



caseload



productivity



process & systems



complaint trends



Key issues

# Corporate plan & 2009/2010 budget



Financial  
**Ombudsman**  
Service

## this corporate plan and budget

This document consults on the Financial Ombudsman Service's workload forecasts and proposed budget for the financial year 2009/10. It also provides an update on progress with our longer-term corporate plan.

Our financial and reporting year runs from 1 April to 31 March. Our *annual review*, published each June, records what happened in the previous year. Our *corporate plan and budget*, published each January, looks forward to the coming financial year.

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### responses

We invite your views on our workload forecasts and proposed budget for 2009/10, and on our corporate plan. Please send your comments by 23 February 2009 to:

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# overview

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## background

Each year the Financial Ombudsman Service produces a budget, setting out the resources and income required for our work, for approval by the Financial Services Authority (FSA). This paper consults on a draft of our budget for the 2009/10 financial year, in the context of our corporate plan for the next three years.

Planning and budgeting ahead involves adopting working assumptions on what the future may hold. This is doubly challenging against a background which even the Governor of the Bank of England has described, in a speech made in October 2008, as '*financial turmoil*' and '*an extraordinary, almost unimaginable, sequence of events*' [[www.bankofengland.co.uk/publications/speeches/2008/speech362.pdf](http://www.bankofengland.co.uk/publications/speeches/2008/speech362.pdf)].

Our role of resolving complaints from consumers against financial businesses forms part of the statutory arrangements which exist to underpin confidence in financial services. In this, we continue to work closely with the FSA, the Office of Fair Trading (OFT) and the Financial Services Compensation Scheme, in accordance with our independent roles and differing statutory objectives.

As the task of rebuilding confidence in financial services proceeds, it is important to ensure that we are adequately resourced to fulfil our role. So our budget will need to increase significantly, in line with a substantial increase in our projected workload – although our unit cost (a benchmark for our overall productivity and cost-effectiveness) will remain broadly the same as in recent years.

We are committed to handling our significant workload efficiently and cost-effectively – in a way that is accessible and transparent. In developing our plans, we have been assisted by a report [[www.thehuntreview.com/updates/FOS\\_Report.pdf](http://www.thehuntreview.com/updates/FOS_Report.pdf)] from Lord Hunt of Wirral, published in April 2008, which we commissioned as part of our wider review of accessibility and transparency.

## casework

Chapter 2 of this document deals with our casework. We are a demand-led organisation, which has to deal with the cases that are referred to us.

Our workload is driven by (amongst other things): the way financial businesses treat consumers; consumers' readiness to complain when things go wrong; whether or not financial businesses' in-house complaint-handling is fair and effective; and the nature and extent of any interventions by the relevant regulators. Some of these factors are affected, in turn, by the state of the national economy.

Just over a year ago, when the financial world looked very different, everyone expected our overall workload to decline – following a steep fall in the number of mortgage-endowment cases, which had formed a significant part of our workload for some years. But, in the event, our overall workload has already risen considerably, with every expectation that the volume of new complaints referred to us by consumers will remain at a high level throughout 2009/10 and beyond.

Disputes have been referred to us on a wide range of issues – from direct debits to pet insurance, and from stock-broking to debt-collecting. But, as the flow of new mortgage-endowment cases slowed, we saw a sustained influx of complaints on three particular topics: unauthorised-overdraft charges, payment-protection insurance (PPI) and credit-card default charges.

We still have around 15,000 cases about unauthorised-overdraft charges on hold, pending decisions in the High Court. And we are continuing to receive an influx of cases about PPI and credit-card default

charges. Between them, these two topics alone are currently producing around 160 new cases – about 40% of our incoming workload – every working day.

On top of this, we are beginning to see a growth in cases arising from the effects of the financial turmoil and economic recession on financial businesses and consumers. And our workload is also likely to increase as additional activities come within the scope of regulation by the FSA, and therefore within our compulsory jurisdiction.

As Lord Hunt indicated in his report, some of our workload challenges necessarily emerge from decisions taken by regulators about the extent to which they are (or are not) able and willing to step in and resolve generic problems when they arise – rather than leaving all the affected consumers to pursue individual complaints through financial businesses and then on to the ombudsman service.

This is an issue we are discussing with government and relevant regulators, as they think about the future shape of financial regulation. Unless and until we can be sure that regulators will take regulatory action to resolve generic problems involving potential widespread consumer detriment, it would be highly imprudent not to plan for continued surges of complaints on particular topics.

The significant increase in our expected workload naturally affects the number and type of staff we need to deal with the cases. Our organisational restructure last year, designed to deliver further improvements in service quality as well as to prepare for greater caseload volatility, has provided a firm foundation on which we have been able to start increasing capacity for the greater volume of work.

Given the training and experience needed to resolve fairly and consistently the wide range of cases that are referred to us, there is, necessarily, a limit to the speed at which we can grow our workforce. But by combining in-house recruitment with some judicious outsourcing, we have already increased our capacity by more than 50% in the six months to the end of December 2008.

All this comes at a price. Whilst the use of some outsourced staff enhances our ability to increase (or reduce) capacity quickly, the cost is significantly higher than for in-house staff. And the growth in capacity has required a significant strengthening of our quality-assurance systems, to oversee a higher proportion of newer in-house staff and outsourced staff.

Because of the time needed to recruit and train new staff, there has been an inevitable lag between the growth in incoming work and the growth in our capacity to deal with it, resulting in some slippage in timeliness. We aim to improve the position over the coming year. However, on top of the expected influx of new cases, it means that we will need to resolve a larger number of cases in 2009/10 than we have handled in any previous year.

## **accessibility and transparency**

Chapter 3 deals with accessibility and transparency. Despite the challenges presented by our substantially increased caseload, we are continuing to progress our strategic review of accessibility (so that we continue to be accessible to the increasingly diverse range of people and businesses who use our services) and transparency (so that we continue to be appropriately open and transparent about our work).

As part of that review, we asked Lord Hunt of Wirral to talk to stakeholders and make recommendations – focused on transparency and accessibility – in order to help build consensus. His report [[www.thehuntreview.com/updates/FOS\\_Report.pdf](http://www.thehuntreview.com/updates/FOS_Report.pdf)] set out his findings on many key issues concerning transparency and accessibility, and has been of considerable assistance in planning the way forward.

