

ombudsman news

essential reading for people interested in financial complaints – and how to prevent or settle them



Financial
Ombudsman
Service

plans into action



Caroline Wayman
chief ombudsman

It's become a bit of a cliché to talk about putting people before process. But it's a phrase that sticks around because it's a perennial problem organisations grapple with – particularly large ones, where it can sometimes feel that internal procedures work against customer service and common sense.

It's a frustration many people in financial services will identify with: both when they're trying to help customers, and personally as consumers themselves.

As a service provider – and one that's grown considerably in response to demand – these are challenges for us, too. We know from our own research – and research from other sectors – that when something goes wrong, the prospect of bureaucracy means some people just can't face trying to sort it out.

This is unsatisfying enough if you've got a worry about your bank account. But if you're faced with losing your home, this sense of helplessness could have devastating consequences. And leaving these kinds of issues unresolved could mean a business loses someone's trust, custom or both – when the relationship might otherwise have lasted for years to come.

So – for the benefit of everyone involved – it's essential to break down barriers to getting problems sorted out. For us, that means understanding how we can make using our service as straightforward as possible. It's why we've been working increasingly flexibly, putting our ombudsmen's expertise and experience at the heart of our investigation teams.

 @financialombuds  financial-ombudsman.org.uk

 get in touch or subscribe

Our case studies in this *ombudsman news* help to show this flexibility in action. Of course, fairness is, and always will be, at the centre of our approach. But pace and responsiveness matter too. We're now often able to unravel and resolve problems in a matter of days or even hours. That's good news for someone with concerns about their current account – and potentially life-changing for someone in serious mortgage arrears.

From the feedback we've received from businesses and consumers alike, we know things are going in the right direction. But there's more to be done – and in [our plans for the year ahead](#), which we published last week, there's more detail about our aims and priorities for the coming months. Whatever challenges 2017/2018 brings, we'll keep up the pace by working together.

Caroline



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our plans for 2017/2018

From 14 December 2016 to 31 January 2017, we consulted publicly on our proposed plans and budget for 2017/2018. In response, our stakeholders gave us their perspectives on the challenges we'd identified and on the types and volumes of problems we anticipated that we'd need to be ready to resolve.

Having taken into account all the feedback we received, we've now finalised our plans for the year ahead. We've highlighted some of them here – and there's more detail on our [website](#)

our customers

pragmatism listening

timely answers

our reach
relevant

accessible encouraging
fairness

our service

easy to use sustainable

efficient

expertise problem solvers

our people



our service

We'll run a service with fairness at its heart – one that's both relevant in a changing world and sustainable into the future. Working flexibly and efficiently, we'll make sure we're easy to use while being mindful of how we're using our resources.



our customers

We'll earn people's trust by showing we've listened to their perspectives. Working flexibly, we'll combine expert knowledge with common sense and pragmatism – giving timely answers that are fair and feel fair too.



our reach

We want everyone who needs us to know we're here and how we can help – and we'll adapt our service to people's lives and needs. By sharing our insight and experience, we'll help prevent complaints and promote confidence in financial services.

a tailored, flexible service



sharing insight across the UK



our people

We're expert problem-solvers who build each other's knowledge and are proud of the difference we make. Being diverse and inclusive gives us different perspectives, which gives us confidence in the fairness of the decisions we make.

knowledge at our heart



committed to equality and diversity



read our action plan

plans into action

In *our plans for the year ahead*, we explain how – with our ombudsmen’s expertise and experience at the heart of our service – we’re resolving the problems people bring to us with greater flexibility and pace, while keeping our focus on fairness. These case studies illustrate how we’ve helped consumers and businesses sort out and move forward from a range of concerns and complaints – from confusion about bank account switching, to the distress of repossession.

consumer can’t get car insurance because of mix-up with chargeback and Cifas

Mr S got in touch with us about problems he was having getting car insurance. He said he’d originally taken out insurance around 18 months previously, and his friend had paid for it with her debit card. But there’d been a mix up. His friend had got confused, hadn’t recognised the transaction, and had tried to do a chargeback. And as a result, the insurer had cancelled the policy.

