

Minutes – Insurance, Long-Term Savings, and Investments Industry Steering Group

26 July 2023, Hybrid meeting

Financial Ombudsman Service attendees	Industry attendees
<p>James Dipple-Johnstone, Deputy Chief Ombudsman</p> <p>Rachel Lam, Ombudsman Director, Insurance</p> <p>Tim Archer, Ombudsman Director, Investments, Pensions and Mortgages</p> <p>Nigel Pope</p> <p>Sean Hamilton</p> <p>David Bainbridge</p> <p>Andy Howell (break-out session)</p> <p>Garry Hunter (break-out session)</p>	<p>Charlotte Clark, Director of Regulation, ABI</p> <p>Cristina Nestares, UK CEO, Admiral</p> <p>Alison Rayner, Allianz</p> <p>Tracey Gration, Aviva</p> <p>Michele Golunska, Aviva</p> <p>Iain LeCouteur, AXA</p> <p>Kate Syred, DLG</p> <p>Nathan Horner, DLG</p> <p>Paul Turner, Just Retirement</p> <p>Nimol Rajkumar, Legal and General</p> <p>Craig Thornton, Lloyds Insurance</p> <p>Lee Bullen, M&G</p> <p>Abbi Fry, NFU Mutual</p> <p>Anthony Scammell, Quilter</p> <p>Jonathan Sarkar, Rothesay</p> <p>Julian Heath, RSA</p> <p>Richard Peden, Zurich</p>
Apologies	<p>Ant Middle, UK CEO, Ageas UK, Colm Holmes, CEO, Allianz, Adam Winslow, CEO UK & Ireland, General Insurance, Aviva, Doug Brown, CEO, UK & Ireland Life, Aviva, Claudio Gienal, CEO, AXA UK & Ireland, Bernie Hickman, CEO, Legal & General, Mark Summerfield, CEO, Co-op Insurance, Chira Barua, Group Director, Lloyds Banking Group and CEO Scottish Widows Insurance, Pensions and Investments, Nick Turner, Group CEO, NFU Mutual, Andy Curran, CEO, Savings and Retirement, Pheonix Group, Steven Levin, CEO, Quilter, Barry O'Dwyer, Group CEO, Royal London Group, Ken Norgrove, CEO UK & Ireland, RSA, Tim Bailey, UK CEO, Zurich</p>

Item	Agenda
1.	Welcome and introductions
2.	Key updates from the Financial Ombudsman <ul style="list-style-type: none"> - Our progress - Duty to cooperate - Professional Representatives and future charging arrangements - Working together to improve efficiencies
3.	Discussion on casework trends and emerging issues <ul style="list-style-type: none"> - General insurance insights – general trends; claim delays; motor valuations; insurance pricing; Consumer Duty - Long-term savings & investments insights – volumes & trends in pensions & investments; customer waiting times; admin and delay complaints; pension liberation/scam complaints against ceding schemes
4.	Closing remarks and AOB

1. Welcome and introductions

1.1 The Chair welcomed attendees to the meeting and attendees introduced themselves.

2. Key updates from the Financial Ombudsman

2.1 The Chair provided key updates on our progress on improvements to our service, the duty to cooperate, our work on future charging arrangements for professional representatives and our preparations for the Consumer Duty.

2.2 A member of the group expressed an interest in how the Financial Ombudsman will apply the charging structure for professional representatives. The Chair acknowledged that the provision will be aimed at high volume commercial representatives once the legislation is in place.

2.3 We updated the group on our work to make the casework process more efficient and on the initiative we have introduced to proactively settle complaints.

2.4 Members of the group were interested in how the Consumer Duty requirements have changed our approach to our casework and process updates and expressed concern that there may be a movement in decisions that the Financial Ombudsman isn't able to track so would welcome workshops in the autumn to understand our approach and rationale behind decisions. In particular, the group will be interested in getting a sense of where our interpretation has shifted as a result of to the Consumer Duty.

3. Discussion on casework trends and emerging issues

3.1 The group then split into two separate sub-groups to discuss trends and emerging issues in their respective sectors.

4. General insurance trends and issues discussion

4.1 The Chair updated the group on our general insurance complaint volumes and uphold rates, in particular that the Financial Ombudsman has seen some significant increases in both. Members of the group observed that the uphold rates mirrored what their businesses have seen internally and expressed an interest in getting a more detailed breakdown of the uphold

rates, and if that detail would lead to the Financial Ombudsman drawing different conclusions. The group were particularly interested in whether the Financial Ombudsman's operational work to improve efficiency may be impacting on volumes.