In July 2008 we published policy statements describing our plans on these important issues [[www.financial-ombudsman.org.uk/publications/policy\\_statements.html](http://www.financial-ombudsman.org.uk/publications/policy_statements.html)]. Improving transparency and accessibility will have some impact on resources and costs, but we note Lord Hunt reported that he *'was*

*heartened by the willingness of most industry respondents to bear an increased burden for an improved service'.*

## **budget**

Chapter 4 describes the currently expected outturn for 2008/9 (the year ending 31 March 2009), and chapter 5 sets out our proposed budget and case fees for 2009/10 (the year ending 31 March 2010).

The proposed budget for 2009/10 reflects the number of cases that we expect to have to deal with – the largest we have ever handled – in order to resolve existing cases within a reasonable time and to keep pace with new cases. It also reflects case-handling flexibilities, such as outsourcing, coupled with increased investment in quality assurance.

The significant increase in our budget is proportionate to the increase in our workload. But we should still be able to deliver our work at a unit cost that remains low by historic standards. Though staff numbers will need to rise in order to cope with the workload, our average salary in 2009/10 will be around £35,000.

### casework

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The Financial Ombudsman Service's overall priority for 2009/10 and beyond continues to be to deliver an efficient and effective service which retains the confidence of consumers, financial businesses and our other stakeholders in the essential role that we fulfil.

As well as being part of the statutory arrangements designed to underpin public confidence in financial services, we are an alternative to the civil courts. This means we also form part of the arrangements for the administration of justice.

#### how our workload has developed

As expected, the number of new mortgage-endowment cases has continued to fall sharply in the 2008/09 financial year. A large proportion of these cases involve complaints against smaller businesses, many of which are likely to require a formal decision from an ombudsman as the final stage of our dispute-resolution process. We have increased the ombudsman resource available for these cases, leading to a reduction in the number of these cases awaiting decision.

Around 15,000 cases about charges for unauthorised overdrafts remain on hold, pending the outcome of the current High Court litigation involving the OFT. Work by banks and building societies on complaints about these charges is also on hold – under the waiver issued by the FSA. But that waiver does not cover business accounts, where we continue to deal with cases. Nor does the waiver cover accounts of consumers who are in financial difficulty, a category of case which creates particular challenges.

We have received a large influx of complaints about default charges on credit cards, where most card providers appear reluctant to provide financial data to justify the proportionality of their charges. Most card providers tend to settle such cases, with varying degrees of reluctance, once they have been referred to the ombudsman service. More recently we have begun to see cases where card providers have made a disputed step-change increase in the interest charged on existing debt.

The largest single source of complaints by far is currently payment protection insurance (PPI). The Competition Commission has expressed significant concern about the structure of the PPI market and has proposed fundamental changes. And the FSA has criticised the way in which PPI has been (and, in some cases, continues to be) sold by some financial businesses.

The significant proportion of these cases which we upheld, coupled with the reluctance of many financial businesses (including some of the largest) to apply our settled approach when considering complaints themselves, led us to conclude that there appeared to be a systemic problem in relation to past sales of PPI. We questioned whether individual consumer complaints are the most appropriate way in which to deal with what appears to be a systemic problem.

We wrote formally to the FSA in July 2008, under the 'wider implications' process which is designed to manage overlaps between our work and that of the FSA and OFT. We invited the FSA to consider wider regulatory action, as consumer detriment was unlikely to be confined to those consumers who had taken the trouble to pursue a complaint through the financial businesses' in-house complaints process and on to the ombudsman service. The inflow of PPI cases has not yet abated.

## how we have improved our casework and quality systems

Building on the foundations created by our organisational restructure last year, we have developed our new business model for case-handling. This combines updated in-house structures, resources and processes (to tackle our regular level of work in ways designed to improve flexibility, timeliness and consistency) backed up by some outsourcing of case-handling functions (to help manage the unpredictable, but increasingly frequent, spikes in the number of new cases).

Outsourcing (supported by enhanced quality-assurance measures) has been successfully pilot-tested. Though short-term costs of outsourcing are around double those of direct employment, outsourcing means we do not incur longer-term employment costs. It gives us access to alternative sources of well-qualified recruits, enhances our ability to respond more quickly to fluctuations in workload, and provides opportunities to explore new operational approaches and efficiencies.

In the medium term, these benefits should significantly reduce the comparative cost of outsourced versus direct employment, whilst providing for greater flexibility in our response to sudden changes in demand. So we expect outsourcing to feature as a permanent option within our business model. However, we plan for the substantial majority of our case handlers to remain direct employees.

Quality assurance plays a key role in our processes. We have implemented a programme to enhance our quality-assurance measures. This includes increasing the number of checks throughout the business process and management structure, a significantly enhanced quality-audit function, an increased number of quality-checkers, and the recruitment of additional senior executives to lead our work on consistency and quality.

We have also launched our new-generation computerised enquiry-handling and casework system. This has delivered improvements to the handling of cases, bolstering the quality and user-friendliness of the service, as well as 'future-proofing' our systems for the different types of case that might arise. It has, for example, enabled us to implement tailored solutions for handling the spikes of cases involving PPI and credit-card default charges.

Our recruitment of significant numbers of additional case handlers has been assisted by lessons drawn from analysis of the long-term outcomes of previous recruitment exercises. As a result of this review, we have put in place new procedures, not only at the recruitment and induction stages but also as part of our appraisal systems and competency framework.

We have also continued our *sharpening the focus* programme, training our staff to focus on the needs of our users – both consumers and businesses – with the aim of providing a service that meets or exceeds expectations. And we have upgraded our regular surveys of both consumer and business users in order to ensure that we hear clearly the views of those who use our service.

## working with others

We are working with HM Treasury and the FSA on a number of matters, involving development of our jurisdiction in the following areas:

- 'Connected travel insurance' (sold by travel agents and tour operators as part of a package holiday) which comes within our compulsory jurisdiction from January 2009.
- Implementation of the European Payment Services Directive, which will bring new types of financial businesses within our compulsory jurisdiction from November 2009.
- The transfer of dormant bank and building society accounts to one or more reclaim funds, which will come within our compulsory jurisdiction during 2009.
- 'Sale and rent-back' (by homeowners who can no longer afford their mortgages and wish to stay in occupation as tenants), likely to come within our compulsory jurisdiction during 2009.

- Work towards de-regulating the insurance activities of freight-forwarders, likely to move to our voluntary jurisdiction during 2009.

We have also worked with the Department for Business, Enterprise and Regulatory Reform and the OFT on the extension of our consumer credit jurisdiction to debt administrators and those providing credit information services (sometimes known as 'credit repairers') from October 2008.

