

# Management response to the independent assessor's annual report for 2020/21



Financial  
Ombudsman  
Service

## Richard Thompson, Principal ombudsman and quality director

*"I'd like to thank the Independent Assessor (IA), Dame Gillian Guy, for her first annual report since starting her term in October 2020. Her clear and helpful feedback and recommendations will help us to learn and improve and her insights will ensure we remain focussed on providing the best possible service to our customers."*

*This document is our response to the IA's 2020/21 annual report, and it highlights what we have been doing to act on the insight and feedback received."*

## Executive summary

This year has been like no other. Covid-19 and its impact on our customers fed into increases in complaint volumes and new and novel issues related to the pandemic. At the same time, like all organisations, we had to quickly adapt to considerable disruption to our service as we moved to a complete remote working arrangement. Within this context, our service received 278,033 new complaints and resolved 247,916 in total.

Although the IA reminds us of the many things we do well most of the time, regrettably we haven't consistently delivered the high standards we aim for. Over the financial year we received 4,186 service complaints – the equivalent of 1.68% of our overall resolutions. The IA went on to review 516 of those service complaints (0.2% of our resolutions).

The key areas for improvement the IA highlights for us are in timeliness and communication. These themes are common with previous years in which we have continued to see growth in complaint volumes to the ombudsman service (outside of PPI). Our plan and budget for the year sets out our existing plans for responding to the unprecedented level of demand driven by the pandemic last year, and how we'll invest and drive efficiencies to tackle waiting times across the service. Those plans include continuing to invest in technology, ongoing recruitment of case handlers and reallocating some of our PPI complaint handling resource to work on other areas. But we continue to look for opportunities to do more and go faster – our ambition is to improve further on those plans as we move through the year.

Reducing the time customers are waiting for an answer to their complaint will go a long way to resolving the source of many of the service complaints that both we and the IA receive. But intrinsically linked to this is how we communicate and manage our customers' expectations when we're busy and customers are waiting longer than we'd like. Last year we introduced new communication service standards across our case-handling teams. We'll be monitoring our performance against these through our quality assurance framework and we plan to publish the full set of standards on our website during 2021/22.

Positively, the IA also notes the progress we have made in some areas too. The number of service complaints involving customers with an issue of vulnerability has fallen significantly, and while there is undoubtedly still more for us to do, it's pleasing we have been able to provide a better customer journey for those who may need more care and help. In relation to complaints about fairness and impartiality, at the very core of what the ombudsman service is

about and what we do, its pleasing that the IA saw no examples in year where she thought we had acted unfairly toward any of our customers.

As always, service complaints are an important opportunity for us to put things right when we've fallen short and a chance to listen carefully to feedback from the IA and our customers so we can make improvements to the service we provide.

During a busy year, with unprecedented challenges for all, the service quickly adapted to working remotely so we could resolve nearly as many cases we planned to before the pandemic.

We're now seeing a heightened demand for our service due to the economic effects of the pandemic on consumers and businesses. But despite this, and the fact customers are unfortunately waiting longer than we'd like, we did see a 14.1% decrease in service complaints compared with last year. We also saw a 14.4% decrease in the number of service complaints referred to the IA, although we have seen a marginal increase (from 12% to 12.3%) in the proportion of service complaints referred to the IA.

Overall, it's reassuring that, although we've been busier and our teams have needed to adapt to new ways of working due to the extraordinary circumstances of last year, most of the time we're getting things right. We'll continue to work to improve so as many customers as possible have a positive experience.

### Complaints about our service

The table below provides a breakdown of the cases resolved by the service, along with the number of service complaints we have responded to over the last three years.

Year	2018/19	2019/20	2020/21
cases resolved	376,353	296,976	247,916
<b>service complaints</b>			
total	3,861	4,872	4,186
as a % of cases resolved	1.03%	1.64%	1.68%
<b>independent assessor</b>			
service complaints reviewed	552	602	516
as a % of cases resolved	0.15%	0.20%	0.20
% of complaints that escalated to the independent assessor	14%	12%	12.3%
designated satisfactory or adequate	253 (46%)	202 (34%)	169 (33%)
designated unsatisfactory	299 (54%)	400 (66%)	347 (67%)
<i>of which</i> designated unsatisfactory with recommendations and/or learning points	131 (24% of total)	138 (23% of total)	128 (25% of total)

The IA made recommendations/issued learning points in 128 cases this year, which amounts to 25% of the overall number of service complaints we received.

Service complaints designated as *unsatisfactory with recommendations or learning points* (previously designated as *critical with recommendations*) are those where the IA had found the service had not already done everything needed to correct service failures before the complaints reached her.

