

Minutes – Consumer Liaison Group

24 January 2022 – Meeting held via Microsoft Teams

Internal attendees	External attendees
Simon Ferreira, Interim Chief of Staff Lauren Long, Ombudsman Leader John Wightman, Ombudsman Leader David Bainbridge, Head of External Relations (Chair) Seam Orrick, Policy and Communications Manager Sinead Gahagan, Policy and Communications Adviser	Matt Wilson, Citizens Advice Alistair Reed, Which? Sian Williams, Toynbee Hall Keith Richards, FCA Consumer Panel Laura Toffolo, Citizens Advice Scotland Olivia Sizeland, The Money Charity Bob Winnington, MALG Mark Anchen, Christians Against Poverty Nazia Ali, FCA Consumer Panel

28 January 2022 – Meeting held via Microsoft Teams

Internal attendees	External attendees
Simon Ferreira, Interim Chief of Staff Lauren Long, Ombudsman Leader John Wightman, Ombudsman Leader David Bainbridge, Head of External Relations (Chair) Seam Orrick, Policy and Communications Manager Sinead Gahagan, Policy and Communications Adviser	Joel Lewis, Age UK Will Barnes, Money Saving Expert Meg Van Rooyen, Money Advice Trust James Fearnley, MaPS Anna Whitelock, Macmillan

Item number	Agenda
1.	Welcome, introductions
2.	Financial Ombudsman Service update
3.	Sharing insight and trends
4.	Open discussion reflecting on the last 6 months and year ahead
5.	Closing remarks and AOB

Welcome, introductions

- The Chair welcomed attendees to the meeting.

Financial Ombudsman Service update

Periodic Review and Action Plan

- The Financial Ombudsman updated attendees on its Action Plan and the Board commissioned independent Periodic Review, highlighting some of the steps the Financial Ombudsman is already taking to change and improve.
- There was general support for the themes discussed, including the development of the Financial Ombudsman Service's prevention strategy. Some suggested the establishment of an 'early warning system' whereby they could share information and insight more regularly with the Financial Ombudsman. It was agreed this would be taken forward after the meeting.
- Attendees also offered to help share insight and messages using their own channels to support the Financial Ombudsman as this strategy was developed.
- Several attendees were interested in hearing about the early work to develop a digital portal, seeking assurances that consumers who were not as 'digitally savvy' would be able to use the most appropriate channel of communication for them. The Financial Ombudsman confirmed this was about developing services and choice, rather than restricting it.
- The Financial Ombudsman Service updated attendees on the launch of the wider implications framework – which attendees welcomed.

Reducing the backlog

- The Financial Ombudsman Service gave an overview of the progress to reduce the backlog of cases waiting to be allocated to an investigator, noting this had come down from 90,000 to 48,000 - and the initiatives put in place to support this.
- The Financial Ombudsman Service provided an update on the temporary changes it has made to reporting proactively settled complaints by financial businesses.

- Attendees noted previous concerns about the initial proposals, querying whether offers would be communicated to consumers without being checked first. Attendees noted this had been addressed in the final feedback statement. The Financial Ombudsman thanked attendees for their feedback which had helped shape the final proposals.

Plans and budget consultation

- The Financial Ombudsman Service provided an overview of its plans and budget consultation for 2022/23, outlining the current and anticipated workload, and the need to make significant productivity improvements. It stated the plan and budget reflects the need to invest in this change.
- Attendees were supportive of the overall approach (although a number stated they would tend not to comment on the specifics of the budget itself) and were keen to ensure the work on preventing complaints was properly funded and sustainable. The group also underlined the importance in incentivising good behaviour by firms.
- There was support from attendees to invest in the service for the future, and enthusiasm for further engagement on the long-term funding consultation planned for later this year, with the group keen to engage further with the discussion then.

Sharing insights and trends and wider discussion

- The group had an open discussion about some of the trends and insight the Financial Ombudsman Service and attendees were seeing – to inform the planning for 2022/23.

Fraud and scams

- A general discussion took place around fraud and scams, where the Financial Ombudsman shared its insight on what it was seeing and the work with financial businesses. It reiterated to attendees how valuable any insight they had was, especially in relation to any trends or spikes in volumes they are seeing amongst the people who contact and use their services.
- Several attendees stated they did a lot of work in this area but collecting data was often a challenge. Anecdotally, many said they were seeing a rise in fraud and scam issues, and noted digital banking and scams involving crypto currency.
- Attendees noted recently launched national support programmes and agreed to keep the group updated as data was gathered from this.
- The group outlined some inconsistency between fraud and scams prevention advice and the way consumers were in practice sometimes contacted by their own bank, making it difficult to differentiate between genuine contact or a scam.
- The group raised scams involving remote access software as an area of concern and questioned whether banks could better use their knowledge about when this is operating on a device to tailor warnings. The Financial Ombudsman said it provided feedback on the effectiveness of warnings as part of its work.

Affordability

- A discussion took place on affordable lending and general access to affordable credit for those consumers who have exhausted or are struggling to access credit.

- Attendees said this was becoming an existential crisis and wider public policy issue. Some were also concerned about the use of credit cards and overdrafts and had seen an increase in use amongst consumers receiving debt advice.
- Attendees were seeing more people having to borrow to service other debts, 'robbing Peter to pay Paul'. The Financial Ombudsman Service outlined its approach to looking at complaints about unaffordable lending.

Vulnerability

- There was a general discussion around the Financial Ombudsman's work and mechanisms in place to capture and prioritise vulnerable consumers who contact us.
- Attendees said it was important to consider the impact on staff who deal with these issues, as some may be vulnerable themselves or experiencing secondary trauma. The Financial Ombudsman Service highlighted that the FCA guidance on the fair treatment of vulnerable customers outlines that firms should offer practical and emotional support to frontline staff dealing with vulnerable customers. We also shared the support we have in place for our staff.
- A rise in cases involving economic abuse was noted by some attendees. The Financial Ombudsman updated on its work with charities who support consumers and case studies on its website in this area. There was a lot of interest in this update and some attendees in response talked about work with firms and industry trade bodies to refresh content they provide for consumers to access the support they need from them.
- Gambling was also noted as an area affecting vulnerable consumers and the Financial Ombudsman Service gave a brief overview of how this featured as part of its casework.

Buy Now Pay Later (BNPL)

- There was interest from attendees in whether the Financial Ombudsman was doing any early work in preparation for BNPL coming under its jurisdiction. The Financial Ombudsman said it was engaging with the FCA and with relevant trade bodies on the issues.
- Attendees were expecting the market for BNPL to change very quickly and noted that some businesses were effectively offering BNPL as a default payment option and the potential for consumers not to realise what they were taking out.
- Attendees shared further insight and research they were working on.

Insurance

- One attendee said they were seeing increasing examples of insurance providers challenging a prognosis of a clinician in relation to critical illness or disputing the type of care given, causing significant distress to consumers.
- They also said that in travel insurance they were seeing that consumers with cancer and other serious illnesses, the cost of cover had increased considerably during the pandemic to the point of it being unaffordable.

Bounce Back Loans (BBLs)

- One attendee noted the difficulties businesses were starting to experience repaying BBLs and that there was a need for better guidance on how firms should approach recovery of these loans to ensure a more consistent picture.

Closing remarks and AOB

- The chair closed the meetings, thanking attendees for their insight and valuable contributions.