

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 on 20 November 2009 at 9.30am

Present	Chris Kelly	chairman
	Alan Cook	director
	Joe Garner	director
	John Howard	director
	Elaine Kempson	director
	Julian Lee	director
	Roger Sanders	director
	Maeve Sherlock	director
In attendance	David Thomas	interim chief ombudsman
	Tony Boorman	decisions director
	Barbara Cheney	company secretary
	David Cresswell	communications director
	Roy Hewlett	operations director
	Ian Sansbury	business planning & assurance director
	Caroline Wayman	lead ombudsman – special projects (item 3)
	Nathan Horner	head of casework division (item 3)
	William Higgins	Deloitte – partner (item 3)
	Hugo Morris	Deloitte – manager (item 3)

1 Apology for absence

An apology for absence was received from Kate Lampard.

2 Minutes of the meeting held on 28 October 2009

The minutes of the board meeting held on 28 October 2009 were approved as an accurate record of the meeting.

3 Payment Protection Insurance (PPI)

William Higgins and Hugo Morris (Deloitte partner and manager respectively), Caroline Wayman and Nathan Horner presented an update on the PPI caseload.

The board was reminded that the partnership between the Service and Deloitte began in June 2008 when the latter started work on an exercise to collate data about PPI complaints. From May 2009, Deloitte's involvement had developed to include the provision of the complaints handling process for these cases. Since

then, the size of the PPI team had grown from 40 to the current headcount of 210 people. The presentation included a summary of the ways in which the Service and Deloitte worked together, the operating model that had been deployed, some key statistics and the future operations strategy.

The board was given assurance that the Deloitte team dealing with PPI cases was “ring fenced” from all other work being undertaken for Deloitte’s other clients. It was also confirmed that the casehandling process and quality assurance checks were identical to those deployed across all other casework areas. Critically, as in all cases resolved by adjudicators, all parties to a complaint had the right to refer a case to an ombudsman for a final review and decision.

4 Planning ahead – corporate plan 2010/11

The board considered the draft corporate plan 2010/11 and made a number of suggestions.

A variety of views were expressed during a discussion about plans for regulatory reform which were included in the Queen’s Speech on 18 November and the possible implications for the Service in respect of collective redress. The interim chief ombudsman confirmed that the second reading of the Bill was due on 30 November, followed by the committee stage either side of Christmas.

It was noted that the full *corporate plan & budget 2010/11* will be presented to the board in December for approval – prior to public consultation in the new year.

Subject to the points discussed, the board endorsed the corporate plan 2010/11.

5 Policy report

a) Bank charges

The decisions director reported that the Supreme Court was due to hand down its judgment on 25 November as to whether it agrees or not with the OFT that unauthorised overdraft fees are subject to unfair contract law. He confirmed that discussions were being held with the FSA and the OFT about the implications of the possible outcomes.

b) Independent Assessor

The interim chief ombudsman reported that Michael Barnes had announced his intention to stand down from his role as Independent Assessor in May 2010.

c) External audit

At the quarterly bilateral meeting with HM Treasury on 13 November, it was suggested that the Service should appoint the National Audit Office as its external auditors. The board asked the audit committee to consider the proposal in more detail and make a recommendation to the board.

d) Style of communication

The interim chief ombudsman explained that he had reviewed the “tone” of the Service’s external communication. He thought that this should consistently reflect the Service’s role as a listening, thoughtful, expert, authoritative and accessible body. The board suggested that *impartial* should be added to these adjectives. It was agreed that this was something that should be developed both internally and externally.

e) Publication of business-specific complaint data

After the first set of complaints data was published in September 2009, the board had suggested that a review of the presentation of the data and stakeholder reaction should be undertaken.

The interim chief ombudsman presented the outcome of a review of the publication of complaint data. The review had included the format of the presentation and stakeholder reaction. The presentation had been generally found to be fit-for-purpose and the reaction from stakeholders generally positive. He confirmed that the data for the period from July to December 2009 was due to be published in February 2010. He added that the previous data would still be available but not on the same screen.

f) Litigation

The litigation report dated 12 November 2009 was noted.

6 Management information report

The business planning and assurance director presented a revised version of the board management-information report. He explained that it was still in draft form and comments would be welcome. He added that the report was in the same format as the executive and quality-committee reports but at a more strategic level.

The board welcomed the report. It suggested a number of adjustments that could be made to aid the understanding of the report.

7 Ombudsmen

The decisions director reported that there had been a very positive response to the advertisement for part-time fee-paid ombudsmen from people with a wide range of relevant backgrounds and experience. It was noted that particular care was being taken to ensure high standards of quality would be met.

There being no other business, the meeting ended at 12.00pm