

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at Exchange Tower, 1 Harbour Exchange, E14 9SR on Wednesday, 15 March 2017 at 09.00

Present	Nick Montagu	chairman
	Gerard Connell	director
	Alan Jenkins	director
	Maeve Sherlock	director
	Pat Stafford	director
	Gill Whitehead	director (by phone)
In attendance	Caroline Wayman	chief executive and chief ombudsman
	Chris McDermott	chief operating officer
	David Cresswell	director of strategy (for items 7)
	Annette Lovell	director of engagement (for items 1-4 and item 7)
	Garry Wilkinson	principal ombudsman & director of new services (for items 1-6)
	Talal Barkatali	head of strategic finance (for items 5-6)
	Caroline Wood	chief of staff (for item 6)
	Tracy Campbell	head of property and customer help (for item 6)
	Alison Hoyland	board secretary

Apologies for absence

There were no apologies.

1-4/1703 Board minutes

The Board approved the minute of the meeting held on the 8 February 2017, subject to certain minor amendments.

Matters arising

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

Chairman's update

The ombudsman service business in which the chairman had been involved since the last board meeting included:

- meeting the chair and the chief executive of RBS, along with the chief ombudsman and chief executive, as part of a regular cycle of meetings with financial businesses;
- attending the FCA oversight committee on 14 February, along with fellow board member, Alan Jenkins, the chief ombudsman and chief executive, the chief finance officer and the director of engagement, as part of the annual budget cycle;
- 1:1 meetings with members of the executive team;
- a chair to chair meeting with John Griffith-Jones, as part of his regular cycle of engagement with the FCA chairman;
- a 1:1 meeting with the Independent Assessor, Amerdeep Somal;
- spending time with colleagues in the legal and knowledge teams to see their work at first hand;
- approving the appointment of two ombudsmen (which the Board noted); and
- undertaking a search exercise to recruit new non-executive directors.

4/1703 Chief ombudsman and chief executive's update

Much of the chief ombudsman and chief executive's update was picked up in substantive business, with the Board noting here:

- the service's engagement with the APPG on Fair Business Banking and its enquiry on: 'Bridging the Gap: A Level Playing Field for Financial Disputes'; and
- an update on litigation cases of note and on the recovery of legal costs.

5/1703 2017/18 budget, plans & commitments

2017/2018 budget

fos/17/03/05a

The March Board marked one of the last stages in the budget approval process. The final review took account of all the consultation feedback, and since the February meeting, the FCA had published the final position on the rules and guidance for Plevin-affected cases and a time-bar.

In the updated position (which included a revised view on PPI), the service now expected to receive 30,000 less cases overall and was now setting a budget against the expectation that it would receive 330,000 new cases in total and resolve a total of 430,000 cases. Significant uncertainty remained, however, particularly around PPI volumes. The assumptions and operational response would be kept under review during the course of the year, including in the light of how firms, consumers and CMCs responded to the FCA's rules and guidance and to the FCA's awareness raising campaign.

The Board:

- agreed the budget for submission to the FCA March Board for approval; and
- agreed the FEES rules (noting some amendments the FCA had made to the instrument which had been circulated to the Board), subject to approval at the FCA March Board.

Board members would review the *our plans for the year ahead* document setting out the service's plans and budget and providing its response to the consultation feedback, in time for publication once the budget was approved.

2017/18 commitments

fos/17/02/05b

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

The Board agreed the proposed measures and targets and noted that a wholesale review would be undertaken at the mid-year point to sense check them against the experience to date. The Board suggested that where new measures were being introduced, it would be helpful to continue to track the previous measures for a transitional period.

action

- track (on a 'sample' basis) 'old' and 'new' measures for a transitional period.

6/1703 Service development

fos/17/02/06

The staff moves to prepare for the anticipated work in PPI had gone well, and the Board thanked facilities colleagues for managing the logistics so smoothly. The challenges around workload and resource planning had abated considerably since the FCA had finalised its PPI rules and guidance, and training and operational plans were now being advanced with a greater sense of clarity.

In the investigation teams, performance continued to track well against plans, with customer satisfaction levels remaining a good deal higher compared to other casework areas. While the transitional period was impacting timeliness, again, customers were getting answers more quickly than in other casework areas.

Recognition of the value of a broad range of case-handling activity – from early interventions through to formal decisions – was helping to encourage the right behaviours, with customer need as the primary driver. The service continued to engage with financial businesses to ensure that they could play their part too and that their operational response and resourcing supported timely and effective interventions.

In terms of staff engagement, the independently facilitated focus groups had found that the lessons from the first teams' experiences was feeding through to the later teams. The Board acknowledged the importance of ensuring that the positive feedback was shared across the teams, making it clear that lessons were being learned from the earlier feedback.

Staff engagement would continue to be tracked as part of the service's commitments, and this would include comparisons across different departments, and an all staff survey planned for a few months' time would also compare how people were feeling across the service.

The advanced stages in the establishment of the investigation pods and the transition of colleagues to mass claims also provided an opportune time to ensure that the senior leadership teams in both areas understood their role, and that of their people, in delivering the service's vision of a first rate service for its customers. To this end, the chief executive and the wider executive team had spent time with the investigation team leadership, and were due to do the same with the mass claims leaders in the next couple of weeks. Initial feedback showed appreciation for the investment that this time represented.

7/1703 Next Board commissioned review

fos/17/03/07

The Board had explored potential areas for its next independent review at its September away days.

In the follow-up discussion at the February meeting, the Board agreed it wanted a strategic theme for its next external review – one that would help inform the service's broader vision beyond its current development programme. The proposal, therefore, was to commission a piece of work to look at the service's role and rationale, and its people and its customers, in a future world where the pace of evolution showed no sign of slowing down. And where cultural, societal, economic and technological shifts were likely to demand very different things.

A time horizon which looked no further than 5 years ahead reflected the ongoing rate of change and would also be more likely to deliver tangible outcomes. It would be important too to differentiate the needs and expectations of different groups of people – for example, as between millennials and post-millennials and as between the vulnerable and the resilient and resourceful.

The work would be facilitated by an external 'curator' or 'curators' – and conducted over the spring and summer – and it would form the basis of further discussion at the Board's strategic away day's in September. In the meantime, Board members would identify areas of review for the work and anyone who might be considered to curate the work.

AOB

There being no other business, the meeting ended at 13.00.