

THE COMPANIES ACT 1985

ARTICLES OF ASSOCIATION

of

**FINANCIAL OMBUDSMAN SERVICE
LIMITED**

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COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

FINANCIAL OMBUDSMAN SERVICE LIMITED

DEFINITIONS

1. In these Articles unless there be something in the subject matter or context inconsistent therewith :
 - "1985 Act" means the Companies Act 1985;
 - "2006 Act" means the Companies Act 2006;
 - "Acts" means the 1985 Act and/or the 2006 Act as the case may be;
 - "Articles" means the articles of association for the time being of the Company;
 - "Auditors" means the auditors for the time being of the Company;
 - "Board" means the Board of Directors of the Company present at a duly convened meeting of the Board at which a quorum is present;
 - "clear days", in relation to the period of a notice, means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
 - "Director" means a director of the Company from time to time;
 - "electronic form" has the meaning given in section 1168 of the 2006 Act;
 - "executed" includes any mode of execution;
 - "FSA" means the Financial Services Authority;
 - "Member" has the meaning ascribed by Article 2;
 - "month" means calendar month;
 - "Memorandum" means the memorandum of association for the time being of the Company;

"Notice" includes all written communications to Members;

"Ombudsman" means any Ombudsman who is a member of the panel appointed in accordance with Article 15 and includes a Chief Ombudsman and any deputy Ombudsman (where appointed);

"Participant" means a person who is authorised under the Financial Services and Markets Act 2000, a person who is a licensee under a standard licence under the Consumer Credit Act 1974 (as amended), or authorised to carry on an activity under section 34A of that Act, or a person who has voluntarily agreed to submit to the jurisdiction of the Scheme.

"Registered Office" means the registered office for the time being of the Company;
"Secretary" means the Secretary for the time being of the Company, including an assistant or deputy secretary;

"Scheme" means the Scheme provided for under Part XVI of the Financial Services and Markets Act 2000;

"Service" means the Scheme and such other schemes as are established managed or administered by the Company;

"United Kingdom" means Great Britain and Northern Ireland;

"in writing" and "written" include any method of representing or reproducing words in legible form whether set out or supplied in electronic form or otherwise;

Words importing the singular number include the plural, and the converse applies;

Words importing males include females;

Words importing persons include corporations;

References to any statute or statutory provision include a reference to that statute or statutory provision as from time to time modified or re-enacted.

These Articles are to be read and construed subject to Clause 4 of the Memorandum of Association of the Company and in the event of any conflict the provisions of such Clause shall prevail.

MEMBERS

2. The subscriber to the Memorandum of Association of the Company and any person who from time to time becomes a Director and who agrees to be a Member shall be the Members of the Company. No other person may become a Member of the Company. The subscriber to the Memorandum of Association shall cease to be a Member of the Company upon the admission into membership of other persons who are eligible to be admitted as Members.
3. Membership shall not be transferable.
4. A Member (other than the subscriber) shall cease to be a Member of the Company upon ceasing to be a Director of the Company.

5. [The liability of each Member is limited to £1 being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up.]

POWERS AND RESPONSIBILITIES OF THE BOARD

6. Subject to the provisions of the Acts, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Board who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Board by the Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
7. Without prejudice to Article 6, and to the powers and responsibilities set out elsewhere in these Articles, the Board shall have the following powers and responsibilities:
- (a) to appoint a panel of Ombudsmen in accordance with the provisions of Article 15 and to ensure, maintain and monitor their independence;
 - (b) to conduct the affairs and business of the Service for the year concerned in accordance with the financial budget adopted by the Board pursuant to Article 10;
 - (c) to determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and other documents; and
 - (d) to determine who shall be entitled to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or employees or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company.
8. In exercising its functions, the Board shall have regard to the effective, economic and efficient operation of the Service.
9. The Board may consult on, make, adopt or vary such rules or other arrangements as may be necessary for the purpose of fulfilling the objects of the Company; but the Board shall not make, adopt or vary any rules without the prior written approval of the FSA.
10. (a) At least two months before the start of every financial year the Board shall approve a draft financial budget for recommendation to the FSA, each such budget to be prepared in respect of a period co-extensive with an accounting reference period of the Company and distinguishing between the various functional elements of the Service.
- (b) Where the Board is, by agreement, fulfilling a complaints handling function on behalf of any body, it shall consult that body prior to approving such a budget.

