

quality assurance – our principles and approach



Financial
Ombudsman
Service

quality assurance – our principles and approach

This document sets out our approach to quality assurance at the Financial Ombudsman Service – what’s important to us and how we embed quality in all that we do. It’s also a practical guide for all staff who are actively engaged in quality assurance oversight.

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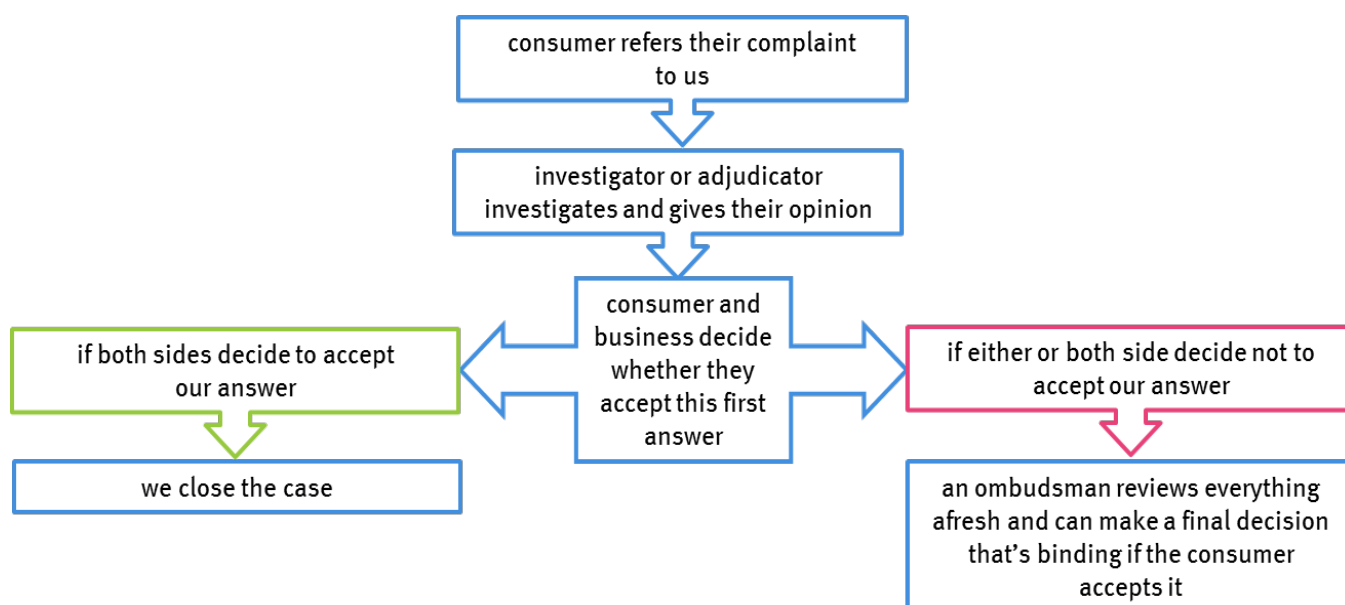
our role and purpose

The Financial Ombudsman Service was set up by Parliament to resolve disputes quickly and with minimum formality. Our rules require us to reach an answer that's fair and reasonable in all the circumstances of a complaint.

The scale of the challenge we face as an organisation is significant. For the financial year 2017/2018 we received just under one and a half million enquiries. We handled 339,967 new complaints and resolved just over 400,000 complaints. We deal with a wide range of financial services – including banking, borrowing, insurance, investments and pensions.

To do our job effectively, we need a highly-skilled and motivated workforce – and the flexibility to adapt in response to a changing mix of complaint types that people are bringing to us. Underpinning all that we do is a core focus on delivering fair answers to our customers – customers of financial businesses, and financial businesses themselves.

our case handling process and quality assurance oversight



At the heart of how we operate is a two stage process.