And, following the government's decision that the Financial Ombudsman Service and the Pensions Ombudsman should remain separate organisations for the time being, we have started work with the Department of Work and Pensions, and the Pensions Ombudsman, to explore ways of improving sign-posting for users and closer cooperation between the ombudsmen.

We have continued to work closely with the relevant regulators – primarily the FSA and OFT – so far as this is consistent with our independent roles and separate statutory responsibilities. This has included continuing to operate the 'wider implications' process [[www.wider-implications.info](http://www.wider-implications.info)], which is designed to manage any overlaps between our respective roles in a structured and transparent way.

Through this process we have worked with both the FSA and OFT on complaints about charges for unauthorised overdrafts, pending the outcome of the current litigation on the issue. We have worked with the FSA on complaints about PPI, and with the OFT on step-changes in credit-card and store-card interest rates on existing debt. We have also agreed and published a memorandum of understanding with the Office of the Information Commissioner.

We have assisted the FSA on a number of its policy initiatives. These include its *treating customers fairly* programme and its *retail distribution review*, which is considering the future shape of the market for the retail sale of investments and savings. On both these initiatives we have been able to contribute lessons learned from our dispute-resolution work.

We have continued to work with the European Commission and through FIN-NET – the European network of financial dispute-resolution bodies – to encourage a comprehensive network of redress bodies in the developing European single-market for financial services, so that consumers who buy financial services cross-border can be sure there will be someone able to step in if things go wrong.

And we have continued to assist others, both at home and abroad, who are increasingly interested in setting up out-of-court redress schemes modelled on our own – not only in relation to financial services but also in other sectors. This has included co-operation with ombudsman colleagues in the British Isles through the British and Irish Ombudsman Association (BIOA) and worldwide through the International Network of Financial Ombudsmen (INFO).

## **workload expectations for 2009/10**

As yet, there is no sign of any reduction in the significant volume of cases about PPI and credit-card default charges. The 15,000 cases that we currently have on hold involving unauthorised-overdraft charges – as well as those cases on hold at banks and building societies as a result of the waiver issued by the FSA – still remain to be resolved in the light of future High Court decisions on the legal principles.

Extensions to our jurisdiction, described above, are likely to increase our workload. Perhaps more significantly we are already beginning to see an increase in the volume of cases arising from the effects of the financial turmoil and economic recession. For example:

- consumers are more likely to complain about investment-linked products where stock markets have fallen, and insurers are more likely to be tempted to delay or resist settlement of insurance claims when they are under financial pressure; *and*
- a range of cases can arise where individual consumers get into financial difficulty, whether in relation to a credit card, a personal loan, a business loan or the mortgage on the home in which they and their family live.

There have been some significant mergers between financial businesses, and there are possibly more to come. Experience tells us that such mergers, especially hasty ones, can sometimes divert the management focus and resources of financial businesses away from customer service and effective complaints handling – leading to an increase in disputes that consumers refer to us.

Many consumers are more ready to pursue complaints than ever before, sometimes through claims-management companies. Respect for the financial services industry has been undermined, not only by the financial turmoil but also by other issues – such as criticism from the Competition Commission and the FSA about the structure of the payment protection insurance (PPI) market and the way some financial businesses have been selling PPI.

In addition, large numbers of consumers who have received compensation for mis-sold mortgage-endowment policies or unauthorised-overdraft charges have drawn the lesson that they can take on financial businesses and win, that the customer/business relationship can survive, and that the regulatory system may not deliver redress unless they complain individually.

We expect to see further generic problems arising, potentially leading to surges of complaints about particular products. Regulators will need the power, the resources and the will to take effective action in order to resolve such problems. Otherwise (as in the past) consumers who do not complain will not obtain redress, and we will have to deal with cases from those consumers who *do* complain – with consequent effect on the resources we will require and the level of service we will be able to provide.

Taking all of these factors together, it is prudent to assume that the volume of new cases will be at a very high level during 2009/10, and possibly for some time after that. In order to resolve all these cases and meet reasonable targets for timeliness – even allowing for some fall in the number of new PPI cases – our central assumption is that we will need to resolve 165,000 cases in 2009/10. This will far exceed our previous record of 119,432 cases resolved in the year ended 31 March 2006.

## **future enhancements to casework resources and systems**

Our working assumption is that our case load will remain at a high level for the foreseeable future. So we need to manage our resources flexibly and innovatively – in order to ensure that we can maintain the confidence of our users in the service we provide, irrespective of the case load pressures under which we may be operating.

We have built in flexibility to deal with the increased frequency of significant spikes of complaints – including through the use of outsourcing alongside increases in the number of our core staff. We will continue to keep our new organisational structure under review, to ensure both that staff are effectively deployed in line with changing caseloads, and that our organisational structure is sufficiently flexible to deal with the unexpected.

We will continue to review and adapt our recruitment and training systems in order to enable our caseworkers to work flexibly in a variety of areas and deal with new issues as they arise. And we will continue to invest in the evaluation and improvement both of the quality of our output and of the effectiveness of our quality-monitoring systems.

We will monitor and evaluate the effectiveness of our new business process, and adapt it as necessary, in line with changing needs. This will include deploying tailored case-handling systems where this is more cost-effective for certain categories of case and better delivers the quality of service that users expect.

We will exploit the development potential of our new case-handling system, which was designed to be 'future-proof' for the different types of case that might arise. This may involve closer integration with our knowledge-management systems, helping to improve our systems for delivering quality and consistency.

We will enhance our regular surveys of our users – both consumers and businesses – to ensure that our efforts are focused on those areas of greatest importance to those who use our service. And, through our ongoing *sharpening the focus* programme, we will explore further ways to personalise our service, and ensure that we communicate our processes effectively.

# accessibility and transparency

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The Financial Ombudsman Service's key roles are:

- resolving complaints in a way that is impartial, fair, accessible, timely, informal, efficient and free to consumers – and awarding fair redress where appropriate;
- encouraging the resolution of complaints before they reach the service, by providing clear information about our approach; *and*
- encouraging the elimination of the sources of financial complaints, by providing clear information about the lessons learned from our work.

We are committed to tackling barriers that might deter or disadvantage anyone in their dealings with us. We have already taken a wide range of significant steps to make ourselves accessible, but we continue to actively seek ways to further improve our accessibility.

We also attach considerable importance to being an appropriately open and transparent organisation, and we actively seek ways to further improve our transparency. We already publish extensive information about what we do and how we operate.

