

## Minutes – Board Meeting on 28 April 2025

<b>Board attendees</b> The Baroness Manzoor CBE, Chairman Jacob Abboud, Director Warren Buckley, Director Bill Castell, Director Nigel Fretwell, Director Shrinivas Honap, Director Sarah Lee, Director	<b>Executive attendees</b> James Dipple-Johnstone, Interim Chief Ombudsman ('CO') Jenny Simmonds, Interim Chief Executive Officer ('CEO') Marc Harris, Chief Operating Officer ('COO') Jane Cosgrove, Chief People Officer ('CPO')
<b>Other attendees</b> David Bruce, Head of Data Systems, Innovation and Exploitation Katie North, Business Manager ('KN')	
<b>External Speaker</b> Debbie Crosbie, Chief Executive Officer, Nationwide Building Society	

### 1. Introduction and approval of agenda

- 1.1. The meeting was called to order at 9.30am by The Lady Manzoor, Chairman.
- 1.2. The agenda was approved as presented.

### 2. Conflicts of interest

- 2.1. Nobody declared any conflict of interest.

### 3. Approval of board minutes

- 3.1. The Board reviewed and **approved** the minutes of the previous Board Meeting held on 24 March 2025.

### 4. Actions log

- 4.1. The Board **noted** the Actions Log, subject to a review of duplicate actions at May's Board meeting. **Action: KN by 27 May 2025.**
- 4.2. The Secretariat provided an update on closed actions, which were completed after the Action Log's submission to the Board. These actions will be listed as 'completed' in the Action Log for May's Board meeting.

### 5. Noting of sub-committee minutes

- 5.1. The following Sub-Committee minutes were **noted** by the Board:
  - Remuneration and People Committee ('RemCo') of 3 March 2025;
  - Transformation Committee ('TransCo') of 3 March 2025; and
  - TransCo of 28 March 2025.

## 6. Chief Ombudsman and CEO's report

- 6.1. The Board **noted** the Chief Ombudsman ('CO') and CEO's joint report.
- 6.2. The CO provided an update on the ongoing engagement and draft proposals for the joint Call for Input ('CFI') and the review by the Economic Secretary to the Treasury ('EST'). The Board discussed the EST's review and outstanding actions, including the delay in receiving the EST's Terms of Reference. The Board noted the potential impact of these delays and how this review will align with the CFI work.
- 6.3. The Board agreed that there needs to be transparency with the FCA on the work and timescales, particularly when managing the FCA's internal governance processes and timings. The CO confirmed that this feedback has been provided to the FCA.
- 6.4. The Board discussed the Advice Guidance Review and how this will align with the Consumer Duty if brought under FOS's jurisdiction. The CO confirmed that further discussion and clarity will be required on several aspects of the proposals and application of the rules including, for example, on data protection and fair value implications, and how the current jurisdiction of the Information Commissioner's Office ('ICO') might intersect with FOS's. The Board and Executive Team confirmed that further guidance will be needed for Investigators and Ombudsmen. The CO agreed to bring this topic back to the Board when more information is available.  
**Action: CO by July 2025.**
- 6.5. Turning to Project Crystal, the COO agreed to provide a one-page summary report to the Board, along with the full Deloitte report, which will include information on interim measures and any customer detriment. Subject to this report, the Board agreed that Project Crystal can be closed as a Board-related item and can be assigned to the Audit, Risk and Compliance Committee ('ARAC') for any further management if required. **Action: COO by 27 May 2025.**
- 6.6. Members of ARAC also requested a copy of the Terms of Reference for the internal audit of Phoenix. **Action: COO by 27 May 2025.**
- 6.7. The Board noted the significant contributions of the Director of Customer Service to Project Crystal.
- 6.8. The Board discussed enhancements that are required in forecasting data, particularly in tracking cases about Motor Finance Commission ('MFC'). The Board agreed a 'golden thread' narrative would be helpful to link various metrics and when undertaking analysis of volumes, performance and outputs. **Action: COO by 30 June 2025.**
- 6.9. In support of this, the CEO noted the progress on the corporate dashboard (as per the paper provided for noting) and the new Corporate Reporting Operational Lead role planned to be in place to help provide enhanced and more consistent corporate reporting.
- 6.10. The Board discussed the draft Annual Report and Accounts ('ARA') for 2024/25, which had been shared with them for initial feedback. The Chairman noted the timeliness of the draft, which has been prepared earlier when compared to last year – but noted that an updated draft would be required to ensure clarity of the overall narrative and to avoid repetition in the report. The Chairman also requested that the ARA specifically identifies the volume of MFC and business-as-usual cases; and that it provides further narrative on the causes and impact of timeliness.  
**Action: CEO by 1 May 2025.**
- 6.11. The Chairman of the Board and the Chair of ARAC also requested in the ARA that

the internal audit content be clear in relation to the risk and assurance section – and that there be consistency and alignment where appropriate. **Action: CEO by 1 May 2025 (part of action above).**

