

# TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

## THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2017-2018

This year (1 April 2017 to 31 March 2018) the Ombudsman Service recorded having received and investigated a total of 2,501 service complaints. I investigated 405 complaints, 16% of the Service's overall recorded figures.

This is a small reduction in comparison to the 23% of complaints I reviewed last year. This shows that more customers are satisfied with manager's responses to their service complaints. I have also noticed a shift in the types of complaints I reviewed this year and believe this is due to the different ways of working adopted by the Service.

### Complaints investigated by me

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	<b>This year</b>	<b>2016-2017</b>	<b>2015-2016</b>
<b>Satisfactory</b>	<b>45%</b>	<b>46%</b>	<b>39%</b>
<b>Adequate</b>	<b>9%</b>	<b>14%</b>	<b>13%</b>
<b>Critical</b>	<b>46%</b>	<b>40%</b>	<b>48%</b>

Overall 54% of the complaints I investigated were dealt with well, or only had minor service failings. This marks a 6% decrease from last year's figures. However, critical complaints increased by 6%.

#### *What the Service did well:*

Complaints I classed as satisfactory and adequate were largely about how the Service carries out its investigatory process and how it considers evidence on a case. Consumers complain of bias as they believe businesses are given more opportunity to engage with the Service and provide information. I have not seen evidence of this in any of the cases I have reviewed. I'm pleased to see that complaints about staff professionalism/attitude have reduced by 14% compared to last year.

#### *Complaints I found critical:*

I made recommendations in 48% of the critical complaints. This means the Service hasn't always put things right for customers. Some of my recommendations have been around approaches the Service should take when dealing with customers, such as clearly setting out how it will communicate, timescales, and that more care is taken with all submissions before reaching a conclusion.

### Overall complaint themes

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A comparison of the top three complaint themes against the previous year indicates the main reasons customers have approached me:

	<b>This year</b>		<b>Last year 2016/2017</b>
Communication	33%	Adherence to FOS process	25%
Adherence to FOS process	19%	Communication	20%
Fairness and Impartiality	15%	Professionalism/ attitude of staff	18%

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There has been a shift from last year, communication is now the primary concern followed by adherence to FOS process. It is apparent from my reviews that the current top three concerns are all interlinked and consequently have come up as the highest causes of concern.

**Communication** – the Service has overhauled the way it communicates with its customers, moving away from its old practice of formal written communication and now engaging more with its customers over the phone. It has made changes to the language it uses when communicating with customers, using a more informal style that allows it to better explain and communicate the sometimes complex nature of the cases it deals with in a clearer and more concise manner.

Given this has been an area of focus for the Service it is disappointing to see that communication is still so high on this list. I've found that 56% of communication complaints were critical and I made recommendations on over half of those.

Over the last few years communication has remained one of the highest causes for concern. Concerns are still typically about the wording of final decisions, miscommunication of outcomes, not providing clear and accurate information about processes- these all lead to customers feeling as though they have not been listened to, their complaint has not been taken seriously or that the Service has taken sides.

Many of the complaints I see begin with a breakdown in, lack of, or mis- communication, which often leads to other complaints, such as the quality of its investigation or its adherence to its own processes.

Communication needs to be an area of ongoing focus for the Service. It needs to ensure its' staff are keeping customers informed and updated and communicating clearly. Better communication throughout the investigation of the case will help its customers to understand why the outcome has been reached.

**Adherence to process** – has been a common concern over the last three years. I found that 59% of adherence to process complaints were critical. I made recommendations on 42% of those.

Last year I reported that a number of the customers who had previously used the Service were not used to, or were unhappy with the changes in its processes. This is still the case for some customers. In addition I am seeing complaints from customers who have brought multiple cases with the Service, and have noted differences in the way different areas of the Service reviewed their cases and corresponded with them. This created the impression that the Service wasn't following its processes appropriately, and was reinforced as the factsheets the Service was using referred to outdated processes.

Having said that, I'm pleased to see the Service has now begun to update its factsheets. It needs to ensure relevant and correct information about process is given at the appropriate time so there are no surprises and customers are reassured their case is following the process they had been told it would. If for any reason there is a change it needs to be communicated beforehand.

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I have seen cases where consumers believe the Service has the same powers as the regulator and are disappointed when businesses aren't punished or penalised by the Service. This is outside of the Service's remit.

**Fairness and Impartiality** – Customer concerns about fairness and impartiality go to the core of what the Service is about. I reviewed a total of 62 complaints about this concern, of which 13% were critical, but I did not find bias. The service failures were about the communication. I was satisfied with the way the Service had addressed them all and put things right, so there was no need for me to make any recommendations.

Typically complaints were made to me about:

- Consumers felt the Service had more contact with the business.
- Customers felt their concerns were not listened to or taken into account.
- Customers didn't feel the Service had provided them with the information or evidence to support its decision.

Complaints about fairness and impartiality have increased by 50% since my last report. A reason for this increase may be the Service's shift from predominantly written communication to talking through cases over the phone. Although an informal conversation is more natural, essential information should still be given. For example, mentioning the evidence provided by both parties, explaining why it focused on certain pieces of information and advising customers of its investigatory approach to the product area involved.