Mr S explained that, although he’d managed to find different insurance at the time, he couldn’t find an insurer to cover him this year. He said he’d gone round in circles with his previous insurer and his friend’s bank. But he wasn’t getting anywhere – and wanted our help.

putting things right

It seemed the situation was now urgent. Having spent several weeks trying to sort things out, Mr S would have no insurance within the next week. He lived in a small village and relied heavily on his car. On top of this worry, he’d recently had heart surgery – and was finding dealing with the situation very stressful.

Mr S said that his old insurer had told him he’d need to get confirmation from his friend’s bank that her debit card payment was genuine. He and his friend had both tried speaking to the bank, but the bank had said it was nothing to do with them.

We got in touch with Mr S’s old insurer to find out more. They confirmed that Mr S’s friend had made a chargeback on the payment for his insurance. So they’d cancelled his policy and shared his details with the national fraud database, Cifas – which explained why he couldn’t now get insurance. The old insurer said they wanted proof that Mr S’s friend’s payment hadn’t been fraudulent – and only then would they arrange for the Cifas marker to be removed.

Mr S’s friend was happy to talk to us. She confirmed she’d wanted to pay for Mr S’s insurance, and had accidentally reclaimed it when she hadn’t recognised the way the insurer’s name had come up on her bank statement. She said she didn’t want to speak to her bank again because she’d found it difficult when she’d tried in the past.

We suggested to Mr S’s friend that she write directly to Mr S’s old insurer to confirm that her payment had been genuine. Within the week, the insurer had removed Mr S’s details from the Cifas database and he’d been able to find new car insurance.

case study 140/1

consumer thinks packaged bank account with overdraft was mis-sold

Mr B contacted us about his packaged bank account. He explained that a few years previously, shortly after he'd been made redundant, his bank had phoned him about upgrading his account. At the time, he'd been working in his local pub to tide things over. And as the account would mean he'd get a better interest rate on his overdraft, he'd agreed to it.

But now – looking at the monthly fee, as well as charges he'd run up – Mr B felt he'd lost a lot of money over the years. He'd complained, but his bank had told him they believed the account was the right choice – and that the car breakdown cover it came with would have been useful to him. Mr B now wanted our view.

putting things right

We asked Mr B what he remembered from when his account was sold. He explained how desperate he'd felt after losing his job and how difficult his financial circumstances had been. He said all he remembered talking about was the overdraft – and he didn't remember the bank mentioning the car breakdown cover.

We phoned the bank to hear their side. The original sales call was no longer available – which wasn't surprising given the time that had passed. The bank disagreed that the increased overdraft was the only reason for the upgrade. They pointed to Mr B's bank statements, which showed he'd stopped making payments for standalone breakdown cover after he'd upgraded to the account. They said this supported their view that they'd recommended the account because it had breakdown cover, and not just on the basis of the overdraft rate.

We asked Mr B about this. He said the reason he'd let the separate breakdown cover expire was because he couldn't afford it any more. He said he hadn't known his new bank account included breakdown cover – and he hadn't even been using his car because he'd been living within walking distance of work.

We decided – on balance – it was more likely that the account had been recommended to Mr B because of the overdraft rate. To outweigh the cost of the account fees, Mr B would have needed to be constantly near the maximum overdraft limit. And this hadn't been the case.

So overall, we didn't think the bank's recommendation had been right for Mr B. On reflection, the bank agreed he'd have been better off with a free account – and refunded all the packaged account fees he'd paid, with interest.

case study 140/2

consumer pays twice for car insurance following auto-renewal

Mr M phoned us after discovering his car insurer had renewed his policy. He'd already taken out insurance with a different company, so was now paying for two different policies for the same car. He said he hadn't been told his policy would auto-renew and wanted us to get his money back.

putting things right

Mr M hadn't yet contacted the insurer, but they'd already given us consent to get involved in complaints early on. When we got in touch with them, they said they'd no record of Mr M asking to cancel his policy.

