



**THE INDEPENDENT ASSESSOR'S
ANNUAL REPORT
2018-2019**

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

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This year (1 April 2018 to 31 March 2019) the Ombudsman Service recorded having received and investigated a total of 3,861 service complaints. I investigated 552 complaints, 14% of the Service's overall recorded figures. This is a decrease in the 16% of complaints I reviewed last year.

To put this into perspective the Service has resolved 376,353 cases. So it is important to note that 1.03% of the Service's customers have complained about service and only 0.15% remained unhappy and escalated their complaint to me.

However, the total number of service complaints to the Service has increased by 54% from last year and the number of complaints to my office has increased by 29%. This shows that whilst more customers are satisfied with the Service's response, overall more customers are complaining. There has also been a change in the type of complaints I have received this year which may be a result of the Service adopting a one-stage process to respond to complaints.

Changes to classifications

This financial year I have simplified the way I classify complaints. They are now split into two main categories, Unsatisfactory or Satisfactory, with further categorisation occurring depending on whether I have made recommendations and/or provided learning points to the Service. Adequate is no longer used. The figures below differ because of these changes.

Complaints investigated by me

	This year	2017-2018	2016-2017
Satisfactory	46%	45%	46%
Adequate		9%	14%
Critical (Unsatisfactory)	54%	46%	40%

Overall 46% of the complaints I investigated were dealt with well, or only had minor service failings. This marks an 8% reduction from last year's figures.

- *What the Service did well*

Complaints about professionalism, competence and attitude of staff have steadily decreased over the last 3 years and now form only 1% of the cases I have reviewed. Customers complaining about redress and outcome have significantly decreased from last year by 67%, which shows notable improvement in this area.

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Last year I made recommendations about how the Service dealt with small respondent businesses. I am pleased to see improvements made by the Service have led to a reduction in the number of complaints that reached my office.

- *Complaints I found unsatisfactory*

Of the unsatisfactory complaints 65% related to a service failing about communication despite the Service's work in this area and highlights the need for this to be an area for continuous focus and improvement.

I have also made recommendations in 44% of unsatisfactory complaints. This means the Service has not always done enough to put things right for its customers.

Overall complaint themes

A comparison of the top three complaint themes against the previous year indicates the main reasons customers have approached me:

This year		Last year 2017/2018	
Communication	47%	Communication	33%
Fairness and Impartiality	16%	Adherence to FOS process	19%
Timeliness	15%	Fairness and Impartiality	15%

Communication – has been the primary concern for the last two years. This year it has significantly increased and now accounts for almost half of the complaints that come to my office, 47%. The single biggest concern is customers not receiving regular and/or meaningful updates.

In its response to my report last year, the Service explained it had undertaken significant work around communication, including focused quality checks, workshops and training sessions with the Money Advice Trust. There is more progress that needs to be made as I found 74% of the complaints about communication to be unsatisfactory and made recommendations in 45% of those cases. This shows customers were right to still feel aggrieved about the service they received and to escalate their concerns to me.

Concerns about communication generally fell into the following categories:

- Failure to provide updates.
- Inability to get in touch with case handlers.
- Wording of opinions and decisions.
- Not providing clear and accurate information.
- Consumers feeling they had not been listened to.

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This in turn led to some consumers feeling that their case had not been adequately investigated and that the Service was favouring the financial business.

The ongoing concerns about communication in the cases I've seen, covers both written correspondence and telephone contact; the increase of 14% this financial year highlights the hard work needed to make improvements.

In response it has developed training to be delivered throughout the organisation around providing timely, meaningful updates which it will roll-out in the new financial year.

Fairness and Impartiality – concerns about fairness and impartiality have been on a steady rise for the last few years.

I reviewed 89 complaints about fairness and impartiality, of which 15% (13 cases) I classified as unsatisfactory. I was satisfied the Service had done all it needed to do to put things right in all but 3 of these cases. I made recommendations in these 3 cases which mostly related to communication, rather than the customers' primary concern of bias. However, in one case I concluded the customer was not treated fairly by the Service. For all the other cases I reviewed it was the customers' perception of bias that had caused their complaint.