The majority of our complaints (92% in the last financial year) are dealt with by adjudicators or investigators at our first stage, without the need for an ombudsman to issue a subsequent final decision.

But if the consumer or business is unhappy with the investigator/adjudicator's opinion, they have the right to ask for the complaint to be looked at by an ombudsman.

An ombudsman has the authority to make a final decision, binding on the business if the consumer accepts it. An ombudsman's final decision marks the end of our process.

Quality assurance is therefore built into the heart our case handling model, with the opportunity for any complaint to be reviewed and referred to a more senior colleague. And the process also gives our ombudsmen regular sight of our adjudicators' and investigators' work –helping ensure we're reaching fair and reasonable answers.

We have well-established quality assurance principles and controls, based on a "3 lines of defence" model with assurance activity undertaken in the front line, by quality experts in separate teams, and by governance mechanisms led by an executive director and two non-executive board members. We operate a risk-based approach and wrap around additional support and controls in new and emerging areas.

quality as an integrated activity

Our case handling model puts our ombudsmen at the heart of our casework teams. This means our investigators and adjudicators can access ombudsmen's knowledge and experience of finding fair answers to complaints, to help them reach their own conclusions about individual complaints. And our ombudsmen work together across our professional subject matter practice groups to ensure consistency in their thinking and approach.

Our quality model works in partnership with our commitment to developing our people, helping enable them to provide a high quality service. Rather than being a static metric, we view quality assurance as an opportunity to continually improve what we do and how we do it.

The nature of our work resolving disputes means that, in many cases, we may be dealing with two parties with very different and strongly held views of an issue or problem. We work hard to deliver answers which explain our thinking and feel fair to both parties, even though in some cases it may be inevitable that someone doesn't get the answer they were hoping for. But we want all our customers to feel they were treated fairly and to understand why we decided the case in the way that we did.

For our customers, our overarching aim is to always:

reach a fair answer • as quickly as possible • provide excellent customer service

These factors are all connected. If we treat our customers well and communicate effectively, we are more likely to get to the heart of the issue earlier and identify the relevant information we need, which enables us to make an informed decision more quickly.

reach a fair answer

We work hard to ensure that our process and approach to resolving complaints is consistent across all our areas of work. Because we are ultimately required to make decisions about what is fair in all the circumstances of an individual complaint, our people are often required to make finely balanced judgements about the specific facts involved in a case.

In considering what is fair and reasonable in all the circumstances of the case, we take into account relevant law and regulation, regulators' rules, guidance and standards, codes of practice and (where appropriate) what was good industry practice at the relevant time.

Reaching a fair answer is rarely entirely binary. While sometimes a fair answer is one that agrees with one party's view of a complaint, often it will involve working through a complex set of individual facts and circumstances to establish that fairness may lie somewhere between both parties' views of the issue.

So there may be a range of outcomes that may be fair and reasonable in the individual circumstances of a complaint. We ensure the quality (or reasonableness) of our answers by providing high quality training, access to experts and time to develop into a given role.

We publish the proportion of [complaints we've upheld about individual businesses](#) – that is, where we find that a financial business hasn't done all that it should have and that a consumer may have lost out as a result. And we report on the proportion of complaints we've upheld about different products and services on a quarterly basis in [ombudsman news](#).

as quickly as possible

We were set up to resolve complaints fairly and quickly, as an alternative to the courts. Financial services play a big part in our lives – and when something goes wrong people understandably want to know both that the situation will be dealt with quickly, and that they've had a fair chance to have their say about what's happened. While this is important in all cases, the need to resolve a problem at pace may be particularly acute when someone is in vulnerable circumstances.

Financial businesses also need to know what we think at the earliest possible stage, so they can take the necessary steps to put things right. And it's important they can learn as soon as possible from complaints – addressing any root causes, and ultimately providing a better service to their customers.

We also understand the importance of providing a service that's efficient and good value. The longer a case is with us, the more it costs in both time and money – both for us and often the parties too. As a not-for-profit organisation operating in the public sector, it is important that we act prudently with the money that funds us.

