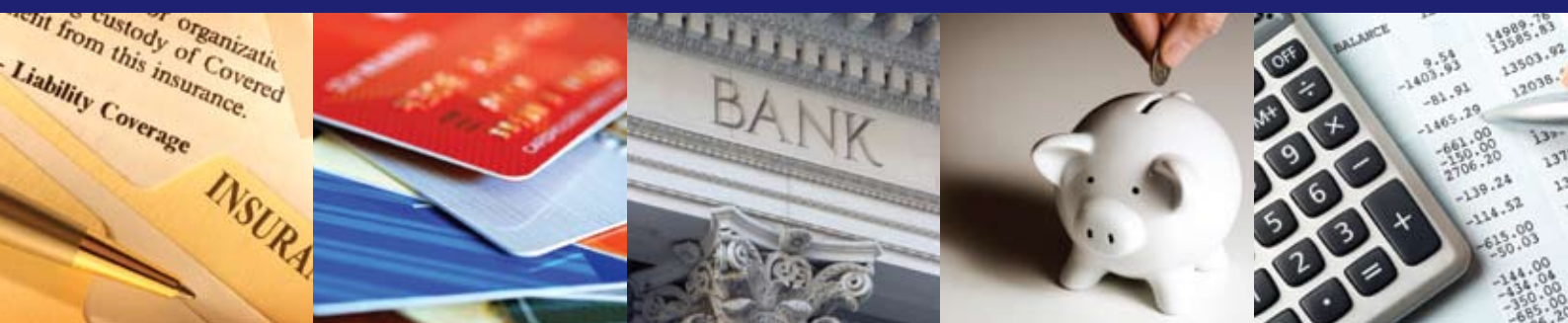


Annual Review

of consumer complaints about

insurance ■ credit ■ banking ■ savings ■ investments



Financial
Ombudsman
Service

■ financial year 2009 | 2010 ■












key facts about the Financial Ombudsman Service

... the independent experts in settling financial disputes

- We were set up under the *Financial Services and Markets Act 2000* to help resolve individual complaints between consumers and businesses providing financial services – as a quicker and more informal alternative to the courts.
- We can look at complaints about a wide range of financial and money matters – from insurance and mortgages to investments and credit.
- If a business can't resolve a consumer's complaint, we can step in to settle the dispute. But the business must have the chance to sort things out itself first.
- We are independent and impartial. This means that when we decide a complaint, we look carefully at both sides of the story and weigh up all the facts.
- If we decide a business has treated a consumer fairly, we will explain why. But if we decide the business has acted wrongly – and the consumer has lost out as a result – we can order matters to be put right.
- Our service is free to consumers.
- Consumers do not have to accept any decision we make. They are free to go to court instead. But if they accept an ombudsman's decision, it is binding on both them and the business.
- We do not write the rules for businesses providing financial services – or fine them if rules are broken. That is the job of the regulator.
- We cannot give personal advice about financial matters or debt problems. But we are committed to sharing our knowledge and experience – to help consumers and businesses settle problems themselves and to help eliminate the causes of complaints.

key figures about the Financial Ombudsman Service

... the power to settle financial complaints

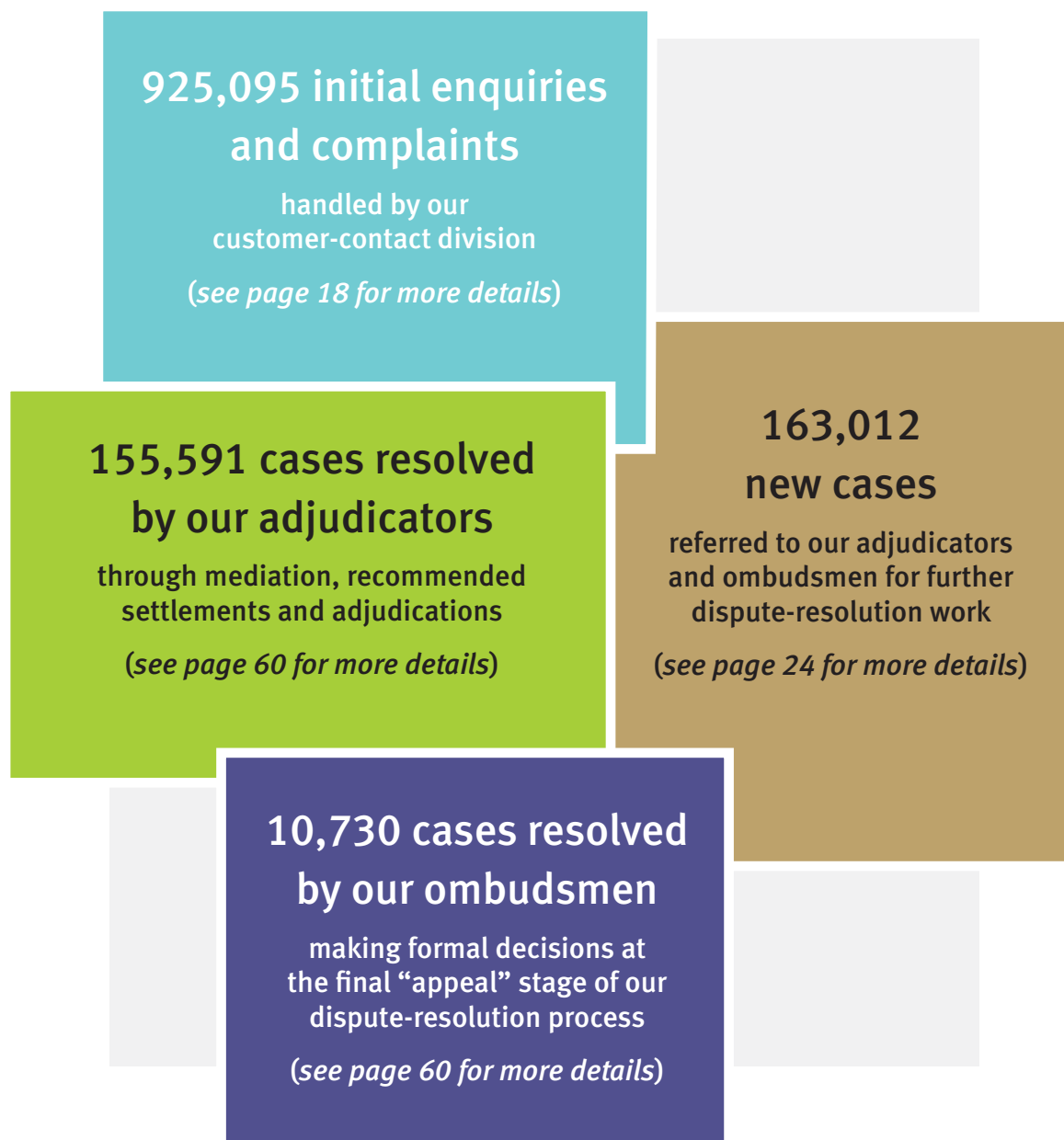
-  We handled **925,095** initial enquiries and complaints from consumers (a 17% annual increase) – over 3,500 each working day.
-  Around **1 in 6** of the initial consumer enquiries we received turned into a “full-blown” dispute requiring the involvement of our adjudicators and ombudsmen – a record **163,012** new cases.
-  Insurance disputes increased by 38% and complaints about banking and credit rose by 30% – but the number of investment complaints stayed the same, motor insurance disputes decreased by 13%, and pension complaints fell by 27%.
-  **52%** of the total number of cases we dealt with related to **4** of the UK’s largest financial services groups – while **2,259** businesses had **1** complaint each.
-  We resolved **166,321** cases – a 46% annual increase – with our involvement resulting in compensation for consumers in **50%** of complaints.
-  We resolved 38% of all disputes within three months; and 67% of cases within six months.
-  We operated on a budget of **£92 million** and our total number of staff averaged **1,015**.
-  We provided information and handled enquiries in **over 50** different languages and formats – from British Sign Language to Japanese, mpeg to Braille.
-  We took part in **232** seminars, roadshows, exhibitions and events.
-  We handled **797** parliamentary enquiries and **16,319** calls to our technical advice desk.
-  We featured in over **4,500** articles in the press – and 75% of adults in the UK said they were aware of the Financial Ombudsman Service.

all figures relate to the financial year 2009/2010

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an overview of how we handle cases



All figures relate to the year ended 31 March 2010.

by the end of the financial year
we had settled **166,321** disputes –
46% more than in the
previous year – and the
largest number of cases annually
we have ever resolved

Sir Christopher Kelly KCB

chairman's foreword



In my foreword to last year's *annual review*, I wrote about the unprecedented levels of uncertainty in the financial markets at that time and the challenges that the economic turmoil and recession presented for financial businesses and their customers. These difficult times were the background against which we started the financial year 2009/2010 – the year covered in this *annual review*.

As part of our budget and workload planning before the start of the year, we consulted with external stakeholders on their views on what the year ahead would have in store for us. The businesses, trade associations and consumer groups who responded to our consultation in the early spring of 2009 agreed that we would need to plan and gear up for another year of continuing high volumes of cases and further volatility in what those cases involved.

This frank and realistic feedback from stakeholders was helpful. The general agreement on what the ombudsman service would be likely to face in the year ahead – in terms of the number and types of new cases referred to us by consumers – allowed us to plan with greater certainty for the budget and resources we would need, to deal with the expected 44% annual increase in cases.

We started 2009/2010 expecting to receive 150,000 new complaints over the following 12 months. But we geared up to resolve 165,000 cases – including 15,000 carried over from the end of the previous year, when we received 40% more complaints than forecast.

We ended the financial year having received 163,012 new cases – 9% more than forecast and 28% higher than the previous year's record number. The figure is the highest number of new cases we have received during any year in our ten-year history.

chairman's foreword

By the end of the year we had settled and closed 166,321 cases – also a record number, and slightly higher than the figure anticipated in the budget. This number is 46% higher than the previous year's figure of 113,949 – and the largest number of cases we have ever settled in a year.

The larger-than-expected rise in workload over the year was driven by the continuing surge of complaints about payment protection insurance (PPI) and high levels of complaints relating to current accounts.

Following the tripling of PPI complaints in the previous year (2008/2009) – from 10,652 cases to 31,066 – we had expected the number to fall in 2009/2010, as businesses increasingly understood and applied our approach to PPI complaints, and as the regulator, the Financial Services Authority (FSA), followed up the concerns we had raised about PPI complaints-handling under the formal “wider implications” procedure.

In the event, we received 58% more PPI complaints than in the previous year – a record 49,196 cases. This was double the number we had anticipated in our planning. PPI complaints made up 30% of our total workload during the year. We continued to uphold an unprecedented 89% of PPI cases in favour of consumers. There is more information about these cases on page 47 of this *annual review*.

The number of complaints relating to current accounts almost doubled during the year – resulting in over 25,000 new cases. We similarly saw a doubling of complaints involving consumer credit. A significant proportion of these complaints involved consumers in financial hardship – reflecting the economic climate and the harsher times faced by many consumers and businesses. There is more information about this on page 36 of this *annual review*.

To be able to deal with these substantially higher caseload levels, we increased the number of our case-handling staff significantly during the year. We recruited 300 adjudicators on a permanent basis together with further contract and outsourced staff. In our budget consultation process, stakeholders agreed that this mix of permanent and contract staff is important in providing us with the flexibility to cope efficiently with the fluctuations in our workload.

As our output rises substantially, the importance of monitoring the quality and consistency of our work becomes even more important. During the year we organised over 30,000 hours of training for our staff, added 1,000 new pages to our staff intranet, and ran quality checks on 30% of cases as part of our quality-assurance framework. There is more information about our work in this area on pages 67 to 69 of this *annual review*.

A key measure of the customer service we provide is the timeliness of our complaints handling. Despite the heavy volume of new complaints and the inevitable lead-in time involved in recruiting and training the large number of new case-handling staff this year, I am pleased that our focus on timeliness has resulted in reduced waiting times for many consumers and businesses.

During the year we resolved 38% of cases within three months and 67% within six months – compared to 30% and 56% respectively in the previous year. We still want and need to do better than this. We have set ourselves increasingly tough timeliness targets for the financial year 2010/2011.

The focus on reducing waiting times for customers – and dealing with a higher-than-expected proportion of more complex and hard-fought cases – has involved greater investment in staff and resources, and a 9% annual increase in our unit cost.

chairman's foreword

However, we expect to see the unit cost fall next year as the result of a range of improved efficiency measures and increased productivity, with our recently-recruited case-handlers reaching their full potential. We are expecting the same factors to lead to improved standards of service for our customers, something which our chief ombudsman writes about in the following chapter.

In the last few *annual reviews* I have written about the work we have done in response to the independent review that we asked Lord Hunt of Wirral to carry out in 2007/2008. Lord Hunt looked at the accessibility and openness of the ombudsman service and set out a series of recommendations that we described at the time as a bold agenda for change. We remain committed to a wide range of accessibility and openness initiatives suggested by Lord Hunt.

For example, during the year we published – for the first time – “business specific” complaints data showing the number of new cases, and uphold rates, for each of the 150 or so financial businesses that together generate some 90% of our workload.

In the light of Lord Hunt's particular interest in our website as a tool for accessibility and transparency, I was also especially pleased that following nominations from the public, our website was named *website of the year 2009* in the Plain English Campaign's annual awards.

As part of this *annual review* we have published in full the separate report of the independent assessor, Michael Barnes. The independent assessor's role is to investigate complaints from businesses and consumers about the level of service provided by the Financial Ombudsman Service – in cases that our in-house service-review team has itself been unable to resolve. There is more information about the work of our service-review team on page 70.

The independent assessor reports directly to me and my board colleagues. As in previous years, all the independent assessor's recommendations have been accepted – both in relation to individual cases and, more generally, in relation to the service we provide. The independent assessor's report – and my board's response – is on page 110.

Michael Barnes retires this year after eight years as our independent assessor. This means that this is his last annual report to my board. I am very grateful to him for his observations and insights over the years. The independent assessor provides a valuable mechanism for feedback and scrutiny on all aspects of our performance. Michael Barnes' successor, who is shortly to be appointed, will continue to have the close interest and attention of the board.

My final words are to record my personal thanks – and the thanks of the board and the staff – to Walter Merricks, who stepped down as chief ombudsman in October 2009 after ten years in the post. For many people, I know that Walter *was* the Financial Ombudsman Service – because he was so closely identified, at every level, with the organisation he set up and led with such pride, passion and charisma.

I am confident that Natalie Ceeney, who joined in March 2010 as the new chief ombudsman and chief executive, is the right person to take the Financial Ombudsman Service into the challenges of the new decade. I am also very grateful to David Thomas, who led the ombudsman service very ably as interim chief ombudsman in the period before Natalie Ceeney arrived.



Sir Christopher Kelly KCB

May 2010

chief ombudsman's report



chief ombudsman's report

It is ten years – almost to the month – since the separate ombudsman schemes and complaints bodies came together under one roof to create the new single Financial Ombudsman Service.

At that time the separate schemes – including the old banking and building societies ombudsmen, the insurance ombudsman and the investment ombudsman – together employed around 350 staff and handled some 25,000 cases a year. Ten years on, in the year recorded in this *annual review*, we had over 1,000 staff and settled more than 165,000 cases.

People today can be quite surprised when reminded that ten years ago there was no ombudsman for most complaints about mortgage and insurance broking, travel insurance sold with a holiday, or consumer credit – exactly the areas where so many people can be most affected if things go wrong.

