

# Ombudsman news

essential reading for people interested in financial complaints  
– and how to prevent or settle them



Natalie Ceeney, chief executive and chief ombudsman

## first impressions

I have just completed my first month at the ombudsman service. During that time, as well as getting to know the different teams here, I've been busy starting to meet some of our key external stakeholders – including financial businesses, trade bodies and groups that work to support consumers. I have been receiving a great deal of positive feedback and I am looking forward to meeting more of our stakeholders over the coming months.

Stakeholders with good memories have been reminding me that this month marks the tenth anniversary of the Financial Ombudsman Service. At the outset, when the different ombudsman schemes came together to form the new service, there were around 350 staff in total. We have certainly come a long way in the ten years since then, with a current headcount of 1,500 and all the challenges that come with a much bigger organisation – including a substantially-increased caseload.

Despite this, the organisation has held firmly to its founding values and principles. As I have started to familiarise myself with the work of our case-handling teams, I have been impressed by the care they take to ensure the service they provide is fair, reasonable and impartial.

At the time of writing, we are in the final stages of preparing our *annual review*, covering the financial year 2009/2010. This will be published in May and illustrates the organisation's considerable achievements over

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Financial  
**Ombudsman**  
Service

the past year. These include resolving record volumes of cases and reaching out to consumers from a wider range of backgrounds than ever before. You can find out more about this consumer-outreach work on page 20 of this month's *ombudsman news*.

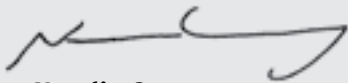
Looking to the year ahead, we've been examining the varied challenges that face us, discussing the targets that really matter, and deciding which will form our main focus. We are also taking stock of how the expectations of consumers have changed over the ten years since the Financial Ombudsman Service was set up – and deciding how best we can continue to meet those expectations.

Advances in technology and digital information have revolutionised the way in which many people now lead their lives. These advances have also radically altered the type and speed of service they now expect. But at the same time, those consumers *without* access to the latest technology can find themselves increasingly disadvantaged – with fewer options and with more limited access to services than ever before.

So an important challenge for us, as for other service-providers, will be to ensure we keep up with the demands of those who expect ever-quicker and less formal ways of communicating with us – while we also remain fully accessible for those who are not so up-to-date with technology.

In the expanded Q&A pages of this issue of *ombudsman news* we cover some of the recent developments we have been working on, in response to the changing needs of our users. These include new, more user-friendly forms for PPI complaints, tighter timescales as part of our standard process, and a new style of communication from our casehandlers. There's also an update on a new phone number we're introducing to give our customers more choice.

I very much welcome feedback on all these issues – and I look forward to hearing the views and comments of our *ombudsman news* readers.



**Natalie Ceeney**

chief executive and chief ombudsman



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*Ombudsman news* is not a definitive statement of the law, our approach or our procedure. It gives general information on the position at the date of publication.

The illustrative case studies are based broadly on real-life cases, but are not precedents. We decide individual cases on their own facts.

# Banking, insurance and investment complaints from consumers living in rural communities

Our research into levels of consumer awareness of the ombudsman across the UK shows that people living in rural and more remote areas tend to know less about the ombudsman service – and their right to complain – than people living in urban areas.

The nature of much of the rural economy – traditionally involving low-paid employment, seasonal jobs and less skilled work – can mean disproportionately more people in poverty and unemployment. And our monitoring across socio-economic patterns shows that people from ‘DE’ backgrounds (for example, agricultural workers) know less than other groups about their rights as consumers and about the role of the ombudsman.

These lower levels of awareness in more rural areas may also reflect more limited access to the consumer-advice agencies and other support networks that can play a key role in advising and guiding consumers with financial problems. The impact of poorer communication in remote areas is also evidenced by lower levels of internet access outside more populated areas – especially broadband ‘connectivity’ levels, which are generally lower in more isolated locations. ►

However, as shown by the cases referred to us from people living and working in more remote areas, there is no stereotypical set of circumstances. We look at each case individually, taking into account the very different factors involved in complaints brought, for example, by a migrant worker, a traveller, a farmer or someone with a second home in the country.

■ **85/1**  
**equine insurance – insurer refuses to pay claim because policyholder did not disclose earlier illness suffered by her horse**

Mrs C's horse, Acorn, died after suffering a serious bout of colic. Mrs C put in a claim under her equine insurance policy for related veterinary fees but her insurer refused to pay out.

The insurer said Mrs C had failed to comply with the terms and conditions of the policy. This was because Acorn had suffered an earlier episode of colic, during the first year he was covered by the policy. Mrs C had not mentioned this when she renewed her policy. The insurer said that if she had '*made a proper disclosure of all relevant facts*' then it would have renewed her policy but excluded any future claims for colic.

Mrs C did not think this was reasonable. She said that Acorn's previous bout of colic had been very minor and she had not needed to make any claim. She had therefore not thought it worth mentioning when she came to renew the policy.

**complaint upheld**

The terms and conditions stated that the policy did not cover the insured animal for any illnesses suffered *before* the policy was taken out, unless the insurer had specifically agreed otherwise, in writing. And similarly, the policy would not cover any illnesses that occurred more than once after the insurance had begun, unless the insurer agreed otherwise, in writing.

