and satisfaction



Addressing underreporting and process gaps



Ensuring regulatory compliance and avoiding penalties



Managing risk and identifying systemic issues



Driving continuous improvement and competitive advantage



What constitutes an effective complaints management framework?

Accessibility and customer awareness

Consumers must have multiple, user-friendly channels for submitting complaints, including digital platforms, phone lines, email, and in-person options. Special provisions are necessary for vulnerable customers, including those in financial distress and People of Determination (POD), to ensure barrier-free access to raising concerns. LFI must proactively inform customers of their complaint resolution rights and responsibilities through clear communication on websites, in branches, and customer-facing materials.

Independent governance and oversight

An effective framework ensures independence in complaints handling from business units. A designated complaints management function should report directly to senior management, ensuring transparency and accountability. Regular board reporting on complaint data and trends keeps leadership engaged in continuous improvement.

Defined service levels and timelines

Institutions must establish clear Service Level Agreements (SLAs) for complaint resolution, setting expectations for acknowledgement, investigation, and resolution timelines. Timely responses enhance consumer confidence, ensure regulatory compliance, and improve operational efficiency.

Transparency and proactive communication

Customers should receive regular updates on their complaints, with clear explanations of resolution steps. Institutions should provide closure letters summarising the resolution outcome, reinforcing their commitment to fairness and transparency.

Data-driven insights and continuous improvement

LFI must maintain detailed records of all complaints and resolutions to track trends, recurring issues, and areas for service enhancement. Regular internal audits and independent reviews provide further oversight, ensuring the effectiveness of complaints handling processes.

Conclusion



The strategic imperative of complaints management for LFIs

A well-governed, consumer-centric complaints management framework is no longer merely a regulatory requirement but a strategic imperative. Financial institutions that effectively handle complaints will foster stronger customer relationships, enhance regulatory confidence, and improve operational resilience. By embedding transparent processes, independent governance, and data-driven improvements, LFIs can ensure compliance while building consumer trust and business sustainability.

How Grant Thornton can help you enhance your complaints framework

At Grant Thornton, we partner with financial institutions to design and implement effective complaints management frameworks that meet CBUAE regulatory expectations while improving customer experience and risk management. Our expertise includes:

Complaint management assessment: Evaluating LFI against key regulatory requirements to identify control environment deficiencies.

Implementing an effective complaint handling framework:

A step-by-step approach:

1. Design the framework

Define objectives (e.g., improved customer satisfaction, regulatory compliance) and develop/enhance policies and procedures.

2. Establish channels

Ensure multiple accessible complaint submission channels (e.g., online, phone, in-person) and develop user-friendly interfaces.

3. Training & awareness

Provide comprehensive training for all staff on the complaints handling process, emphasising empathy, active listening, and problem-solving. Offer specialised training for designated complaints officers in detailed investigation and resolution techniques.

4. Implement technology

Utilise a robust complaint management system to track and manage all complaints. Implement automation for acknowledgments and follow-up communications to ensure timely responses.

5. Monitor and review

Collaborate with Internal Audit to conduct regular audits of the complaints handling process for improvement areas. Implement a feedback mechanism to gather customer experiences with the complaints process and use it for enhancements.

6. Monitor and review

Establish clearly defined communication processes for complaint resolution. Define clear SLAs and keep customers informed of their complaint status and resolution steps, providing clear resolutions with concise explanations.

7. Continuous improvement

Regularly analyse complaint data to identify trends and recurring issues. Provide remediation support based on data analysis to implement necessary changes to products, services, or processes.

8. Engage leadership

Foster a culture where senior management is involved in the complaints handling process and committed to resolution through regular reporting on complaint trends and resolutions.

9. Customer-centric approach

Treat every complaint with empathy and respect, acknowledging customer feelings and concerns. Create feedback loops through customer surveys and forums post-resolution to measure satisfaction.

By following these steps, LFIs can effectively implement a complaint handling framework that not only meets regulatory requirements but also enhances customer satisfaction and loyalty.

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