Now, it is broadly taken for granted that the ombudsman service pretty much covers all things to do with consumers' finances. So much so, that the recent widening of our remit to cover complaints about “sale and rent-back” schemes, “reclaim funds” and money-transfer operators has generally been greeted as no more than procedural tidying-up around the edges.

In the last ten years, the Financial Ombudsman Service has handled six million enquiries and resolved almost a million complaints. Nearly a third of these cases have been complaints about mortgage endowments. More recently, high volumes of complaints involving the sale of payment protection insurance (PPI), current accounts and credit cards have featured heavily, and are covered in detail elsewhere in this *annual review*.

chief ombudsman's report

In fact, according to research published in October 2009 by the European Commission, the UK's Financial Ombudsman Service now handles three quarters of all disputes settled out of court by ombudsmen and official complaints schemes in the UK and two in five disputes settled out of court throughout the European Union (EU) as a whole. This huge upward shift in volumes of work – and the continuous volatility as surges of different types of complaints rise and fall – has been an ongoing challenge for the Financial Ombudsman Service.

Joining as the newly-appointed chief executive and chief ombudsman on the tenth anniversary of the service, I am struck that in the face of this remarkable hike in scale – an average increase in workload of 20% every year – the ombudsman service has still been able to remain true to the ambitious aims published ten years ago this month.

These aims included commitments to: provide consumers with a free one-stop service for dealing with disputes about financial services; resolve disputes quickly and with minimum formality; offer user-friendly information as well as adjudication; promote the prevention of complaints as well as their resolution; be cost-effective and efficient; be accessible to disadvantaged and vulnerable people; and be trusted and respected by consumers, the financial services industry and other stakeholders.

These aims and values hold as true today as they did ten years ago. But the scale of our current operations – now forecast to continue at record levels, with our caseload expected to break through the 200,000 figure – means that the way in which we meet these objectives has to evolve and change.

chief ombudsman's report

As well as reflecting the structural changes needed to support an organisation that is now four times larger than it was ten years ago, and a workload that is eight times bigger, we need to take account of the fact that the world is now a very different place.

When the Financial Ombudsman Service was set up, Google and Ebay were still in their relative infancy – and the social media environment typified by Facebook and YouTube had yet to be created. Since then, we have seen some pretty seismic shifts in digital information and communication technology, which, for many people, have changed how they live their lives and do business.

These shifts have altered the way in which consumers now want to engage with service providers, and the levels of service they expect. In a world of iPhones and Twitter, consumers are becoming increasingly confident. They feel more empowered to ask questions, shop around, assert their rights, share information with others – and to complain when they are not happy. More people now expect a two-way conversation – not one-way communication. Institutions from GP surgeries to government departments, whose authority was previously regarded as unassailable, can now expect to be questioned and challenged.

Meanwhile, for those consumers who are not wired up to the internet or plugged into the latest technology, many services are becoming less, rather than more accessible. There is a very real risk that services will leave them behind.

chief ombudsman's report

The ombudsman service has to recognise and respond to these new challenges. More than ever before, everyone expects a service tailored to their own needs and requirements. Yet we need to do this while operating on a significantly larger scale. We have to plan our service carefully to meet the competing demands and priorities that this involves.

If the challenge of the last ten years at the ombudsman service was scaling up to increased demand, the challenge we face in the coming decade will almost certainly be to meet large-scale demand for personalised service-delivery. In the next ten years, the norm will be to provide an individual service – for more people than ever – meeting higher expectations than ever before.

One of our priorities for the coming year is, therefore, to re-examine the operating model that has worked successfully for us over the last decade – and to adjust it to meet the challenges now facing us. In today's world, efficiency and operating at low cost need to be a core part of our focus. Here we are starting from a strong base, as our unit cost compares favourably with the alternative to an ombudsman service, namely the courts. But we are committed to constantly exploring how we can be more efficient.

And efficiency is meaningless unless we offer an excellent service as well. Providing a *really* excellent service is what we are here to do. We have a lot of work already underway to make our service better – including changes to our processes, so that we can more quickly identify the exact types of complaint as they arrive, to ensure they are on the desk of the right expert as soon as possible.

chief ombudsman's report

We are also already working to reduce the length of time it takes us to allocate cases to our adjudicators and ombudsmen – so that we can resolve disputes more quickly, something that is clearly in the interests of both parties to a complaint. We will be doing some research over the summer to explore how the financial services industry and consumers with complaints would most like to interact with us in the digital age. And we are in the early stages of rolling out a more standardised and simpler way of communicating our decisions, so that everyone can see clearly what decision we have reached, and why.

At the time of writing this, I have been in post for two months. This is long enough for me to see that the foundations put in place in the last ten years are solid enough for the building work needed in the next ten years. I owe a huge debt to my predecessor, Walter Merricks, who was the first chief ombudsman, and who created the service that now operates so successfully. Over the months, I will keep listening and talking to all our stakeholders about how we build on these foundations for a service of the future. I am looking forward to it!



Natalie Ceeney CBE

May 2010

the complaints we received



the complaints we received

our consumer helpline

Our customer-contact division runs our consumer helpline – for enquiries by phone, letter and email. In the financial year 2009/2010 the number of people contacting us – with questions, concerns and complaints about the way they had been treated by financial businesses – continued at record levels.

We handled **925,095** initial enquiries and complaints during the year – a **17% increase** on the previous year. This means that each working day our customer-contact division dealt with over 3,500 phone calls and items of new mail from consumers.

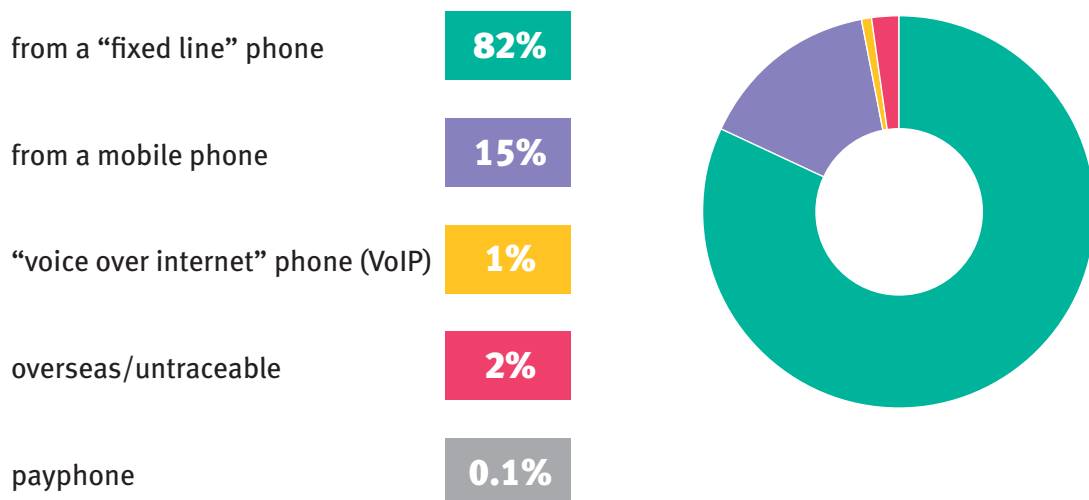
The consumer helpline is the first port of call for everyone who phones the ombudsman service on one of our two easily-memorable “non-geographic” numbers. Consumers can choose which number they prefer – depending on which is more convenient for them personally and which is cheaper (or in many cases free – subject to their own phone tariff). We also publicise widely that we will phone people back if they are worried about the cost of calling us.

In our customer research carried out over the year, 97% of people said that they had no problem finding our contact details. The proportion of consumers who said we were “very easy” to contact has increased by 12% in the last two years. This reflects our continued initiatives to promote consumer awareness of our service, especially in areas where our research shows that knowledge of the ombudsman is weaker.

how do people phone the ombudsman service?

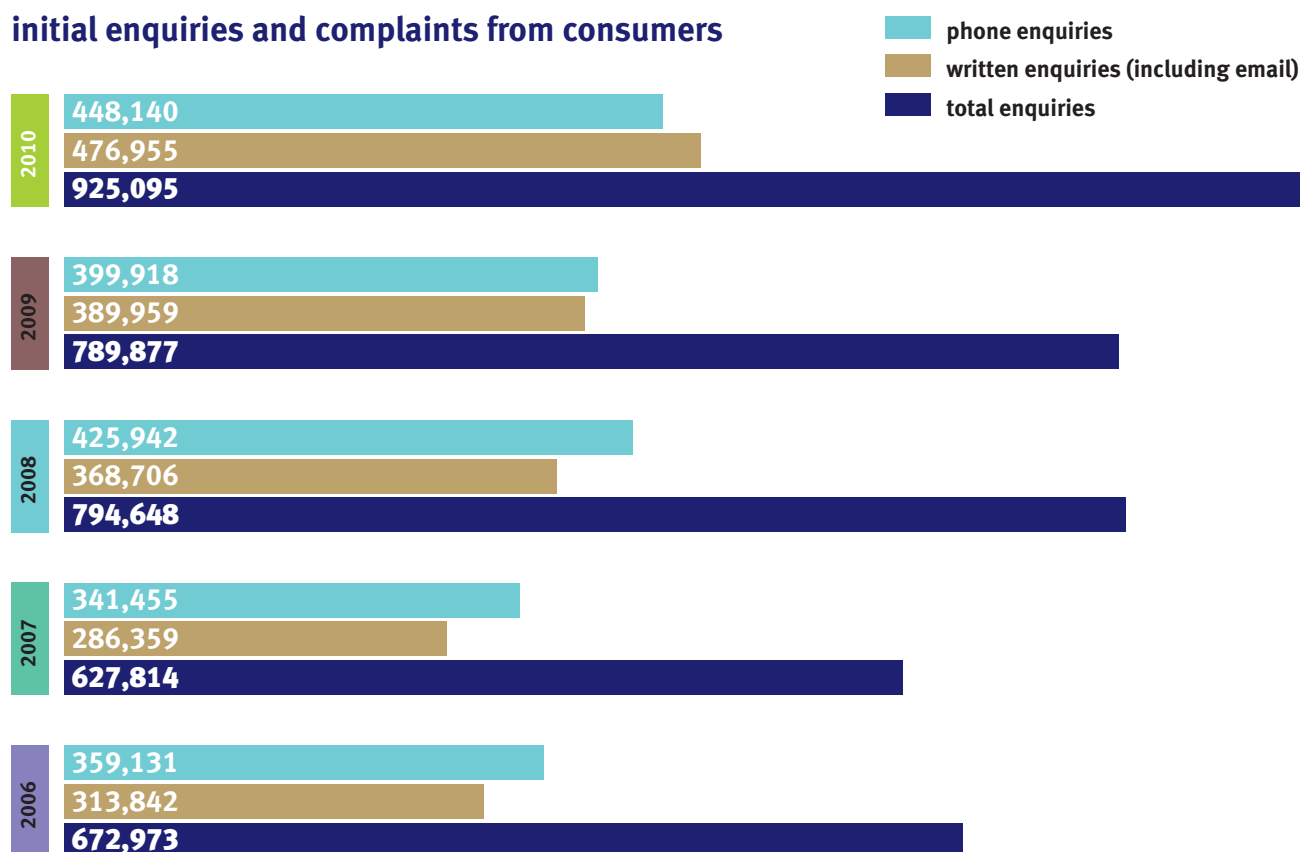
Our target is to answer 80% of phone calls to our consumer helpline within 20 seconds. This is a widely-accepted standard for organisations dealing with the volume of phone calls that we handle. We met this target during the year – and 97% of consumers surveyed during the year said their calls to us were answered promptly.

Peak times for phone calls are generally Mondays between 10am and noon. We use sophisticated call-centre software to help manage surges of calls throughout the day. This means that the moment the volume of incoming calls increases, our helpline advisers who are dealing with written enquiries are alerted to log-on to the phone system and start taking calls.



the complaints we received

initial enquiries and complaints from consumers



year ended 31 March

online contact

While many prefer to phone us and talk through their enquiry personally, a significant number of consumers access the information they need straight from our website. And around 250 people a month have registered their complaint with us using our online complaint-enquiry facility, a service we trialled during the year and which we are now looking to develop and promote more extensively.

Our website – www.financial-ombudsman.org.uk – recorded a monthly average of 210,000 visits. The busiest time on our website is late morning on weekdays – although people use our website round the clock, 365 days a year, to send us emails and register complaints online.

438,760 complaint forms were downloaded from our website during the year (a 25% increase on the previous year). The other most-visited pages included our news page (with 169 news updates added during the year), case studies from the online version of our newsletter, *ombudsman news*, and the online video-welcome from the chief ombudsman.

Visitors to our website used the voting buttons on the site over 10,000 times, to rate how useful they found the information on various pages. 82% of these online ratings gave us top scores.

There is more information about the people who use our website on pages 83 to 85 of this *annual review*.

“... 82% of these online ratings gave us top scores”

the complaints we received

how we handle initial enquiries and complaints

We aim to blend the most effective call-centre technology with the best personalised customer service we can offer. The skilled advisers on our consumer helpline are empowered to decide what approach to take on each call – tailoring their response accordingly in each case. This means they can sort out most consumers’ problems and concerns at an early stage.

This includes explaining the official complaints procedures, set out by the Financial Services Authority (FSA), which financial businesses have to follow – and confirming the details of the person consumers should complain to at a business, if they haven’t already done this.

We can forward complaints direct to the relevant business – for them to deal with in the first instance, under the FSA’s complaints-handling rules. And we regularly direct consumers to other appropriate complaints bodies, helplines and websites.

As part of our commitment to complaints prevention, we especially like providing the facts and information that empower people to resolve problems *themselves*. This might include offering practical suggestions on sorting things out informally – without needing to escalate the matter as an official complaint – or giving an early steer on the likely outcome of a complaint, from our informed independent viewpoint.

Where we do not believe it would be helpful or productive for a consumer to pursue a matter further, we explain why we think this. We also provide impartial guidance on any redress already on offer. But equally, if we think there is a genuine case to pursue, we will reassure anyone who seems intimidated by the formal process of complaining.

We are committed to identifying and, wherever possible, removing barriers that may unfairly prevent particular consumers from using our service. As part of this commitment, we have put in place a team of specially-trained front-line advisers, to work with more vulnerable consumers who might otherwise struggle with forms and procedure.

This followed a successful trial project during the year – which established that helping to guide disadvantaged people through the complaints process did not affect the impartiality of the decision-making on the merits of their case.

There is more information about our accessibility and diversity work on page 90 of this *annual review*.

A key challenge for our consumer helpline – and for the ombudsman service as a whole – is to emphasise our impartiality while at the same time working proactively to ensure consumers are not disadvantaged in bringing complaints. “Impartial” means we do not automatically “side” with anyone. This is a message that can be hard for some consumers (and even some financial services practitioners) to accept.

“... we provide the facts and information that empower people to resolve problems themselves”

the complaints we received

In clarifying the role of the ombudsman, an important part of our work is to manage expectations realistically by explaining the complaints-handling rules and restrictions on what we *can* and *cannot* do. This includes setting out the time limits and deadlines that may apply. We are also very clear that we are *not* the regulator – and that our work does not involve punishing or fining businesses.

the value of our early involvement

Feedback from our customer research shows that our approach to initial enquiries and complaints is clearly valued by the consumers who contact our consumer helpline. During the year, 97% of people who contacted the helpline said they were given a clear explanation of what would happen next with their complaint, and 98% felt that the consumer adviser they spoke to knew enough to answer their questions.