## our strategic approach to accessibility and transparency

In policy statements [[www.financial-ombudsman.org.uk/publications/policy\\_statements.html](http://www.financial-ombudsman.org.uk/publications/policy_statements.html)] published in July 2008 we set out plans to develop our approach to accessibility and transparency. Some of these plans involve expanding or modifying things we already do, whilst others involve new activities. Many will take time to implement fully, not least because of the resource implications, but they set our direction of travel on accessibility and transparency for the next few years.

On accessibility, our plans include:

- investing in awareness-raising where appropriate, and continuing to develop our website to ensure that it is user-friendly, welcoming and accessible;
- commissioning specialist research into the advantages and disadvantages for different users of various types of low-cost and no-cost phone numbers for our consumer helpline;
- reinforcing the message that we will call users back if they are worried about the cost of a phone call;
- extending the opening hours of our customer contact division, and enhancing training for front-line staff in early dispute-resolution;
- enhancing our web-based service so that consumers can draw our attention to complaint enquiries around the clock;
- researching the extent to which we could do away with a signed complaint form;
- researching whether further assistance or follow-up is required by consumers who contact us before their complaint has been submitted to the financial business;
- piloting an in-house scheme to 'hand-hold' consumers with specific needs or disabilities through the complaints process;
- keeping developments in the claims-management sector under review and maintaining close links with the regulator;
- seeking input from a range of smaller businesses and their representatives, and promoting our technical advice desk more widely, particularly among these businesses;

- working with a wider range of consumer advisers and consumer advocates from the not-for-profit sector;
- continuing to identify complaints that are frivolous or vexatious, and making statistics available;
- increasing the sophistication of our arrangements for prioritising particular cases and being clearer about any expected delays; *and*
- considering the cost implications of providing calculations in cases where we currently make formulaic compensation awards.

On transparency, our plans include:

- reinforcing messages about our independence, key roles, aims and objectives;
- publishing a record of our board meetings;
- publishing data on cases received and uphold rates relating to individual businesses;
- developing an on-line digest of our processes and approach;
- supporting an on-line digest by publishing selected decisions;
- encouraging academic study of our processes, approach and decisions;
- reviewing our arrangements for liaison with industry and consumer bodies;
- developing *ombudsman news* as a gateway to this enhanced information;
- reviewing the 'wider implications' process – the procedure for ensuring co-operation between the ombudsman service and the relevant regulator where issues arise which could involve overlap between the bodies;
- increasing the transparency of our dealings with relevant regulators;
- strengthening our existing quality and consistency systems;
- keeping our funding model under review; *and*
- continuing to commission external reviews every three years.

## **activities under way or completed**

In implementing our accessibility and transparency plans, we are working with a discussion group which we have established – comprising industry practitioners and representatives of consumer bodies.

On accessibility, within the constraints of our current budget, we have already:

- continued to commission research on awareness and use of the ombudsman service, including differences in different regions and amongst different groups;
- carried out targeted paid-for advertising aimed at specific hard-to-reach and/or vulnerable groups (where research shows there are lower levels of awareness of the right to complain and of the role of the ombudsman);
- increased the funds available for our website, added additional content (including video content) and extended the range of languages previously covered;
- added a prominent message to our website and consumer leaflet that we will call users back if they are worried about the cost of a phone call, and we continue to remind appropriate users of this;
- started to recruit and train staff in readiness for an extension of the opening hours of our customer contact division;
- pilot-tested an enhanced web-based service so that consumers can draw our attention to complaint enquiries around the clock;

- commissioned research on consumers who remain dissatisfied by a financial business's response to a complaint but do not refer their complaint to the ombudsman service;
- established an in-house operational taskforce dedicated to considering how people with different needs interact with our service – and how we can do more to help them;
- started a pilot project to 'hand-hold' consumers with specific needs or disabilities through the complaints process;
- monitored developments in the claims-management sector and maintained close links with the regulator;
- identified named points of contact for MPs and other elected representatives and also for consumer bodies;
- increased our existing focus on the needs of smaller businesses, including organising a special forum for smaller-business representatives, and providing a special smaller-business resource on our website;
- increased our focus on building relations with 'trusted individuals' in the community, outside the mainstream consumer-advice agencies, and providing a special consumer-adviser resource on our website; *and*
- reviewed and improved our arrangements for prioritising particular cases and keeping the parties informed of likely progress.

We have also continued a full programme of external-liaison work, including (in the calendar year 2008):

- answering more than 15,500 enquiries to our technical help desk from financial businesses and consumer advisers;
- taking part in more than 160 conferences, training workshops and events;
- dealing with more than 720 enquiries from parliamentarians and elected representatives;
- handling more than 3,500 calls from the media;
- issuing more than 2,500,000 leaflets and other publications; *and*
- providing information in more than 25 languages and in a range of formats (including Braille, large-print, cassette tape, CD, 'easy read', British Sign Language, audio-clips in mp3-format and DVD video-clips).

On transparency, again within the constraints of our current budget, we have already:

- started to publish on our website summary-minutes of our board meetings, once they have been approved at the following board meeting;
- issued a discussion paper on the implementation of publishing complaint data relating to individual businesses [[www.financial-ombudsman.org.uk/publications/policy-statements/complaint\\_data\\_sep08.html](http://www.financial-ombudsman.org.uk/publications/policy-statements/complaint_data_sep08.html)];
- started to develop elements of the on-line digest of our processes and approach, and to talk to legal academics about publishing reports of selected ombudsman decisions;
- launched a review of our arrangements for liaison with industry and consumer bodies, and opened discussions with relevant stakeholders;
- started to review the 'wider implications' process and the transparency of our communication with relevant regulators;
- commissioned external advice on our quality and consistency systems, started to implement the resulting recommendations and increased the number of our quality-assurance staff; *and*
- considered the various principles and issues relating to our funding model in producing our proposed 2009/10 budget.

## complaint trends 2008/09 and 2009/10

### 2008/09 enquiries

Enquiries to our customer contact division are expected to be 66% higher than budget. This reflects, amongst other things, the impact of large volumes of complaints about PPI and credit-card default charges.

| enquiries                       | actual<br>12 months<br>2007/08 | actual<br>9 months<br>2008/09 | forecast<br>12 months<br>2008/09 | budget<br>12 months<br>2008/09 |
|---------------------------------|--------------------------------|-------------------------------|----------------------------------|--------------------------------|
| phone calls to our enquiry line | 425,942                        | 283,465                       | 400,000                          | 260,000                        |
| written enquiries               | 368,706                        | 286,651                       | 380,000                          | 210,000                        |
| <b>total</b>                    | <b>794,648</b>                 | <b>570,116</b>                | <b>780,000</b>                   | <b>470,000</b>                 |

### 2008/09 new cases

We now expect to receive 120,000 new cases in 2008/09. This is 33% higher than the figure in the budget – which assumed a significant reduction in the number of new cases, mainly due to a fall in new mortgage-endowment cases and to new cases about unauthorised-overdraft charges being put on hold during the continuing High Court case.

