

# Financial Ombudsman Service Limited

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## MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza, 183 Marsh Wall, London, E14 9SR on Wednesday, 19 March 2014 at 9.00 am

Present	Nick Montagu (NM)	chairman
	Maeve Sherlock (MS)	director
	Gwyn Burr (GB)	director
	Julian Lee (JL)	director
	Alan Jenkins (AJ)	director
	Pat Stafford (PS)	director
In attendance	Tony Boorman (TB)	chief executive and chief ombudsman (interim)
	Julia Cavanagh (JC)	finance and performance director
	Chris McDermott	operations director
	Caroline Wayman (CW)	legal director
	Jacquie Wiggett (JW)	HR and organisational development director (for item 5)
	Alison Hoyland (AH)	board secretary & head of CEO's office (minutes)

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### Apologies for absence

There were no apologies for absence.

### 0/1403 Executive update

The Board noted the update from members of the executive on their respective areas, with some further discussion on the following:

#### *Ombudsmen appointments*

The Board noted the latest ombudsmen appointments, and again, the high calibre of appointees.

#### *Publishing decisions*

Sessions were being planned to take the ombudsmen through the lessons learned from a year of publishing decisions.

#### **action**

- CW to share the 'lessons learned' messages being communicated to the ombudsmen panel, in an annex to her April update.

#### *Project management*

As requested at the last Board, further detail had been provided on the new project management framework. The Board welcomed the framework's inclusion in the 2014/15 internal audit plan, as an area for review once the framework had bedded in and had been tested in practice.

### 1/1403 Minutes and approvals

The minutes of the Board meeting held on 19 February 2014 were approved, subject to some minor amendments.

### 2/1403 Matters arising

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

*Budget*

At its February meeting, the Board had reviewed the operational and financial position of the ombudsman service as it approached the year end, together with the latest assumptions and analysis informing the final preparations of the 2014/15 plan and budget.

The considerations had centred on the ombudsman's reserves position (mainly from income associated with the receipt of higher than forecast numbers of PPI cases and the supplementary case fee) and the need to be able to continue to manage the PPI caseload effectively.

Since then, there had been no material change to the underlying analysis informing the budget and plans, although case volumes remained uncertain. Overall, however, the picture remained very much as presented to the February Board. The only changes were some minor revenue adjustments to take account of the final figures on complaint numbers informing the group fee arrangements and the case-fee income from non-group fee-payers.

The Board agreed that managing the PPI caseload would be a multi-year challenge and that, over time, it seemed probable that there would be fewer straightforward and quicker to resolve cases. Given the likely cost implications of this, and the need to ensure a fair allocation of costs across the industry, the Board reaffirmed its view that the ombudsman should retain its reserves going into the next financial year. It should, however, keep the position under review as the picture on PPI became clearer. Responses to the consultation received since the February Board showed continuing strong support for this approach. The Board was clear that the emphasis of its strategic oversight would continue to be on the careful and prudent management of the 'reserves' while the ombudsman worked through its PPI caseload.

Subject to approval by the FCA where relevant, the Board approved:

- the final budget for 2014/15;
- the associated FEES rules;
- publication of the feedback statement and 'our plans for the year ahead', once FCA had approved the budget.

*Performance and priorities*

At the February meeting, the Board had also agreed the broad approach the executive proposed to take the following year to measuring performance and setting its corporate priorities.

Since then, the executive had been finalising the detail of the underlying internal metrics and external commitments, taking into account comments made at the February meeting and those received from Board members subsequently (including at a recent meeting of the quality assurance group, attended by PS and AJ as 'critical friends').

In agreeing the final set of performance measures, the Board made some suggestions for a more customer oriented focus in places. It noted too, that while they were challenging and looked to improve the overall service being provided, the ombudsman's strategic programme of work, looking at how it should adapt and change to keep pace with customer expectation and need, should deliver yet further efficiencies and better performance over time. The ombudsman's priorities for the following year were consistent with this theme, and reflected the commitment to developing and strengthening the service, and improving the experiences of those who used it.

