

meeting of the industry steering group (banking)

30 April 2012

present

from the banking sector:

- Alison Brittain, Lloyds Banking Group
- Joe Garner, HSBC
- Brian Hartzler, RBS
- Charlotte Hogg, Santander
- Graeme Hughes, Nationwide
- Ashok Vaswani, Barclays

from the Financial Ombudsman Service:

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

apologies

Brian Cole, Capital One

welcome and introductions

The chairman warmly welcomed new members of the group – Ashok Vaswani (Barclays) and Graeme Hughes (Nationwide). He stressed the importance for the ombudsman service of opportunities for engagement with industry representatives and was grateful for the contribution made by the group.

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, with some industry attendees suggesting that, in the present economic climate, there was an increased propensity among consumers to complain.

The group considered the impact of the new *single-stage* complaints-handling process under the FSA's "DISP" rules – and agreed that, while much work had been done to prepare for this, the situation would require careful monitoring.

The decisions director explained that the ombudsman service was receiving 1,000 complaints about PPI each working day, for which it was rapidly building up its capacity. He noted that the proportion of cases brought by claims-management companies was reducing – and that following the ombudsman’s open letters to claims managers and businesses in January 2012 there were fewer cases in which it turned out that a PPI policy had *not* been sold.

There was general agreement that there would continue to be a challenging number of complaints about PPI, although some had different views about the profile of demand and the likely timescales. The group discussed ways in which PPI cases could be resolved more efficiently. There was broad support for exploring the value of different initiatives such as the third-party accreditation of models for the calculation of redress.

Claims-management companies

The chief ombudsman explained to the group that she had taken practical steps to improve the way in which claims managers engaged with the ombudsman service – and that these were starting to have a positive effect. She said that she would continue to press for a ban on all cold calling by claims managers, greater transparency of the costs of using these companies – and for the Legal Ombudsman to be regarded as the appropriate body to deal with complaints about claims managers.

There was general agreement that the recent summit, hosted by Which? and MoneySavingExpert.com, had been encouraging, with a helpful focus on the positive steps that could be taken.

There was a brief discussion about the extent to which the use of the ombudsman service by claims managers should be reflected in a requirement to contribute to its funding model. The chief ombudsman explained that such costs were likely to be passed through to consumers, and so would not change the business model of claims managers. She pointed out that, even if it was unnecessary, it was not inappropriate for consumers to choose to be represented by a third party – and the solution to poor behaviour by claims managers was more effective regulation.

Many attendees agreed that effective regulation was essential – and some felt that this depended upon a credible enforcement regime. The group noted the challenges of providing for an effective regulatory framework, given the range of industries that claims managers operate in and the fact that their activities were the responsibility of different regulators.

The group agreed that, separately, banking representatives held information about their experiences of dealing with claims managers which would be of value to different regulators. Industry attendees suggested that there might be a role for the British Bankers Association (BBA) to bring this intelligence together – and ensure that it was directed to the appropriate organisations.

Some attendees suggested that it might not be the right time to publish ombudsman decisions, because to do so could provide claims managers with the means to identify further opportunities to operate. However, the chairman said he was sceptical that it would have this effect, because most issues had already come to wider public attention before they were the subject of ombudsman determinations.

current issues

There was discussion about the progress of the Financial Services Bill.

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.