



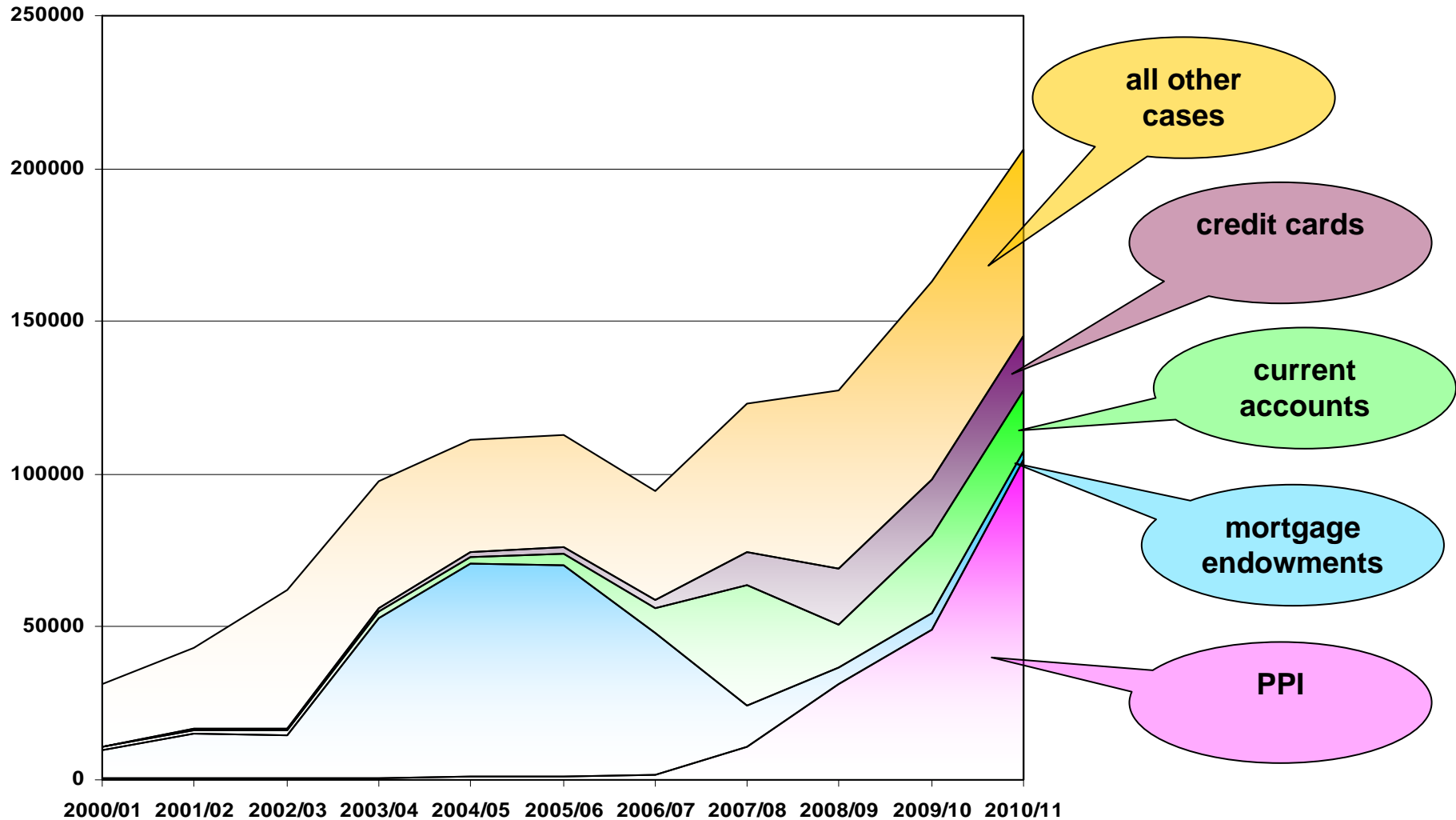
Financial
Ombudsman
Service

PPI - a view from the Ombudsman service

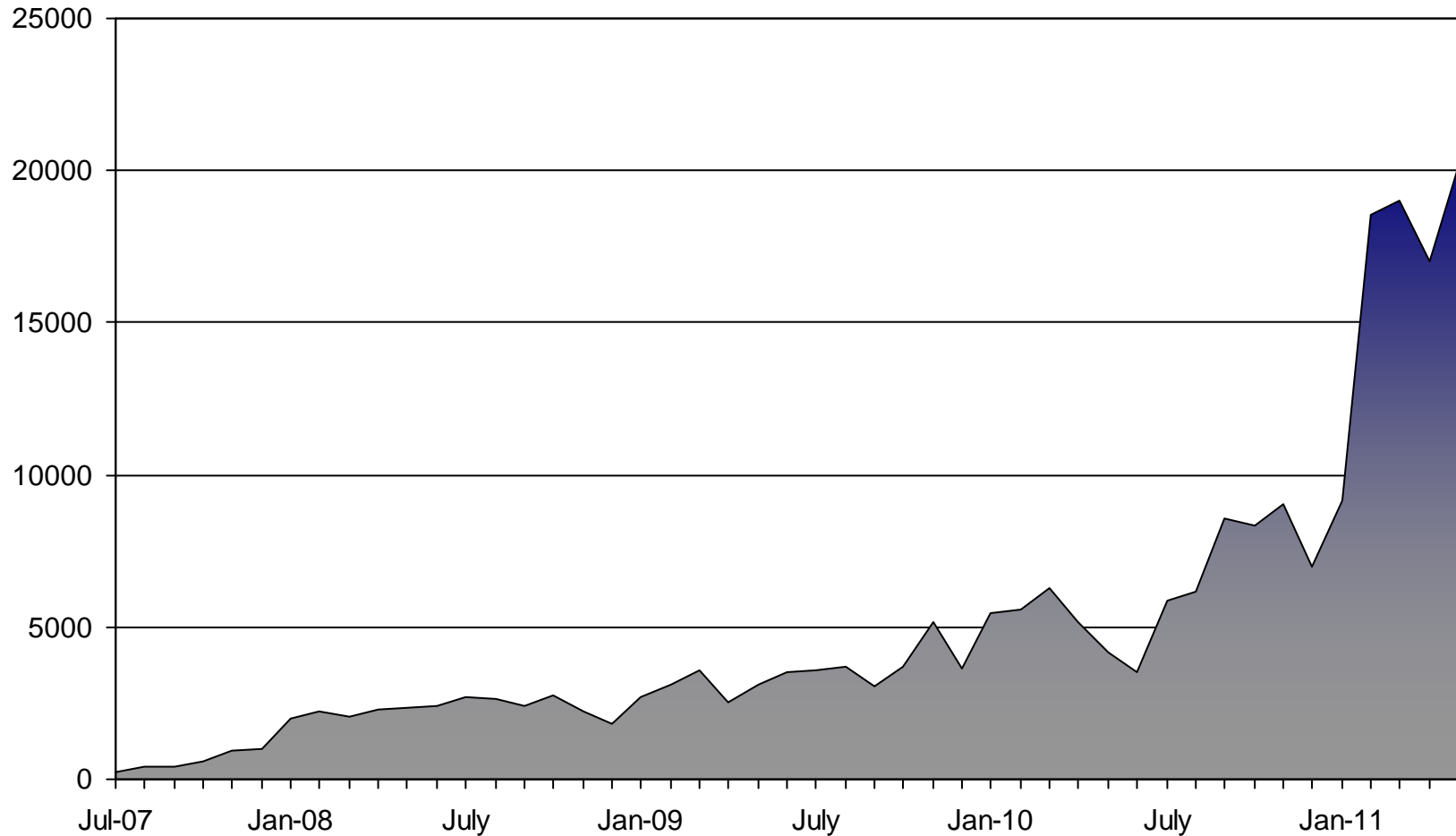
Caroline Wayman

legal director and principal ombudsman

caseload history



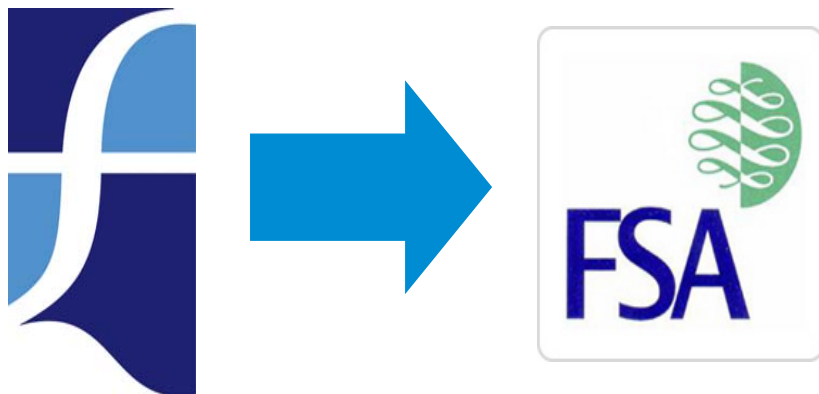
new PPI complaints



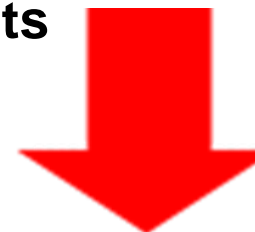


the background ...

- growing complaint volumes and regulatory activity
- July 2008:
Financial Ombudsman Service refers issue to FSA under “wider implications” ...



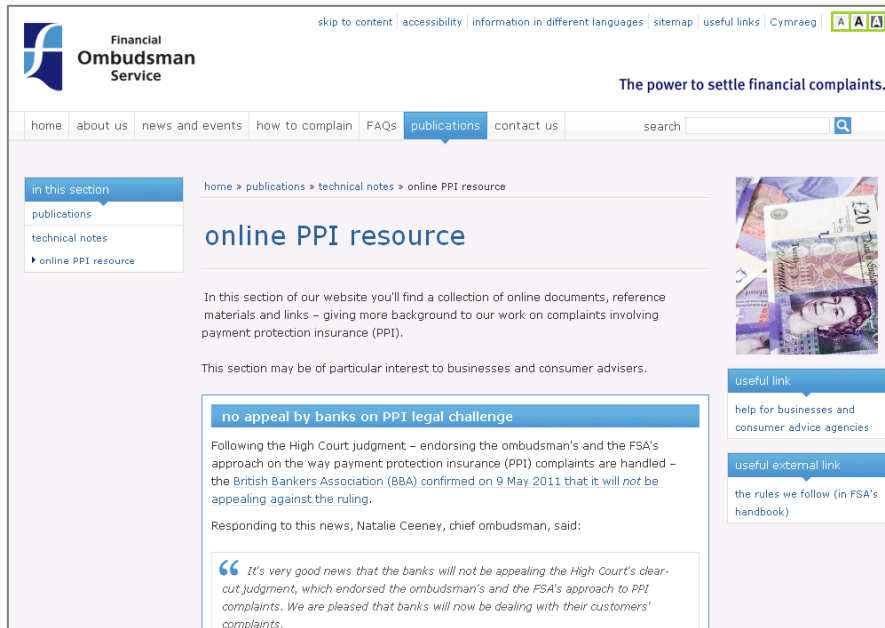
- May 2009: FSA bans sale of single-premium PPI
- August 2010: FSA policy statement
- October 2010: Competition Commission confirms ban on point-of-sale PPI
- ever-growing volumes of complaints



Judicial Review

so what was it all about?

- challenge to the FSA guidance set out in PS10/12
- challenge to the online PPI resource on our website



The screenshot shows the Financial Ombudsman Service website. The header includes the logo, navigation links (home, about us, news and events, how to complain, FAQs, publications, contact us), and a search bar. The main content area is titled "online PPI resource" and contains a paragraph of text, a "useful link" section, and a "useful external link" section. A quote from Natalie Ceeney, chief ombudsman, is also visible.

Financial Ombudsman Service

The power to settle financial complaints.

home | about us | news and events | how to complain | FAQs | **publications** | contact us

in this section

- publications
- technical notes
- ▶ online PPI resource

home » publications » technical notes » online PPI resource

online PPI resource

In this section of our website you'll find a collection of online documents, reference materials and links – giving more background to our work on complaints involving payment protection insurance (PPI).

