Financial Ombudsman Service

annual review

2017/2018

Thank you to everyone at the ombudsman service who helped create this *annual review*, including the people in our photos.

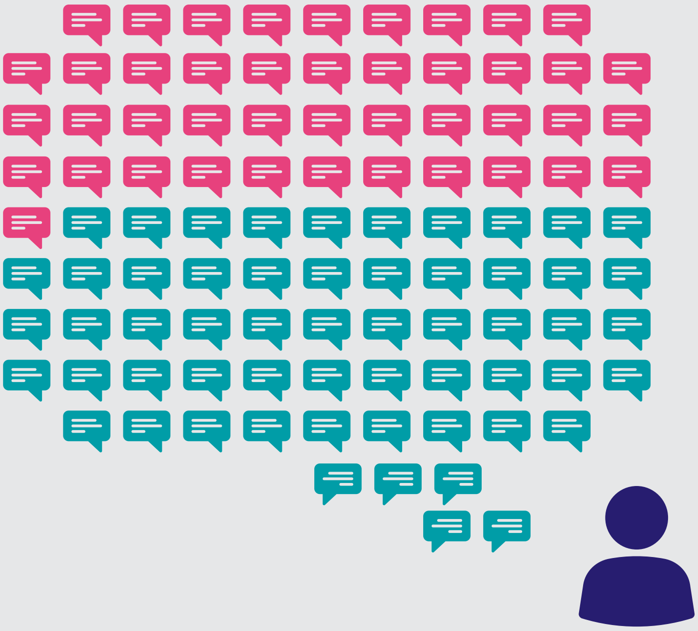
The case studies in this *annual review* illustrate the themes and trends we've seen in 2017/2018 – and they have some of the features of real problems we've resolved. However, we need to keep people's details confidential. So we've changed names and details – and the case studies are illustrative, rather than being specific individual complaints.

contents

our year at a glance

we received 1,456,396 enquiries...

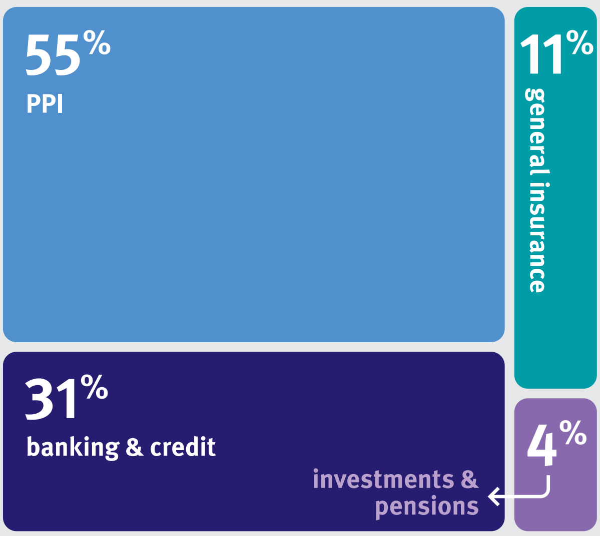
...equivalent to nearly three enquiries every minute of every day in the year



43% phone enquiries

57% written enquiries including emails

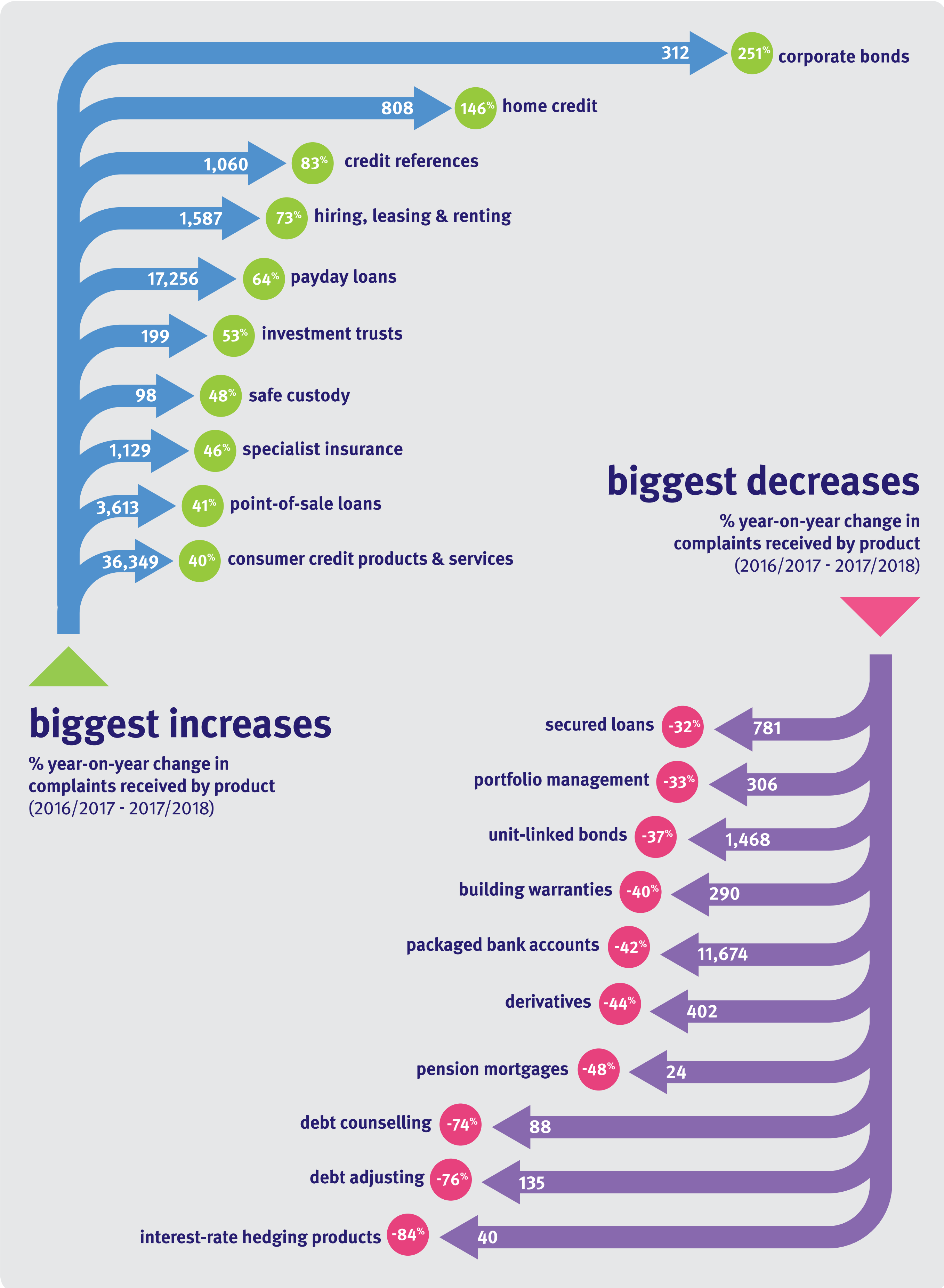
we dealt with 339,967 new complaints and resolved 400,658 complaints



we resolved
400,658
complaints

including
32,780
ombudsman decisions

our year at a glance



about us

We were set up by Parliament to resolve individual complaints between financial businesses and their customers – fairly, reasonably, quickly and as informally as possible. We can help with most types of problems – from payday loans to pensions, and from pet insurance to PPI.

If a business and their customer can't resolve a problem themselves, we can step in to sort things out. Independent and unbiased, we'll get to the heart of what's happened – and reach a fair, pragmatic answer that helps both sides move on.

If we decide the business has acted fairly – or there's just been a misunderstanding – we'll explain how things stand. But if someone's been treated unfairly, we'll use our powers to make sure the business puts things right. That could involve anything from amending a credit file to reducing loan repayments, and from settling an insurance claim to correcting a pension.

Since we were set up, we've seen the impact of financial concerns and complaints on people from all sorts of backgrounds and livelihoods. We're committed to sharing our insight and experience to encourage fairness and confidence in financial services.

chairman's foreword

This *annual review* looks at what we have done over the past year. But, as we approach our twentieth anniversary, it's a good time to cast our eyes further back, over the whole period of our existence, and see what has and hasn't changed.

The list of what has changed could be endless. In 2000, much of the technology we now take for granted would have been unheard of. Smart phones, tablets, digital currencies and so much more simply didn't feature. And importantly, these aren't just technological advances – they've changed the way we all think, live and interact with each other.

For the Financial Ombudsman Service, that has meant rethinking how we work with our customers, both consumers and financial providers. The old paper-based model, often lasting weeks, just won't work as the standard approach now. That's why we have moved to doing far more electronically or by phone, stepping in earlier and trying to sort things out between consumers and their financial providers before they unnecessarily crystallise into bigger problems or harder-fought disputes.

What we deal with has changed too over the last 20-year period. Who back in 2000 could have foreseen the millions of payment protection insurance (PPI) policies sold and mis-sold, and what it would mean for both the buyers and the sellers? Our response to this unprecedented demand at the Ombudsman had to be quite different from anything before or since. Last year's figures show yet again the scale of PPI in our overall work, and, while focused on the task before us, we share the general relief that an end is now in sight. I am proud of just how many cases we resolved last year, and the dedication and professionalism of our people that made it possible.

Sir Nicholas Montagu KCB
chairman

Our people provide a good starting point for what has not changed. Our purpose and the values that underpin it remain as fundamental to our organisation as they were when we were founded, and we are lucky in having people who reflect this in all their work. Fairness lies at the heart of what we do, and we need our customers to have confidence in our unswerving commitment to it. With public trust levels and customer satisfaction at an all-time high over the year, we can take some reassurance that we are going in the right direction.

But we can and must do more. We are constantly seeking to improve the ways that businesses and their customers interact, so as to strengthen confidence in financial services. Playing a key role in rebuilding that confidence has been a major feature for us since the financial collapse of 2008, and I welcome the constructive way in which banks and other providers have worked with us to help achieve our common purpose of customer satisfaction.

Success in that shared endeavour means listening and recognising the particular circumstances of our consumers. The Chief Ombudsman in her introduction rightly lays emphasis on meeting the needs of vulnerable customers, for whom change and the growing complexity which it often brings can be challenging. The idea of meeting people's needs in this way is intrinsic to the idea of fairness.

Change is challenging, too, for our own people, as they adapt to new ways of doing things, while still meeting the demands of our day-to-day casework. That is why fairness to our own staff, as well as to our customers, lies at the heart of the constant values that I have mentioned. This, like our outward-facing work, is something we can never let up on: we should celebrate our achievements, but recognise that we still have a way to go. We are proud, but not complacent, and that is why my Board has commissioned a wide-ranging review of our work by Richard Lloyd, who has significant expertise and experience in the fields of dispute resolution and consumer protection in which we operate. We think we've done well over the year, but we want to do better, and the review will point the way.

So I end with thanks – to our staff, to the regulator and to the financial providers with whom we have worked to increase customer satisfaction and trust. And to my Board, whose support and wisdom have, as ever, been unfailing. Over the year we lost Maeve Sherlock, Pat Stafford and Gill Whitehead, all of whom had made terrific contributions: we were lucky to find three outstanding replacements in Jenny Watson, Diana Warwick and Sienne Veit.

Nick Montagu
chairman
30 May 2018

chief ombudsman & chief executive's report

Caroline Wayman
chief ombudsman
& chief executive

It's approaching 20 years ago now that discussions were underway about setting up a single ombudsman for financial services. This would replace eight existing schemes – each covering individual industries, whose members didn't always even have to sign up. Under these new arrangements, whatever the particular financial product or service involved, customers with complaints would have access to a "one stop shop" – with statutory backing – to get a quick and fair answer.

In 2018, the world looks very different to when the Financial Ombudsman Service was first established. The complaints we've seen over the last year give an insight into how new technologies, together with economic and social trends, have changed the game in terms of how people live day-to-day – often in ways that no-one anticipated back at the turn of the millennium.

For us – like for the financial services sector itself – standing still simply isn't an option. That's why, over the last couple of years, we've been through the biggest transformation of our service since we were set up. While continuing to manage the fallout of mis-sold payment protection insurance (PPI) – with complaints still reaching us in their hundreds of thousands, accounting for over half of all those we receive – we've been ensuring that we're able to respond to the problems people are having today, and that we're ready for the future too.

The feedback we're getting from the people who rely on us suggests we're increasingly in step with what they need and expect. However, change hasn't always been easy – and, as we look ahead, we know we've got to listen, learn and improve. We announced in April that our non-executive board has asked Richard Lloyd to carry out an independent review of our work, which will be published on our website in June.

In reflecting on the year we've had – and taking stock of the hard work we've still got to do – it's important to remember what we're here for. In a world that's increasingly instant and interconnected – and often, despite first impressions, confusing and complex – our guiding principles of providing fair answers, quickly and as informally as possible, are perhaps even more important today than 20 years ago.

vulnerability: a fine line

Over recent years we've highlighted the rising volumes of people telling us they've had trouble after borrowing money. Complaints about consumer credit rose by a further 40% in 2017/2018, following an 89% rise in the previous year.

On one hand, this reflects shifting preferences – mirroring official figures – in how people choose to pay for things. Today, for example, it's the norm to get a new car on finance, rather than buying it outright.

However, for some people, borrowing may be a necessity, rather than a choice. And when people are living on credit, there can be a very fine line between getting by and going under.

As we've highlighted in this review, we're concerned that some lenders just aren't doing enough to ensure people's borrowing is sustainable – or aren't responding constructively to their customers' concerns. Looking in particular at high-cost credit, payday loans alone accounted for more than 17,000 new complaints. And we found in around six in ten cases that people hadn't been treated fairly by their lender.

It's also remained clear that, as high-profile cybercrime hits the headlines, risks to people's money may lie closer to home. Over the last few months we've helped people who've found themselves out of pocket after buying "self-funding" solar panels – and those who've faced selling their home because they can't pay off their interest-only mortgage.

For us – like for the financial services sector itself – standing still simply isn't an option

Examples like these reflect the importance of being vigilant and engaged when it comes to money. But it's unrealistic – and unreasonable – to expect everyone to be a savvy consumer all the time. And from what we've seen, we think some businesses could and should do more – both in giving support to their customers when things have gone wrong, and in preventing problems arising in the first place.

The challenges presented by vulnerability – which financial businesses have committed to addressing – haven't, and won't, go away. Given the way vulnerability can interact with people's financial circumstances, we think an understanding of these issues should carry the same weight as any other aspect of resolving complaints. So, with support from the Money Advice Trust, we've taken steps this year to ensure we're doing all we can to help people in what may be extremely difficult situations.

Vulnerability – and the urgency it can create – also highlights the need for an ombudsman service that's able to help when it's really needed. In 2017/2018 we've continued to get better at identifying and prioritising situations where our stepping in early on can make all the difference. This means we've been able to help significant numbers of people in days and sometimes hours – rather than weeks or months down the line.

Businesses' willingness to engage with us to do this reflects a recognition that our early involvement can have benefits for both sides. Since 2015, following changes to the rules that apply to how complaints are dealt with, we've been able to get involved in complaints that businesses haven't yet investigated themselves. A number of businesses have now told us we can get involved whenever a customer wants this to happen – rather than giving us permission on a case-by-case basis, which they're technically able to do. This year we've continued to work with businesses to understand how we can make greater use of this approach, reflecting our commitment to resolve complaints at the earliest possible stage.

We were set up to give answers that are quick, as well as fair. And this level of responsiveness is something we could never have achieved under our previous structure – where people could face a wait for our answer that in some cases wasn't just frustrating, but unacceptable.

...we're doing all we can to help people in what may be extremely difficult situations

new ideas, new challenges

Responsiveness isn't only important where people are vulnerable. As new technologies become part of daily life – increasing people's expectations of businesses and services they interact with, but also affecting the nature of the problems that can arise – we need to ensure we keep pace.

Part of this is about using technology effectively. This review illustrates the significant steps we've taken in 2017/2018 to transform our IT capabilities – in particular, developing our new case handling system and our portals for financial businesses and their customers. The investment we've made means our IT is working with – and not against – our commitment to provide a personal, efficient and flexible service.

We've also continued to see new trends reflected in the problems being referred to us – which have brought new insights into how people manage their money.

For example, we've heard from small numbers of people who lost out due to fluctuations in the value of cryptocurrencies. While it's only relatively recently that these currencies have received attention, these types of concerns are similar to those we've received over the years involving risky investments.

Other cases raise new, and perhaps more complex questions of fairness – even though the products involved may be more familiar. Tens of millions of people in the UK have car insurance. However, disputes we've seen this year involving "black box" policies highlight how, while greater use of data can bring benefits, it doesn't necessarily work out for everyone.

In the same way, new types of payment services may make things quicker and easier on the face of it. The interface between financial services and other types of service is increasingly invisible – which, in some ways, brings a level of convenience people could hardly imagine even 20 years ago. But in the background, it may be more complicated. And if something goes wrong, unpicking exactly what's happened behind the scenes is unlikely to be as straightforward as making the original transaction.

...our IT is working with – and not against – our commitment to provide a personal, efficient and flexible service

> ...we'll be focused on making sure everyone with concerns about PPI gets a fair answer

The challenges raised by the trade-off between personalisation and privacy – and between convenience and security – are issues that cut across different financial products and services. They're likely to become all the more pressing as the *General Data Protection Regulation* comes into force, and in light of wider concerns about privacy in a social media age.

While keeping in step with these developments, we've also continued to manage the long-term challenge of payment protection insurance – which accounted for 55% of all complaints we received in 2017/2018.

This year, we got more clarity about some of the uncertainties we've been facing in PPI. In March 2017, the FCA announced its new rules and guidance about PPI complaints – addressing the issue of undisclosed commission, following the case of *Plevin v Paragon Personal Finance Ltd* – would come into effect on 29 August 2017. This meant that, for a significant part of the year, we weren't able to give our answer to people waiting to hear from us about the issues raised in *Plevin*.

However, since the new rules came into effect, we've resolved over 100,000 of these complaints – and have resolved over a quarter of a million complaints about PPI this year overall. And at the end of March 2018, we had fewer PPI complaints waiting for our answer than we'd had for the best part of the last decade. In the months ahead – even though we can't say for sure how many complaints we'll see and when – we'll be focused on making sure everyone with concerns about PPI gets a fair answer.

loyalty and trust

Mass mis-selling clearly doesn't put the financial services sector in the best light – and takes a long time to put right. The FCA's PPI complaints deadline is now less than 18 months away. But people still have a window to complain to us after they've got an answer from the business involved. So we'll be dealing with the fallout – involving policies often sold in the 1990s and 2000s – well into 2020/2021.

While this disappointing saga may be drawing to a close, this year we've continued to hear from people who feel particularly let down by a business they'd thought they could rely on.

As we've highlighted in this review, during the year we received small but steady numbers of complaints about insurance premiums that had risen year-on-year – finally reaching levels that customers, or their relatives, believed were unacceptable. In some of these cases, we agreed that people had paid the price of loyalty – and during the year, we had robust conversations with insurers about the unfairness we'd seen.

Similarly, we heard from people who'd been counting on a business to do the right thing – but hadn't received the care or support they needed. For example, while pension freedoms may offer greater flexibility, we've again seen how – at the point people are really relying on professional expertise – questionable advice has instead put their retirement plans at risk.

And when a travel firm went bust in 2017, it became all too apparent that – rather than being able to trust financial businesses to help them sort things out – disappointed holidaymakers felt they were just being passed from pillar to post.

Encouragingly, we've also continued to see examples of where businesses have responded quickly and effectively to put in place plans to help their customers in the face of unexpected events. But, either way, situations like these require a joined up, bigger-picture approach to put things right. And they underline just how significant, and just how relevant, the idea of a "one stop shop" remains today.

We need to organise our service in a way that means we can take that bigger-picture approach – rather than risk people feeling that we're passing them from pillar to post as well. So this year we've continued to invest in our people and their knowledge – to help them resolve not just the increasing range of problems we're seeing, but those problems that don't fit neatly into a single area.

Once again, feedback suggests this approach is well-received by the people who use and rely on us. A majority of financial businesses agreed the financial services industry can have confidence in us, including the complaints handlers who interact with us every day. And overall, 69% of people who used our service said they were satisfied – including half of those who didn't get the answer they had initially been hoping for.

doing things better

Transforming our service over the last few years has involved a number of challenges – some of which we anticipated, and some which we've needed to take stock of and work through as they've arisen.

