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**position specification**  
non-executive director(s)  
Financial Ombudsman Service

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**September 2010**

#502052

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### **attachment:**

equal opportunities form

## position specification

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### ***about the financial ombudsman service***

The Financial Ombudsman Service (“the Service”), a company limited by guarantee, was created under the *Financial Services and Markets Act 2000* to act as an alternative to the courts to resolve individual disputes between customers and financial services firms in a fair, reasonable, quick and informal manner. It was formed by the merger of eight independent ombudsman and complaints-handling schemes, including the Banking, Building Societies, Insurance and Personal Investment Authority (“PIA”) ombudsmen.

The company was incorporated in 1999 and, in April 2000, about 320 staff from the former schemes moved to newly refurbished premises at South Quay Plaza in Docklands. In its first year (2000-01) 31,350 new cases were received and the number of staff had increased to 390 employees. In the current year (2010-11) the Service expects to receive around 975,000 enquiries and 160,000 cases requiring investigation. Our total number of staff has increased to approximately 1,620, of whom about 420 are outsourced contractors. Our budget for 2010-11 is £100 million.

Firms authorised by the Financial Services Authority (“FSA”) are subject to the compulsory jurisdiction of our Service. Unauthorised firms may join the voluntary jurisdiction of the Service. The compulsory jurisdiction was widened to include mortgage intermediaries from October 2004, insurance intermediaries from January 2005 and complaints arising under the *Consumer Credit Act* from April 2006. In practice, this makes the Financial Ombudsman Service a one-stop-shop for consumers with complaints about a financial product or service.

The Service is funded by member firms. Approximately 21% of our income is raised by a general levy on firms, calculated in proportion to their size. The remaining 79% is raised from case fees which are paid by individual firms at a flat rate for each case closed. The current case fee is £500 per case, with the first three cases for each individual firm received for ‘free’. There is no cost of the Service to the taxpayer.

Further information about the Service can be found at <http://www.financial-ombudsman.org.uk>. Our website includes videos on how the Service operates both for consumers and businesses which will give a stronger sense of the operating model of the Service, as well as the culture and reputation we seek to promote. On 19 May, we published our annual report for 2009-10, which details the work of the Service, and the challenges we are currently facing. To download a copy of the 2009-10 *annual review* and find further details about the type of complaints and trends in caseloads, click on <http://www.financial-ombudsman.org.uk/publications/ar10/index.html>

The Service has had a strong track record of not only welcoming, but commissioning external reviews to help constant improvement. In 2007-08, the board commissioned Lord Hunt to carry out an independent review which focused on the openness and accessibility of the Service to its wide range of customers and stakeholders. His findings are on the website at [http://www.financial-ombudsman.org.uk/news/Hunt\\_report.pdf](http://www.financial-ombudsman.org.uk/news/Hunt_report.pdf). We welcomed this review, and have largely implemented its findings. This followed an earlier review in 2004 which was carried out by the *personal finance research centre* at Bristol University. The findings of this review are on the website at <http://www.financial-ombudsman.org.uk/publications/pdf/kempson-report-04.pdf>. The Board has commissioned its next review to be by the National Audit Office, focusing on value for money.

## ***the board***

The governing body of the Service is a board of nine non-executive directors who represent a wide range of business, financial, consumer and other expertise. The board meets ten times per year. Directors are appointed by the FSA, but under terms which secure their independence from the FSA. The current chair is Sir Christopher Kelly.

The board is responsible for:

- determining overall strategy
- ensuring the Service is properly resourced and is able to carry out its work effectively and independently
- approving the rules
- appointing the chief ombudsman/chief executive, principal ombudsmen and ombudsmen. The Board also appoints the independent assessor who deals with complaints about the service provided by the Service
- the approval of the draft budget each year for recommendation to the FSA
- the preparation and approval of the *annual review*.

The executive team is appointed by the chief executive, and its members are formally not members of the board. However, the executives attend board meetings, and the board operates by combining executive and non-executive insight to effectively govern the organisation.

The board has two committees – the audit committee and the nomination and remuneration committee. Other temporary working groups are established on an ad hoc basis.

To ensure a wide range of expertise among members of the board, non-executives with a background in, or an understanding of, one or more of the following are required –

- law and the wider judicial system
- audit and accountancy
- customer insight and marketing
- central government and public policy

## ***current challenges***

The Financial Ombudsman Service has grown significantly over the past decade, in a context of changing consumer needs, increasing sophistication of the financial services market and the digital age. The Service has also changed considerably over this period, not least in the volumes of cases being handled, and in their nature. We resolved over 165,000 disputes last year, a rise of 46% on the previous year, and with significant volatility between types of complaints, and a significant rise in complaints about one product – payment protection insurance – which is now indicative of a ‘mass claims’ environment. The Service now is operating on a different scale, with far higher levels of complexity, than when it was created a decade ago. We see no sign of those demand levels decreasing.