The capacity to work at appropriate pace is a core part of our case handlers' training. Using technology (for example, decision-making tools) and giving our investigators and adjudicators access to our ombudsmen's knowledge and experience helps our staff deal with complaints of varying complexity as quickly as we can.

provide excellent customer service

A fundamental part of our people's training and development is customer service and communication skills. Actively listening to what people are telling us to get to the heart of problem is crucial. As well as providing a better understanding of the issues and what may have gone wrong (and why), it also enables us to tailor the way we engage with each customer – taking account of the impact the problem is having on the individual parties involved. This is underpinned by our case handlers' close proximity to senior and experienced staff. We also use technology to help give us real time and "in the moment" feedback from our customers.

We provide a service to customers from throughout the UK (and sometimes beyond) who come from very different backgrounds, have a wide-ranging experience of engaging with financial services, and may be dealing with issues that impact their lives far beyond the concerns raised by their specific complaint. Some people are less able or confident than others to bring a complaint to a financial business and then to the ombudsman, and some have particular needs that it's important we recognise and support.

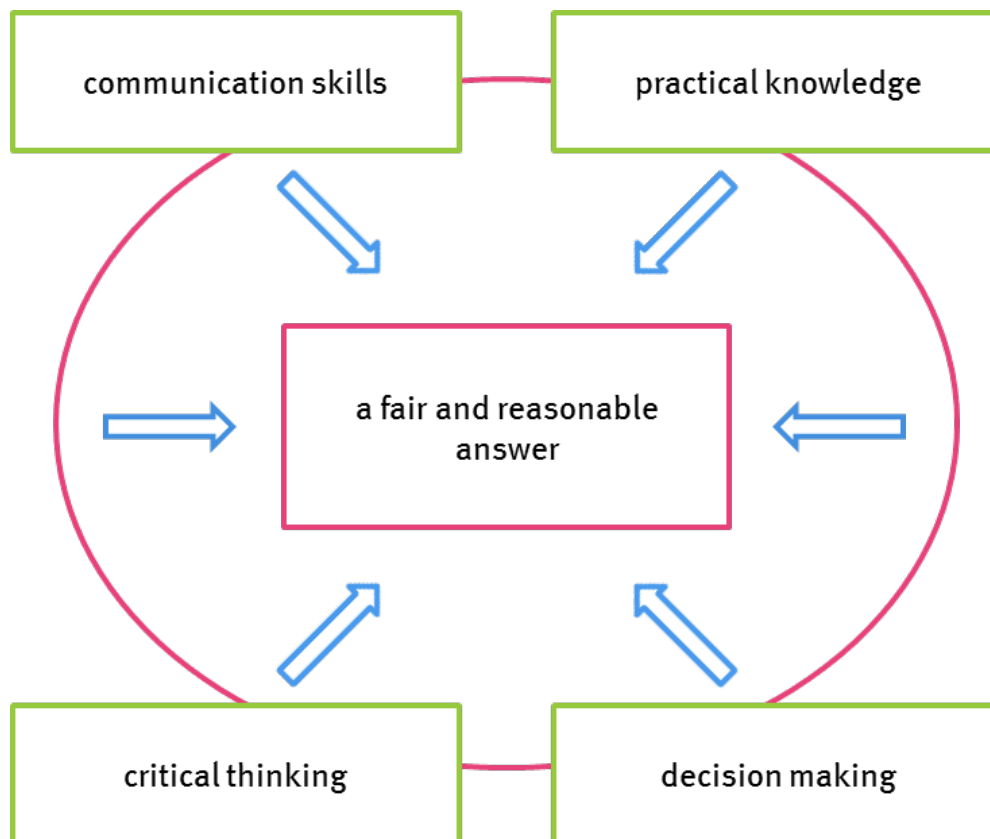
We have a dedicated team tasked with supporting customers in potentially vulnerable or challenging circumstances, who provide training to all of our case handlers. They give specific advice on individual cases and help businesses support *their* customers too. We tailor our service as far as we can to meet the needs of the people who come to us. And we're mindful too of our own legal obligations under relevant legislation that protects individuals' rights – whether that is in relation to data security, discrimination or other important issues.