As a result of our focus on resolving as many enquiries as possible at this early stage, only around one in six potential complaints raised with our consumer helpline during the year went on to become a case needing the involvement of an adjudicator or ombudsman.

During the year we again commissioned independent research to find out more about what happened next to the five out of six consumers who contacted us initially on our helpline – but then never returned with a formal complaint. The latest survey shows that of these consumers:

- 44% were subsequently able to resolve their problem themselves, without needing further help from the ombudsman service; *and*
- 95% of these consumers felt it was our early involvement that had helped them to sort things out satisfactorily at this early stage.

Of the 56% of consumers who were *not* immediately able to resolve their problem themselves, after contacting our helpline for initial help and guidance:

- 59% said they had continued to try to sort out the problem directly with the financial business involved (and might ask the ombudsman for further help later on); *and*
- 41% said they had let the matter drop – with half saying this was primarily because of difficulties in dealing with the financial business involved.

“... 97% of people who contacted our helpline said they were given a clear explanation”

the complaints we received

meeting different needs

Our service is for everyone. We aim to be accessible and to adapt the way we communicate with our customers – to meet any particular needs people may have.

For example, we use an instant over-the-phone interpreting service to handle calls in languages other than English. And our website has information about the ombudsman service in over 25 languages (including video and audio clips in mpeg and mp3-format).

We use Text Relay (formerly known as “TypeTalk”) and sign language, and to suit individual customers’ needs we regularly provide information in alternative formats such as large print, CD/DVD and “accessible text” (sometimes called “EasyRead”).

There is more information about our accessibility and diversity work on page 90.

other languages

During the year 2,078 consumers from 93 countries outside the UK brought complaints to the ombudsman service about UK financial services and products.

This is reflected in demand for our interpreting and translation services. This demand has increased, as the financial companies we cover do more international business with customers round the world – for example, money-transfer operators (who came under our remit in November 2009) working with customers globally.

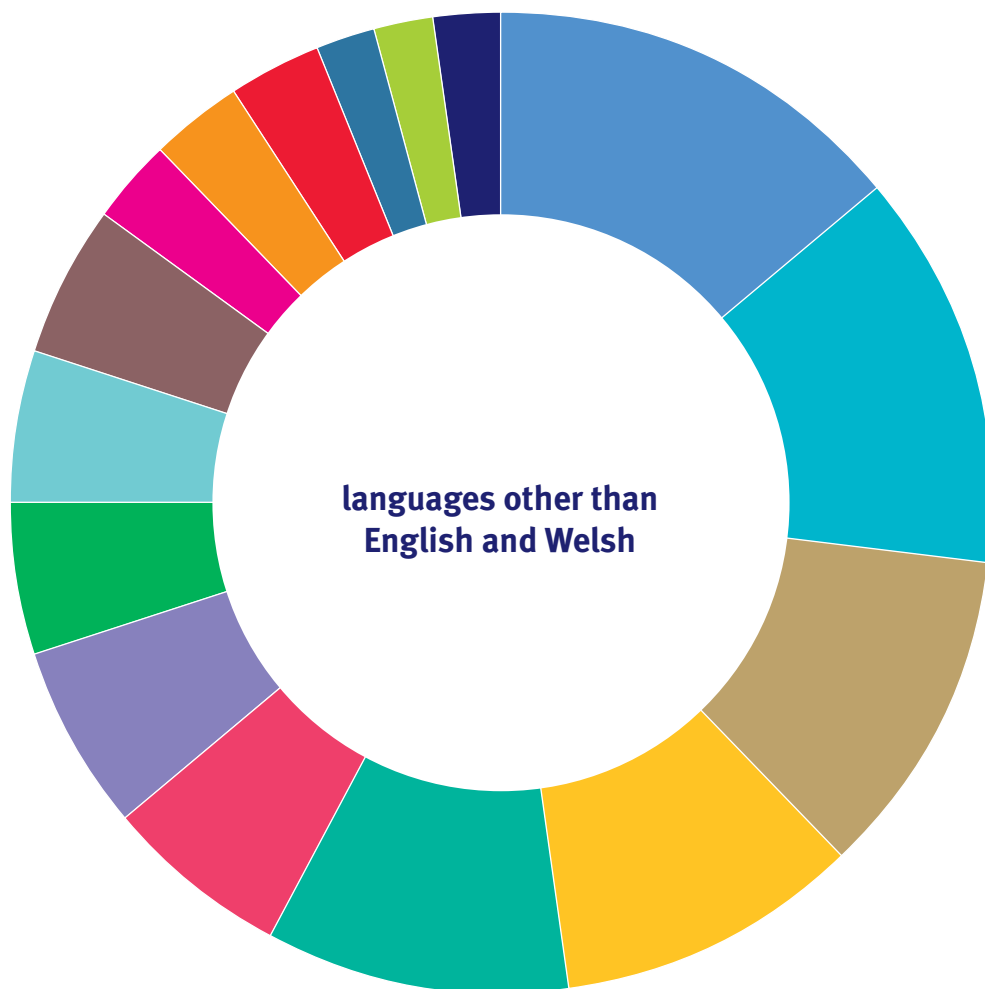
0.75% of cases during the year involved working in 46 languages other than English or Welsh.

Of these cases:

- 52% involved Western European languages
- 23% involved Asian languages
- 18% involved Eastern European languages
- 5% involved Middle Eastern languages
- 2% involved African languages.

“ ... we aim to be accessible and to adapt the way we communicate with our customers”

the complaints we received



14% German	5% other Eastern European languages
13% Polish	5% Middle Eastern languages
11% Spanish	3% Chinese
10% French	3% Hindi
10% other Western European languages	3% Punjabi
6% Urdu	2% Danish
6% other Asian languages	2% Gujurati
5% Italian	2% African languages

the complaints we received

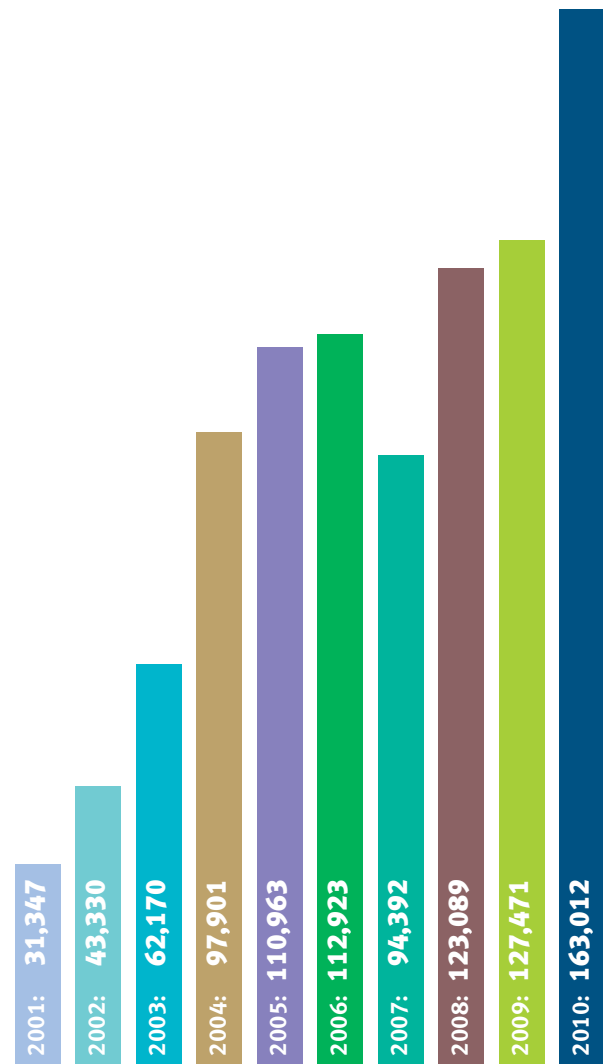
new cases referred to our adjudicators

Where a consumer has already complained to the business they are unhappy with – and contacts us to say they are dissatisfied with the business’s final response – our customer-contact division sorts out the paperwork and checks the details, before we take on the complaint formally as a new case.

Under the complaints-handling rules set by the Financial Services Authority (FSA), businesses are required to send a final response to a consumer within eight weeks of the original complaint. However, in 31% of the complaints we took on formally as new cases during the year, the businesses involved had not issued a final response – even though their customers had already been waiting longer than eight weeks.

This figure was higher for banking-related complaints where – in 39% of the cases we dealt with (a similar level to the previous year) – businesses had failed to send consumers a final response within the required timescale.

The complaints-handling rules also require businesses’ final responses to include information about the consumer’s right to refer an unresolved complaint to the ombudsman service. During the year 18% of consumers said they were told about us by the business they complained to. This was 4% fewer people than in the previous year. 19% said they first heard about the ombudsman from a friend, relative or colleague.



year ended 31 March

In the financial year 2009/2010, our customer-contact division referred a record **163,012** new cases to our adjudicators and ombudsmen – out of a total 925,095 enquiries and complaints raised initially with our consumer helpline.

This is a **28% increase** on the 127,471 new cases recorded in last year’s *annual review* – and is the highest number of cases we have received in any year since the ombudsman service was set up in the year 2000.

“... in 31% of cases the business had not issued a final response to the consumer after eight weeks”

the complaints we received

“... over the last ten years the ombudsman service has received a total of 966,598 cases”

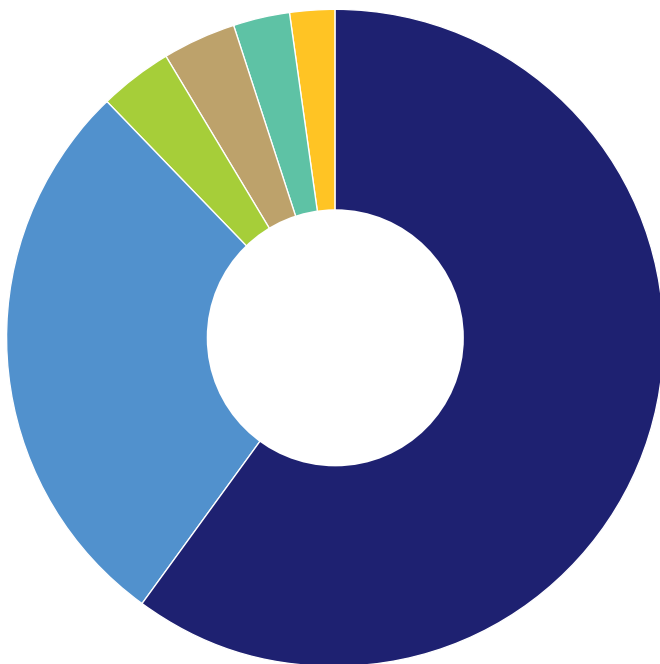
It means that over the last ten years the ombudsman service has received a total of 966,598 cases – 31% of which have related to the sale of mortgage endowments, 10% about the sale of payment protection insurance, 6% about unauthorised overdraft charges and 4% about credit-card charges.

The record level of new cases in the financial year 2009/2010 resulted from trends over the year that have included:

- Complaints about payment protection insurance (PPI) increasing by 58% (see page 47 for more information about these complaints).
- Complaints involving current accounts rising by 85% (see page 36).
- Complaints about consumer credit increasing by 110% (see page 43).

However, other trends included the number of motor insurance complaints referred to the ombudsman service falling by 13% and pensions complaints down by 27% during the year. Numbers of new cases relating to credit cards, mortgages, buildings insurance and income protection insurance levelled off – and were similar to the numbers received in the previous year.

the complaints we received

**60%**

complaints made by consumers themselves

28%

complaints made on behalf of consumers by claims-management companies

3.5%

complaints made on behalf of consumers by friends and family

3.5%

complaints made on behalf of consumers by professionals (eg lawyers and accountants)

3%

complaints made by smaller businesses

2%

complaints made on behalf of consumers by free consumer-advice agencies (eg Trading Standards and Citizens Advice)

who these new cases are from

Over half of the people who used the ombudsman service during the year did so in a personal capacity as individual consumers. But people wanting to bring a complaint can appoint someone else to do this for them. During the year 5.5% of cases involved someone acting for free on behalf of the person with the complaint.

Around two thirds of these cases involved people referring complaints on behalf of friends and family. A smaller number involved a wide range of professional consumer representatives and advocates, acting for free on behalf of clients. These included Trading Standards and Citizens Advice, debt counsellors and money advisers, employers and union representatives, members of parliament and councillors, and community and charity workers.

In 31.5% of cases referred to the ombudsman service during the year, consumers paid for the services of someone to represent them. These included professionals such as accountants and solicitors. But most of these “represented” cases involved commercial claims-management companies.

the complaints we received

The proportion of cases we dealt with where the consumer was represented by a claims-management company increased by 2% during the year. There is more information about claims-management companies on page 28.

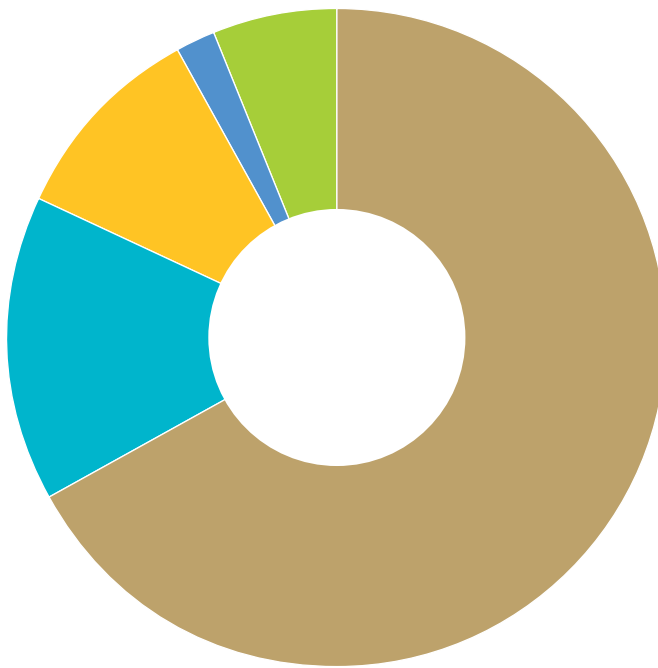
We also look at complaints brought by smaller businesses. Up until 1 November 2009, we could help where a smaller business had an annual turnover of up to £1 million. From 1 November 2009, this threshold increased to 2 million euros for smaller businesses – but they must now also have *fewer than* ten employees. This change reflects European Union (EU) law relating to “micro-enterprises” (an EU term covering the smallest businesses).

The number of complaints referred to us by smaller businesses increased by 35% during the year – from 3,525 cases to 4,758. This reflects our continued outreach activities – such as working with smaller-business trade associations and networks (including our own smaller-businesses forum), taking part in business start-up shows and similar events, and arranging targeted coverage in specialist business-to-business publications.

Sole traders and people running small businesses do not always register their complaint specifically as a *business* dispute, as they often see the issues as essentially personal rather than commercial. This is evident from the fact that 13% of people who completed our customer-satisfaction surveys during the year described themselves as self-employed or running their own business – far higher than the number who formally brought a complaint to us in that specific capacity.

“... 13% of people who used the ombudsman were self-employed or running their own business”

the complaints we received



67% payment protection insurance (PPI) complaints

15% credit card complaints

10% current account complaints

2% mortgage endowment complaints

6% other types of complaint (including pensions and mortgages)

cases referred by claims-management companies

The proportion of complaints referred to the ombudsman service by claims-management companies on behalf of consumers continued to increase during the year – from 26% to 28% of all cases. However, this was a slower rate of increase than in the previous year, when the proportion of complaints represented by claims-management companies had increased by 7%.

