

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at Exchange Tower, London, E14 9GE on Wednesday, 23 April 2014 at 13.30

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| Present | Nick Montagu (NM) | chairman |
| | Maeve Sherlock (MS) | director |
| | Julian Lee (JL) | director |
| | Alan Jenkins (AJ) | director |
| | Pat Stafford (PS) | director |
| In attendance | Tony Boorman (TB) | chief executive and chief ombudsman (interim) |
| | Julia Cavanagh (JC) | finance and performance director |
| | Chris McDermott (CMcD) | operations director |
| | Caroline Wayman (CW) | legal director |
| | Alison Hoyland (AH) | board secretary & head of CEO's office (minutes) |

Apologies for absence

An apology for absence was received from Gwyn Burr.

1/1404 chief ombudsman and chief executive's update

The FCA Board had approved the ombudsman's 2014/15 budget and early consideration was now being given to the arrangements for this year's budget cycle and approval process.

2/1404 Minutes and approvals

The Board:

- approved the note of the meeting held on 19 March 2014;
- noted the minute of the meeting of the Audit Committee held on 21 January 2014; and
- noted the latest ombudsmen appointments.

3/1404 Matters arising

Matters arising were picked up in the substantive business before the Board.

4/1404 Q4/end of year performance review

fos/14/04/04

The Board had been kept informed about service performance throughout the year, including by way of substantive quarterly reviews. A strong final quarter had built on the successes of the previous quarters, and the overall position reflected a year of considerable achievement in which the ombudsman service had:

- received and resolved more cases than ever before;
- reduced the time people were waiting for someone to look at, and then provide an answer on, their (non-PPI) case;
- started to see its PPI caseload reduce, as it had grown and developed its capacity to deal with the unprecedented volumes it had received; and
- enjoyed high staff retention and engagement levels.

Effort and focus would continue to be directed at the areas where pressures remained, which included the progression of some older cases and some aspects of customer satisfaction and service quality, where feedback suggested more should be done. As discussed at the last Board meeting, the ombudsman service would also need to focus its efforts on preserving its current high levels of staff retention and engagement, as well as on continuing to develop the knowledge and skills of its newer staff.

Service development work, aimed at making sure the ombudsman was able to continue to deliver a valuable and relevant service to all, would also be key to successful service delivery and performance improvements, not least in a rapidly changing environment where customers were demanding more from their service providers and expecting their needs to be met in more meaningful and effective ways.

The current 'unit cost' measure was becoming less relevant as a measure of efficiency/cost effectiveness (something which the NAO had picked up on its 2012 review). A more nuanced measure should be developed to reflect better the 'value for money' and 'impact' of the ombudsman's work. The rationale for change was further brought into focus in the light of the ombudsman's development work and the prospect of greater diversification of its services.

The Board acknowledged how much had been achieved in the year and the successful way in which the ombudsman service had responded to the challenges of receiving its highest caseload yet. Staff had risen admirably to the demands this had placed on them; existing staff had helped support and mentor the large numbers of new staff taken on to deal with the increased volumes and everyone had worked hard to get more answers out to more people than ever before.

5/1404 Annual review

fos/14/04/05

The Board reviewed the draft text of the 2013/14 annual review which was, as usual, a comprehensive round-up of what the ombudsman service had seen and done during the year. As noted under the end of year performance, the ombudsman had experienced another record year in which it had received over 2.3 million initial enquiries and complaints and a little over ½ million new cases requiring more detailed investigation. It had risen to the challenges of its busiest year yet and had provided answers to over ½ million people who had asked for its help, double the number it had in the previous year.

A number of suggestions were made for some additional narrative in both the chairman and chief executive's forewords on the broader environment in which the ombudsman service operated, to give some further context to its place and engagement in the wider landscape, and also to the external factors that had a bearing on it, and its work.

Any additional comments on the draft would be sent to the director of communications over the next week, as the final preparations were being made for publication towards the end of May.

Any other business

There being no other business, the meeting ended at 14.30.