#### Complaints rejected by me

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415 customers contacted me to consider complaints that I was unable to review:

- 29% were complaints about the merits of the case. Where customers disagreed with the outcome reached by the Service. These fall outside of my remit.
- 27% were complaints that hadn't yet been raised with the Service. I understand customers feel strongly about their concerns and will often bypass the internal complaints process but, my Terms of Reference state, the Service has to have had an opportunity to respond to a complaint before I can get involved.
- 16% were complaints brought to me while the case was ongoing. I normally review a complaint after the Service has concluded its investigation, except where I decide there are exceptional circumstances and there is a need for me to step in early. There was only one service complaint where I stepped in before the Service had concluded its investigation.

#### Areas to focus on

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- *FAMR - Smaller respondent businesses*

This year I reviewed six complaints from smaller businesses who were responding to complaints from consumers. Of these I found four to be critical and made recommendations on three of these. Given the very small number involved it is statistically impossible to draw firm conclusions.

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From the four I found to be critical, typically these involved the Service not making the business aware of its jurisdiction guidelines, particularly around time barring complaints; the Service did not provide information about its remit and purpose, and there were breakdowns in communication between businesses and the Service.

Whilst in some cases, a smaller respondent business will have dealt with the Service a number of times, there are still those who have had minimal or no interaction with the Service and who have little understanding of its role or the investigation process cases go through. The Service needs to be able to identify these businesses to ensure that clear guidance is provided and any misconceptions or misunderstandings are quickly cleared up at the earliest opportunity.

The Service should be mindful that in some cases the business may not have the resources to comply with the Service's request within the timescales it provides, and therefore further time may be needed. They also need to provide clear information about the progress of a case in much the same way they would to a consumer.

Most importantly the Service needs to consider the impact a case can have on a smaller respondent business. The request for information, understanding the Service's point of view and complying with its decisions will all impact a smaller respondent business differently to the larger corporations it deals with routinely.

- *Vulnerable customers*

The Service should be accessible to all customers regardless of their circumstances. It is now dealing with more vulnerable customers, in particular those with mental health issues and specific accessibility needs. I reviewed 50 complaints (13%) which involved vulnerable customers. 42% of those I found to be critical and I made recommendations in 71% of those.

I found most of the time the Service did record correct warnings and relevant instructions on its system, but it didn't consistently act on them.

- *Customers displaying unreasonable behaviour*

Professionalism/attitude of staff was one of the top three concerns I identified last year at 18%. This has significantly reduced to 4%, despite staff dealing with more challenging customers. I have come across more cases where customers are abusive, aggressive and unreasonable in their behaviour towards staff. It is to their credit that despite such unacceptable conduct levelled at them, staff at the Ombudsman Service have remained polite and professional. Staff who deal with complaints should not be subjected to such behaviour. The Service should further consider more robust measures to manage such behaviours.

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### Headline topics

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- *Investigation pods*

A large area of the Service has now been working in a *new* way for a couple of years. I have seen positives come out of this approach. These include providing a smooth journey for customers, a more personable relationship between customer and staff, issues reviewed by the appropriate person and overall quicker resolutions.

The lines between the circumstances of a case and the level of service received can at times become blurred, so it's helpful that customers are able to discuss all of their concerns with more senior staff. It often provides clarity when something is looked at and explained by a different person.

I investigated a total of 138 complaints from the investigation areas. 59% were dealt with well or had minor service failings. Out of the 138 complaints 41% were critical and I made recommendations on half of those.

This means that although the Service took some appropriate steps to put things right before the customer contacted me, I found that more could have been done to resolve the complaint when there were serious failings.

I note that 35% of complaints from the investigations pods were about communication. 60% were critical and I made recommendations in 65% of those.

- *New service complaints process*

This year the Service has reviewed its internal complaints process. Historically, the Service would provide two responses before giving referral rights to contact me as the Independent Assessor.

Earlier this year the Service trialled a one stage internal complaints process, where only one response was provided before giving referral rights to my office. The purpose of this trial was to see if a one stage investigation was as thorough as the established process and if it could provide customers with a smoother, more straightforward complaints journey.

During this trial the Service dealt with 205 service complaints. I reviewed 17% of these and found failings in just under half. I was satisfied the Service had taken steps to correct its failings, so I only made recommendations in 8% of those. Given the very small numbers, I haven't been able to identify any specific trends in the nature of the complaints.

Overall, I found that having a one stage process is proving to be more efficient. Managers appear to be getting to the heart of the service complaint quicker and issuing responses which reflect a thorough review. The referral rate to my office suggests that customers are responding well to the change. This process is less frustrating for customers, as their concerns are swiftly reviewed both by the Service and then, if they remain unhappy, by me the independent external scrutineer.

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#### Customer outlook

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Feedback I have received shows that what is valued most is having the chance to air their concerns to an independent person and that I have looked into them and clarified matters for them; even when I haven't necessarily given them the answer they had hoped for. Here are but a couple of examples:

*"Thank you for your response, which is very in depth and easy to understand as to why you are or are not agreeing with the complaints I have raised. I am impressed, can finally let go of this matter and I fully accept your final decision as fair. "*

*"I just wanted to email you to let you know that I do appreciate the time and effort you have taken into assessing all of the information in front of you. In today's society people are very quick to raise complaints, but we are not as good at saying thank you. I just wanted to pass on that I appreciate the work you have carried out and your comments."*

#### Looking forward

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In 2018/19 I will move to a new system of classification to more accurately reflect what happened and how a complaint was handled. This will make clearer the extent of a service failure.

The new classifications will be categorised in two groups *Satisfactory* and *Unsatisfactory*. These groups can be flexed to no recommendations, a learning point and with recommendations. This new way of recording my findings will give the Service scope for further analysis and embed a learning and improvement culture to further improve the service it provides its customers.