

chief ombudsman & chief executive's report

Whatever your views on the events of 2016, things have undoubtedly changed since this time last year. And this *annual review* shows vividly how the times we're living in affect how we feel about and manage money.

For example, following the EU referendum, we heard from people who felt they'd lost out from ups and downs in financial markets. We've helped people affected by the collapse of holiday websites, and those who'd cancelled trips because of the Zika virus. We've resolved complaints from dissatisfied drivers of electric cars, and small businesses who'd lost out from hoax websites.

These things underline not just the centrality of financial services to everyday life, but how the surprises, disappointments and unforeseen developments of the year have been reflected in the problems we've seen.

Leaving PPI aside for a moment, the most striking story has been the rise in contact we've had from people having trouble with credit. We've seen around three times last year's volumes of complaints about payday loans. And over the same period – while the numbers involved are smaller – complaints about instalment loans and guarantor loans have risen by 318% and 182% respectively.

The FCA's action on high-cost short-term credit has had an impact – and we're generally looking into complaints about borrowing that pre-date its tougher rules.



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Caroline Wayman



However, taken together with wider insight into consumer indebtedness, it's clear that financial difficulties and financial exclusion – and the vulnerability they can both bring and result from – remain very current issues.

Scams, including cybercrime, continue to evolve – affecting people online and offline alike. An ageing population adds another dimension to questions of how financial services meet, and will continue to meet, people's needs. This *annual review* highlights how we've continued to work with the FCA and other stakeholders to address these pressing challenges for the financial services sector.

Of course, in 2016/2017, we were still seeing the impact of past unfairness on a mass scale. Even given the increases we've seen elsewhere, PPI accounted for over half of the total complaints we received. We explained in our *plans for the year ahead* how uncertainty following the case of *Plevin v Paragon Personal Finance Ltd* meant we didn't resolve as many PPI complaints as we'd planned to.

As of the beginning of March 2017, however, we've had more clarity about the way forward. The FCA's announcement that its *Plevin* rules and guidance will come into effect in August 2017 is undoubtedly good news for people waiting for an answer about their PPI. In the coming months, we'll continue to focus on giving an answer to as many of those people as we can – while managing the ongoing uncertainty about the volumes of complaints that we might receive as a result of the FCA's PPI communications campaign.



complaints about consumer credit rose by

89%

25,984

complaints received about consumer credit

8%

of all complaints involved consumer credit

For more information see data in more depth table 9 p.51



we're ready to encourage fairness: helping strike the right balance between innovation and protection



What's also not yet clear is how claims management companies – who brought 85% of all the PPI complaints referred to us in 2016/2017 – will act in the run-up to the two-year time limit for complaints. At the same time, the dramatic fall we've seen in complaints about packaged bank accounts shows how our proactive engagement with claims managers and their regulator can make a real difference in reducing the burden of unfounded claims.

While we'll be dealing with the fall-out of PPI for some time, the end may well be in sight. And it's essential that, as financial services move on, the mistakes of the past aren't repeated.

New technology has the potential to transform the way people engage with their money – and as always, we're ready to encourage fairness: helping strike the right balance between innovation and protection. This *annual review* shows how we've done that this year: for example, giving an insight into the small number of complaints we received about crowdfunded loans and investments.

At a time when people can move money in seconds on their phone, things can go wrong just as fast – and quite rightly, people don't want to wait months for them to be put right. But resolving complaints quickly isn't

just about meeting the expectations of people used to managing things online. As this *annual review* shows, it can mean the difference between people losing or keeping their home.

Through keeping up our focus on working flexibly, in 2016/2017 we resolved the problems people brought to us more quickly than ever – with record numbers of consumers and businesses giving us positive feedback.

And as we've helped more people at an earlier stage, we've ensured our ombudsmen's expertise and experience remain right at the heart of

our service – reflecting the fact that, while speed matters, it's fairness that is and always will be foremost for us.

Challenging and changing long-established processes is no easy task. So I'm really grateful for the support we've continued to receive from businesses as we've worked together on the nuts and bolts.

And none of this would have been possible without the commitment of our own people – who've consistently applied their sense of fairness and sound judgement, making a difference every day and hundreds of thousands of times over the year.

In changing times, it's vital we maintain and grow people's confidence in us. In last year's *annual review*, we said we'd do all we could to support the small businesses we cover – committing to taking forward the *Financial Advice Market Review's* recommendations for giving independent financial advisers (IFAs) specifically more certainty about the ombudsman's role. I hope the roundtables we've held with the FCA this year – in addition to our existing and long-standing engagement with IFAs and others – have gone a long way in giving reassurance that we're on the same page, and always ready to talk.

On the other side of complaints, our partnerships with consumer advisers and representatives have helped people who might have otherwise not reached us to get the independent answers they need. And we've also highlighted examples of how we've shared our experience more widely – supporting the work of regulators and policymakers to promote fairness and confidence, and helping raise standards across schemes like ours in the UK and further afield.

Of course, none of our achievements this year would have been possible without our people. During a time when we've experienced the biggest transformation since we were set up, their tremendous effort is testament to their commitment to our customers. And as we look to the future, their enthusiasm, sound judgement, and sense of fairness will help ensure we continue to provide a relevant, accessible service that not only resolves complaints effectively, but sets the bar for doing so. I'm proud too of our focus on bringing a range of perspectives to everything we do: for example, once again, more than half our people are women, and we've been re-accredited as *Leaders In Diversity*.

Though things never stop moving, it's important to stop and reflect – and this *annual review* is a chance to do that. While there are still challenges ahead, I think 2016/2017 has shown how openness, cooperation and pragmatism can pay off – both for the financial services sector and for the people who rely on it to work fairly.

Caroline Wayman
chief ombudsman & chief executive
June 2017



83%

of complaints were resolved within three months, excluding PPI, compared to 66% in 2015/2016

65%

of all complaints were resolved within three months, compared to 38% in 2015/2016

for more information see data in more depth table 22 p.60