- (c) The Board shall submit each financial budget approved under paragraph (a) of this Article to the FSA for approval.
 - (d) The Board shall adopt any financial budget approved by the FSA pursuant to paragraph (c) of this Article (with such amendments, if any, as the FSA thinks fit).
 - (e) The Board may, after consultation with any body on behalf of which it is fulfilling a complaints handling function, and with the approval of the FSA, vary at any time a budget adopted under paragraph (d) of this Article.
11. The Board shall enter into appropriate arrangements to secure co-operation between the Company and the FSA (including arrangements for the sharing of information relevant to the functions of each other) in order to enable the Company and the FSA to attain their proper objectives.
12. The Board may at any time and from time to time obtain money for the purposes of the Company, including by raising a levy or case fees from Participants, in accordance with rules approved by the FSA.
13. The Board may procure the establishment and maintenance of, or participate in, or contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement of life assurance for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to, any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company (or of any other body concerned with the adjudication and resolution of complaints made by consumers whose functions have been taken over by the Company) and their wives, widows, families or dependants and to make payments for or towards the insurance of any such person.
14. Except so far as otherwise provided by statute, the Board may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as it determines, including authority for the agent to delegate all or any of his powers.

OMBUDSMEN

15. (a) The Board shall appoint individuals as Ombudsmen who appear to it to have appropriate qualifications and experience to fulfil that function, and shall maintain a panel of such persons.
- (b) The Board shall also appoint a Chief Ombudsman who will be a member of that panel.
- (c) A person's appointment as Ombudsman shall be on such terms (including terms as to the duration and termination of his appointment and as to remuneration) as the Board considers consistent with the independence of the Ombudsman and otherwise appropriate.
- (d) A Director may not hold the office of Ombudsman.

16. (a) The Board may appoint a person to act as a deputy Ombudsman in such cases as the Chief Ombudsman considers appropriate in the light of that person's qualifications and experience.
- (b) A person's appointment as a deputy Ombudsman shall be on such terms (including terms as to the duration and termination of his appointment and as to remuneration) as the Board considers consistent with his independence and otherwise appropriate.
17. The Board shall ensure that an Ombudsman vacates his office upon the occurrence, in relation to him, of any of the following events:
 - (a) he becomes bankrupt, a receiving order is made against him or he makes any arrangement or composition with his creditors generally; or
 - (b) in the opinion of the Board, he becomes of unsound mind; or
 - (c) he resigns his office by notice in writing to the Company; or
 - (d) he does any act which, in the opinion of the Board, is likely to bring him or the Company into disrepute.
18. The Board shall ensure that an Ombudsman is not, or is not an employee of, or does not hold any office or place of profit under, a Participant; that he is not a Director of the Company and that he does not hold any other office or place of profit under the Company or act in a professional capacity for the Company.
19. The Board shall ensure that each Ombudsman acts in accordance with the rules made by the Board and any applicable complaints handling rules made by the FSA.
20. The Board shall ensure that each Ombudsman co-operates with the FSA by the sharing of information and otherwise in accordance with the arrangements referred to in Article 11 above.
21. An Ombudsman shall be entitled to be paid such travelling, hotel and other expenses as are reasonably and properly incurred by him in connection with the business of the Company.
22. The Chief Ombudsman shall furnish the Board with an annual report for publication on the discharge of their functions by the Ombudsmen.

