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**THE INDEPENDENT ASSESSOR'S
ANNUAL REPORT
2022-2023**

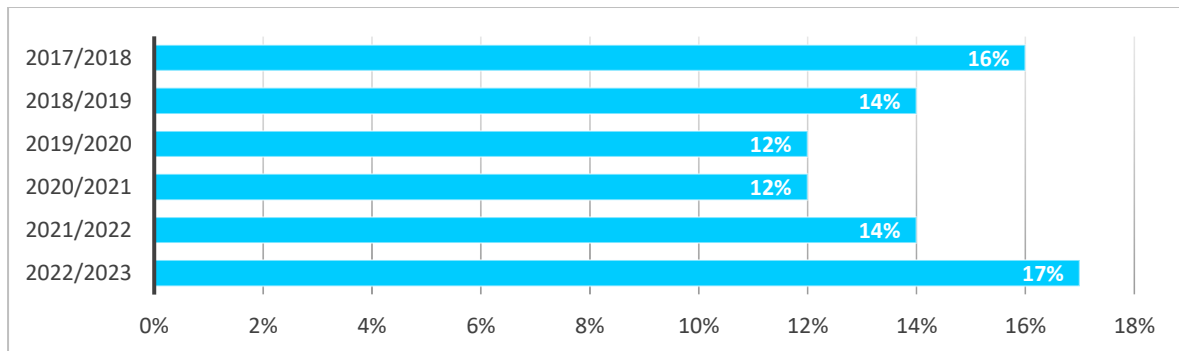
TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

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During the financial year 2022/2023 the Service received 3,717 service complaints, of which I investigated 649, highlighting that in most cases the Service is responding to service complaints fairly and to its customers' satisfaction. However, there is still room for improvement which is the focus of my annual report.

To add further context, the Service has resolved 209,491 cases and 1.8% of those customers complained about the service and only 0.3% remained unhappy and escalated their complaint to me. The percentage of complaints about the Service has decreased slightly from last year (1.9%), however, the overall percentage of referrals to my office has remained constant at 0.3%. Whilst the percentage of total cases remains low it is critical to remember that there is a person behind each complaint and their case is important to them.

The complaints referred to me represent 17% of all service complaints which has been on the increase over the last few years. See below -



It is important that the conclusions I have drawn within my report are seen based on the percentages they reflect. It is also key to consider the backdrop of the complaints brought to my office. The Service still had significant backlogs and delays for most of the financial year, thus the customer's journey started on the backfoot. Improvement in this area was part of the strategic measures for this financial year and I am pleased that I have started to see a faster and more efficient service coming through.

Complaints investigated by me

	2022/2023	2021/2022	2020/2021
Satisfactory	35%	35%	33%
Unsatisfactory	25%	20%	42%
Unsatisfactory + Recommendations and/or Learning points	40%	45%	25%

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The Service has remained constant in relation to service complaints handled satisfactorily. As shown by the above, the Service has done better this year at putting things right and so there has been a decrease in percentage of cases for which I have made recommendations. It would be good to see this trend continue – and accelerate.

- *What the Service did well*

I am pleased to report that in general the Service has treated its customer's fairly and impartially. Given that this is at the heart of what the Financial Ombudsman Service does it should be the case that this is the category for which I found fewest failings. The second area is professionalism and staff attitude – this has consistently been a low area of complaint and I have only found 3 instances over the financial year where I have considered conduct to be an issue. For the most part, the Service should be proud of how its staff interact with customers.

- *Complaints I found unsatisfactory*

I found a service failing in communication or timeliness in 82% of cases which I classified as unsatisfactory. As the Service continues to drive down backlogs and its Communication Standards are embedded into case handling and Investigations, these should go down significantly.

Overall complaint themes

Below is a comparison of the top four complaint themes against the previous year.

This year 2022/23		Last year 2021/22	
Adequacy of Investigation	47%	Adequacy of Investigation	35%
Fairness and Impartiality	14%	Timeliness	25%
Adherence to FOS process	13%	Adherence to FOS process	16%
Timeliness	12%	Fairness and Impartiality	13%

The category in which customers complain to my office most frequently relates to the adequacy of the investigation. This area includes a number of specifics:

- Customers feel their evidence hasn't been considered, as very often each and every complaint point isn't addressed by the Service
- Customers feel that a full investigation hasn't been completed as certain evidence that they feel is vital, isn't requested and/or considered
- Customers feel that the case handler and/or Ombudsman doesn't have the required skill and/or knowledge to understand and investigate their case properly

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Given the Service's move to short-form assessments/ views (Investigation Outcome), the Service should consider and analyse how these are being received by customers. I appreciate that short-form views have helped to deal with the significant backlog, but it should continue to obtain and consider feedback from customers.

