

# Financial Ombudsman Service Limited

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## MINUTES

MINUTES of the meeting of the directors, held at held at South Quay Plaza, 183 Marsh Wall, London, E14 9SR on Tuesday, 23 October at 9.00 am

Present	Nick Montagu (NM)	chairman
	Maeve Sherlock (MS)	director
	Gwyn Burr (GB).	director
	Julian Lee (JL)	director
	Alan Jenkins	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
	Liz Brackley (LB)	strategic development director (for items 1 to 4)
	Julia Cavanagh (JC)	finance and performance director
	Chris McDermott (CMcD)	operations director (for items 1 to 4)
	Caroline Wayman (CW)	legal director
	Jacquie Wiggett (JW)	HR & OD director (for items 1 to 3)
	Alison Hoyland (AH)	board secretary & head, CEO's office (minutes)

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### **Apologies for absence**

There were no apologies for absence.

### **0/1310 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.

#### *litigation*

A Court of Appeal hearing was currently underway on the rights of complainants to take civil action to recover redress balances in excess of the ombudsman service's monetary cap. The Board would be notified of the outcome in due course.

### **1/1310 Minutes and approvals**

The minutes of the Board meeting held on 17 September were approved.

### **2/1310 Matters arising**

#### *next external review*

The chairman and chief executive had written to a number of key stakeholders to ask for their input into the next external review. The review would be looking at future changes in the ombudsman's operating environment to help inform how it could continue to deliver a service valued by all.

#### *2014 Board evaluation*

The chairman had now met with a number of potential partners for the next Board evaluation, due the following year. NM and MS expected to be able to make the final selection soon, in the light of the submissions each of the providers had been asked to prepare on the approach they would take, and their costs.

Other matters arising were picked up in the substantive business before the Board.

Service performance in the second quarter had been strong, continuing in the same vein as in the previous quarter. As a result, many more cases had been resolved in the first half of the year than forecast, and many consumers had received answers to their problems sooner than anticipated.

The higher than anticipated number of case resolutions had also helped make some inroad into the existing caseload, which unprecedented volumes of incoming cases had seen rise year-on-year. The ombudsman's financial position also remained strong as a result, and continuing high staff retention rates pointed to an engaged and committed workforce.

Heading into the second half of the year, the early indications were that incoming case volumes would fall across the board, although much uncertainty remained (in PPI particularly). The priorities for the remainder of the year and beyond included the effective management of the PPI caseload, getting more answers out on the oldest cases and focussing on those aspects of customer satisfaction and service quality where feedback suggested more should be done.

The Board commended the ombudsman staff on a good first half to the year, which had been achieved against a background of higher than anticipated incoming case volumes overall, together with other calls on existing staff time, as they helped train and mentor the new staff taken on in the period. While a number of challenging areas remained, the Board noted the work that was underway to respond to the areas under pressure and to balance the different priorities.

**action**

- quarterly discussion of corporate risks to be carried over to the next meeting.

As usual, the annual cycle for setting the plan and budget began in earnest in October, with the Board taking a view on the high-level approach being proposed for the following year. This early discussion would help inform the further analysis needed ahead of a more detailed review by the Board in November and before it signed-off the budget in December for public consultation in January. Before then, the usual round of pre-consultation meetings with representatives from the industry, consumer organisations and relevant regulators would be taking place and their insights would be fed into the later analyses coming to the Board.

Managing the PPI caseload was a multi-year challenge, and the likely outlook in relation to PPI continued, inevitably, to be the dominant factor in planning for the following year, and for 2 or 3 years after that. While the current planning assumptions around expected volumes in PPI anticipated falling incoming volumes, much uncertainty remained around volumes, for example, when considering external factors outside of the ombudsman's control like business behaviour and any regulatory action. The prospect of falling volumes aside, there was an expectation that the caseload would become increasingly heterogeneous in nature. There were likely to be fewer straightforward and quicker to resolve cases coming in and the ageing profile of the existing stock of cases and an increasing number of more complex, more difficult to resolve cases, meant that the operational challenge of managing the PPI caseload would remain for some time yet.

The budget and funding arrangements would therefore need to reflect the ongoing nature of managing the PPI caseload into future years, not least by providing sufficient flexibility in operational response, depending on the size and nature of the caseload at different points, as well as crucially, the level of customer service being provided.

*Information requests*

The ombudsman service was subject to the Data Protection Act (DPA) and had been subject to the Freedom of Information Act (FOIA) since November 2011. As part of its regular reporting to the Board on assurance matters, the ombudsman provided a summary round-up of the requests it had received under both Acts in the last six months. The Board noted that the types and numbers of requests were pretty much as expected for a casework-based operation, with most requests relating to people's individual cases with the service. DPA and FOIA aside, the ombudsman service sought to conduct itself in an open and transparent way, publishing proactively information about what it did and how it did it, consistent with what was now expected of public bodies.

*Information sharing with the Financial Conduct Authority*

The Financial Services Act 2012 introduced new statutory duties relating to the disclosure of information to the Financial Conduct Authority (FCA). Again, as part of the Board assurance framework, the ombudsman updated the Board on these obligations and the information exchanges that it had had with the FCA in the last six months.

**6/1310 Public Administration Select Committee inquiry****fos/13/10/06**

The Public Administration Committee was currently looking 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 ombudsman service had been invited to give both written and oral evidence to the inquiry, focussing primarily on the impact of the Alternative Dispute Resolution Directive.

The meeting ended at 12.30