### How we're learning from service complaints

We've accepted all the IA's recommendations and 27 learning points over 2020/21. We've taken the feedback on board and followed up with improvement actions and plans – particularly where the IA's feedback suggests a wider trend or issue. Examples include: delivering e-learning to all our case handlers and ombudsmen, updating and clarifying our guidance, and introducing a new quality framework due to be rolled out over the summer. This has a greater emphasis on customer experience and service improvement and should help us to identify issues and opportunities for improvement more quickly.

As set out in the IA's report, going forward the IA's feedback will be reviewed and grouped into themes. The service welcomes this change and we're confident it will help us to quickly identify why and where we need to make improvements across the service.

### Top four themes

This table shows the top themes the IA outlines in her report, reflecting the concerns people raised when they contacted her – and how they compare to last year.

Top complaint themes	2019/20		2020/21	
	number of cases	percentage of the total reviewed	number of cases	percentage of the total reviewed
Communication	345	57%	173	34%
Timeliness	128	21%	161	31%
Adequacy of investigation	11	1.8	68	13%
Fairness and impartiality	71	12%	65	13%

### Theme one – communication

The IA recorded a 50% decrease this year in complaints about communication. While this is encouraging, it continues to be the highest cause for service complaints to the IA.

We're committed to improving the way we communicate, and in April 2020 we launched a new set of communication standards for case handlers. These give clearer instructions on how and when they should update our customers – and we've been busy embedding them across all of our casework areas. As time moves on, we expect a higher proportion of cases to have benefitted from these improvements and we're hopeful they will contribute to a continued reduction in concerns about communication. We'll be monitoring this closely through our new quality framework and we will publish the full set of standards on our website during 2021/22.

Communication features in everything we do – and so we strive for continuous improvement in more than just our updates. The individual learning points the IA provided are a useful

reminder of how lack of clarity in communication can impact customers. We've provided feedback to all staff and managers where we've identified failings and an opportunity to improve.

Similarly, remote working has created new challenges for our case handlers, sometimes working in environments that are not specifically designed for the work that we do. We've delivered training to all case handling staff this year on the importance of privacy and GDPR compliance in the context of working remotely in a home environment – and a reminder of best practice in how to reduce any background noise or other factors that might impact on our customers' experience of the service.

### **Theme two – timeliness**

The IA recorded a rise in complaints about timeliness this year and it accounted for 31% of all complaints.

Reducing the time our customers wait for answers continues to be a priority for us and we've had significant success this year in certain areas such as PPI. But at the same time, the pandemic sadly meant that far more consumers have needed to bring complaints to us about areas of our casework, such as consumer credit, banking, investment and insurance. In fact we received over 87,000 more customer complaints in these key areas than the 130,000 we and our stakeholders forecasted, many of which have raised new or novel issues arising from the pandemic.

This increased demand remains a big challenge for us. We're continuing to recruit new staff to help us meet it, and we've also retrained and redeployed existing staff from PPI to new areas where they will be able to help more customers. We are also focussed on our engagement with financial businesses and consumer representatives to ensure that only those cases that ought to be referred to the ombudsman service come to us – and to address any delays or challenges in the provision of information that may hinder us progressing cases quickly.

It's regrettable that despite these best efforts many customers continue to wait longer than we'd like for their complaint to be resolved, and it's vital we do all we can to support them in that time. We're committed to providing detailed and product-specific updates wherever possible and we'll continue to prioritise those customers who need their case dealt with urgently due to their specific circumstances. We're grateful for the IA's feedback around some issues she's seen in how we've progressed priority cases and have now launched a significantly improved business information tool to help management teams ensure no cases are left behind.

### **Theme three – Adequacy of investigation**

The IA recorded 68 complaints about the adequacy of the investigation.

The role of our service is to conduct a fair, independent and impartial investigation into a case. Once we've decided if a business has treated their customer fairly or not, we'll explain the reasons behind our assessment.

All our case handlers are trained to ensure they deliver fair answers to our customers. Due to the nature of what we do, it's likely one party to a case will be unhappy with the outcome we reach. But it's important all customers have had their chance to present their side of a story and they know what to expect from the service.

When we don't communicate clearly, we risk causing our customers concerns about the investigation we've carried out. For example, customers can sometimes raise concerns that we haven't considered all their information. It's important that we are clear about our process so our customers know our case handlers and ombudsmen will consider everything, but they won't specifically comment on every point a consumer or business has raised.

#### **Theme four – fairness and impartiality**

It's encouraging to see a proportionate reduction in the number of complaints raised about fairness and impartiality, but it's always disappointing to receive complaints about this, given the nature of what our service is here to do. It's vital that our investigations feel even-handed and we expect our case handlers to actively demonstrate this at all times.

