

from **Walter Merricks**
chief ombudsman
South Quay Plaza
183 Marsh Wall
London
E14 9SR

phone 020 7964 1000
fax 020 7964 1001

January 2005

organisation changes at the Financial Ombudsman Service

I am writing to let you know of some changes we are making at senior level in the Financial Ombudsman Service. Last year our board approved proposals designed to strengthen the senior structure of the organisation; to enhance our ability to meet current and future challenges; and to manage more appropriately the enlarged size and scope of the organisation. The structure we put in place after the merger of the previous schemes served us well, but the time has come to adjust it to the changed circumstances. A number of the changes follow the “N2+2” review and the recommendations of last year’s report by Professor Elaine Kempson.

As far as external bodies are concerned, I hope the new structure will give a clearer picture of where responsibilities lie and who to contact. Naturally, I also expect it to allow for a more effective service to all our stakeholders.

the ombudsman panel and the case handling structure

We now have a complement of nearly 30 individuals who are members of our panel of ombudsmen. Although, as chief ombudsman, I will continue to have an important role with the panel, I have asked Tony Boorman as principal ombudsman to act as managing head of the ombudsmen.

In turn we have now appointed five ombudsmen to take leading responsibility for particular sectors. The ombudsmen with these roles will report to Tony. In due course, Tony will relinquish his current role leading on mortgage endowments, general insurance and investments and will assume a more general oversight of our approach to all areas of decision making.

As well as leading teams of ombudsmen and ensuring consistency of approach in decision making, these ombudsmen will have a significant external role in liaising with firms, industry bodies, regulators and consumer organisations. So in due course, you and your colleagues can expect to see more and more of them.

The five sector areas and the ombudsmen are:

special projects – Heather Clayton

Heather will be leading our work on endowment mortgages.

general insurance – Peter Hinchliffe

Peter's remit will cover general insurance and protection products, with an initial focus on the issues arising from insurance intermediaries.

general investment – Caroline Mitchell

Caroline will lead our work on life assurance, structured products, and other investments.

pensions and securities – Tony King

In addition to pensions, Tony will handle our work on managed portfolios and "splits".

banking and credit – Jane Hingston

Jane will lead our work on complaints relating to banking, building societies, mortgage intermediaries and credit.

Enclosed is a fuller note about each individual.

At the same time, we are re-shaping the structure of the business units that house the teams of adjudicators – so as to align them with these areas. All the changes will come into full effect in April, but the five ombudsmen listed above will start work as soon as they are available.

corporate director

David Thomas, whose responsibilities as principal ombudsman included banking issues (and more recently splits and pensions), will assume a new role as corporate affairs director – although he will also continue to oversee our work on splits for a time. He will have responsibility for issues relating to the internal and external framework within which we operate, the legislation and our rules (including the scope of our jurisdiction and powers); our relations with government and regulators; strategic policy development; and arrangements for disposal of wider-implications cases. Our general counsel, Paul Bentall, and the legal team will report to him, together with a new central policy unit.

quality director

Professor Kempson recommended that responsibility for all quality issues within the organisation should be better coordinated and brought under the remit of a single senior individual. We have appointed Estelle Clark to this position. Estelle has a strong track record in quality functions in major businesses, having been director of quality and business effectiveness for the company that was formerly ICL and is now Fujitsu Services; and subsequently vice president responsible for quality, change management and information systems for the European engineering business, Alstom Power. She joins us in February.

As our *plan and budget* for 2005/06 indicates, we shall shortly be an organisation of nearly 1,000 staff – dealing with over 100,000 disputes, two-thirds of which are about one topic, mortgage endowments. Our remit has expanded to cover mortgage and insurance intermediation, and is expected to cover consumer credit within the next 18 months. To manage a body of this size and complexity, the board recognised that we needed to strengthen the organisational structure. I am pleased with the calibre of the senior appointments we have been able to make. Despite the critical challenges we face, I hope that these changes will allow us to continue to provide the quality of service to the industry and consumers that is expected of us.

Please do contact me if you have any queries

Walter Merricks
chief ombudsman