Around half of cases brought by claims-management companies in the financial year 2008/2009 related to payment protection insurance (PPI) complaints – but this number has risen to two thirds this year. Claims-management companies were involved in around six out of ten PPI cases that we handled during the year.

Seven claims-management companies accounted for 52% of all the cases we handled during the year where consumers were represented by this type of company. The other 48% of cases involved a further 150 claims-management companies.

We continue to tell consumers that we do not think they need the help of a commercial third-party – such as a claims-management company or solicitor – to bring a complaint to us. We are a *free service* for consumers, while commercial companies charge consumers to bring a complaint on their behalf. And our procedures are designed to be simple for consumers to use.

We decide cases by looking at the facts – not at how well the arguments are presented. We prefer to hear from consumers in their own words. And in our experience there is no difference in the outcome of complaints – whether consumers bring them to us themselves direct, or whether they pay a claims-management company to complain on their behalf.

what the complaints were about

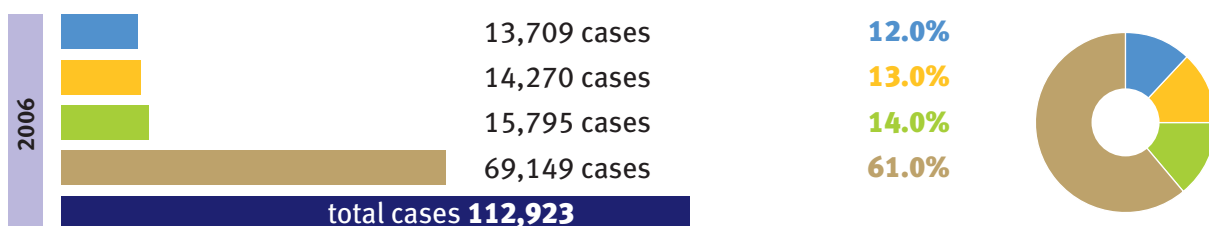
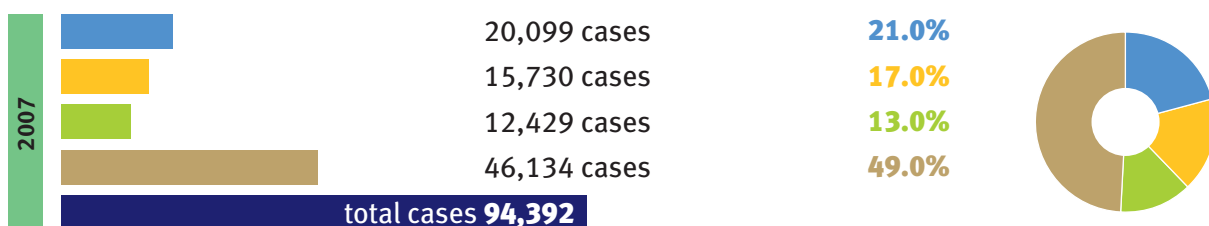
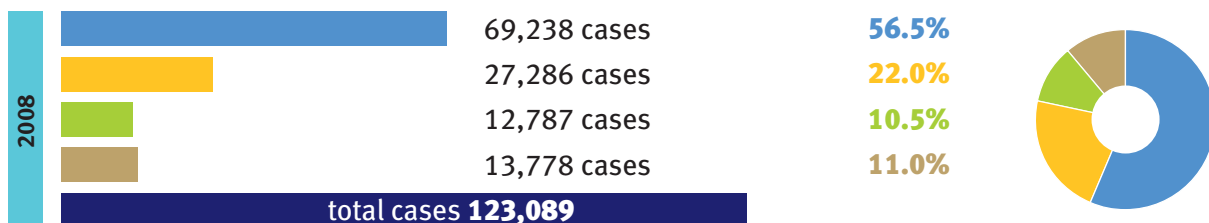
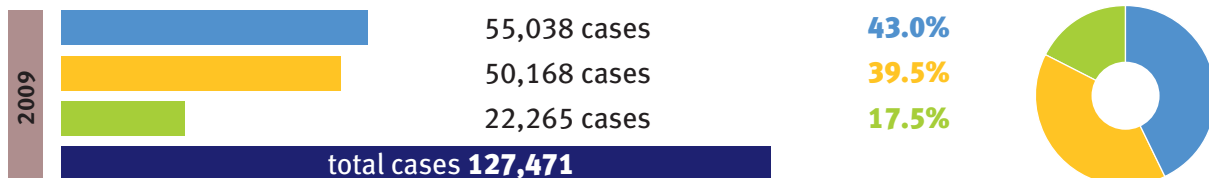
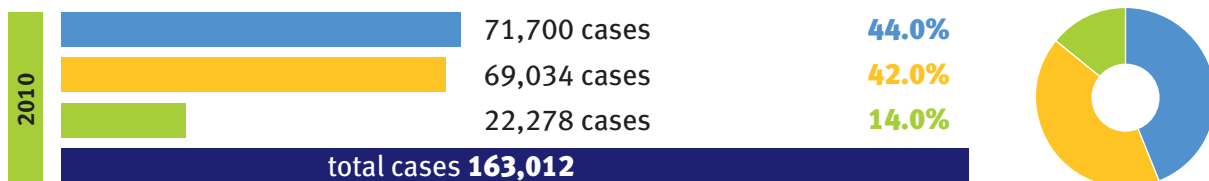


what the complaints were about

new cases by area of complaint

- banking and credit
- insurance
- investments and pensions
- mortgage endowments*
- new cases in total

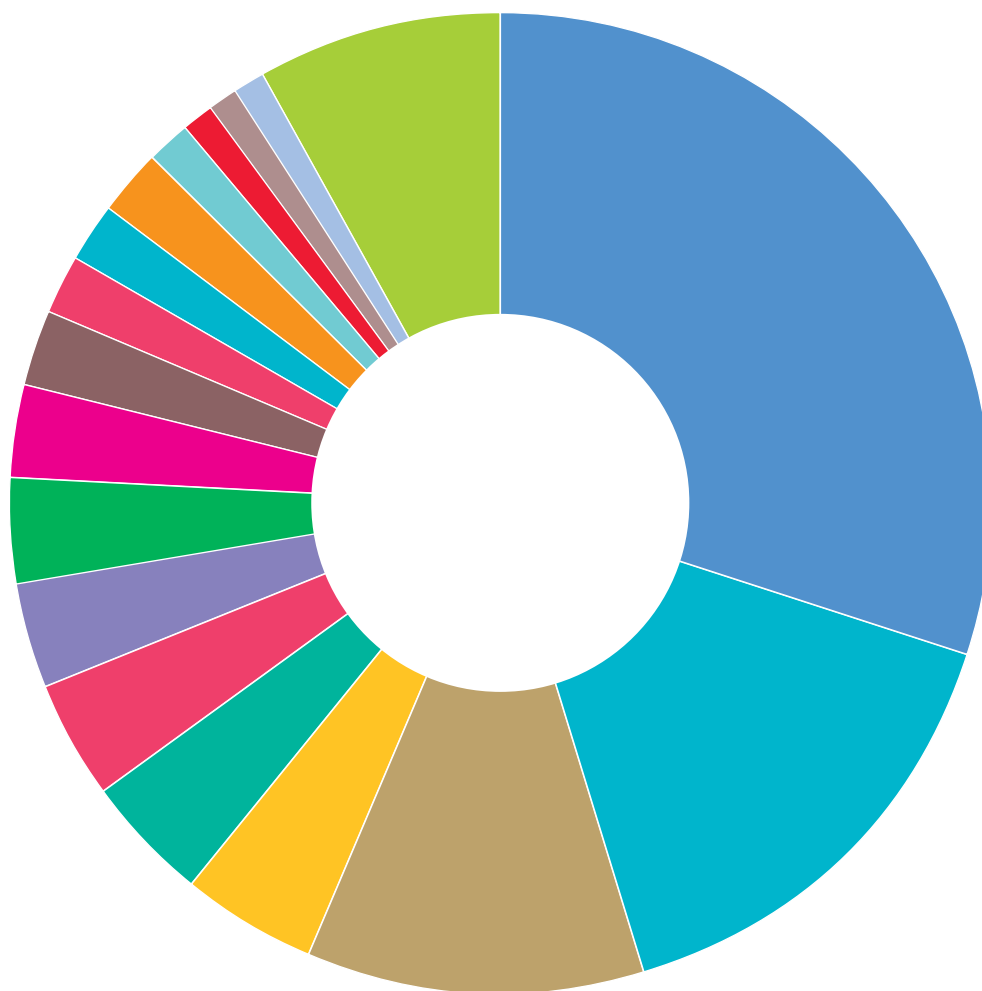
*mortgage endowment complaints are included with investments and pensions from 2009



year ended 31 March

what the complaints were about

what financial products the new cases involved

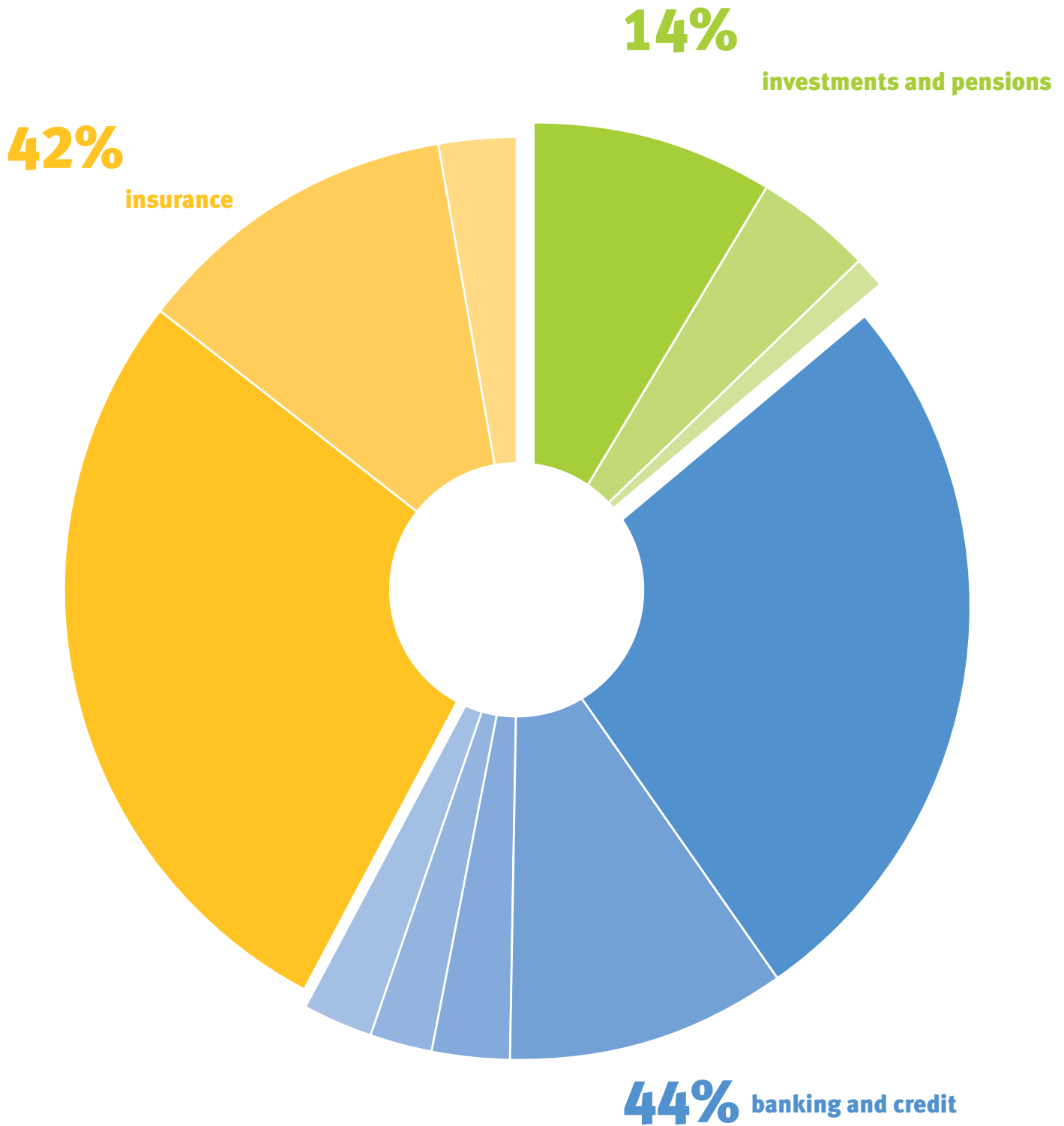


30% payment protection insurance (PPI)	3.5% motor insurance	2.0% "with-profits" and unit-linked bonds
15.5% current accounts	3.5% mortgage endowments	1.5% stockbroking and portfolio management
11% credit cards	3.0% savings accounts	1.0% travel insurance
4.5% mortgages	2.5% whole-of-life policies and savings endowments	1.0% contents insurance
4.0% unsecured loans	2.0% pensions	1.0% income protection and critical illness insurance
4.0% consumer-credit products and services*	2.0% building insurance	8% other products

