MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 on 10 March 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
Maeve Sherlock director

In attendance

David Thomas interim chief ombudsman
Tony Boorman decisions director
Barbara Cheney company secretary
David Cresswell communications director
Roy Hewlett operations director
Jeremy Kean finance & IT director
Peter Stansfield HR director
Jennifer Long conduct risk, FSA (item 2)
Nadege Genetay ombudsman liaison, FSA (item 2)
Jane Hingston lead ombudsman, banking & credit (item 9)
Garry Wilkinson head of casework division (item 9)

1 Minutes of the meeting held on 2 February 2010

Subject to a minor amendment, the minutes of the board meeting held on 2 February 2010 were approved as an accurate record of the meeting.

The board noted the minutes of the nomination & remuneration committee meeting that was also held on 2 February 2010.

2 Conduct risk identification

Jennifer Long presented an overview of the Financial Services Authority’s recent work on “horizon scanning” for future risks in the retail financial services market.

She reported that a key objective for the FSA was to identify “conduct risks” that were most likely to emerge or develop in the coming 12 to 24 months. The Financial Risk Outlook which was due to be published by the FSA later in the day (and then every six months) represented a change in approach with greater emphasis on the early identification of risks. Input to this FSA document had been gathered from a
The board discussed the range of possible implications for the Service and the next steps. The decisions director agreed to consider the best way of managing the challenges from the Service’s viewpoint and to expand on the range of operational and strategic risks he had described in his paper. He also agreed to analyse the potential number of policies and complaints that could reach the Service.

4 Decision capacity plan

The decisions director presented a paper which summarised the current ombudsman decision-making capacity, forecasts for final decisions in 2010/11 and plans for resourcing this part of the Service. He confirmed that, once the current recruitment had been completed, the ombudsman panel would consist of 58 “full-time equivalent” ombudsmen. He explained that the need to keep case levels under control had to be balanced against the training, mentoring and management of an ombudsman panel of this size.

The board welcomed the flexibility that had been built into the plan and it encouraged the decisions director to appoint a higher number of ombudsmen if there was a good response to the latest recruitment campaign.

The board confirmed the recruitment of ombudsmen to increase the panel to 58 full time equivalent ombudsmen. It was agreed that, if the panel needed to be increased further, this should be referred back to the board for consideration.

5 2010/11 Budget

The board considered the final version of the 2010/11 budget and a summary of responses to the consultation about the budget.

The board agreed the 2010/11 budget and rules instrument FOS2010/1 (Fees Manual (Financial Ombudsman Service Case Fees 2010/2011) Instrument 2010 and
that both should be forwarded to the FSA board for approval on 25 March 2010.

6  Policy report

a) **FSA/OFT/ombudsman redress discussion-paper**
   The interim chief ombudsmen reported that the wording of the discussion paper had been agreed with the FSA and that it was due to be published on 11 March.

b) **Financial Services Bill**
   The board noted the current position in respect of the passage of the Financial Services Bill.

e) **Publication of business-specific complaints data**
   The second six-monthly set of complaints data relating to individual financial businesses was published on 25 February 2010. The data related to the period from 1 July to 31 December 2009. The board discussed the change in the percentage of cases upheld in favour of the consumer which had decreased from 59% to 53%. It was suggested that this could be due to a change in the mix of types of cases.

   The board agreed that, whilst early indications were encouraging, it was likely to be some time before any significant changes in casehandling by businesses would be apparent.

7  HR report

   The chairman reported that the HR director, Peter Stansfield, would be leaving the Service in May after five years with the ombudsman service.

   The HR director presented his report for the period from October 2009 to January 2010. He drew the board’s attention to the conclusion of the extensive recruitment exercise during which the headcount had increased by 65% in the past 18 months.

8  Management information

   The board noted the management information report as at 31 January 2010. The operations director reported that he was confident the targets set in May 2009 would be met. He added that he would provide a review of the reporting year 2009/10 and details of the strategy for 2010/11 at the next meeting.

9  Update on the project to review the way outcomes are communicated

   The decisions director introduced the project, which aimed at communicating views and decisions more succinctly. He stressed that this was a change in the way the outcome of cases was communicated, not a change in the approach by which outcomes were arrived at. Instead of sending complicated, protracted letters and reports to the parties, short, concise and focused communication was being used.

   Jane Hingston and Garry Wilkinson explained that the idea for this way of working had arisen as a result of feedback from consumers. Fifty (mostly newly appointed) adjudicators had taken part in the pilot phase which was now coming
to an end. A broad range of types and complexities of cases had been trialled and over 3,000 views had been issued since the pilot began on 2 November 2009. The outcome of these cases had been almost equally divided between those that had been upheld and those that had not. The average time taken to close cases had been reduced.

It was confirmed that the next steps would include a controlled roll-out to 100 adjudicators from 1 April 2010. The project was an important part of the casehandling initiatives that were currently being developed.

Having reviewed examples of the templates being used, the board welcomed this development. In response to a question, Jane Hingston confirmed that this method of communication fulfilled the Service’s obligations under the Financial Services & Markets Act.

10 Any other business

a) Joe Garner
The chairman reported, with regret, that he had accepted Joe Garner’s resignation as a non-executive director of the Service.

b) David Thomas
On behalf of the board, the chairman expressed his appreciation to David Thomas for carrying out the role of interim chief ombudsman for the past five months in a highly competent manner.

There being no other business, the meeting ended at 12.50pm