

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at held at South Quay Plaza, 183 Marsh Wall, London, E14 9SR on Wednesday, 11 December 2013 at 9.00 am

Present	Nick Montagu (NM)	chairman
	Maeve Sherlock (MS)	director
	Gwyn Burr (GB)	director
	Julian Lee (JL)	director
	Alan Jenkins (AJ)	director
	Pat Stafford (PS)	director
In attendance	Tony Boorman (TB)	deputy chief executive and deputy chief ombudsman
	Liz Brackley (LB)	strategic development director (for item 4)
	Julia Cavanagh (JC)	finance and performance director
	Caroline Wayman (CW)	legal director
	Alison Hoyland (AH)	board secretary & head, CEO's office (minutes)

Apologies for absence

There were no apologies for absence.

0/1312 Executive update

The Board noted the update from members of the executive on their respective areas, with some further discussion on the following:

ombudsmen appointments

The Board noted the latest ombudsmen appointments, and again, the high calibre of appointees.

Public Administration Select Committee inquiry

TB had given evidence at the Public Administration Committee the day before, as part of its inquiry into the work of the Parliamentary and Health Service Ombudsman (PHSO). While PHSO had a purely public sector focus, the committee was looking at the wider Alternative Dispute Resolution landscape as part of its inquiry.

The session had included a discussion on the prospect of a single point of entry or 'portal' to dispute bodies, to help consumers navigate an otherwise complex landscape, where the boundaries between the remits of the different bodies was becoming increasingly blurred. The ombudsman service stood ready to contribute to the thinking around improving access to bodies providing alternative means of redress, including through a 'portal' of some kind. Improving access to (and interaction with) its services was a key feature of its own development work, aimed at making sure it was able to continue to meet its customers' needs.

diversity and inclusion

The Board noted the work of the service's LGBT network, and in particular the work it was doing around transgender inclusion.

action

- JL to provide details of relevant contacts on transgender issues.

1/1312 Minutes and approvals

The minutes of the Board meeting held on 20 November were approved.

2/1312 Matters arising

Matters arising were picked up in the substantive business before the Board.

3/1312 2014/15 plan, budget and fees

fos/13/12/03

The Board agreed that the latest analysis of the likely volumes and profile of casework for the following year continued to support the planning and budget assumptions to date. The Board agreed the proposed budget for consultation in the New Year, subject to approval by the FCA Board at its meeting on 12 December. It agreed to consider the position around reserves in the light of feedback on the consultation and better information about the year-end position.

In finalising the consultation document, the executive would take account of comments from the Board. In particular, the consultation should provide more detail about how the service had risen to the challenge presented by unprecedented volumes of PPI cases and the need, therefore, for it to increase its resources significantly.

Final sign-off on the budget by the ombudsman and FCA Boards would be sought in March, in the light of feedback on the consultation paper and the latest analysis on casework volumes.

4/1312 Tri-ennial review

fos/13/12/04

Earlier in the year, the Board had commissioned the Future Foundation to lead an external review, looking at future changes in the ombudsman's operating environment and society more broadly, to help inform how the ombudsman service could continue to deliver a valuable service, meaningful for all.

The Future Foundation had completed the research and analysis phase, and was now developing a set of scenarios to describe different plausible operating/societal environments over the next 10 years. These alternative futures would provide the backdrop for testing the ombudsman's place and offer etc, including with a broad range of stakeholders, from financial service firms and consumer groups to media commentators and special interest/representative groups.

In reviewing the initial thinking, the Board highlighted a number of key considerations which would need to be worked into the scenarios. Specifically, members wanted to see a more up-front focus on business and commercial incentives that might drive business behaviour, including in relation to how businesses might respond to complaints from customers. Consideration should also be given to the changing nature of financial services, for example, 'who' would be selling 'what' to 'whom' and 'how' in 10 years' time. It was also important that the future scenarios took account of 'trust' and 'ethics', and the likely changes in the public's understanding of what was meant by 'fair and reasonable'.

The Future Foundation and ombudsman service colleagues would work on the next iteration of the scenarios, in the light of the Board comments, and would keep the Board updated as this phase of the work was being finalised, ahead of the stakeholder sessions in the New Year.

action

- details of stakeholder sessions to be sent to Board members, who were welcome to attend
- suggestions for stakeholder involvement to be sent to Dan Hawthorn
- update on tri-ennial review work to come to the February Board, as part of the update on service development

5/1312 Annual legal and litigation review

fos/13/12/05

As part of a regular round of Board assurance reports, the Board welcomed the legal

and litigation team to update it on its work.

In simple terms, the legal team's work comprised two main elements:

- internally facing work – helping to mitigate against legal challenge by assisting and advising case handling colleagues on specific cases, or more generally on broad-brush themes, regulatory rules and core legal issues; and
- litigation – defending the service's position in legal action brought against it.

The team explained that a very small proportion of final decisions were challenged by way of judicial review claims. More recently, the service had started to see a slight increase in claims coming through; reasons included the financial slowdown, where the stakes were higher for both consumers and businesses, and so the parties were more inclined to litigate.

While very few cases progressed to judicial review, important lessons could be learnt nevertheless, and so were a feature of the legal team's work with case-handling colleagues, helping to manage and avoid legal risk upfront.

The team explained that its strategy for how it managed legal risk also included being mindful of the ombudsman service's place in the justice landscape and a need to be true to its values of 'doing the right thing', which sometimes meant seeking to settle matters without litigation.

The Board agreed that a prudent and value-based approach, such as that adopted by the ombudsman service, was appropriate. It thanked the legal team for the insight it had given on its work and the assurance it gave it that legal risk was being appropriately managed.

Any other business

Board effectiveness and governance review

NM updated the Board on the outcome of the recent tender process he had run for the next Board effectiveness review, due to be carried out in the New Year. NM was minded to appoint Judy Delaforce, managing director, FSTP Global. Having met the three prospective providers informally, and then having assessed their formal tender submissions, NM was confident that FSTP would provide value for money and adopt an approach best suited to the Board's needs and what it hoped to get out of the review. The Board confirmed its agreement to award the work to FSTP Global.

The meeting ended at 12.30.