However, as explained in earlier chapters, the anticipated reduction in these cases has been offset by significant increases in new cases relating to other products – including PPI and credit-card default charges.

| new cases                      | actual<br>2007/08 | forecast<br>2008/09 | budget<br>2008/09 |
|--------------------------------|-------------------|---------------------|-------------------|
| <b>banking</b>                 |                   |                     |                   |
| credit cards                   | 14,123            | 17,000              | 8,000             |
| current accounts               | 39,263            | 13,000              | 8,000             |
| mortgages                      | 6,824             | 9,000               | 8,000             |
| other                          | 8,258             | 10,000              | 9,000             |
| <b>insurance</b>               |                   |                     |                   |
| payment protection (PPI)       | 10,652            | 25,000              | 11,000            |
| car/motor                      | 6,009             | 7,000               | 6,500             |
| other                          | 10,622            | 13,000              | 12,500            |
| <b>investment</b>              |                   |                     |                   |
| endowments linked to mortgages | 13,778            | 6,000               | 10,000            |
| pensions                       | 5,297             | 6,000               | 4,000             |
| other                          | 7,414             | 11,000              | 10,000            |
| <b>consumer credit</b>         | 849               | 3,000               | 3,000             |
| <b>total</b>                   | <b>123,089</b>    | <b>120,000</b>      | <b>90,000</b>     |

## 2008/09 cases resolved

In line with the general expectation that we would receive fewer new cases in 2008/09, we began the year with a reduced capacity linked to a target of resolving 110,000 cases. But, in line with the higher-than-expected volume of new cases and the consequent increase in our workload, we have recruited more than 230 additional adjudicators (both permanent and some outsourced) – with another 70 likely to join us by the end of March 2009.

This increase has taken place in a managed way during the course of the year, but inevitably there is a time lag before newly-recruited adjudicators become fully trained and effective. In 2008/09 we now expect to resolve 115,000 cases. But in 2009/10, when the new additional adjudicators will become fully productive, we expect to resolve the record number of 165,000 cases.

## 2008/09 productivity and timeliness

The need to divert existing staff to training and mentoring our new adjudicators, and the delay in new adjudicators becoming fully effective, has had some impact on productivity. Nevertheless, we expect productivity to be very close to budget, with 4.6 cases resolved by each adjudicator each week.

The unexpected influx of new cases has increased the level of our work-in-progress significantly, which has inevitably had a marked effect on timeliness. Following the recruitment of additional adjudicators, we expect an improvement in timeliness during 2009/10.

| <b>workload plans</b>    | <b>actual<br/>12 months<br/>2007/08</b> | <b>actual<br/>9 months<br/>2008/09</b> | <b>forecast<br/>12 months<br/>2008/09</b> | <b>budget<br/>12 months<br/>2008/09</b> |
|--------------------------|---|--|---|---|
| opening work-in-progress | 33,974                                  | 57,364                                 | 57,364                                    | 58,536                                  |
| new cases                | 123,089                                 | 93,526                                 | 120,000                                   | 90,000                                  |
| cases resolved           | 99,699                                  | 80,799                                 | 115,000                                   | 110,000                                 |
| closing work-in-progress | 57,364                                  | 70,091                                 | 62,364                                    | 38,536                                  |
| work in hand (weeks)     | 29.7                                    | 28.0                                   | 21.9                                      | 17.3                                    |
| productivity             | 4.0                                     | 4.7                                    | 4.6                                       | 4.7                                     |
| % closed within 6 months | 70                                      | 61                                     | 60  | 80                                      |
| unit cost                | £529                                    | n/a                                    | £544                                      | £542                                    |

## 2009/10 enquiries

Enquiries to our customer contact division during 2009/10 are expected to grow in line with our estimate of new cases.

| <b>enquiries</b>                | <b>actual<br/>2007/08</b> | <b>forecast<br/>2008/09</b> | <b>budget<br/>2009/10</b> |
|---------------------------------|---------------------------|-----------------------------|---------------------------|
| phone calls to our enquiry line | 425,942                   | 400,000                     | 500,000                   |
| written enquiries               | 368,706                   | 380,000                     | 475,000                   |
| <b>total</b>                    | <b>794,648</b>            | <b>780,000</b>              | <b>975,000</b>            |

## 2009/10 new cases

The total number of new complaints is expected to increase to 150,000, 25% above the forecast for 2008/09. As in previous years, forecasting the numbers of our incoming complaints is not an exact science. But, from our initial consultation with industry bodies, there seems wide agreement that the numbers will materially exceed this year's forecast.

| <b>new cases</b>               | <b>actual<br/>2007/08</b> | <b>forecast<br/>2008/09</b> | <b>budget<br/>2009/10</b> |
|--------------------------------|---------------------------|-----------------------------|---------------------------|
| <b>banking</b>                 |                           |                             |                           |
| credit cards                   | 14,123                    | 17,000                      | 16,000                    |
| current accounts               | 39,263                    | 13,000                      | 18,000                    |
| mortgages                      | 6,824                     | 9,000                       | 16,000                    |
| other                          | 8,258                     | 10,000                      | 15,000                    |
| <b>insurance</b>               |                           |                             |                           |
| payment protection (PPI)       | 10,652                    | 25,000                      | 22,000                    |
| car/motor                      | 6,009                     | 7,000                       | 11,000                    |
| other                          | 10,622                    | 13,000                      | 17,000                    |
| <b>investment</b>              |                           |                             |                           |
| endowments linked to mortgages | 13,778                    | 6,000                       | 6,000                     |
| pensions                       | 5,297                     | 6,000                       | 8,000                     |
| other                          | 7,414                     | 11,000                      | 16,000                    |
| <b>consumer credit</b>         | 849                       | 3,000                       | 5,000                     |
| <b>total</b>                   | <b>123,089</b>            | <b>120,000</b>              | <b>150,000</b>            |

**Credit cards** We have assumed a modest reduction in case volumes, based on the expectation that default-charges disputes will reduce whilst disputed-interest, disputed-transaction, administration-related and fraud-related cases will increase, in line with pressures in the banking sector.