Whilst the Service has dealt well with this demand rise and volatility, one of the consequences has been backlogs building up, alongside the challenges of ensuring consistency of case-handling when hiring a large number of new staff over a short period. The business, operational and staffing models for the Service have remained more or less as set when the Service was founded a decade ago, and there is now the chance to see whether those models really do prepare us for the challenges ahead. For example, the growth in caseload, as well as in jurisdiction, has challenged some of the Service’s basic operating models, with a need to look afresh at how we best handle cases in a way which gets them to the right person, first time, with minimal delays, and yet still with high quality work. We have already started analysis of how we can improve our processes, and this business process

reengineering will be a priority for the next few years, as will developing a longer term strategy and model for our future operation.

The Service's challenge is not just about improving its offering to existing users. As the Hunt review of 2007-08 outlined, some of the most disadvantaged in society often do not know how to use services such as the Financial Ombudsman Service – and the consequence at present is that many do not reach the Service, or pay intermediaries to use it when it could have served them directly and free, more effectively. At the same time, the internet age means that many people want to use the Service online, and to see a similar level of e-communication as, say, they can experience tracking a planning enquiry, or a parcel. The Financial Ombudsman Services needs to ensure that its channels enable everyone who needs to use it to do so, in a way that meets their different needs and that can also ensure the Service focuses its efforts where it is most needed, all without increasing its costs (and ideally helping to reduce them). The Service therefore has a growing agenda to bring more customer insight into its planning to ensure that it creates the service which adds most value to those who use it. Linked to this agenda, the Service wants to harness the potential of technology to streamline how it works internally, and to provide easier channels of communication to both customers using its services as individual complainants, and to the financial services industry in terms of working with the Service to resolve complaints.

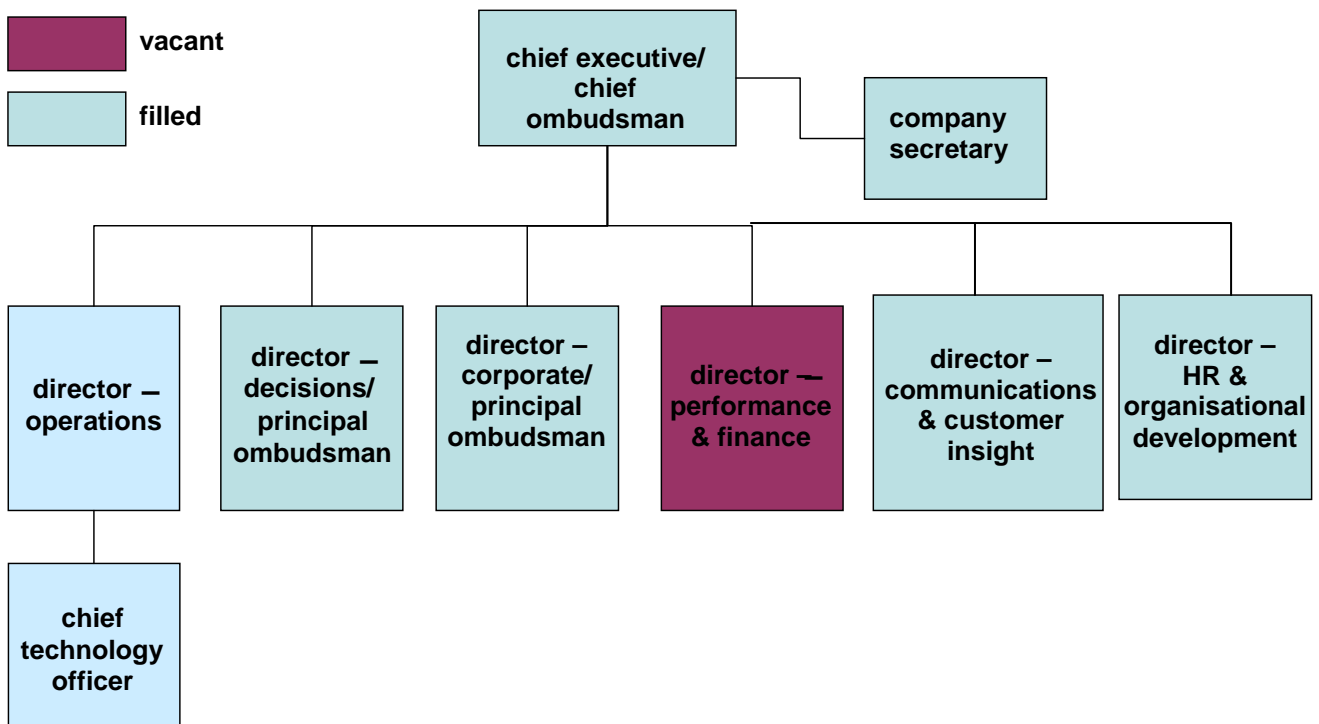
Our chief executive and chief ombudsman, Natalie Ceeney, joined the Service in March 2010, and took the opportunity to review the structure that was needed to lead us through this next phase of our development. This has led to the creation of a new structure, with different skill requirements. The senior team is almost complete - to provide the leadership to the Service to take it from a well-regarded, good Service, to one which is universally described as 'great'.