In our view, this put a significant restriction on the policy. The restriction should have been clearly brought to the

## ... we saw no evidence that the insurer had highlighted the significance of this restriction.

policyholder's attention, in accordance with good industry practice. However, we saw no evidence that the insurer had highlighted the significance of this restriction, either before Mrs C took out the policy or when she later renewed it.

We thought it highly likely that if Mrs C had known the insurer would not cover future bouts of colic, she would have sought insurance elsewhere.

Given that Acorn's earlier episode of colic had not been at all serious, we did not think another insurer would have refused to cover him for this condition. So we were satisfied that if Mrs C had changed insurers she could have recovered the veterinary fees she eventually claimed for. We upheld the complaint and told the insurer to pay the claim. ■

### ■ 85/2

#### farmer disputes amount paid by insurer under a 'total loss' claim, after his horse trailer was stolen

After Mr B's horse trailer was stolen he put in a claim to his insurer. He complained that the amount the insurer offered to pay him was *'by no means a fair representation'* of the trailer's value.

The insurer insisted that the amount it was offering was fair. It told Mr B that its estimate of the trailer's value was based on recent advertisements in the press for similar trailers. Mr B pointed out that the advertisements in question were for trailers that were far older than his own. When the insurer refused to reconsider its offer, Mr B brought his complaint to us. ▶

### complaint upheld

We looked at the details of Mr B's policy and, in particular, at the section relating to claims such as this one, for 'total loss'. We thought the wording of this section was so unclear that it would have been difficult for any policyholder to know how their claim would be settled.

Mr B produced convincing evidence to support his view that the insurer's offer did not reflect the value of his stolen trailer. We said the insurer should not have based its offer on newspaper advertisements. It should instead have obtained accurate information from a specialist trailer manufacturer or dealer.

We upheld the complaint and told the insurer to pay Mr B a sum equivalent to the market value of his trailer, at the date when it was stolen. ■

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**... The insurer suggested she should attend a hospital over 80 miles from her home.**

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### ■ 85/3

**health insurer tells policyholder in rural area to travel to nearest city for treatment as local clinic not on 'approved list'**

Mrs K, who was in her late 70s, was unhappy with the way in which her private health insurer dealt with her claim for a cataract operation.

Several years earlier her husband had undergone the same operation. He had been very pleased with the care he received at a small clinic, conveniently situated near their home in a rural part of Scotland. So Mrs K told her insurer she would like to have her operation at that same clinic.

She was very disappointed when her insurer said the clinic was not on its 'approved list'. The insurer suggested that Mrs K should instead be treated at a hospital over 80 miles from her home.

Mrs K was anxious about the awkward journey she would have to undertake, travelling to and from the recommended hospital. She was also concerned that a large hospital might not provide the same standard of care that her husband had experienced in the local clinic. So after much thought, she decided to go ahead and have the operation at the clinic, at her own expense.

## ... the policy wording made it difficult for any policyholder to know how their claim would be settled.

Several weeks after her operation her son, who was based abroad with the army, came home on leave. He advised Mrs K to contact the insurer again, as he thought it should have made at least some contribution towards the cost of her operation. However, the insurer was adamant that it could not reimburse any of Mrs K's expenses. She then brought her complaint to us.

### complaint upheld

It is not unusual for insurers to state that they can only meet claims when medical treatment is carried out at a hospital on an 'approved' list. However, it is not always the case that a listed hospital is the closest, or most convenient for the policyholder.

Under some policies, the insurer offers to provide treatment at specific hospitals, and will arrange payment direct with the hospital and consultant concerned. In this case, however, the terms and conditions said that the insurer would reimburse policyholders for the costs incurred in obtaining treatment at an approved hospital.

So it was clear that if Mrs K's operation had been carried out at an approved hospital, her costs would have been reimbursed in full. We upheld the complaint. We said that in the particular circumstances of this case, the insurer should pay Mrs K the amount it *would have* paid, if her operation had been carried out at the city hospital. This was slightly less than the total amount she had paid for treatment at the local clinic. ■

### ■ 85/4 commercial insurer refuses to pay claim from hay merchant after fire destroys season's crop

A hay merchant, Mr M, supplied a number of farms in the surrounding area with horse hay. When a serious fire in one of his barns destroyed most of the season's crop, he claimed under his commercial insurance policy for '*restoration costs*' and '*business interruption*' losses. ►

## ... he objected strongly to the insurer's view that he had started the fire himself.

The insurer turned down his claim. It said it had concluded he was the *'only person with the means, motive and opportunity to have started the fire'*. It also said it would invoke the *'fraudulent claim'* clause and *'avoid'* his policy (treat it as if it had never existed).

Mr M then complained to us.

### complaint not upheld

We noted that the terms and conditions of the policy said that a policy could be *'avoided'* if *'a claim made by you or anyone acting on your behalf to obtain a policy benefit is fraudulent or intentionally exaggerated, whether ultimately material or not.'*

The insurer sent us details of the information it had obtained before concluding that Mr M had started the fire himself. It had commissioned forensic experts to investigate the claim. Their report stated, among other things, that the fire had been started deliberately; there were at least three

separate *'seats of ignition'*; and that *'an accelerant'* had been used to encourage the spread of the fire.

