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Via email to: [SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

28 January 2026

## **Update following the committee's recommendation on complaints handling**

Dear Andrew,

I am writing to provide the Committee with an update on the work undertaken by the Development Bank of Wales in response to Recommendation 10 of the Committee's report, relating to complaint handling.

As the Committee will be aware, the Welsh Government commissioned its Project Assessment Review which reported in 2025 following which the Cabinet Secretary for Economy updated the Committee on the outcomes of that report in August noting that:

*"I am pleased to note the Review Team found the arrangements between the Welsh Government Partnership Team and DBW are effective, and the bank is well placed to deliver on its objectives and targets set out in the Corporate Plan.*

*The Team also found comprehensive and robust due diligence is undertaken in respect of the bank's customers, which mitigates financial and reputational risk, and the bank follows robust processes to follow up on complaints, of which there are few. In line with the findings of good practice for both complaints handling and due diligence there were no specific recommendations for further actions related to either of these areas."*<sup>1</sup>

No specific recommendations were made by the review team regarding complaints save to note a need for greater detail on the process to be followed where a complaint is to be referred onwards to the Welsh Government Partnership team. This point has since been clarified in the latest update to the Framework Document.

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<https://business.senedd.wales/documents/s164692/Letter%20from%20the%20Cabinet%20Secretary%20for%20Economy%20Energy%20and%20Planning%20-%204%20August%202025.pdf>

### **Development Bank of Wales Plc**

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Mewn Partneriaeth â  
**Llywodraeth Cymru**  
In Partnership with  
**Welsh Government**

Development Bank of Wales Plc is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at [www.developmentbank.wales](http://www.developmentbank.wales)



While the external review provided assurance that our complaints processes are robust and proportionate, the Board also viewed the Committee's recommendation as an opportunity to further strengthen understanding, transparency and prevention across the investment lifecycle.

A further complaint handling review was carried out by independent internal auditors, RSM UK Risk Assurance Services LLP (RSM) as part of the 2025-2026 internal audit plan.

A copy of RSM's audit outcome overview together with a summary of management actions is attached as Appendix 1. As noted in the attached, RSM identified one medium and seven low priority actions, all of which have been actioned.

These priority actions are defined by RSM as follows:

- Medium: timely management attention is necessary
- Low: there is scope for enhancing control or improving efficiency.

The medium priority action relates to the assessment and categorisation of customer feedback and complaints. In the financial year ended 31st March 2025, a total of 50 instances of customer feedback were logged. RSM identified one instance where a response to a customer survey had been classified as feedback, when because the response expressed dissatisfaction, it should have been classified as a complaint.

Finally, following a specific complaint received in 2024 relating to events at an investee company in 2018, the board of directors of the Development Bank of Wales plc revisited the key aspects of the case with the support of an independent governance review.

Following careful consideration of the matters raised in the complaint the board is satisfied that the Development Bank acted appropriately and in line with market practice.

As part of our ongoing commitment to continuous improvement and to meeting the high standards expected of a public body, management is implementing the following measures to further strengthen our governance:

1. An operational review of arrangements for the storage and retention of contemporaneous notes of decisions relating to investments
2. Broadening existing procedures to cater for the limited number of situations where complaints are received from individuals who are technically non-customers (non-customer complaints)
3. Clarification of the escalation pathway and appeals process applicable to non-customer complaints
4. An enhancement to existing procedures to provide a clear recommendation to founders that they should take independent advice on the content and implications of investment-related documents (such as investment agreements, articles of association, and directors' service agreements). The aim is to better equip founders to make their own well-informed decisions, to promote understanding of the documents being signed and to minimise the risk of future disputes.

Beyond addressing the specific actions, management has reflected on how to ensure that learning from feedback and complaints more effectively informs the guidance we provide to founders at the outset of the investment process.

We have recently introduced the *Founders' Playbook*, developed from in-depth research with technology business founders and informed by themes emerging from the Committee's inquiry and market feedback. The Playbook provides practical guidance to improve founder understanding of investment structures, governance responsibilities and decision-making at key growth stages, helping to reduce the risk of misunderstanding and future disputes. ([Founder's playbook](#))

These measures build on the fact that our processes have continued to evolve as a matter of good practice. Taken together, they reflect not only assurance over the robustness of our complaints handling, but a commitment to learning from experience and embedding that learning into clearer guidance and support for founders across Wales.

We trust this demonstrates the board's commitment to transparency, good governance and to responding constructively to the Committee's recommendation and oversight.

Yours sincerely,



**Sally Bridgeland**  
Chair, Development Bank of Wales  
Hon Group Captain Sally Bridgeland BSc ARCS FIA FRSA FSIP  
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## Appendix 1

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# AUDIT OUTCOME OVERVIEW

In line with our scope, included at Appendix C, the overview of our findings is detailed below.

**Background:** As part of the 2025-26 internal audit plan for the Development Bank of Wales ('DBW' or 'the Bank'), we reviewed key elements of the control framework in place over complaints.

Complaints is an area where there is currently external focus. This is also an area that RSM has not yet covered since our appointment in 2022-23.

Whilst limited aspects of DBW's operations are subject to Financial Conduct Authority ('FCA') regulation, the Bank intentionally aligns its working practices with regulatory expectations, to offer a consistent standard of service to its borrowers when compared to similar lenders. Our review compared aspects of DBW's processes against regulatory expectations, and to best practice observed within the Bank's cohort of peers across the financial services sector.