## The organisation's structure

The head of the Service, Natalie Ceeney, is both chief executive and chief ombudsman. Members of the executive are not formally part of the board, but take part in board discussions, and work closely with the non-executive members to determine the overall strategy of the organisation, and then, as executive directors, to deliver it.

The new organisational structure is as follows:

### new structure



Like many organisations which value professional standards highly, the operating model is that of a matrix organisation, with most of the staff being managed by our **director of operations**, Simon Rouse, who joined us in August. Professional expertise is driven through a parallel structure, in which the Ombudsmen sit (managed by our **decisions director & principal ombudsman**, Tony Boorman). The director of operations has full responsibility for the handling of all cases that come into our doors – from initial contact through to completion. The decisions director has responsibility for professional leadership and knowledge management, across the organisation.

Mark Gee joined us in August as our **chief technology officer**, which is a new post. He reports directly to the director of operations to ensure that we re-engineer our services with technology at the heart of our planning. E-enabling the business, both internally and from a customer (firms and consumer) perspective is a core priority for us over the coming years.

In order to ensure that there is strong customer insight driving both our business process re-engineering and ongoing business delivery, the **communications and customer insight director** (David Cresswell) provides a strong 'outside-in' focus to the executive team, ensuring that what we deliver meets the needs of the customers we serve (both consumers and industry), and backing it up with new research and insight, as well as ongoing monitoring of our service quality levels, and of customer satisfaction.

The **director of finance and performance's** role is to ensure, at both a strategic as well as operational level, that the organisation is managed effectively, with the right financial stewardship, that we are appropriately managing our risks, and engaging effectively at senior levels with our key stakeholders.

In addition, our current **corporate director** (David Thomas), who leads our strategic relationships with government, firms and the FSA, is retiring in late 2011. We will therefore have a year of handover from David to enable the new senior team to benefit from his expertise and experience during a period of change. At the same time, it also allows the new team to explore how we fill David's role when he retires, with the option of some, or all of his responsibilities to go to one or more of the new Directors.

Finally, our **HR & organisational development director**, Jacquie Wiggett supports all of this at both an operational and strategic level.

This matrix structure requires members of the senior team to work hard as a cohesive team, with complementary expertise and experience, to collectively lead the organisation.

## ***our aims and values***

We aim to achieve our objectives by:

- being ***independent, impartial***, and operating with a high degree of ***integrity*** (our values)
- offering a service which is ***quick, fair, reasonable and informal*** (our aims) – ie trying to resolve disputes as quickly as possible, doing what's right in the case, avoiding jargon, and trying to reach decisions without involving lawyers, and using resolution approaches which suit the nature of the specific complaint
- being trusted – we have an extensive range of communication initiatives with stakeholders, including countrywide seminars and workshops, the monthly publication of newsletters, regular meetings with industry liaison groups and the provision of a technical advice helpdesk.

The Service has a very open, collegiate and informal culture, where silos are rare, and people are keen to share knowledge and develop each other's skills. The organisation's values of being ***quick, fair, reasonable and impartial*** permeate the organisation, and the culture. The Service's HR infrastructure is strong, so there is solid performance management, good training and development of staff, and a clear career structure (although work is underway to further clarify and develop the employee proposition). Staff satisfaction and morale are high, most staff enjoy working at the Service and most would recommend the Service as a good place to work.

## ***job profile***

### **Overall purpose**

The role of the board is to ensure that the ombudsman service is properly resourced and able to carry out its work effectively and independently.

As a member of the non-executive board –

### ***Main Responsibilities***

- Help to develop the strategic direction of the organisation
- Scrutinise the performance of the organisation in meeting agreed goals and objectives and monitor the reporting of performance
- Ensure the Service complies with all good governance practices, legislative requirements and acts within the provisions of the Company's Memorandum and Articles of Association
- Develop, promote and act at all times in the best interests of the Service