*eg hire purchase, debt collecting and catalogue shopping

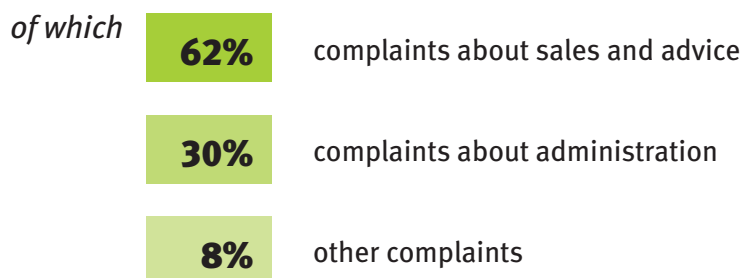
what the complaints were about

what issues the new cases involved

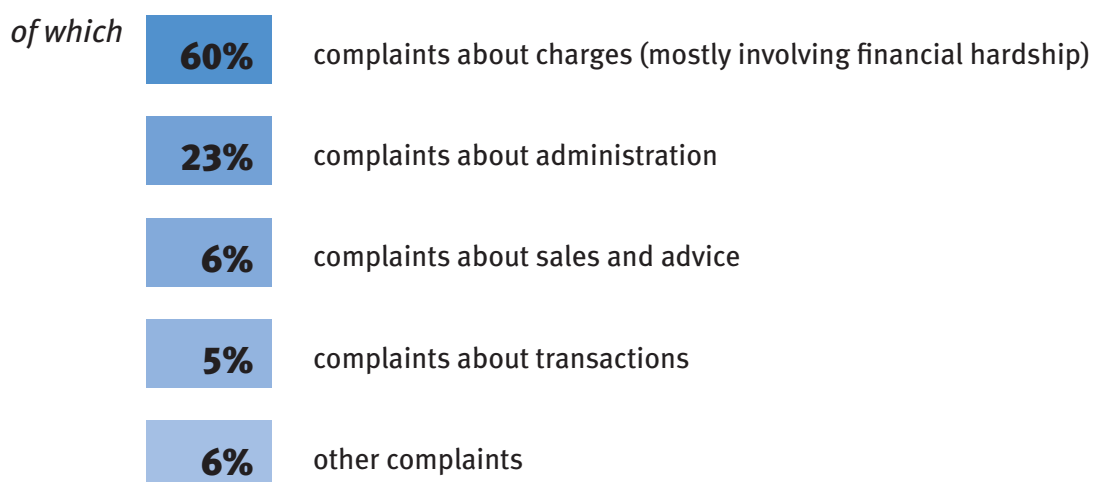


what the complaints were about

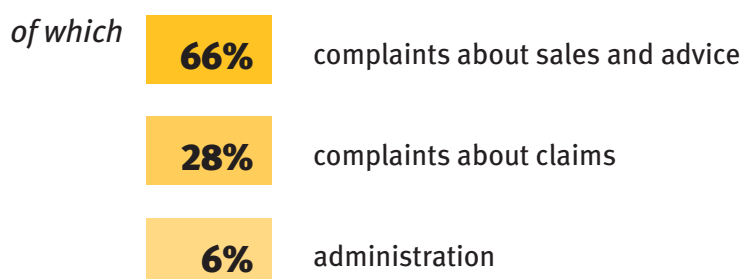
14% investments and pensions



44% banking and credit



42% insurance



what the complaints were about

new cases by financial product or service	year ended 31 March 2010	year ended 31 March 2009
payment protection insurance (PPI)	49,196	31,066
current accounts	25,252	13,682
<i>including complaints about</i>		
● financial hardship	13,213	2,394
● business bank-charges	2,265	2,194
● direct debits <i>and</i> standing orders	737	725
credit cards	18,396	18,590
mortgages	7,469	7,602
consumer-credit products and services	6,329	3,014
<i>in relation to activities covered by our consumer credit jurisdiction – including complaints about</i>		
● “point of sale” loans	1,735	770
● hire purchase	1,430	762
● catalogue shopping	755	316
● debt collecting	697	407
● store cards	574	372
● credit broking	341	86
● hiring, leasing and renting	283	92
● debt adjusting	231	80
● debt counselling	163	83
● home credit	41	21
● credit reference agency	40	12
investment-linked products	6,329	5,798
<i>including complaints about</i>		
● unit-linked bonds	2,453	1,824
● investment ISAs	1,301	1,221
● “with-profits” bonds	1,056	1,135
● guaranteed-income bonds	595	610
● “structured” products	273	203
● unit trusts	192	191
● PEPs	93	211
unsecured loans	6,285	4,242
motor insurance	5,451	6,267
mortgage endowments	5,400	5,798
savings accounts	5,033	5,183
whole-of-life policies <i>and</i> savings endowments	4,199	3,515

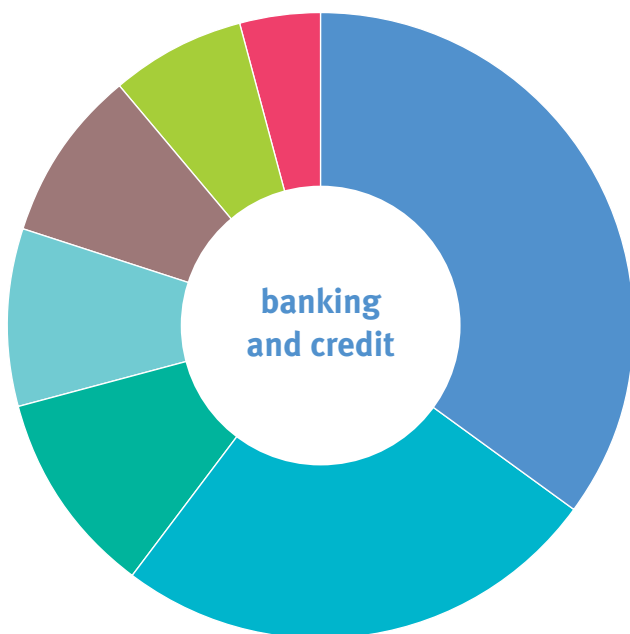
what the complaints were about

new cases by financial product or service <i>(continued)</i>	year ended 31 March 2010	year ended 31 March 2009
pensions	3,594	4,940
<i>including complaints about</i>		
● personal pension plans	1,727	2,173
● SERPS	560	1,468
● annuities	501	611
● small self-administered schemes (SSASs) and self-invested personal pensions (SIPPs)	475	373
● income draw-down	158	130
● free-standing additional voluntary contributions (FSAVCs)	99	115
buildings insurance	3,437	3,447
other types of general insurance	3,275	2,428
<i>including complaints about</i>		
● commercial vehicles and property	777	493
● pet insurance	462	392
● roadside assistance	226	179
● “gap” insurance	224	128
● business protection insurance	222	129
● caravan insurance	82	82
other banking services	2,987	2,725
<i>including complaints about</i>		
● cash machines	964	821
● cheque clearing	773	676
● money transfer	606	516
● electronic payment	453	514
● safe custody	74	69
● foreign currency	43	40
travel insurance	2,003	1,973
contents insurance	1,863	1,671
stockbroking	1,434	1,208
portfolio management	1,040	870
extended warranty insurance	863	754
income protection	776	774
private medical insurance	652	514
legal expenses insurance	644	489
critical illness insurance	598	586
personal accident insurance	274	199
derivatives	233	136
<i>including complaints about</i>		
● spread-betting	191	109
total number of new cases	163,012	127,471

what the complaints were about: banking and credit

Complaints about banking and credit made up 44% of the total number of new cases we received during the year. The number of new cases relating to banking and credit increased by 30% – from 55,038 cases in the financial year 2008/2009 to 71,700 in the financial year 2009/2010.

This chart shows how these banking and credit complaints were spread across different products and services.



35% current accounts

25.5% credit cards

10.5% mortgages

9% unsecured loans

9% consumer-credit products and services*

7% savings accounts

4% other banking services

* (eg hire purchase, debt collecting and catalogue shopping)

current account complaints

During the year we have seen the number of complaints about current accounts almost double. In particular, we have received a growing number of complaints from consumers who tell us that their current-account problems relate to financial hardship they are experiencing.







Consumers in financial hardship may need a specific package of help from their bank – for example, in re-arranging long-term overdraft debt to more manageable terms, and reviewing the timings and amounts of direct debits, to make their current account less likely to tip over into unauthorised overdraft.

Pending the outcome of the “test case” legal proceedings that we have described in previous *annual reviews*, current-account providers, the courts and the ombudsman service all put complaints relating to unauthorised-overdraft charges on hold. However, we continued to deal with complaints involving current accounts and charges, where financial hardship was a significant issue.

The Supreme Court ruled on the “test case” on unauthorised-overdraft charges in November 2009. It ruled that the fairness of these charges could not be challenged on the basis proposed by the Office of Fair Trading (OFT). Following this unanimous legal ruling, we reviewed around 15,000 cases that we had put on hold. We were not generally able to progress those cases that involved “template” or “standard letter” complaints about charges.

what the complaints were about: banking and credit

current account complaints *(continued)*

2010	25,252	
2009	13,682	
2008	39,263	
2007	8,061	
2006	3,543	
2005	2,521	

year ended 31 March

annual trend:
+85%

But we continue to deal with individual complaints about current-account providers not dealing positively and sympathetically with a consumer in financial hardship – including where bank charges have added to the difficulties.

Our work on these cases has frequently been made more difficult by the superficial complaints-handling by some of the current-account providers involved – and by the failure of some claims-management companies acting for consumers to provide us with the level of information we required (or with any information at all, in some cases).







During the year we have continued to see complaints about disputed current-account withdrawals – involving plastic cards as well as over-the-counter transactions. As mentioned on page 38 (in relation to disputed credit-card transactions), these complaints generally turn on practical issues relating to the particular facts of the case, rather than on any complex technical issue.

We also regularly deal with complaints involving problems on joint current accounts, where the account-holders have fallen out over how the account should be used. In particular, we have received complaints that banks have been slow in “stopping” a joint account, after being told by one of the account-holders that the relationship had broken-up – leaving the other account-holder able to run up a joint debt.

During the year we received a spate of complaints about the sale of “packaged” current accounts, requiring the consumer to pay a monthly fee for various features provided by the account. In these cases, the consumers complained that the accounts had not been explained properly to them – and that they had not been made aware of the existence of more suitable current accounts which did not involve a monthly fee.

what the complaints were about: banking and credit

credit card complaints

2010	18,396	
2009	18,590	
2008	14,123	
2007	2,731	
2006	2,124	
2005	1,599	

year ended 31 March

annual trend:
-1%

During the year we continued to receive record high levels of complaints involving credit cards – following a 32% increase in the number of these cases in the previous year.

A substantial number of these cases involved disputes relating to section 75 of the *Consumer Credit Act 1974* – under which the credit-card provider can be jointly liable with the supplier of the goods or services, if a consumer has a valid claim for misrepresentation or breach of contract.

During the year, cases involving claims under section 75 have included a significant number of complaints from consumers who had used their credit card to buy membership of “holiday clubs”. Membership of these clubs – often costing a substantial four-figure amount – is supposed to result in special deals on flights and accommodation. But the consumers who complain to us about these arrangements say that the promised deals were not so advantageous when actually booked.

In many of these cases, we find that the business said by the consumer to have breached the contract – or to have made the misrepresentation – does not have the necessary legal connection to the business that actually received the credit-card payment. This means that section 75 cannot apply – so the complaint against the supplier of the credit cannot succeed.

We also continue to see a steady stream of complaints about promotional rates and special balance-transfer deals on credit cards. Where we uphold these cases, it is generally because the written terms and conditions were unclear or because the arrangements were not fully understood – and explained – by the staff who sold the credit card.

As in previous years, we have received a significant number of complaints about so-called “default charges” on credit cards – which consumers have to pay if they miss a payment, pay late, or exceed their credit limit. We are usually able to resolve these complaints informally – with the credit-card providers settling their customers’ claims without the need for a formal ombudsman decision.

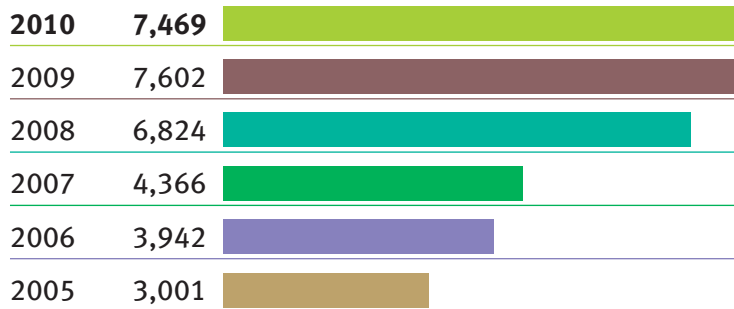
what the complaints were about: banking and credit

During the year we continued to receive complaints about disputed credit-card transactions – but the number of these complaints has levelled off. These cases continue to turn on practical issues to do with the individual circumstances involved, rather than on any complex technical issue.

In last year's *annual review*, we mentioned complaints we had received about the increase in the rate of interest charged on some customers' credit-card accounts. The credit-card providers said that this reflected a move to "risk-based re-pricing". We received only a small number of complaints about this during the year, following the Government-initiated industry code, setting out how card providers should deal with re-pricing on this basis. This code included provisions that enabled consumers to avoid having their existing debt charged at the new higher rate – the main issue raised by most of the consumers who complained to us.

what the complaints were about: banking and credit

complaints about mortgages



year ended 31 March

annual trend:
-2%

During the year the mortgage-related complaints we received largely reflected the tougher economic environment – with mortgage lenders in a contracting market either unable or unwilling to lend, and showing much more caution in response to requests for increases or changes to mortgage facilities already in place.

For example, we have seen a growing number of complaints about mortgage offers being withdrawn, or not renewed, where property purchases were not completed on time. We assess these cases taking into account their own individual circumstances – but we expect lenders to treat their customers fairly. So, for example, in these types of cases we would expect a lender to be able to point to a specific change in the consumer’s circumstances rather than just a change in its own scoring criteria for lending.

The same principles apply to changes made to flexible mortgage facilities that form part of products such as “offset” accounts. We saw a number of complaints during the year about the way in which this type of mortgage account operates, in circumstances where money paid in to reduce the mortgage was no longer available for withdrawal – or where “contingent” facilities (for example, built up through “over-payments”) had been withdrawn or reduced. The terms of flexible mortgages should be both clear and fair. We have not always found this to be the case.

Complaints about “porting” (transferring) mortgage products have been less of an issue this year in the cases we have seen – with evidence of lenders making efforts to accommodate requests from residential mortgage customers to “port” their mortgage facilities. However, we have seen more complaints relating to “porting” from buy-to-let customers – possibly reflecting the fact that lenders have withdrawn from this market or are seeking to reduce their exposure.

what the complaints were about: banking and credit

Disputes relating to interest rates have been a significant feature of the mortgage-related complaints we have dealt with this year.

Consumers have complained to us about standard rates set by lenders, rates not tracking changes in the base rate, the speed of changes made to variable rates, and the removal of interest rate “collars” by some lenders in response to exceptional market conditions.

We have also seen an increase in complaints about the suitability of fixed-interest mortgages, where consumers believe that a mortgage linked to a discounted or tracker-rate should have been chosen instead. And we have seen more disputes involving mortgage transfers completed without a signed acceptance – usually following a phone conversation between the consumer and the lender. In some of these cases, by not having clear documentation as evidence of their contact with the customer in relation to the disputed events, lenders seem to have left themselves open to claims that the consumer never consented to the transfer.

We will not generally get involved in disputes that ultimately turn on the legitimate commercial judgement of a lender in matters such as the setting of interest rates. But we will consider carefully the legal fairness of interest-rate variation-terms in mortgage contracts, where this forms part of a complaint brought to us by a consumer. In the complaints we see, consumers often expect variable interest-rates to track the base rate – but this is often not a term of the mortgage contract.







We continue to receive complaints about the handling of mortgage arrears – and our aim is to identify and prioritise cases that involve genuine financial hardship, in line with our policy across all areas of casework. During the year we have received fewer complaints from claims-management companies on behalf of consumers in mortgage arrears – and the cases we have seen largely involved mortgage accounts that had already been redeemed.

We remain committed to resolving disputes involving hardship through mediation wherever possible – and we have been able to settle a large number of mortgage cases informally, where the consumer was struggling to meet their contractual payments. This approach has been helped by the continued regulatory focus in this area, including the publication by the FSA of its *Mortgage Market Review*.

“Sale and rent-back” (by homeowners who can no longer afford their mortgages but wish to stay on as tenants) came within our “compulsory jurisdiction” on 1 July 2009, when it became regulated by the FSA. We have had few enquiries on this topic so far – and only one complaint.

what the complaints were about: banking and credit

complaints about unsecured loans

2010	6,285	
2009	4,242	
2008	2,940	
2007	1,755	
2006	1,507	
2005	1,133	

year ended 31 March

annual trend:
+48%

During the year, the number of complaints about unsecured loans rose by 48% – following a similar increase in the previous year. Many of these complaints involved consumers who were experiencing financial hardship and did not feel their lenders had treated them fairly.

In complaints where financial hardship is an issue, the individual consumer’s personal and financial circumstances are key to any decision we make on what “fair treatment” should involve in their case. We do not apply a “one size fits all” solution.

In some of these cases, consumers also argued that their loan agreement was “unenforceable at law”. However, the arguments raised generally seemed to us to be based on misunderstandings about the effect of the law on which they were basing their claim. And as the ombudsman service is not a court of law, we have no power to declare a loan agreement unenforceable in any event.