The Service should also be mindful to manage expectations from the start and let its customers know that whilst all evidence will be considered, each point or piece of evidence may not be addressed in the view or the final decision. The Service's role is to get to the heart of the issue and resolve the financial dispute based on what they consider to be fair and reasonable. Managing expectations, setting boundaries and explaining limitations at an early stage should prevent customers feeling so disappointed at the conclusion of their journey.

Overall service failing - themes

In this section I have focused on the Service's primary failings, as found through my Reviews. These can often be at odds with what the customer's primary complaint relates to and are as follows:

This year 2022/23		Last year 2021/22	
Communication	40%	Communication	32%
Timeliness	13%	Timeliness	14%
Adherence to FOS Process	7%	Adequacy of Investigation	7%
Adequacy of Investigation	4%	Adherence to FOS Process	7%

I have continued to review the top 4 primary failings that I have found when reviewing service complaints.

Communication – is the top running theme with issues surrounding communication between the Service and its customers. This is a key area for improvement and should be one that needs relatively small changes to have a significant impact. Of the Reviews where I have found communication to be unsatisfactory, I have made recommendations and or learning points on 56%, which highlights the Service has failed to adequately put things right in the majority of these cases.

Much the same as last financial year, the main types of communication concern my office has seen related to:

- Failure to adhere to the customers' preferred method of contact
- Failure to inform customers, in detail, why cases have been put on hold
- Failure to provide updates, in line with the Service's communication standards
- Failure to respond to email promptly and at times, at all
- Failure to return customers' calls

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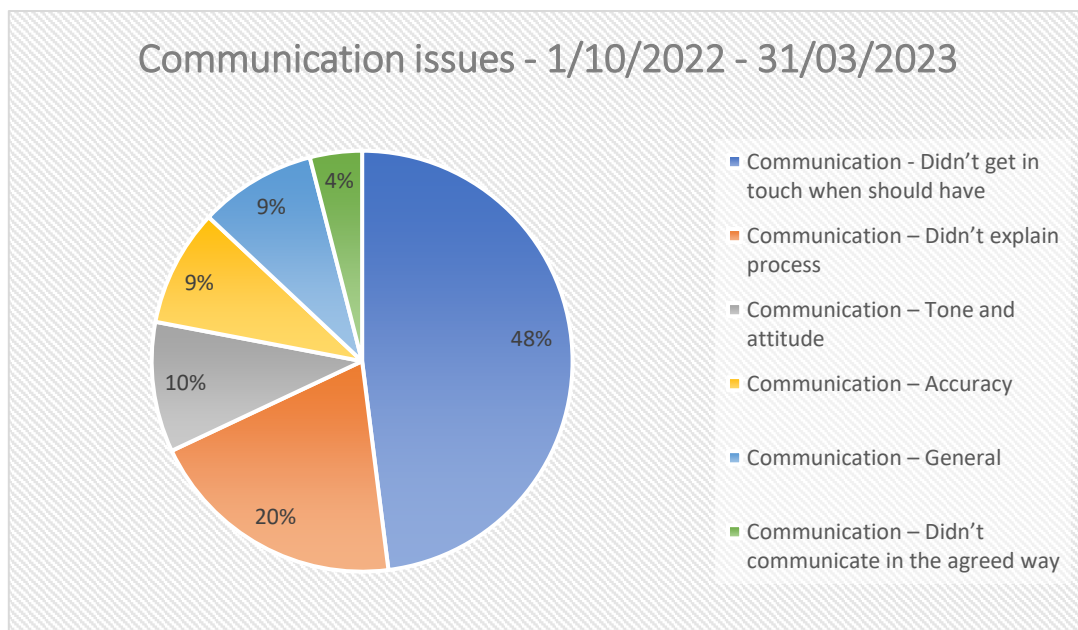
- Failure to tailor communication to meet customers' needs
- Tone of telephone calls
- Typographical errors in correspondence, views, and final decisions – which impact the customers' view of a thorough and efficient investigation

I am pleased that the Service has published its communication standards on its website, so customers know what to expect. Now it is a matter of continuing to embed this across casework and using tools mentioned in the Service's management response 2021/2022, to remind case handlers when an update is required.