We explained that we'd need to check it had been clear to Mr M that his policy would renew automatically. So we asked the insurer to send us the policy documents – as well as records of the contact they'd had with Mr M. In the meantime, Mr M emailed us details of the new policy he'd taken out with a different insurer.

We could see the policy documents clearly said the insurance would automatically renew. And the insurer's records showed that they'd emailed Mr M to remind him. There was also no evidence that Mr M had tried to cancel the policy. He'd phoned the insurer a few months beforehand, but the records showed this call was about adding another driver. On the other hand, it was clear from the fact Mr M had taken out new insurance that he hadn't realised what had happened.

We explained to Mr M that, given what we'd seen, we didn't think the insurer had acted unfairly. But in the circumstances, the insurer said they'd refund his renewal premium, less a cancellation fee. Mr M agreed to this and said he was happy to have the problem resolved so quickly.

case study 140/3

consumers can't extend interest-only mortgage and face repossession

Mr and Mrs T told us they were having trouble with their interest-only mortgage. Their term had ended and they'd asked to extend it by five years. But their lender wouldn't agree, even though they'd put forward a plan for paying off the balance.

The lender had already told Mr and Mrs T their house needed to be sold – and they'd already begun to take legal action. Distressed and frustrated, Mr and Mrs T didn't know what to do next.

putting things right

We carefully considered both sides' positions. Mr and Mrs T had explained they'd be able to pay off their mortgage with their pensions. For their part, the lender wasn't saying they thought this suggestion was unaffordable. But they'd decided to enforce their end-of-term policy, which they said didn't accommodate what Mr and Mrs T had put forward.

We told the lender we weren't satisfied they were treating Mr and Mrs T fairly – or thinking about their individual circumstances. In our view, the couple's repayment suggestion seemed credible – and the lender hadn't considered any option but the sale of the house.

After we'd explained this, the lender said they'd changed their mind. They said they'd stop their legal action and would extend the mortgage term for five years – with Mr and Mrs T paying off the capital and the interest, rather than the interest alone. Mr and Mrs T were happy to agree – saying they were relieved their home was safe and that they could move forward with their lives.

case study 140/4

consumer with terminal cancer says his life assurance won't pay off his mortgage

A cancer charity contacted us about Mr C, who'd been given just a few weeks to live. He was very worried that his wife, Mrs C, would struggle to afford their mortgage repayments and would lose their home after he died.

The charity explained that Mr C had checked his life assurance arrangements. He'd been told by his provider that his cover wasn't guaranteed to pay off his mortgage balance, because he didn't have "decreasing term" assurance. Mr C felt he'd been sold useless cover – and the charity wanted our view.

putting things right

It was clearly an extremely distressing time for both Mr and Mrs C – and they needed an answer urgently. Although the life assurance provider hadn't looked into Mr C's concerns, they said we could start looking at things straight away. And they quickly sent over some information from financial planning meetings they'd had with Mr C in the past.

Looking at these records, we saw Mr C had been offered decreasing term assurance for his mortgage on three previous occasions. But he'd turned it down, saying he had enough other cover in place. The provider explained that Mr C had three other life policies – and that he was still repaying a personal loan to another part of their business group.

The provider sent us records showing the value of Mr C's other policies. And, having reviewed these, we confirmed to the charity that there'd be enough to pay off Mr C's mortgage balance. We also got in touch with the loan company to explain Mr C's situation – and they offered to write off the outstanding balance, so he had one less thing to worry about.

Mr C told us it was a huge relief to know Mrs C would be financially secure.

case study 140/5

consumer with cancer can't move back home following flood damage and insurance claim

Mrs Q contacted us on behalf of her father, Mr B. She explained that Mr B had been in hospital receiving treatment for cancer when his home had flooded, causing extensive damage. He'd successfully claimed on his home insurance – and the insurer had arranged for a specialist company to dry everything out with dehumidifiers and carry out repairs.

Mrs Q said that, once the specialist company had said they'd finished, she'd visited the house to check it over. She'd phoned the insurers to let them know the floor was still wet. But after some delay, the insurer had told her that, because Mr B's floor hadn't had damp-proofing installed before the flooding, it wasn't their responsibility to repair it.