In 2013, the Board had commissioned the Future Foundation to lead a piece of work looking at the likely future changes in the ombudsman's operating environment and society more broadly. The findings of the review would help inform how the ombudsman could continue to deliver a valuable and meaningful service for all.

In contemplating what a future landscape might look like, the Future Foundation had undertaken extensive research and analysis, as well as engaging directly with a wide range of external stakeholders.

As the review was drawing to a close, the Board welcomed members of the Future Foundation team, along with colleagues from the ombudsman service who had been supporting the work, to hear about the emerging themes and what they might mean for the ombudsman service. The themes were not intended to represent recommendations for change, but rather to flag the way things were heading and, as such, to form part of the evidence and analysis against which the ombudsman service could sense check its forward strategy.

The Future Foundation set out the key themes, which included technological advances and greater access to data in a future world, expectations around transparency and fairness, as well as around service providers being able to offer proactive and early intervention in problems and a widening gap between the 'haves' and 'have-nots'.

The discussion that followed touched on a number of areas most obviously relevant to the ombudsman service. For example, the Board noted that the concept of 'fairness' (a theme central to what the ombudsman was set up to provide), meant different things to different people, but people's perception of fairness was just as likely to be increasingly about how they had been treated and how open an organisation had been about the approach it had taken and the rationale for its decisions, as about whether or not they had received a favourable outcome.

The Board recognised the continuing importance of openness and transparency to the ombudsman service in a future world; while it was not always going to be able to give people the answer they wanted, it could look to lead the way in listening to its customers and telling people about what it was seeing and doing.

The Board thanked the Future Foundation and the ombudsman team. The work would provide a useful backdrop to both the ombudsman's shorter term service development work, and its longer term forward strategy. The ombudsman would update the internet microsite, set up to share the work from the review, as it took forward its work to ensure that it continued to stay relevant in a changing world.

#### **5/1403 Engagement and retention**

**fos/14/0305**

A number of internal assessments, together with results from the ombudsman's participation in the Best Companies' Sunday Times top100 surveys, showed that the ombudsman service continued to enjoy high retention, a strong sense of cultural values and high motivation and engagement amongst its staff. These were all qualities that were important to an employer, but equally so to a customer-facing organisation whose ability to deliver the best customer service depended on having an engaged workforce, motivated by doing the right thing.

The ombudsman service could not afford to be complacent, however; it had an ambitious workforce, keen to develop and progress their careers in employment markets that were becoming increasingly competitive. Further, its ability to continue to manage its PPI workload effectively over the next few years would depend on it being able to keep its most experienced case-handlers and train them to deal with the more complex and difficult to resolve cases the ombudsman service expected to get later down the line.

The service would continue to make sure that it was able to gauge levels of engagement and motivation amongst its staff. The Board noted the steps being taken to make sure that it was able to preserve its core values and maintain high levels of engagement. While it agreed that it was right to have an eye to the future strategy and business need, it must ensure too that its response remained appropriate and proportionate.

#### **6/1403 Independent Assessor's Terms of Reference**

**fos/14/03/06**

The Independent Assessor (IA) was appointed by the Board to look at complaints against the ombudsman service about its practical handling of cases and the

standard of service provided. The new IA, Amerdeep Somal, had taken the opportunity of her first nine months in the role to review how her terms of Reference (ToR) had been working in practice and had identified a number of areas where they could work better.

Aside from changes to make the language clearer and remove duplication, the substantive proposals were to include the circumstances in which the IA may decline to look at a complaint. The grounds included:

- the complainant had already made a complaint about the same issue; and
- the complaint related solely to matters other than the ombudsman service's handling of the complaint, for example, how the ombudsman service had responded to a Freedom of Information or Subject Access Request.

The Board approved the changes, subject to the inclusion of a reference to the role being a Board appointment.

### **Any other business**

There being no other business, the meeting ended at 12.30.