

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza 2, 183 Marsh Wall, London E14 on 14 April 2010 at 9.30am

Present	Chris Kelly	chairman
	Alan Cook	director
	John Howard	director
	Elaine Kempson	director
	Julian Lee	director
	Roger Sanders	director
	Maeve Sherlock	director
In attendance	Natalie Ceeney	chief executive & chief ombudsman (CEO & CO)
	Tony Boorman	decisions director
	Barbara Cheney	company secretary
	David Cresswell	communications director
	Mike Harris	interim planning & analysis director
	Roy Hewlett	operations director
	David Thomas	corporate director
	Caroline Wayman	lead ombudsman (item 6/1004a)

The chairman welcomed Natalie Ceeney to her first meeting as chief executive and chief ombudsman.

He also congratulated Alan Cook on his appointment as a non-executive director of the board of the Office of Fair Trading. The board agreed that in the unlikely event of a conflict of interest arising from this appointment, it could be handled in accordance with standard arrangements for dealing with this type of situation.

1/1004 Apology for absence

An apology for absence was received from Kate Lampard.

2/1004 Minutes of the meeting held on 10 March 2010

The minutes of the board meeting held on 10 March 2010 were approved as an accurate record of the meeting.

The board noted the minutes of the audit committee meeting held on 10 March 2010.

3/1004 Matters arising

Minute 1064 – Decision making capacity

The decisions director reported that, since the last meeting of the board, the chairman had approved the appointment of nine seconded ombudsmen and that the recruitment of permanent ombudsmen was under way. He added that he intended to create three senior ombudsman posts to assist with the management of the ombudsman panel – two to act as mentors for new ombudsmen and one to manage panel operations.

Minutes 1065 – 2010/11 budget consultation

In addition to the Service's budget feedback statement that had been published on the website, the board requested details of the responses received. The CEO & CO reported that she was in the process of meeting a wide range of the Service's stakeholders, including financial businesses and consumer groups. She confirmed she would provide feedback from her stakeholder discussions and responses to the budget consultation.

Action The CEO & CO will report to the board about stakeholder views of the Service.

4/1004 IT options

fos/10/04/04

The interim director of planning & analysis presented a paper which considered current arrangements for systems development, maintenance, support, infrastructure & operations and a proposal for meeting the Service's future IT requirements.

After a wide ranging discussion about the options and issues, the board approved the proposed approach. The board agreed that the interim planning & analysis director should develop the proposal, prepare plans and report back to the board.

Action The interim director of planning & analysis will prepare a proposal for the board to consider at its next meeting on 12 May.

5/1004 Casehandling headlines

fos/10/04/05

The operations director summarised the casehandling headlines for the year ending 31 March 2010.

A record total of 163,012 cases were received in the year against a forecast of 150,000 cases. There were fewer complaints about investment and some insurance issues, but this was offset by significantly more payment protection insurance (PPI) cases than had been anticipated. It had been estimated that 25,000 PPI cases would be received in 2009/10 but 49,196 cases were actually received.

A total of 166,321 cases were resolved in 2009/10 which represented an increase of 46% on cases closed in 2008/09. It was noted that this figure included about 14,000 complaints about unauthorised overdraft charges that had been on hold and were closed in the year.

The operations director went on to explain the key casehandling objectives for the year 2010/11 which aimed to make further improvements in the Service's

casehandling capabilities. The current high volume of incoming PPI cases was expected to continue and he confirmed that a range of operational plans were in place to deal with them. He added that as these arrangements were being made against a backdrop of uncertainty about the future caseload, a good deal of flexibility had been built into the plans.

The board was pleased to note the outcome from 2009/10. It discussed issues relating to forecasting and the operational management of the caseload, whilst recognising that forecasting future caseloads was more of an art than a science. The board asked the operations director to ensure that future management information reports contained extra data to help in its monitoring of the objectives for the current year and to provide a quarterly commentary to the management information report.

The board also agreed that, now a critical milestone had been reached in reducing the time to allocate cases, the focus needed to shift towards measuring time to resolve cases, with the aim of significantly reducing the average and maximum resolution times.

Action The operations director will provide the information requested.

6/1004 Policy report

fos/10/04/06

a) Payment protection insurance (PPI) complaints

Following the discussion at the previous meeting about dealing with PPI cases, the decisions director and lead ombudsman explained the present position as well as potential developments and risks for the Service.

The board considered a range of scenarios that could occur and the impact each would have on the Service, the industry and the FSA. It was reassured that the issue had been carefully and fully considered but it advised that the extent of the uncertainty about future developments should not be underestimated.

Action The decisions director will provide regular updates about developments to the board.

b) Conservative policy

The chairman reported that he, Roger Sanders, the CEO & CO and the corporate director had attended a constructive meeting with Mark Hoban MP on 24 March 2010. Their discussions had included the independence of ombudsmen, effective mechanisms for dealing with mass claims and consumer redress schemes.

c) Financial Services Act 2010

The corporate director reported that the Financial Services Bill went through all the outstanding stages on 8 April 2010. He circulated a summary of the provisions in the Act that were relevant to the Service.

d) FSA/OFT/FOS discussion paper 10/1 – consumer complaints (emerging risks and mass claims)

The corporate director reported that this discussion paper, which contained some helpful comments, had been published on 11 March 2010. The closing date for comments was 10 June 2010.

e) Freedom of Information Act (FOIA)

It was noted that the Ministry of Justice had confirmed that Freedom of Information legislation would apply to the Service from October 2011, subject to a confirmatory ministerial order after the forthcoming general election, and that preparations were under way to ensure it would be ready well in advance of this deadline.

The board requested a report about the preparations and an understanding of directors' (executive and non executive) obligations under the FOIA.

Action A paper will be prepared at least six months before FOI applies to the Service.

f) Litigation report

The board noted the litigation report.

7/1004 Outreach & external liaison quarterly review

fos/10/04/07

The board welcomed the revised format of the quarterly outreach and external liaison report which provided more information about the outcomes of the various initiatives undertaken.

8/1004 Annual review

fos/10/04/08

The communications director reported that the first draft of the annual review would be circulated to the board for comment later in the week.

9/1004 Any other business

a) HR director

The CEO & CO reported that, when the HR director leaves the Service in May, the current deputy HR director, Jacquie Wiggett, would fill the post of HR director on an interim basis. She added that Jacquie was already shadowing Peter Stansfield in his final weeks with the Service.

b) Board assessment

The chairman said he intended to continue the practice of undertaking an annual self-assessment of the board as a whole and individually. The secretary would be arranging one-to-one meetings in the next few weeks so that the issue could be discussed at the planning meeting in June.

There being no other business, the meeting ended at 12.50pm