

**MINUTES**

MINUTES of the meeting of the directors, held on Wednesday 22 November 2017 at 09.00

<b>Present</b>	Nick Montagu (NM)	chairman
	Gerard Connell (GC)	director
	Alan Jenkins (A)	director
	Maeve Sherlock (MS)	director
	Sienna Veit (SV)	director
	Jenny Watson (JW)	director
<b>Apologies</b>	Diana Warwick (DW)	director
<b>In attendance</b>	Caroline Wayman (CW)	chief executive & chief ombudsman
	Julia Cavanagh (JC)	chief finance officer
	Chris McDermott (CMcD)	chief operating officer
	Garry Wilkinson (GW)	principal ombudsman & director of new services (items 6 to 8)
	Richard Thompson (RT)	principal ombudsman & director of quality (items 6 to 8)
	Talal Barkatali (TB)	head of strategic finance (item 6)
	Debbie Enever (DE)	head of external relations (items 9 & 10)
	Alison Hoyland (AH)	board secretary

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**Apologies for absence**

Apologies were received from Diana Warwick.

**1-4/1711 Board minute**

The Board approved the note of the meeting held on 18 October 2017.

**Matters arising**

Matters arising were picked up in the formal business on the agenda.

**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:

- 1:1 meetings with Board directors, members of the executive, other senior managers and team visits.
- Industry engagement, including chair to chair meetings with the industry and banking and insurance steering group meetings.
- Regulatory engagement, including a meeting with the chairs of the FCA, FSCS and MAS and attendance at the FCA oversight committee.

## **Chief ombudsman and chief executive's update**

Much of the chief ombudsman and chief executive's update was picked up in substantive business on the agenda, with the Board noting at this point of the meeting developments in relation to:

- An updated MoU with The Pensions Ombudsman, which had been signed and would soon be published on the scheme's respective websites.
- ADR access for small and medium sized enterprises.
- An invitation to attend a meeting of the Treasury sub-committee in the New Year on the service's work.
- The re-launch of the service's 'dignity at work' policy and the opportunity this had provided to pick up on recent media attention on harassment and stress the service's zero tolerance to all forms of bullying and harassment.
- Litigation and employee tribunal cases of note.

### **5/1711 Technology update and systems demonstration**

**fos/17/11/05**

The chief operating officer provided a high-level overview of the technology transformation programme and the associated timelines, before handing over to colleagues to provide a demonstration on two key aspects of that programme – the service's new casework system, and its new consumer portal. The new casework system would provide a customer-centric platform for managing cases and the new portal would provide for enhanced secure online interaction between the service and consumers.

The Board sought assurance on a number of areas including data security, scalability to meet mass demand, how the new technology would aid efficiency, timescales for delivery and how the service would learn from user experience and optimise functionality, as its new technology was rolled out.

The Board was grateful to colleagues for their time in demonstrating the systems and the assurance it provided on the progress being made and the steps the service was taking to further enhance its accessibility.

### **6/1711 2018/19 plan, budget & fees – initial considerations**

**fos/17/11/06**

At its October meeting, the Board agreed the broad parameters within which the ombudsman service was preparing its 2018/19 budget for public consultation, noting, in particular, the uncertainty in the external environment surrounding PPI.

Further analysis and pre-consultation discussions with industry and consumer representatives since then continued to support the high-level planning assumptions around the work the ombudsman service might expect to receive. While there was more certainty in the planning environment since the FCA had finalised its PPI rules and guidance and since the start of its PPI awareness campaign, stakeholders agreed that PPI uncertainties remained considerable.

The overall budget remained unchanged from that presented for review at the October Board, save for a change to the assumptions for the pay budget which had been updated in line with the current position the other FSMA bodies were taking. The service would keep the pay budget provision under review, as the position became clearer.

Since the papers had been circulated, the FCA oversight committee had met and it had confirmed that it was content with the basis of the service's planning assumptions and the formulation of its draft budget.

In concluding its discussions, the Board agreed that the ombudsman service should proceed to present its draft budget and fee plans to the FCA Board. In the meantime, the draft consultation document would be circulated for comment after the meeting, and then published as soon as possible after the FCA Board.

The Board would review the position again in February after the consultation had closed, and have the opportunity to take a final view against the latest forecasts when it was asked to approve it in March.