But in 2018, at a time when the dispute resolution landscape continues to be scrutinised, the idea that people should have to navigate a fragmented system – or face what's likely to be the unaffordable cost of going to court – is a relic of the past in financial services. And there's no doubt that financial businesses and their customers alike are better off for that.

In fact, this *annual review* is full of things we can be proud of. And I'm really grateful to our people for all their commitment and hard work – without which that wouldn't be the case. In the year we published our first report on our equality, diversity and inclusion, it's also a chance to reflect on, and celebrate again, the different perspectives our people bring – and their commitment to supporting each other, at the same time as helping those who use our service.

We've always been committed to working openly – and together with this *annual review*, we're publishing the annual report of our independent assessor, whose feedback each year helps us learn and improve the service we provide. And we welcome the opportunity for a further independent perspective, in the form of Richard Lloyd's review, on what and where we could do things better. We'll be keeping in touch with our stakeholders about that – and what it means – in the months ahead.

There's always more we can do to maintain and build people's confidence in us. As we look ahead to the next 20 years, staying true to our founding principles – and always being ready to listen and adapt – will stand us in good stead to do that.

Caroline Wayman
chief ombudsman
& chief executive
30 May 2018

...there's always more we can do to maintain and build people's confidence in us

vulnerability: a fine line

In last year's *annual review*, we highlighted how vulnerability isn't only about long-term illness or old age. Instead, events like divorce, bereavement or other sudden changes in circumstances can also leave people in a vulnerable position.

The FCA's *Financial Lives* survey, published in October 2017, suggests half of UK adults have characteristics of potential vulnerability. This doesn't necessarily mean people with these characteristics are, or will become vulnerable. But the complaints we've seen this year underscore just how fine the line can be.

stories of the year

- living on credit
- staying aware
- helping people who need us

living on credit

Figures published by the Bank of England during the year show household debt in the UK has reached its highest levels since the 2008 financial crisis. And people have continued to tell us they've had bad experiences with lenders – with complaints about consumer credit products and services rising by 40%, following an 89% rise last year.

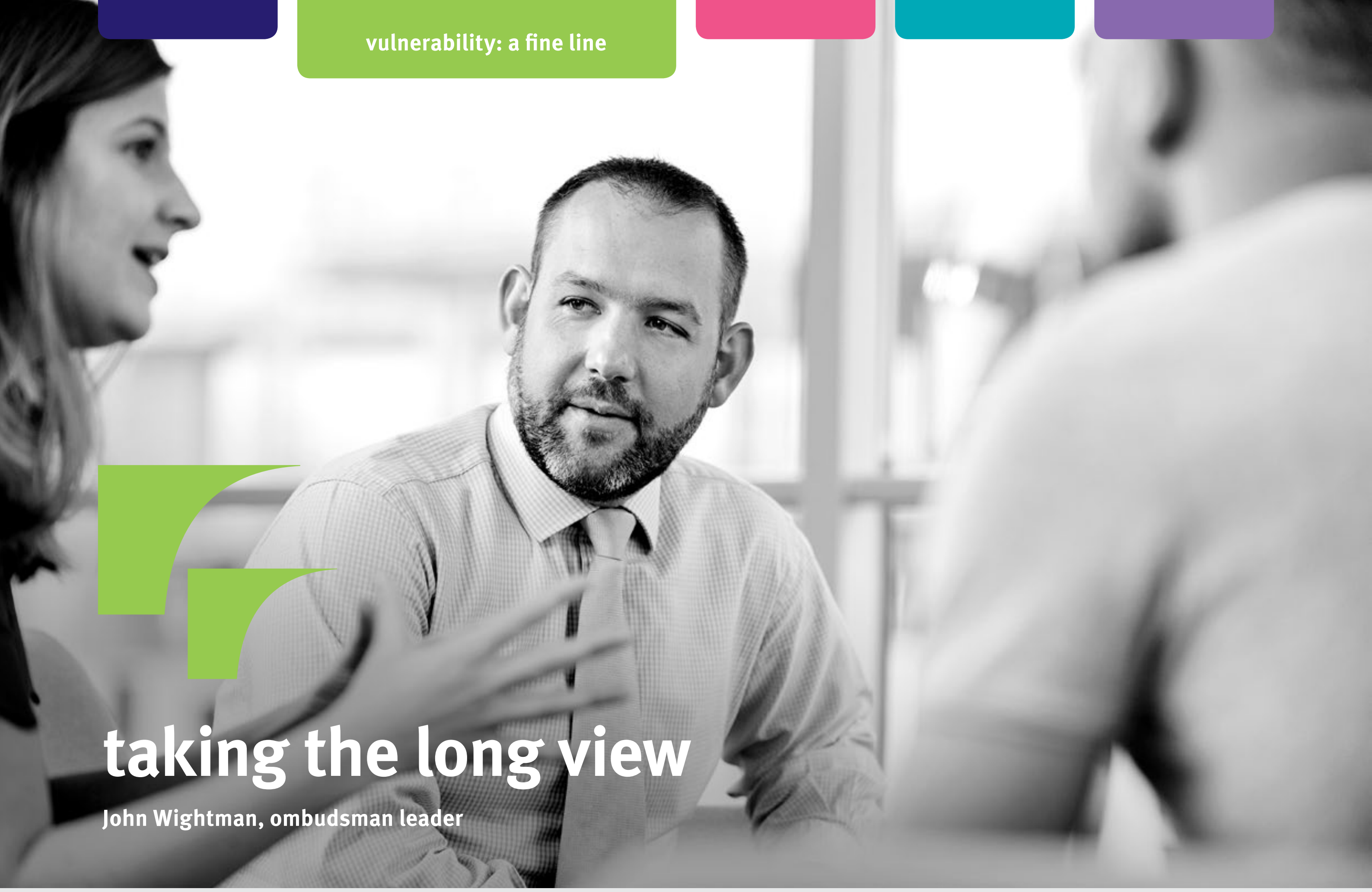
In particular, we saw further significant increases in complaints about high-cost credit, such as payday loans and instalment loans. The fact we've upheld six in ten complaints about these types of borrowing – similar to last year – suggests lenders have some way to go in ensuring they're treating their customers fairly. During the year we continued to share what we were seeing with the FCA, to help inform its own ongoing work to address regulatory concerns about the high-cost credit market.

we received **17,256** complaints about payday loans

15% increase in complaints about credit cards

we upheld **61%** of complaints about payday loans

we upheld **28%** of complaints about credit cards



taking the long view

John Wightman, ombudsman leader

Over the last couple of years, we've seen an increasing number of complaints involving instalment loans. On the face of it, these might seem more affordable than payday loans – the repayment periods are longer, and so the monthly payments may be lower. But extending the amount of time someone's in debt means they'll end up repaying more overall. So they're not necessarily the right option for everyone.

For example, this year we've heard from many people who've taken out high-cost instalment loans as a way of refinancing unaffordable payday loans. However, when people have been struggling to repay an existing payday loan, it's not always appropriate for the lender to offer more expensive credit – even if the monthly repayment looks more manageable.

In some situations we've seen, the lender has given someone several instalment loans at the same time. While these each might have been affordable on their own, the total monthly cost each month can be very high. And the borrower is then locked into this arrangement over a longer repayment period.

In cases like these – rather than helping people manage – using instalment loans has led to mounting and ultimately unsustainable debt. The lenders involved haven't always got a handle on how much their customers are paying out each month – and have been offering loans people could never have afforded.

It's not always the case that people could never afford to borrow money in the first place. But from what we've seen, lenders still have a way to go in doing the right thing – both at the point they're deciding to lend money, and at the point their customers complain. And that's particularly so where the people involved may be vulnerable.

Equally, if people are struggling, it's essential they tell their lender as soon as possible – and contact us if they feel they're not getting the help they need.

While lenders have a responsibility to spot signs their customers are in trouble, it's possible too that some borrowers aren't raising concerns. In the conversations we've had this year with consumer organisations, we've heard that some people are just focused on the immediate priority of clearing or managing their debts. Making a complaint isn't the most pressing issue – even though a lender's actions might be causing difficulties, or making things worse.

Once again this year, a significant proportion of complaints from people using credit to buy everyday items – such as household appliances – have been about the quality of goods in question, or about administration of their account.

However, the FCA's research highlights the particular challenges people may be facing – for example, that people with catalogue credit accounts may have high levels of arrears, and that people using rent-to-own arrangements may be particularly likely to be vulnerable. It's possible that, where credit is being used in this way, the risk of losing essential items may put some people off asking for help.

of all non-PPI complaints in 2017/2018 **24%** were about **consumer credit products and services**

we received **40%** **more complaints about consumer credit** than last year

not up to scratch

Sarah phoned us after getting into a dispute with her car finance company.

She explained she'd come to the end of her personal contract purchase (PCP) agreement, and had tried to give the car back. But the business said there was damage to the wheels that was beyond normal levels of wear and tear – and that she needed to pay £250.

When we contacted the business, they told us – as they'd told Sarah – that the charge was in line with industry guidelines. We asked them to show us the report they'd prepared, along with the guidance they were referring to.

The guidance said that minor scuffs and scratches were acceptable, but larger ones weren't. However, the photos the business sent us were very unclear – and they certainly didn't appear to show large amounts of damage. So we told the business it wasn't fair for Sarah to be charged.

clocking up credit

Mark Hollands, ombudsman manager

In almost every ad break on the TV or radio, you'll hear about deals for cars on finance. Given the low deposits and repayments being offered, it's not surprising things like personal hire and personal contract purchases – "PCPs" – are so popular.

Unfortunately, we've continued to hear from people who haven't got the great deal they were expecting. Often, this is because they've been hit with unexpected charges at the end of the contract – perhaps because the finance company's saying there's damage to the car, or they've driven over the mileage limit in their agreement. We'll need to look into what happened when the finance was taken out, to make sure all the important details were made clear.

Despite the low upfront cost of arrangements like PCPs, we do hear from some people who are struggling to keep up with their repayments. As in other areas of credit, car finance providers aren't always responding as positively as they should when they know someone's in trouble.

But we've noticed too that some lenders aren't being thorough enough with the affordability checks they're carrying out right at the start. And if they'd taken more care at this stage, their customer might not have ended up in difficulty at all.

For many people, losing your car isn't just a minor inconvenience. It can set off a whole series of problems, including spiralling financial difficulties – for example, if you can't get to work. So it's essential car finance providers get these basics right.

We'll continue to engage with lenders to help them address customers' concerns constructively – and more importantly, not sign people up for "deals" they don't understand and can't actually afford.

debt on the doorstep

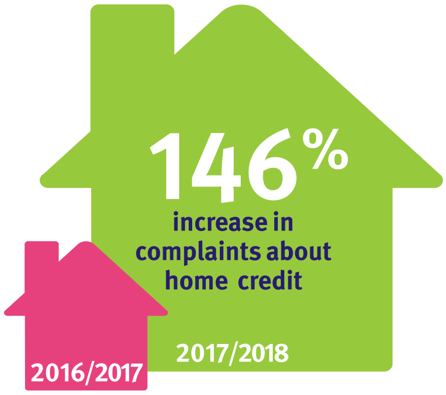
When Deepa contacted us, she was having serious financial difficulties.

She'd taken out a number of loans with a home credit provider, whose rep visited her house to collect her repayments. She said she'd started out borrowing small amounts, but had then borrowed more to pay off other debts – and now owed several thousand pounds. Unable to meet her monthly repayments, she'd approached a debt charity, and they'd suggested she contact us.

Deepa sent us all her bank statements back from the time she'd taken out her first loan. At the beginning, she'd had enough income to comfortably make her repayments. However, as the loans increased in size, this was no longer the case. By the time she contacted us, the final three loans she'd taken out were in arrears, and she was now being contacted by a debt collection agency.

We could see the lender had carried out some affordability checks each time they gave Deepa a new loan. But the last three loans were significantly larger. We thought that the lender should have carried out more detailed checks for these loans – and that if they had, they would have seen that her weekly disposable income was less than what she was paying out in repayments.

The lender hadn't initially done anything wrong. But they hadn't acted responsibly in continuing to lend to Deepa without checking she could afford it. So we told them to waive all the interest and charges they'd added to the final three loans – and to clear any outstanding debt with the debt collection agency. We also told the lender to make sure her credit file wasn't adversely affected.



staying aware

Even people who seem to be on top of their finances can quickly become vulnerable. The complaints we've seen this year highlight the need for people to anticipate potential risks to their money – and for financial businesses to be proactive in helping them to do so.

For example, we've continued to hear from people who've been victims of fraud. As businesses work to improve their security, criminals' methods continually evolve. However, while wide-scale cybercrime such as hacking tends to make the headlines, we've seen how scammers often only need simple personal data – such as someone's full name or date of birth – to begin to bypass security processes. People have often put this information in the public domain themselves – for example, on social media.

While we find in some cases that the business has taken steps to protect their customer's money, in other cases we decide people have lost out as a result of the business's failure to take action.

Other cases we've seen this year illustrate how things that sound like a good idea might not always live up to expectations. And sometimes, this is because people have taken decisions based on information that isn't clear or accurate.

For example, we've continued to hear from people who've taken out credit to have solar panels installed on their homes. Typically, they'd agreed to have the panels installed on the understanding that they would "pay for themselves" – and even make some money. Unfortunately, for some people, we've seen that this simply hasn't been the case.

checking it out

Mo phoned us after losing money in a scam. He'd transferred £40,000 to what he'd thought was an investment platform.

But about a month later, his bank contacted him to ask if he'd bought some industrial equipment. At that point, he'd realised the investment platform didn't exist.

Mo explained to us that he'd reported the scam to the police. And he'd also complained to his bank, saying they hadn't done enough to protect his money. But the bank said they hadn't done anything wrong – and that there wasn't anything they could do to help now, as Mo had got in touch with them too late.

When we looked at the bank's records, it seemed the fraudster's account – which was held with another bank – had had a warning registered against it before Mo transferred his money. This bank had been made aware that someone else, in addition to Mo, had been the victim of the same scam.

There was evidence that the bank used by the fraudster had contacted Mo's bank to let them know about this. However, after getting the warning, Mo's bank hadn't gone on to take the action they should have.

Looking at the sequence of events, we thought it was likely that, if Mo's bank had acted as it should, Mo wouldn't have fallen victim to the fraudsters. So we told the bank to refund all the money he'd lost.

seeing the light

Sarah Holmes, ombudsman manager

People buy a whole range of things on credit – whether it's using a credit card, or taking out a loan or finance deal. But because the actual goods and services involved aren't "financial" – whether it's a car or a new kitchen, or in this case, solar panels – people aren't always aware we can help.

However, the law says that – in certain circumstances – the provider of the credit is equally responsible for resolving any problems as the provider of what someone's bought. And if someone isn't happy with the credit provider's response to a complaint, we can look into what's happened.

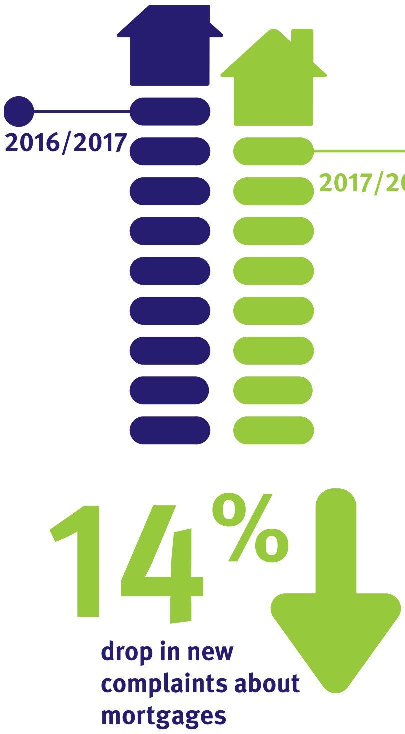
This year we've continued to hear from people who've got concerns about solar panels they've had installed. We'll look carefully into how these were sold – and what people were told they'd get, as opposed to what they actually got.

In some cases, we've seen evidence of salespeople using pressure sales techniques, as well as misleading sales literature and representations. In particular, some people were led to believe the benefits of the solar panels would outweigh the cost of the finance. But in reality, taking the loan repayments into account, some people are actually ending up out of pocket – or even in financial difficulty.

Claims management companies are very active in this area. But it's not necessary to use one. And if you do, and you get some money back, you won't be able to keep all the money you're entitled to.

It's easy and free to complain yourself – and if you're not happy with the answer you get from the credit provider, we can look into what's happened.

Other complaints we've seen underline the importance of people actively taking steps to prevent problems arising with their money. This year we've seen complaints about mortgages fall again overall, following our work in recent years to help lenders treat customers fairly in light of stricter lending rules.



However, we've been hearing from people at or approaching the end of their interest-only mortgage terms – who are concerned they won't be able to repay their outstanding balance.

It's estimated that nearly half a million of these mortgages will be paid off by 2020. But within the next decade, there will be further peaks in mortgages reaching the end of their term. And the FCA has warned that people aren't always engaging with their lenders in advance, despite receiving letters prompting them to think about their arrangements.

The consequences of this are clearly very serious – and some people who contact us are at risk of losing their homes. In some cases, we decide the lender hasn't been proactive enough in helping their customer, or hasn't explored all the possible next steps. In others, we decide the lender has done what they can to help – even though the answer isn't the one their customer was hoping for.

a change of plan

Sam and Jay complained to us when their interest-only mortgage came to an end.

They explained they'd planned to sell their house to pay off the balance. The lender had agreed to extend their term for a couple of months while they were selling. But after that time, they still hadn't found a buyer.

Sam and Jay weren't now sure if they wanted to sell up after all. They'd asked the lender if they could have two more years, but the lender would only agree to a further six months. Sam and Jay thought the lender was being unfair – and wondered if they were being discriminated against because Jay was over 75.

We appreciated that these were difficult decisions for Sam and Jay to make. Looking at everything that had happened, we thought the lender had done what they could to support them, and to give them time to work things out. There was no guarantee that their circumstances would have changed after another two years. And there was no evidence that Jay's age had been a factor in the lender's decision to turn down the further extension of the mortgage term.

We explained that we didn't think it was the right thing to do to let the situation go on indefinitely. On the other hand, this didn't mean the lender's obligation to help Sam and Jay should end.

We encouraged Sam and Jay to work with the lender to sell their house through its voluntary sale programme – which meant they could stay there while it was being sold by the lender's agents. And we told the lender to ensure they'd explored all other options before considering a legal route.

helping people who need us

If someone has never made a complaint before – or isn't sure what the consequences might be of raising concerns – it can understandably seem a very daunting prospect. As a service for everyone in the UK, we've got a responsibility to make sure there aren't any barriers to people contacting us, so they can get the answer they need to move on from the problem they're having.

Part of this is about making sure people are aware of our service. In 2017/2018 we continued our engagement work across the UK – talking to local and national organisations who can give us an insight into the specific issues facing the communities they're supporting, and help us reach people who might otherwise not know about or use us. We also continued to talk to smaller businesses who, because we don't receive many complaints from their customers, generally don't have much contact with us.

For the first time this year, we used webinars for this kind of engagement – minimising time and financial costs for everyone involved. This included running our own sessions for money advisers working for charities and for smaller businesses covered by our service, and participating in a webinar run by a credit union trade body.

To help inform our wider awareness-raising work – for example, our proactive engagement with the media – we continue to measure awareness of our service. Overall, the number of people who have some awareness of us has remained broadly the same this year overall.

We've also been working to remove barriers to people taking things forward after they've initially contacted us. In the past – although we'd always do as much as we could to help at an early stage – people would have had to wait eight weeks to get the business's final response before they could ask us to step in.