training and developing our people

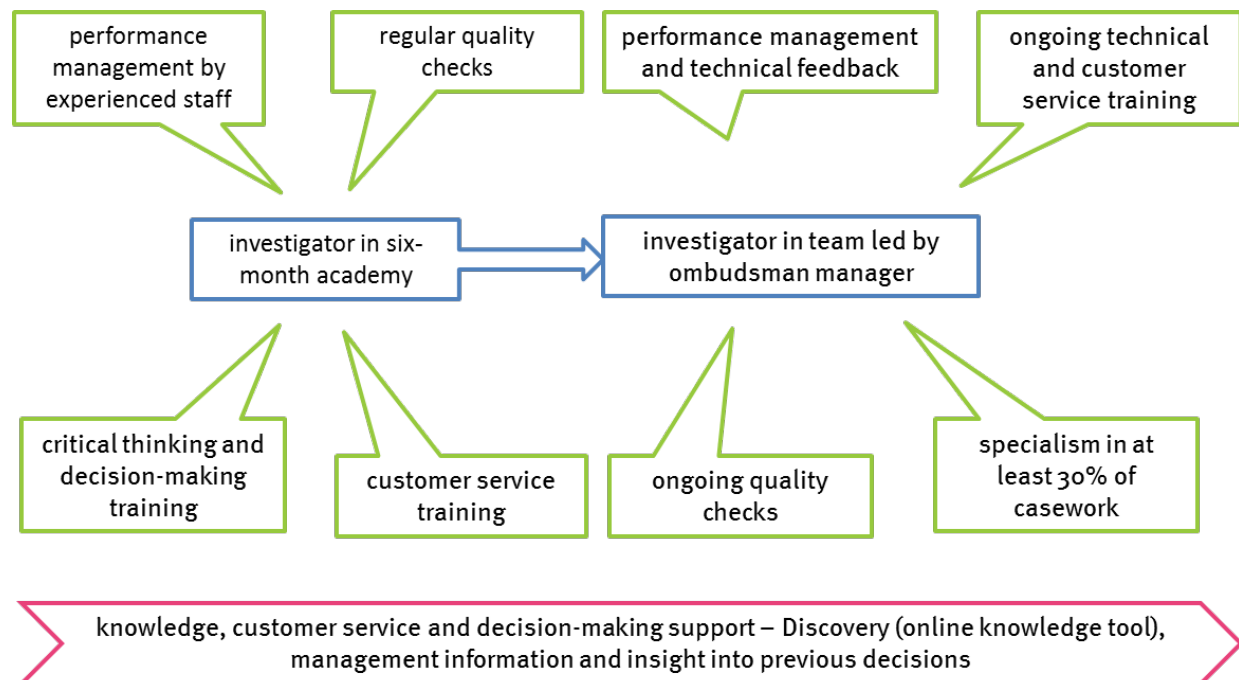
Being an adjudicator or investigator is a challenging role – involving reconciling sometimes conflicting perspectives, knowing the right questions to ask and evaluating lots of often complex information. Reaching and explaining an answer that feels fair requires not just sound judgement, but empathy and excellent communication skills.

This requires a complex set of skills and knowledge – combining core analytical and reasoning capability with effective communication skills, and the ability to understand and empathise with the huge range of circumstances our customers come to us with.