We also continued to receive complaints about the rates of interest that lenders were applying to variable-rate loans. Many consumers complained that they could not understand why, given the low Bank of England base rate during the year, the variable rate charged on their loan had gone up, not down. In complaints like this, we look carefully at what the terms and conditions of the loan say about interest-rate changes and whether this properly takes account of the relevant law.

what the complaints were about: banking and credit

complaints about consumer credit

2010	6,329	
2009	3,014	
2008	849	

year ended 31 March

annual trend:
+110%

Complaints about consumer credit doubled during the year – following a three-fold increase in the previous year. It is now three years since the range of credit-related complaints we cover was extended by law beyond loans and credit cards provided just by banks and building societies (which have been under our remit since we were first set up) – to cover a wide range of other businesses involved in consumer credit, including loan firms, hire-purchase operators, debt collectors and catalogue-shopping companies.

The swift growth in the number of these types of complaints over this three-year period suggests that businesses with a standard consumer-credit licence (who are now covered automatically by the ombudsman) have adapted quickly to having complaints-handling arrangements – and an ombudsman – for the first time.

And our customer research into the types of consumers who use the ombudsman service shows that people now using their new right to bring complaints about consumer credit come from a much wider range of backgrounds than before. We believe this is a result of the focused consumer-outreach work we have carried out as part of our commitment to diversity and accessibility. There is more information about this on page 90 of this *annual review*.

During the year, we have seen a three-fold increase in the number of complaints brought to us about fee-charging “debt management” businesses. These businesses undertake to liaise with the creditors of consumers who have problem debt, agreeing repayment arrangements and administering the monthly payments on the consumer’s behalf.

Typically, consumers complain to us that a debt management company has taken money from them each month but failed to pass it on to their creditors. We have also received complaints about poor administration of debt management plans by these businesses – with delayed payments or payments for the wrong amount. This can have very serious consequences for the consumer – such as legal action against them and the registration of further adverse credit-reference information.

We saw a 71% increase during the year in the number of complaints about debt collecting. These cases involved consumers complaining either that they were being pressed to make repayments in excess of what they could afford, or that the debt collector had not pursued the debt reasonably. This can include complaints about excessive numbers of phone calls made to the consumer while at work or in the evenings. We also continued to receive complaints from consumers who were targeted by debt collectors who had confused them with someone else, for payment of a debt they did not actually owe.

what the complaints were about: banking and credit

complaints about consumer credit







(continued)

During the year, the largest percentage increase in complaints we received relating to consumer credit involved credit broking – with cases up four-fold. In particular, we received a significant number of complaints about businesses that take an up-front fee for arranging consumer credit. Typically, consumers complain to us that they paid the fee on the understanding that the finance had already been sourced or was guaranteed at a particular rate – but it later emerged that there was no finance, or that it was only available at much higher rates.

We also received an increasing volume of complaints about car finance – mainly hire purchase or loans arranged through the car showroom (known as “point of sale” loans). Most of these complaints concerned the quality of the car – ranging from faults in brand-new vehicles to problems with older cars.

We were able to deal with these complaints because of provisions in consumer law that make providers of credit liable for faults in the goods, in certain circumstances. We frequently found that businesses had done little to understand and evaluate the consumer’s complaint about the car – often mistakenly arguing they had no responsibility for the condition of the vehicle and simply directing the consumer back to the garage.

complaints about savings accounts

2010	5,033	
2009	5,183	
2008	2,675	
2007	1,438	
2006	1,233	
2005	1,154	

year ended 31 March

annual trend:
-3%

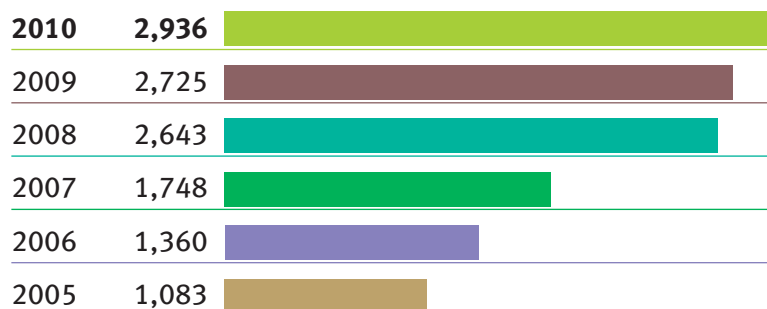
Following the two-fold increase in complaints about savings accounts in the previous year, the number of these complaints fell slightly in the 2009/2010 financial year.

The complaints we saw about savings accounts continued to relate primarily to problems with poor administration by some savings-accounts providers – including delays in opening accounts and transferring balances between providers.

We also continued to see cases where consumers complained that money from maturing savings accounts and bonds had been transferred to a low-interest account without adequate advance warning.

what the complaints were about: banking and credit

complaints about other banking services



annual trend:
+8%

year ended 31 March

From the end of May 2008 most banks started offering the new *faster payments service* for payments over the internet and by phone. This reduced the number of complaints we received during the year about delays in payments getting through.

But the faster process has been less welcome where the consumer made the payment by mistake – or where the payment was fraudulent. This is because the more quickly the payment goes through, the less opportunity there is to put things right, if necessary – before the money becomes available to the person receiving the payment. This situation has led to a number of complaints during the year.

We continue to receive a steady stream of complaints involving international money transfers. In these cases the consumers often complain that the bank failed properly to explain the cost, timescale or currency arrangements that would apply. The forms used for these transfers are sometimes unclear or ambiguous in parts. In some of the cases we dealt with during the year it appeared to us that both the consumer and the bank's member of staff had struggled to complete the form correctly.

We also continued to receive complaints about the cheque-clearing cycle – where the problems stemmed from bank staff misunderstanding or wrongly explaining the position. A small number of complaints we received related to money-transfer cheque scams. These typically involve fraudsters targeting consumers with an arrangement under which the consumer sends funds abroad by money transfer in return for a cheque for a larger amount – that then turns out to be fraudulent.

In a similar vein, a number of complaints were brought by students who had been asked to clear cheques for a “friend of a friend”. In these cases, the students had drawn money from their accounts in return for a cheque – and had handed over their cash just before learning that the cheque was fraudulent.

what the complaints were about: insurance

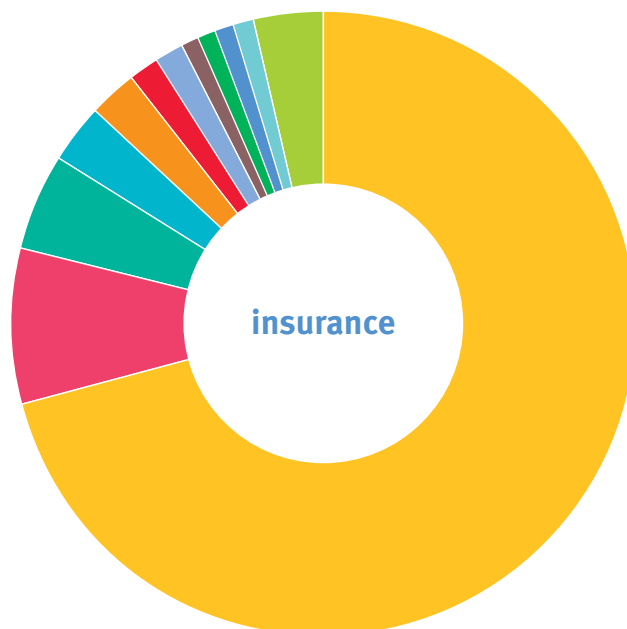
Complaints about insurance made up 42% of the total number of new cases we received during the year. The number of new cases relating to insurance increased by 38% – from 50,168 cases in the financial year 2008/2009 to 69,034 in 2009/2010.

This increase largely resulted from the further 58% rise in the number of complaints about payment protection insurance (PPI) – from 31,066 in 2008/2009 to 49,196 in 2009/2010.

We also dealt with an 11% increase in complaints relating to contents insurance, a 14% increase in complaints about extended warranties, a 27% increase in complaints about private medical insurance, a 32% increase in complaints about legal expenses insurance, and a 38% increase in the number of complaints relating to personal accident insurance.

However, the number of complaints we received during the year about motor insurance fell by 13% – and complaints about buildings insurance, income protection and travel insurance remained at similar levels to the previous year.

This chart shows how these insurance complaints were spread across different products and services.



71% payment protection

8% motor

5% buildings

3% travel

2.5% contents

1.5% extended warranty

1.5% commercial and business protection

1% income protection

1% critical illness







1% legal expenses

1% private medical

3.5% other (eg pet, roadside assistance and personal accident)

what the complaints were about: insurance

payment protection insurance (PPI)

2010	49,196	
2009	31,066	
2008	10,652	
2007	1,832	
2006	1,315	
2005	833	

year ended 31 March

annual trend:
+58%

We reported in last year's *annual review* that the number of complaints we had received about payment protection insurance (PPI) had tripled – following a five-fold increase in the previous year. In the financial year 2009/2010 the number of PPI complaints referred to the ombudsman service increased yet again – with the volume of new cases rising by a further 58% to 49,196.

A small proportion of the PPI complaints we receive relate to *claims* made by consumers under their PPI policies. But the vast majority of our workload involves complaints about the *sale* of PPI policies. A high volume of these cases involve policies that were paid for with a single premium – where the up-front cost was added to an unsecured or second-charge loan. We also continue to see a significant number of cases relating to payment protection insurance sold alongside credit cards.

We reported in last year's *annual review* that mortgage payment protection insurance (MPPI) and other forms of payment protection had not given rise to significant numbers of complaints to the ombudsman service – and this has remained the case this year.

In last year's *annual review* we also set out some of the common areas of dispute in complaints about the sale of PPI. The cases we have dealt with this year have followed a similar pattern in terms of the issues involved. Our well-established

approach to assessing PPI complaints is set out in detail in the “technical resource” section of our website.

In deciding complaints about the sale of PPI policies, we look carefully at all the evidence. We consider what happened during the sale process – and whether the business involved met all its obligations in providing the customer either with advice or with a proper explanation of the features of the policy. Where we conclude that the business did not do so, we assess the impact of this – and whether the consumer would still have taken out the policy if the business *had* met its obligations.

As volumes of PPI complaints have continued to increase, a particular area of concern to us has been the failure on the part of some businesses to engage properly with the individual details of each complaint. Similarly, we have seen too many complaints – brought on behalf of consumers by claims-management companies – where insufficient attention has been paid to the individual issues in dispute. This is why we wrote to businesses and claims-management companies in April 2009, setting out our concerns and urging improvements in the way they handled complaints.

We have subsequently seen some improvement in the standard of complaints handling – but this has not yet resulted in any reduction in the volumes of cases referred to us.

what the complaints were about: insurance

And the overall quality remains patchy. In particular, a number of businesses continue to reject complaints – which consumers then bring to us – where the individual circumstances clearly indicate that the case should have been upheld. And some claims-management companies continue to refer complaints to us that comprise only general allegations, rather than specific arguments and information reflecting the true position of the individual consumers involved.

We would like to see businesses and claims-management companies make a stronger commitment to improvements in the coming year – and we will continue to work with relevant regulators where we see behaviour that is unhelpful or detrimental to the fair and proper handling of consumers' complaints.

During the early part of 2010 we developed new standard complaint-documentation for PPI disputes, to encourage more efficient, co-ordinated and consistent complaints-handling processes across the financial services industry. We introduced this documentation following consultation with industry and consumer stakeholders who shared feedback with us, based on their own experience and perspective.

The new complaint-documentation consists of two standard forms – the *consumer questionnaire* to be completed by consumers when bringing a PPI complaint (either to a business or to the ombudsman service) and the *business response form* to be completed by businesses when a complaint is referred to us. Each form has been carefully designed to bring together as many relevant facts and arguments as possible in one single process. This should lead to a more effective and streamlined operation for dealing with PPI complaints fairly and swiftly.

The FSA referred to the introduction of this new standard documentation for PPI complaints in its consultation paper, *CP09/23: the assessment and redress of payment protection insurance complaints*, published in September 2009. This paper set out the regulator's proposals in relation to PPI, following the formal referral of our concerns in this area to the FSA under the "wider implications" process in July 2008. We gave details of this in last year's *annual review*.

The FSA received detailed responses to its consultation paper *CP09/23* from a wide range of stakeholders. Consumer groups were very supportive of the proposals but PPI providers and industry groups were highly critical. The FSA published a further consultation paper, *CP10/6*, in March 2010. We hope that the regulator's proposals will be finalised as soon as possible – and that the improved complaints-handling processes subsequently put in place by businesses will result in a significant reduction in the volume of PPI complaints referred to the ombudsman service.

In the meantime, however, we are geared up for handling continued high volumes of disputes about PPI in the coming year.

The image shows two overlapping forms. The foreground form is the 'payment protection insurance: consumer questionnaire'. It has a red header and contains sections for 'section A: about you' and 'section B: details of any complaint'. Section A includes fields for 'your name and contact details' (name, address, phone, email) and 'details of any complaint' (date, amount, type). Section B includes a 'What is the name of the financial business you are complaining about?' and 'What is the policy number of the payment protection insurance you are complaining about?'. The background form is the 'payment protection insurance: business response form', which has a blue header and contains sections for 'the complaint' and 'the business response'. It includes fields for 'name of consumer with complaint', 'date of complaint', and 'the business response'.

what the complaints were about: insurance

motor insurance complaints



year ended 31 March

annual trend:
-13%

The most significant feature of our work on complaints about motor insurance in the financial year 2009/2010 was the 13% fall in the number of cases we received – and the decline in the proportion of cases where the outcome changed as a result of our involvement (see page 63).

These are both welcome developments, reflecting discussions we have had during the last two years with individual insurers and the Association of British Insurers (ABI) about the handling of motor claims and complaints. These discussions addressed concerns we had about some specific practices that appeared to us to be unfair or unreasonable in the way they were being applied in the cases we saw.













The major focus of our dialogue was the approach adopted by insurers to the valuation of cars that had been written-off. Our own approach to this is set out in our technical note, *motor insurance: vehicle valuation*, published in July 2009.

We also had concerns about the way in which some insurers investigated consumers' complaints about the quality or timeliness of repairs to cars.

During the year we received an increasing number of complaints about the charges levied by insurers and intermediaries for cancelling or administering motor insurance policies. We also received more complaints about the activities of price-comparison websites and credit hire companies (sometimes known as “accident management” firms). Although the level of complaints we see in these areas is still relatively low, we will be raising these issues with relevant stakeholders.

what the complaints were about: insurance

complaints about buildings and contents insurance

	buildings insurance		contents insurance	
2010	3,437		1,863	
2009	3,447		1,671	
2008	2,669		1,363	
2007	1,951		1,238	
2006	1,951		1,224	
2005	1,624		1,145	

year ended 31 March

annual trend:
-0.3%

annual trend:
+11%

During the year we saw a small increase of 3.5% in the number of complaints referred to the ombudsman service about household insurance (covering buildings and contents). This follows an increase in the previous year of more than 25%.

The disputes we see continue to cover a full range of issues, including claims relating to subsidence, floods, storm and fire damage, as well as theft and accidental damage. The most common cause of disputes continues to be the refusal of insurers to pay a claim. However, dissatisfaction with the quality and timeliness of repairs forms an increasing proportion of our work.

Theft, damage and destruction to personal property inevitably cause shock and disruption. At a time when people are struggling to sort things out – physically and sometimes emotionally – they also face the paperwork and procedures involved in making an insurance claim.

