

meeting of the consumer liaison group

31 January 2012

present

from the Financial Ombudsman Service:

- Caroline Mitchell, lead ombudsman, *chair*
- Jane Hingston, lead ombudsman
- Adrian Dally, head of policy
- Debbie Enever, policy manager
- Louise Corley, policy adviser

from the consumer organisations:

- Vera Cottrell, Which?
- Joleen Cunningham, Consumer Council for Northern Ireland
- Sue Edwards, Citizens Advice
- Roger Lakin, Money Advice Service
- Lucy Malenczuk, Age UK
- Sonia Payne, Trading Standards
- Deborah Shields, Money Advice Trust
- Joseph Surtees, Consumer Credit Counselling Service
- Claire Whyley, FSCP

apologies

Sarah Brooks (Consumer Focus)

welcome and introductions

Caroline Mitchell welcomed everyone to the meeting and new representatives were introduced.

regulatory reforms – draft Bill

Adrian Dally noted that the Bill had now been published. The Bill supports the existence of an independent ombudsman service and does not propose significant changes to the service's operating model. Adrian explained there are a few proposals within the Bill that will enhance the service, including:

- an explicit power to enable the ombudsman service to publish ombudsman decisions, something which the service has recently consulted on;

- bringing the ombudsman service within the jurisdiction of the National Audit Office (NAO), which has recently completed a voluntary review of the service.
- requiring the ombudsman service to publish an annual plan – something which the service already does.
- requiring a Memorandum of Understanding between the Financial Ombudsman Service and the FCA, something which the ombudsman service already has with the FSA.
- a provision for consumer bodies to make “super-complaints” to the FCA, and for the ombudsman service to be able to refer issues of mass detriment to the FCA.

The group asked how PPI mis-selling might have been handled differently had this legislation been in place. Adrian explained that under the new legislation, the FCA would have been able to intervene earlier – and would have been able to look at the product as well as the process.

Roger Lakin explained that the Money Advice Service will also have a Memorandum of Understanding with the FCA and it may be useful for MAS and the Financial Ombudsman Service to have a voluntary MOU. Adrian Dally will contact Roger separately to discuss.

The group asked about the “super-complaint” process. Adrian confirmed that it is appropriate for the Financial Ombudsman Service to have a separate process from consumer organisations for referring matters to FSA. Consumer organisations often see emerging issues that the Financial Ombudsman Service doesn’t see, because consumers may not have raised complaints about those issues yet.

transparency – update

Adrian explained that the consultation on publishing ombudsman decisions closed in December, and the responses were about to be published (now available on our website).

Overall, the responses supported the general approach the ombudsman service proposed. The question about whether to publish the name of the business in the decision divided respondents and raised the most debate. So far, the Financial Ombudsman Service had not been provided with any evidence to support redacting business names – but ultimately this question was for Parliament to decide. Most respondents agreed that naming the consumer was a bad idea, as was publishing information which was sensitive, confidential or may identify the consumer.

The group asked, as outlined in some responses to the consultation, whether it was possible to contextualise decisions by publishing the uphold rates for adjudications. Adrian explained that the uphold rates were generally the same at both stages and that there would be practical difficulties in publishing uphold rates for adjudications.

plan and budget

Caroline Mitchell gave a presentation outlining the Financial Ombudsman Service’s *plan and budget* for 2012/2013.

The plans and priorities for 2012/13 were outlined as:

- To deliver a trusted, fair and easy to use service for everyone.

- To be accessible – maintaining partnerships with frontline advice agencies, community groups, businesses.
- To become “e-enabled” and use electronic case file plans.
- To share experience and insight and help to prevent future problems.
- To engage with industry and front-line advice services and have more focused liaison groups.
- To maintain ongoing relationships with statutory bodies – for example, with the FSA and the OFT through the “co-ordination committee” – and to continue working with the FSA to ensure close working relationship with FCA.
- To put knowledge and expertise at the heart of everything the service does – providing staff with a professional career structure and continuous professional development.
- To be flexible, reliable and effective – aiming to have service standards that would be seen as excellent in any sector, and reduce waiting times to provide a “lean” service.

Caroline noted that plans were in place to manage volatile PPI caseloads, and the service is strengthening operational planning capacity to enable the service to better understand the underlying costs of handling different types of complaints. In 2011/12 the service reduced costs by 10% and will continue to scrutinise and control costs.

Jane Hingston provided details of a pilot project she was co-ordinating which involved three financial businesses – and aimed to resolve cases even more quickly and informally. The same member of staff manages the case from the first contact – and uses phone, email and text message as the primary means of communication with both parties. The feedback after two weeks was encouraging and Jane agreed to come back in six months and update the group on this trial.

The group were very supportive of the plans for a supplementary case fee for PPI cases. The group were also supportive of the plans and priorities for 2012/2013, and were particularly impressed with the forward-focused approach the service was taking, the investment back into the organisation, and the work being undertaken to reduce waiting times. The group confirmed that they would like these comments to be taken as their response to the plan and budget consultation.

AOB and future topics

The Consumer Council for Northern Ireland explained that their *Money week* would be launched in Northern Ireland on 25^h February. They encouraged the other organisations to take part.

Citizens Advice noted that they were starting some research about how consumers access cash from their bank accounts – the results will be published in June.

next meeting

The next meeting will be arranged for approximately six months time.