Looking further ahead, exactly how PPI played out over the next couple of years would remain central to the service's medium term planning. As the picture became clearer, the service would refine the outlook. A more detailed discussion on the medium term plan and how the service would need to respond to different scenarios would come to the Board's strategic away days in September.

The service would also keep its funding arrangements under review, and would flag in its consultation that while it did not think 2018/2019 was the right time to change its funding model, it was likely that it will need to do so in the future and would continue to talk to stakeholders as it developed its thinking.

## **7/1711 Developing the service and the people journey**

**fos/17/11/07**

### *Progress on establishing the investigation teams*

Since the October Board, the service development programme had been focussed on establishing the temporary transition support area to handle general casework cases that were not yet ready to be picked up by the investigation pods. This arrangement was designed to allow the service to build both capacity and capability in the investigation teams.

Alongside the transition support area, other work was underway to develop case-handlers in investigation so that investigation teams could cover the full breadth of the general casework caseload and to help ensure investigators could excel in their roles. An academy was also being established to provide a dedicated learning environment for developing new starters in the investigation pods and ensuring that they got the best start to their role.

Early feedback indicated that these steps were going a very long way to addressing the concerns staff had raised, including in the staff survey.

### *Managing the PPI caseload*

The introduction of the FCA's rules and guidance on handling Plevin-related complaints, alongside the confirmation of the deadline for PPI complaints, meant that the service had been able to provide more certainty to staff on the future outlook for managing PPI to its conclusion.

The commitment to giving people working in mass claims (and the transition support area) at least six months advance notice of any future redundancies and to providing personal and professional development opportunities while at the service, had also been well received. Again, early feedback indicated that the concerns particular to mass claims colleagues had been addressed and that people had a better and clearer understanding of their options.

The Board agreed that people should now be in no doubt about the choices they had. Those choosing to stay on at the service should maintain the expected levels of professionalism and be fully aligned with the values and expected behaviours. The service should be resolute in addressing any behaviour that was inconsistent with what was expected of people working at the service.

## **8/1711 File review**

**fos/17/11/08**

The file review exercise provided the opportunity to highlight and discuss some of the key challenges and opportunities the service faced in how it delivered its service to its customers.

The file review had again been undertaken by the Board, the executive team, and staff from across the service. This time it had focussed on the particular challenges that arose in helping vulnerable and younger customers.

The emerging themes were consistent with those from previous file reviews, and highlighted the things that were most important to customers. How individual cases had been handled provided insight on the 'quality' of the service and the results helped inform thinking on training requirements and service improvement measures. On one particular point of detail, Board members commented that some cases highlighted the need for the service to further to simplify its language to make dealings with these groups more readily comprehensible.

More broadly on helping vulnerable consumers, the service was currently working with the Money Advice Trust to provide training to staff on "working effectively and fairly with people in vulnerable situations" and the customer-centric nature of the service's new case-handling system would help ensure that the particular needs of individuals would be recorded clearly and information would be readily available to case-handlers.

The Board agreed to the proposed updates to the VJ rules, standard terms and guidance for the VJ participants, in line with changes the FCA was making to the compulsory jurisdiction to reflect the application of the EU Benchmarks Regulation, the Markets in Financial Instruments Directive 2 and changes to the Regulated Activities Order.

The note on upcoming rule changes included an update on the latest position in relation to the FCA's guidance on the treatment of politically exposed persons (PEPs) for anti-money laundering purposes and the potential for future rule changes to make it explicit that PEPs could bring complaints to the ombudsman service. The Board had previously noted the need to consider any potential conflicts for those board members who might be a PEP, should any future rules changes come before it; board member, MS, noted that her position was now clear in this regard and she would need to recuse herself from any discussion.

An internal project group had been established to work through the implications of the service's future extension to cover CMC complaints. The group would ensure early board engagement on relevant issues.

As part of the assurance framework, the ombudsman service provided bi-annual reports to the Board on the statutory obligations relating to cooperation and information sharing with the FCA. The report presented to the November Board covered the first six-months of the financial year and supplemented the more qualitative reports the Board received at each meeting on ongoing liaison between the two bodies.

**Any other business**

There being no other business, the meeting ended at 14.00.