

# Financial Ombudsman Service Limited

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## MINUTES

MINUTES of the meeting of the directors, held at Exchange Tower, London, E14 9GE on Wednesday, 21 May 2014 at 09.00

Present	Nick Montagu (NM)	chairman
	Gwyn Burr (GB)	director
	Maeve Sherlock (MS)	director
	Alan Jenkins (AJ)	director
	Pat Stafford (PS)	director
In attendance	Tony Boorman (TB)	chief executive and chief ombudsman (interim)
	Julia Cavanagh (JC)	finance and performance director
	Chris McDermott (CMcD)	operations director
	Caroline Wayman (CW)	legal director
	Alison Hoyland (AH)	board secretary & head of CEO's office (minutes)
	Richard Goodman (RG)	policy director (for item 6)
	Paul Mills (PM)	head of governance and risk (for item 4)

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### Apologies for absence

An apology for absence was received from Julian Lee.

### 1/1405 Minutes and approvals

The Board:

- approved the note of the meeting held on 23 April 2014; and
- noted the latest ombudsmen appointments.

### 2/1405 Matters arising

#### *Annual Review*

The annual review was published on 20 May to a positive reception by the media and other commentators. The Board commended David Cresswell and his team for another comprehensive and insightful round-up of the ombudsman's work, including its engagement and other activities more broadly, over the last year.

Other matters arising were picked up in the substantive business before the Board.

### 3/1405 chief ombudsman and chief executive's update

The chief executive updated the Board on the main organisational developments since the last meeting, including a first look at performance in the first month of the new financial year and the emerging view from the NAO's year-end audit of the 2013/14 financial statements, ahead of it coming to the Board for formal sign-off at its meeting in June.

### 4/1405 Annual risk review

**fos/14/05/04**

The Board undertook its annual exercise to review the major corporate risks facing the organisation; its discussion was informed by an initial discussion by the executive earlier in the month. Set against the background of the ombudsman's corporate objectives and its forward strategy, the Board identified four broad categories into which the main risks and challenges were likely to fall:

- losing relevance and meaningfulness (unable to continue to meet customer needs);
- being impacted by external factors (for example, those of a regulatory, political or societal nature);
- being impacted by internal factors (for example, those of a financial, operational or people-related nature); and
- failing to manage the programme of work to develop and improve the service.

The executive would develop further the initial assessment and work up a more detailed analysis of the risks and the mitigating steps being taken, before bringing them back to the Board.

It was agreed that the subsequent discussion would include further consideration of the extent and nature the Board's risk management oversight. In broad terms though, it was agreed that Board oversight should involve:

- quarterly risk assurance reviews, as well as "deep-dive" strategic reviews of specific risks identified as requiring whole Board engagement; and
- a continuation of a programme of "deep-dive" reviews of other specific risks relevant to the respective remits of the audit and remuneration and nomination committees.

#### **action**

- executive to develop the corporate risk register in the light of the discussion, for further consideration at a later Board.

### **5/1405 Forward budget planning**

**fos/14/05/05**

The ombudsman service was operating in an increasingly complex environment which included managing the PPI workload over a multi-year horizon, as well as responding to continuing volatility in case volumes and case-mix more broadly. These factors, amongst others, required more complex budgeting and planning arrangements and so placed greater emphasis on having a comprehensive planning framework, capable of standing up to scrutiny and providing a sound basis upon which the service could plan and fund its operations.

The Board noted the steps the ombudsman service was taking to continue to enhance its planning framework to ensure it remained robust and able to withstand a range of operating circumstances. The arrangements would be subject to scrutiny, as part of the Board's oversight of the annual planning and budget cycle.

### **6/1405 Year-end assurance updates**

**fos/14/05/06**

As part of the Board assurance framework, the ombudsman provided periodic updates on its statutory obligations; at the June meeting it reported on:

#### *Information sharing with the Financial Conduct Authority*

The Financial Services Act 2012 placed new duties on the ombudsman service in relation to cooperation and information sharing with the regulator. As expected, engagement with the regulator had been wide-ranging and had included formal Board and executive-level engagement, for example, in relation to FCA Board approval of the ombudsman's budget, as well as liaison between ombudsman and FCA teams on a broad range of issues relevant to both organisations' work.

#### *Information rights*

The ombudsman service was subject to the Data Protection Act (DPA) and had been subject to the Freedom of Information Act (FOIA) since November 2011.

The Board noted that the numbers of requests under both Acts had risen over recent months: while the precise reasons were unclear, likely factors included more people being unhappy with the outcome of their cases, possibly reflecting declining trust in public bodies more generally.

### *Publishing ombudsman decisions*

In line with the new statutory requirement for it to do so, the ombudsman service had started to publish decisions made on, or after, 1 April 2013. The resource, which took the form of a searchable online database, had gone 'live' on 1 July 2013 and at the year-end over 22,000 decisions had been published.

The potential risks associated with the introduction of the publication of decisions had not materialised to any significant extent. For example, there had been no perceptible impact on waiting times at the decision stage, no attributable increase in litigation and only modest media interest and external commentary more widely. Reassuringly, consumers did not appear to have been put off coming to the ombudsman by a fear that personal information would be put in the public domain.

The Board noted that the publication of decisions had now become established as business as usual, and that it was seen as an important part of the ombudsman's commitment to being open and transparent and to sharing knowledge and insight from the work that it did and the decisions that it made.

### **7/1405 Independent Assessor's annual report**

**fos/14/05/07**

The Independent Assessor, Amerdeep Somal, attended to present her annual review for 2013/14, ahead of its publication in the directors' report and financial statements. While her report noted a 5% increase in the number of complaints referred to her office by those unhappy with the service they had received, the IA recorded a fall in the numbers of cases she upheld, as well as in the number of cases where she made a recommendation for financial compensation for avoidable distress and inconvenience.

More generally, the IA commended the high standards of the ombudsman's service complaint arrangements and its commitment to continuous improvement and learning the lessons.

The Board thanked the IA for her work, which it saw as an important part of the assurance framework and a check and balance on the level of customer service being provided. It acknowledged the particular value of the additional work that the IA and her team undertook to share the insights from what they saw to help improve service standards, which included team talks and a regular column in the ombudsman's staff newsletter.

The Board formally accepted the Independent Assessor's annual report for inclusion in the 2013/14 directors' report and accounts, which was due to be published later in July.

### **Any other business**

There being no other business, the meeting ended at 12.00