As communication continues to be the category in which I have identified the highest failing in service despite the Service's efforts to improve, my office has started to record a more detailed breakdown of communication issues to provide better quality data for improvement areas. These are:

- **Communication - Accuracy**
- **Communication - Didn't explain process**
- **Communication - Didn't get in touch when should have**
- **Communication - Didn't communicate in the agreed way**
- **Communication - Tone and attitude**

Of these, **Communication - Didn't get in touch when should have** is by far the largest failing, nearly half (48%) of all the communication issues I have identified this quarter. This is followed by **Communication - Didn't explain process** (20%).



Please note these figures are only reflective of quarter 3 and 4 and not of the full financial year.

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Timeliness – the Service has worked hard to reduce its wait times and whilst the data I have reviewed may not show the current picture it is reflective of what I have seen this financial year. My Reviews highlight that there is an ongoing need to resolve complaints quickly and efficiently. This means dealing with the remainder of the Service's oldest cases and reducing backlogs. In addition, it is important to manage customers' expectations as to when they can expect an answer, at the early stages of a case. In the 84 cases in which I found timeliness to be an issue, I made recommendations on 63%. The main issues I have found in this category are as follows:

- Poor case management – case handlers failing to progress cases as quickly as they could have
- Failure to request all evidence/information needed at the earliest time
- Multiple case handlers being allocated, needing to start the investigation afresh
- Failure to let customers know in a timely manner that their case is not one the Service can consider
- Absent case handlers without the case being reallocated by the manager
- Case handlers failing to correctly review a file and re-requesting information already held

Whilst the Service has moved in the right direction in this category, it takes time for this to be seen and reflected in the data and complaints referred to my office. It is therefore likely that in the next financial year this category will slip down the concern rankings. I am optimistic that the Service will continue to make improvements here.

I highlighted in my last annual report the need for the Service to provide early answers in the matter of jurisdiction. Customers should not have to wait for lengthy periods to simply be told that their case isn't one the Service can look into. I would continue to stress the importance of managing customers' expectations and at the very least providing an early indication that the case may be out of remit.

Adherence to FOS Process – this category has been on a steady rise for the last two years. It is a wide category and can be either the Service's failure to adhere to its correct processes or be where the Service has stuck to its process at the expense of adapting to its customers' specific needs.

Adherence to process was the main service failing in 45 of the cases I considered this financial year. Of those I issued recommendations on 80% of the cases. It seems therefore that this is an area where the Service should focus attention for improvement.

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The main areas of concern here are:

- Not escalating service complaints in accordance with process and within correct timescales
- Not making exceptions to or adapting process which would make the customer journey smoother
- Incorrect information regarding processes, such as relating to referral to my office and partial acceptance of a final decision

The Service should ensure new joiners are fully apprised of the Service's process and that existing staff are provided refresher training to ensure all adhere to the processes that have been put into place. Equally it is important that the Service's staff have sufficient authority to deviate from rigid process when it is clearly the right thing to do for a specific customer.

Adequacy of Investigation – it is extremely pleasing to see the drop in the Service's failings in this area as a complete and fair investigation is the key function of the Financial Ombudsman Service. Last year this category accounted for 7% of the Service's failings I found during my reviews, and this has dropped to 4%.

However, of the 27 cases where I found a service failing in the adequacy of investigation, I made recommendations in 70% of the cases. This shows that customers who contacted me for a review under this category had good reason to.

The areas of concern under this category are:

- All evidence/information needed to reach an outcome was not on file when the case handler completed an assessment (for example, terms and conditions covering the correct period)
- All of the customer's complaint points were not considered or an explanation given as to why they would not be considered
- Complaints passing between a number of case handlers resulting in information from the customer being missed
- Inconsistency in approach highlighted by the customer

Much of this category could be better managed through more effective communication. Case handlers should be able to explain the scope and limitations of their investigation. In addition, according to natural justice, evidence should be shared when requested so that customers can understand what has been relied on.

Also, each provisional decision should be considered as a potential learning mechanism for the case handler to continue to develop their knowledge and skill.

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Themes and trends

I have continued the practice of sharing general observations with the Service to see if they resonate and if so, what action can be taken to address them. Those actions are recorded, and progress and impact tracked and discussed quarterly with the Service.