We're pleased the IA didn't find that we had acted unfairly or impartially in any of the cases she reviewed. but the feedback and context she's provided is helpful reminder that we can sometimes work harder to demonstrate that impartiality in how we handle a case. For example, although we decide to grant extensions to the provision of information on a case-by-case basis, taking the individual circumstances into account, neither party to a complaint should be left feeling that they've been treated less favourably than the other. We've recently rolled out further training to our case handling staff that reminds them of the importance of both sides feeling like they've been treated fairly.

Similarly, we've updated guidance for case handlers on when they should be sharing evidence with the parties to a dispute, and we're due to deliver further training on this shortly. As an alternative dispute resolution scheme, unlike court proceedings we don't routinely share all the information we have on file – but it is important that both parties understand the reasons for our decision and the information and evidence we have relied upon in reaching it.

#### **Our service complaint responses**

Currently, when concerns are raised about our service, we follow our formal one-stage complaints process. We conduct a thorough investigation of a customer's experience with the service, provide a detailed response and ensure we're getting cases back on track where appropriate.

Although our current process serves its purpose well, we're always looking at ways we can improve our customers' experience and use our time and resources to add value to the service we provide. We're therefore considering new ways to respond to service concerns, so we can review and resolve them as quickly and informally as possible.

We will pilot alternative approaches over the current year, and closely monitor their effectiveness. If successful, they should result in quicker and more specific responses for customers and allow our managers to focus their efforts on resolving financial disputes. We will work closely with the IA's office and share the results of these initiatives.

#### **Vulnerable customers**

In comparison to last financial year, the IA recorded a 55% decrease in the number of complaints involving vulnerable customers. We're really pleased to see the positive impact of our focus on the support we provide to these customers, and we will continue our good work in identifying these customers who need extra support as soon as we can.

In September 2019 we launched our additional support team, which handles complaints from customers in the most complex and sensitive situations. Following its success, over 2020/21 we further expanded the team. This year we plan to do even more to share their knowledge

and learnings with the wider service and to ensure we meet the needs of all of our most vulnerable customers.

Recently, we've also introduced a new business information report to improve the visibility of the number of cases at the service from customers with a vulnerability, to help keep their cases on track.

### **Stepping in early**

The IA's Terms of Reference say she can step in early (before a case has closed) in exceptional circumstances, so it's encouraging to see an 88% decrease in cases where she deemed it necessary to do so. There's a clear theme in that communication drives the need for these interventions and it's important we consider whether there's more we can do to assist customers 'in the moment'.

## appendix A

**Number of cases**

These tables show a breakdown of the number of cases mentioned in the independent assessor's annual report.

**Cases reviewed by the independent assessor about *communication* were as follows:**

	2019/20	2020/21
Total cases reviewed where this concern was raised	345	173
Cases designated unsatisfactory	273 (79%)	150 (87%)
Cases with recommendations/ learning points	104	54

**Cases reviewed by the independent assessor about *timeliness* were as follows:**

	2019/20	2020/21
Total cases reviewed where this concern was raised	128	161
Cases designated unsatisfactory	84 (66%)	110 (68%)
Cases with recommendations/ learning points	24	35

**Cases reviewed by the independent assessor about *fairness and impartiality* were as follows:**

	2019/20	2020/21
Total cases reviewed where this concern was raised	71	65
Cases designated unsatisfactory	11 (15%)	15 (23%)
Cases with recommendations/ learning points	1	8

**Cases reviewed by the independent assessor about *adequacy of investigation* were as follows:**

	2019/20	2020/21
Total cases reviewed where this concern was raised	11	68
Cases designated unsatisfactory	2 (18%)	42 (62%)
Cases with recommendations/ learning points	0	13

**Cases reviewed by the independent assessor involving vulnerable consumers:**

	<b>2019/20</b>	<b>2020/21</b>
Total cases reviewed	80	36
Cases designated unsatisfactory	60 (75%)	28
Cases with recommendations/ learning points	22	11

**Cases where the independent assessor stepped in early:**

	<b>2019/20</b>	<b>2020/21</b>
<b>Total cases reviewed</b>	50	6
Cases designated unsatisfactory	50 (100%)	3
Cases with recommendations	39	1



## appendix B

## Further information

## Sectoral data

The table below illustrates that service complaints were broadly in line with new cases we received by sector.

<b>Area</b>	<b>% of new cases</b>	<b>% of service complaints</b>
Banking ( <i>incl STL and PBA</i> )	61%	61%
Insurance	16%	24%
Investments and Pensions	8%	9%
PPI	15%	5%