The main issues in this category were:

- Ombudsman discussing cases with businesses but not consumers.
- Consumers believing that businesses are given unlimited time to respond to cases whilst they are given strict, short deadlines to adhere to.
- Consumers obtaining calls relating to their case as part of Subject Access Requests and noting the Service's tone speaking to a business is more informal and chatty than that adopted with them.
- Customers not being provided evidence relied on in their case supporting the Service's outcome.
- Customers feeling their concerns were not listened to or taken into account.

There has been a 44% increase in complaints (62 cases to 89 cases) about fairness and impartiality this year. Over the last 2 years there has been a 187% increase in complaints (32 cases to 89 cases) about fairness and impartiality. In its response to my last annual report the Service stated its new portal would enable customers to log in securely to view information that is material to their case. Once implemented this should improve customer confidence and change the perception that businesses are treated more favourably.

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Timeliness – is an area that has seen a steady increase this financial year due to the back log in the Service allocating cases to case handlers and Ombudsman. It has not been in the top 3 concerns since the height of PPI complaints and the Service learnt a great deal on managing customers' expectations during that period. It is disappointing that based on the cases I've seen, it has not consistently applied these learnings from the outset to its wider casework teams.

Timeliness this year accounts for 15% of the complaints I have reviewed. Of the 82 complaints about timeliness, I have found 53% to be unsatisfactory and I have made recommendations on 44% of those.

Customers have complained about significant delays and a general lack of progress at all stages of the investigation process, including the allocation at investigator and Ombudsman review stages. This has caused an increase in complaints being brought to my office whilst the Service's investigation is still ongoing.

Adherence to process – has featured in the top 3 concerns for the last 4 years, but has jostled with timeliness this year. Traditionally I have only commented on the top 3 concerns in my report however, as the percentage difference between timeliness and adherence to process is 1% I found it appropriate to report on both. I found 44% of adherence to process complaints unsatisfactory. I made recommendations on 50% of those.

The Service has rolled out its one-stage approach to complaints across the whole organisation. It chose not to update this information on its website whilst the pilot was trialled. Instead it relied on managers to outline the change in their complaint response, leading to complaints in which customers thought the Service failed to adhere to its previous two stage process or disbelieved the managers' advice, as the website stated differently.

The Service has taken a step away from consistently issuing factsheets at different stages during the customer journey. I have seen complaints from customers who have not understood what an Ombudsman review meant or the significance of accepting a final decision as the case handler failed to provide factsheets. There is a lack of consistency in this area and the Service needs to consider its approach and provide training on what it expects its case handlers to issue as standard.

I have also seen complaints about significant delays in the processing of Subject Access Requests as a result of the influx received following the updated GDPR regulations. The Service faced challenges in responding to increased demand but has now hired and trained more staff and is in the process of implementing a new system to cope with the increased demand.

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Learning Points

I am keen to encourage a culture of continuous learning and improvement from service complaints. Where I find failures in the Service's handling of a case I make recommendations as to how I feel it should put things right, if necessary. However, sometimes there are learnings within a case that, if taken on board may prevent the same failures recurring in other cases. To ensure these are noted and adopted I issue learning points to the Service instead of or within my recommendations.

This year I issued 26 learning points to the Service. The majority of which have been around the Service's communication with its customers. These have included:

- Ensuring staff update their systems when they are going to be out of the office, and training managers to be able to update staff presence on its systems, where there is unexpected leave. This will ensure customers are provided with out of office information when emailing, and are given correct information about the whereabouts of their case handler when calling the Service's helpline.
- Ensuring staff update customer accessibility needs/communication requirements on all relevant case files in a timely manner. This will ensure the Service remains consistent in its communication, especially where there are vulnerable consumers.
- Ensuring that Ombudsman communicate fairly with both consumers and businesses, where appropriate. This would reduce the perception of bias that consumers often approach my office to raise concerns about and the sense they have been treated differently to the business.
- Ensuring clear and accurate information is provided to customers about the decision process, so customers are aware of the finality of a decision and their rights with regards to accepting.