Mrs Q didn't think this was fair – and asked if we could help sort things out. She said her father had been living in temporary accommodation since coming out of hospital, and wanted to be back at home so his family could care for him there.

putting things right

We asked the insurer how they'd reached their decision. They said paying for damp proofing would put Mr B in a better position than he'd been in before the flood damage. So they didn't think it was fair to expect them to cover it.

We explained to the insurer that they had a responsibility to put in place lasting repairs. It seemed the alternative to fitting damp-proofing was to repeatedly dry out Mr B's house. And the insurer agreed this wasn't practical, as the dehumidifiers would need to run for eight hours a day.

The insurer told us that, on reflection, paying for damp proofing as part of the claim would be the best way to settle it – ensuring that continuous repairs wouldn't be needed into the future. They also accepted that prolonging the claim for longer than necessary had caused significant distress to Mr B and his family. So they offered £500 to recognise this.

We let Mr B and Mrs Q know that the insurer wanted to put things right for them – and that we thought their suggestion was fair. Mr B was happy to accept and relieved to be moving back home.

case study 140/6

consumer can't afford repairs to hire-purchase car

Mr D phoned us after having repeated trouble with his car. He said it had begun to have engine problems eight months after he'd bought it on hire purchase. He'd been told by the garage that it needed a replacement engine. So he'd contacted the lender to see if they'd cover the cost.

The lender had told Mr D that they wouldn't pay for the engine, but they'd add the amount to Mr D's borrowing – so he could pay it off over time. Mr D said he hadn't been happy with this, but had agreed because he'd needed a working car.

A couple of months later, Mr D was still having trouble. The garage was now saying a different component was at fault. And the lender was giving the same response about paying for it.

Mr D told us he didn't want to take on any more debt – and was very unhappy to be paying each month for a car he couldn't drive. He asked if we could help.

putting things right

We got in touch with the lender to hear their side. They said they'd already given Mr D their final response on the complaint. They didn't think the faults had been there when he bought the car, so they weren't liable for repairs or replacement of the parts.

The lender sent us some of the evidence they'd used to make their decision. We could see that the car had passed an MOT shortly before Mr D bought it. And it looked like both the problems he'd experienced had happened suddenly, rather than things deteriorating over time.

We told Mr D that we didn't think the lender had acted unfairly – as there was evidence the parts that later failed had been working when he bought the car. Mr D said he trusted our view. But he said he couldn't afford to repair the latest faulty part – or to increase his loan repayments.

We spoke to the lender to see if they could offer reduced payments – to help Mr D get back on his feet. They agreed to halve his repayments for four months, and increase them after this time to ensure the balance was fully repaid. Mr D thought this sounded reasonable and was pleased he'd be able to get back on the road.

case study 140/7

consumer is confused following current account switch

Mrs F wrote to us shortly after switching her bank account. She was worried the switch hadn't gone to plan and thought some of her pension payments had gone missing. She explained she was elderly, lived alone, and often had trouble with her memory. She said she didn't trust financial institutions – and asked us to help her find out what had happened to her money.

putting things right

We contacted Mrs F's new bank and asked for details about the switch. The bank showed us that all her regular payments had been successfully moved to them from her old provider.

Mrs F was reassured that her payments were all in place. And she said she'd now seen that her pension payments were being made. But she was still confused about what had happened to her savings accounts now she was with a different bank.

We explained to Mrs F that only her current account had switched over – so any other accounts she had, whoever they were with, would still be in the same place. With Mrs F's permission, we contacted her old current account provider, who she said she also saved with. They confirmed the status of a number of ISAs and savings accounts, including the dates some of them had been closed.

When we told Mrs F what we'd found, she asked us to put it in writing so she had everything in one place. Now clearer about how things stood, she was satisfied nothing had gone wrong and that she had a handle on all her accounts.

case study 140/8

consumer in mortgage debt following husband's illness is threatened with repossession

Mrs N phoned us after getting a “letter of action” from a mortgage administration company, saying they were taking steps to repossess her home. She explained that her husband was terminally ill, and that they’d been struggling financially since he’d given up work. She’d had an initial conversation with a debt advice charity. But – trying to care for her husband while faced with losing their home – Mrs N said things were just overwhelming and she wanted our help.

putting things right

We phoned the mortgage administration company to find out more details. They said Mrs N was already on a repayment plan, but had been overpaying in some months and underpaying in others. And they said they’d press ahead with legal action if things carried on as they were.