In our experience, the involvement of surveyors and other experts on both sides can intensify differences of view. When it comes to matters relating to the family home, consumers naturally have high expectations and very clear views as to how and when they want things put right. Insurers and those they appoint to assess claims or provide a service can sometimes seem unresponsive. Where emotions spill over, this can make complex negotiations and processes more fraught.

These kinds of situations regularly form the backdrop to the disputes we deal with involving household insurance. They contribute to the significant increase in the proportion of these cases – one in four – that are now appealed to an ombudsman for a final decision. These situations can also add to the difficulty we sometimes face in resolving disputes like these in the timescales we set ourselves.

what the complaints were about: insurance

travel insurance complaints



annual trend:
+2%

year ended 31 March

We have seen a levelling-off in the number of travel insurance complaints referred to the ombudsman service during the year – following a 21% increase in the previous year.

Almost all the cases we see relating to travel insurance involve disputes over the *payment of claims*. The extension of our remit in January 2009, to enable us to look at complaints about the *sale* of travel insurance sold alongside a holiday or other travel, has resulted in only a small number of complaints. However, indirectly it has helped us in our work handling disputes involving *claims* where the underlying problems go back to when the travel policy was sold.

Our work settling disputes involving all types of insurance products enables us to compare differences in standards between one area of insurance and another. In the disputes referred to us, we frequently see travel policies where the information provided to the consumer has been poor, compared with the standards of information in other types of policy.

In the cases we see, consumers taking out travel insurance are also clearly less willing to take the time to understand the cover they are buying than consumers taking out other forms of insurance. This means that travel policies probably remain the least well explained and understood of the types of insurance that consumers are most likely to buy.

what the complaints were about: insurance

health and medical insurance complaints

2010	2,026	
2009	1,874	
2008	1,839	
2007	1,959	
2006	2,291	
2005	2,034	

year ended 31 March

annual trend:
+8%

The number of complaints we received about private medical insurance increased by 27% to 652 cases during the year – but the level of complaints about income protection and critical illness insurance has remained stable year on year.

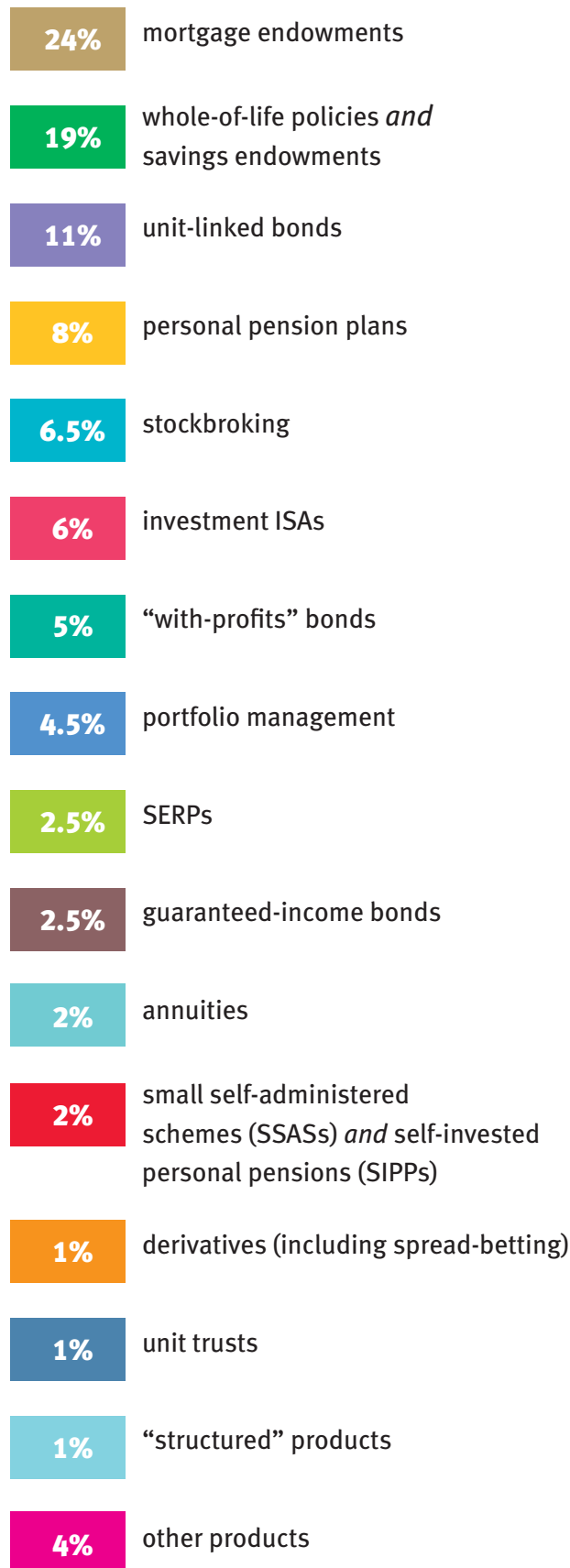
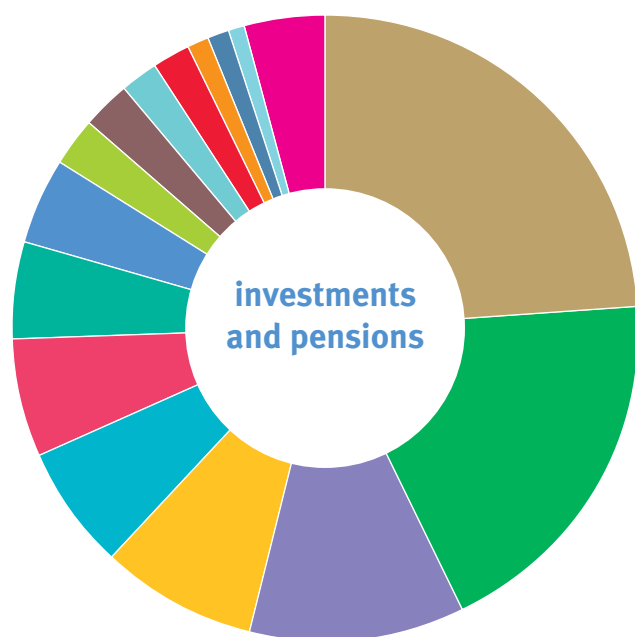
This trend reflects the continuing improvement we have seen in the quality of claims handling in the “protection” sector. We have referred in previous *annual reviews* to our initiative with this sector, to help ensure that reasonable standards are applied to the handling of claims (and complaints) involving alleged “non disclosure” of medical information by consumers.

As a result of this initiative, insurers are now reporting a significant increase in the proportion of claims they are paying in relation to critical illness policies. The initiative has also had the effect of reducing the number of disputes referred to the ombudsman service about critical illness policies.

The disputes that we continue to see relating to health and medical insurance generally involve complex and distressing circumstances. In many cases we are asked to decide between apparently conflicting positions taken by doctors and consultants, who are either advising the insurer or treating the consumer.

In these situations, we rarely find it helpful to seek yet further medical opinion – or to substitute the expertise of the specialists already involved with our own medical opinion. Instead, we press the parties and their medical advisers to focus on – and clarify – their medical opinions on the specific issues that are relevant to applying the terms of the policy fairly. In most cases, this focus will then enable us to reach our conclusion on what we believe is fair and reasonable in the individual circumstances of the case.

what the complaints were about: investments and pensions



investments and pensions

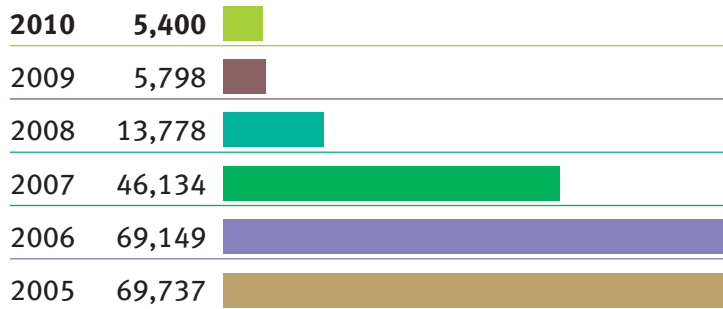
Complaints about investments and pensions made up 14% of the total number of new cases we received during the year. We received 22,278 investment and pension-related cases – just 13 more than in the previous year.

However, the levelling-off generally of complaints about investments and pensions masks some significantly diverse trends in relation to complaints about specific products. For example, complaints about personal pension plans fell by 20% and complaints about annuities decreased by 18%. But cases involving unit-linked bonds rose by 34% and portfolio-management complaints increased by 20%.

Mortgage endowments remained the most complained about investment product. The number of complaints in this area continued the recent downwards trend – with 5,400 new cases during the year from a peak of 69,737 cases in 2004/2005 – although the decline was slower than in previous years.

what the complaints were about: investments and pensions

complaints about mortgage endowments



year ended 31 March

annual trend:
-7%

In the financial year 2009/2010 we received 5,400 complaints about mortgage endowments. This continues the recent downwards trend, although at a gentler pace than in previous years.

In around half of the mortgage endowment complaints we handled during the year, the business involved raised objections to our handling the case, because it believed that the time limits set under the FSA's complaints rules had already expired. Where this is so, we cannot look at the merits of a case unless there are exceptional circumstances that prevented the consumer from bringing their complaint in time.

On considering the facts involved in many of these cases, it is evident that the complaints were *not* brought in time. This means we have to explain to the consumer why we are unable to consider the merits of their case – because under the regulator's rules they have left it too late to complain.

The majority of complaints about mortgage endowments where the time limits for complaining have *not* yet expired – and which we are therefore able to assess – continue to centre around the risks of the policy. This involves our deciding – in each individual case – whether the financial business did enough to help the consumer understand the risk that the endowment policy might not perform well enough to pay off their mortgage.







Though the number still remains small, we have seen more cases during the year where consumers complain about the information in “re-projection letters” they are sent as their endowment policy approaches maturity. In assessing these complaints, we look closely at the information the business gave the consumer.

We consider whether the consumer has been misled in any way – and if so, whether this was likely to have affected decisions they subsequently took. In these cases, we sometimes find that although the information provided by the business was not as clear as it might have been, the consumer would probably not have acted differently even if it had been clearer.

In the coming year we expect to continue to receive a small but steady stream of disputes about the sale of mortgage endowment policies – especially as increasing numbers of endowment policies sold with 25-year mortgages in the mid- to late 1980s start to mature.

what the complaints were about: investments and pensions

complaints about whole-of-life policies and savings endowments

2010	4,199	
2009	3,515	
2008	3,211	
2007	3,734	
2006	4,163	
2005	4,506	

annual trend:
+19%

year ended 31 March

The complaints referred to the ombudsman service about whole-of-life policies generally fall into a number of clearly-defined categories. These categories include complaints about reviews of “reviewable” whole-of-life policies – where the original assumptions (particularly in relation to investment returns) have not been met. This resulted in either a reduction in the life cover or an increase in the premiums.

Other categories we frequently see include complaints about the risk of the funds chosen to support the life cover; complaints about the failure of businesses to carry out reviews at the correct time; and complaints that the policy was not suitable for the consumer in their particular circumstances.







In these cases a key consideration is the prominence of information given to consumers at the outset – warning that this type of policy would be subject to review and explaining what this could mean for the consumer. Where we uphold complaints in relation to whole-of-life policies, the redress can range from our directing the business involved to refund premiums paid by the consumer (with or without a deduction for life cover) to telling the business to provide guaranteed cover (or cover on another basis).

We continue to receive a steady stream of complaints from consumers who are disappointed with the returns on their savings endowment plans – and who tell us that they had expected a better return from these products than they would have received from a deposit account.

Savings endowment plans can be inflexible products that may need to be held for many years before they produce a worthwhile return. So in looking at complaints about these plans, we would not usually consider them suitable for people such as those approaching retirement, who have a limited “time horizon” for investing.

what the complaints were about: investments and pensions

complaints about investment-linked products

2010	6,329	
2009	5,798	
2008	2,750	
2007	3,644	
2006	5,810	
2005	8,213	

year ended 31 March

annual trend:
+9%

During the year we have continued to receive a significant number of complaints about investment-linked bonds relating to recent periods of volatility in the markets.

A particular group of cases involved a specific high-street financial institution that targeted the sale of investment bonds at older consumers. In these cases, the consumers were usually investing money for their retirement and frequently had little or no previous investment and savings experience beyond deposit-based accounts.

The bonds concerned contained a degree of risk that prompted us to ask whether the consumers understood and were suited to this type of financial product. We upheld many of these cases in favour of the customers, as the financial institution was unable to persuade us that these consumers would have been looking for extra financial risk given their age.

In assessing complaints like these, the individual circumstances of the consumer at the time of the sale are vital. It is evident that some businesses believe that giving us copies of the product literature – containing explanations of how the product worked – should be enough to convince us that consumers must have been aware of, and have accepted, the risk inherent in the product.







However, the product literature we see is not always as clear as it should be. And in any event, in these cases a consumer seeking advice is entitled to assume that their own personal circumstances have been taken fully into account, when they are given an investment recommendation. We always look closely at the investment experience of the individual consumer concerned – and their specific requirements and likely investment “time horizon” at the time of the sale.

During the year we have again received a number of complaints from consumers about the management of certain “with-profits” funds – with concerns that the risk of these funds had been placed on the consumer rather than on the fund itself. These are essentially regulatory issues, and we continue to refer them to the FSA under the formal “wider implications” procedure, described in previous *annual reviews*.

We have again received complaints during the year about the make-up and description of funds. Consumers have complained to us that they believe the description of some funds as “cautious” failed to reflect the real risks involved. In particular, consumers have complained to us that “cash” as a description of a fund is a word they understand as meaning a safe deposit for funds, with no risk to capital.

what the complaints were about: investments and pensions

complaints about pensions

2010	3,594	
2009	4,825	
2008	5,297	
2007	3,687	
2006	4,053	
2005	4,214	

annual trend:
-27%

year ended 31 March

It can be difficult for some consumers to put into words the exact nature of their complaint. They may know that something has gone wrong but they are unable to pinpoint the exact problem. This is particularly the case with pension-related complaints, where the underlying issues can be complex, both to identify and to explain.

This can mean that a complaint, which may appear on the surface to be about administration matters or performance issues, could actually involve something more deep-rooted or technical. Because we are required to reach decisions based on all the circumstances of a case, we sometimes need to look “behind” the consumer’s explanation of their complaint to find the real underlying cause of the problem.

During the year we have continued to receive pension-related complaints about “switching” – where the consumer has been advised to transfer their pension fund from one policy to another. A recent review by the FSA into advice involving switches showed that advisers were not always considering all the issues that could make a switch more, or less, suitable for the consumer. We take into account the issues identified by the FSA when we investigate a complaint that turns on the suitability of the advice to switch.







Switching from one pension arrangement to another can be beneficial for the consumer – but the cost of switching, or the charges applying to the new arrangements, have to be fully considered by the adviser. This is because where costs are incurred, or where higher charges are applied, the new investment will have to work harder simply to match what might have been expected from the old arrangement. This can require the consumer to accept more risk – both in relation to the investment of their pension fund and in terms of the possibility of lower retirement benefits.

The tougher economic environment has affected the type of pension-related complaints we have seen during the year. For example, the fall in the value of investments linked to commercial property has shown that many consumers who have complained to us did not fully understand investment risk – and could not afford to take risk with their pension funds.