Although the Service has accepted and welcomed the points I have made I have found implementation to be slow. For instance, I first made recommendations around its staff updating systems to reflect leave in October 2018. I reiterated this in the feedback I provided to senior managers at the Service in November 2018. Yet I had to reissue the same learning point in February 2019.

The Service needs to put in place measures to ensure that learnings are taken on board and are quickly embedded throughout the organisation to prevent the same mistakes happening again.

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Complaints rejected by me

500 customers contacted me to consider complaints that I was unable to review. This was because:

- 36% were complaints brought to me while the case was ongoing. This has increased from 16% of the 415 cases rejected last year.
- 27% were complaints about the merits of the case where customers disagreed with the outcome reached by the Service. These fall outside of my remit.
- 26% were complaints that had not yet been raised with the Service. I understand customers feel strongly about their concerns and will often bypass the internal complaints process but, my Terms of Reference clearly state the Service has to have had a reasonable opportunity to respond to a complaint before I can get involved.

Areas to focus on

- *Vulnerable consumers*

Last year I reviewed 50 complaints involving vulnerable consumers and I noted failures in 42%. In my last report I outlined that the Service had recorded correct warnings and relevant instructions on its systems around consumer needs, but it hadn't consistently acted on them.

In response to my report the Service explained it had seen an increase in calls received by its accessibility team. It commended the Money Advice Trust for work it had undertaken to provide training and assistance to the Service's case handlers, enabling them to identify consumers experiencing vulnerability. It also explained it had expanded its accessibility team in order to meet the increased demand.

Despite this, I have seen an increase in the number of failures noted within cases involving vulnerable consumers.

This year I have reviewed 63 cases which involved vulnerable people. I found 40% of these to have been dealt with satisfactorily, but found failures in 60%. Overall, I made recommendations in 21 cases.

Despite the work undertaken by the Service the main concerns I noted in the cases I reviewed were:

- Ensuring appropriate warnings and reminders were in place to inform staff of consumer requirements.

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- Adhering to consumer requirements consistently throughout the case, particularly where there are handovers.
- Lack of tact and/or sensitivity when dealing with vulnerable people.

So the Service still has work to do to ensure that adjustments are made and adhered to throughout the life of a case for its most vulnerable consumers, which ties in with the work it must do to improve its overall communication.

- *Customers displaying unreasonable behaviour*

I have seen an increase in cases where customers have displayed abusive, aggressive or unreasonable behaviours towards the Service's staff, and more worryingly the abuse itself is becoming more explicit in nature. Some of these have included threats against staff members and their families, comments of a sexual nature, racial discrimination and extreme profanities.

The staff who deal with cases should not be subjected to this and in my last report I advised the Service to consider more robust measures to manage such behaviours. I am pleased to see the Service has taken this feedback on board. It has introduced training to its staff aimed at ensuring they feel empowered to speak up where these behaviours are exhibited and where necessary terminate communication with customers who persist. It has also added information on its website notifying customers that it will not tolerate abusive behaviour towards its staff.

I support the actions the Service is currently taking in this regard, as it has a duty to ensure the wellbeing of its staff, as well as providing a service to its customers. Of the cases I have seen in which these behaviours have been displayed I have found the Service should have acted more robustly earlier on and been clearer about behaviour that would not be tolerated.

This is still very much a work in progress for the Service, but I can see it is taking the necessary steps to address these issues.

- *Stepping in early*

I generally review a complaint once the Service has concluded its investigation, except where I decide there are exceptional circumstances and there is a need for me to step in early. I intervened in 24 cases this year; this is significantly more than any previous year. 79% of these were due to some form of communication issues between a customer and the Service. For example:

- Correspondence was not being acknowledged or attached to case files.
- Customers were unable to communicate with case handlers.
- The Service failed to provide case details in an accessible way.