**Current accounts** We have assumed significant increases in cases alleging poor account administration or inadequate customer service, particularly relating to institutions under financial pressure or suffering merger disruption. The figure will be materially higher if a significant number of new cases about unauthorised-overdraft charges come to the ombudsman service.

**Mortgages** These cases are expected to increase in line with tighter lending policies and a higher level of repossessions. Some issues relating to sales and contract terms will emerge as customers reach the end of existing deals and find renewal terms unattractive. And there is the potential for a significant volume of disputes around mortgage late-payment charges and other similar charges.

**Other banking issues** These are likely to include a variety of loan, overdraft and administration issues, including those relating to small businesses. Many banking issues are likely to arise from the increasing financial pressures on banks and their customers.

**Payment protection** Our forecast assumes a modest reduction in PPI case volumes. It is possible that the reduction may be greater if financial businesses improve their complaints-handling in relation to large areas of justified complaint. But – with several million PPI policies having been sold in recent years, and given the findings of regulatory investigations – there remains a significant risk that the numbers will exceed the forecast.

**Motor and other insurance** We have assumed across-the-board increases, as a result of financial pressures on insurers and customers and the impact of mergers. We have set up a joint exercise with the Association of British Insurers (ABI) to investigate what may be causing the current increase in these cases. But we have to make the assumption that the current upward trend will continue.

**Mortgage-endowments** We expect new cases to continue at around present levels, despite some upward pressure as increasing numbers of consumers receive 're-projection' letters showing likely shortfalls and as more policies reach the end of their term.

**Investment** Past experience suggests that poor stock market performance can be expected to result in increased complaints. These may arise, for example, where a financial business applies a market-value reduction to a with-profits fund, or where a fall in value exposes a mis-sale that was previously overlooked.

**Pensions** Stock market impacts, mentioned above, are likely to be mitigated by a decline in cases about opting out of SERPS (the State Earnings Related Pension scheme) which were at a high level during 2008 as a result of specific campaigns by some claims-management companies.

**Consumer credit** We assume a significant increase as credit-related pressures grow – for example, in relation to debt collection.

## 2009/10 cases resolved

The present high level of new cases has created a situation where some consumers and businesses have to wait longer than we would like before their cases can be resolved. To address this, and to deal with the expected level of new cases in 2009/10, we will increase the number of our adjudicators to nearly 700.

This should enable us to resolve 165,000 cases in 2009/10 – a significant increase over the current year. In addition to maintaining our productivity levels, this should reduce our work-in-progress to an average of less than 15 weeks by the end of 2009/10.

We have also modelled two other scenarios, with the number of new cases either 25,000 above or below our central assumption.

- More new cases: Our experience from previous years illustrates the need to plan for the contingency of significantly higher volumes of work. However, our budget already reflects significant increases in new complaints over present levels in all areas except PPI, credit-card default charges and mortgage-endowments. The ability to increase capacity to resolve more than 165,000 cases is uncertain – because of limits on the number of cases suitable for outsourcers, and the challenge of integrating even more new staff. So this scenario assumes that the additional cases would result in work-in-progress at an average of 23 weeks, with a consequential effect on timeliness.
- Fewer new cases: The flexibility of our partially-outsourced model would enable us to reduce the number of adjudicators, comparatively easily, by about 40. That would leave us with the capacity to resolve 125,000 cases, reducing our work-in-progress to an average of 13 weeks. Lower volumes may adversely impact on the level of productivity.

## 2009/10 productivity and timeliness

Our budget assumes that overall productivity will remain around the present level. Where there are large numbers of cases relating to similar issues, there may be opportunities for increased efficiencies by using bulk-handling initiatives. But we need to set against this the effect of working practices in financial businesses, where disruption arising from mergers or service cutbacks may impact on our ability to handle cases efficiently.

As mentioned above, the increase in the number of adjudicators we have available should enable us to achieve a material improvement in our timeliness in resolving cases.

| <b>workload plans</b>     | <b>actual<br/>2007/08</b> | <b>forecast<br/>2008/09</b> | <b>budget<br/>2009/10</b> |
|---------------------------|---------------------------|-----------------------------|---------------------------|
| opening work-in-progress  | 33,974                    | 57,364                      | 62,364                    |
| new complaints            | 123,089                   | 120,000                     | 150,000                   |
| cases resolved            | 99,699                    | 115,000                     | 165,000                   |
| closing work-in-progress  | 57,364                    | 62,364                      | 47,364                    |
| work in hand (weeks)      | 29.7                      | 21.9                        | 14.9                      |
| productivity              | 4.0                       | 4.6                         | 4.7                       |
| % closed within 3 months  | 42                        | 35                          | 45                        |
| % closed within 6 months  | 70                        | 60                          | 65                        |
| % closed within 9 months  | 81                        | 80                          | 85                        |
| % closed within 12 months | 86                        | 90                          | 90                        |

### Note

For clarity, we have excluded from these figures the 15,000 cases we have 'on hold' about unauthorised-overdraft charges. These cases continue to await the outcome of the test case in the High Court.

## 2009/10 budget and case fees

### income and expenditure

For 2008/09 we forecast a surplus of £1.7 million, which is £1.0 million lower than the figure originally budgeted. Income was above budget, because we settled and closed more cases than planned. But this was more than offset by higher expenses, as we recruited new directly-employed and outsourced adjudicators to deal with the large volume of new cases. These new adjudicators did not cover their costs within the year because of the 'lead-in' time needed before they became fully-trained and effective.

For 2009/10, we have budgeted for a small surplus of £0.3 million, in order to maintain our reserves at about 5% of budget expenditure. The significant increase in the total budget is in line with the substantial increase in our workload, and reflects:

- a major increase in employment costs to cover the additional staff required to resolve 165,000 cases;
- around £3 million to improve accessibility and transparency, enhance our quality-assurance systems, and cover increased rent and service charges (arising partly from accommodation for additional staff and partly from rent reviews); *and*
- £1.0 million capital expenditure on upgrading our IT hardware, continuing to develop our casework system, and office refurbishments.

