

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at Home Sweet Home, Covent Garden, WC2E 8JG on Wednesday 22 November at 10.30 am

Present	Nick Montagu (NM)	chairman
	Gwyn Burr (GB)	director
	Alan Jenkins (AJ)	director
	Julian Lee (JL)	director
	Roger Sanders (RS)	director
	Maeve Sherlock (MS)	director
	Pat Stafford (PS)	director
In attendance	Natalie Ceeney (NC)	chief executive and chief ombudsman
	Tony Boorman (TB)	deputy chief executive and deputy chief ombudsman
	Julia Cavanagh (JC)	performance & finance director and company secretary
	Caroline Wayman (CW)	legal director
	Alison Hoyland (AH)	board secretary & head, CEO's office (minutes)

Apologies for absence

Apologies for absence were received from Elaine Kempson and Janet Gaymer.

0/1211 Executive update

Treasury Select Committee

The Board noted NC and TB's appearance before the Treasury Select Committee.

Financial Services Bill

The Bill was in the final stages of parliamentary scrutiny, and had reached the report stage in the Lords.

Ombudsmen appointments

The Board noted NM's approval of the most recent ombudsmen appointments.

PPI redress

The Ombudsman, consumer and industry bodies and the regulator continued to explore the possibility of establishing an assurance mechanism for firms' PPI redress offers.

1/1211 Minutes and approvals

The Board approved the minutes of the meeting held on 24 October 2012 and noted the minutes of the audit committee held on 8 November 2012.

2/1211 Matters arising

Quality assurance

Board members, AJ and PS had agreed to act as 'critical friends' for 'quality assurance' matters.

At its October meeting, the Board agreed the broad parameters within which the Ombudsman was preparing its 2013/14 budget for public consultation. Further analysis since then continued to support the planning assumptions around expected volumes, which anticipated modest increases in general case work, and continuing high volumes in PPI. As PPI volumes remained subject to considerable volatility, the Board agreed too that the plans to add significantly to the Ombudsman's PPI capacity (further details of which would be coming to the December Board) were prudent: they noted that the industry, and their representative bodies, continued to support the planning assumptions as reasonable.

Proposed changes to the way the Ombudsman recovered its costs also continued to stand up to scrutiny in the light of the latest forecasts of workload levels and incoming case volumes. The approach, which would require the four major financial services providers responsible for approximately 60% of cases to pay advance fees, better reflected the fixed nature of the costs associated with these larger providers. The introduction of greater stability to revenue also meant that the Ombudsman would not have to increase the reserves it held specifically for volatility in the case-load. As previously indicated, after four years of no increases to the underlying general levy and standard case-fee, modest increases to both would be sought, though the number of 'free-cases' would be increased from 3 to 25, and the supplementary PPI case-fee would remain unchanged.

In the light of the latest planning assumptions, and a sensitivity analysis of the proposed new funding model, the Board agreed that the Ombudsman should proceed on the basis of its plans for presentation to the FSA Board in December. Subject to FSA approval, the plan and budget would then be published for consultation in January. The Board would have the opportunity to take a final view on the budget against the latest forecasts and responses to the consultation, when it was asked to approve it in March.

4/1211 Any other business

- (a) The file review item would be carried over to the December Board meeting.

There being no other business, the meeting ended at 12.45.