But since 2015, following changes to the rules that apply to how complaints are dealt with, we've been able to get involved in complaints that businesses haven't yet investigated themselves. A number of businesses have now told us we can get involved whenever a customer wants this to happen – rather than giving us permission on a case-by-case basis, which they're technically able to do. This year we've continued to work with businesses to understand how we can make greater use of this approach, reflecting our commitment to resolve complaints at the earliest possible stage.

our year at a glance

April 2017

we present our previous charity partner, Haven House Children's Hospice, with a final cheque for £38,766

July

we're accredited by the Living Wage Foundation for our commitment to paying our people a fair wage

ON August

we share our insight into how we've helped resolve problems involving borrowing and debt

the FCA publishes its final *Plevin* rules and guidance – meaning affected complaints can begin to be resolved

October

ON we share our experience of resolving complaints about PPI and answer FAQs about how we can help

we open our new office in Coventry, where 300 people are now based – helping us resolve PPI complaints in a flexible way

November

we introduce new policies to support our trans employees and those with caring responsibilities, with the help of our employee networks

ON January

we highlight complaints we've seen involving travel insurance, from cancellation claims to disputes over alcohol consumption

we publish our first report on our equality, diversity and inclusion

we launch our new parents' network and our supporting our customers practice group

March 2018

we publish our plans for 2018 /2019, setting out the trends we think we'll see

ON *ombudsman news* published
read the latest news and updates on our website or on twitter @financialombuds

our year at a glance

6 — we host roundtables for independent financial advisers

10 — we meet small businesses we cover

4 — we take part in FCA events

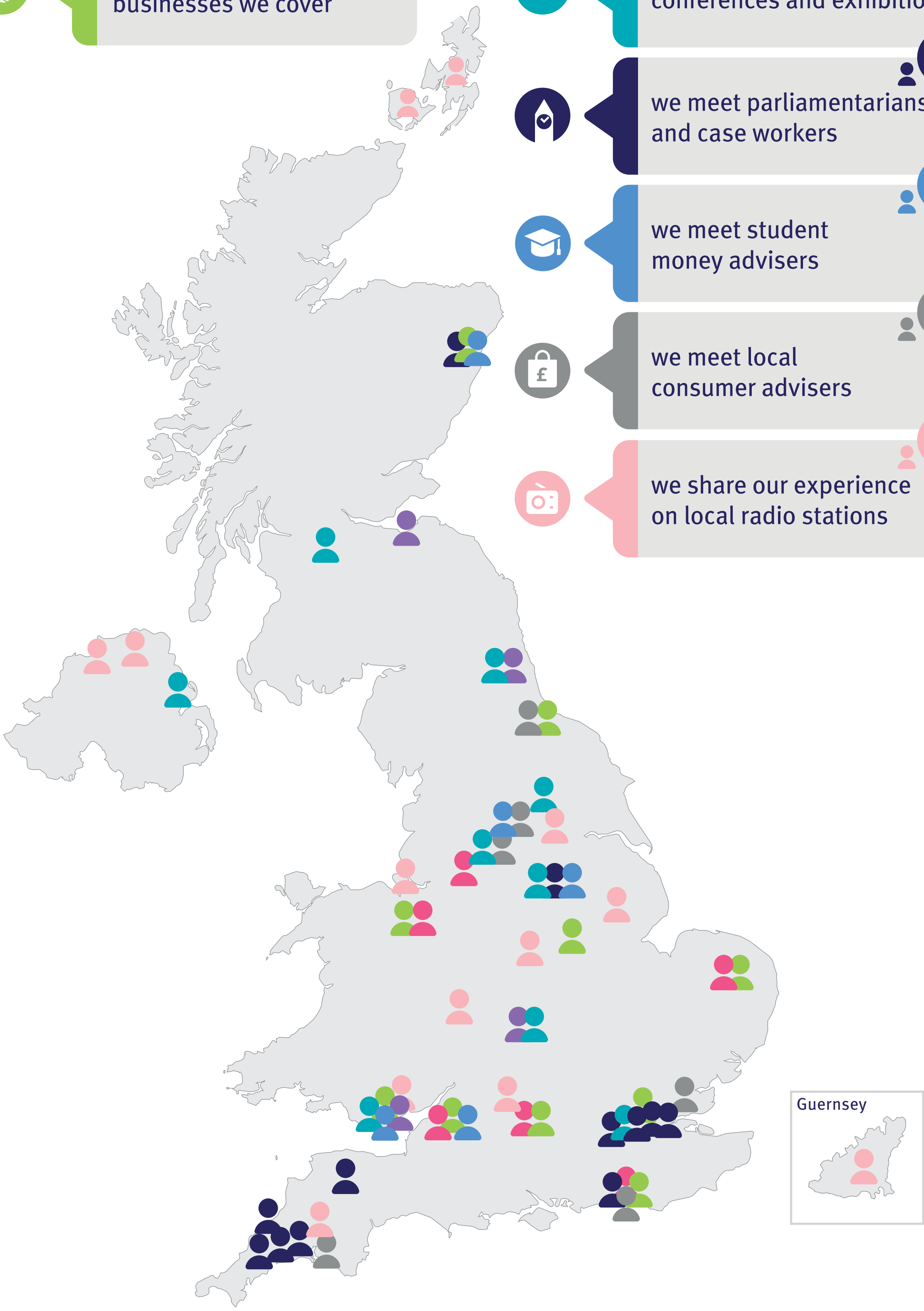
9 — we attend events, conferences and exhibitions

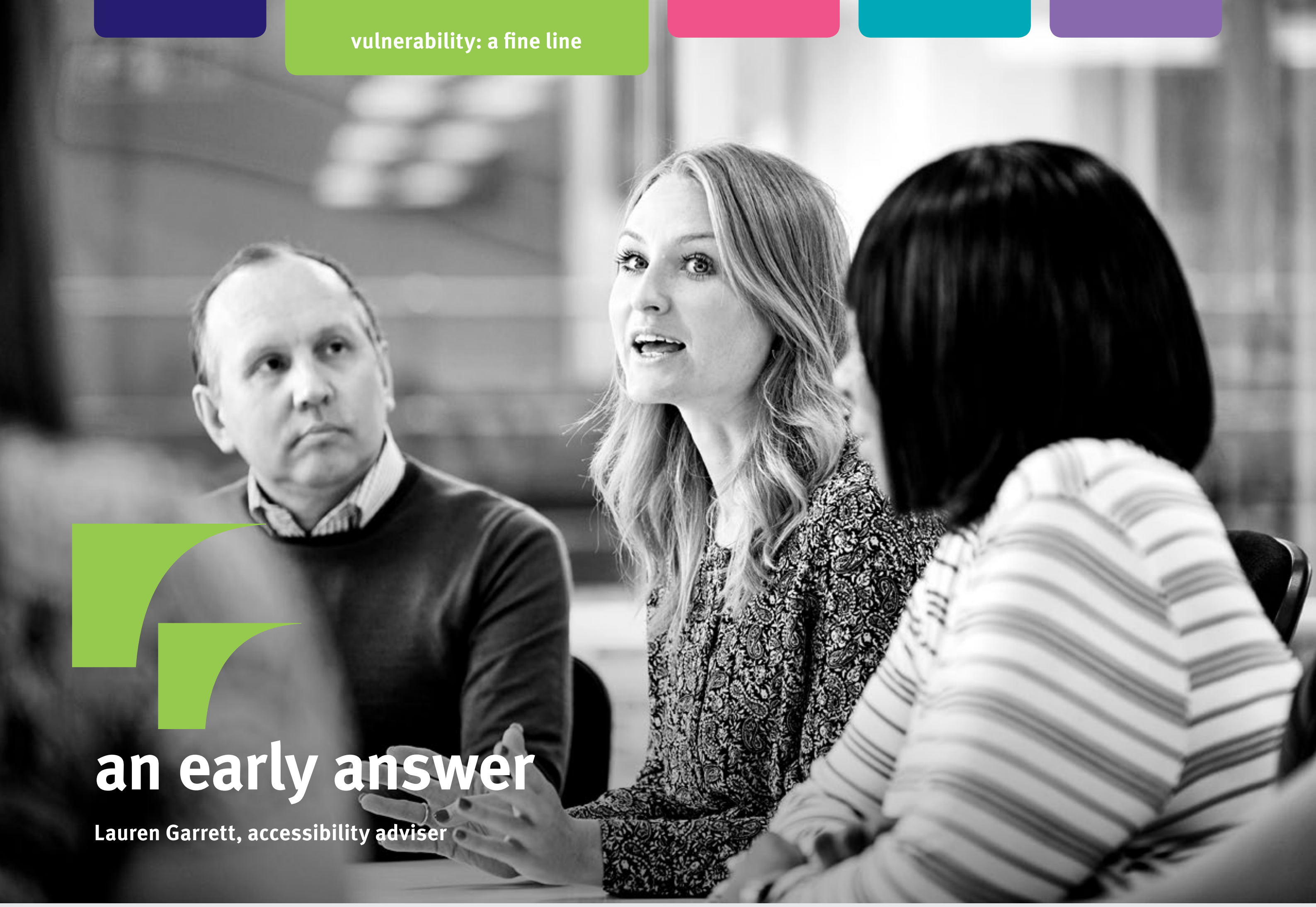
12 — we meet parliamentarians and case workers

5 — we meet student money advisers

6 — we meet local consumer advisers

13 — we share our experience on local radio stations





an early answer

Lauren Garrett, accessibility adviser

Given the choice, most people would want a problem resolved sooner rather than later. But if someone's in vulnerable circumstances, the fact we can step in at an early stage can make all the difference.

For example, this year we helped someone who'd been left with no money in her account for essentials. She'd tried to take money out of an ATM, but it hadn't dispensed her cash. Not sure what to do, she'd phoned us. And rather than having to refer her back to her bank – to go through the standard complaints process, which might have taken days or even weeks – we worked with the bank to get an emergency credit put into her account in just a few hours.

People's difficulties aren't always obvious, though. And they might be nervous about disclosing what they're going through – especially if they don't know what help, if any, is available. The training we've received this year from the Money Advice Trust will help us do more to identify the signs of vulnerability, and provide effective, sensitive support.

We've also launched a new knowledge-sharing practice group – a network of experts, specifically focused on ensuring we're doing all we can for people who've contacted us. Given the relationship between vulnerability and problems with money, it's essential this type of knowledge is given the same weight as any other aspect of resolving complaints.

new ideas, new challenges

Developments in the way financial services are provided can mean greater flexibility and convenience. But these new ideas also present new challenges – which we've seen reflected in the complaints people bring to us.

This year there were also developments in the long-term challenge of dealing with the fall-out of mass PPI mis-selling – which again accounted for over half of all the complaints we received.

stories of the year

new ideas

According to the latest figures from Ofcom, nearly nine in ten people have internet access at home, and three quarters of people have a smartphone. This shift toward digital, together with other innovations in how services are provided, can help people manage their money – and their lives – in a way that's tailored to them.

On the other hand, we see examples each year of where people's expectations of new technologies haven't been met. Last year we highlighted that a growing number of the complaints we were seeing about car insurance involved telematics. Figures suggest there are over a million UK car insurance policies that use this technology – and it can help reduce costs, especially for younger drivers who typically pay more for their insurance.

But this year we heard from a growing number of people who believed the data their "black box" had collected wasn't right. Other people have been told their premiums would increase – or had even had their policies cancelled – because they'd apparently not met the standards their insurer had expected.

left in the dark

Ash contacted us after getting into a dispute with his insurer. His insurer had written to him to say his driver rating was very poor – and that they'd cancel his policy if it didn't improve.

Ash explained that the insurer had said one of the factors affecting his score was driving at night. But he had to do night shifts at work, so he couldn't just stop driving late. He said he wouldn't have taken out the policy if he'd known driving at night would have such a big impact.

We listened to the sales call between Ash and the insurer. We heard the insurer mention all the factors that could affect someone's driving score – including acceleration and braking. They'd also said driving between 10pm and 5am could have an effect, though the policy "didn't have a curfew".

But the insurer hadn't clearly mentioned just how big an impact driving at night would have. Looking closely at how the insurer scored drivers, it seemed that with Ash driving at night as regularly as he did, his driving score would have had to be nearly perfect in every other area to avoid getting a warning.

We didn't think Ash had been given enough information to make an informed decision. If he'd known how significantly his night-time driving would affect his score, we thought it was unlikely he'd have bought the policy.

Ash had already cancelled his insurance – which involved paying a fee, as well as the cost of the telematics box. We told the insurer to give him a refund, adding 8% interest.

Over the last year, cryptocurrencies – digital currencies that don't rely on traditional financial institutions – have received sustained media attention.

The idea of being a part of something new and "decentralised" has clearly appealed to some people. But many activities relating to cryptocurrencies aren't regulated. And in September 2017, the FCA warned that investors in so-called "initial coin offerings" risked losing all their money – without any recourse to the Financial Services Compensation Scheme (FSCS) or to us.

However, cryptocurrencies may be involved in other types of financial activities that we can look into complaints about. For example, this year we heard from people who'd lost money from contracts for difference, as cryptocurrency values experienced significant volatility.

> ... we see examples each year of where people's expectations of new technologies haven't been met

bets are off

George contacted us after getting into a dispute with his investment broker.

He explained he had made a contract for difference spread bet on a cryptocurrency. He'd received an email from his broker to say there'd been an unexpected change in the market, and the cryptocurrency would be split into two products. As a result, the broker had created a position in the second product too.

But George hadn't had enough funds in his account to cover his investments, putting his account into default. As a result, the broker had closed both positions, to prevent any risk of further loss. George had complained he hadn't had an opportunity to spread his bet – but the broker was saying they'd acted as they should.

When we talked things through with George, he acknowledged he'd put a bet on a high-risk product. He also recognised that, given the volatility in the market, the broker couldn't have predicted how the change would affect the value of its investors' bets.

Having looked carefully at George's agreement with the broker – and the email the broker had sent – we decided the broker had acted in line with its agreement to minimise risk. And it had communicated clearly about what it was doing. So, while we were sorry George was disappointed, we didn't tell the broker to take any action.

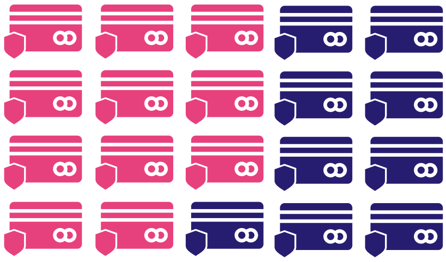
new challenges

Dealing with the fallout of mass PPI mis-selling has been a significant and long-term challenge for us. From a peak of half a million complaints a year back in 2013, we received 186,418 in 2017/2018 – 10% higher than in 2016/2017, and accounting for 55% of the total complaints we received. We resolved over 250,000 PPI complaints this year, bringing the total to around 1.6 million.

In August 2017 the FCA's new PPI rules and guidance came into effect – following a complex consultation process sparked by the Supreme Court's judgment in the case of *Plevin v Paragon Personal Finance Ltd*.

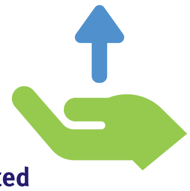
The judgment in *Plevin* means some people may now have further grounds to complain about PPI. Specifically, people can now ask the business to look into whether high levels of undisclosed commission were involved in their PPI policies. At the beginning of the financial year, *Plevin* was relevant to 140,000 of the 170,000 PPI complaints that were waiting for our answer.

The FCA had initially indicated its *Plevin* rules and guidance would come into effect at the beginning of 2017/2018 – and we'd consulted on our plans on this basis. However, the timetable shifted to August 2017 – and before then, although we were able to tell people involved whether we thought their PPI had been mis-sold, we weren't able to say if they were due a refund of some of the commission they'd paid on their PPI. In the meantime, we were working to get the detailed information we needed from businesses about the levels of commission their customers had been paying.



55% of all new complaints were about PPI

36%



PPI complaints upheld in 2017/2018, excluding those affected by *Plevin*

For better or worse, PPI has changed the game in terms of bringing “mis-selling” into the public awareness. And it isn’t surprising that the biggest example yet of a mass-scale complaint issue has given rise to mass-scale activity on the part of claims management companies. In turn, the unprecedented volumes of PPI complaints we’ve received over the last ten years – of which a consistent majority have been referred to us by these companies – meant we needed to treble in size, and develop new, efficient ways of resolving individual complaints fairly.

On one hand, this “industrialisation” of complaints has intensified suggestions that there’s a growing compensation culture. At the same time, concerns have been raised that people are losing out on money they’re rightly owed – sometimes in the region of 40% of their PPI refund – to pay for claims managers’ fees.

At the same time as introducing its new PPI rules and guidance and deadline, the FCA launched a public awareness campaign – to help ensure everyone with concerns makes an active choice about whether to take action before the complaints deadline of 29 August 2019.

To coincide with the FCA’s campaign, we updated our website to help people understand why they might have cause to complain – and to emphasise that it’s easy to do it yourself, without unnecessarily losing a cut of any compensation to a claims management company. In 2017/2018, more people complained to us directly about PPI – with claims managers involved in 80% of the PPI complaints we received, down from 85% last year.

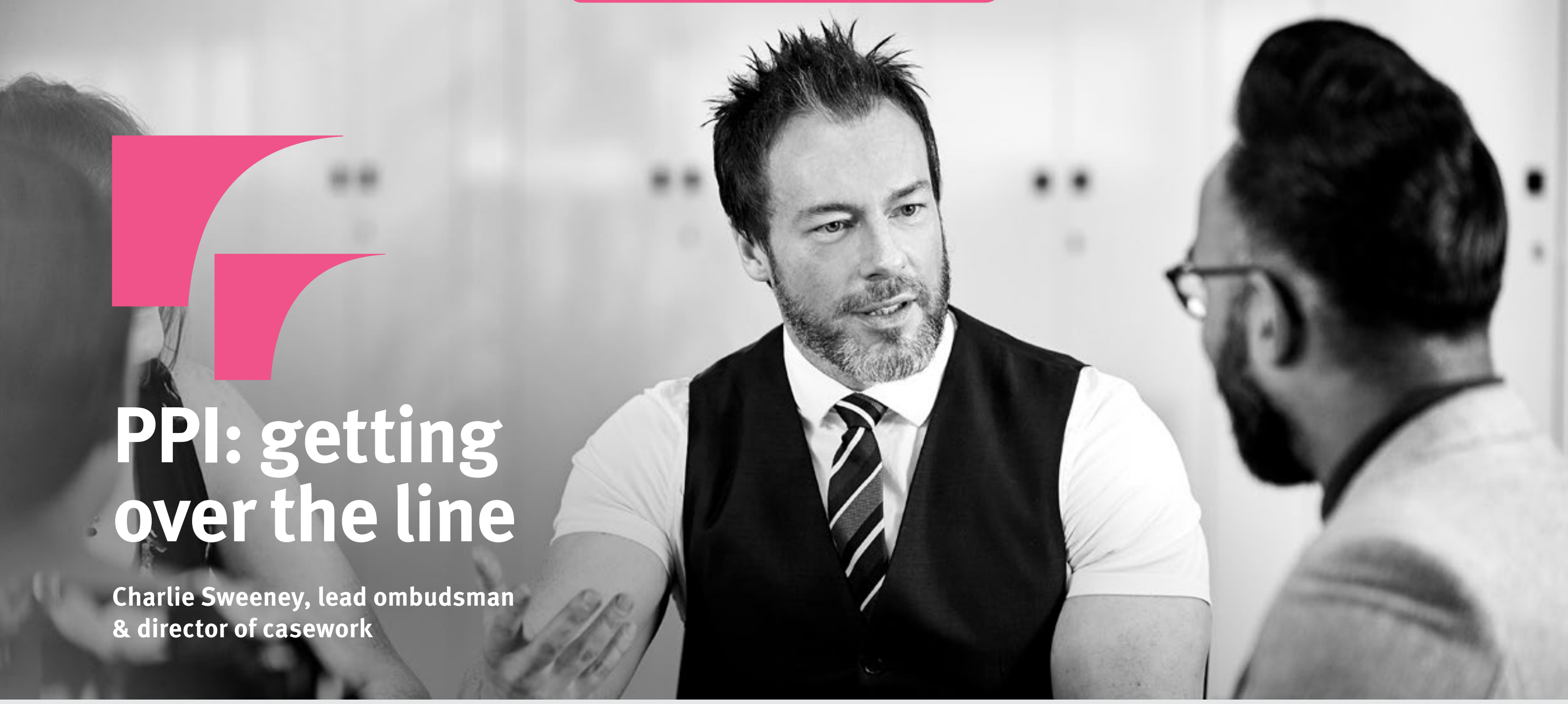
250,000+

PPI complaints resolved in 2017/2018

118,000 (47%) were affected by *Plevin*

29 August 2017
The FCA’s *Plevin* rules and guidance were published

29 August 2019
deadline for complaining about PPI



PPI: getting over the line

Charlie Sweeney, lead ombudsman & director of casework

Since August 2017, there's been more clarity about what the FCA expects businesses to do when a customer raises concerns relating to *Plevin*. So the task has been brought into focus for the industry. And we've been able to give answers to people who are waiting to hear from us.

