

# Financial Ombudsman Service Limited

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## SUMMARY MINUTES

MINUTES of the ninety ninth meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 9SR on 17 December 2008 at 9.35am

Present	Chris Kelly	chairman
	Alan Cook	
	Joe Garner	
	John Howard	
	Elaine Kempson	
	Kate Lampard	
	Julian Lee	
	Roger Sanders	
Maeve Sherlock		
	Walter Merricks	chief ombudsman
In attendance	Tony Boorman	decisions director
	Barbara Cheney	company secretary
	Roy Hewlett	operations director
	Jeremy Kean	finance & IT director
	Peter Stansfield	HR director
	David Thomas	corporate director

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### 1 Minutes of the meeting held on 12 November 2008

The minutes and summary minutes of the board meeting held on 12 November 2008 were approved as accurate records of the meeting.

The board noted the minutes of the quality committee meeting held on 12 November 2008.

### 2 Payment protection insurance

The decisions director reported that the main priorities since the last meeting had been tackling the continued high volume of complaints and contributions to the preparation of a Statement of Principles by the FSA/Industry Working Group. Encouraging progress had been made and it was expected that the Statement would be agreed early in the year. However the chief ombudsman reminded the board that this was a longstanding problem that had created a lot of work for the Service. Some firms were complying with good complaints handling practices and it was important that the FSA exercised its powers to ensure that all businesses did so.

### **3 Ombudsmen appointments**

The chief ombudsman reported that arrangements for the appointment of the head of practice/lead ombudsman and more ombudsmen to the Panel were well advanced.

### **4 Caseload assessment**

The chief ombudsman introduced a series of papers which provided background data, analyses of trends, options, suggestions and information about the caseload. They highlighted the impact of the largest businesses on the caseload together with the importance of their complaints handling systems and the FSA's regulation of them.

It was acknowledged that there was reluctance within the industry to use the current process for dealing with issues with wider implications and that a review of the framework and a flexible process (legal or regulatory) were required. It was important to distinguish between the respective functions of the regulator and the ombudsman; the regulator has a role in ensuring that firms treat all their customers fairly whilst the ombudsman deals with redress in individual cases.

The board concluded that

- Some firms needed to place greater emphasis on high standards of complaints handling
- Greater use should be made by firms of available data, especially at a senior level
- The Service is the custodian of unique information which could be helpful to the financial services industry in treating customers fairly and it should invest more resources in the analysis of data.

### **5 Corporate plan and 2009/10 budget**

The board considered the revised version of the corporate plan and 2009/10 budget to which directors' previous comments had been added. Further suggestions were made to amend the emphasis in parts of chapter 1.

The chief ombudsman reported that he had asked the largest firms for forecasts of complaint volumes in 2009.

The board noted that the FSA board had approved the principles of the budget at its meeting on 4 December. It approved the corporate plan and 2009/10 budget for publication for consultation in January.

### **6 Policy report**

The board considered the policy report which included the following topics.

#### *a) Tracker mortgages*

The decisions director reported that the FSA's intervention had been instrumental in some firms agreeing not to apply 'collars' on tracker mortgages and had thus prevented a number of potential complaints being referred to the ombudsman.

*b) Credit-card and store-card interest rates*

The corporate director reported that APACS had issued a set of principles about interest rates which would apply from 1 January 2009. However it was not clear what the position would be in respect of complaints made prior to that date and this point was being discussed with the OFT.

*c) Retail distribution review*

It was agreed that the Service should publish a policy statement along the lines of the draft that was attached to the policy report.

*d) Freedom of Information (FOI)*

The chief ombudsman confirmed that second-round consultation was imminent and that the Service may be one of the additional bodies that could come under the FOI Act. He added that longer term plans had included this possibility and some measures had already been taken, such as the publication of board meeting minutes on the website. The board agreed that preparations should be expedited.

The report also provided updates on interest rate related disputes, banking regulation, the publication of firm-specific data, FSA's consumer responsibility discussion paper and litigation.

## **7 Health & safety**

The board noted the annual report on health and safety issues and that it contained no issues of concern.

There being no other business, the meeting ended at 11.55 am