

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 on 17 December 2009 at 9. 30am

Present	Chris Kelly	chairman
	Alan Cook	director
	Joe Garner	director items (items 6-9)
	Elaine Kempson	director
	Kate Lampard	director
	Julian Lee	director
	Roger Sanders	director
In attendance	David Thomas	interim chief ombudsman
	Tony Boorman	decisions director
	Barbara Cheney	company secretary
	Roy Hewlett	operations director
	Jeremy Kean	finance & IT director
	Ian Sansbury	business planning & assurance director
	Peter Stansfield	HR director

1 Apologies for absence

Apologies for absence were received from John Howard and Maeve Sherlock.

2 Minutes of the meeting held on 20 November 2009

Subject to one amendment, the minutes of the board meeting held on 20 November 2009 were approved as an accurate record of the meeting.

3 Corporate plan & 2010/11 budget

The corporate director presented the current draft of the *corporate plan and 2010/11 budget*. He explained that most of the changes that had been made to the versions reviewed by the board at previous meetings related to an update on overdraft-charge cases and the addition of a section about 'mass claims'. He added that further reviews of the estimated caseloads in 2010/11 suggested that no adjustments to the total figures were required.

Although there was a reference to the publication of complaints data in the overview of 2009/10, it was proposed that, as this was an ongoing activity, it should also be mentioned in the section about plans for 2010/11 and beyond.

The board agreed that it was a well written document and approved the document for publication in January.

As the plan would need to be updated before publication, the board authorised the chairman to sign off the final version.

4 Policy report

a) Bank charges

The board noted the decisions director's papers about the likely implications of the Supreme Court's judgment that the fairness of bank charges levied in respect of unauthorised overdrafts could not be challenged by the OFT.

The decisions director reported that banks were writing to their customers to confirm that their complaints (which had been on hold) had been rejected. Customers were being encouraged to refer queries to the banks. Referral rights to the ombudsman were being given if banks were required to write a second letter. However, before contacting the Service, complainants were being encouraged to look at the ombudsman website to check the guidance there.

In the meantime, the Service was writing to all complainants who had been on hold to confirm that, in the light of the Supreme Court decision, their complaints were being rejected. So far there had only been a limited response. The decisions director added that the next crucial development would be the OFT's decision about its plans in the light of the Court's decision. This was expected by Christmas.

b) Payment Protection Insurance

The decisions director confirmed that publication of FSA's rules and guidance to firms was expected at the end of January and that the rules could come in to force in April.

c) Instrument 2009/6

The board approved the dispute resolution (voluntary jurisdiction & sale and rent back amendments) instrument 2009/6.

d) Meeting with FSA chairman

The chairman reported that he had had a constructive meeting with the FSA chairman on 25 November. The board noted the letter that the chairman had sent in advance of the meeting. It was noted that only about 10% of consumers whose complaints are rejected by firms escalate their cases to the ombudsman service, suggesting a significant upside-risk for volumes of new cases. The interim chief ombudsman said that the Service's market research had shown that dissatisfied complainants did not come to the ombudsman for a wide variety of rational reasons and that the ombudsman service's accessibility was not a significant factor.

e) Financial Services Bill

The interim chief ombudsman reported that he had been called to an evidence session during the committee stage of the Financial Services Bill. Representatives from the Bank of England, FSA and FSCS were also at the session. The board noted the memorandum of evidence that had been submitted in advance of the session.

f) Conservative policy

The decisions director reported that he had attended a meeting at the Centre for Policy Studies about how regulation and redress could deliver greater confidence in

financial services. Mark Hoban MP and George Osborne's financial services adviser were also there.

The board agreed that, whatever the governance arrangements might be in future it would be important for the Service to retain independence of judgement and a clear understanding of even handedness in respect of consumers and firms. It was agreed that any developments in respect of the establishment of a Consumer Protection Agency should be kept under review. In the meantime, the board supported the decisions director's invitation to Mark Hoban to visit South Quay and learn more about the way in which the ombudsman service works.

g) Liberal Democrat policy

The board noted a paper about Liberal Democrat policies that could affect the Service.

h) Scanning policy developments

The interim chief ombudsman presented a recent issue of *corporate briefing* to the board. He explained that this was a compilation of policy developments in a wide range of national and European areas that was issued internally every two weeks. The board welcomed the briefing and asked for future issues to be circulated.

i) Plain English award

The board noted that the Service had recently won the Plain English Campaign's website award for 2009. It congratulated the communications director and his team on this achievement.

j) Litigation report

The board noted the litigation report.

5 Equality & diversity framework

The business planning & assurance director presented a paper about the current status of the equality and diversity initiative. He explained that Equality Works had been working with the Service to develop a framework for equality & diversity in respect of service delivery. An Equality Standard had been drafted which set out the standards of performance expected in leadership & strategy; access & inclusion; service delivery; and recruitment, procurement and workforce diversity. An equality & diversity steering group and the customer service implementation group were working together to develop this initiative.

He added that the next stage involved an analysis to compare current policies & processes and the Standard. A strategy would then be developed and presented to the board in the spring. The business planning & assurance director stressed the importance of achieving meaningful outcomes which were real and relevant to all staff.

It was confirmed that the cost of developing the framework was not significant. The decisions director confirmed that consideration would be given to appointing a full-time employee to champion this initiative.

The board endorsed the approach being taken and the work that had been carried out to date.

6 Value for money review

The business planning & assurance director updated the board about discussions with the National Audit Office in respect of the next triennial review. He explained that there were a number of options in respect of the scope of the review which he had set out in his paper.

7 Health & safety annual review

The board noted the health and safety annual review.

8 Management information report

The management information report was noted.

9 Any other business

a) Chief ombudsman recruitment

The chairman reported that final interviews for the chief ombudsman post were being held on 18 December.

b) Ian Sansbury

As this was Ian Sansbury's final day as the business planning & assurance director, the chairman thanked him for the significant contribution he had made during his time at the Service. On behalf of the board he wished him well for the future.

There being no other business, the meeting ended at 11.30am