Even though things have moved on this year, the broader expectations haven't changed. Businesses need to ensure they're giving their customers fair answers – taking into account the rules and regulations, and learning from how we've approached things. They also need to ensure they're explaining those answers clearly – so their customers have confidence they've been treated fairly, and disputes aren't escalated to us unnecessarily.

The same goes for claims management companies. We've often found PPI was mis-sold. However, for some people – looking at their individual circumstances and the particular policy they had – it might have been a reasonable product to take out. It's important claims managers weigh all these things up when they're deciding whether it's likely their client was treated unfairly.

I know some people have been waiting for our answer about their PPI complaint for a long time – far longer than we'd hoped. But we're making good headway – and we've resolved over a quarter of a million complaints this year. At the moment, there are fewer PPI complaints waiting for our answer than there have been for the best part of the last decade.

The news that PPI may be effectively coming to an end – and with it, all the uncertainty I've talked about here – has understandably been challenging for our people. As always, I'm really grateful for their professionalism, hard work, flexibility and commitment to resolving PPI complaints fairly for the people who are relying on us to do so.

The uncertainty isn't over yet – we still don't know how many people will choose to complain about PPI, or when exactly they'll do so before the August 2019 deadline. And even after that, people will still be able to bring complaints to us for a short time.

Looking at cases not affected by *Plevin*, this year we've upheld fewer PPI complaints than in the past. As businesses and claims management companies get to grips with the new rules and guidance – and apply our thinking on their own front line – we expect it'll increasingly be the most hard-fought and complex disputes that reach us.

However things pan out, we'll be focused on building on the progress we've made this year – and making sure everyone with concerns about PPI gets the clarity they need.

During the year, wider regulatory developments brought new challenges for the financial services sector. For example, in January 2018, the revised *Payment Services Directive* – or "PSD2" took effect in the UK.

One of the consequences is that when people complain about payment services, businesses need to give their final response within 15 days – rather than the eight weeks they had previously. Before the rules came into force, we worked with businesses to understand how many complaints they expected to be affected by this upcoming change. For large banks, it was often a majority of complaints.

Many of the things that count as payment services were already covered by our service before January 2018 – such as direct debits and payments made by card.

There were also some things we didn't previously cover, but now do. These include providing "account information services" – commonly known as open banking. We can also now look into complaints about a wider range of payment methods – such as when a business has taken money directly from someone's account when they're shopping online.

We can also help when a purchase has been charged to someone's mobile phone bill. For some purchases – such as digital content or charity donations – our ability to do so is subject to certain financial limits.

playing the game

Mina contacted us after her mobile phone bill was over £300 more than she'd expected. She said she'd let her seven-year-old son play games on her phone – but hadn't known he'd be able to make "in-app" purchases that would be added to her bill.

When we got in touch with the provider, they told us they were allowed eight weeks to investigate. We pointed out that Mina's case involved a type of payment service – which meant they had to give their answer within 15 days.

The network provider then said that, because each in-app purchase had only cost £2.99, we couldn't actually help. However, we explained that because the total billed purchases came to more than £240, we would be able to step in if necessary. The size of each individual payment wasn't the only thing that mattered – and the *overall* cost was also a relevant factor.

The network provider accepted what we'd said. And having looked into what had happened, they said they would be giving Mina a refund.

It's been suggested that "big data" has the potential to improve the services people receive. But this year, there were growing concerns among policymakers and the public about how people's personal data is being used.

The new EU *General Data Protection Regulation*, or "GDPR" – which was introduced in May 2018 – gives people far greater control over their personal data. Like many organisations that need to hold people's personal details, we've been ensuring our own ways of working remain compliant now the GDPR is in effect.

We've always been able to look into complaints from people who feel businesses haven't handled their data correctly – such as wrongly disclosing it to other parties. In many cases, both we and the Information Commissioner's Office (ICO) will have a part to play in sorting things out.

Some smaller businesses we've met this year have told us they're concerned that customers' new right to the erasure of their personal data – or "right to be forgotten" – will mean they're left without data that's crucial to defending future complaints.

We've explained that this won't mean businesses are left unable to meet their complaints-handling obligations. And the FCA and the ICO are working to ensure businesses have clarity about what the GDPR means in practice.

falling flat

Nicola emailed us with concerns about a mortgage broker.

She explained she'd recently made an offer on a flat. But the seller's estate agent had disregarded her offer, because the broker had told them that she'd been turned down for a mortgage.

Nicola told us she'd complained to the broker that they shouldn't have discussed her circumstances in this way. But they'd replied to say they hadn't disclosed any personal data, so they hadn't done anything wrong.

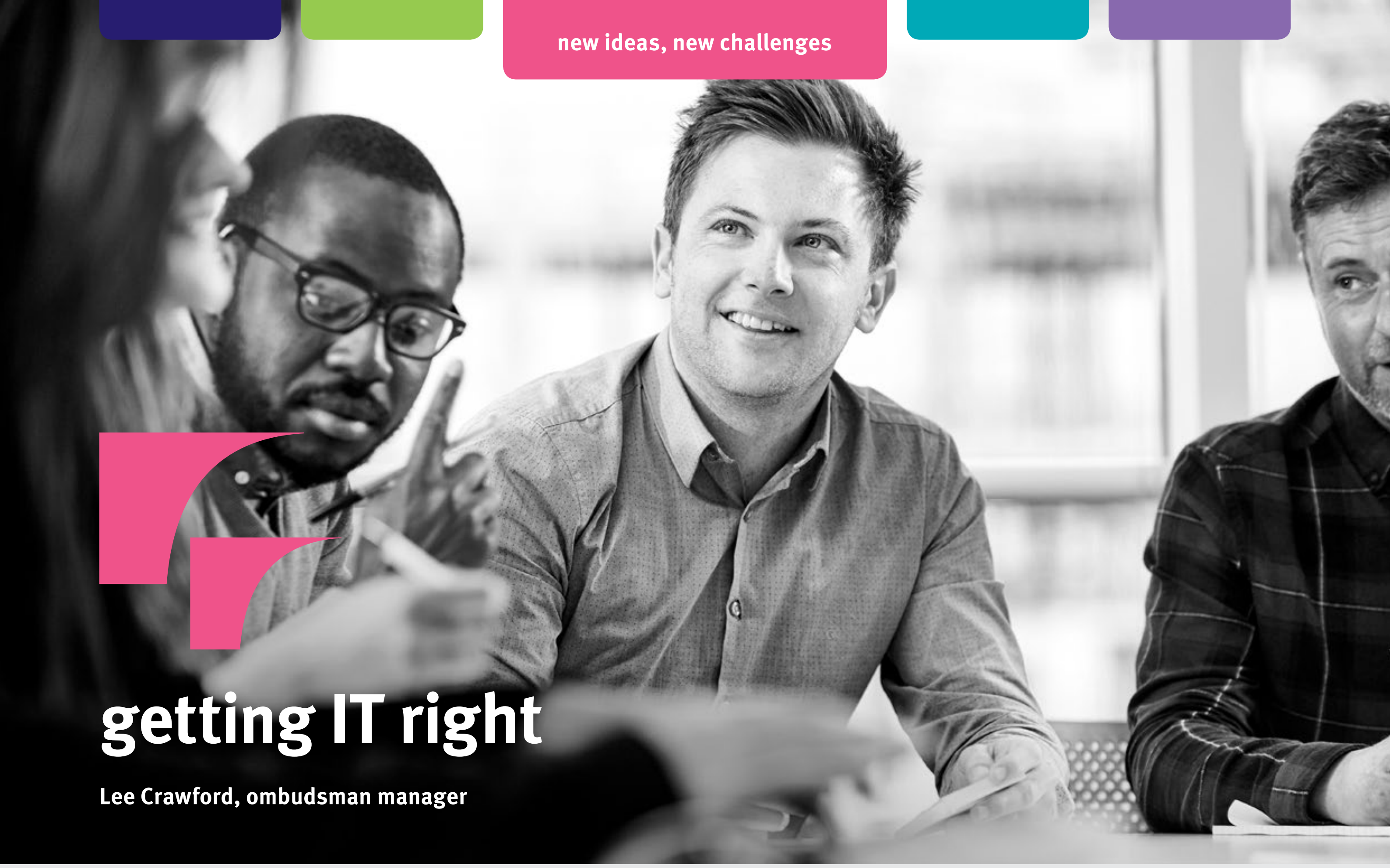
We thought it was likely there would be situations where mortgage brokers and estate agents would need to talk to each other. But, looking at the broker's records, we agreed they'd shared more information than they'd needed to. For example, there was no reason for them to have given the estate agent the specifics of why Nicola's application had been turned down.

Before complaining to us, Nicola had contacted the ICO. During our investigation, the ICO confirmed that the mortgage broker hadn't complied with data protection rules. Like us, they thought the broker should have got Nicola's consent before discussing her circumstances with the estate agent.

Nicola thought the mortgage broker was responsible for her losing the flat. She said she could have got a mortgage from somewhere else – but the broker had given the estate agent the impression that she couldn't.

However, the records showed there'd been a higher offer on the table from another potential buyer. And there wasn't enough evidence for us to conclude that the broker's actions directly led to Nicola not getting the flat.

Even so, the broker's actions had caused Nicola upset and embarrassment. So we told them to pay her compensation to reflect this.



getting IT right

Lee Crawford, ombudsman manager

You can't just replace an IT system overnight. Over the last couple of years, we've been working out what exactly we need to provide the best service we can. We've been developing, testing and refining the technology, using it in a real-life "model office". We've been training people how to use it. And in the background, we've been gradually rolling it out – while keeping the show on the road.

Basically, with our new "customer-centric" system – which is replacing our old "case-centric" one – we can see a complete picture of what's going on for someone all in one place, rather than having to look up individual case records. As we've changed the way we deal with complaints, we've needed to make sure our IT supports this – so we're not faced with "computer says no" situations, where inflexible systems get in the way of doing what's right in individual circumstances.

We've also continued to develop our online portals, which we'll be launching later in 2018. People with complaints will soon be able to log in, upload information and check on our progress online – rather than having to contact us directly. For businesses – who've been working with us to test the technology – it'll mean we can share increasing amounts of information in a way that's quick, secure and totally paper-free.

It's been a real milestone year for our IT transformation – and a lot of hard work to get everything in place. But I'm confident – and I've already seen in practice – that we'll now be better able to provide the joined-up, personal service people need and expect.

keeping pace

What might seem on the face of it to be a simple, single transaction – for example, booking a holiday through a travel website – might actually involve a number of different interactions behind the scenes. This might not be apparent until something goes wrong – and people discover that resolving the problem is far more complicated than what they did in the first place.

New technologies have also increased people's expectations of the speed with which companies they use, and organisations they need to interact with, respond to their questions or concerns. And as financial providers continue to innovate – offering new ways of doing things, or totally new types of service – the picture may become even more complex.

So when people contact us for help, we need to be able to take a bigger picture approach – and work in flexible ways that mean people aren't kept waiting for an answer. Recognising this, over the last few years we've been transforming the way we deal with complaints. And in 2017/2018, we put the changes we'd made into practice on a wider scale.

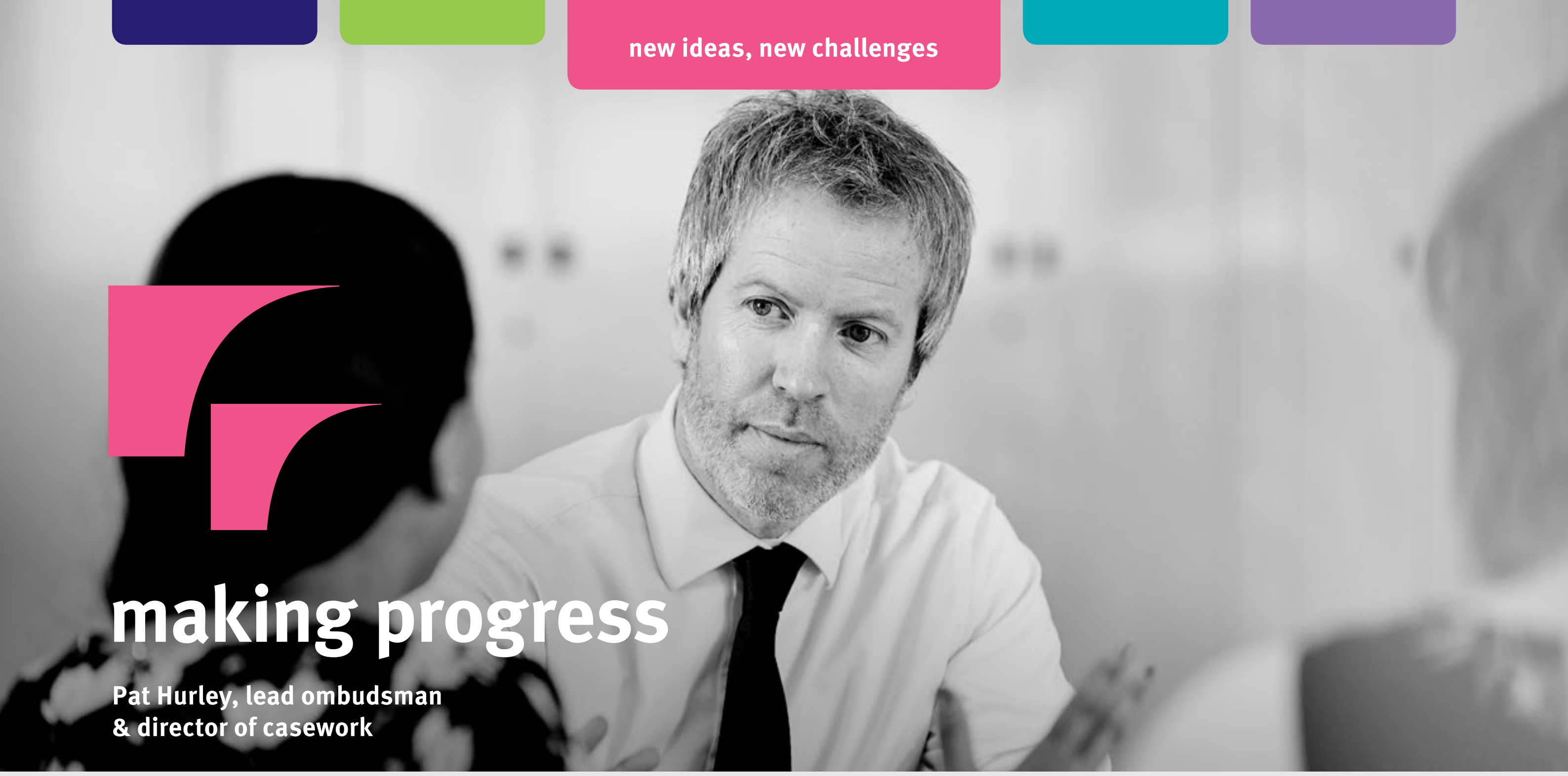
As we've streamlined our process – and made it far more flexible – we've needed to take a different approach to the way we measure people's satisfaction with our service. While this means the previous year's figures aren't directly comparable, we've maintained a good level of confidence – with half of people who didn't get the answer they were hoping for saying they were still satisfied with the service they'd received from us.

As we've been working more flexibly, we've also continued to invest in our IT – helping us work more efficiently, and increasing the ways in which financial businesses and their customers can engage with our service when they need to.

75%

of people were satisfied with our service according to the Institute of Customer Service

... when people contact us for help, we need to be able to take a bigger-picture approach



making progress

Pat Hurley, lead ombudsman & director of casework

The world has evolved considerably in recent years – and the financial services sector certainly hasn't been immune from that. We're all seeing the boundaries between financial services and other services blur. People have become used to having access to information and services at their fingertips. And we're increasingly less willing to wait for things.

So when there's a problem, any kind of delay can cause frustration – especially for people coming to us for help, who may rightly hold us to a higher standard than the businesses they're complaining about.

Even before we put our new casework structure into practice, we were always looking for ways to improve our service. This included, importantly, reducing the time people had to wait for an answer – and getting knowledge closer to our "front door". The changes we've been making mean that, increasingly, people who now call us will speak directly to an investigator who'll be able to take their problem forward.

Financial businesses and their customers alike understandably have high expectations of us – our powers mean we're unique in what we do, and they're relying on us to give a fair answer and explanation when it really matters. The biggest strength of our service has always been our people – and their ability to listen, get to the bottom of what's happened, and find a fair solution. That's why, as we've been investing in our processes, we've continued, and will continue, to invest in our people – whether it's through our new academy, mentoring, or supporting wider training and qualifications.

In our ambition to be more flexible and responsive for the consumers and businesses that need us, we've also needed to invest further in how we share and access knowledge. We've really developed our online knowledge tool this year, based on the feedback our people have given as they've put it to use resolving complaints.

We've also continued to develop our practice groups – networks of experts on the financial products and issues involved in the complaints we receive. And we're organising our service in such a way to support specific knowledge being embedded where it's required, but where access to skills and knowledge is available to all – from the most straightforward concerns, to the most technical, highly publicised or entrenched disputes.

It's not been an easy journey for our people – and it's going to be a really important year ahead as we work together to fit this all into place. Whether we're talking buildings insurance, how we help vulnerable customers, PSD2, or an issue that's newly emerging, this will all help us to see the bigger picture – and challenge us to keep in step with what fairness really means in today's world.

different perspectives

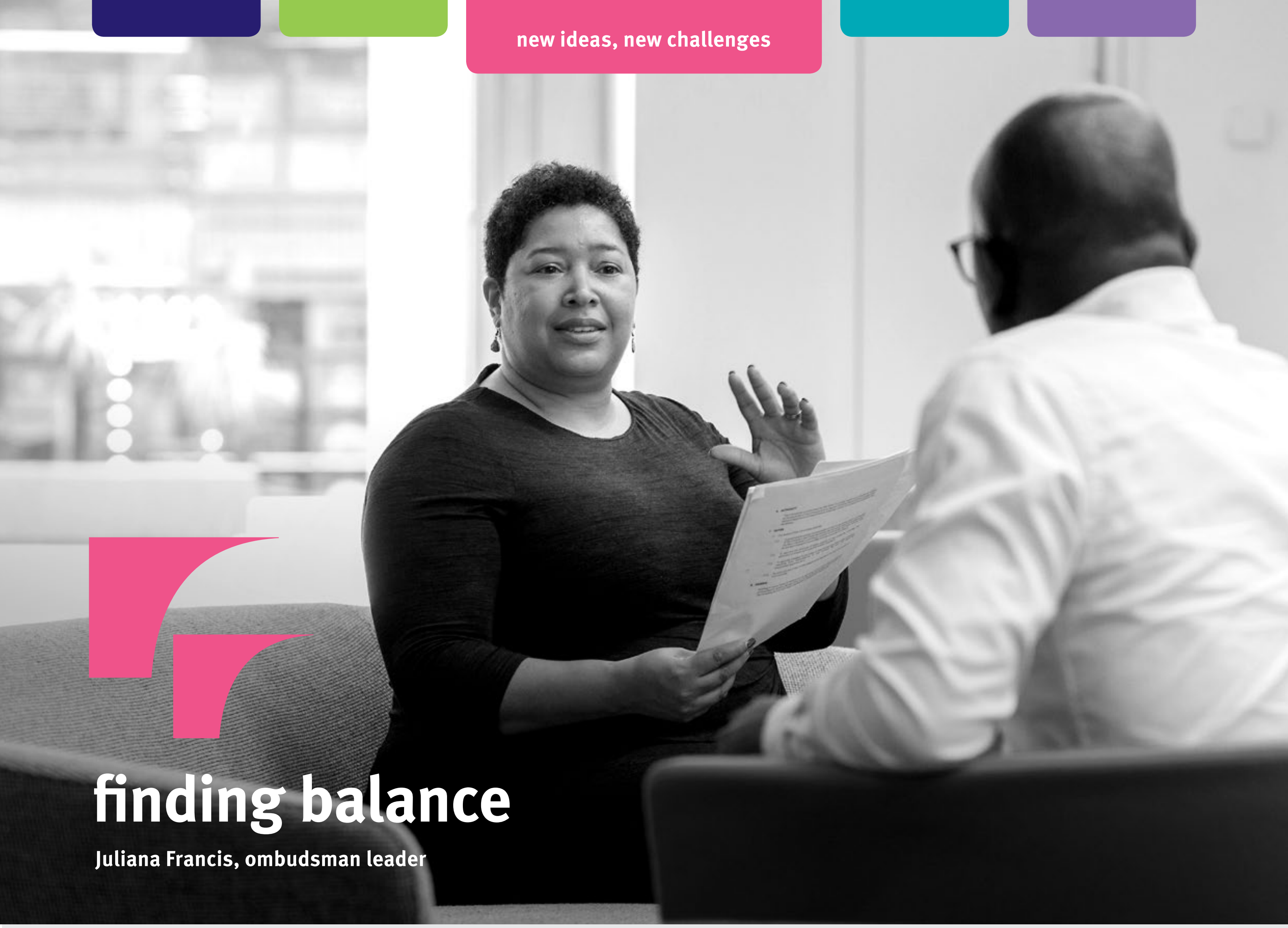
Understanding different perspectives is fundamental to resolving complaints fairly. But it's not something that can just be achieved through training. To do our job well, we need to really understand where people are coming from. So we've continued to focus on ensuring our service is made up of people who, as far as possible, reflect the people across the UK that we're here to help.