After receiving this report, the insurer had interviewed Mr M and his employees. It had also looked into Mr M's financial situation. And it had obtained further evidence that called into question Mr M's credibility and integrity.

Mr M told us he objected strongly to the insurer's view that he had started the fire himself. But he refused to comment on the evidence that had led the insurer to that view, other than to confirm that he was in very serious financial difficulties.

We noted that the *'fraudulent claim'* clause in Mr M's policy reinforced the common law position that an insured person is unable to benefit from their policy if they have intentionally brought about the loss for which they have claimed.

The insurer had carried out a careful and thorough investigation and produced convincing evidence to support its actions in this case.

We did not uphold the complaint. ■



■ **85/5**  
**farm partnership in financial difficulty**  
**complains that bank substantially**  
**reduced their overdraft limit**

Mr and Mrs O complained about their bank after it substantially reduced the overdraft limit on the business bank account for their farm – which they ran as a partnership. For some while they had a £75,000 overdraft facility on the account. However, the bank eventually decided to reduce this to £25,000.

At the time the bank did this, Mr and Mrs O's account was around £50,000 overdrawn and they had applied to transfer their business account to a different bank.

The reduction of their overdraft facility resulted in their incurring a number of charges for unpaid direct debits and returned cheques. It also meant they were charged a higher rate of interest on that part of the overdraft that was now unauthorised. This adversely affected the partnership's credit rating – which in turn caused problems in the transfer of the account to the other bank.

The transfer eventually went ahead a few months later. In the meantime, however, Mr and Mrs O had severe difficulty getting access to enough money to meet the farm's running expenses. They said that by reducing their overdraft in '*a sudden and arbitrary manner*', their original bank had '*ruined*' their farm's credit rating.

They thought the bank should pay £20,000 to compensate them for the difficulties it had caused them.

When the bank rejected their complaint, Mr and Mrs O came to us.

**complaint not upheld**

The bank sent us copies of its correspondence with Mr and Mrs O, stretching back for more than a year before it had reduced their overdraft facility. It was clear from these letters that the bank's actions had been far from '*sudden and arbitrary*'. ▶

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**... the insurer produced**  
**convincing evidence to**  
**support its actions.**

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## ... the bank was unable to tell us why it had thought this policy was suitable for his needs.

The bank had given the couple several months' warning that it might reduce their overdraft facility and it had reminded them on several occasions that the entire overdraft was repayable on demand.

The bank had been concerned about the farm's financial position for some while and had called in a specialist firm of agricultural consultants to review the farm's business performance. However, Mr and Mrs O had not been willing to cooperate with these consultants and had refused to provide any of the financial details they had asked for.

While we were sympathetic to the difficulties Mr and Mrs O had experienced, we saw no evidence to suggest that the bank had acted improperly or arbitrarily.

In the circumstances, we thought it had been reasonable for the bank to conclude that the partnership was an increasingly poor credit risk. The bank was entitled to call in some or all of the overdraft at any time, and it had given reasonable notice of its intention to do so. We did not uphold the complaint. ■

■ **85/6**  
**dairy farmer says he was incorrectly  
 sold a whole-of-life policy at the time  
 he took out a business loan**

A dairy farmer, Mr A, took out a bank loan of £75,000 to buy an additional milk quota. This quota would enable him to increase the amount of milk that he could produce and sell without incurring a levy.

The bank set up the loan to be repaid over 10 years. It also sold Mr A a *whole-of-life* policy. He later told us the bank had explained that the policy would '*ensure the loan would be repaid*' if he died before the end of that 10-year term.

Ten years later, the bank wrote to Mr A about the policy. It told him that, following a recent review, it had concluded that to maintain the same level of cover he would have to increase his monthly premiums.

Mr A asked the bank if it had made some mistake. He had not been expecting to continue paying premiums *at all* after he had paid off the loan. He said he had certainly not been warned that he might need to start paying larger premiums at that stage.

The bank told him the increase was necessary because '*the performance of the underlying investment*' had not been '*as good as was expected*' when the policy was taken out.

Mr A was confused by the bank's response and he complained that he had not been given a '*proper explanation*.'

The bank simply repeated what it had already told him, so he brought his complaint to us.

**complaint upheld**

Mr A said that when he took out the loan he had told the bank he was anxious about what would happen if he died before he had paid off the loan. He said the bank had told him to take out a whole-of-life policy, which would cover his loan repayments in such circumstances. ▶

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**... he took out a bank loan  
 to buy an additional  
 milk quota.**

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We were satisfied, from the information we obtained about Mr A's situation at the time he took the loan, that he had no obvious need for a whole-of-life policy. There was nothing to suggest the bank had properly explained to him how the policy worked. And the bank was unable to tell us why it had thought this policy was suitable for his needs.

