

consumer liaison-group meeting

24 June 2011



present

Financial Ombudsman Service:

- Annette Lovell, head of policy and public affairs – *chair*
- Caroline Mitchell, lead ombudsman
- Simon Rawle, ombudsman
- Debbie Enever, policy manager
- Niall Jeewoonarain, regional relationship manager

consumer organisations:

- Sue Edwards, Citizens Advice
- Elisabetta Sciallis, Trading Standards
- Helen Handzel, Consumer Credit Counselling Service
- Lucy Malenczuk, Age Uk
- Doug Taylor, Which?
- Robert Yuille, Money Advice Service

welcome and introductions

Annette Lovell welcomed everyone to the meeting.

The minutes of the last meeting were accepted, subject to an amendment to the second paragraph under “implications of funding cuts to the advice sector”, to clarify that it was Citizens Advice’s “financial inclusion” funding that was confirmed to continue for another year. The ombudsman service agreed to circulate a revised version of the minutes.

Sue Edwards reported that the OFT had responded to the Citizens Advice’s super-complaint on debt-management companies. The OFT’s research had confirmed that upfront fees were widespread in the sector and that it had asked the Government to consider whether new legislation was needed to address these and other issues with the sub-prime unsecured credit-brokerage market.

Although the OFT had not considered it appropriate to recommend that the Government should consider legislation to ban cold- or warm-calling, it had suggested a joint round-table discussion with relevant stakeholders, such as the Information Commissioner's Office, the Direct Marketing Association, the Ministry of Justice, the Department for Culture, Media and Sport, and Ofcom.

annual review

Caroline Mitchell gave a short presentation on the ombudsman service’s *annual review*.

Elisabetta Scialis asked how many cases the ombudsman service referred through FIN-NET (the cross-border out-of-court complaints network for financial services in the European Economic Area). It was noted that there were approximately 800 cross-border issues last year, but these were generally informal referrals.

PPI update

Debbie Enever provided a brief update. She explained that the BBA's legal challenge – [in the form of a judicial review](#) on the approach to PPI complaints handling – had been dismissed on all grounds and that the BBA had announced it would not appeal.

However, the High Court judgment had not resolved the individual PPI cases that had *already* been referred to the ombudsman service – or the new cases which *continued* to be referred in large numbers.

regulatory reform – draft Bill

Annette Lovell reported that a consultation, white paper and draft Bill on regulatory reform had been published the previous week. The draft Bill contained clauses which were of relevance to the ombudsman service, including provisions on:

- governance
- the ombudsman service's relationship with the regulator
- transparency; *and*
- technical issues.

It was noted that there was a proposal in the white paper for a new process, which would give nominated bodies the ability to refer issues of “mass detriment” to the FSA (and proposed new FCA) and give the FSA a fixed period of time in which to respond.

There was some discussion about the inclusion of a draft clause which set out the regulatory principles which would apply to the FCA, including a general principle that consumers should take responsibility for their decisions. Consumer groups suggested that it would be helpful to have further dialogue about this and expressed some concern about how the principle would be interpreted in practice.

It was agreed that there would be a further discussion on regulatory reform at the next meeting.

Which? super-complaint on credit and debit card surcharges

Doug Taylor outlined Which?'s recent super-complaint on the transparency and level of credit and debit surcharges, particularly in the passenger travel market. He said that to date, Which? had received more than 42,000 pledges of support and had heard 1,500 stories from consumers who had been affected by these charges.

Which? found that:

- 62% of consumers agreed that surcharges made a significant difference to the advertised price;
- 49% of consumers agreed that surcharges made comparing prices more difficult, with only 17% explicitly disagreeing;
- 63% of consumers agreed that fees were only apparent at the closing stages of the transaction;
- only 37% of consumers understood that retailers choose the level of payment method surcharges;
- 67% of consumers agreed that surcharges should be included in the price quoted before payment; *and*
- 79% of consumers stated there should be no additional fees for paying by card.

OFT's response was expected within the following two weeks.

any other business

Sue Edwards said that Citizen's Advice was planning to launch a new report on how creditors treat people who are disabled or in debt.

Lucy Malenczuk reported on work being undertaken by AgeUK to address concerns about the exclusion of older people from the equalities legislation. She agreed to circulate further details to the group.

Group members said that quarterly meetings were useful when there were significant issues to discuss, such as financial services regulatory reform, but agreed that it might not always be necessary.

next meeting

The next meeting will be arranged for approximately three months' time.