In January 2018 we published our first report on our equality, diversity and inclusion. This highlighted the central role of our employee-led networks in helping us do things better – such as giving working carers five days' paid leave, and launching a new policy to support our trans employees. We also identified areas we need to work on – including getting more people from black and minority ethnic backgrounds into senior roles.

Like many organisations, in 2017/2018 we also reported for the first time on our gender pay gap. At 6%, this is significantly lower than the UK median average – but we're focused on closing it further in the months ahead. As signatories to the Women in Finance charter, we've committed to having women in half of all our senior roles by 2019. Currently, well over half of our employees, including our panel of ombudsmen and executive team, identify as female.

6.0%
our median gender pay gap

38%
of our people have BAME backgrounds



finding balance

Juliana Francis, ombudsman leader

Encouraging equality, diversity and inclusion isn't just about the law or the "business case". Fundamentally, it's the right thing to do. And as an independent ombudsman, we want to set an example for both public and private organisations.

We've got a lot to be proud of: we've made real progress over the last year, and we've got a clear action plan for what we need to do next. I'm really excited about what we've got lined up.

For example, we've just launched our new employee network for parents, who'll be helping us review the support we give for women who've had time off after having children – as well as thinking about how we support new fathers, including those who take parental leave. And through our reverse mentoring programme, our people will be helping our executive team better understand different perspectives and make inclusive decisions.

Our job resolving complaints involves listening to people, understanding where they're coming from and helping them move forward. That's what motivates our people – making a difference. The fact they spend so much of their free time doing that too – sharing their skills and supporting our local community – really speaks to the values we all share here.

We're committed to working in a sustainable way – and this year we've continued to think differently about how we use our resources. We've looked to minimise the financial cost of providing our service, as well as the impact we have on the environment.

For example, the challenge of PPI presented opportunities to make new choices about our premises and the way we resource our complaint-handling. In 2017 we opened a new office in Coventry's Friargate – where around 300 people are now based, helping us manage volatility in demand for our service in a flexible way, as well as giving us a presence outside London.

This year we also reached the end of our first carbon reduction target, which we'd set with support from the Carbon Trust five years ago. Compared with a target to reduce our carbon emissions by 30% per person, we actually reduced them by 67% – and we're now working with the Carbon Trust to set a new goal.

How our people gave more this year

£10,000
raised for London's Air Ambulance

1,400kg
of food donated to First Love Foundation

time
volunteered to projects across our local community

> To do our job well, we need to really understand where people are coming from. So we've continued to focus on ensuring our service is made up of people who, as far as possible, reflect the people across the UK that we're here to help

loyalty and trust

Every day, people need to put their trust in financial businesses to manage their money. And when someone's relationship with a business is long-standing, they're likely to expect their loyalty to be rewarded – or at a minimum, that they won't be any worse off.

However, this year we've heard from people who – for a range of reasons – felt let down by businesses they thought they could rely on.

stories of the year

- loyalty
- trust
- building confidence

loyalty

Whether it's swiping a supermarket loyalty card or getting a coffee stamp, in some areas of life people have come to expect loyalty to be rewarded. But in financial services – from introductory "teaser" rates on savings to initial interest-free periods on credit – it's often arguably people who move around who end up getting better deals.

Over recent years, the price of insurance policies has received significant attention. And in 2016, the FCA brought in new rules to improve the way insurers communicate with their customers – including the information they provide when policies come up for renewal.

This year we've continued to hear from people who are unhappy that their insurance has risen in price. And in a small but significant number of cases, we decided that people were paying the price for loyalty in a way that was unfair.

...people have come to expect loyalty to be rewarded. But in financial services... it's often arguably people who move around who end up getting better deals

paying the price

Sean Hamilton, ombudsman leader

When does the price of an insurance policy become a matter of fairness? The answer – as we highlighted in *ombudsman news* this year – inevitably lies in each customer's individual circumstances.

Using price comparison websites – and shopping around – is second nature to many people these days. And if someone's savvy enough to use those tools, they may well move on if they don't think they're getting a good deal.

But some people aren't able to shop around online – and are relying on their insurer's word for it that they've got competitively-priced cover. This year we've continued to hear from people who are concerned that they – or someone they know – are actually being penalised for their loyalty.

After a few years, it should usually be clear to an insurer that a long-standing customer isn't engaging with them when their policy comes up for renewal. And if that customer hasn't been told about the insurer's other policies, they might not have enough information to make an informed decision about whether to accept the price they're being offered. If we see that an insurer hasn't addressed this inequality of knowledge, it's likely we'll decide they've acted unfairly.

Encouragingly, from our recent conversations with insurers, it's clear they're focused on addressing these issues. In the meantime, where it's clear to us that someone's loyalty has come at an unfair price, we'll take action to put things right.

home truths

Olly phoned us about the price of his uncle's home insurance.

He explained that his uncle, Phil, was in his 80s – and had been living alone since his wife had died a few years previously.

Olly said that his aunt had always looked after the household finances – and Phil had seemed to be getting by with most things. But Olly had recently spotted a letter from Phil's home insurer referring to a premium of around £1,500. Olly told us he'd been able to find similar policies online for a tenth of the price.

Olly had already complained to the insurer on Phil's behalf. The insurer had told him that the quotes he'd found simply reflected online discounts – and that the price they'd quoted Phil was correct. Unhappy with this answer, Olly wanted our view.

Phil had been with the same insurer for 15 years. And we saw that, for the first four years, his premium hadn't significantly increased. In the fifth year, it had gone up by 15% – and by similar amounts after that.

The insurer's renewal letters told Phil that as a "valued customer", he'd received discounts for making no claims and for staying with them. But the difference in price between Phil's policy and the online policies couldn't be explained by the online discounts alone.

The renewal letters also referred to other policies being available. But they also said that, unless Phil's circumstances had changed, he "didn't need to do anything".

In our view, increasing Phil's price each year – without taking his needs into account – had had left him potentially susceptible to detriment. We thought that his vulnerability should have been apparent from the fifth policy year onwards. This was also when the price of his policy had begun to increase significantly.

We told the insurer to refund the difference in premiums, with interest, for each year between the price paid after five years and the subsequent renewal offers. The insurer also accepted our recommendation to compensate Phil for the upset they'd caused him.

we received **200** £ complaints about insurance pricing every month

Most people use their bank accounts every day. And as we've highlighted in previous years, problems accessing money – for example, due to an IT glitch – can leave people out of pocket, or facing even more serious repercussions.

During the year we heard from people who thought they were valued customers – but had now had their bank accounts closed completely. This was often a result of banks being required to carry out wide-scale security checks on their customer base.

In some cases, we decided that – while businesses needed to take their obligations seriously – the way they'd handled the checks had caused unnecessary trouble for their customers.

we received
4,302
complaints from micro-enterprises

78%
were about banking

frozen out

Lena contacted us after her business bank account was frozen.

She'd received a letter from her bank saying it was carrying out a review to ensure the information it held was correct and up-to-date. But the review had been dragging on for months. The account had been suspended, and Lena had had to set up a new account with a different bank to keep her business going.

We asked Lena and the bank about the communication they'd had. It seemed Lena had taken some time to reply to the bank's initial letter. But at several points after that, the bank had told her they'd got all the information they needed – only then to make yet another request.

We also looked at the warning the bank had given Lena before freezing her account, which they'd done two months into their checking process. The records showed they'd left Lena a voicemail – which she said she hadn't got. But there was no evidence the bank had tried again. So, whatever had happened, we didn't think the bank had done enough to try to get in touch.

In our view, if the bank had been more on top of what it needed, it was likely the process wouldn't have lasted so long – and wouldn't have even reached the stage where Lena's account needed to be frozen.

We recognised that the bank had obligations to carry out the checks – with serious consequences if they didn't. And Lena's business hadn't actually lost any money. But the bank's poor handling of the checks had caused a lot of trouble, including the inconvenience of having to find a new bank. So we told Lena's bank to pay compensation to recognise this.

trust

Most people aren't experts in financial services – and put their trust in the quality of the advice and support they get from financial professionals. This is particularly important when people are thinking about the future, and making decisions involving significant amounts of money.

In 2017, the restructure of the British Steel pension scheme left thousands of workers needing to make choices about their pension pots. Unfortunately, as an inquiry by MPs found, some scheme members were taken advantage of by opportunistic financial advisers and unregulated "introducers". We heard from a number of British Steel workers who believed they'd been given bad advice about their options, and wanted to know the next steps.

We also continued to hear from people who'd been advised to transfer their defined benefit (DB) pension to a defined contribution (DC) scheme – so they could access their pension under pension freedoms.

Overall, however, we've received relatively few complaints relating to the freedoms – around 1,300 since the freedoms were introduced, compared with around a million DC pots that have been accessed. And so far, most complaints we've seen have resulted from administration trouble or delays, rather than the suitability of advice. While the transfer value of a pension is valid for three months, advisers – who've continued to tell us they're dealing with a lot of requests – may not be able to complete the transfer in this window, by which time the value may have dropped.

no guarantees

Kim contacted us about her pension. She told us she worked for a local council – and had been paying into their final salary scheme for the 20 years she'd been there.

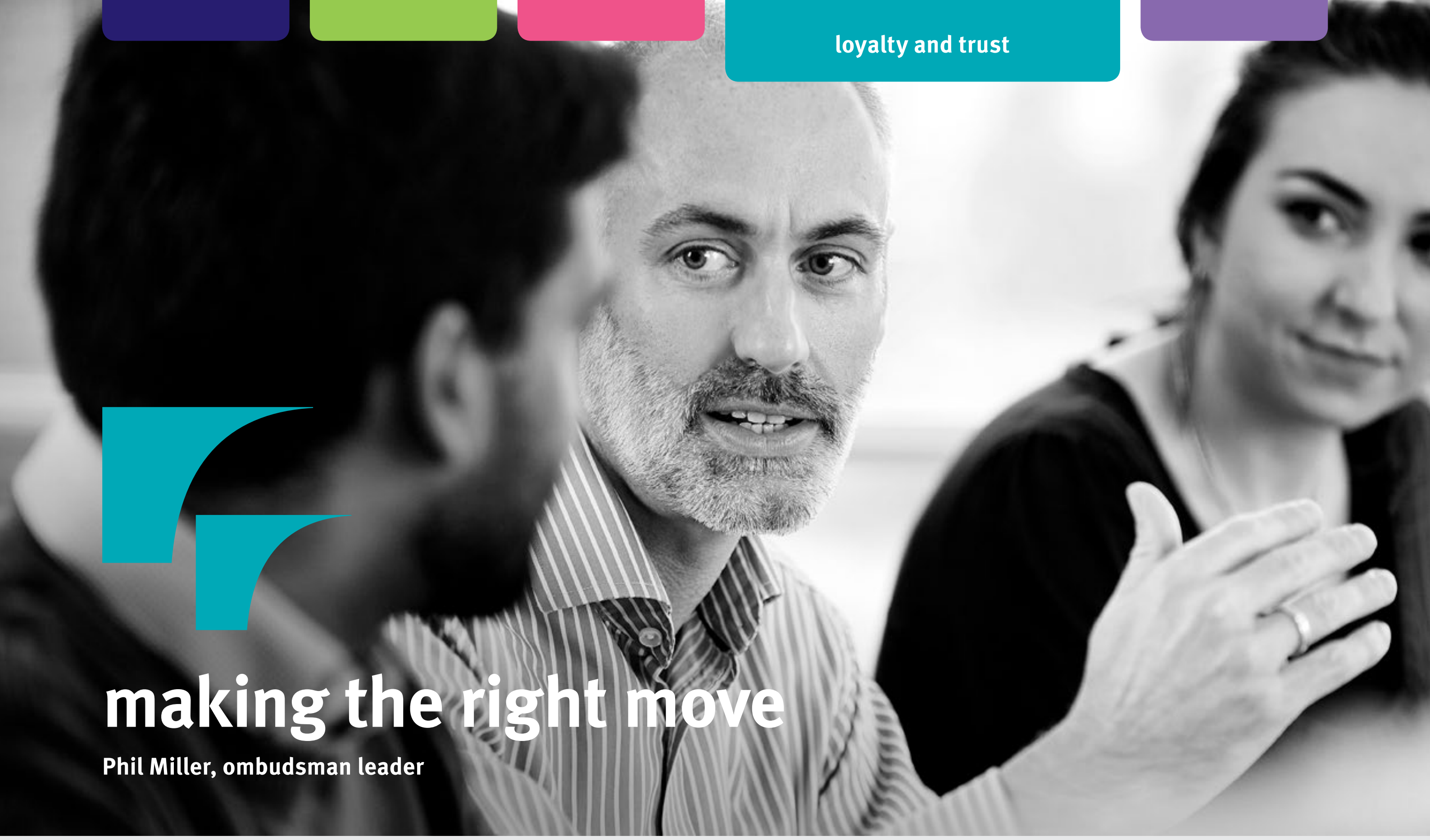
Kim explained she'd received a cold call from someone saying they could help ensure she was getting a good deal in her retirement. She'd given some details over the phone. And she'd then received some paperwork from a financial adviser, recommending she transfer her pension to an overseas scheme.

Kim said she'd trusted the adviser – and she'd agreed to do what they'd said. But a few weeks later, she'd spoken to a friend who used to work in pensions – and was now concerned she'd received bad advice.

Kim was due to retire in about five years. While the new scheme offered potentially higher returns, this was based on her keeping the investment in the long term. And by transferring her pension now, she'd lost the flexibility of making a decision when she actually retired, based on her circumstances at that point.

Importantly, Kim had been assessed as having a medium attitude to risk. But in our view, transferring her pension was a high-risk move. She'd lost the valuable guarantees and security of her existing pension, which the new one didn't have.

Kim had trusted the adviser to help her get the best out of her retirement. But given everything we'd seen, we decided she'd received unsuitable advice. We told the adviser to use the current regulatory guidance to determine if Kim had lost out because of their advice – and to pay any compensation into her local authority pension scheme.



making the right move

Phil Miller, ombudsman leader

It's been clear again this year that many people have wanted to benefit from the flexibilities offered by pension freedoms. And given the high transfer values we're seeing from some occupational pension schemes at the moment, it's not surprising that people are looking to take advantage of this.

To access their "final salary" or defined benefits flexibly, people will need to transfer their accrued pensions into "flexi access" drawdown schemes. People with accrued defined benefits worth more than £30,000 must get regulated financial advice before transferring those funds. But in a recent review, the FCA found less than half of people who'd done this had received suitable advice.

Unfortunately, as if making decisions about how to access your pension fund wasn't difficult enough, some companies are making things even harder – using questionable methods of accessing the pension transfer market. The FCA's wide-scale research suggests three in ten people aged 55-64 have received an unsolicited approach about their pension arrangements.

The businesses involved aren't always regulated and don't always last long, either – which means people who use them can't fall back on consumer protection that they'd otherwise have access to.

All this means it's really important to be aware of the risks and consequences of taking a particular, and often irreversible, course of action. For example, we've heard from people who've taken pension lump sums – but have ended up with far less than they'd expected, because they hadn't known about the tax implications.

The best way for someone to find out what's best for them is to speak to both their pension scheme administrator and a regulated financial adviser. A good adviser will assess someone's objectives and explore whether there are other ways of meeting them – before making any decision to transfer and access valuable pension benefits.

2017 was also a challenging year for holidaymakers – with established travel operators going out of business, and airlines cancelling thousands of flights.

People spend a lot of time arranging their holidays – and when things go wrong, it can understandably be disappointing. But sometimes it's more serious than that. People may be left stranded, wondering how they'll get home safely – or left having to cover the costs of needing to change their travel plans.

Very often, these types of problems – and their solutions – may involve a number of different parties. In these circumstances, people may struggle to get a complete solution to the issues they're having. And the fact people are contacting us may be an early sign that businesses could be doing more to help their customers on their own front line.

we received
533
complaints about occupational pension transfers and opt-outs

we received
3,174
complaints about travel insurance

finding a way

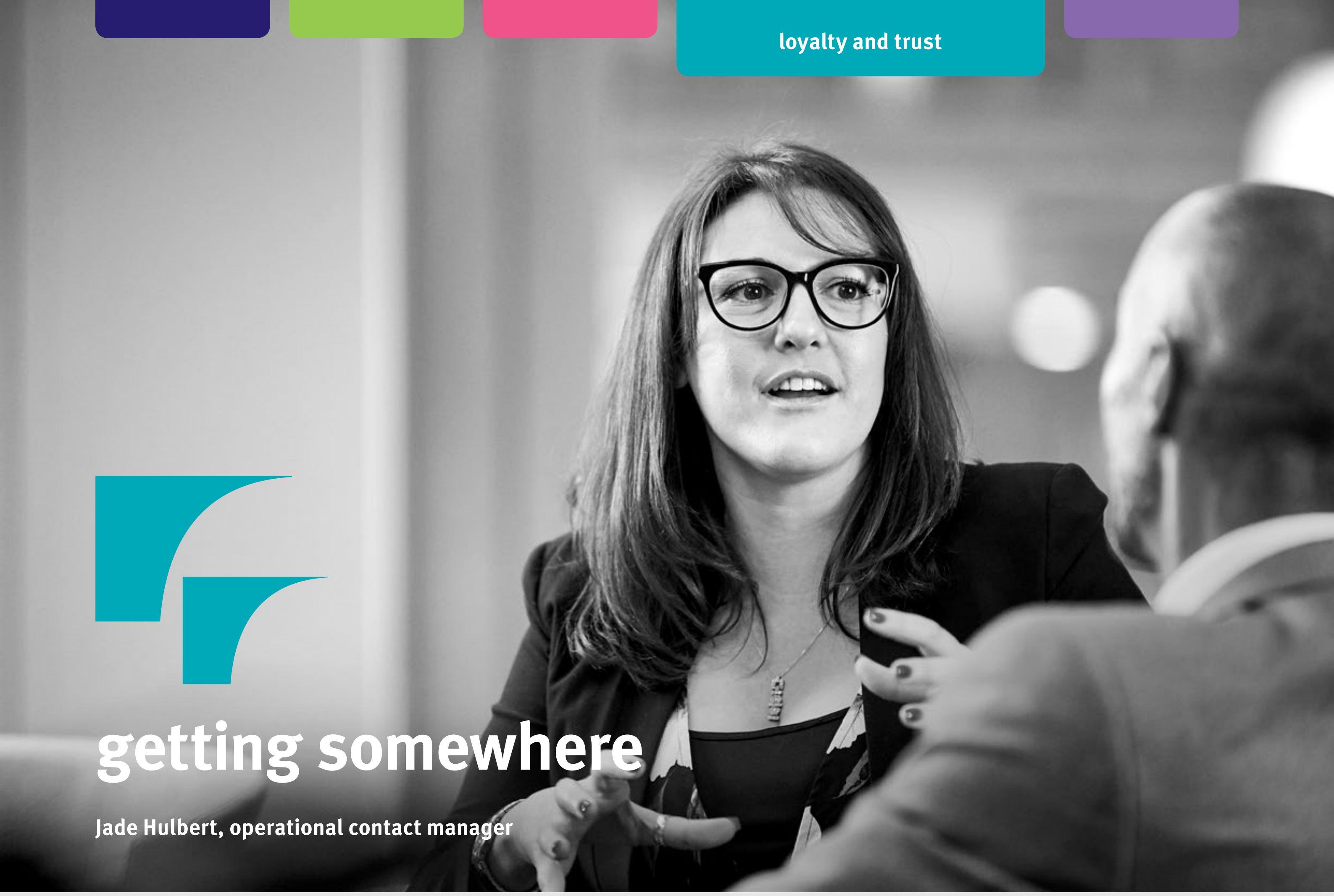
Ron contacted us after the airline he was due to travel with went bust.