We said that because the loan had a fixed term, a term-assurance policy would have been more appropriate for Mr A. We told the bank to calculate how much Mr A would have paid in premiums if he had taken out a 10-year term-assurance policy instead. We said the bank should then pay him the difference between this figure and the amount he had paid for the whole-of-life policy. ■

■ **85/7**  
**farm worker with limited understanding of English says he was given an unsuitable current account that incurred high charges**

A Lithuanian farm worker, Mr D, complained about the poor service he received from a UK bank. He had opened an account with the bank shortly after arriving in England to work as a mushroom picker.

He said the company he worked for had presented him with a completed application form for an account with a specific bank. He had been told that his wages would be paid in to this account, and he was shown where to sign his name on the form.

He said he felt he had no option but to sign. He was not offered any choice of bank and had not been aware that the bank in question offered different types of current account.

In due course, Mr D was alarmed to discover the high charges and other fees that the bank deducted from his account each month. He asked the bank to explain the charges, but his knowledge of English was limited and he was unable to understand what it told him.

Eventually, after several unsuccessful attempts to obtain more information from the bank, he decided to close his account and to open a current account elsewhere.

With the help of a community worker, Mr D then complained to the first bank. He had discovered it offered a basic current account that would have been far more suitable for him, in view of his low level of income.

When he asked why the bank had not told him about the basic account, it said that account was only available to customers who were *'not eligible for a fee-paying account'*. He, apparently, *'did not fall into that category'*. He also asked the bank to refund the charges but it refused to do this.

The community worker then helped Mr D to refer his complaint to us.

### **complaint upheld**

We saw evidence confirming that, at the time he signed the application form for his first UK bank account, Mr D had only just arrived from Lithuania. He had no written English and only a very limited understanding of spoken English.

There was nothing to indicate that the bank had taken any steps to establish whether the account for which Mr D had applied was right for him – or indeed that it was what he actually wanted. And there was nothing to indicate the bank had dealt properly with his queries about the fees and other charges on his account.

The bank told us it had *'made every effort'* to assist Mr D, including suggesting that he should contact a Polish-speaking member of staff at one of its nearby branches. It said Mr D had *'chosen not to take up this offer'*. We pointed out that this was not surprising, given that Mr D spoke Lithuanian, not Polish.

The bank said it refused to refund the charges because these related to Mr D's *'overdrawing the account without permission'*. However, we noted that the bank had never explained to Mr D how the account worked or when charges might apply. And it had started deducting fees and other charges from the account as soon as it was opened, even though it was several months before his wages began to be paid in to it.

We upheld the complaint. We told the bank to refund all the charges and interest it had deducted from Mr D's account. We said the bank should also pay Mr D £150 to reflect the distress and inconvenience it had caused him. ■

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**... the bank had never explained  
how the account worked  
or when charges might apply.**

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■ **85/8**  
**farmers wanting to buy property for holiday letting complain of delay in processing mortgage application**

Mr and Mrs T applied for a mortgage so they could buy a barn conversion. The property was close to the couple's farm and they thought it would make ideal holiday accommodation to rent out in order to supplement their income.

The initial valuation report on the property identified issues with the roof, a retaining wall, the conservatory, and the damp-proofing. The lender therefore asked Mr and Mrs T to commission a specialist report from a structural engineer.

The couple later said they were expecting a decision on their mortgage as soon as that report was available. However, once the report was ready, the lender told them it would be sent to its head office and considered by a senior underwriter.

Several weeks later, the lender made Mr and Mrs T a mortgage offer. By that time, however, the seller had taken the barn conversion off the market.

The couple complained that the lender's '*unreasonable delays*' had '*lost*' them the property. They asked for a refund of all the costs they had incurred in applying for the mortgage and commissioning the reports. When the lender turned down this request, the couple brought their complaint to us.

**complaint not upheld**

We noted that the lender had taken just over four weeks from receiving the mortgage application to making an offer. We did not agree that this was unreasonable, in view of the lender's concerns about the property.

We saw nothing to back up the couple's assertion that the lender had '*promised to make an offer*' as soon as it saw the specialist report. We told Mr and Mrs T that the lender was entitled to ask for whatever information or checks it thought necessary, before making a mortgage offer. We did not uphold the complaint. ■

■ **85/9**  
**farm partnership complains that bank's refusal to honour agreement contributed to the farm's failure**

The farm that Mr and Mrs J ran as a partnership became insolvent. They said this came about largely because of problems they encountered after transferring their accounts to a new bank.

The transfer of their current account had gone ahead speedily. However, difficulties arose over how the partnership's borrowing should be managed.

Before the bank had concluded its discussions with the couple over this issue, the partnership found it had insufficient funds to pay the wages of its employees. Soon afterwards it became insolvent.

Mr and Mrs J then complained that the bank's failure to '*honour its original agreement*' had played a significant part in bringing about the insolvency, as it had '*exacerbated existing difficulties and damaged the partnership's reputation locally*'.

The partnership's existing borrowing was secured against Mr J's personal property. Mr and Mrs J said they had only moved their accounts because the new bank had agreed to change this

arrangement, providing them instead with a business loan and an overdraft facility totalling nearly £500,000.

The bank denied having made any such agreement and the couple eventually brought their complaint to us.

**complaint not upheld**

The bank insisted that it had never agreed to extend any finance to the partnership. It said it would only have done this after making a thorough assessment of the partnership's accounts. It had never been able to complete such an assessment because, despite a number of requests, Mr and Mrs J had not provided up-to-date, audited accounts.

