

Plans and budget consultation 2001/2002

Foreword by the chairman - "we welcome comments"

We set out in this document our outline budget for 2001-2002. We are accountable to those who pay for the Financial Ombudsman Service, and so we welcome comments.

By way of preface, I would like to emphasise two aspects of our plans. Complaints about endowment mortgages have generated a sharp increase in the number of disputes we are asked to resolve. As a result, we have had to employ extra staff. On the other hand, we now expect our unit cost to drop below the average of the 'old' ombudsman schemes.

But more than 'cold' numbers are involved. Our independent service reassures consumers that they can expect a fair deal in the event of a dispute. This in turn strengthens confidence in retail financial products and services. And it means that we provide value for the industry in return for the levies and fees we receive.

This consultation paper provides those closely interested in our work, and particularly those who pay directly for it, with the opportunity to understand how we propose to balance the provision of a proper standard of service with the need to contain costs. We look forward to comments on the assumptions on which our budget proposals are based and on the detailed figures.

Before it is finally adopted, our budget requires approval by the Financial Services Authority (FSA). We have already consulted the FSA on the broad outlines of this budget. We will report to the FSA on the outcome of this consultation before seeking final approval.