POWERS AND RESPONSIBILITIES OF OMBUDSMAN

23. The powers and responsibilities of an Ombudsman shall be:
 - (a) to resolve complaints made in accordance with the rules relating to the Service by the making of recommendations or awards or by such other means as shall seem expedient.
 - (b) to contribute to and maintain the quality and consistency of the complaints handling process, and to ensure that complaints are resolved on a fair and reasonable basis; and
 - (c) as otherwise set out in the rules relating to the Service.

PROCEEDINGS OF THE BOARD

24. The Board may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time request a meeting of the Board by notice duly served upon the Secretary and the Secretary shall convene such meeting within thirty days of the due service of such notice. Every Director shall be given not less than seven days' notice of a proposed meeting, provided that it shall not be necessary to give notice of a meeting of the Board to any Director for the time being absent from the United Kingdom.
25. The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed shall be one-half of the Directors or, if their number is not a multiple of two, then the number nearest to but not exceeding one-half of the Directors.
26. The Board may act notwithstanding any vacancy in its body, but if and so long as the number of Directors is less than the minimum number fixed by or pursuant to the Memorandum they may act only for the purpose of summoning a General Meeting of the Company.
27. The chairman of the Board or in his absence the Deputy chairman of the Board (if any) shall take the chair at meetings of the Board but if they are unwilling to preside or are not present within fifteen minutes after the time fixed for the commencement of any such meeting the Board Members present shall choose one of their number to preside at the meeting.
28. Questions arising at any meeting of the Board shall be decided by a majority of votes. In the case of an equality of votes the person presiding at the meeting shall have a second or casting vote.
29. A resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Board or a committee of the Board, shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held and may consist of several documents in the like form each signed by one or more Directors.
30. Any Director or member of a committee of the Board may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment whereby all persons participating in the meeting can hear and speak to one another and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting.
31. The Board may (except in relation to any power or function of a kind described in paragraph 3 (4) of Schedule 17 to the Financial Services and Markets Act 2000) delegate all or any of its powers or functions which are not required by law to be performed by the Board either generally or for a specific purpose to a member or members of the Board, to any committee established by the Board (whether consisting of members of the Board or of other persons or of both), or to any officer or employee of the Company, or to an Ombudsman. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of the Board so far as they are capable of applying.

32. All acts done by any meeting of the Board or of any committee of the Board, or by any person acting as a Director or member of any such committee, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any of the persons comprising the Board, the committee or of any person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified to be a member thereof and had not vacated office and was entitled to vote.
33. The Board may appoint one or more advisory committees whose members need not be Directors but shall be such persons as the Board may from time to time determine.

DIRECTORS' INTERESTS

34. The Directors may, in accordance with the requirements set out in these Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the 2006 Act to avoid conflicts of interest ("Conflict").
35. A Director is not obliged to disclose and seek authorisation in accordance with the provisions of these Articles in respect of an interest which falls within one or more of the following categories:
- (a) an interest of which he has no knowledge and of which it is unreasonable to expect him to have knowledge;
 - (b) an interest which cannot reasonably be regarded as likely to give rise to a Conflict;
 - (c) an interest of which the Directors are already aware; and
 - (d) matters concerning his service contract.
36. For the purposes of section 175 of the 2006 Act, a Director shall be authorised:
- (a) to hold office as a Director or other officer of, be employed or engaged by, hold shares or other securities in, or otherwise be interested in, whether directly or indirectly, any group undertaking of the Company; and
 - (b) to act as a trustee of any scheme for the benefit of employees or former employees of the Company or any group undertaking of the Company (including any pension, retirement, death or disability scheme or other bonus or employee benefit scheme).
37. The following provisions apply to any authorisation of a matter by the Directors for the purposes of section 175 of the 2006 Act:
- (a) an authorisation may extend to any actual or potential conflict of interest (including a conflict of interest and duty and a conflict of duties) which may reasonably be expected to arise out of the matter so authorised;

