The Financial Ombudsman Service welcomes the opportunity to respond to proposals for a new professional standards body set out by the Banking Standards Review.

We welcome the strong emphasis the proposals place on changing culture, which plays such an important role in shaping the relationship between bank and customer. At the Financial Ombudsman Service, we see first-hand when that relationship breaks down. Historically, the bulk of the complaints we have seen come from three main sources: endowment mortgages, bank charges and Payment Protection Insurance. Each of these issues has its root in cultural and systemic failings, which points for a real need for fundamental change.

More recently, we have seen some encouraging signs through our engagement with industry that culture is starting to change. We believe there is a real opportunity for this new body to raise aspirations further and really accelerate these changes, to drive up standards and a genuine shift in culture across the industry.

The emphasis placed on the independence of the new body, in particular through having an independent board and chief executive, is not only welcome, but will be central to the body’s credibility and ultimately its success in rebuilding public trust in banking.

We are in the privileged position to see when, how and why things go wrong between bank and customer, how problems can be resolved and even how they can be prevented. This gives us a unique insight into what good complaints handling look like, which can be used to help drive up standards.

We look forward to both an ongoing dialogue on the development of the new body and to working with the body as it establishes itself as an important feature of the financial services industry.