This section may be of particular interest to businesses and consumer advisers.

no appeal by banks on PPI legal challenge

Following the High Court judgment – endorsing the ombudsman's and the FSA's approach on the way payment protection insurance (PPI) complaints are handled – the British Bankers Association (BBA) confirmed on 9 May 2011 that it will not be appealing against the ruling.

Responding to this news, Natalie Ceeney, chief ombudsman, said:

“It's very good news that the banks will not be appealing the High Court's clear-cut judgment, which endorsed the ombudsman's and the FSA's approach to PPI complaints. We are pleased that banks will now be dealing with their customers' complaints.”

useful link

help for businesses and consumer advice agencies

useful external link

the rules we follow (in FSA's handbook)

http://www.financial-ombudsman.org.uk/publications/technical_notes/ppi.html

all a matter of retrospectivity?

- **No.**
- **Judgment in favour of the approach taken to date by the ombudsman service and FSA**
- **Ombudsman must decide what is fair and reasonable**
- **Law, rules, regulations, industry practice *etc***
- **Careful balancing of these factors**
- **Including FSA high level principles**

a matter of principle?

“The Principles are best understood as the ever present substrata to which the specific rules are added. The Principles always have to be complied with. The specific rules do not supplant them and cannot be used to contradict them. They are but specific applications of them to the particular requirements they cover. The general notion that the specific rules can exhaust the application of the Principles is inappropriate. It cannot be an error of law for the Principles to augment specific rules.”

Mr Justice Ouseley

R (on the application of British Bankers Association) v Financial Services Authority and another [2011] EWHC 999 at paragraph 162 (Admin)

basic approach of the ombudsman

Overall, in assessing a case, we normally need to consider whether:

- the firm that sold the PPI gave its customer information that was clear, fair and not misleading – in order to put the customer in a position where they could make an informed choice about the transaction that they were entering into and the insurance that they were buying; *and*
- whether in giving any advice or recommendation, the firm took adequate steps to ensure that the product it recommended was suitable for that customer's needs.

Taking account of these considerations, the ombudsman needs to reach a fair and reasonable conclusion in all the circumstances of the case.

what has happened since?

MailOnline

Lloyds surrender raises hopes of payouts on PPI as other banks may give up fight

By STEPHEN WOMACK

Last updated at 10:07 PM on 7th May 2011



Payment protection insurance complaints still rising

The Telegraph

insurance

Ombudsman sees flood of rejected PPI compl

More than 1,000 people a week are pursuing mis-selling claims about protection insurance after having their complaints rejected by the bank.

News stories for PPI



Banks throw in the towel on PPI

Published: 09-05-2011

The banking trade body has admitted defeat to consumers

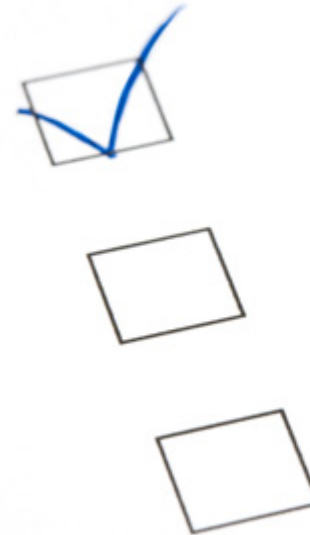
<http://www.moneysavingexpert.com/news/reclaim/20>

- ▶ [PPI sales ban confirmed](#)
 - ▶ [Banks lose PPI case: what it means for you](#)
- [See all news stories »](#)



lessons for the future?

- **Avoid tick box approach**
- **Explain from a customer perspective**
- **Risks of packaging together?**
- **Incentivisation?**



looking forward

- **Can be a valuable product**
- **No intrinsic problems with protection itself**
- **Costs and benefits need to be made clear**
- **Exclusions and key features clear**
- **Separated from lending discussion**
- **Looked at through customers eyes**



Financial
Ombudsman
Service

thank you