

**MINUTES**

MINUTES of the meeting of the directors, held on Wednesday 27 November 2019 at 09.30

<b>Present</b>	Zahida Manzoor (ZM)	Chair of the board
	Gerard Connell (GC)	Director
	Alan Jenkins (AJ)	Director
	Sienna Veit (SV)	Director
	Jenny Watson (JW)	Director
	Diana Warwick (DW)	Director (until 12pm)
<b>In attendance</b>	Caroline Wayman (CW)	Chief executive & chief ombudsman
	Julia Cavanagh (JC)	Chief finance officer
	Annette Lovell (AL)	Director of engagement
	Caroline Nugent (CN)	Director of HR&OD
	Garry Wilkinson (GW)	Principal ombudsman & director of new services
	Richard Thompson (RT)	Principal ombudsman & director of quality
	Nicola Wadham (NW)	Chief Information Officer
	Alison Hoyland (AH)	Board secretary
Megan Webster (MW)	Policy and communications manager	

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**1-2/1911 Board and committee meetings:**

The board approved the note of the board meeting held on 30 October 2019. The board asked for one amendment to reflect that it would be helpful to review the timing of the annual risk review, suggesting that the next review might take place at the February board.

**Matters arising**

Matters arising were picked up in the main substantive business before the board.

**Chief ombudsman and chief executive's update**

**fos/19/11/02**

Much of the Chief Executive's engagement since the last board meeting reflected where the service was in its plan and budget cycle for 2020/21, with discussions focussing on the work the service anticipated for next year and its developing future strategy.

Under the latest litigation update, the board noted that the judgment in the PPI case of *Critchley vs the Financial Ombudsman Service* had been handed down. The service had been successful in defending the challenge on all the grounds. The judgment included a number of helpful endorsements of the ombudsman service's approach to PPI mis-sale complaints and a useful reminder of its fair and reasonable remit when deciding complaints. The board noted its thanks to the legal team and colleagues from across the service for their hard work and commitment in helping to defend the case. [Following the meeting, it was confirmed that there would be no appeal in the *Critchley* case, nor would a separate case on similar grounds be proceeding].

On the litigation update more generally, the board suggested it would be helpful if some of the detail could be trimmed and that a one-page overview of new legal casework and/or points of note would be helpful.

In the light of the current operational outlook and uncertainty in the prevailing external environment, the board agreed at its October meeting that it would be helpful to receive high-level updates on key aspects of service performance in the intervening months, between the more detailed formal quarterly reviews.

The board noted that since October, resolutions were slightly behind in both PPI and general casework. The service had seen a significant increase in phone and incoming post relating to PPI complaints, but the picture was still unclear as to how many might result in a formal complaint being referred to the service. There was also uncertainty in the short-term lending market as the service worked through the implications of another lender entering administration in late October. Timeliness targets for resolving cases in less than 45 days remained under pressure, but customer satisfaction continued to track well at 63% against a 65% target overall (though customer satisfaction was also expected to be impacted as the year progressed in the light of longer waiting times). The board noted that the service was reviewing how it kept customers updated and was looking at ways to publish information on its website to help set expectations for timescales.

The board noted that, as discussed at its October board, one of the key interdependencies on performance continued to be recruitment and retention, both of which remained challenging in a buoyant employment market. Several initiatives were underway to help enable the service to recruit and retain the right candidates in its London and Coventry offices.

The board noted the operational performance update and agreed it would be important for it to have regular updates on the recruitment plans and other operational plans including key milestones and how the service was tracking against them.

Since October, the service had continued to engage with stakeholders to help refine its budget assumptions. The main update since October was an adjustment to the volume assumptions for short term lending casework in light of the latest market outlook. It now planned to consult on receiving a total of 10,000 new short-term lending cases and resolving 15,000.

The board noted the key elements of the proposed funding arrangements comprised:

- A compulsory jurisdiction levy of £106m
- A case fee of £650 per case, the first increase for 7 years.
- 50 and 10 free cases for groups and non-group firms, respectively.
- A voluntary jurisdiction levy of approximately £600,000.

The funding proposals were based on plans to re-balance the levy to case fee over a phased basis, from a broadly 60:40 split in 2020/21 to a 50:50 split over the medium term.

The service would continue to test its assumptions ahead of it finalising its budget to be submitted to the FCA for approval in March. The board noted the next steps included:

- Publication of the draft plan and budget and future strategy consultation on 16 December 2019
- Detailed bottom up planning work
- A post consultation review in February
- Board approval and agreement to the submission of the budget to the FCA Board for final approval in March.

**05/1911**

**2020/2021 commitments**

**fos/19/11/05**

Alongside the service's budget planning each year, it also began to work through what its strategic objectives and commitment measures and targets should be. The board agreed the service should seek to do a wholesale review of its commitments to reflect its future strategy in due course – but that the longer tail of PPI meant that the current framework remained relevant and aligned with the operational outlook – albeit that some of the underlying measures and targets should be refreshed and/or updated. It agreed that it would be helpful to use 2020/2021 as a year of transition to test and pilot a number of other measures and targets against the backdrop of its developing future strategy.

The board agreed some small amendments to the way the strategic objectives were described, including to ensure that the purpose of the objective was clear and made sense to internal and external audiences. A detailed discussion on 2020/2021 commitment measures and targets would come back to the February and March board meetings. In thinking about what would be realistic and achievable the following year, given the current operational challenges, the service would also want to explore the extent to which it could set down some markers for what good performance might look like over the medium term – and what its aspirations should be for future years.

**06/1911**

**The developing future strategy**

**fos/19/11/06**

The board discussions at its September away days had provided a clear steer on the direction of travel for the development of the service's future strategy. Since then, the service had continued to refine its thinking and engage with internal and external stakeholders to develop some key themes to help give further shape to the future strategy. As part of its budget consultation in December, the service would seek views on its developing future strategy and the emerging thinking on the following three priorities around:

- Enhancing core services.
- Preventing complaints and unfairness from arising.
- Preparing for the future.

The service would use the responses it received, together with feedback from further engagement with its people and stakeholders, to inform the final future strategy, which would be published in March 2020. The service would then develop detailed plans to deliver the strategy, and the accompanying performance measures that would show the progress being made.

The board agreed the service should explore further the development of an overarching aspirational statement.

**07/1911**

**The service's statutory obligations in relation to the FCA**

**fos/19/11/07**

The Financial Services Act 2012 placed duties on the ombudsman service in relation to cooperation and information sharing with the regulator. The board noted how those statutory obligations were met in the first half of the financial year 2019/2020. Engagement with the regulator had included formal Board and executive-level engagement, for example, the new Chairman of the ombudsman service meeting with the Chairman of the FCA, as well as liaison between ombudsman and FCA teams on a broad range of issues relevant to both organisations' work. The board agreed, due to the level of engagement with the FCA and the service's statutory obligations in this regard, that it would be helpful to continue to receive assurance papers every six months.

**AOB**

The board secretary had sent a link to board members to enable them to anonymously submit their diversity data for inclusion in the service's annual diversity, inclusion and wellbeing report but some had not been able to access it. The issue had been resolved and the link would be re-sent by the board secretary.

There being no other business the meeting concluded at 1pm.