The building blocks for making a great investigator, adjudicator or ombudsman necessarily needs a complex approach to development which support the quality of our work:



To ensure our people gain and develop this wide skillset, we have in place a focused development pathway. For example, for new recruits joining our investigation ‘academy’, the development pathway focusses on a number of core skills:



As well as having the ability to skilfully get to the heart of a wide-range of complaints, our people may also develop – or bring with them from previous employment – specialist knowledge in a particular area, which we can use to help resolve the most complex or technical disputes as necessary. Our knowledge is managed and kept up to date through our network of professional practice groups. These groups provide oversight of areas relating to specific types of financial service, and also to more thematic areas, such as our jurisdiction and supporting people in vulnerable circumstances.

quality assurance process and governance

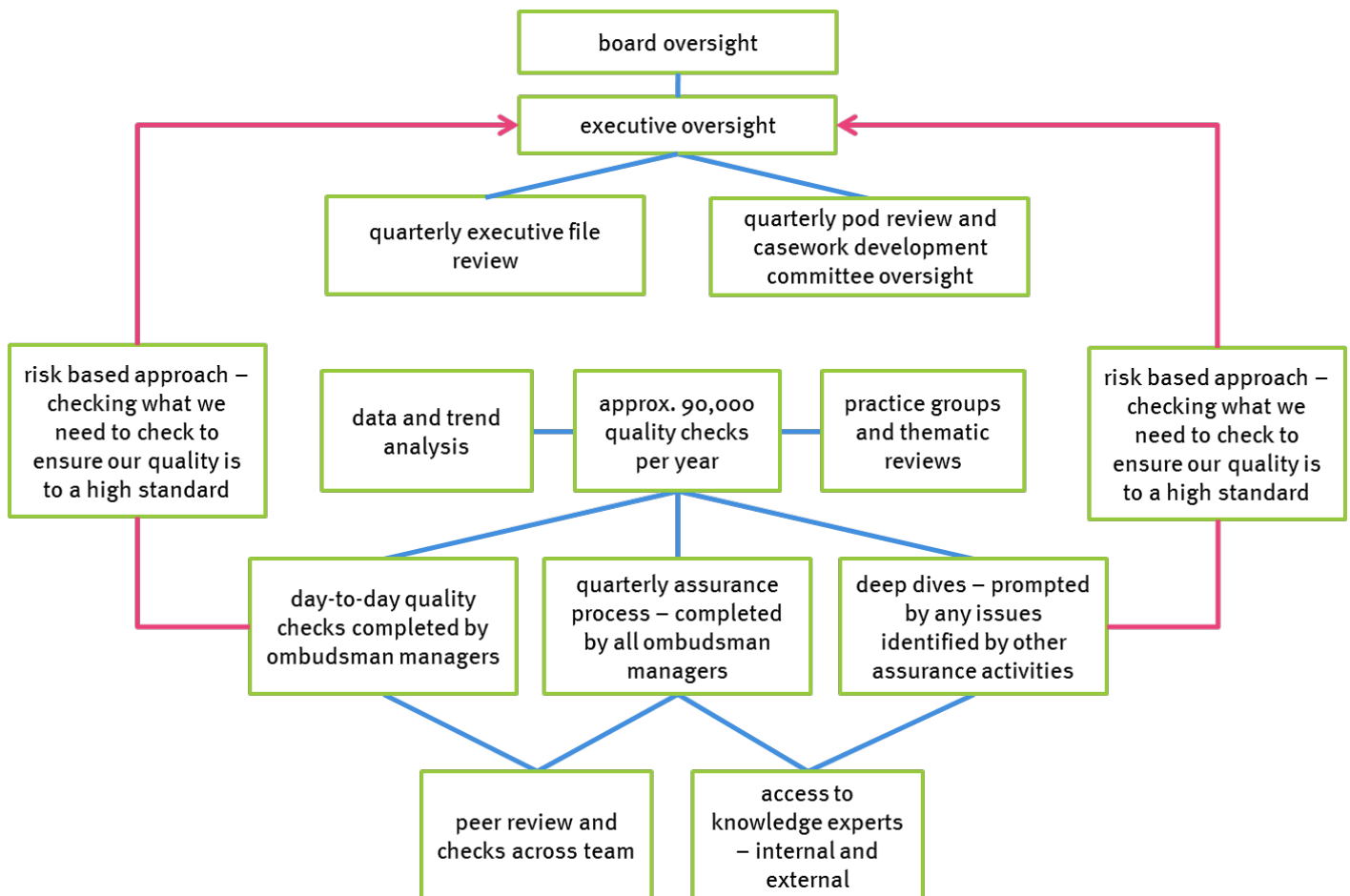
The service currently operates three main casework areas:

