

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held by conference call on Wednesday, 9 March 2016 at 09.00

Present	Nick Montagu	chairman
	Gerard Connell	director
	Alan Jenkins	director
	Maeve Sherlock	director
	Pat Stafford	director
	Gil Whitehead	director
In attendance	Caroline Wayman	chief executive and chief ombudsman
	Julia Cavanagh	chief finance officer
	Chris McDermott	chief operating officer
	Annette Lovell	director of engagement
	Alison Hoyland	board secretary & head of CEO's office (minutes)

Apologies for absence

There were no apologies.

1-4/1603 Board minutes

The Board approved the note of the meeting held on 16 February 2016 and noted the main points of discussion at the remuneration and audit committee meetings which had been held on the same day.

Matters arising

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

Chairman's update

The ombudsman service business in which the chairman had been involved, included:

- attendance at the FCA oversight committee as part of the budget-setting process;
- the approval of ombudsmen appointments, which the Board noted; and
- a meeting with the new chairman of RBS, Sir Howard Davies;

Chief ombudsman and chief executive's update

The chief executive updated the Board on developments since the last meeting, including:

- attendance at the Public Accounts Committee, which was hearing evidence on the NAO's report into financial mis-selling;
- a meeting with the Pensions Minister on pension and other retirement related issues;
- the Financial Advice Market Review; and
- litigation cases of note.

5/1603 2016/17 plan & budget

fos/16/03/05

Since the February Board, the budget had been adjusted to take account of the service changing the basis of its accounting to International Financial Reporting Standards, but otherwise, it remained unchanged.

At the February oversight committee, the FCA had recognised the challenges that remained in relation to the PPI caseload. There were many uncertainties, not least those relating to the timing of the regulator's proposed PPI complaint handling rules and guidance and how financial firms, consumers and claims management companies might respond.

While not of direct relevance to the budget itself, the Board noted that a good many respondents to the budget consultation had taken the opportunity to comment on the questions that had been posed around the funding arrangements for the following year, with many welcoming a review of the current flat-rate case fee arrangement. Respondents had cited the increasing emphasis on early case resolution as a relevant factor in future discussions about the case fee structure, although some had also flagged the need to guard against unintended consequences and the benefits of the simplicity of the existing model.

In the light of a full analysis of responses to the consultation and the latest view on the underlying planning assumptions, the Board agreed the proposed plans and budget for 2016/17, and subject to approval by the FCA where relevant, approved:

- the final budget for 2016/17;
- the associated FEES rules; and
- publication in due course of the budget, the feedback statement and 'our plans for the year ahead'.

6/1603 2016/17 commitments

fos/16/03/06

Last month, the Board reviewed proposals for how the service would track performance, ahead of being asked to sign off the framework and underlying measures and targets at the March meeting. The Board had confirmed that it was content that performance should continue to be measured against the framework which had been introduced the year before, which aligned the service's performance reporting with its key strategic commitments.

The final version before the Board incorporated comments from the February discussion and the targets either sought to maintain performance or improve it. The areas where tougher targets had been set included how quickly people could expect to get an answer to their complaint, where the waiting times had been reduced across all casework.

The Board had suggested that the service might consider extending how it measured business satisfaction in line with how it measured consumer satisfaction, where consumers were asked about their experience at different points in the process. Having looked at this, the analysis suggested that the results were likely to be less meaningful: the survey base for businesses was much smaller and so running surveys at the end of the process when the case had been resolved was less burdensome and would mean respondents could give a more considered view of their overall experience.

The Board agreed the measures and the targets and approved the performance framework for 2016/17.

7/1603 Rule changes

fos/16/03/07

The FCA was making changes to the complaint handling rules in relation to the service's compulsory jurisdiction (CJ) so that small and medium-sized enterprises (SMEs) would be able to complain about designated credit reference agencies and/or finance platforms in certain circumstances. The service proposed to make the equivalent rules for the voluntary jurisdiction (VJ), consistent with its practice of keeping the CJ and VJ rules aligned.

The Board agreed the rule changes, subject to approval by the FCA in due course. The Board noted that it would be asked to make a further set of rules by way of a teleconference call on 16 March. The rules concerned peer-to-peer lending, legacy

Consumer Credit Act mortgages and amendments to the Mortgage Credit Directive: they were coming later because the relevant statutory order had yet to be made.

The meeting ended at 10.20