We obtained details of the partnership's finances. These showed that the farm had already been under severe financial pressure before the bank accounts were transferred. It appeared to us that the partnership would shortly have become insolvent in any event.

We could not find any evidence that the bank had agreed to provide the level of finance that Mr and Mrs J were seeking. And we thought it unlikely that the bank would have agreed to funding of almost £500,000 without making some mention of this in its records. ►

## ... because she was unable to read or write, she would have relied on someone else to complete the paperwork.

We were satisfied, from the evidence provided, that the bank had not misled Mr and Mrs J about the level of funding they could expect. We did not uphold the complaint. ■

### ■ 85/10 bank refuses to let a member of the traveller community withdraw money from her account

With the help of a community advice worker, Mrs L complained about her bank's refusal to let her withdraw money from her own account.

Mrs L was a member of the traveller community and unable to read or write. She said she had opened a bank savings account around 25 years earlier. She had only twice attempted to withdraw money from it. On the first occasion, around twenty years after opening the account, she had withdrawn £50,000 in cash.

When asked for proof of her identity she had shown the cashier a recent letter the bank had sent her at the address registered for her account.

On the more recent occasion, when she had attempted to withdraw a similar amount, she had produced an up-to-date bank statement as proof of her identity. However, the bank refused to let her have any money. It said she had failed to provide adequate proof of her identity.

Mrs L had returned to the bank a few days later. She handed over several documents that she thought would satisfy the bank about her identity. However, the bank still refused to give her any money. It said these documents had not only failed to establish her identity – they had raised further doubts about it.

### complaint upheld

Mrs L told us she had opened the account shortly after separating from her husband. She had been staying with her sister in Wales at the time, and had given that address when she opened the account. She still used that address for her bank statements and other correspondence about her account – even though she had only actually lived there for a few months.



She said she had used a different name when she opened the account as she had been anxious to try to prevent her husband from tracing her. She had called herself by the new name for several years before reverting to her earlier surname. It had never occurred to her to inform the bank about this or to change the name on her account.

The bank said it was concerned about Mrs L's inability to provide the '*normal documents*' used for proof of address and identity, such as recent utility bills. And it said she had not been able to explain satisfactorily why her surname differed from the name on the account.

The bank had thought she appeared uncertain when she was asked to state her date of birth. She had subsequently produced a driving licence but this showed a slightly different date of birth to the one she had given when she opened the account.

We noted that one of the documents Mrs L had shown the bank was a *statutory declaration*, explaining why she had changed her name when she opened the account. This declaration had been drawn up for her, and witnessed, by a solicitor at a neighbourhood law centre.

Mrs L would have been aware that it is a criminal offence to make a false statement and that the document was legally binding. We thought that, in the circumstances, the bank should have accepted this declaration as sufficient explanation for why Mrs L used a different name to open the account.

We thought Mrs L's stated reason for continuing to use her sister's address for correspondence was entirely plausible. As is usual for members of the traveller community, Mrs L frequently moved from place to place and had no permanent address of her own. And it was evident that – over the years – she had never had any difficulty in receiving the statements and letters that the bank sent to her at her sister's address.

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**... the bank said she had failed to provide adequate proof of her identity.**

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## ... the business said it specialised in providing investment advice to people working in agriculture.

We noted that one of the documents Mrs L had taken to the bank was her birth certificate. This gave the same date of birth as the one on the bank's records. It was true that the birth date on her driving licence differed slightly. However, in the circumstances we did not agree with the bank that this was a matter for concern.

It is not uncommon for members of the traveller community to be unaware of their exact date of birth. And in any event, because she was unable to read or write, Mrs L would have relied on someone else to complete the paperwork for the licence on her behalf.

Mrs L had not been able to produce a utility bill when the bank asked for one as proof of her current address. However, she did have what we considered to be acceptable alternatives, including a letter from the local council and several letters from the Department of Work and Pensions.

We fully accepted the need for the bank to exercise caution and follow certain procedures, not least as part of its obligation to try to prevent fraud and money laundering. However, it was clear that Mrs L had gone to considerable lengths to provide evidence of her identity and of her entitlement to the money in question.

We thought that the bank should have been more sensitive to the circumstances of this particular case and that it should have been more flexible in its approach. We upheld Mrs L's complaint and told the bank to allow her access to her money. ■

## ■ 85/11

### smallholder complains of inappropriate investment advice

Mr G ran his own smallholding and had been a member of a local farming cooperative for five years, until the partnership was bought by a private company. He then received a lump sum of just over £10,000 – representing the value of his shareholding at the time.

Mr G later told us he planned simply to leave his lump sum in a high-interest account with his building society. However, he was contacted by a business that said it specialised in providing investment advice to people working in agriculture. He took advice from the business and invested a total of £10,000 in three companies that were listed on the Alternative Investment Market (AIM).

Less than two years later, the combined value of Mr G's investment in these three companies had fallen to below £1,000. He asked the business to compensate him for his losses, which he said were the '*direct result of poor advice*'. However, the business refused, telling him it was '*common knowledge*' that all share investments were '*liable to fluctuate, according to the state of the market*'. Mr G then brought his complaint to us.