- Complaints we've received in large volumes (referred to as "mass claims") (where currently payment protection insurance (PPI), packaged bank accounts and short-term lending cases are handled);
- investigation (where we deal with banking and credit, insurance, pensions and investments cases); and
- managed operations (where our flexible contractor workforce handles a mix of mass claims work and other casework).

Although some of our underlying casework processes are different in each area to reflect the nature of their work, our principles and approach to quality assurance remain the same. We ask the same core questions within a common QA framework across all areas of casework – although we may carry out QA checks at different points and with different frequency in different areas to reflect the nature of our casework process in each area.

We also operate a risk-based approach and carry out additional activity where the potential for error or misunderstanding may be higher – for example, in relation to new recruits or new, emerging areas of casework.

The diagram below describes the various ways in which our assurance activity builds oversight of the quality of our work.



- **Day to day checks** are completed by managers and ombudsmen on the work of adjudicators and investigators, in either their own team or checking the work of others. These include full file reviews or discrete checks on a specific area of casework – for example, a phone call, a letter or a general check on the customer service we provide. All day to day checks are formally recorded and the outcome fed back to the relevant member of staff.
- **Quarterly assurance process** comprise of two end-to-end full file checks completed by every casework manager and ombudsman each quarter in our mass claims and managed operations areas. In our investigations area 25 full file checks completed per month in each pod feed into the process. The outcome of these checks – themes and trends – are collated and shared with all managers and ombudsman and reported to the executive and board.

- **“Check the checker” and deep dives** take a closer look at issues identified through day to day checks and the quarterly process – or where we may want to have a closer look or plan specific further sampling or assurance activity. Our quality specialists in separate teams carry out “check the checker” reviews to ensure our front line quality assurance checks are correctly calibrated, which is supported by our practice groups.
- **Executive file reviews** are carried out each quarter, with a small number of cases reviewed and discussed in-depth by casework and support teams across the service, including the executive team and (on an annual basis) our non-executive board. This provides the opportunity to highlight and discuss some of the key themes, challenges and opportunities in how we deliver our service. While only a small sample of cases, the exercise provides huge value in helping us generate and explore issues and themes – giving us the means to deliver a clear and consistent message about what we think good (and great) looks like and where we aspire to be.
- **Quarterly pod reviews** involve the senior manager of each casework pod reporting each quarter on their quality assurance results. This will include scores from the day to day checks, the quarterly process and deep dives. Where any issues are raised, plans are put in place to address them.
- **Case work development committee** oversee the work of one of our investigations pods tasked with, in part, ensuring the quality of the work we produce in that area.
- **Quality critical friends** are two members of our non-executive board – who, in line with the quarterly assurance cycle, attend a governance meeting each quarter to review quality metrics, measures and planned improvement activity.

how we measure quality in our framework

Whenever we do a casework quality assurance check, the things we measure ourselves against are the same. In each case the checker needs to consider the following things, be it checking how well we've handled a phone call with one of our customers, or looking at a case from beginning to end:

- did we listen and care?
- did we get to grips with the issues and use common sense?
- were we clear and honest in our communications with our customers?

The checker is asked to rate the work they've checked against each parameter and record their view on a five-point scale:

- strongly agree
- agree
- we did ok
- disagree
- strongly disagree

The scores are amalgamated and help us see how particular areas and teams are doing.