### ***Main duties***

- Attend monthly board meetings and meetings of sub-committees and ad hoc working groups, as appropriate
- Debate and take specific decisions which the board or executive team consider to be of significant importance to be taken by the board
- Serve on at least one of the board's sub-committees - audit, nomination/remuneration – and ad hoc working groups as required. Also, work with the executive and other board members on key issues, eg equality and diversity
- Ensure appropriate policies are in place to manage risks to the Service's operations and the achievement of its strategic objectives
- Maintain a sound system of financial control. Consult about, and then approve, the annual budget before recommending it to the Financial Services Authority for final approval
- Appoint ombudsmen to the panel in accordance with paragraphs 4 and 5 of schedule 17 of the Financial Services and Markets Act 2000
- Maintain high-level relations with the Service's stakeholders, including the Financial Services Authority, the financial services industry, consumer bodies, government, MPs, the media and staff of the Service

### **Qualifications and experience**

- Experience of serving on a main board of a complex organisation as a non-executive director

### ***Personal qualities***

- Ability to grasp complex legal and consumer issues quickly
- Able to contribute effectively at board level, think strategically and make decisions
- Communicate ideas clearly and concisely
- A strong commitment to the aims and objectives of the Service
- Effective inter-personal skills

The time commitment is approx two days per month.



## the selection and recruitment process

The Financial Ombudsman Service has appointed Russell Reynolds Associates (“RRA”) to assist in the recruitment process.

### *Indicative timetable*

Date	Action
Sunday 26 September	advert in Sunday Times
Monday 11 October	advert closes
week ending 29 October	long list meeting
1 to 12 November	interviews for long-listed candidates with RRA
week ending 19 November	short list meeting
Monday 22 & Friday 26 November	final interviews

### *application instructions*

All applications must include the following:

- the reference number;
- a short covering letter of not more than two A4 sized pages explaining why this appointment interests you and how you meet the appointment criteria and competencies as detailed in the candidate profile;
- a CV with educational and professional qualifications and full employment history, where possible giving details where applicable of budgets and numbers of people managed, relevant achievements in recent posts, together with reasons for absence within the last two years;
- names of at least two referees who may be contacted at short list stage, before final interview;
- confirmation from you that you are happy for Russell Reynolds Associates or the Service to undertake any necessary background checks, including career, credit and qualifications, post short list stage;
- day time, evening and mobile telephone contact numbers and preferred e-mail address for all correspondence, which will be used with discretion;
- the completed equal opportunities form (attachment 1). This form will not be disclosed to anyone involved in assessing your application.

Applications should be sent by the closing date of Monday 11 October 2010, marked for the attention of Patrick Johnson, to:

By email: Responses@RussellReynolds.com (preferred medium)  
quoting 1009-999L in the Subject field

Or, by post to: Patrick Johnson  
Russell Reynolds Associates  
Almack House  
28 King Street  
London SW1Y 6QW

Response Website: [www.rraresponses.com](http://www.rraresponses.com)

***questions and informal discussion:***

If you have any queries about any aspect of this appointment, or merely wish to have an informal discussion, then please call +44 (0) 20 7830 8052.

***attachment:***

1. equal opportunities form – *must* be completed and returned with any application.

# equal opportunities

We will treat this information in total confidence. It will help us identify and overcome any barriers in the way we provide our service. However, you do not have to complete this form and we respect your right not to answer these questions.

## disability

Do you consider yourself to have (or have had) a disability? Yes  No

Please tell us about any workplace adjustments that might be necessary for you to carry out this role:

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## gender

my gender is: female  male

## sexual orientation

bisexual  heterosexual/straight  homosexual/gay/lesbian   
prefer not to say  other

## religion or belief

Buddhist  Christian  Hindu  Jewish  Muslim  Sikh   
other  no religious or philosophical belief  prefer not to say

## ethnic origin

- |   |   |
|---|---|
| <p>a) <b>Asian</b></p> <p>Bangladeshi <input type="checkbox"/></p> <p>Indian <input type="checkbox"/></p> <p>Pakistani <input type="checkbox"/></p> <p>other Asian background <input type="checkbox"/></p><br><p>b) <b>Black</b></p> <p>African <input type="checkbox"/></p> <p>Caribbean <input type="checkbox"/></p> <p>other Black background <input type="checkbox"/></p><br><p>c) <b>Chinese or other ethnic group</b></p> <p>Chinese <input type="checkbox"/></p> <p>other ethnic background <input type="checkbox"/></p> | <p>d) <b>Mixed</b></p> <p>White and Asian <input type="checkbox"/></p> <p>White and Black African <input type="checkbox"/></p> <p>White and Black Caribbean <input type="checkbox"/></p> <p>other mixed background <input type="checkbox"/></p><br><p>a) <b>White</b></p> <p>English <input type="checkbox"/></p> <p>Irish <input type="checkbox"/></p> <p>Northern Irish <input type="checkbox"/></p> <p>Scottish <input type="checkbox"/></p> <p>Welsh <input type="checkbox"/></p> <p>other White background <input type="checkbox"/></p><br><p>f) <b>prefer not to state ethnic origin</b> <input type="checkbox"/></p> |
|---|---|

## nationality

