

## consumer liaison-group meeting

17 March 2011



### present

#### Financial Ombudsman Service:

- Annette Lovell, head of policy and public affairs
- Caroline Wells, head of outreach and external liaison
- Jane Hingston, lead ombudsman
- Debbie Enever, policy manager
- Niall Jeewoonarain, regional relationship manager
- Jacqueline Rees, head of knowledge and information

#### Consumer Organisations:

- Oliver Morgans, Consumer Focus
- Sue Edwards, Citizens Advice
- Nicki Rose, Trading Standards
- Deborah Shields, National Debt Line
- Lucy Malenczuk, Age UK
- Elisabeth Sciallis, Trading Standards
- Helen Handzel, Consumer Credit Counselling Service
- Robert Yuille, Consumer Financial Education Body

### welcome and introductions

Annette Lovell welcomed everyone to the meeting.

Annette explained to the group that the ombudsman service's *plan & budget* had been considered by the Board on the previous day – and that it would be considered by the FSA's board the following week. It was expected that a feedback statement would be published by the end of March 2011.

Members of the group suggested that, for the following year's *plan & budget*, it would be useful to have a full discussion on the subject at a liaison-group meeting. Annette agreed to add this to the pool of agenda items.

### complaint data publication

Jacqueline Rees gave a short presentation on the publication of complaints data.

In the following discussion, it was noted that there are numerous factors which influence the uphold rate – including mass claims and the time lag between the cause of the

complaint and the publication of the resolution of that complaint. This means that it is not always possible to see where issues have been resolved.

Oliver Morgans gave a presentation on how the data can be used and how it could be improved.

In the following discussion it was suggested that the categories of the data published are too broad – for example, “banking and credit” – and consequently, the data can be difficult to use. It was noted that, in reality, many complaints are complex and do *not* neatly fall into specific categories. Complaints also often include various issues. This means that the data will always be limited to some extent.

It was noted that members of the group are seeking to encourage people with complaints to bring them to the ombudsman. Caroline Wells outlined some of the work that the ombudsman service does to improve accessibility – such as targeting low-awareness groups and studying consumer behaviour. She explained that we are also now starting to “patch” calls through directly from Citizens Advice to the ombudsman’s front-line customer-contact centre – which seems to be working very well.

### **PPI update**

Debbie Enever provided a brief update. She confirmed that at the time of the meeting there was not much that could be said, as the ombudsman service was waiting for the High Court judgment on the BBA’s judicial review. She noted that the ombudsman service is still receiving high volumes of PPI complaints – for example, 5,000 new cases had been received during the previous week. This meant that PPI cases were now accounting for around 65% of the total incoming workload.

### **consultation on the new legislation**

Annette Lovell noted that HM Treasury’s consultation on regulatory reform refers to the ombudsman service, CFEB and the FSCS – and proposes that the ombudsman service will continue to be independent.

There would be an obligation on the ombudsman service to have a memorandum of understanding (MoU) with the new FCA – and to publish its annual plan – both things that are already done. The draft legislation also proposes a duty on the ombudsman service to co-operate with the new FCA – and to publish decisions (a proposal that is already being considered).

The consumer organisations noted that, as industry groups would be responding, it was important that they also responded to the consultation.

### **Citizens Advice’s report, “*cashing in*”**

Sue Edwards outlined the Citizens Advice report, “*cashing in*”. She said that the report had been published on 3 March 2011 and provided evidence on credit brokers or “loan finder companies” that use cold calling and internet sites to target people who are struggling financially.

These companies offer a loan to consumers and then take a fee – but no loan is actually provided to the consumer. Many of these companies also have debt-management arms and claims- management operations. This means that consumers who start by asking for a loan are then contacted by a claims manager and a debt management company.

This project initially started as a response to the Treasury/BIS call for evidence on consumer credit – and has now been submitted as a super-complaint to the OFT. The consumer detriment involved has grown, so that the average consumer loss is now £251 – or even higher when the consumer is also caught by the other arms of the same company.

Jane Hingston said that the ombudsman service has received complaints where the consumers were led to believe they were just providing details of their card as a means of identifying themselves – only to have a payment taken from their bank account without their knowledge or consent.

The ombudsman service has liaised with the OFT on this issue. There appear to be relatively few complaints compared with the number of people believed to be dealing with these sorts of businesses. This may suggest that not all consumers with this problem are finding the ombudsman – so any help to ensure that consumers affected by this are signposted to the ombudsman service is very important.

### **implications of funding cuts to the advice sector**

Caroline Wells explained that the ombudsman service is currently holding events and training for advice workers, and that it would be useful to know whether this is still useful in light of front-line cuts.

Sue Edwards said that Citizens Advice's funding for financial inclusion will continue for another year, but the position on legal aid was still unclear. Cuts vary between different local authorities, but on average they are around 12%.

Deborah Shields said that at National Debtline there had been a small number of redundancies – but these had not affected front-line money advisers. They were mainly coping with a recruitment freeze. She also noted that phone advice was becoming more popular, because it is cheaper. But phone advice was not right for all consumers and there was a risk of losing the option of face-to-face advice.

Helen Handzell from CCCS discussed how they were in a different position as they are funded by industry. 50% of the help they provide is now online, and online help has infinite capacity. They have the occasional face-to-face meetings but this is quite rare.

Jane Hingston noted that the ombudsman service have been discouraging banks from forcing people to seek help before approaching them with their financial problems – as some people are capable of dealing with their affairs themselves.

### **AOB**

It was asked whether the approach of the ombudsman service to debt-management cases might differ from that of the OFT. Jane Hingston confirmed that the ombudsman service takes into account any relevant OFT guidance as part of its overall consideration

of the case – and so there is unlikely to be a significantly different approach (although each case obviously turns on its own individual facts).

**next meeting**

The next meeting will be arranged for approximately three months' time.