

Financial Ombudsman Service response to Ombudsman Association Consultation on proposed changes to Ombudsman Association Terms and Rules

9 June 2023

About us

We are a statutory ombudsman scheme were set up by Parliament under the Financial Services and Markets Act 2000 (FSMA) to resolve individual complaints between financial businesses and their customers fairly and reasonably, quickly, and with minimal formality.

We share the insight we gain from resolving thousands of disputes a year to improve outcomes for all customers of financial services products.

Read more about [how we make decisions](#), including the types of cases we can consider, who we can help and the awards we can make.

Introduction

The Financial Ombudsman Service welcomes the opportunity to respond to the Ombudsman Association consultation on proposed changes to its terms and rules. As the largest statutory ombudsman service in the United Kingdom, we recognise the importance of the Ombudsman Association and its work to set and maintain standards in the ombudsman and wider complaint handling sectors. We support its work and are proud to be a part of the community.

Independence in complaint handling is paramount and we are pleased to see the clarity that has been provided around the validation process and interpretation of requirements for membership. We believe that it is right for the association to have a rigorous membership process to maintain the integrity of the brand and its work to deliver consistency and improve standards and ultimately a better experience for users of the individual services.

Our response

We agree with the changes proposed in Part A. We note the removal of the reference to complaints from individuals to allow for complaints, where appropriate from small businesses for example. As a service we have an SME jurisdiction which opened in 2019 and have always been able to deal with complaints from small businesses which have met out eligible complainant criteria set out at [DISP 2.7](#) of the Financial Conduct Authority Handbook.

We have considered the statement about what an ombudsman scheme does which in our view could be taken to be relatively prescriptive about what complaints are considered and could, unintentionally preclude certain things. We suggest that it may want to be opened up slightly as follows:

- (a) a body's core role is to investigate and resolve, determine or make recommendations with regard to complaints about ~~maladministration, unfair treatment, poor service or other inequitable~~ the conduct of ~~by~~ those subject to investigation, using learning from those complaints to drive improvement; -**

We also agree with the changes proposed in Part B. These include the suggestion that terms of appointment should be five years unless something occurs, fine. Noting that most public

appointments are for three to five years we wonder whether a minimum of three years might provide more flexibility whilst still be in line with other public appointments and not undermine independence.

Part C is about the role of complaint handling organisations and ensuring clarity around values and being clear that for profit complaint handlers are generally excluded from membership. We agree with the recommendations.