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I deemed 47% of these cases unsatisfactory, and I made recommendations in 56% of those.

The remaining 21% of cases where I stepped in were around concerns of the Service not adhering to its process, for example customers having concerns about giving consent to the Service to investigate a complaint, however I found these cases to be satisfactory.

From what I have seen, customers are concerned they are not being treated fairly when they're not responded to, or when correspondence has not been acknowledged. Work needs to be done to make sure all correspondence, including phone calls, are acknowledged and responded to within a reasonable timeframe. The Service should consider introducing Service Level Agreements and/or indicative timescales, to manage customer expectations and ensure they are kept updated timely.

Taking a closer look

- *One stage complaint process*

In November 2018 the whole Service moved to a one stage process to respond to complaints. Previously a customer would receive a manager's response followed by a senior manager's response, before I could consider their concerns, but now only one manager will respond before the customer can refer the matter to my office.

My office has seen a large increase in customers approaching my office whilst their cases are ongoing, this may be due in part to the delays the Service is currently experiencing but it may also be due to customers being given referral rights sooner.

Overall the change has made the complaints process straightforward and more efficient. However, there have been a number of instances in which the Service's responses have missed key service failings during the review. It is imperative the Service completes a thorough review of the case as it now gets only one chance to put things right, if necessary, before I look into the complaint. The Service has undergone a large recruitment process for senior advisors – this should ensure that managers have the support they need to complete a thorough review and response to its customers.

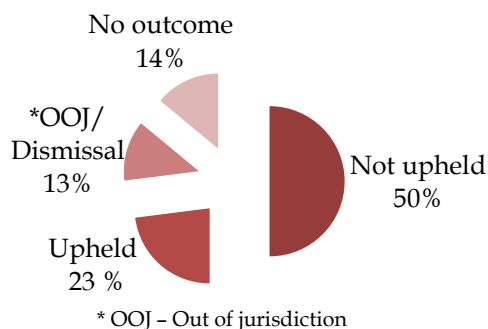
Whilst there has been an increase in the references to programmes such as Dispatches and Watchdog, I have not seen any direct correlation between the programmes airing and a spike in service complaints.

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- *Outcome of cases against financial business*

Throughout this financial year I have been monitoring the correlation between the outcome of cases against the financial business and complaints brought to my office.



50% of cases brought to me were not upheld against the financial business however, 23% were upheld (125 cases). Of these upheld cases, I was unsatisfied with 59% and made recommendations on 54%.

So in the majority of upheld cases I reviewed, customers had genuine reason to be unhappy with the service they received and to bring their concerns to me. Customers' main reasons for bringing complaints to my office, despite receiving a positive outcome was communication, 48%. This was followed by timeliness, 27%.

Customer outlook

These are a few of the comments I have received in response to my Opinion:

"Thank you for your very thorough investigation of the above case, and for your comments and decisions on this case, with which I am happy with. It is reassuring to see how seriously your department takes complaints, and how detailed your responses are. Thank you very much for this."

"I would like to thank you so much for taking the time to look into this complaint in full. I got very upset while reading your letter as you understood the confusion of the complaint."

"Thank you for your effort and the insights provided by your comments."

"Thank you for your Opinion. I am grateful both for the swift response and for the fact that you have clearly considered the full chronology and it is disappointing that the FOS failed to do so when I complained, as I felt they dismissed my complaint and possibly even covered up the inaction."

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Looking forward

For the last two years I have highlighted the need for improvement in the Service's communication with its customers. Whilst there is further work to be done to improve the overall customer experience, I can see the Service has been keen to take on my recommendations and implement change. This now needs to be embedded across the Service consistently.

As the Service grows it is imperative the Service continues its appetite for continuous improvement by taking on board my learning points.