### complaint upheld

We looked into Mr G's circumstances at the time he was advised to invest in the shares. It was clear that he had little knowledge of investments. Until the opportunity to invest in the farm cooperative had arisen, he had kept all his money in bank and building society deposit accounts.

His aim in investing in the cooperative had not been to turn a profit on his funds but to help benefit his own business and that of neighbouring farms.

The shares that the business had recommended represented a high risk. However, the business was unable to produce any evidence that it had established his attitude to risk or assessed his needs. We upheld the complaint. We told the business to compensate Mr G by returning him to the position he would have been in, if he had left his money in the high-interest deposit account rather than investing in the shares. ■ ■ ■

# ombudsman focus: the ombudsman's consumer-outreach work

**Caroline Wells and Emma Parker lead the work we carry out to raise consumer awareness of the ombudsman service and of how it can help. In this month's *ombudsman focus* they tell us about this work and explain why it is key to ensuring the ombudsman service is open to everyone.**

## **The ombudsman service is meant to be impartial – so why are you promoting it to consumers?**

The ombudsman service *is* impartial – but we are also committed to ensuring that everyone who may need to use our service is aware of it. People often tell us that simply knowing there is a free service to turn to, should anything go wrong, gives them more confidence in financial services generally.

Raising awareness of the ombudsman service is particularly important in the light of the significant changes there have been, since we were first set up, in the ombudsman's remit and customer base.

For example, over the last three years we have been able to deal with complaints about consumer-credit – encompassing everything from debt collection and catalogue shopping to hire purchase and point-of-sale loans.

Changes like these have not only resulted in a significant increase in the number of disputes we handle, they also mean we now deal with a much broader range of complaints.

The majority of people who refer complaints to the ombudsman service say they first heard about us through the media. However, not everyone who has a financial complaint reads the money pages of the national press. We therefore use a range of different communication channels to raise awareness of our service among people who might not otherwise get to hear about us.

## **How aware are consumers of the ombudsman service?**

The proportion of the UK adult population who can name the ombudsman service without prompting, when asked which organisation has the job of helping consumers sort out individual disputes with financial



**Caroline Wells**

businesses, ranges between 5% and 25% – depending on age, region and socio-economic background. And when prompted, by being told our name, 74% of people said they were aware of us. Organisations with similar levels of awareness include the Greater London Authority (70%), *Which?* (75%) and the charity, Mind (73%).

While there is currently a reasonably good level of *general* awareness of the ombudsman service, consumer research suggests there is a need for targeted awareness-raising work with specific groups of consumers who tend to be less aware than others of their consumer rights – including their right to complain. These groups include Asian consumers, Black African and Caribbean consumers, young consumers under 25, older consumers (aged 65 and over), disabled people, and parents with young families.



**Emma Parker**

### **So how do you act on this research?**

We select a range of consumer shows and events that we can attend, around the UK, where we are able to make direct contact with individual consumers who are likely to be less aware of the ombudsman service.

Last year we attended 120 different events. These ranged from the *Zee Carnival* (aimed at Asian consumers) and the Caravan and Motorhome show to ‘drop-in’ complaints-clinics for consumers in Morecambe and a stall at a Leeds shopping centre. 70% of the consumers we met and spoke to at these events were women, 15% were Asian and 15% Black African and Caribbean.

The mainstream media appears to be less significant to many of the people who attend events like these. 58% of the consumers we surveyed face-to-face at consumer



## ombudsman focus: the ombudsman's consumer-outreach work

shows and events say they first heard of the ombudsman not through the media but at the event we were taking part in.

### **Have you asked consumers themselves how they would prefer to learn about the ombudsman service?**

Yes, we regularly carry out phone, postal, internet and face-to-face research. Perhaps unsurprisingly, the most popular means of hearing about the ombudsman service is on television, with 55% of those surveyed saying this is how they would most like to learn about us. This rises to 67% among Black African and Caribbean consumers.

We work closely with TV researchers and producers and the work of the ombudsman service regularly features on a range of prime-time shows including *The One Show*, *Watchdog* and *GMTV*. We also forge close links with more specialist and targeted media such as *Blacknet.co.uk*, *Able* magazine (the disability lifestyle publication) and *Family Life* (a magazine aimed at parents in Scotland who have young children).

### **What about using the internet to increase awareness of the ombudsman?**

48% of Asian consumers tell us they would prefer to hear about the ombudsman on television. But advertising on the internet comes a close second, with 43% of consumers from the Asian community citing this as their preferred means of hearing about the ombudsman (compared with 29% of consumers generally). These findings mirror research commissioned by other organisations.

For over three years now the ombudsman has been working in partnership with the Asian media group, *ZEE*. We are also now carrying out a trial to raise our profile on a number of websites most visited by Asian consumers in the UK, (including *rediff.com*, *india times* and *bollywoodhungama.com*).







**Figures in your last *annual review* suggest that men are much more likely to complain to the ombudsman than women. Is this still the case?**

The ombudsman service continues to receive more complaints from men than from women. 62% of the complaints referred to us are from men, compared to 38% from women.