Mrs N hadn’t yet complained to the mortgage administration company. But they agreed – in the circumstances – that we could get involved immediately, so we could work together to sort things out. Mrs N found it very difficult to talk about what was happening. But we explained that – to find a fair way forward – it was very important that she and the company talk openly about her situation and her options.

We arranged a three-way phone call – so Mrs N and the mortgage administration company could talk together, and we could support and encourage the conversation. The company mentioned that Mrs N’s repayments hadn’t always been arriving on time, leading her to run up charges. They suggested she pay by direct debit, so she didn’t have that worry any more. And they said they’d capitalise the arrears, clear the interest and charges, and extend the mortgage term by six months.

The company also accepted that, even though Mrs N’s repayments had been irregular, it was clear she’d been doing her best to keep up. So they apologised for sending the letter of action and said they’d withdraw it.

We told Mrs N that we thought this was a fair solution in her individual circumstances. She said she was grateful for this support and certainty at a very difficult time. And she agreed to keep in touch with a named account manager at the mortgage administration company with the help of the free debt charity.

case study 140/9

consumer says bank hasn't transferred his money, despite repeated requests

Mr W told us that his bank had closed his account, but he still had a large sum of money in there. He now lived abroad, so he'd asked his bank to transfer the money to his son's account. He said he'd been told this would happen within 28 days – but it was now months down the line and it still hadn't happened.

Mr W sent us emails to show that he'd repeatedly asked his local branch to complete the transfer. They'd either told him it would happen soon, or hadn't responded at all. Mr W felt he'd been patient. But he didn't feel he was getting anywhere with his bank and just wanted the situation sorted out.

putting things right

We asked Mr W's bank for more information about what had been happening. Checking their records, they found that there'd been a breakdown in communication between Mr W's branch and their department that handled transfers. The branch had sent over some illegible paperwork – and ever since, the transfer department had been waiting for legible copies so they could go ahead.

The bank told us this was the only issue that had delayed things – and they accepted they'd made promises to Mr W that they hadn't kept. They said that, since we'd been in touch, they'd completed the transfer – and wanted to offer Mr W £250 for the trouble they'd caused him.

We told Mr W that his bank had now sorted things out for him, and that we felt that their offer was fair.

Mr W thanked us for our help – and said, now his bank had put things right so quickly, he'd regained some of the confidence he'd lost.

case study 140/10

Q? &A

I'm a student money adviser – and each term I hear from a handful of students whose bank accounts have been closed. They're not often given a reason. Can the ombudsman help?

In the previous issue of *ombudsman news*, we explained that people aged under 30 are particularly vulnerable to getting caught up in certain types of fraud. When we hear from young people whose accounts have been closed, it sometimes turns out they've unwittingly acted as money mules – allowing criminals to use their accounts in return for a cash payment.

And the fact their bank has put a fraud marker on their records means they can't get an account elsewhere.

In practice, there may be a range of reasons why a bank has closed someone's account. If a student you've talked to feels they've been treated unfairly – or just doesn't know what's going on – we can help unravel what's happened.

As our [case studies](#) highlight, in some cases we've investigated, the bank has later agreed that they shouldn't have put a fraud marker against their customer's name.

So please let any students with concerns know that they can get in touch with us using the contact details below. And if you need any more support from us, please contact our helpline



Financial
**Ombudsman
Service**

Financial Ombudsman Service

Exchange Tower
London E14 9SR

switchboard 020 7964 1000

consumer helpline

Monday to Friday 8am to 8pm and
Saturday 9am to 1pm

0800 023 4 567

technical advice desk

020 7964 1400

Monday to Friday 9am to 5pm

email

complaint.info@financial-ombudsman.org.uk

Just let us know if you need information in a different language or format (eg Braille or large print).

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