The matters covered this year are as follows: -

- Delay is often picked up as an issue but not always the impact of such delay on the Customer.
- Queries which are considered justified by the Customer are sometimes dismissed rather than graced with an answer e.g. reasons for a change of view, departure from standard practice.
- There is still a failure to consistently manage expectations which results in disappointment and dissatisfaction.
- Information held on file for a long period which identified a matter being out of jurisdiction at an early stage.
- Errors repeated on the same case and not corrected for the future - compounding the impact on the Customer.
- Perceptions of bias - e.g. same Ombudsman Manager conducting service complaint review as Ombudsman issuing final decision.
- Bias towards business - e.g. different time limits and leniency shown on compliance.
- Sense of injustice regarding third party compensation - e.g. Power of Attorney - reasoning behind this unclear and position taken not supported or apparently illogical.
- Inflaming matters - where solution appears simple but not taken- e.g. the need for a personal apology in order to move on.
- Broken promises - which should be avoided /managed e.g. where the customer was promised a report before the Final Decision and then it was decided unnecessary, but this was not communicated.
- Prioritising cases - inconsistencies in the quality of how these requests are dealt with, with some being ignored, others taking significant time to consider, and the Service not taking the initiative when there are clear needs for prioritisation (e.g. terminally ill customers), placing the onus on the customer to go through the process.
- Case introductions and handovers - not always within a reasonable time, or clearly /promptly communicated to the customer when a case is changing hands.
- Manager supervision - several cases given relatively large awards due to case handlers' poor handling over a significant period, causing delays, loss of information and loss of trust in the Service.

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- Poor communication whilst waiting for decision – not as proactive as it should be, with customers left waiting and questions ignored.
- Process - Strictly followed but not always best for Customer. Need for some pragmatism to fit circumstances.
- Process - Used as defence rather than openly explaining the position and approach. Best to answer queries where can rather than shut down as not obliged to respond.
- Language - diluted and then dismissive of Customer e.g. 'issue' rather than 'complaint'
- Impact - failings not all about timing impact – wider personal implications to take into account. (e.g. consequences of poor service dismissed as no overall impact on time taken.)
- Assumptions - Customer being 'happy' to accept approach does not equate to a preference for it. Should check first.
- Vulnerability - possible to try too hard for too long and just make matters worse – e.g. where could have made referral earlier to ASA to avoid situation getting out of hand.
- Investigation Outcome (short-form views) - format can seem cold and clinical and not appropriate in all cases. It might be time to review guidance in light of experience.

