

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at Exchange Tower, 1 Harbour Exchange, E14 9SR on Wednesday, 27 April 2016 at 09.00

Present	Nick Montagu	chairman
	Gerard Connell	director
	Alan Jenkins	director
	Maeve Sherlock	director
	Gil Whitehead	director
Apologies	Pat Stafford	director
In attendance	Caroline Wayman	chief executive and chief ombudsman
	Julia Cavanagh	chief finance officer
	Chris McDermott	chief operating officer
	Annette Lovell	director of engagement
	Alison Hoyland	board secretary & head of CEO's office (minutes)

Apologies for absence

Apologies were received from Pat Stafford

1-4/1604 Board minutes

The Board approved the note of the meeting held on 9 March.

Matters arising

Matters arising were picked up in the formal business before the Board.

Chairman's update

The ombudsman service business in which the chairman had been involved included:

- the approval of ombudsman appointments, which the Board noted;
- attendance at an event to mark the end of a staff induction programme; and
- his and the chief executive's attendance at an event to mark the retirement of a number of FCA non-executives

Chief ombudsman and chief executive's update

The main developments since the last meeting would be picked up in the Board business, but other matters to note included:

- preparations for a staff briefing to look at the work that the service anticipated receiving over the coming financial year and how it could ensure it continued to provide a first-rate service for its customers; and
- engagement with the FCA on the work it was doing to look at small and medium sized enterprises as users of financial services.

5/1604 End of year performance review

fos/16/04/05

The Board had been kept informed about service performance throughout the year, including by way of substantive quarterly reviews, and the overall position reflected a year of considerable achievement in which the service had:

- resolved more cases than it had received for the third year in a row;

- settled two thirds of cases (excluding PPI) within 3 months;
- continued to see its PPI caseload reduce, despite continuing high levels of demand and external uncertainty;
- received its highest customer satisfaction scores to date for its general casework caseload; and
- consistent with the operational performance, maintained a strong financial position.

Effort and focus would continue to be directed at areas of pressure, which included the progression of older cases.

As part of the year-end review, the Board also noted the position in relation to the statutory requirement for the ombudsman service to publish reports of all its final decisions. During the year, nearly 35,500 decisions had been published, bringing the total number of published decisions close to 96,500.

The Board acknowledged how much had been achieved in the year and the successful way in which the ombudsman service had responded to the challenges it had faced. It asked that the remuneration committee consider the terms of the collective reward and ensure that it took account of the improvements on the year before and that it recognised the highest performers.

The outlook for the year and beyond looked no more certain: the service would need to continue to drive performance, as well as develop and improve to ensure it was able to remain relevant and sustainable.

6/1604 2015/16 annual review

fos/16/04/06

The Board reviewed the draft text of the 2015/16 annual review which was, as usual, a comprehensive round-up of what the ombudsman service had seen and done during the year. As noted under the end of year performance, the ombudsman had experienced another hugely busy year in which it had handled over 1.6 million initial enquiries and resolved just short of 440,000 cases.

A number of suggestions were made for strengthening the narrative, including around the external uncertainties that had impacted the PPI caseload and about the service's insight work. On PPI, one of the most significant developments had been the Supreme Court ruling in the case of Plevin, which had hindered the progress the service had been able to make on a great many PPI cases. The service's inability to progress these cases to conclusion had meant that people had been waiting too long for answers, and that the management of the PPI workload would continue to be a challenge for some time yet. On the insight the service shared, the Board was keen to ensure that the annual review reflected the full extent of this aspect of its work and the value and impact of it doing so.

Any additional comments on the draft would be sent to the director of strategy, as the final preparations were being made for publication on 24 May.

7/1604 Independent Assessor's annual review

fos/16/04/07

The independent assessor attended the meeting to present her annual review to the Board, which recorded:

- an increase in satisfactory findings; and
- a decrease in critical recommendations.

The independent assessor commended the improvements in what she had seen, noting that this had been "largely down to the extensive efforts put into improving communication ...more meaningful updates, a more personal touch, and an overall more human approach". The service's programme to develop new ways of working was also highlighted in her report as having had a positive impact on customers' experiences.

