

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at Home Sweet Home, Covent Garden, WC2E 8JG on Wednesday 26 September at 9.30 am

Present	Nick Montagu (NM)	chairman
	Janet Gaymer (JG)	director
	Alan Jenkins (AJ)	director
	Elaine Kempson (EK)	director
	Julian Lee (JL)	director
	Roger Sanders (RS)	director
	Maeve Sherlock (MS)	director
	Pat Stafford (PS)	director
In attendance	Natalie Ceeney (NC)	chief executive and chief ombudsman
	Tony Boorman (TB)	decisions director
	Julia Cavanagh (JC)	performance & finance director and company secretary
	David Cresswell (DC)	communications & customer insight director
	Chris McDermott (CM)	operations director
	Caroline Wayman (CW)	legal director
	Jacquie Wiggett (JW)	human resources & organisational development director
	Alison Hoyland (AH)	board secretary & head, CEO's office (minutes)

Apologies for absence

An apology for absence was received from Gwyn Burr.

0/1209 Executive update

Senior management

As previously discussed with the Board, a small number of new senior management posts were being recruited to in order to strengthen the Service's capacity. The recruitment exercise for these posts would start soon, with the operational role being filled on an interim basis in the meantime.

Financial Services Authority

There had been effective joint working between the ombudsman and the FSA over the summer in relation to interest rate hedging products, in response to the FSA's request that the ombudsman consider establishing proposals for a specific scheme to deal with the outcome of sales reviews.

Ministerial changes and the Financial Services Bill

There had been a number of ministerial changes, including in relation to those responsible for financial services and progressing the Financial Services Bill through the parliamentary process. The Lords were due to resume the committee stage in early October.

Ombudsmen appointments

The Board noted NM's approval of the most recent ombudsmen appointments.

Operational performance

August was reported as a strong month for casework, with good progress against targets on case resolutions despite the summer and the Olympics. The new professional leadership model which put ombudsmen and case-handling teams alongside other operational colleagues was also starting to show benefits in terms of stronger knowledge sharing.

“Setting the tone”

An initiative to train staff on the tone of the ombudsman’s communications was helping staff to better communicate with customers in a way which reflected the ombudsman’s values.

1/1209 Minutes and approvals

The Board approved the minutes of the Board meeting held on 25 July and noted the minutes of the Audit Committee meeting held on 5 July.

2/1209 Matters arising

Property

The lease for the ombudsman’s preferred property for its move in 2014 was signed at the property committee meeting on 25 July.

Interest rate hedging products

The FSA and the ombudsman were continuing to explore together a scheme for examining the outcome of sales’ reviews by firms – following the FSA’s formal request for the ombudsman to explore this issue. A paper was expected to come to the October Board.

PPI redress assurance scheme

The programme board, chaired by Board member AJ, and made up of representatives from the ombudsman, consumer bodies and the industry, had met for the first time over the Summer. CW and AJ would keep the Board updated on progress.

Future funding model

A feedback statement had been published over the Summer.

Directors’ report & financial statements for 2011/12

The report had been published over the Summer.

3/1209 Independent Assessor - role & recruitment

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The current Independent Assessor’s term was coming to an end in May the following year and the recruitment exercise to find her successor would need to start soon.

The Board agreed that the role was vital, and that its independence was crucial. It provided the Board, and external observers, with the necessary assurance about how the Service was handling concerns about its own customer service and it helped the Service learn and improve.

The Service’s increased caseload seemed likely to mean an increased caseload for the Independent Assessor so some additional support should be provided.

The Board agreed to:

- the appointment of a caseworker to support the role;
- the proposed recruitment plan for both the caseworker and the Independent Assessor;
- the nomination of Board members to act as ‘critical friends’, who will meet the Independent Assessor quarterly, along with relevant members of the executive team.

action

- MN to nominate Board members to act as ‘critical friends’.
- NM to take the recruitment plan forward, with AH in her capacity as Board Secretary.

PPI dominated the current caseload, and an analysis of the external environment suggested that it would continue to be the dominant feature for a number of years yet. There was every indication too that the incoming volume of complaints would further increase over the medium term; as a consequence, existing and projected case-load levels were uncomfortably high.

PPI volumes would be central to setting the 2013/14 plan and budget, the process for which was just beginning. The Board took a clear view that the ombudsman service had to respond to these volume pressures and add significantly to the Service's capacity. There were constraints to the speed at which this could be achieved, not least given the expansion that had already taken place to respond to PPI. Realistically, the pace of any further increase in scale meant that no approach would see quick resolutions for the many thousands of people who, unable to settle matters with the business who had sold them PPI, would bring their case to the ombudsman.

The Board would consider the challenge presented by the huge uncertainties surrounding PPI, and how the ombudsman should respond, at its October Board. It would do so in the light of a detailed analysis of the operational options, and the implications for the budget for next year.

action

- the executive to prepare analysis for October Board.

There being no other business, the meeting ended at 15.00.