He explained he'd booked his flights with one credit card and his hotel with another. When he'd heard about the problems with the airline, he'd contacted the first credit card company and received a refund for his flight costs.

He'd then made a claim under Section 75 to the other card company for the cost of his hotel room – which he thought counted as a "consequential loss". But the credit card company didn't agree – pointing out the hotel was still willing to provide Ron with the room he'd paid for.

We explained to Ron that it was the airline that hadn't provided the service he'd paid for. The hotel hadn't done anything wrong – and so neither had the credit card company he'd used to pay for the room.

This meant that to try to get the money back for his hotel room, Ron needed to contact the credit card company he'd used to pay for the flight. He got in touch a couple of weeks later to say he'd managed to get a full refund.



getting somewhere

Jade Hulbert, operational contact manager

My team keeps in touch with many of the large financial businesses we cover. Given the size of their customer base, these businesses' operational plans and customer service issues could potentially have a big impact on demand for the ombudsman. So we have regular conversations about what's on their radar, as well as any trends in what we're hearing from their customers – to help them ensure they're treating people fairly.

For example, when a travel company went bust in 2017, we started to hear from people who now couldn't go on the holidays they'd bought. They were telling us they'd contacted their travel insurers, but had found their insurance didn't cover what had happened. They'd lost their holidays and were now out of pocket – and didn't know where, if anywhere, they could turn next.

We told travel insurers about what we'd been hearing. And they confirmed that, in most cases, their policies didn't provide cover for when travel operators go out of business.

We suggested that insurers could be doing more. Even though they were giving correct information, it wasn't actually helping their customers move forward. We pointed to examples we'd seen where, in similar situations, insurers had been really proactive in pointing people to other organisations that could help – even if they couldn't resolve the problem themselves.

Following our involvement, insurers started telling their customers about all the options available to them in these circumstances – in particular, directing them to their banks and card providers instead. In many cases, it was likely people would be able to get money back using the chargeback process, or by making a claim under Section 75.

Importantly, this meant people didn't need to contact us to find that out – saving time and trouble for everyone involved.

building confidence

It's now approaching 20 years since discussions began about bringing together eight dispute resolution schemes relating to different types of financial products. Our service began work in 2000 – as a "one stop shop" covering UK financial services as a whole.

Since then, as we've highlighted in our *annual reviews*, the sector has experienced significant change – ranging from the positive benefits of new technologies, through to the fallout of several mis-selling scandals and a credit crunch. All these things have raised new questions of fairness and trust – and they've also influenced perceptions and expectations of our service.

This has happened in the context of wider scrutiny of the consumer protection landscape – with suggestions that, across a range of sectors, people may find the experience of resolving a complaint confusing or inadequate, especially where schemes' decisions, unlike ours, can't be legally enforced.

This year we continued discussions with our stakeholders about the planned transfer of regulation of claims management companies to the FCA from April 2019 – and the transfer of complaints about these companies to us. And in January 2018, the FCA began consulting on proposals that more business customers of financial services should have access to our free, informal service, rather than having to use the courts.

Alongside this *annual review*, we've published the annual report of our independent assessor, Amerdeep Somal. If someone's unhappy with the service we've provided – and isn't happy with our response to their concerns – they can ask the independent assessor to look into what's happened.

The independent assessor can't look into, or change, the answer we've given someone to their complaint about a financial business. But if she concludes our service hasn't been good enough, she can recommend we take action to put things right – both in individual cases and on a wider scale. We've also published our response to the independent assessor's findings this year.

77%

of adults across the UK said they'd trust us

understanding what matters

Jim Hughes, policy and communications manager

Accessible and effective dispute resolution schemes should make their sectors work better for everyone. It's about giving assurance that, if something goes wrong, it'll be resolved fairly and informally. This should mean people are more confident to engage with businesses in the first place – and increase the chance that, even if a customer complains, a business can maintain that relationship.

It's my team's job to understand our stakeholders' perspectives – which includes understanding their expectations of us. The smaller businesses we cover – for example IFAs and brokers – often have very specific concerns about the work we do. That's not surprising, because they're facing the pressures of running a small business. And – even though they may receive few, if any complaints – a decision in their customers' favour could have a huge effect on their livelihood.

We've always found that the best way to get to grips with those concerns is actually talking to people face to face. This year we've continued to run workshops for smaller businesses across the UK, so we can really unpack what a fair and reasonable approach means in practice. This year, for the first time, we ran sessions by webinar too. We've also kept up our engagement with trade bodies – who help us reach far more businesses than we can ourselves – as well as regularly participating in industry forums.

We also know that smaller businesses – even though they understand we and the FCA have distinct roles – really appreciate our speaking with a consistent voice on issues that matter to them. So we've supported even more of the FCA's *live & local* events this year.

We know we've still got work to do to build people's confidence in us – especially as we prepare for a future beyond PPI. And as we do that, we'll continue to listen to perspectives and feedback about how we can do things better.

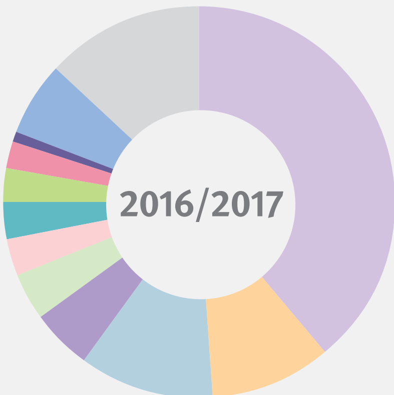
data in more depth

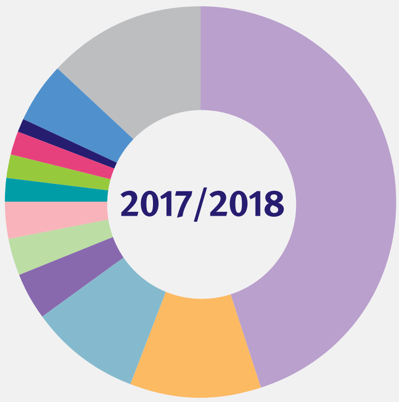
about this year's enquiries

1. volume of enquiries

	phone enquiries	written enquiries (including email)	total
17/18	624,769	831,627	1,456,396
16/17	604,278	790,101	1,394,379
15/16	806,171	825,784	1,631,955
14/15	927,737	859,236	1,786,973
13/14	1,150,002	1,207,372	2,357,374
12/13	1,067,607	1,093,832	2,161,439
11/12	673,999	594,799	1,268,798

2. what the enquiries were about





2016/2017

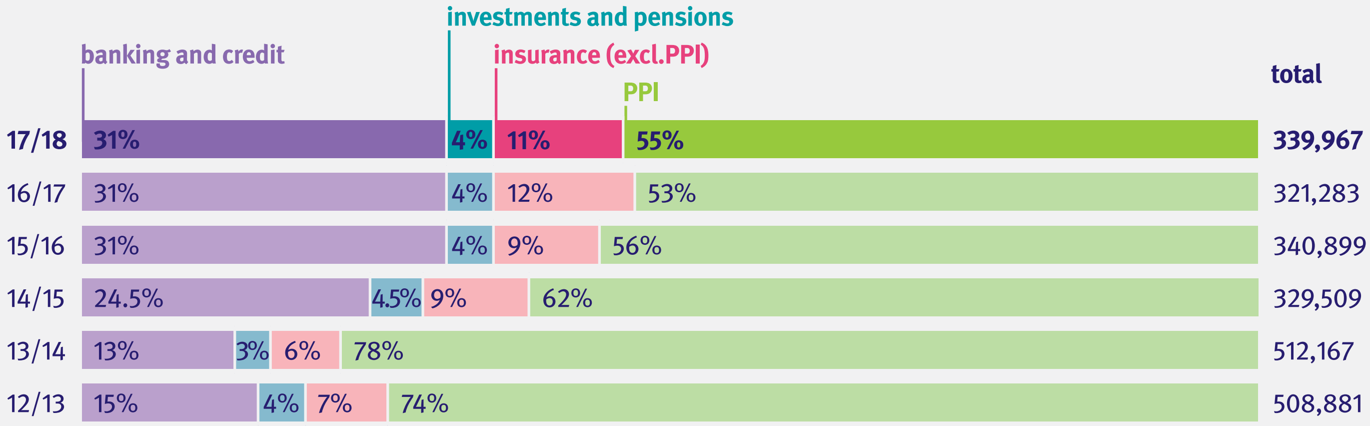
- 39% PPI
- 10% loans and credit
- 11% current accounts (including packaged accounts)
- 5% car and motorbike insurance
- 4% warranties, mobile cover, home cover
- 3% credit cards
- 3% bank transfers, electronic money and banking services
- 3% mortgages
- 2% household insurance
- 1% pension products
- 6% other products
- 13% other problems

2017/2018

- 45% PPI
- 11% loans and credit
- 9% current accounts (including packaged accounts)
- 4% car and motorbike insurance
- 3% warranties, mobile cover, home cover
- 3% credit cards
- 2% bank transfers, electronic money and banking services
- 2% mortgages
- 2% household insurance
- 1% pension products
- 5% other products
- 13% other problems

about this year's new complaints

3. what the new complaints were about



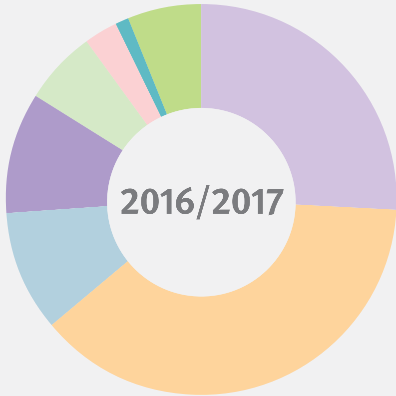
4. what the new complaints were about (excluding PPI)

product	% 2016/2017	% 2017/2018
consumer credit products and services (eg hire purchase, payday loans and catalogue shopping)	18	**24**
current accounts (including packaged bank accounts)	25	**21**
motor insurance	8	**8**
credit cards	6	**7**
mortgages	7	**6**
unsecured loans	4	**4**
pensions	3	**3**
buildings insurance	3	**3**
travel insurance	2	**2**
savings accounts	2	**2**
term assurance	2	**1**
contents insurance	1	**1**
whole-of-life policies and savings endowments	1	**1**
mortgage endowments	1	**1**
other products	17	**16**

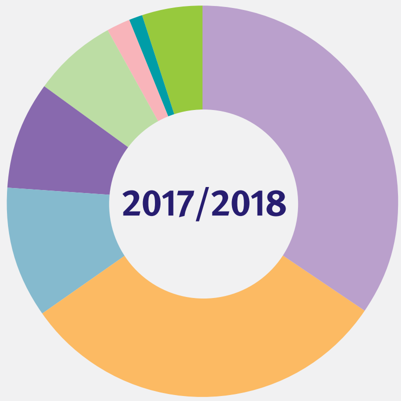
5. what the new insurance complaints were about

product	% 2016/2017	% 2017/2018
PPI	82	**84**
all other insurance-related complaints, of which:	18	**16**
motor insurance	31	**32**
buildings insurance	13	**13**
travel insurance	8	**9**
home emergency cover	6	**5**
term insurance	6	**5**
contents insurance	4	**5**
pet insurance	4	**4**
specialist insurance	2	**3**
private medical insurance	3	**3**
mobile phone insurance	2	**3**
extended warranty insurance	4	**3**
income protection	3	**2**
critical illness insurance	2	**2**
commercial vehicle and property insurance	3	**2**
roadside assistance	2	**2**
legal expenses insurance	2	**2**
personal accident insurance	2	**1**
card protection insurance	1	**1**
guaranteed asset protection (GAP insurance)	1	**1**
other (including business protection, building warranty and caravan insurance)	1	**2**

6. what the new banking and credit complaints were about

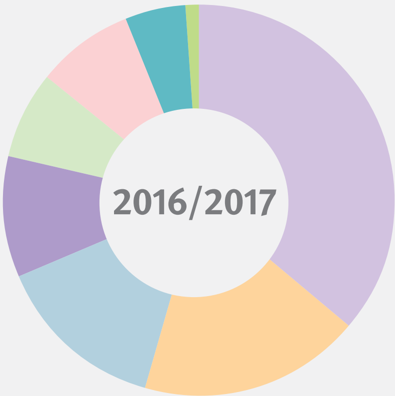


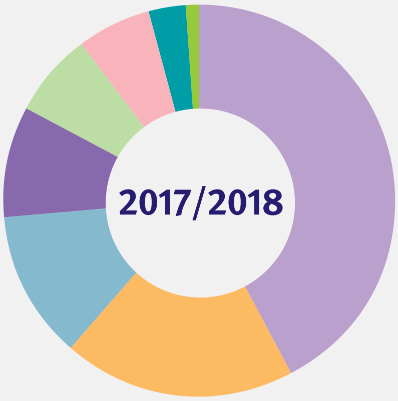
- 26% consumer credit products and services
- 38% current accounts (incl. packaged bank accounts)
- 10% credit cards
- 10% mortgages
- 6% unsecured loans
- 3% savings accounts
- 1% secured loans
- 6% other banking services



- 35% consumer credit products and services
- 31% current accounts (incl. packaged bank accounts)
- 11% credit cards
- 9% mortgages
- 7% unsecured loans
- 2% savings accounts
- 1% secured loans
- 5% other banking services

7. what the new investment and pension complaints were about





2016/2017:
- 36% pensions
- 18% packaged investment products
- 14% whole of life policies and savings endowments
- 10% mortgage endowments
- 7% stockbroking
- 8% portfolio and fund management
- 5% derivatives
- 1% other general investment

2017/2018:
- 42% pensions
- 19% packaged investment products
- 12% whole of life policies and savings endowments
- 9% mortgage endowments
- 7% stockbroking
- 6% portfolio and fund management
- 3% derivatives
- 1% other general investment

8. volumes of new complaints – by product

product	2016/2017	2017/2018	% year-on-year change
PPI	168,769	186,417	+10%
consumer credit products and services including complaints about:	25,984	36,349	+40%
payday loans	10,529	17,256	+64%
hire purchase	5,029	5,805	+15%
point-of-sale loans	2,556	3,613	+41%
catalogue shopping	1,640	2,191	+34%
hiring, leasing and renting	920	1,587	+73%
instalment loans	883	1,122	+27%
credit reference agencies	579	1,060	+83%
debt collecting	1,027	998	-3%
home credit	328	808	+146%
store cards	440	508	+15%
guarantor loans	172	210	+22%
credit broking	228	202	-11%
debt adjusting	560	135	-76%
logbook loans	103	113	+10%

8. volumes of new complaints – by product (continued)

product	2016/2017	2017/2018	% year-on-year change
debt counselling	342	88	-74%
current accounts including complaints about:	**38,299**	**32,392**	-15%
packaged bank accounts	20,284	11,674	-42%
all other current account complaints	18,015	20,718	+15%
motor insurance	**11,844**	**11,887**	0%
credit cards	**9,619**	**11,073**	+15%
mortgages	**10,428**	**8,917**	-14%
unsecured loans	**6,425**	**6,909**	+8%
other banking services including complaints about:	**5,377**	**5,368**	0%
debit/cash cards	1,435	1,844	+29%
money transfer	1,645	1,222	-26%
electronic payment	1,183	1,155	-2%
cheque clearing	491	447	-9%
money remittance	255	305	+20%
foreign currency	118	132	+12%
safe custody	66	98	+48%
pensions including complaints about:	**5,160**	**5,257**	+2%
self-invested personal pensions (SIPPs)	1,493	2,051	+37%
personal pension plans	1,881	1,468	-22%
annuities	743	744	0%
occupational pension transfers/opt out	496	553	+11%
income drawdown	172	169	-2%
free-standing additional voluntary contribution (FSAVC) schemes	127	116	-9%
SERPS	112	92	-18%
pension mortgages	46	24	-48%
buildings insurance	**4,815**	**4,726**	-2%
travel insurance	**3,196**	**3,174**	-1%
investment-linked products including complaints about:	**2,878**	**2,611**	-9%
investment ISAs	1,261	1,059	-16%
corporate bonds	89	312	+251%
unit-linked bonds	484	306	-37%
investment trusts	130	199	+53%

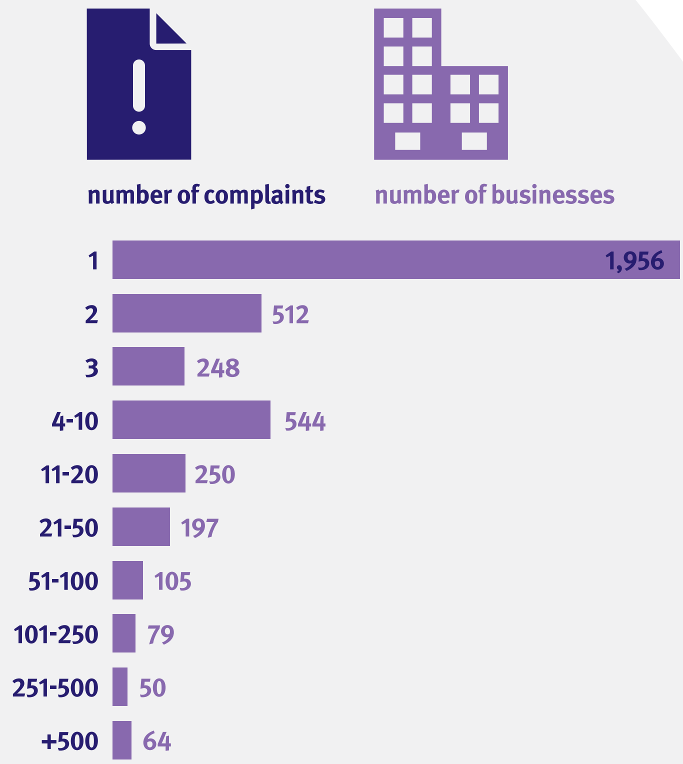
8. volumes of new complaints – by product (continued)

product	2016/2017	2017/2018	% year-on-year change
with-profits bonds	256	188	-27%
capital protected structured products	140	137	-2%
unit trusts	139	121	-13%
PEPs	85	92	+8%
film partnerships	44	33	-25%
savings accounts	2,605	2,387	-8%
home emergency cover	2,117	1,999	-6%
term assurance	2,295	1,977	-14%
contents insurance	1,555	1,743	+12%
whole-of-life policies and savings endowments	1,997	1,573	-21%
pet and livestock insurance	1,508	1,544	+2%
specialist insurance (including marine and event)	775	1,129	+46%
private medical insurance	1,147	1,115	-3%
mortgage endowments	1,511	1,078	-29%
mobile phone insurance	904	977	+8%
extended warranty insurance	1,327	919	-31%
income protection	1,085	880	-19%
stockbroking	989	873	-12%
critical illness insurance	849	861	+1%
portfolio management	1,216	815	-33%
commercial vehicles and property	1,093	792	-28%
secured loans	1,147	781	-32%
roadside assistance	795	712	-10%
legal expenses insurance	715	699	-2%
derivatives including complaints about:	720	402	-44%
spread-betting	202	179	-11%
interest-rate hedging products	250	40	-84%
personal accident insurance	579	410	-29%
card protection insurance	493	347	-30%
building warranty	487	290	-40%
guaranteed asset protection (GAP insurance)	210	209	0%
business protection	241	189	-22%
caravan insurance	125	119	-5%
total number of new complaints	321,283	339,967	+6%