Many complaints relate to accounts and policies that are held jointly, where – conventionally – the first-named account-holder (the name recorded on our system) is a male partner. But research shows that women are still generally less aware than men of the ombudsman service, even though awareness levels among women have been improving, over time.

Our consumer research shows that women generally rate radio and magazines more highly than men do, as their preferred means of hearing about our work. 40% of women thought we should use radio to promote our messages, compared to 20% of men.

As well as appearing on mainstream shows such as Radio 4's *You and Yours* and *Money Box*, and on stations like Radio 5 Live, we work proactively with regional, community and commercial radio stations across the UK, from Radio Inverness to the local Welsh station, Tundo Fm.

And we continue to work with – and feature regularly in – a range of magazines that are read predominantly by women, including *Reveal*, *Easier*, *Woman's Own* and *Good Housekeeping*. We also work with female-focused websites like *savvywoman* and *mymoneydiva.com*. ▶

## ombudsman focus: the ombudsman's consumer-outreach work

### **Does age affect consumers' views on how the ombudsman should promote its services?**

47% of consumers aged between 16 and 24 said they'd like the ombudsman to promote itself using social media and networking sites. This compares to 28% of consumers generally. We will be continuing to develop our presence on social media sites over the coming year.

But the young consumers we meet and consult about our social media strategy recommend that we adopt a measured and low-key presence on sites like *YouTube* and *Facebook*.

By contrast, 43% of consumers aged 65 and over said they thought the ombudsman should promote its services through newspapers and television, while 31% of them thought we should use magazines to highlight our service. We continue to work closely with key national and regional newspapers and we also have media partnerships with *Retirement Today* and with *Choice* magazine (a leading lifestyle publication for the over 50s).

### **And do people have strong views about ways in which they *don't* want to hear about the ombudsman?**

Email appears to be the least preferred way to hear about the ombudsman service. We never send out unsolicited emails to consumers, nor do we 'cold-call' them. This is not only because research indicates it would be a less effective way of raising consumer awareness. There is also a danger that it could give credence to the fraudulent emails that are sometimes circulated, claiming to be from the ombudsman service.

### **Has your outreach work made any measurable difference?**

It can be difficult to pin down an exact event or a specific magazine article that has been responsible for increasing awareness of our service. However, we aim to evaluate the success of our targeted work wherever possible. For example, unprompted awareness of the ombudsman service among Black African and Caribbean consumers rose to 13% from as low as 5% – following our campaign focused on this community in autumn 2009.



For more information about our outreach work with different groups of consumers, look on our website [www.financial-ombudsman.org.uk/accessibility/outreach\\_work.htm](http://www.financial-ombudsman.org.uk/accessibility/outreach_work.htm)



**Highlands and Islands ombudsman tour**

The ombudsman will be on tour in May 2009 – to meet people who need help sorting out problems with their bank, insurance company or finance firm. Places are limited. So book your free 15-minute appointment now by phoning the relevant number below:

Date	venue	time	phone number for booking
Monday 18 May	Inverness Service Point	afternoon	0845 600 4222 (and press 2)
Tuesday 19 May	Kirkwall ( Isle of Orkney ) Town Hall	all day	01856 823595 (ext 28213)
Wednesday 20 May	Oban Council Chambers	afternoon	01546 604326
Thursday 21 May	Stornoway ( Isle of Lewis ) Town Hall	all day	01851 700088

The Financial Ombudsman Service in partnership with:



And by the end of the 2009/10 financial year, the proportion of Black African and Caribbean and Asian consumers bringing complaints to the ombudsman service had come into line with the statistics for the UK population as a whole.

Our campaign aimed at older consumers in the Scottish Highlands and Islands led to a three-fold increase in consumers accessing the information available on our website in the Gaelic language. There was also a doubling of overall awareness of the ombudsman service in the region.

And following our targeted awareness-raising campaign work with younger consumers, there has been an increase in the number of complaints brought to the ombudsman by those under the age of 25. These younger consumers are three times more likely to complain about car or motorbike insurance than consumers in any other age group. ❖



# the Q&As

featuring questions that businesses and advice workers have raised recently with the ombudsman's technical advice desk – our free, expert service for professional complaints-handlers

**Q. I've heard that the ombudsman has introduced new standard forms for payment protection insurance (PPI) complaints. What does this mean for these complaints?**

A. Following consultation with consumer groups, claims-management companies and financial services businesses, we have designed and launched two standard documents to help the PPI complaints process. The aim is a more streamlined operation for dealing fairly, consistently and efficiently with consumers' complaints about PPI – right across the financial services sector.

The new standard documentation involves two forms. The *consumer questionnaire* is the form for consumers to complete when bringing a PPI complaint – either to a financial business or to the ombudsman service. The *business response form* is for financial businesses to complete whenever a PPI complaint is referred to the ombudsman service.

Each form has been carefully designed to bring together as many facts and arguments as possible in one single process. The forms are available to download from the online PPI resource on our website (in the publications section). There is also an online Q&A guide to the forms.

**Q. I see you've changed the time-frame for responses to your enquiries. Can you give me more details about this?**

A. Yes – we are now generally asking businesses and consumers to respond to our questions and requests for information within 14 days.

