

empowering consumers



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principal ombudsman and legal director
Financial Ombudsman Service

- We were set up by law to resolve individual complaints between consumers and financial businesses about a wide range of financial matters.
- We are independent and impartial. When we decide a complaint, we look carefully at both sides of the story and weigh up all the facts.
- If we decide a business has treated the consumer fairly we will explain why. But if we decide the business has acted wrongly – we can direct it to put things right.
- Consumers don't have to accept our decision – they are always free to go to court instead. But if they do accept then the decision is binding both on them and the business.



financial services – consumer protection

- The statutory bodies operating as part of the **UK's framework for empowering and protecting consumers** include:
 - Financial Services Authority / Office of Fair Trading
 - Money Advice Service
 - Financial Ombudsman Service
 - Financial Services Compensation Scheme



our role

- We **resolve disputes** quickly and with minimum formality.
- We aim to be an **accessible service** and to provide consumers with an alternative to the courts.
- We aim to be **open and transparent** and to share our experience with others. In 2011/2012 we:
 - consulted on proposals for publishing ombudsman decisions
 - continued to help our customers learn from what we see - through events and outreach
 - continued to have close dialogue with FSA and OFT



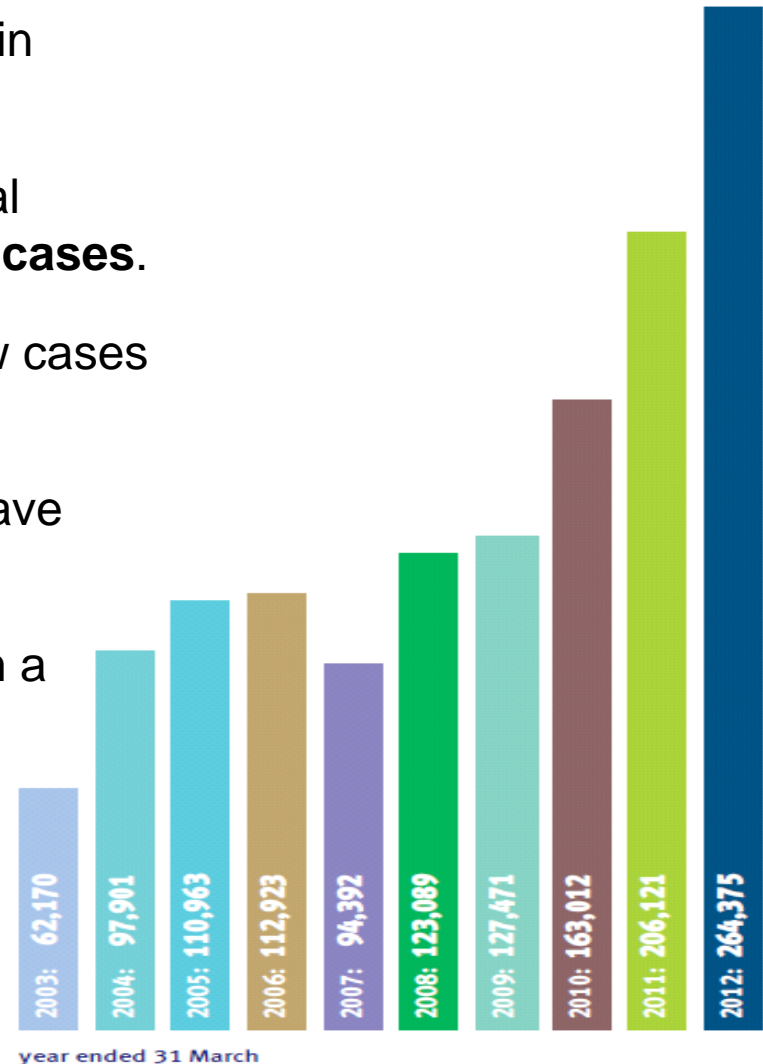
our approach

- To be **completely impartial** – considering each case on its individual facts and merits.
- To **look carefully at both sides of the story** and weigh up all the facts.
- To decide each case on what we consider to be **fair and reasonable** in the circumstances.
- To take into account the **law, relevant rules** and **good industry practice**.
- To **direct matters to be put right** if we decide that the business has acted wrongly.



our workload

- Over **1.25 million** initial enquiries received in 2011/2012.
- 1 in 5** of these enquiries turned into a formal dispute, resulting in a **record 264,375 new cases**.
- This is a **28% increase** on the 206,121 new cases received in 2010/2011.
- It is the highest number of new cases we have received **in any year** since we were set up.
- The record level in 2011/2012 resulted from a 51% increase in complaints about **PPI**.



history of ombudsmen in the UK

- The office of Parliamentary Commissioner for Administration (Parliamentary Ombudsman) was the first ombudsman scheme created back in 1967.
- The first private-sector ombudsman was the Insurance Ombudsman Bureau established in 1981 – and others quickly followed.
- In 2001 eight separate schemes (covering banking, building societies, insurance and investment) were brought together by law to form the Financial Ombudsman Service.
- Statutory private-sector ombudsman schemes now exist in other sectors – and non-ombudsman forms of “alternative” dispute resolution (ADR) have also grown, backed by various voluntary codes.



ombudsmen across the UK retail sector

- Statutory ombudsman schemes now exist in sectors such as **legal services, energy, utilities** and **property services**.
- The current landscape **can be confusing** for consumers, with some businesses covered by multiple ombudsman schemes and some sectors having more than one ombudsman scheme.
- This has made it **increasingly important for ombudsman schemes to work together** to deliver a framework for redress that can be easily understood by consumers and businesses alike.
- Our service is **committed to this issue** and we have been working closely with government departments, regulators and other ombudsman schemes.



conclusion: the benefits of an ombudsman

- Ombudsmen provide an **informal alternative** to the courts and are seen as being **quicker, cheaper** and more **accessible**.
- The ombudsman model allows disputes to be resolved at relatively **low cost** and is **free to consumers** (funded by industry).
- It provides consumers with the **certainty** that a complaint will be taken forward and a decision made on it.
- It can help to improve consumer **trust and confidence** in the industry.
- It can help businesses to **learn from situations** where things have gone wrong – to help **prevent future problems**.
- It provides **strong incentives for businesses** to resolve complaints effectively and efficiently in the first place.

