

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held on Wednesday 19 September 2018 at 09.00

Present	Nick Montagu (NM)	chairman
	Gerard Connell (GC)	director
	Alan Jenkins (AJ)	director
	Sienna Veit (SV)	director
	Jenny Watson (JW)	director
Apologies	Diana Warwick (DW)	director
In attendance	Caroline Wayman (CW)	chief executive & chief ombudsman
	Julia Cavanagh (JC)	chief finance officer
	Chris McDermott (CMcD)	chief operating officer
	David Cresswell (DC)	director of strategy
	Annette Lovell (AL)	director of engagement
	Caroline Nugent (CN)	director of HR&OD
	Garry Wilkinson (GW)	principal ombudsman & director of new services
	Richard Thompson (RT)	principal ombudsman & director of quality
	Alison Hoyland (AH)	board secretary
	Megan Webster (MW)	policy and communications manager

1-4/1809 Board and committee meetings:

The Board:

- approved the note of the board meeting held on 25 July 2018; and
- noted the oral update of the meeting of the remuneration committee on 11 September.

Matters arising

Matters arising were picked up in the main substantive business before the board.

Chairman's update:

The chairman updated the Board on the ombudsman service business in which he had been involved since the last board meeting, which had included:

- internal engagement: 1:1s with NEDs and members of the executive;
- regulatory and other policy engagement: a meeting of the FCA oversight committee to discuss the service's preparations for the proposed extension to its remit to cover complaints from larger SMEs; and
- independent review engagement: a post-report meeting with Richard Lloyd.

Chief ombudsman and chief executive's update

Much of the chief ombudsman and chief executive's update was picked up in substantive business at the board meeting and subsequent away day, with the board noting a couple of recent developments under this update.

Richard Lloyd's independent review

The work to take forward the recommendations was progressing well. A fuller update on progress was due to come to the October board, but in the meantime it noted the proposed approach to the recommendation on a sample case file review. The plan comprised an independent two-stage process, with stage one being undertaken by auditors, Deloitte, and stage two being undertaken by Carol Brady MBE, a former legal ombudsman.

Banking scams and fraud

The latest edition of the service's *ombudsman news* publication had focussed on banking scams and fraud. The edition had generated considerable media interest, including from the BBC who interviewed Caroline on its breakfast programme about the types of cases the service saw and what consumers could do if they found themselves falling victim to these types of scams. The topical nature of the issue and the public interest in it served as a useful reminder of the wider role the service played in sharing timely insight on the complaints it received and its findings.

Litigation cases of note

The judicial review proceedings brought by Berkeley Burke SIPP Administration Limited had begun; the board would be kept updated on the outcome.

5/1809 Developing our service and our people journey

fos/18/09/05

Embedding the investigation model

The service development programme to establish the investigation approach to case-handling continued to focus on building capability and capacity. Recruitment (both internal and external) was going well, with high calibre candidates coming through the process, as was the work to embed a range of other interventions designed to support case-handlers. The board asked to be kept informed about these interventions and how and when the benefits would be realised, including in relation to productivity and how it was tracking against anticipated performance.

In relation to the transition support area, the board noted that the recent voluntary redundancy exercise had attracted sufficient levels of interest. The necessity and timing for future exit exercises would be kept under review as the

operational picture evolved and would take account of the service's commitment to give people 6 months' notice.

Case volumes and case mix continued to be relevant to the investigation model realising its full potential and to the resources required in the transitional support area. While casework volatility had been largely confined to PPI to date, more recently the service had been experiencing increasing uncertainty across other areas of casework, for example, in short term lending. Case volumes were double that envisaged at the start of the year and the sector was experiencing some market difficulties. The service was also preparing to take on complaints about claims management companies and looking ahead at the prospect of being asked to take on complaints from larger small and medium sized enterprises (SMEs) and a larger award limit.

Mass claims

The deadline for PPI complaints was now just a year away, and while volumes were relatively stable currently, the prospect for further significant increase remained as the deadline approached. Further, the progression for large numbers of cases also depended in very large part on the behaviour of some CMCs and the extent to which they were prepared to cooperate with the service and the approach it was taking. In the meantime, the service continued to re-balance its permanent and contingent headcount, in line with its strategy for managing PPI to an orderly conclusion.

Casework assumptions across all areas would continue to be refined and further detail on the nearer term operational outlook would come to the October board, alongside initial assumptions for 2019/20 and the outlook for the medium term beyond that.

Technology

The technology programme continued to assume a launch date in mid-October for the new customer centric case-handling system, though user and customer experience would be central to the final decision to roll out the new system.

The launch of the new consumer portal would be kept under review against the backdrop of incoming case volumes and operational readiness to receive cases via this new channel.