

Financial Ombudsman Service Limited

SUMMARY MINUTES

MINUTES of the ninety fifth meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 9SR on 23 July 2008 at 9.30am

Present	Chris Kelly Alan Cook Joe Garner John Howard Elaine Kempson Kate Lampard Julian Lee Roger Sanders Maevé Sherlock	chairman
	Walter Merricks	chief ombudsman
In attendance	Tony Boorman Barbara Cheney David Cresswell Roy Hewlett Peter Stansfield David Thomas Jeremy Kean	decisions director company secretary communications director operations director HR director corporate director finance & IT director (items 8 & 9)

1. Minutes of the meeting held on 19 June 2008

The minutes of the meeting held on 19 June 2008 were approved as an accurate record of the meeting.

The minutes of the audit committee meeting held on 12 June 2008 were noted.

2. Matters arising

Payment protection insurance (PPI)

The board noted that the chairman had written to the FSA to invite it to consider regulatory action under the *wider implications* process in respect of issues arising from the sale of PPI policies.

It was reported that PPI complaints were being considered in the normal way and that they continued to come in at a rate of between 2,000 and 2,500 cases per month. It was confirmed that if there were significant changes in the current situation between meetings, the board would be consulted.

3. Risk management

The chief ombudsman presented a risk management framework which identified the key risks facing the Service in the coming 12 months. It included their likely impact and measures being taken to mitigate them. It also showed success factors which would indicate in 12 months time whether the mitigating steps had been successful.

The board agreed with the contents of the framework and suggested a few amendments. So that it could be assured that adequate underlying systems were in place the board asked the audit committee to review the process to manage risks.

4. A flexible and transparent model

The chief ombudsman presented a paper which described a strategy for developing a more flexible and transparent model for the Service that was better able to cope with fluctuating changes in demand.

There was a discussion about the wider implications process and the circumstances that triggered its implementation. It was pointed out that a large volume of similar complaints was not the only factor that might be initiate the process. Significant implications could arise from a small number of complaints. It was agreed that a further discussion about the circumstances of wider implications complaints and the steps to be taken should be held a future meeting, following discussions with the FSA and OFT.

It was agreed that the measures being proposed were required regardless of the size or mix of the future caseload. The board in particular welcomed the proposal to appoint a Head of Practice to further develop knowledge systems and to take forward the codifying of the Service's approach to casework.

The board also noted that Deloitte would be assisting with the further development of the quality assurance function.

The board endorsed the approach set out in the paper.

5. Increasing case closure capacity

The operations director introduced his paper about ways in which case closure capacity could be increased. He stressed that the projections in his paper were based on many assumptions, many of which were open to challenge. Several factors contributed to the position including the core caseload, surges in volume, the number of cases awaiting allocation, mix of products and new types of cases. He confirmed that the outsourcing pilot scheme was going well and that recruitment was continuing.

6. Accessibility

The communications director presented a paper which provided an overview of the 'accessibility' initiatives that were already in place together with plans for their future development. He explained there was no common consensus about the meaning of 'accessibility' but the paper provided an insight into the Service's approach to it.

It was confirmed that a good deal of management information was already available, including the data collected from customer satisfaction surveys. It was suggested that comparisons could be made with organisations of a similar nature.

The board supported the proposed investment in the further enhancement of accessibility to all users of the Service (who are not just consumers).

7. Policy report

a) policy statements – accessibility and transparency

The board discussed the draft policy statements. The chief ombudsman explained that they were intended to convey the decisions of principle that the board had taken in the light of its review of accessibility and transparency, including the helpful report from Lord Hunt. Where appropriate, there would be discussion with relevant stakeholders about implementation measures. He intended to draw attention to the statements in the editorial section of the next edition of *ombudsman news*.

Subject to making a few changes, the board approved both statements for publication by the end of the week.

b) publication of complaints data

The corporate director reported that it was hoped to start to publish complaints data relating to individual firms in the summer of 2009, ie data relating to the six months from 1 January to 30 June 2009. However, before this could happen, a number of steps had to be completed, including –

- discussions with the FSA
- the issue of a discussion paper followed by a period of three months for comments
- changes to internal management information systems

He pointed out that the timescale was tight and the board agreed that the issue required full discussion. It was acknowledged that this might possibly mean that the starting date for the publication of data would be delayed by up to six months.

c) Equitable Life

The chief ombudsman reported that the Parliamentary Ombudsman's recent report about Equitable Life had had no impact on the workload of the Service. He added that her recommendation for a scheme of compensation was based on the Service's formula.

d) Payment Services Directive

The board noted the update on plans for the implementation of the Payment Services Directive on 1 November 2009.

e) Pensions Ombudsman

The corporate director updated the board on the developing thinking of the Department for Work and Pensions concerning the merger with the Financial Ombudsman Service.

f) Consumer credit

It was noted that two additional services (the provision of credit information services and debt administration) would become subject to consumer credit licensing on 1 October 2008 and therefore subject to the ombudsman's jurisdiction. The board will be invited to make the relevant rule change at its meeting in September.

g) Litigation report

The litigation report was noted.

8. Directors report & financial statements 2007/08

In presenting the directors' report and financial statements 2007/08 the finance & IT director confirmed they had been reviewed and approved by the audit committee.

The board approved the directors' report and financial statements 2007/08 and authorised the chairman of the audit committee to sign the letter of representation to Baker Tilly, the auditors, on behalf of the board.

The company secretary confirmed that the directors' report and financial statements would be published on the website with the *annual review 2007/08*.

9. Annual budget process

The board noted the annual budget process and that a discussion about the funding policy would form part of the agenda for the meeting on 10 September.

10. HR report – April to June 2008

The HR director presented his quarterly report for the period from 1 April to 30 June 2008. He confirmed that a significant amount of recruitment and training was taking place and that the earlier review of both the competency framework and recruitment process was paying dividends.

In response to a question he confirmed that the Service gave standard references to prospective employers of former staff. This was in line with HR industry practice.

935 Any other business

a) Corporate Social Responsibility

A question was raised about the Service's position in respect of corporate social responsibility and wider environmental issues. The chief ombudsman explained that a volunteering project had been set up with Tower Hamlets in the past which involved a number of staff helping with activities such as reading in schools. Many other staff were involved in their local communities in a number of ways.

b) File Review

The chairman invited board members to review randomly selected closed case files before the next board meeting. He explained that the board had undertaken this exercise for a number of years and that it provided a valuable insight into the Service's output.

There being no other business, the meeting ended at 12.35pm