We said in *ombudsman news* in November 2009 (issue 81) that we would tighten up timetables for complaints handling. And we told larger businesses that a change was coming. We understand that the change might cause short-term difficulties for some businesses. But moving to shorter timescales should enable us to improve our service to financial businesses and consumers alike – and help get complaints settled sooner.

Most of the information we request from financial businesses is routine. Typically it's the same information that the business would have considered when it issued its final decision on the consumer's complaint. So those papers should already be to hand. If we need new or unusual information, we may give more time for a response.

If a financial business (or consumer) has particular difficulties in responding to us by the deadline we have given, you can ask the adjudicator for more time. We will consider requests like this sympathetically. But we cannot usually extend deadlines set by an ombudsman. And we reserve the right to progress the case to the next stage of our process – including to a final ombudsman decision – if a financial business (or a consumer) continues to delay responding to us.

**Q. I notice you're no longer promoting 0845 080 1800 as your main number for consumers. What number should people use instead?**

A. We won't be promoting our 0845 number any longer – because people are increasingly confused about how much it costs to phone 0845 numbers. But the number will continue to work – and people will still be able to phone us on it.

However, to make it even easier for people to contact us – and to help remove any concerns about the cost of phoning us – we've introduced a new 'easily memorable' phone number: 08000 234 567. This number is free for people phoning us from a 'land line'. It is an alternative to our existing number, 0300 123 9 123 – which is free for mobile-phone users who pay a monthly charge for calls to numbers starting 01 or 02. We are also always happy to phone people back, if they are worried about the cost of calling us.

Our aim is to give consumers the choice to phone us on the number they prefer – depending on which one they find more convenient and cheaper to use (or in many cases free) – subject to their own phone tariff. So we may introduce and promote different phone numbers at different times – reflecting the diverse and changing ways in which consumers want to contact us by phone, from payphone to VoIP ('voice over internet' phone).

We know that consumers sometimes keep hold of our leaflets for a very long time. We will therefore ensure that old phone numbers that we are no longer promoting still continue to connect to our consumer helpline.

We don't expect organisations to automatically re-print leaflets giving our updated contact details – just because we are promoting a new or different phone number. Instead, we suggest that you keep an eye on the phone numbers we show on the 'contact us' page of our website – and update your leaflets and/or literature appropriately each time you organise a re-print.

**Q. How many complaints does the ombudsman service get from smaller businesses?**

A. We handle around 5,000 complaints each year from smaller businesses, where the dispute involves specific issues such as commercial insurance and business banking.

However, sole traders and people running micro-enterprises do not always register their complaint with us as a *business* dispute, as they often see the issues as essentially personal rather than commercial.

There is more information for smaller businesses on our dedicated online resource ([www.financial-ombudsman.org.uk/faq/smaller\\_businesses.html](http://www.financial-ombudsman.org.uk/faq/smaller_businesses.html)). ▶



**Mixed Sources**

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# the Q&As

featuring questions that businesses and advice workers have raised recently with the ombudsman's technical advice desk – our free, expert service for professional complaints-handlers

◀ (continued)

**Q. I've seen a new style of communication from your casehandlers. What's this about?**

A. We are always looking at ways to improve our service and efficiency – and to respond better to the changing needs of our users. One area we have been looking at is the clarity and presentation of our decisions. Our research shows that our users value brief and to-the-point communication – making it clear what the outcome of a complaint should be and why.

So we are trialling a new form of communication for our adjudicators and ombudsmen to use. The approach to our cases has not changed – just the way we communicate the outcomes.

We have adopted a new distinct design, rather different from our conventional letters to consumers and businesses. We have tried to make the design work better for all users – so people can see at a glance, on one page, the key conclusions we have reached, whether or not the financial business should pay redress, and what needs to be done next.

We have incorporated a number of improvements into the new design – including a clearer and simpler way for users to respond if they have further points. And for the first time we routinely use both sides of the paper!

So far we have issued 5,000 adjudicator or ombudsman decisions in this way – and feedback has been positive. If you have received one of our new-style decisions, we would be interested in your feedback. Please email our technical advice team ([technical.advice@financial-ombudsman.org.uk](mailto:technical.advice@financial-ombudsman.org.uk)).

**Q. You've now published two sets of complaints-data relating to individual named businesses. Will you be consulting on any changes to the format etc?**

A. In September 2009, and again in February 2010, we made data available showing the number of new complaints – and the proportion of complaints we upheld in favour of consumers – for the 150 or so financial businesses that together make up around 90% of our complaints workload. This data is available on our website ([www.ombudsman-complaints-data.org.uk](http://www.ombudsman-complaints-data.org.uk)).

Publication followed a period of extensive public consultation – and a detailed communications programme to explain the logistical arrangements, including the agreed format for publication.

We are committed to publishing updated complaints data every six months. We will be reviewing the arrangements in 2011 – by which time the Financial Services Authority (FSA) will have published its own first set of consolidated complaints data, using information that it is requiring individual firms to publish first themselves. By that time stakeholders will therefore be better placed to see the whole picture on complaints data – and to comment accordingly.