The DBW Investments 10 Fund is FCA regulated, and is therefore subject to the FCA's DISP Handbook. As part of this review, we assessed whether the complaints related to this fund have been handled in line with the regulatory requirements. We also reviewed the complaints processes for Help to Buy Wales Limited ('HtBW'), and FW Capital, whilst also testing adherence to procedures for these complaints.

**Conclusion:** We observed that DBW operates a well-developed control framework over complaints. There are policies and procedures in place, and management information (MI) is regularly presented through the governance structure. From our sample testing, we found that complaint cases are handled in line with policies, procedures and regulatory requirements. There is a process in place for undertaking root cause analysis over complaints received, which includes the sharing of lessons learnt.

However, we did identify a number of areas where the framework can be improved. Most notably, we identified a case that met with the FCA's definition of a complaint, but which was categorised as customer feedback. Misclassification of complaints as feedback can result in complaints not being properly investigated, escalated, or reported, leading to regulatory non-compliance, missed opportunities to address customer concerns and poor customer outcomes.

Additional areas for enhancement of the framework included formally evidencing review and approval of the policy for complaints, introducing standard templates for customer communications, and including additional areas in the MI.

Overall, we raised one medium and seven low priority actions.

**Internal audit opinion:**

Based on this, we have provided the following opinion:



**Minimal Assurance**



**Partial Assurance**



**Reasonable Assurance**



**Substantial Assurance**

Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

**Audit themes:**

Whilst the majority of actions raised from this review were deemed low priority, the main theme arising was the comprehensiveness of policies, procedures and MI. For example, the provision of additional guidance within procedures, or the inclusion of additional insights within MI for Board level oversight purposes.

Making the recommended enhancements will strengthen the framework around complaints further.

## SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as\*:

### High

Immediate management attention is necessary.

### Medium

Timely management attention is necessary.

### Low

There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
<b>Complaints Processing</b>				
1	<p>A process will be implemented to systematically assess all customer feedback submissions, regardless of the channel received, to determine whether they meet the FCA's definition of a complaint.</p> <p>Where feedback expresses dissatisfaction relating to the firm's provision of, or failure to provide, a financial service, it will be re-categorised as a complaint.</p>	Medium		30 September 2025
2	<p>Relevant staff will be reminded of the requirement to log complaints in the Complaints Register as soon as they are received.</p>	Low		30 September 2025
<b>Policy and Procedures</b>				
3	<p>To formally evidence the annual review and approval of the current version of the 'Complaints Policy &amp; Procedures', the approval email chain will be shared with the Compliance team in order that the approval can be recorded on the policy register.</p> <p>Going forward, the approval will be documented within the version control table of the policy itself, clearly indicating the names, roles, and dates of review and approval for each version.</p>	Low		30 September 2025
4	<p>Once approved, the new 'Customer Feedback Resolved' email template will be implemented. This will be saved within the Complaints folder, with links within the Procedure document). Older versions will be deleted. A communication to the team will be made to make them aware of the new version, and that this will be the standard for all relevant client communications going forward.</p>	Low		30 September 2025

Ref	Action	Priority	Responsible Owner	Date
5	<p>The Complaints Policy &amp; Procedures will be updated to fully align with the FCA DISP 1.2.1R requirements for consumer awareness and accessibility of complaints procedures.</p> <p>Specifically, the policy will:</p> <ul style="list-style-type: none"> <li>clearly state where and how customers can access information about the complaints process, including providing details on the DBW website and in customer-facing documents. (DISP 1.2.1 R2);</li> <li>confirm that information about the complaints process is made available to customers upon request, and that a copy is provided automatically when a complaint is received (unless resolved by close of the next business day). (DISP 1.2.1 R3); and</li> <li>ensure the policy explicitly requires that information about the Financial Ombudsman Service (FOS), including the FOS website address, is published on the DBW website and included in the general conditions of customer contracts, in addition to being provided directly to eligible complainants in response letters. (DISP 1.2.1 R4).</li> </ul>	Low		30 September 2025
6	<p>The HtBW Complaints Procedure will be updated to fully align with the relevant FCA DISP requirements.</p> <p>Specifically, the policy will:</p> <ul style="list-style-type: none"> <li>clearly state that information about the Financial Ombudsman Service (FOS), including the FOS website address, is published on the HtBW website and included in the general conditions of contract with eligible complainants, as required by DISP 1.2.1R;</li> <li>include a clear statement that HtBW will cooperate fully with the FOS and comply promptly with any settlements or awards made by it, in line with DISP 1.4.4R;</li> <li>add a section describing the process for forwarding complaints to another respondent when that party may be solely or jointly responsible, as set out in DISP 1.7.1R;</li> <li>address the procedure for handling complaints received from another respondent under DISP 1.7.2R, including a statement that such complaints are treated as if made directly to HtBW and that DISP time limits apply from the date the forwarded complaint is received; and</li> <li>include guidance for handling complaints received outside the time limits for referral to the FOS, in accordance with DISP 1.8.1R.</li> </ul>	Low		30 September 2025

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Ref	Action	Priority	Responsible Owner	Date
<b>Root Cause Analysis</b>				
7	Actions and outcomes for any relevant issues raised within MI will be documented in all future quarterly MI packs.	Low	[REDACTED]	30 September 2025
<b>Management Information</b>				
8	The MI packs will be updated for all entities (DBW, FWC, and HtBW) to include a clear summary and breakdown of: <ul style="list-style-type: none"><li>the number and percentage of complaints resolved within three business days of receipt (early resolution); and</li><li>the number and percentage of complaints where the eight-week final response deadline was met or missed.</li></ul>	Low	[REDACTED]	31 July 2025