

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at South Quay Plaza, 183 Marsh Wall, London, E14 9SR on Monday, 23 June 2014, at 09.00

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

Apologies for absence

There were no apologies for absence.

1/1407 Board minutes and updates on committee meetings

- The Board approved the note of the meeting of the Board held on 21 May 2014.
- The audit committee chair, JL, provided an oral update on the meeting of the audit committee held on 11 June, the main business of which had been discussion of the 2013/14 directors' report and financial statements, and which was before the Board for final sign-off later on the agenda.

Matters arising

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

Chairman's opening remarks

The chairman provided an update on the ombudsman business in which he had been engaged since the last Board meeting, including:

- a meeting with the chair of Ombudsman Services, Dame Janet Finch, to discuss matters in which ombudsman schemes had a shared interest, for example, the EU directive on Alternative Dispute Resolution (ADR);
- meetings with the industry steering groups; and
- his involvement in the 30% club, a group of Chairs and CEOs committed to better gender balance at all levels of their organisations.

Chief ombudsman and chief executive's update

The chief executive updated the Board on a number of organisational developments since the last meeting, including:

- preparations for the FCA oversight committee in July;

- relevant aspects of the EU directive on ADR (following on from the chairman's update on his meeting with Ombudsman Services)
- service performance; and
- the work that was being undertaken to develop the corporate risk register, ahead of it coming to the July Board.

5/1406 Publishing information and increased transparency

fos/14/06/05

The ombudsman service was committed to being an open and transparent organisation. It published a large amount of financial and performance information, as well as a wealth of information about the complaints it handled and how it carried out its work. Examples of the information the ombudsman published included:

- its annual plan and budget;
- its annual review and annual directors' report and financial statements
- quarterly data about complaint volumes and uphold rates by product area;
- bi-annual business specific complaint data;
- ombudsman decisions; and
- a broad range of technical notes about its approach to different types of cases.

The information published currently reflected those aspects of the ombudsman's work on which insight was thought to be most helpful and in which stakeholders had indicated they were most interested. In reiterating its commitment to openness and transparency, the Board agreed that the service should keep the information it published under review and consider what further statistical and/or narrative information it should publish in future, both in response to calls from stakeholders and in keeping with best practice more generally.

6/1406 2013/14 directors' report & financial statements

fos/14/06/06

The Audit Committee Chair, JL, had provided an update at the start of the meeting on the audit committee meeting held earlier in the month, the main business of which had been to review the directors' report & financial statements, the NAO's audit completion report and the letter of representation, before agreeing the directors' report for submission to the Board for final sign-off.

A key feature of the audit committee review had been the approach that the ombudsman service should take to revenue recognition in relation to different aspects of its income. The issues had been complex and the timescales had been tight and the audit committee had acknowledged the constructive way in which the ombudsman team and the NAO had worked together.

The Board confirmed that in the light of the detailed review undertaken by the audit committee, it was content to approve the revised revenue recognition policy and agree the report and financial statements for submission to HM Treasury for final review (subject to a few minor amendments to the text of the front-end of the report which had been addressed in the meeting). Thereafter, it agreed that any amendments could be made with the agreement of the chairman, before final sign-off of:

- the directors' report and financial statements;
- the statement of directors' responsibility; and
- the letter of representation to the auditors.

Once signed-off by the NAO, the report & financial statements would be laid in Parliament, before being published on the ombudsman's website and filed with Companies House.

The Board added its thanks to that of the audit committee for way in which the ombudsman team had worked with the NAO in preparing the year-end accounts; their commitment to delivery had been exemplary.

7/1406 Health and safety annual assurance report

fos/14/06/07

The ombudsman presented its annual health and safety report as part of the Board assurance programme of periodic reviews of statutory obligations and other areas on which the Board had identified it would want to be sighted.

The report had highlighted the emphasis the service had been placing on health and safety over the last year, not least as it prepared to move to its new premises, and the improvements that focussed efforts had brought. The next independent audit would be carried out later in the year/ early next year, after staff were settled in to their new accommodation in Exchange Tower.

The Board noted the report and the assurance it gave on the actions that were being taken and the service's continuing commitment to health and safety and wellbeing of staff.

8/1406 Service development update

fos/14/06/08

The ombudsman was continuing its programme of service development work, aimed at ensuring it was able to continue to provide meaningful, effective and efficient assistance to those who wanted its help. A number of work streams had been set up, focussed on specific areas for development, ranging from the early upfront help the service was able to provide and the skills and knowledge needed, to the IT infrastructure required to support customer access and effective and efficient case-handling and the insight and learning the service was able to share from its work.

The governance arrangements would include regular update reports to the Board, including as part of the quarterly performance and financial reviews.

9/1406 Rules

fos/14/06/09

In June last year, the Board had approved some changes to the voluntary jurisdiction rules to take account of the extension of FCA regulation to cover alternative investment fund management.

A number of further changes were now required to take account of a slight amendment to the rule change, and to take account of the end of the transitional arrangements and changes to the FCA Glossary definition of "regulated activity".

The Board made the rule changes, subject to FCA approval.

Any other business

There being no other business, the meeting ended at 12.15