- 6.12. The Chairman recommended that further explanation of the delays to transformation delivery should be included in ARA and include improvement plans and risks moving forward. **Action: CEO by 1 May 2025 (part of action above).**
- 6.13. The Board and Executive Team discussed the CO's update on casework performance and the outlook on cases older than 12 months. The CO confirmed that 12-month+ cases are expected to reduce to c.2% by year-end, but this would depend on judicial reviews and the parties to the cases supporting resolution of the issues. The CO discussed concerns with timeshare cases, with firms referred to the FCA and Solicitors Regulation Authority if necessary to help them meet their complaint-handling obligations under DISP 1. Many cases are still being progressed to final decision, despite no change from the first view.
- 6.14. The Board requested an update on the Supreme Court judgment on MFC cases and the plans for mapping possible scenarios. The CO confirmed that plans are being considered based on the various possible outcomes of the judgment. The Board requested that appropriate reference be included in the ARA. **Action: CEO by 1 May 2025 (part of action above).**
- 6.15. The Board discussed the date of the internal audit opinion, currently sighted as limited, from the Head of Internal Audit and how to reflect any outputs from the mitigation actions that remained in progress but could be sufficiently complete – the opinion can remain open to change until signature date. The CEO confirmed that the signing date is due in July 2025 and the plan is to continue to execute mitigation actions. **Action: CEO by July 2025.**
- 6.16. The Board also requested an agenda item to cover internal audit, and the status of the Head of Internal Audit's 2024/25 opinion, for June's Board meeting. **Action: CEO by 23 June 2025.**

## 7. Call for Input (CO)

- 7.1. The Board **noted** the focused efforts by the CO, CEO and their teams and the progress made under interim arrangements until the new Chair has an opportunity to review.
- 7.2. The CO provided an overview of proposals and the next steps, which are split into three phases:
  - Phase I: Changes to existing DISP practices without legislative changes, which are within the FOS's control and do not need to be included in the joint consultation document, e.g. changes to the 8% interest rate on awards.
  - Phase II: Medium-term reforms, including registration phase, announced at the Mansion House statement in July 2025, which will also include commitments to longer-term changes over the next two to three years.
  - Phase III: Launch joint consultation on changes set out in Category A, including Memorandum of Understanding and publishing decision frameworks.
- 7.3. The CO discussed long-term options for reforms, including a review of the 'fair and reasonable' basis for determinations, a time-limit 'longstop', and changes to the two-stage complaints process.
- 7.4. The Board discussed the importance of continued alignment with the FCA for long-term reforms, especially for refining the fair and reasonable jurisdiction and

proactively addressing potential industry and consumer group concerns. The Board discussed other proactive communications.

- 7.5. The Board and Executive Team discussed possible product-specific timelines for a longstop and emphasised the need for upfront regulation to ensure protection frameworks for consumers and firms are in place.