- (b) an authorisation shall be subject to such conditions or limitations as the Directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the Directors at any time; and
 - (c) a Director shall comply with any obligations imposed on him by the Directors pursuant to any authorisation.
- 38. If a matter, office, employment, position or interest, has been authorised pursuant to Article 36 or by the Directors for the purposes of section 175 of the 2006 Act, then the Director in question shall not be required to disclose to the Company any confidential information relating to such matter, or to such office, employment, position or interest, or to use such information in relation to the Company's affairs if to do so would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, office, employment, position or interest.
- 39. A Director shall not be accountable to the Company for any remuneration or other benefit which he (or a person connected with him) derives from any office, employment, position or interest authorised pursuant to Article 36 or by the Directors for the purposes of section 175 of the 2006 Act, nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the 2006 Act.
- 40. Without prejudice to the obligation of any Director to disclose his interest in proposed or existing transactions or arrangements with the Company in accordance with the Act and subject always to section 175(6) of the 2006 Act and the terms on which any authorisation by the Directors for the purposes of section 175 of the 2006 Act has been given, a Director (including an alternate director) may vote at any meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest, and, if he does so vote, his vote shall be counted and he shall be counted in the quorum present at a meeting in relation to any such resolution.
- 41.
 - (a) For the purposes of this Article:
 - (i) a Director shall not be treated as interested in any matter solely by reason of his being an officer or employee of a Participant which is or may be interested in that matter; and
 - (ii) an interest of a person who is, for any purpose of the 2006 Act (excluding any statutory modification thereof not in force when this regulation becomes binding on the Company), connected with a Director shall be treated as an interest of the Director.
 - (b) A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
 - (c) The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of the Board or of any committee of the Board.
 - (d) If a question arises at a meeting of the Board or any committee of the Board as to the right of a Director to vote, the question may, before the conclusion of

the meeting, be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

MINUTES

42. (a) The Board shall cause minutes to be made in books kept for the purpose:
- (i) of all appointments of officers made by the Directors;
 - (ii) of the names of the Directors present at each meeting of the Board, and of the members present at each meeting of any committee of the Board;
 - (iii) of all resolutions and proceedings of General Meetings and of meetings of the Board and committees of the Board.
- (b) Any such minutes of any meetings of the Board or of any committee, or of the Company, if purporting to be signed by the chairman of such meeting, or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes.

SEAL

43. The Board shall provide for the safe custody of the Seal, and the Seal shall be used only with the authority of the Board or a committee thereof authorised by the Board. The Board may determine who shall sign any instrument to which the Seal is affixed and unless determined otherwise it shall be signed by a Director and by the Secretary or by a second Director.

GENERAL MEETINGS

44. The Board may call General Meetings and on the requisition of Members pursuant to the Acts shall convene a General Meeting for a date not later than eight weeks after receipt of the requisition.
45. All General Meetings shall be called by at least fourteen clear days' notice in writing. The notice shall specify the place, the day and the hour of meeting and the text of the proposed resolution, in the manner mentioned below or in such other manner, if any, as may be prescribed by the Company in General Meeting to the Members (save that the Company shall not be obliged to give notice to those entitled to become a Member as a result of the death or bankruptcy of another Member unless the Company has been notified of such circumstances in advance of it giving the notice), the FSA and such other persons (including the Auditors) as are, under these Articles or the Acts, entitled to receive such notices from the Company.
46. Even if a General Meeting is called by shorter notice than that specified by Article 45 it shall be deemed to have been duly called if it is so agreed:
- (a) In the case of a General Meeting called as the Annual General Meeting, by all the Members entitled to attend and vote at that meeting; and
 - (b) In the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the General Meeting, being a majority,

together representing not less than 95 per cent of the total voting rights at that General Meeting of all the Members.

47. The accidental omission to give notice of a General Meeting to, or the non-receipt of a notice of a General Meeting by, any person entitled to receive notice shall not invalidate the proceedings at that General Meeting.

