

meeting of the industry steering-group (insurance)

14 May 2012



present

from the insurance sector:

- Tim Breedon, Group Chief Executive, Legal and General
- Rob Devey, Chief Executive, Prudential UK and Europe
- Paul Evans, Group Chief Executive, AXA UK
- Paul Geddes, Chief Executive Officer, Direct Line Group
- Toby Strauss, Group Director for Insurance, Lloyds Banking Group
- Barry Tootell, Acting Chief Executive, Co-operative

from the Financial Ombudsman Service:

- Sir Nicholas Montagu, chairman
- Natalie Ceeney CBE, chief ombudsman
- Tony Boorman, decisions director
- Annette Lovell, managing ombudsman

apologies

- Lindsay Sinclair, Chief Executive, NFU Mutual Insurance Society
- Andy Briggs, Chief Executive Officer, Friends Life
- Adrian Brown, UK Chief Executive, RSA
- Trevor Matthews, Chief Executive, Aviva UK
- David Nish, Chief Executive, Standard Life

welcome and introductions

The chairman warmly welcomed new member of the group – Barry Tootell of the Cooperative. He stressed the importance for the ombudsman service of engagement with industry representatives and was grateful for the contribution made by the group.

action points and matters arising

- The ABI had recently written to the FSA to suggest a three-way meeting to discuss the way in which supervisors use ombudsman decisions.
- Attendees said it was too early to say what the impact would be of the abolition by the FSA of the “two-stage” complaints-handling process under the “DISP” rules. But they noted that fewer opportunities for dialogue with consumers might lead to an increase in the number of cases being referred to the ombudsman service.

- The ombudsman service had attended an ABI event at which “non-disclosure” had been discussed. It was agreed that such early discussion over key issues was useful.

emerging issues and trends in complaints

The decisions director explained that the ombudsman service would be publishing its *annual review* in May and highlighted some of the main themes it would cover. The group went on to discuss emerging issues and trends in complaints.

Amongst other things, the discussion covered:

- The challenge of speculative complaints from claims-management companies – where businesses reported a large rise in activity (but not currently reflected in the ombudsman service’s casework *outside* the PPI workload).
- The challenge of dealing with cases where fraud was suspected.
- The challenge of cases becoming more “entrenched” –both from consumers and businesses alike.
- The rising “uphold” rate (the proportion of cases where the ombudsman found in favour of the consumer) in much of general insurance casework – compared with the trend for *lower* uphold rates in other areas of the ombudsman’s work (such as investments and banking complaints).
- Distress and inconvenience payments – and a concern from businesses that the ombudsman service was becoming more “generous”. The ombudsman service said this was untrue, as its approach – published on its website – had been unchanged for over a decade.

Action:

- Where businesses felt that distress and inconvenience payments were out of line with the ombudsman service’s published approach, they were encouraged to send examples to Tony Boorman for investigation.

Attendees welcomed the discussion about trends and suggested a more in-depth look at the figures for one particular issue at the following meeting.

professional leadership within the ombudsman service

The chief ombudsman explained the particular challenge faced by the ombudsman service to maintain quality and consistency – while at the same time rapidly increasing its capacity to deal with record numbers of cases.

She talked through the ombudsman service’s ambitious project to secure case-handling excellence through:

- professional leadership
- quality assurance
- adjudicator development; *and*
- learning and sharing expertise.

Attendees were interested to hear about developments in training – including initiatives with external partners such as Queen Margaret University. There was general support for the steps being taken and, while recognising that it was a long-term initiative, industry attendees said that they were beginning to recognise its impact.

AOB and future topics

There was some discussion about the potential for increased dialogue over some key upcoming issues – including *Test Achats*, and the introduction of “simplified advice”. The ombudsman service said that it would be very happy to do some joint work with the ABI to explain our position at an early stage if that were helpful – to be followed up by the ABI.

Action:

- ABI to draw to the attention of the ombudsman service any issues which might benefit from a “working together” event, to help overcome any uncertainty about the approach taken.

next meeting

The next meeting would be held in six months. It was agreed that the agenda would include the plan and budget for 2013/2014 and the ombudsman service’s future funding model. Other suggestions included a more detailed look at complaints data and regulatory reform and its impact.