## 8. AI Strategy (COO)

- 8.1. The Chairman welcomed the Head of Data Systems, Innovation and Exploitation to the Board meeting.
- 8.2. The Board agreed that, whilst the paper is listed as 'approve', the purpose is to provide further context and narrative prior to progressing to the next phase. The COO outlined the four interlinked strategic pillars which will form the organisational blueprint:
- *AI Strategy* – reviewed and approved at Executive Committee ('ExCo') and supported at TransCo.
  - *Technology Strategy* –to be discussed at the May 2025 Board meeting.
  - *Data Strategy* – due for discussion at a future TransCo and Board (to be scheduled). **Action COO.**
  - *Cyber Security and Information Security.*
- 8.3. The Chairman requested a combined document on the future vision for all four of these strategies and more detail on the plans of how they fit into the overall organisational strategy. The COO confirmed that the strategies will set the direction of travel and are aligned to FOS's high-level strategic plan but with detail to be developed in due course.
- 8.4. The CEO and COO discussed the governance and oversight structure of these four strategies. ExCo's new Technology & Data Sub-Committee and the Executive Strategy Committee will provide this oversight.
- 8.5. The Board requested that all four strategies be brought to TransCo for review and approval, prior to submission to and approval by the Board. The COO confirmed this is the plan. **Action: COO by 21 July 2025.**
- 8.6. The Board discussed the potential impact on staff of these strategies and the need to have plans in place to identify skills requirements and then the appropriate upskilling needed. Workforce plans will need to be created and assessed. The Board and CPO discussed apprenticeships models and recommended that the reserves should be made available to help progress the development of critical future skills needs in the organisation. **Action: CPO to incorporate as part of workforce strategy update by 21 July 2025.**
- 8.7. The Head of Data Systems, Innovation and Exploitation discussed the engagement FOS has with the FCA and other regulators and ombudsman schemes (including international schemes), in answer to a question about understanding the external landscape and use of AI.
- 8.8. The Head of Data Systems, Innovation and Exploitation confirmed the phased approach to the AI strategy, noting that Phase I is today, and Phase II is planned for sharing with the Board in September 2025:
- Phase I: The initial AI Strategy, as provided, outlines a direction and adoption opportunities, focusing on how the organisation should consider the principles of acceptable use in the development of tools and processes.

- Phase II: specific use case and capability road map. Funding needs to be identified and processed through appropriate governance. **Action: COO to update the Board on Phase II of AI strategy in September 2025.**

- 8.9. The Head of Data Systems, Innovation and Exploitation discussed the key themes within the strategy, including the use case of AI, the development of the talent and skills required, governance around use, and also the role of the AI Ethics Committee already in place.
- 8.10. The Board suggested that the AI Vision Statement is currently too open, so asked the Executive to consider further refinement. The Board also agreed that greater clarity on use cases which could potentially shift the dial on operational efficiency and/or customer outcomes would be helpful, to better understand order of magnitude of impact and areas of risk to inform risk appetite. **Action: COO by July 2025.**
- 8.11. The Board requested further clarity on the differences between automation intelligence and artificial intelligence and encouraged further ‘blue sky’ thinking to consider wider scenarios on how AI could be applied across the whole organisation to ensure that plans are addressing potential future needs and risks for the next three years. **Action: COO as part of the Phase II September 2025 update.**
- 8.12. The COO provided final comments in response to questions raised and the Board agreed with the recommended Executive approach to proceed directionally and work towards Phase II.

## 9. Bonus 2024/25 (CPO)

- 9.1. The CPO confirmed that the outturn as presented in March largely remained, so the paper for approval was aligned to the provisional approval obtained from the Board in April (subject to final validation of outturn on the metrics and internal audit review).
- 9.2. The CPO also confirmed the timeline for communication to colleagues and payment. The CPO and CEO agreed to finalise the colleague communication with the Chair of RemCo before the end of the day so that this timeline could be met. (This action was completed.)
- 9.3. The Board **approved** the Bonus 2024/25 paper as presented.

## 10. External Speaker

- 10.1. The Chairman welcomed the guest speaker, Debbie Crosbie, Chief Executive of Nationwide Building Society for a discussion with the Board and Executive Team.

## 11. Papers for noting

- 11.1. The Board **noted** the following functional reports and other papers:
- Year-End Performance Results (COO) – the Board thanked the COO for the

inclusion of the uphold rates.

- Board and ExCo Data Dashboards (CEO and COO)
- Corporate Dashboard: Illustrative Pro Forma (CEO and COO)
- Transformation (COO)
- Action: Portfolio Prioritisation Decisions (COO)
- Professional Representatives Charging (CO and CEO)
- CFRO Report (CEO)
- Risk Report (CEO)
- Litigation Report (CO)
- CPO Report (CPO) – the Board requested inclusion of month-on-month FTE variations. **Action: CPO by 27 May 2025.**
- Comms Update (CO and CEO)
- External Media and Stakeholder Strategy (CO and CEO)

## **12.AOB and next meeting**

12.1. There was no other business.

12.2. The next Board Meeting is scheduled for **27 May 2025**.

## **13.Adjournment**

13.1. The meeting was adjourned at 12.30pm.