

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 on 2 February 2010 at 9.30am

Present	Chris Kelly	chairman
	Alan Cook	director
	John Howard	director
	Elaine Kempson	director
	Kate Lampard	director
	Julian Lee	director
	Roger Sanders	director
In attendance	David Thomas	interim chief ombudsman
	Tony Boorman	decisions director
	Barbara Cheney	company secretary
	David Cresswell	communications director
	Roy Hewlett	operations director
	Peter Stansfield	HR director
	Mike Harris	head of planning & analysis (item 4)
	Caroline Wayman	lead ombudsman (Items 3-4)
	Duncan Barnes	Deloitte (item 4)
	Scott Barnes	Deloitte (item 4)

1 Apologies for absence

Apologies for absence were received from Joe Garner and Maeve Sherlock.

2 Minutes of the meeting held on 17 December 2009

The minutes of the board meeting held on 17 December 2009 were approved as an accurate record of the meeting.

3 Appointment of the chief ombudsman

The chairman thanked members of the board selection panel for their assistance in the appointment of Natalie Ceeney as chief ombudsman & chief executive. The board ratified the appointment.

4 Business process improvement project

The interim chief ombudsman reminded the board that consultants had been appointed to review the Service's casework business process and associated organisational issues.

Scott Wheatley and Duncan Barnes from Deloitte presented an overview of the project, details of the approach taken, conclusions from the current operating-model review and a summary of their recommendations. They also provided details of the efficiencies and other benefits that could be obtained, together with the costs.

They confirmed that the core casework-process and supporting systems were appropriate and in line with the 'best practice' they had observed in other complex service organisations. The project had also identified some opportunities for improvements in the way the casehandling process is managed and in the way that the Service interacts with consumers and financial businesses.

An important element of the recommended central case management system would be the use of a more sophisticated triage system for allocating converted cases to the right person at the right time, using the right process. The decisions director reported that plans were being made to pilot such a triage system in April, followed by implementation in October. The lead ombudsman added that the 'executive summary' pilot was proving to be successful. Under this system, adjudicators were preparing short, concise views in a standard format in cases where this was warranted by the nature of the complaint. Further work would be needed to quantify the potential improvements in more detail, such as the technology costs.

The board discussed the issues arising from the presentation and made a number of points. It was reassured that the study had concluded that the basic operational model was effective and it was attracted to the recommendations in principle. It asked for a more detailed business case to be prepared which included answers to the questions raised as far as possible and an indication of the scale of the potential efficiency gains.

5 Policy report

a) Payment protection insurance

The decisions director reported that the FSA was finalising its rules and guidance to firms in respect of complaints about payment protection insurance. Meanwhile the volume of cases being referred to the Service had continued to increase. As millions of PPI policies had been sold, there could be many more complaints to come, with claims management companies (CMCs) advertising extensively on daytime television.

It was suggested that the proposed complaint form that consumers would be asked to complete was too long and may prove to be a barrier for some. The decisions director agreed it was lengthy but it was designed to provide a neutral means of gathering all the necessary information in one go. The lead ombudsman added that the form had been discussed with industry, consumer and CMC representatives recently, many of whom had suggested additional points. The form was being redrafted in the light of comments received and efforts were being made to shorten it.

b) Bank charges

Following the Supreme Court's judgment that the fairness of bank charges levied in respect of unauthorised overdrafts could not be challenged on the basis proposed by the OFT, the board noted that most of the cases that had been on hold had now been resolved.

c) Independent Assessor

The corporate director reported that the chairman had approved the arrangements for the selection of the new independent assessor to succeed Michael Barnes when he retires in May 2010. It was proposed that Kate Lampard and Julian Lee should shortlist and interview candidates, supported by an independent consultant, Elizabeth Filkin.

The board approved this proposal and authorised the panel to make the appointment of the independent assessor on its behalf.

d) Publication of complaint data for July to December 2009

The corporate director reported that plans were in place to publish complaints data relating to individually named businesses for the second half of 2009 by the end of February. It was agreed that board members would be informed of the date of publication when it is finalised followed by an email with a link to the data on the website at the time of publication.

e) Financial Services Bill

The board noted the progress of the Financial Services Bill which had reached the House of Lords.

f) National Audit Office (NAO) Review

The corporate director reported that discussions were continuing with the NAO about the terms and scope of the review.

g) Redress discussion paper

The Board noted with approval the points in 1.1 to 1.5; 2.2 to 2.5; 2.14 to 2.17; 2.28; 3.14; 3.20; and 4.1 to 4.29 [since renumbered] – and had no objection to the paper.

Updates on investment & mortgage issues, the corporate plan & budget 2010/11, new industry liaison arrangements, Freedom of Information, alternative dispute resolution in Europe and litigation were noted.

6 External liaison – October to December 2009

In presenting his quarterly report about the work of the external liaison team, the communications director drew the board's attention to the report's new format and focus.

In response to a question he confirmed that four full-time staff manned the technical advice desk and seven other employees covered the outreach work with consumer groups and relationship management responsibilities with the thirty-five major firms.

7 Nomination & Remuneration Committee report

The chairman reminded the board of its request in 2009 for closer input into the

Service's pay review parameters and its concern that the pay award should not be out of line with comparable organisations.

He confirmed that the HR director had consulted other relevant organisations about current pay awards before preparing recommendations for 2010. The nomination and remuneration committee had met earlier in the day to consider them. It had agreed that the proposals for 2010 were reasonable and that they should be recommended to the board for approval.

The board approved these proposals and agreed that the nomination and remuneration committee should approve the pay award in 2011.

8 Management information report

The board considered the management information report. The operations director reported that the casework targets for 2009/10 were expected to be achieved. He confirmed that a full report would follow after the year end on 31 March.

There being no other business, the meeting ended at 12.10pm