PROCEEDINGS AT GENERAL MEETINGS

48. The chairman of the Board or, in his absence, the deputy chairman of the Board (if any) shall take the chair of every General Meeting but, if no such person should be present and willing to act within fifteen minutes after the time appointed for the Meeting, the Directors present shall elect one of their number to be chairman of the meeting.
49. Subject to Article 50, no business shall be transacted at any General Meeting unless there is a quorum of six Members present at the time when the meeting proceeds to business.
50. If within half an hour from the time appointed for a General Meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place (or such time and place as the Directors may determine), and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting those Members who are present shall be a quorum and may transact the business for which the meeting was called.
51. The chairman of a General Meeting at which a quorum is present may, with the consent of the meeting (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, notice of the adjourned meeting shall be given as in the case of an original meeting but it shall not otherwise be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
52. At any General Meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
- (a) by the chairman of the meeting; or
 - (b) by at least two Members.

Unless a poll is duly demanded a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously or by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

53. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting. A demand so withdrawn shall not be taken to

have invalidated the result of a show of hands declared before the demand was made.

54. Except as provided in Article 55, if a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
55. A poll demanded on the election of a chairman of a meeting or a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, not being more than thirty days after the poll is demanded, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

56. On a show of hands every Member who (being individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a Member entitled to vote, shall have one vote and on a poll every Member shall have one vote.

SECRETARY

57. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Secretary so appointed by the Board may also be removed by it.
58. The Board may from time to time appoint an assistant or deputy Secretary, and any person so appointed may act in place of the Secretary if there is no Secretary or no Secretary capable of acting.

REPORTS

59. The Board shall, at least once a year, make a report to the FSA on the discharge of its functions in such form as the FSA shall from time to time require. This shall include the report furnished to the Board by the Chief Ombudsman under Article 22 above and shall be published.
60. The Board shall also provide the FSA with reports on such matters as the FSA may from time to time reasonably request.

ACCOUNTS

61. The Board shall cause accounting records to be kept in accordance with the Acts.
62. The books of account shall be kept at the registered office of the Company or, subject to the Acts, at such other place or places as the Board thinks fit, and shall always be open to the inspection of the Directors.
63. The Board shall from time to time in accordance with the Acts cause to be prepared and to be laid before the Company in General Meeting such accounts and reports as are required by the Acts to be so prepared and laid.

64. A copy of every balance sheet (including every document required by law to be annexed or attached to it) which is to be laid before the Company in General Meeting shall not less than twenty-one days before the date of the meeting be sent to every Member and to the FSA.

AUDIT

65. Auditors shall be appointed and their duties regulated in accordance with the provisions of the Acts.

NOTICES

66. A notice may be given by the Company to any Member either personally or by sending it by post (or by facsimile) to him at his last known address or by leaving it at that address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have effect at the expiration of 48 hours after the envelope containing it was posted. Where notice is given by facsimile, it shall be deemed to have been given on the date of despatch of the facsimile, provided that it is confirmed by delivering or sending a written confirmation by letter to the party to whom the notice is given.
67. A Member present at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

WINDING UP

68. Clauses 7 and 8 of the Memorandum of Association of the Company relating to the winding up and dissolution of the Company shall have effect as if their provisions were repeated in these Articles.

INDEMNITY

69. Subject to the provisions of the Acts but without prejudice to any indemnity to which he may otherwise be entitled, an Ombudsman and every Director, Secretary, auditor or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities suffered or incurred by him in or in relation to the execution and discharge of his duties.

NAME AND ADDRESS OF SUBSCRIBER

Christine Farnish

whose address is

25, The North Colonnade
Canary Wharf
London E14 5HS

Dated the day of February 1999

Witness to the above Signature:

Jennifer Skeels

whose address is:

25, The North Colonnade
Canary Wharf
London E14 5HS