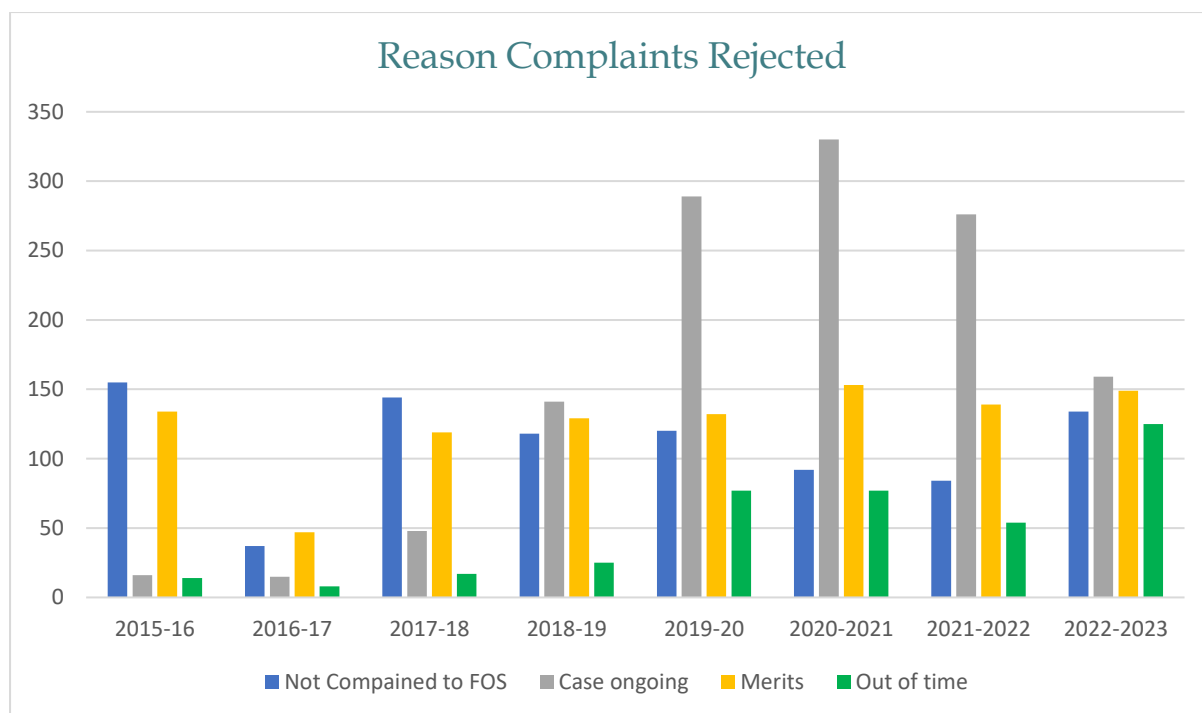
Complaints rejected by me

Throughout the financial year our office was contacted 707 times in instances where we couldn't help further; (last year's total 674):

- 159 cases – 22% of the overall total - where the case was ongoing. The true number of cases is higher, however the complainant on contacting our office again at the close of their case will have their complaint reclassified as 'accepted'. This is a significant decrease from last financial year of 276 cases accounting for 41%
- 148 cases – 21% - where I found the complaint to be about the merits of the case
- 134 cases – 19% - where the complainant had yet to raise a complaint with the Service about case-handling. My Terms of Reference state that the Service must be given the opportunity to look into matters before I can get involved. This is a significant increase of last year's total of 84 cases
- 125 cases – 18% - where the complaint had been referred to my office out of time or made to the Service more than 3 months after the case had closed. Again, this is a significant increase on last year's total of 54 cases
- 72 cases – 10% - referred to me for miscellaneous but not valid complaint reasons
- 53 cases – 8% - where my office had been copied into or forwarded correspondence to the Service

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- 16 cases – 2% - where the consumer has not presented their complaint points to my office. The true number for this over the course of the year is higher, however on receiving further information from the complainant, their complaints are reclassified



With thanks to the Board, my terms of reference were changed in February 2022 in an attempt to reduce customers contacting my office before their case against the financial business had concluded. Customers were given conflicting information to contact my office only to be told I couldn’t intervene. I am pleased to see there has been a substantial reduction in customers contacting my office only to be told to revert upon closure, as reflected by the above data.

A closer look

- *Vulnerable customers*

Ensuring the Service is accessible to all is imperative, and dedicated teams have continued to provide support to the most vulnerable users. This is an area I have a keen interest in, to ensure the Service is doing its best for customers that may need it the most.

During the financial year 2022/23 these teams resolved 410 cases. There were 40 service complaints and 12 of these complaints were escalated to my office. Whilst

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resolutions and service complaints were significantly lower compared to last year, the proportion of complaints referred to my office increased from 22% to 30%

Of these 12 cases, only 4 were deemed to have been dealt with satisfactorily. The 8 others received recommendations and combined further awards of £375.

As I noted last year, the dedication of staff to help remains unquestioned. However, my Reviews have shown that there can be issues with communication, both in the explanation of the processes being put into place to help these vulnerable customers, and then in the adherence to the processes once in place. Of the unsatisfactory cases, 7 were brought by just 2 customers, and it is evident that confusion and frustration can be caused even when the Service acts with the best intentions.

It is imperative that the Service continues to work hard in this area, and I would ask that the criteria for cases to be referred to these teams is regularly reviewed to avoid those in need slipping through the net.

Looking forward

I would like to extend my thanks to the Service and the Board for their continuing support and openness to my work and recommendations. Complaints are clearly seen as a learning mechanism and a guide to continuous improvement. A focus on the entire customer journey is welcomed.

There is much change underway and inevitably the positive impact of this will take some time to show through. We will continue to monitor this with the Service as a lag indicator of success for the transformation activity.

I continue to see a need for greater discretion and pragmatism in order to give a high-quality tailored service whilst ensuring consistency.

With regards to my service, we have managed to maintain a reduced turnaround time for customers in spite of the fine balance between demand and resources. Additional digital functionality will make us more efficient and more able to provide more nuanced data and feedback.