We also consider how “proud” of our casework we are. This deliberately aspirational measure forms one of our key corporate measurements (or our “commitments”). We're asking the checkers to weigh up whether or not the service we provided was something that we, as an organisation, should be really proud of – in the sense that we did everything we could to deliver a fair answer, quickly, and in a way that was clearly understandable and sensitive to the needs of our customers.

We also carry out specific focussed quality assurance checks to ensure we are following the correct processes. These include checking we are recording the correct dates for the purpose of measuring our performance against our obligations under the EU *Directive on Alternative Dispute Resolution*, which have applied since 2015 – and checking we have removed any identifying information about a consumer from our published final decisions.

measuring our performance – our commitments

Our commitments are our way of measuring how we're doing as an organisation. We publish them on our intranet and they're discussed through various communications with staff and in [our annual report and accounts](#). We benchmark key areas and report monthly on how we're doing. Our commitments cover:

- our customers
- our reach
- our impact
- our service
- our people

Our casework quality assurance checks used in the quarterly assurance review process feed into our commitments framework which is reported to and overseen by our executive and board. The three areas we check – listened and cared, getting to grips and clear and honest – are amalgamated into one “fairness” score. This score is benchmarked in the commitments framework and updated each quarter. We also track our “proud” measure through this same framework.

Both these measures contribute towards our collective reward scheme, which links part of our employees' pay to the success of the organisation in meeting our commitments.

We also feed the results of additional assurance activity and process checks into a service-wide risk register that is reported to our executive and board.

customer satisfaction

As well as our own internal measure of quality, we collect regular feedback from consumers and businesses about how satisfied they are with how the ombudsman service has dealt with their case. Customer satisfaction levels are also reported within our commitments measures and form part of our collective reward scheme.

In surveying our customers, we ask the same set of questions – whether we listened and cared, got to grips with their case and were clear and honest – that we ask in our own internal quality assurance checks. This provides us with directly comparable measures of what both we and our customers think of the service we have provided.

We also work with the Institute for Customer Service who run an in-depth annual satisfaction survey for a sample group of our customers. The outcomes from that survey are shared with teams across the service as well as the executive and board and action taken as a result.

sampling

We aim to strike the right balance between checking enough of our work to provide assurance about the quality of our service, while ensuring that our activities are focussed on the right things which deliver insight and value.

Our sample sizes for quality assurance activity are calculated according to good industry and statistical practice. For all assurance activity-data fed into our commitments dashboard, we establish sample sizes sufficient to provide a confidence rate of 95% with no more than a 5% margin of error. What this means is that for any given set of issues/cases, we establish a statistically sound sample size that means, were we to replicate the exercise, we would be 95% confident that we'd get the same result (within a 5% margin of tolerance).

For context, for the period October 2017 to October 2018, we carried out more than 8,000 full end-to-end file checks on our work and more than 80,000 focussed checks on specific aspects of how we do our work.

improvement activity and learning from our mistakes

Our quality checking activity is not just for measurement and assurance purposes – but designed to provide meaningful and actionable insight which helps us learn and improve. We use our reporting to identify risks, challenges and opportunities to continuously improve – which drive improvement activities focussed on individuals, teams or pods as appropriate.

Our separate teams of quality specialists help spot common themes and coordinate activity, so that lessons learned are shared across the whole organisation.

Given our role in resolving disputes, we also know the importance of acknowledging and learning from where things have gone wrong. In particular, we know the value of learning from complaints. When complaints are made about the service we provide, this is a further opportunity to learn and get better.

Since we were established, we've had an independent assessor (IA) who accepts service complaints from our customers and, where they think appropriate, makes recommendations on where we need to do things differently to put matters right. The IA reports annually to our executive and board on what they've seen in complaints made about our service. Their report is published alongside our [annual report and accounts](#), together with our response.

In recent months and in partnership with the IA we've trialled a new internal complaints process to streamline and speed up the process for our customers. This has proved successful and the approach has been rolled out across all of our casework areas.