9. what issues the new complaints involved

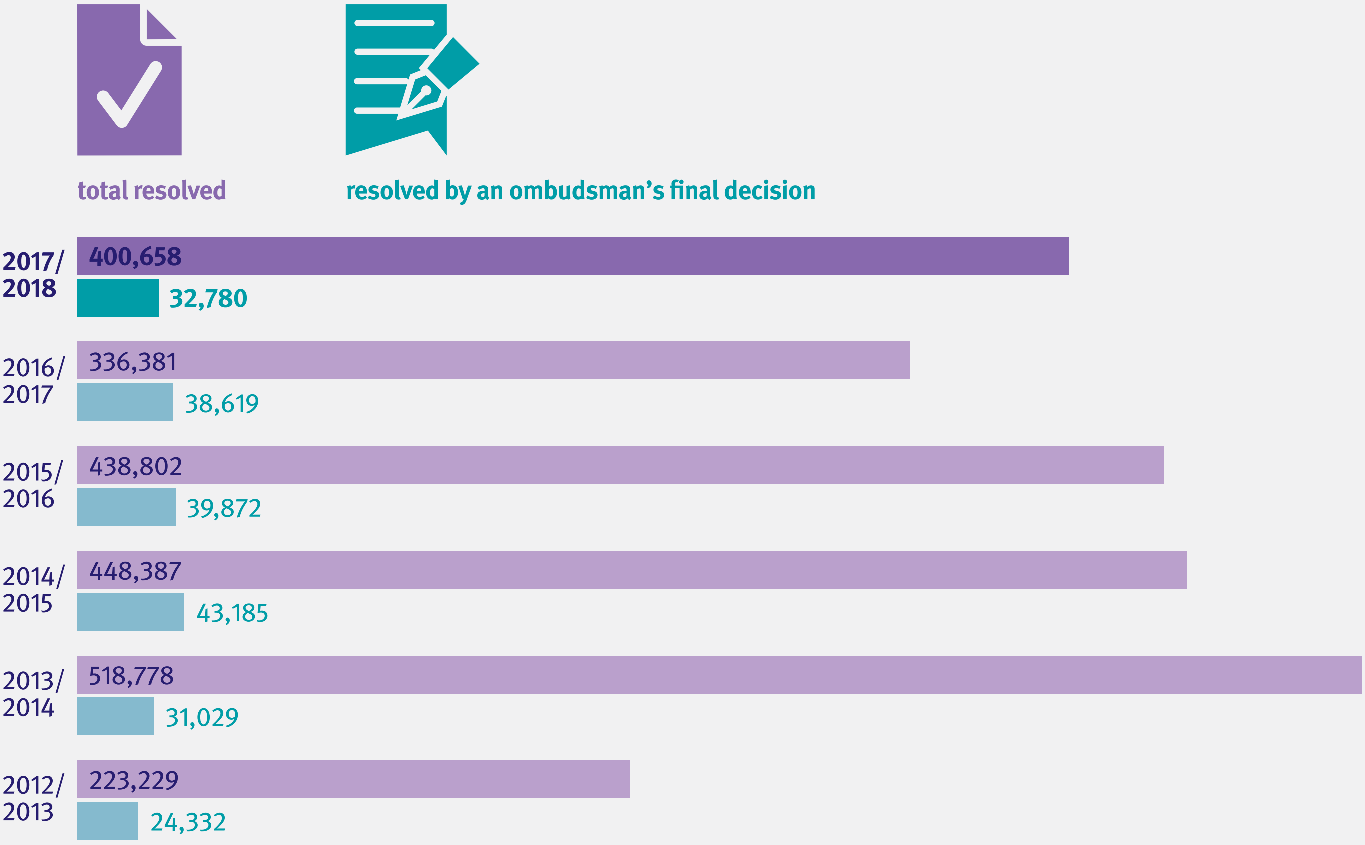
	% 2016/2017	% 2017/2018
PPI total	53	**55**
of which		
complaints about sales and advice	99	**87**
other complaints (including claims)	1	**13**
banking and credit total	31	**31**
of which		
complaints about administration	30	**30**
complaints about sale and advice	41	**27**
complaints about charges	10	**9**
complaints about transactions	7	**8**
other complaints (including financial difficulties, debt recovery, and section 75 complaints)	12	**26**
insurance (excluding PPI) total	12	**11**
of which		
complaints about claims	59	**58**
complaints about administration	22	**24**
complaints about sales and advice	19	**14**
other complaints	0	**3**
investments and pensions total	5	**4**
of which		
complaints about administration	42	**45**
complaints about sales and advice	52	**43**
other complaints	6	**12**

10. how complaints were spread across the businesses we cover

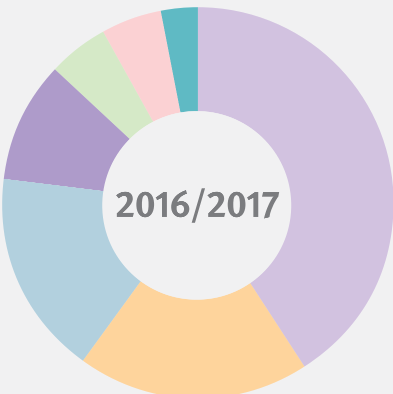


about this year's resolved complaints

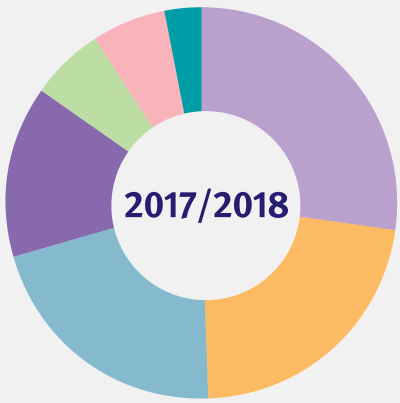
11. total complaints we resolved



12. what our ombudsmen's final decisions were about

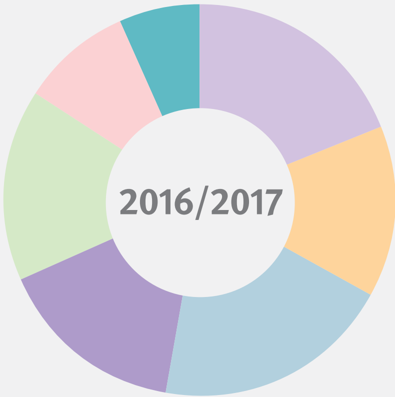


- 41% PPI
- 19% banking
- 17% insurance (excluding PPI)
- 10% consumer credit
- 5% mortgages
- 5% investments
- 3% pensions

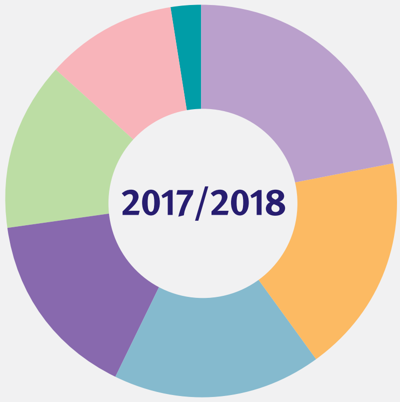


- 27% PPI
- 22% banking
- 21% insurance (excluding PPI
- 14% consumer credit
- 6% mortgages
- 6% investments
- 3% pensions

13. proportion of complaints in each area resolved by an ombudsman's final decision

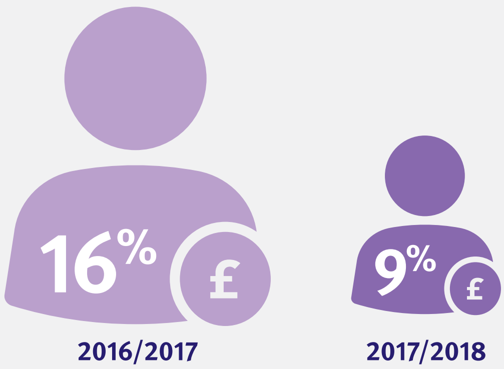


- 23% investments
- 17% mortgages
- 24% pensions
- 19% insurance (excluding PPI)
- 19% consumer credit
- 11% banking
- 8% PPI



- 27% investments
- 22% mortgages
- 21% pensions
- 19% insurance (excluding PPI)
- 17% consumer credit
- 13% banking
- 3% PPI

14. complaints where we awarded compensation for non-financial loss
(eg inconvenience or upset)



15. proportion of complaints we upheld – by product

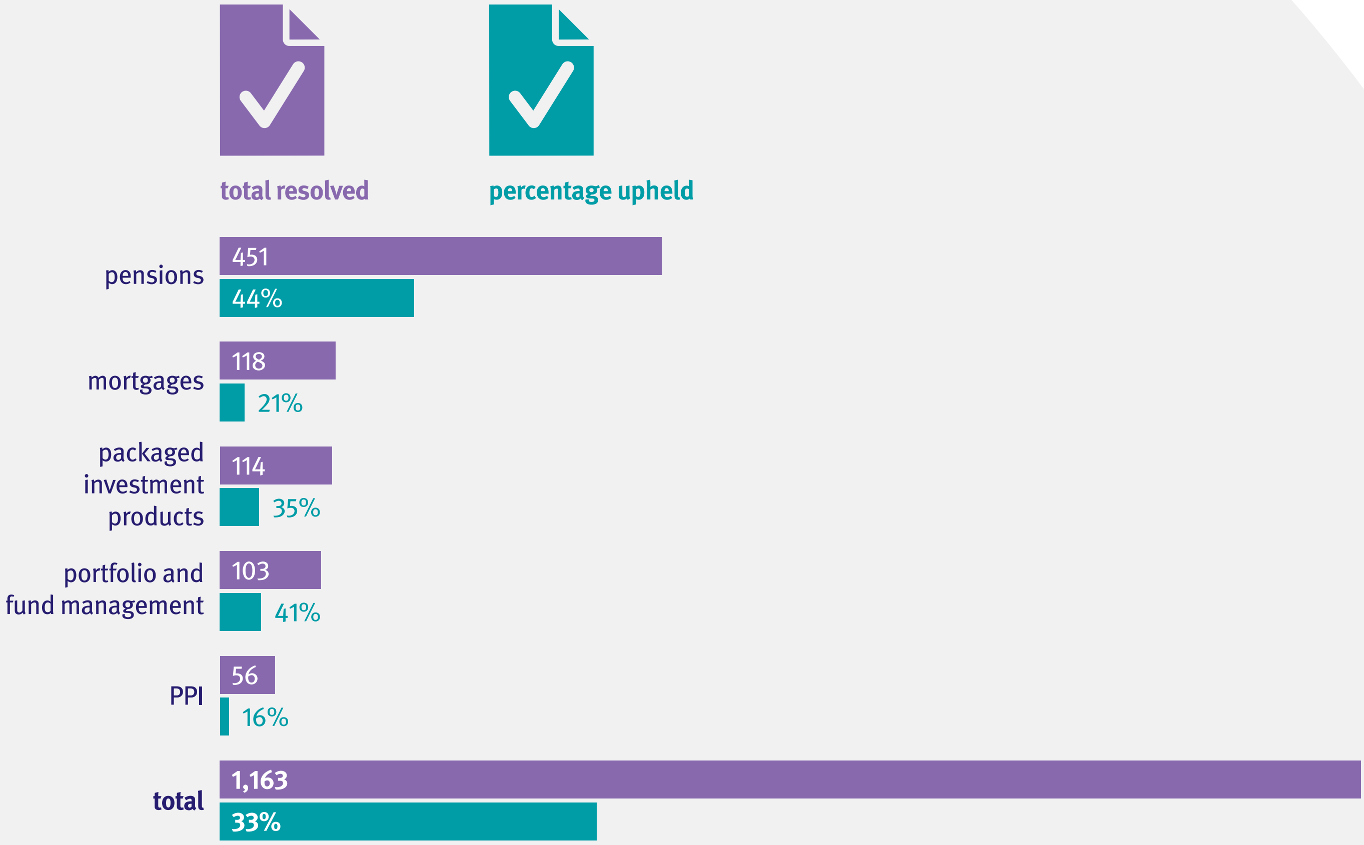
product	% upheld 2016/ 2017	% upheld 2017/ 2018
overall uphold rate	43	**34***
payment protection insurance (PPI)	52	**36***
insurance	31	**30**
buildings insurance	35	**34**
contents insurance	26	**27**
critical illness insurance	18	**19**
income protection	26	**20**
legal expenses	27	**29**
motor insurance	30	**28**
other general insurance	35	**35**
personal accident insurance	23	**23**
private medical insurance	31	**24**
term assurance	18	**14**
travel insurance	38	**36**
warranties	39	**44**
banking and credit	30	**31**
consumer credit	43	**47**
credit cards	29	**28**
current accounts (including packaged bank accounts)	27	**22**
mortgages	31	**23**
other banking services	30	**29**
savings accounts	29	**28**
unsecured loans	26	**28**
investment and pensions	30	**28**
derivatives	26	**21**
mortgage endowments	15	**14**
other general investment	39	**28**
packaged investment products	32	**32**
pensions	33	**31**
portfolio and fund management	41	**37**
stockbroking	33	**29**
whole-of-life policies and savings endowments	20	**18**

* overall and PPI uphold rates do not include cases affected by *Plevin*

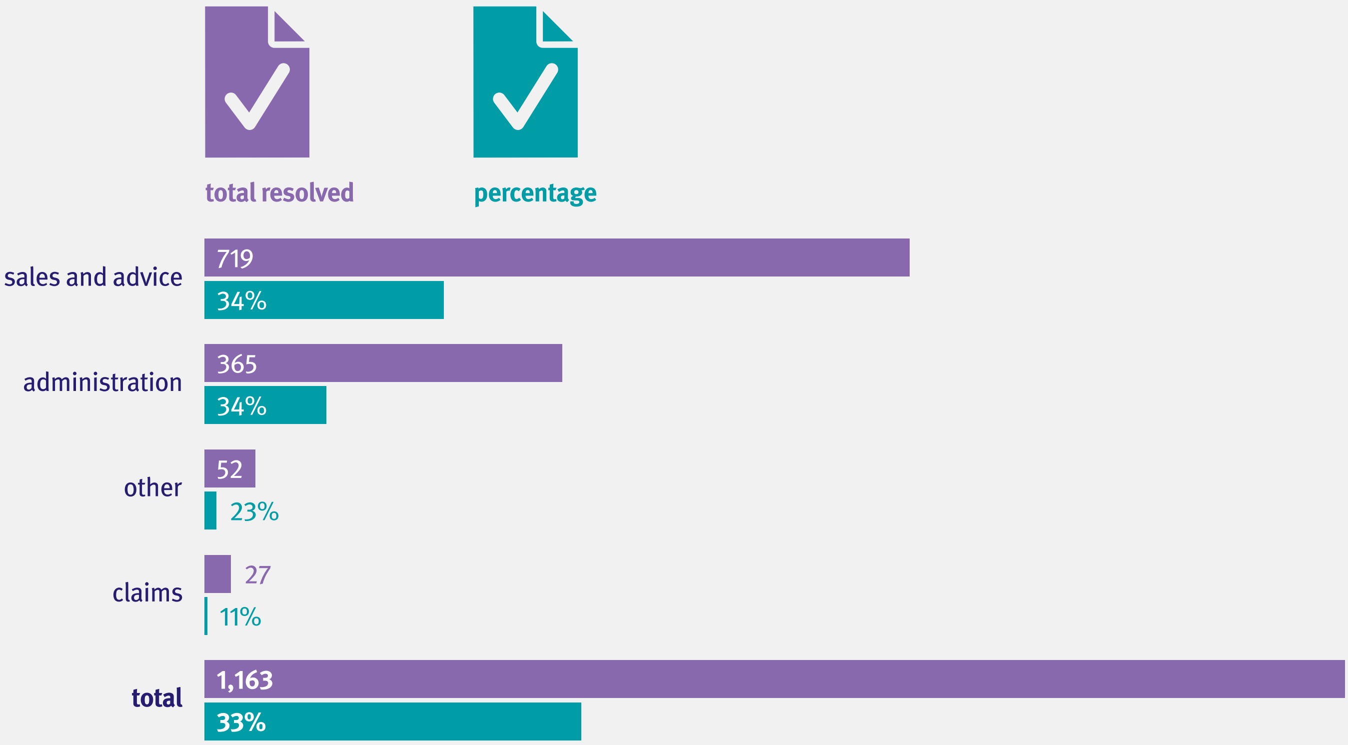
16. new complaints against independent financial advisers (IFAs)

	2016/ 2017	2017/ 2018
new complaints	2,197	**1,678**
proportion of all complaints	0.5%	**0.5%**
complaints where the event being complained about happened over 15 years ago	161	**271**
% of all IFA complaints	7%	**16%**

17. uphold rate for top 5 most complained about products against IFAs



18. uphold rate for top 5 most complained about issues against IFAs



19. resolved complaints about IFAs where the event being complained about happened over 15 years ago

	2016/2017		2017/2018	
	volume	% upheld	volume	% upheld
complaints resolved on merit	148	28	**137**	**27**
complaints we couldn't consider (for example, because of 6 + 3 time limit)	207	N/A	**153**	**N/A**
withdrawn or abandoned by consumer	7	N/A	**7**	**N/A**
total resolved complaints	**362**	**N/A**	**297**	**N/A**

about our service

20. how quickly we resolved complaints

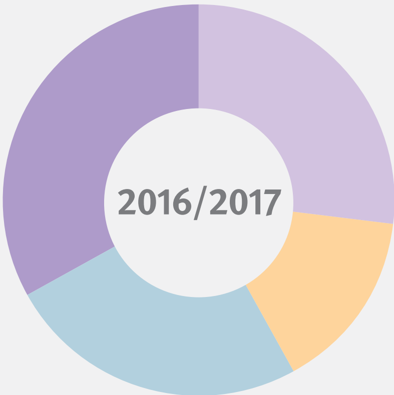
	% resolved within:			
	three months	six months	nine months	twelve months
2017/2018 excluding PPI complaints	72	92	97	99
2017/2018 all complaints	50	65	70	74
2016/2017 excluding PPI complaints	83	96	98	99
2016/2017 all complaints	65	79	84	87
2015/2016 excluding PPI complaints	66	86	92	96
2015/2016 all complaints	38	53	62	69

21. proportion of complaints resolved within three months – by product

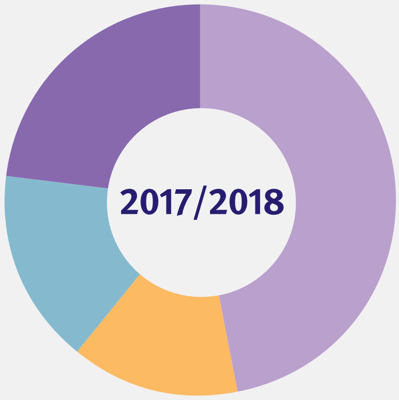
product	% 2016/2017	% 2017/2018
current accounts (including packaged bank accounts)	93	**82**
credit cards	84	**78**
motor insurance	83	**73**
consumer credit	81	**62**
mortgages	70	**74**
investments and pensions	63	**56**
PPI	51	**38**

We hold ourselves to higher timeliness standard than those required of us under the EU Directive on alternative Dispute Resolution. Our performance against those standards is measured from July to July and published on our website.

