

# Financial Ombudsman Service Limited

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## SUMMARY MINUTES

MINUTES of the ninety seventh meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 9SR on 8 October 2008 at 9.30am

Present	Chris Kelly Joe Garner John Howard Elaine Kempson Kate Lampard Julian Lee Roger Sanders Maevé Sherlock	chairman
	Walter Merricks	chief ombudsman
In attendance	Tony Boorman Barbara Cheney Roy Hewlett Jeremy Kean David Thomas	decisions director company secretary operations director finance & IT director corporate director

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### 1. Apology for absence

An apology for absence was received from Alan Cook.

### 2. Minutes of the meeting held on 10 September 2008

The minutes and summary minutes of the board meeting held on 10 September 2008 were approved as accurate records of the meeting.

### 3. Budget planning report

The chief ombudsman reminded the board that the draft budget would be the subject of discussion with the FSA and the Industry Funding Forum during October 2008 after which the FSA board would be asked to approve it for public consultation in January 2009. Having taken account of feedback from consultation with stakeholders, the budget would be adopted by the board in March 2009 before being referred to the FSA board for final approval.

In introducing the budget planning report, the chief ombudsman said that the current economic situation was very likely to lead to an increase in complaints to the Service. Estimating future caseloads was never easy and, this year, it was particularly unpredictable. Three scenarios had therefore been prepared; the most likely central scenario together with upper and lower estimates.

The board considered that the risks relating to a lower caseload being received were minimal. It went on to probe the maximum number of cases that the service would be able to resolve and the steps that could be taken to increase output. Constraints to significant increases in output included the recruitment and training of the right people in a timely manner as well as the type and mix of cases involved. There was also a continuous balance to be struck between quality and timeliness.

The board discussed

- contingency plans for dealing with a significantly higher number of complaints
- mentoring of new staff by experienced adjudicators and establishing an internal pool of trained casehandlers who would be available when needed
- setting up an in-house “academy” for graduates who would undergo a concentrated period of training.

It was agreed that –

- a) the proposed budget should be used as a basis for discussions with the FSA and the Industry Funding Forum but that the Service should reserve the right to reassess the situation and amend the budget before it is referred to the FSA board in December;
- b) the executive should develop contingency plans for dealing with a significantly higher number of cases;
- c) consideration should be given to other measures that could be taken to cope with the likely demands on the Service in the coming year;
- d) measures being taken to increase office accommodation should continue.

#### **4. PPI developments**

The decisions director presented his paper about PPI developments in the past month. He referred to the FSA’s statement of 30 September which was an update rather than a formal response to the Service’s referral under the *wider implications* process.

The Service remained keen to continue discussions with stakeholders. In the meantime complaints continued to come in a steady rate of just under 500 per week and the consideration of them was progressing.

The board noted the current position.

#### **5. Litigation report**

The board noted the litigation update with details of cases where judicial or other proceedings had been made against the Service.

#### **6. Management accounts**

The board noted the management accounts for the five months to 31 August 2008.

## **7. File review**

Having completed a review of randomly-selected cases handled by the service, the board considered a summary of their findings - with specific regard to the standard of communication, explanations provided, timeliness and the understanding of the issues shown by casehandlers. Most of the comments were favourable.

Specific points arising from the review included the need to ensure that the consumer is on an equal footing to the business as far as obtaining expert advice was concerned. The chief ombudsman confirmed that adjudicators were pro-active in taking such advice where necessary.

It was agreed that it had been a very useful exercise which should be repeated in a year's time.

## **8. Any other business**

### *a) Bank charges*

It was noted that the next Court judgment about unauthorised-overdraft charges was expected later in the day which was likely to be relevant to business accounts. The decisions director confirmed that the Service would not make decisions in any cases that involved outstanding issues in the courts.

### *b) International ombudsmen*

Following his attendance at the recent annual international financial ombudsmen conference, the chief ombudsman reported that several other countries were planning to merge their financial ombudsman schemes using similar models to the Service.

There being no other business, the meeting ended at 11.35am