- 4.2 The group reflected on the need to consider what the Financial Ombudsman does to communicate the data in between these six-monthly industry steering groups given that some of the uphold rates have gone from green to amber to red in a relatively short period.
- 4.3 The group were keen to understand our thinking around how the Financial Ombudsman triages cases that have a significant impact on the customer. It was agreed that that a helpful outcome from this meeting might be to identify cases that can be proactively settled.
- 4.4 The group also reflected on claim delays being the largest area of complaints for some members with capacity still being an issue and the need to manage their customers' expectations by not over promising and under delivering and drawing out issues like vulnerability early on in the process.
- 4.5 We updated the group on motor valuation cases citing an increase in volumes and uphold rates. We explained that the Financial Ombudsman regularly challenges the guides to ensure people are getting fair values and that we have shared our approach with businesses (e.g., at the motor roundtable event) and with the FCA. Members of the group reported that this was a particular focus for their businesses, and that they have taken the opportunity to consider how they better assess cases and to understand what the Financial Ombudsman does to evidence good practice.
- 4.6 We updated the group on our pricing insights, explaining that the Financial Ombudsman has seen a slow and steady increase in trends on pricing. We explained that the uphold rate is relatively low and that typically these types of complaints relate mainly to administration. Members of the group reflected that this was similar to their experience; that they have also undertaken some work on the digital journeys of customers renewing online to understand why prices have gone up; and that some customers call them back once they understand the position on pricing.
- 4.7 The group discussed fair value through the lens of the Consumer Duty. Observations included: in preparation for going live, they have spoken to various parties in the supply chain to ensure they are aligned in terms of expectations and have strengthened their oversight and reporting; they are not expecting to reference Consumer Duty in their dialogue with customers; internally, they want to deliver the right outcome whether pre our post the implementation date of the Consumer Duty and will triage cases depending on particular themes. If they get cases they think might be an issue, they will refer these to the Financial Ombudsman to be fast tracked. The group are not expecting lots of customers to suddenly start quoting the Consumer Duty rules when making a complaint.
- 4.8 The group reflected on how they improve things so that customers regain confidence in insurers.

5. Long-term savings & investments trends and issues discussion

- 5.1 The Chair discussed key trends and volumes in long-term savings and investments, explaining that this financial year the Financial Ombudsman are forecasting a slight increase in complaints, with some of that increase expected to come from the current economic situation, the cost of living and interest rates.
- 5.2 The Chair continued to explain the areas of focus for the Financial Ombudsman for the coming year. Including reducing the backlog of cases within SIPP, due diligence and pension liberation cases.
- 5.3 Members of the group shared that they are seeing an increase in complaints relating to fund performance, particularly around customer expectations on immediacy and timelines, as well as customers saying they were unaware they could lose money or that performance could go down.

- 5.4 There was consensus amongst the group that they are seeing more complaints around annuities and equity release. The group commented that rising interest rates are causing demand for annuities to increase, putting a strain on administration.
- 5.5 With regards to equity release it was noted that changes to interest rates had created a more volatile market, with frustration among customers who are unable to borrow in the same way as they have done in the past.
- 5.6 The group also shared that they have noticed a general change in customer behaviour post-pandemic, particularly around expectations of immediacy of requests, and a lack of understanding around complexity of transfers, leading to an uptick in complaints.
- 5.7 We updated the group on the improved time scales, explaining that the Financial Ombudsman is now allocating cases often within a week to a month, and stressing the importance of firms sending over their files in a prompt fashion.
- 5.8 A member of the group asked if the plan is to grow resource to tackle remaining backlogs, mentioning that its important firms have prior knowledge of this and understand in advance any change in practice so they can comment appropriately on it.
- 5.9 The chair talked through the role of the directorates and explained that we don't have new ombudsmen but instead have removed duties from existing ombudsmen to allow them more time to focus on decisions, particularly around legacy issues.

6. Closing remarks and AOB (both groups)

- 6.1 The general insurance group agreed that a separate general insurance discussion had been very helpful and that they would welcome a separate roundtable in the autumn as recent roundtables, such as the underinsurance roundtable, had been very useful.
- 6.2 Other final remarks from the group included: an update on the Operational Contact function in light of the recent restructure would be helpful; whether Financial Ombudsman Service compensation limits are being looked at in line with inflation as well as from a diversity and inclusion perspective; and concerns about the data on uphold rates and that the more we can penetrate that the better.
- 6.3 The chair of the long-term savings and investments group asked for reflections from the group on the session. The majority of the group agreed the break-out session on long-term investments and pensions was useful and focusing on specific topics in the future would be useful.