22. PPI complaints waiting to be resolved at 31 March



- 27% less than six months
- 15% between six months and a year
- 25% between a year and two years
- 33% over two years



- 47% less than six months
- 14% between six months and a year
- 16% between a year and two years
- 23% over two years

23. how people rated our service

problems resolved at an early stage

	% who agreed	% who expressed no view	% who disagreed
we gave clear and honest answers	69%	21%	10%
we used common sense	68%	21%	11%
we listened and cared	72%	18%	10%

complaints we looked into in more depth, including those where an ombudsman made a final decision

	% who agreed	% who expressed no view	% who disagreed
we gave clear and honest answers	72%	11%	17%
we used common sense	64%	13%	24%
we listened and cared	68%	10%	22%

24. how complaints handlers at financial businesses rated our service

2017/2018

	% who agreed	% who expressed no view	% who disagreed
we gave clear and honest answers	83%	12%	6%
we used common sense	78%	10%	12%
we listened and cared	78%	12%	10%

2016/2017

	% who agreed	% who expressed no view	% who disagreed
we gave clear and honest answers	84%	12%	4%
we used common sense	82%	10%	9%
we listened and cared	80%	14%	6%

25. how managers at financial businesses rated our service

2017/2018

	% who agreed	% who expressed no view	% who disagreed
financial services industry can have confidence in our service	66%	18%	17%
our service is good value for businesses who pay levy/case fees	60%	25%	14%
our decisions are fair and unbiased	60%	21%	19%
our decisions are consistent	53%	23%	24%
we provide a good dispute resolution service for businesses	69%	17%	13%

2016/2017

	% who agreed	% who expressed no view	% who disagreed
financial services industry can have confidence in our service	62%	16%	22%
our service is good value for businesses who pay levy/case fees	57%	25%	18%
our decisions are fair and unbiased	55%	22%	23%
our decisions are consistent	52%	22%	26%
we provide a good dispute resolution service for businesses	68.5%	14%	17.5%

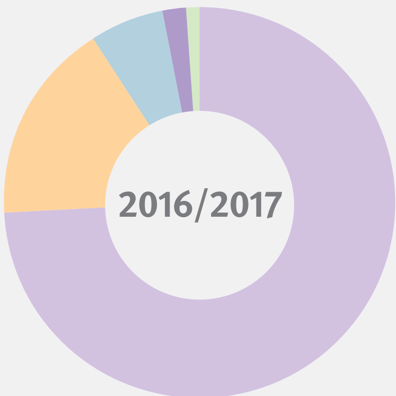
about people who used our service

26. how people brought complaints to us

	% PPI 2016/ 2017	% PPI 2017/ 2018	% packaged bank accounts 2016/ 2017	% packaged bank accounts 2017/ 2018	% consumer credit 2016/ 2017	% consumer credit 2017/ 2018	% all other products 2016/ 2017	% all other products 2017/ 2018
brought the complaint themselves	12	**17**	59	**59**	83	**70**	84	**85**
asked friends and family to complain on their behalf	‹ 1	**‹ 1**	2	**2**	6	**3**	8	**5**
asked free consumer advice agencies to complain	‹ 1	**1**	1	**1**	2	**3**	3	**4**
complaints made on behalf of consumers by claims management companies	85	**80**	37	**37**	9	**22**	3	**3**
complaints made on behalf of consumers by professionals like lawyers and accountants	2	**1**	2	**2**	1	**3**	1	**2**

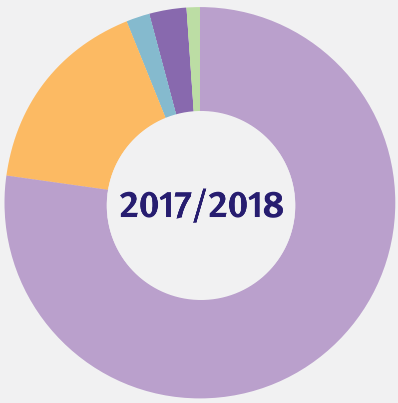
27. complaints we received from small businesses

we can help businesses with an annual turnover of up to €2 million and fewer than ten employees



- 75% banking
- 17% insurance (excluding PPI)
- 6% investments
- 2% PPI
- ‹1% pensions

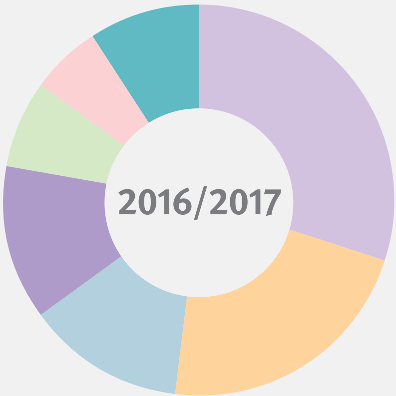
total complaints: 4,533



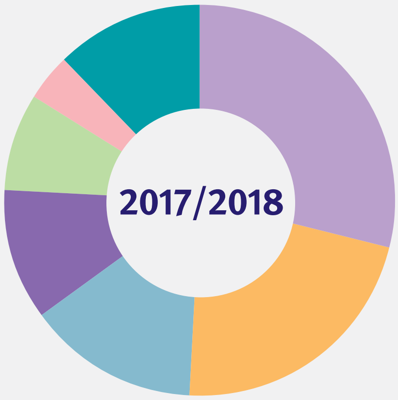
- **78%** banking
- **17%** insurance (excluding PPI)
- **2%** investments
- **3%** PPI
- **‹1%** pensions

total complaints: 4,302

28. how people said they'd heard about us

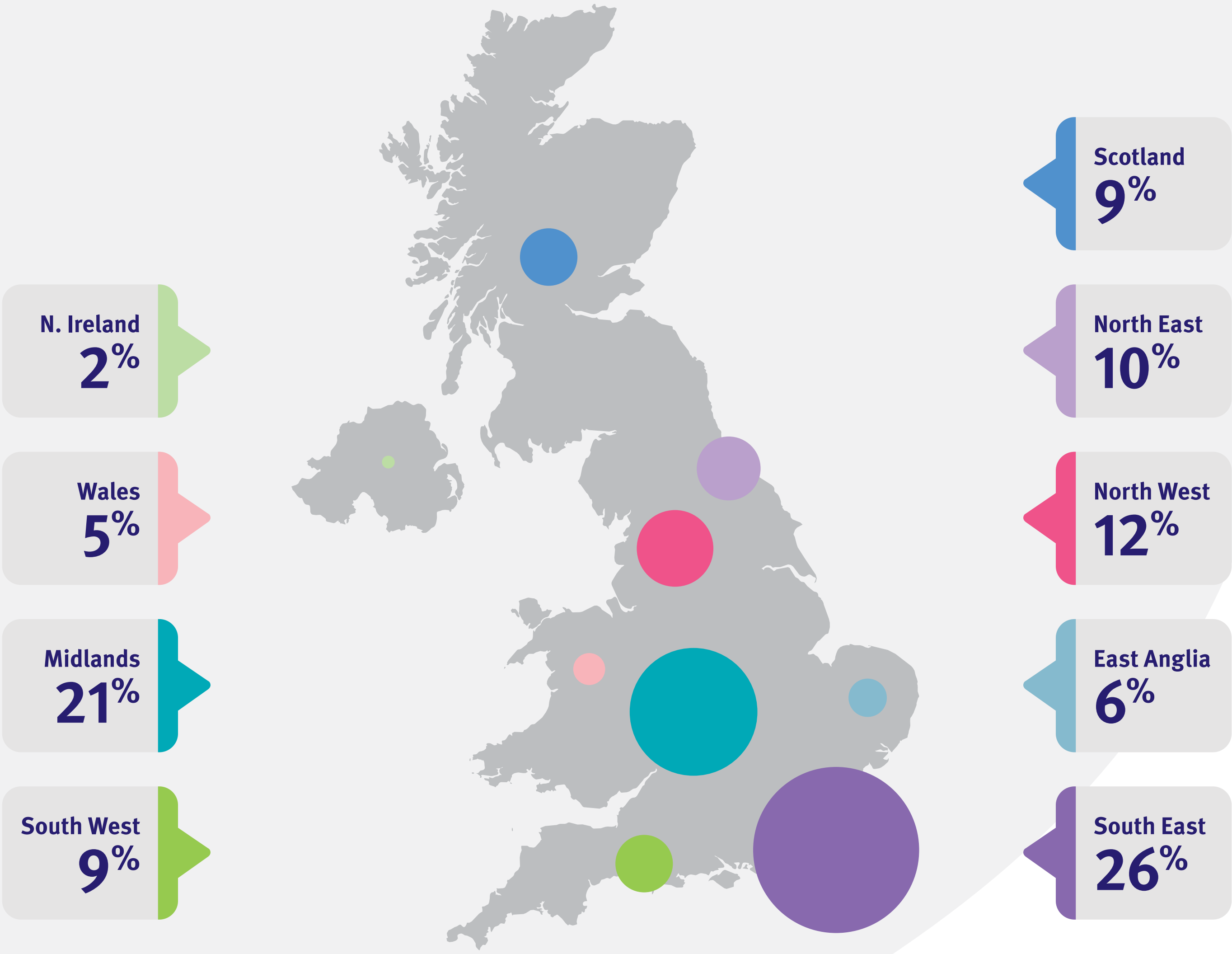


- 30% from a financial business
- 22% on the internet
- 13% from a friend, relative or colleague
- 13% in the media
- 7% from a consumer advice agency (eg Trading Standards or Citizens Advice)
- 6% from a claims management company
- 9% other/unknown

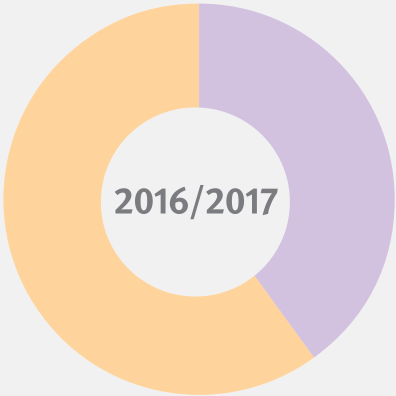


- 29% from a financial business
- 22% on the internet
- 14% from a friend, relative or colleague
- 11% in the media
- 8% from a consumer advice agency (eg Trading Standards or Citizens Advice)
- 4% from a claims management company
- 12% other/unknown

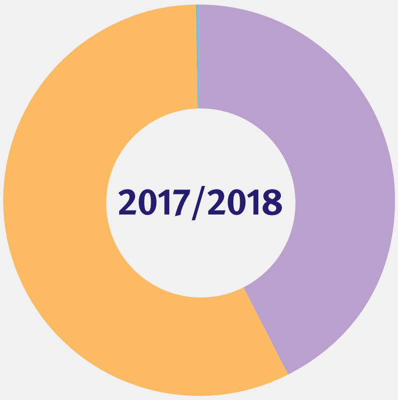
29. where people who complained to us live



30. the gender of people who complained to us

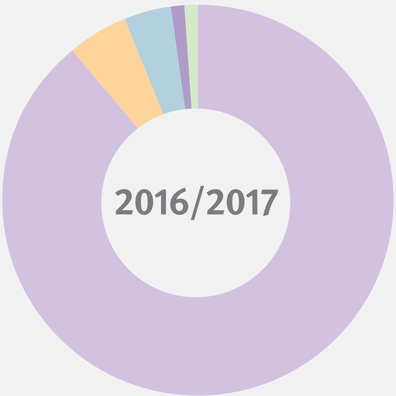


- 40% female
- 60% male

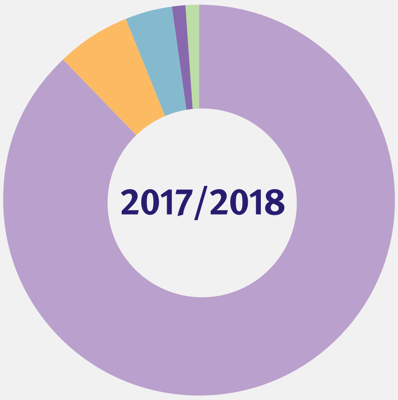


- 42% female
- 57% male
- <1% didn't record – other (including transgender, gender fluid, and non-conforming)

31. the ethnic backgrounds of people who complained to us

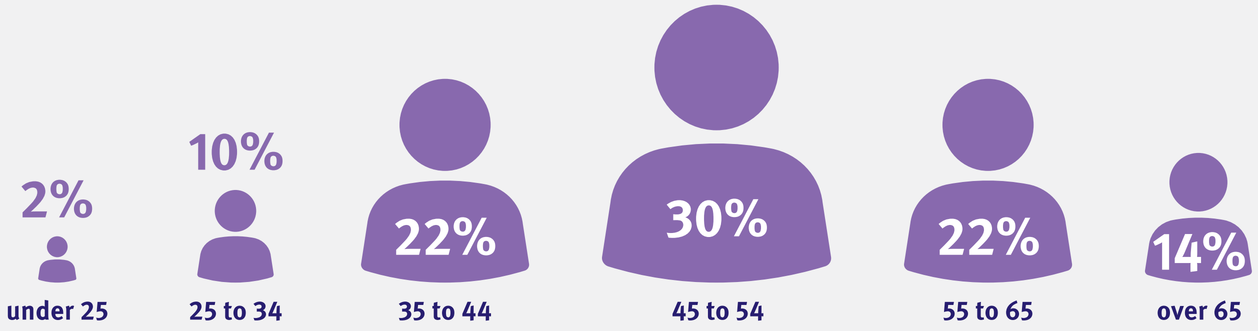


- 89% white
- 5% black or black British
- 4% Asian or Asian British
- 1% mixed
- 1% other ethnic background



- 88% white
- 6% black or black British
- 4% Asian or Asian British
- 1% mixed
- 1% other ethnic background

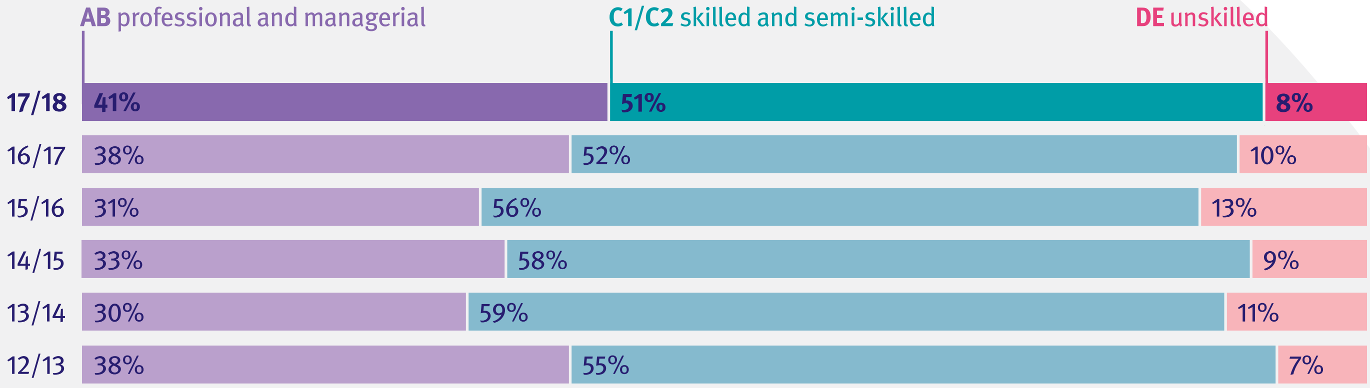
32. the ages of people who complained to us



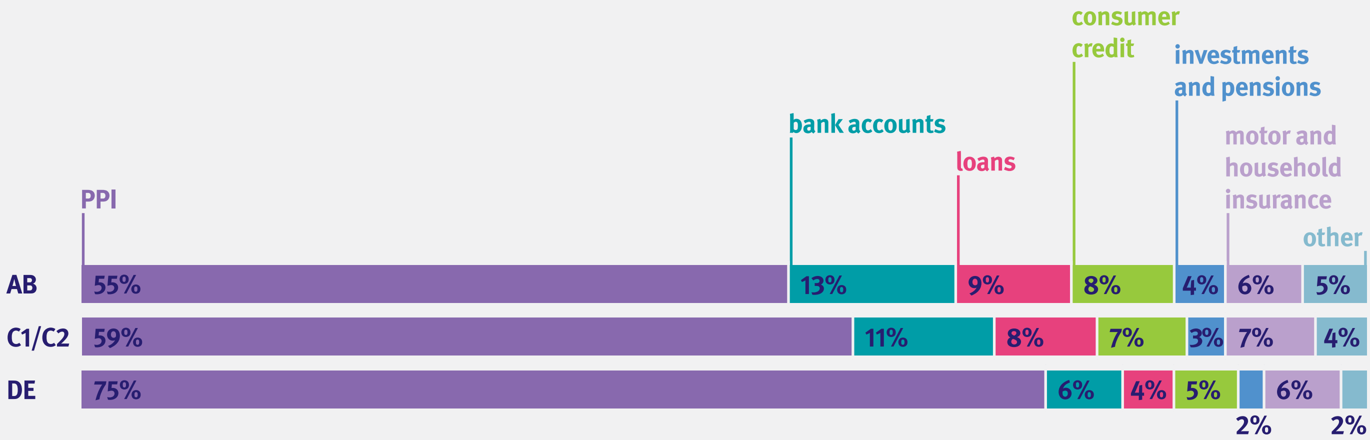
33. what people of different ages complained about

	most complained-about product %	2nd most complained-about product %	3rd most complained-about product %	other products complained about %
under 25	bank accounts 33	consumer credit 28	car/motorbike insurance 22	17
25 to 34	PPI 28	consumer credit 27	bank accounts 18	27
35 to 44	PPI 66	current accounts 10	consumer credit 8	16
45 to 54	PPI 73	current accounts 7	other general banking products 6	14
55 to 64	PPI 73	current accounts 7	other general banking products 6	14
over 65	PPI 62	current accounts 10	other general banking products 6	22

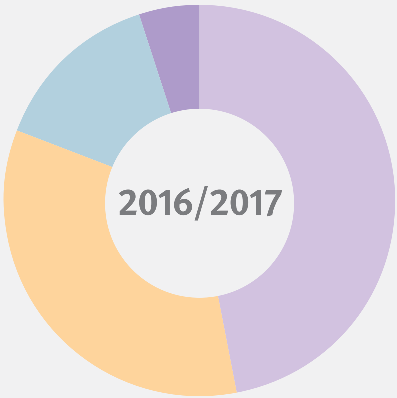
34. the socio-economic background of people who complained to us



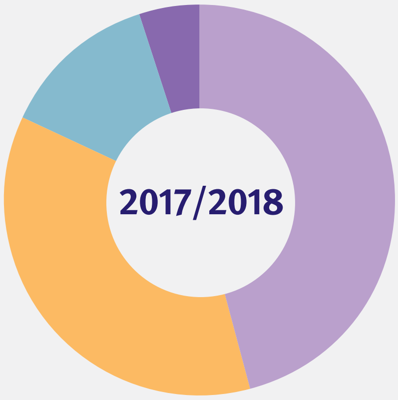
35. what people from different socio-economic backgrounds complained about



36. the occupational status of people who complained to us



- 47% employed
- 34% retired
- 14% self-employed/running own business
- 5% other (including studying and unemployed)



- 46% employed
- 36% retired
- 13% self-employed/running own business
- 5% other (including studying and unemployed)

37. the occupational background of people who complained to us

	% 2016/2017	% 2017/2018
managers and officials	25	**24**
skilled trades (for example electricians, plumbers, mechanics)	22	**23**
professionals	13	**18**
administrative and secretarial	17	**15**
personal services (for example care assistants, dental nurses)	8	**7**
process and plant work (for example machinery operatives, assembly-line workers)	9	**7**
sales and customer service	5	**5**
elementary occupations (for example hotel and bar staff, farm workers, postal workers)	1	**1**

38. awareness of the ombudsman service

level of awareness	% 2016/2017	% 2017/2018
people who didn't recognise our name or know who we were	11	**12**
people who could name us without any prompting	21	**20**
people who said they definitely knew of us when they were told our name	50	**49**
people who said they may have heard of us when they were told our name	18	**19**

39. awareness of the ombudsman service among different groups of people

group	% 2016/ 2017	% 2017/ 2018
men	92	**92**
women	87	**84**
18 to 24 year olds	66	**64**
45 to 64 year olds	95	**95**
Asian consumers	79	**75**
black/black British consumers	84	**79**
white consumers	90	**89**
professional and managerial (AB) consumers	92	**91**
skilled and semi-skilled (C1/C2) consumers	90	**88**
unskilled (DE) consumers	86	**84**
people in Wales	94	**86**
people in Northern Ireland	96	**91**
people in Scotland	91	**87**
people in England	89	**88**

All data relates to Financial Ombudsman Service management information for the year ended 31 March 2018 – except:

23 consumer online and postal survey [14,314 responses to enquiry survey, 19,756 responses to online investigation survey, 2,358 responses to postal investigation survey, 560 responses to online Institute of Customer Service survey]

24 business casehandler online survey [1,004 responses]

25 business online survey [722 responses]

28, 30, 31, 34-37 consumer postal survey [2,358]

38, 39 online public awareness survey [8,228 respondents]

Tables 8, 12 and 13 were updated in July 2018 to correct minor errors that came to light after the original publication date. To reflect these changes, our year at a glance on page 3 was also updated.

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