The Board thanked the independent assessor for her work, which it saw as an important part of the assurance framework, providing a check and balance on customer service and the opportunity to improve things.

The Board formally accepted the independent assessor's annual report for inclusion in the 2015/16 directors' report and accounts, which was due to be published later in July.

8/1604 Independent Assessor's re-appointment

fos/16/04/08

The Board approved the reappointment of the independent assessor for a further three year term to June 2019, noting the positive and productive working relationship between her and the service. During her tenure the independent assessor had shown that she was able to challenge constructively and say when she thought the service had fallen short, and the Board was confident that the extension to her term would avoid any risk of cosiness and would not impact adversely on her effectiveness or her ability to remain independent.

9/1604 Service development update

fos/16/04/09

The programme of work to develop and modernise the service to ensure it remained aligned with the needs of customers and to secure its future relevance and sustainability was progressing well.

The new ways of working continued to be tested, with case-handlers working in more agile ways, better able to respond efficiently and effectively to the work received. As a result, customer satisfaction levels were higher than at any time before, and business feedback was positive, with some, for example, reporting customer retention improvements. Board members who had spent time with the teams commended the work being done there. They had seen at first-hand the benefits to both parties of the early resolution of complaints and how the teams were working to ensure they were able to keep on top of performance. New casework teams were due to start work the following week, with other teams starting over the coming few weeks. Performance in the new teams would be closely monitored, ensuring that productivity, consistency and quality remained at the fore.

The Board reflected on the people challenges and risks associated with change, both in terms of the inevitable uncertainty change brought for people and managing the disappointment for those who had been unsuccessful in their applications for new roles. The Board noted the focus on staff engagement and helping people to understand the case for change, as well as the support being provided to people who had not been successful. The support included detailed feedback on development points and identifying steps to take and training needs to help get them ready for future rounds of recruitment.

The Board agreed the plans which the steering committee had reviewed in detail, which anticipated rolling out the new ways of working across all of general casework. Once all the detail had been fully worked through, the decision would be communicated to staff so that they had certainty about future opportunities and the choices that they would have to make. On PPI, the continuing uncertainties, including for future volumes, meant the service would need to keep its options open for how it might best manage its caseload here. The executive and Board would keep the position under review as the picture became clearer, including in the light of the expected FCA rules and guidance on cases affected by the Supreme Court ruling in the case of Plevin and on a time-bar.

The senior management team was grateful to Board colleagues providing critical friend support to the steering committee, the oversight forum for providing more detailed scrutiny of the programme.

10/1604 Rule changes

fos/16/04/10

The Board approved rule changes to align the service's voluntary jurisdiction with

changes the FCA had made to the compulsory jurisdiction to cover European Long Term Investment Funds.

11/1604 Annual assurance reports

fos/16/04/11

As part of the Board assurance framework, the ombudsman provided year-end reports on its statutory obligations in the following areas:

Information sharing with the Financial Conduct Authority

The Financial Services Act 2012 placed duties on the ombudsman service in relation to cooperation and information sharing with the regulator. Engagement with the regulator during the year had been wide-ranging and had included formal Board and executive-level engagement, for example, in relation to FCA Board approval of the ombudsman's budget, as well as liaison between ombudsman and FCA teams on a broad range of issues relevant to both organisations' work.

Information rights

The ombudsman service was subject to the Data Protection Act (DPA) and the Freedom of Information Act (FOIA).

The numbers of requests under both Acts were up on the year before, though subject access requests (SARs) had increased the most. For FOIA requests, the two most frequent types of request concerned volumes and outcomes of complaints (against specific financial businesses) and publications, processes, or guidance. The proportion of referrals to the Information Commissioner's Office (ICO) continued to decrease – with less than 1% of FOIA requests and less than 3% of SARs being referred. ICO responses showed that the ICO had confidence in the service's compliance with the respective pieces of legislation and no FOIA requests had gone forward to tribunal in the last year.

There being no further business, the meeting ended at 12.45