Out of the total income budgeted for 2009/10:

- 95.1% relates to our compulsory jurisdiction;
- 3.9% relates to our consumer credit jurisdiction; *and*
- 1.0% relates to our voluntary jurisdiction.

|                                  | actual<br>2007/08<br>£m | budget<br>2008/09<br>£m | forecast<br>2008/09<br>£m | budget<br>2009/10<br>£m |
|----------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| <b>income</b>                    |                         |                         |                           |                         |
| levy                             | 19.6                    | 19.0                    | 18.7                      | 19.5                    |
| case fees                        | 35.9                    | 43.7                    | 45.7                      | 73.4                    |
| other income                     | 0.4                     | 0.4                     | 0.4                       | 0.4                     |
| provision for bad/doubtful debts | (0.4)                   | (0.4)                   | (0.4)                     | (0.5)                   |
| <b>total</b>                     | <b>55.5</b>             | <b>62.7</b>             | <b>64.4</b>               | <b>92.8</b>             |
| <b>expenditure</b>               |                         |                         |                           |                         |
| staff and staff-related costs    | 41.2                    | 48.2                    | 50.6                      | 77.5                    |
| professional fees                | 1.3                     | 0.9                     | 1.1                       | 1.6                     |
| IT costs                         | 1.8                     | 1.6                     | 1.6                       | 1.6                     |
| premises and facilities          | 4.3                     | 4.2                     | 4.6                       | 6.5                     |
| other costs                      | 2.6                     | 2.5                     | 2.6                       | 3.0                     |
| depreciation                     | 1.7                     | 2.2                     | 2.0                       | 2.1                     |
| <b>operating costs</b>           | <b>52.9</b>             | <b>59.6</b>             | <b>62.5</b>               | <b>92.3</b>             |
| financing costs                  | 0.2                     | 0.4                     | 0.2                       | 0.2                     |
| <b>total costs</b>               | <b>53.1</b>             | <b>60.0</b>             | <b>62.7</b>               | <b>92.5</b>             |
| restructuring costs              | 2.9                     | 0.0                     | 0.0                       | 0.0                     |
| <b>surplus (deficit)</b>         | <b>(0.5)</b>            | <b>2.7</b>              | <b>1.7</b>                | <b>0.3</b>              |
| cases resolved                   | 99,699                  | 110,000                 | 115,000                   | 165,000                 |
| <b>unit cost</b>                 | <b>£530</b>             | <b>£542</b>             | <b>£544</b>               | <b>£559</b>             |

## unit cost

Our unit cost represents our total costs (apart from the cost of financing) divided by the number of cases resolved.

The unit cost for 2008/09 is expected to be close to budget, at £544. The unit cost budgeted for 2009/10 shows a small increase of 2.8% to £559.

This represents a significant reduction on our original unit cost of £684 in 2001/02. If that figure had increased in line with inflation, it would now be nearer £900.

## staff

For 2009/10 the year-end headcount budget is distributed as follows:

|                                  | <b>budget<br/>March<br/>2009</b> | <b>forecast<br/>March<br/>2009</b> | <b>budget<br/>March<br/>2010</b> |
|----------------------------------|----------------------------------|------------------------------------|----------------------------------|
| casework divisions and ombudsmen | 523                              | 846                                | 918                              |
| customer contact division        | 91                               | 121                                | 121                              |
| support services                 | 109                              | 116                                | 131                              |
| <b>total</b>                     | <b>723</b>                       | <b>1,083</b>                       | <b>1,170</b>                     |

The additional caseworkers are needed to resolve the record number of 165,000 cases, while the increase in the customer contact division is to handle the higher level of consumer enquiries, both written and by phone. Support-service numbers are increasing in order to service a larger organisation, to implement our accessibility and transparency projects, and to implement our enhanced quality initiatives.

## 2009/10 case fees and levy

In line with the feedback we have received from the financial businesses which provide our funding, we aim to collect around 75% of our total income from the case fees we receive. We propose doing this by increasing the case fee to £500 in all three jurisdictions.

In order to limit the overall increase in the annual levy to 3%, we plan to leave the number of 'free cases' unchanged, at three for each business each year. We will review that number in future years when there may be less pressure on the levy.

Resolving 165,000 cases should raise £73.4 million in case fees, after allowing for the expected cost of the 'free cases'.

The rest of our expenditure, amounting to £19.5 million (compared with £19.0 million in the 2008/09 budget), would be raised through the 2009/10 annual levy across our three jurisdictions.

**Compulsory jurisdiction levy:** The FSA will consult separately on the levy payable by FSA-regulated firms in the compulsory jurisdiction. The method of allocating that levy was consulted on in the FSA's consultation paper CP74. Broadly, it involves two stages:

- The total levy is divided among industry blocks (based on activities) according to the number of case-handling staff we expect to need for cases from that sector.
- The levy for each industry block is divided among the firms in that block, according to a tariff rate (relevant to that sector) which is intended to reflect the scale of the firm's business.

This means that the levy for an individual industry block may change by a greater or lesser amount than the overall levy – to reflect the sectors from which our workload comes. We estimate that nearly 83% of the firms liable to pay the levy will pay only the minimum levy for their industry block.

Subject to the FSA's consultation, typical levies in the compulsory jurisdiction are likely to be:

|  | 2007/08<br>levy<br>£ | 2008/09<br>levy<br>£ | 2009/10<br>levy<br>£ |
|--|----------------------|----------------------|----------------------|
| bank or building society with 2 million relevant accounts                            | 18,000               | 46,000               | 54,000               |
| general insurer with £100 million of relevant gross premium income                   | 6,500                | 12,600               | 12,600               |
| life office with £200 million of relevant adjusted gross premium income              | 24,000               | 9,800                | 5,000                |
| investment adviser that holds client money and has 50 relevant approved persons      | 7,500                | 4,000                | 2,750                |
| three-partner firm of independent financial advisers that does not hold client money | 135                  | 120                  | 105                  |
| mortgage intermediary firm   | 50                   | 60                   | 65                   |
| insurance intermediary firm with £0.5m commission income                             | 50                   | 60                   | 80                   |

**Consumer credit jurisdiction levy** The total levy for the consumer credit jurisdiction in 2009/10 has been set at £2.4 million (net of the OFT's collection costs), which is the same figure as for 2008/09. This is in line with our aim to average this levy over the 5-year renewal period for consumer credit licences. The OFT sets the amount of the levy payable by individual licensees who take out or renew licences during the year.

**Voluntary jurisdiction levy** The 2009/10 rates of levy proposed for voluntary jurisdiction (VJ) participants are set out in annex D.

## compulsory jurisdiction – provisional levy 2009/10

These are provisional figures, which are expected to form part of a separate consultation by the FSA in January 2009.

| industry block | description  | tariff basis   | proposed tariff rate | 2008/09 tariff rate | proposed minimum levy per firm £ | proposed total £ | 2008/09 total £ | proposed contributions by block % | contribution by block % 2008/09 |
|----------------|--|--|----------------------|---------------------|----------------------------------|------------------|-----------------|-----------------------------------|---------------------------------|
| 1              | deposit acceptors, home finance providers and administrators (excluding firms in block 14)   | per relevant account                                       | 0.027                | 0.023               | 100                              | 7,273,594        | 6,216,746       | 41.0%                             | 36.1%                           |
| 2              | insurers – general (excluding firms in blocks 13 & 15)   | per £1000 of relevant annual gross premium income          | 0.126                | 0.126               | 100                              | 3,130,688        | 3,140,026       | 17.7%                             | 18.3%                           |
| 3              | The Society of Lloyd's   |  | n/a                  | n/a                 | n/a                              | 28,000           | 28,000          | 0.2%                              | 0.2%                            |
| 4              | insurers – life (excluding firms in block 15)  | per £1000 of relevant adjusted annual gross premium income | 0.025                | 0.049               | 100                              | 1,781,063        | 3,141,796       | 10.1%                             | 18.3%                           |
| 5              | fund managers  | flat fee   | 0                    | 0                   | 200                              | 180,000          | 191,400         | 1.0%                              | 1.1%                            |
| 6              | operators, trustees & depositaries of collective investment schemes and operators of personal pension schemes or stakeholder pension schemes | flat fee   | 0                    | 0                   | 50                               | 20,000           | 21,300          | 0.1%                              | 0.1%                            |
| 7              | dealers as principal   | flat fee   | 0                    | 0                   | 50                               | 14,000           | 13,300          | 0.1%                              | 0.1%                            |
| 8              | advisory arrangers, dealers or brokers holding and controlling client money and/or assets  | per relevant approved person                               | 55                   | 80                  | 55                               | 990,094          | 1,931,200       | 5.6%                              | 11.2%                           |
| 9              | advisory arrangers, dealers or brokers <i>not</i> holding and controlling client money and/or assets   | per relevant approved person                               | 35                   | 40                  | 35                               | 990,094          | 1,042,480       | 5.6%                              | 6.1%                            |
| 10             | corporate finance advisers   | flat fee   | 0                    | 50                  | 50                               | 14,000           | 24,500          | 0.1%                              | 0.1%                            |
| 13             | cash-plan health providers   | flat fee   | 0                    | 50                  | 50                               | 600              | 600             | 0.0%                              | 0.0%                            |
| 14             | credit unions  | flat fee   | 0                    | 50                  | 50                               | 24,000           | 23,350          | 0.1%                              | 0.1%                            |
| 15             | friendly societies whose tax-exempt business represents 95% or more of their total relevant business   | flat fee   | 0                    | 50                  | 50                               | 3,500            | 3,850           | 0.0%                              | 0.0%                            |
| 16             | home finance providers, advisers and arrangers (excluding firms in blocks 13, 14 & 15)   | flat fee   | 0                    | 60                  | 65                               | 470,156          | 462,060         | 2.7%                              | 2.7%                            |
| 17             | general insurance mediation (excluding firms in blocks 13, 14 & 15)  | per £1 relevant commission income                          | 0.00016              | 60                  | 75                               | 2,780,313        | 964,200         | 15.7%                             | 5.6%                            |
|                | total – all blocks   |  |                      |                     |                                  | 17,700,102       | 17,204,808      |                                   |                                 |

## compulsory jurisdiction – case fees 2009/10

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### compulsory jurisdiction – case fee table

#### case fee

|                   |      |  |
|-------------------|------|--|
| standard case fee | £500 | (for the fourth chargeable case and any subsequent chargeable case in this financial year – 2009/10) |
| special case fee  | £500 |  |

The definitions of *standard case fee* and *special case fee* are in FEES 5.5, (case fees), in the *FSA Handbook*.

The definition of *chargeable case* is in the Glossary to the *FSA Handbook*.

## consumer credit jurisdiction – case fees 2009/10

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### consumer credit jurisdiction – case fee table

#### case fee

|                   |      |  |
|-------------------|------|--|
| standard case fee | £500 | (for the fourth chargeable case and any subsequent chargeable case in this financial year – 2009/10) |
| special case fee  | £500 |  |

The definitions of *standard case fee* and *special case fee* are in FEES 5.5, (case fees), in the *FSA Handbook*.

The definition of *chargeable case* is in the Glossary to the *FSA Handbook*.

## voluntary jurisdiction – levy and case fees 2009/10

| voluntary jurisdiction – general levy tariff and case fee table |   |   |             |              |                       |
|---|---|---|-------------|--------------|-----------------------|
| industry block and business activity                            |   | tariff basis  | tariff rate | minimum levy | <sup>1</sup> case Fee |
| 1V  | deposit acceptors, mortgage lenders and administrators, including debit/credit/charge card issuers and merchant acquirers, and electronic money institutions  | <sup>2</sup> number of relevant accounts                    | 0.027       | £100         | £500                  |
| 2V  | <i>VJ participants</i> undertaking insurance activities subject only to prudential regulation   | per £1,000 of relevant annual gross premium income          | 0.126       | £100         | £500                  |
| 3V  | <i>VJ participants</i> undertaking insurance activities subject to prudential and conduct of business regulation  | per £1,000 of relevant adjusted annual gross premium income | 0.025       | £100         | £500                  |
| 6V  | intermediaries  | not applicable  |             | £75          | £500                  |
| 7V  | freight-forwarding companies  | not applicable  |             | £75          | £500                  |
| 8V  | National Savings & Investments  | not applicable  |             | £10,000      | £500                  |
| 9V  | Post Office Limited   | not applicable  |             | £10,000      | £500                  |
| 10V   | persons not covered by 1V to 9V undertaking activities which would be <i>regulated activities</i> or <i>consumer credit activities</i> if they were carried on from an establishment in the <i>United Kingdom</i> | not applicable  |             | £75          | £500                  |

<sup>1</sup> **note on case fees:** The standard case fee and the special case fee are both £500. As in the compulsory jurisdiction, *VJ participants* will be charged for the fourth and subsequent chargeable case in this financial year – 2009/10.

<sup>2</sup> **note on relevant accounts:** The FSA's consultation paper CP08/18 (chapter 7) contains a proposal to amend the definition of relevant accounts in relation to e-money accounts. ([www.fsa.gov.uk/pubs/cp/cp08\\_18.pdf](http://www.fsa.gov.uk/pubs/cp/cp08_18.pdf)).