In the cases we see, some advisers operate on the basis that they will not monitor investments or provide further advice – unless specifically asked to do so, or unless the particular pension arrangement requires regular advice. However, generally speaking, the closer the relationship between the consumer and the adviser on an ongoing basis, the less likely that problems will escalate into full-blown disputes – if things do not turn out as the consumer expected.

what the complaints were about: investments and pensions

complaints about stockbroking and portfolio management

2010	2,474	
2009	2,078	
2008	1,209	
2007	1,052	
2006	975	
2005	1,056	

annual trend:
+19%

year ended 31 March

During the year the FSA took enforcement action against a number of stockbroking businesses, where it found consumers had been subjected to pressurised sales of high-risk shares, often without the risks having been properly explained.

This reflected what we saw ourselves during the year, with a significant number of complaints about high-pressure selling by certain stockbroking firms – one of which was responsible for 10% of complaints to us in this area. Where firms like these subsequently went out of business, we referred complaints that consumers had brought to us to the Financial Services Compensation Scheme (FSCS), as the fund of last resort.

Other stockbroking disputes we handled in the year related to market volatility. These included complaints where businesses cited extreme market conditions for not executing trades on time – or in some cases, at all. We also saw an increase in the number of complaints about portfolio managers not responding quickly enough to difficult investment conditions.

During the year we continued to see disputes relating to investment funds that contained floating-rate notes and mortgage-backed securities, where investors complained that the funds were higher-risk than they had been led to believe.

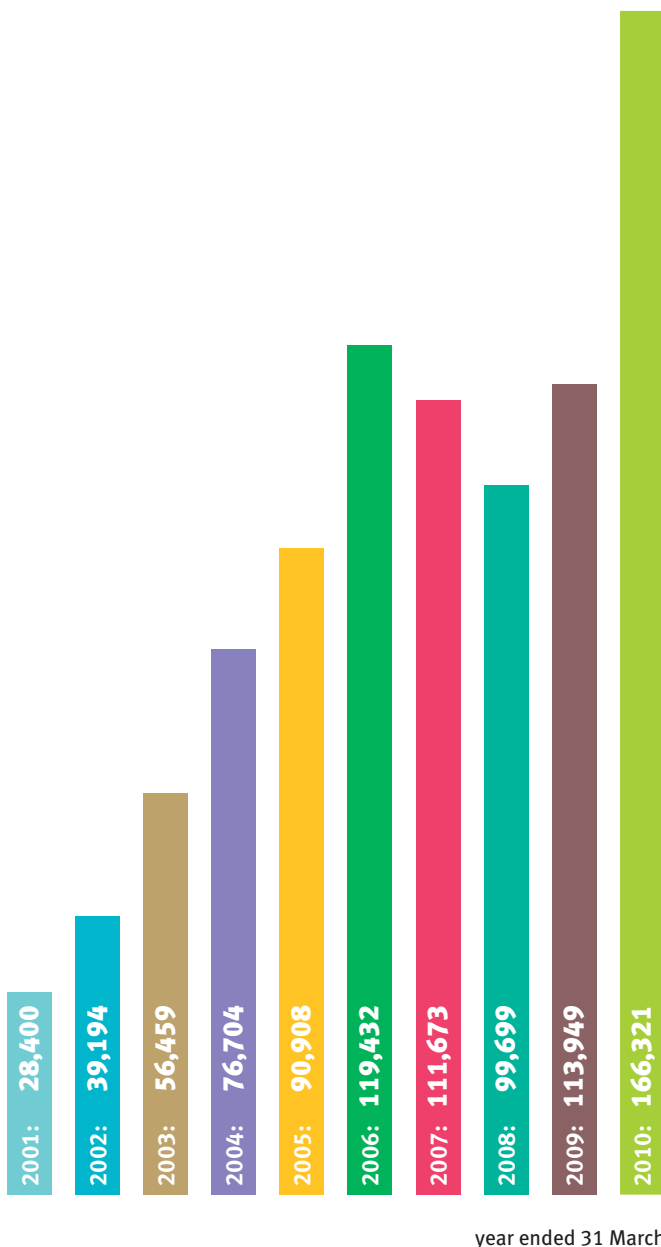
how we dealt with the complaints



how we dealt with the complaints

number of cases we resolved

We resolved a total of **166,321** cases in the financial year 2009/2010. This is a **46% increase** on the 113,949 cases we resolved in the previous year – and is the highest number in any year since the ombudsman service was set up in the year 2000.



how we resolved the cases

The approach we take to resolving disputes is largely determined by the individual facts of each case – and by the level of formality required to settle matters appropriately.

Our preference is to resolve complaints informally – getting both sides to agree at an early stage to the views or informal settlements that our adjudicators may suggest.

But more complex or sensitive disputes may require detailed investigations and lengthy reviews, including an appeal to one of our panel of 56 ombudsmen (see page 135) for a final decision.

cases requiring an ombudsman's final decision

During the year, the number of cases requiring the direct involvement of an ombudsman – and a formal ombudsman decision – increased significantly. 8,674 cases had a final decision by an ombudsman in the financial year 2008/2009 – rising 24% to 10,730 cases in 2009/2010.

Around four out of ten requests for an ombudsman's final decision were made by financial businesses, and six out of ten appeals to an ombudsman were made by consumers.

Consumers aged *under* 45 were statistically 50% more likely to ask for an ombudsman's final decision than consumers *over* 45. But the proportion of men and women who did so was broadly similar. During the year consumers from the East of England and the North West were more inclined to appeal their case to an ombudsman for a final decision than consumers elsewhere across the UK.

“... consumers under 45 were 50% more likely to ask for an ombudsman's final decision”

how we dealt with the complaints

Proportionately more cases were referred to an ombudsman for a final decision where the dispute related to pensions and investments – generally reflecting the complexity of these disputes, the larger amount of money often at stake, and the socio-demographic background of many of the consumers involved.

The increase in the number of cases where a complaint is pursued to an ombudsman decision – the final stage of our process – appears to continue a trend we highlighted in last year's *annual review*. This is the shift towards more entrenched disputes – with businesses increasingly taking a harder-fought and legalistic approach, and consumers becoming more demanding and less willing to concede.

This hardening of attitudes on both sides is likely to reflect the tougher economic environment, as consumers and financial businesses adapt to dealing with tighter finances.

hearings

Our rules allow us to hold public or private hearings as part of our work resolving complaints. We can also hold hearings over the phone, where this is more convenient for everyone involved.

If we are asked for a hearing by either a consumer or a business, we consider carefully what value it will add. We do not believe that hearings should be held just to allow either side to confront the other in person. Our hearings are generally as informal as possible – and held only in cases where the documentary evidence is very finely balanced and the facts of the case are at issue.

During the year we again held fewer than 20 hearings in cases where the ombudsman involved considered that it would help them get to the bottom of a case.

how we record the outcome of cases we resolve

We record the outcome of a consumer's complaint as "changed" – meaning *we upheld the complaint* – in cases where:

- The financial business told the consumer in its final response that it had done nothing wrong – but after the complaint was referred to us, we decided (or the business belatedly accepted) that it *had* done something wrong after all.

or

- The financial business's final response offered the consumer inadequate compensation – but after the complaint was referred to us, we required the business (or it belatedly agreed) to increase its offer to an appropriate level.

We record the outcome of a complaint as "not changed" – meaning *we did not uphold the consumer's complaint* – in cases where:

- The financial business had done nothing wrong.

or

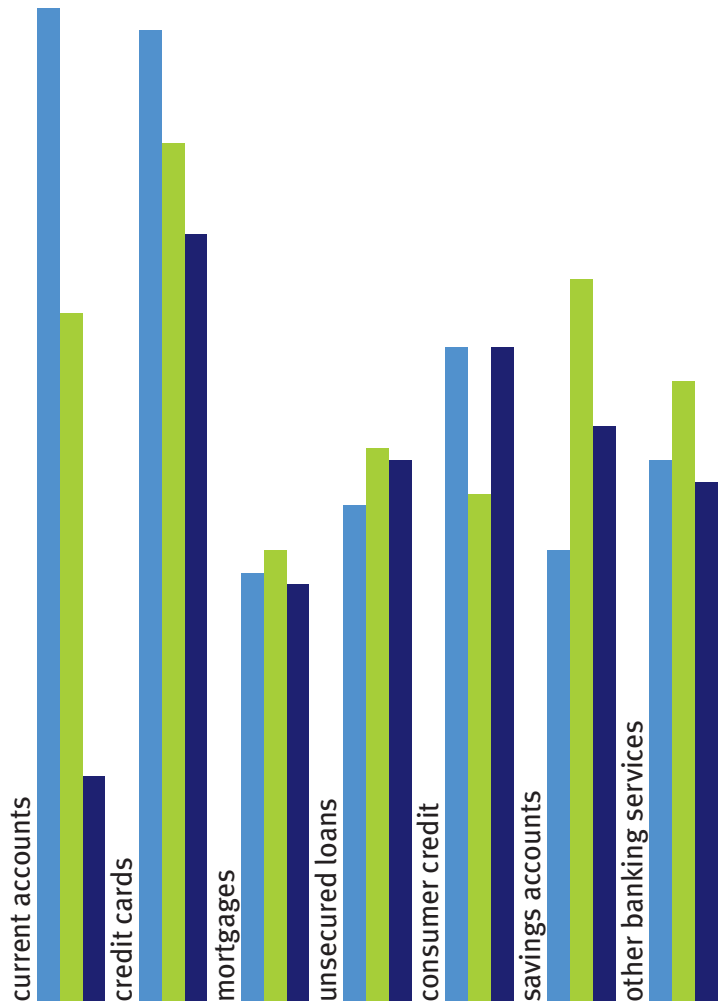
- The financial business *had* done something wrong, but had already offered the consumer appropriate redress (before the complaint was referred to us).

“ ... attitudes are hardening on both sides, reflecting the tougher economic environment ”

how we dealt with the complaints

% of complaints where the outcome changed as a result of our involvement (“we upheld the complaint”)

2010	20%	68%	37%	48%	58%	51%	46%
2009	61%	76%	40%	49%	45%	64%	55%
2008	88%	86%	38%	44%	58%	40%	48%



banking and credit complaints

In total we upheld **50%** of the complaints we settled in the financial year 2009/2010 – compared with 57% of cases in the previous year.

Complaints we closed during the year about current accounts included some 15,000 cases that had been on hold pending the Supreme Court’s ruling on unauthorised-overdraft charges (see page 36 for more details).

Following that legal ruling in November 2009, we reviewed each case – and were not generally able to progress those that involved “template” or “standard letter” complaints about charges. The outcome of these cases was therefore recorded as “not changed” – meaning we did not uphold the complaints.

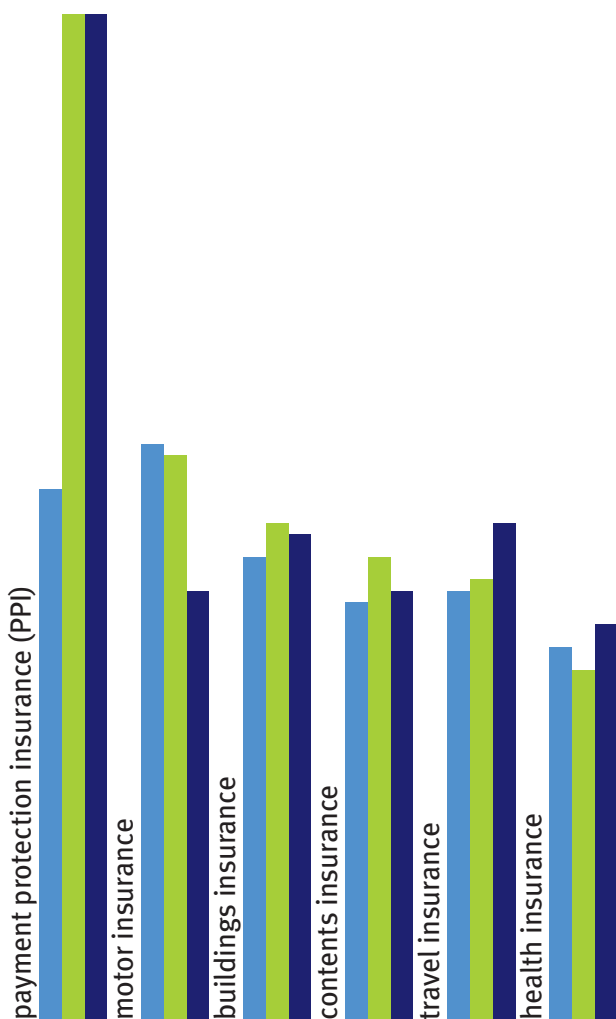
In September 2009 we published on our website – for the first time – complaints data relating to *named* businesses. This data showed the number of new complaints – and the proportion

of complaints we upheld in favour of consumers – for businesses that had 30 or more new cases (and 30 or more resolved cases) in the first half of 2009.

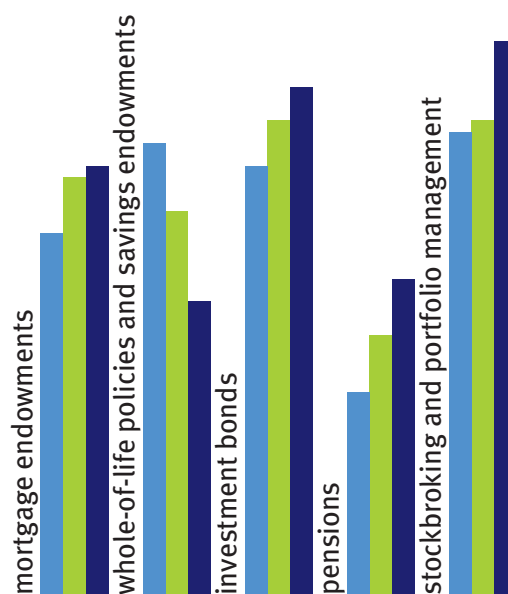
In February 2010 we published a second set of complaints data – again showing named individual businesses – covering the second half of 2009. We will continue to publish complaints data like this every six months.

how we dealt with the complaints

2010	89%	38%	43%	38%	44%	35%	2010	38%	26%	45%	28%	49%
2009	89%	50%	44%	41%	39%	31%	2009	37%	34%	42%	23%	42%
2008	47%	51%	41%	37%	38%	33%	2008	32%	40%	38%	18%	41%



insurance complaints



investment complaints

The complaints data we have released so far relating to named businesses shows that:

- 150 or so businesses (out of more than 100,000 that are covered by the ombudsman service) together generate around 90% of our complaints workload.
- The number of complaints relating to each individual business included in the six-monthly data has ranged from 30 to over 8,000.
- The proportion of cases we upheld in favour of the consumer varied substantially from business to business – between 10% and 100%.

how we dealt with the complaints

putting things right

Where we *uphold* a complaint in favour of a consumer, there are several ways in which we can put matters right – depending on the individual circumstances of the case. These include:

- Telling the business to pay redress – to put the consumer in the position they would now be in, if the business hadn't got it wrong in the first place.
- Telling the business to compensate the consumer for distress and inconvenience. We did this in 18,511 cases during the year – 24% of the cases we upheld (a similar level to the previous year) – generally awarding an amount between £150 and £500.
- Directing the business to take specific actions, to put right what's gone wrong. This can range from correcting credit references to paying a previously-rejected insurance claim.
- Telling the business to apologise.

We recognise that our decisions on complaints will be disappointing for whichever side doesn't hear what they wanted to hear. But whatever the outcome of an individual case, we aim to “add value” by explaining our view fairly, authoritatively and impartially.

Where we do *not* uphold a complaint in favour of a consumer, we aim to explain clearly – from an entirely impartial standpoint – why we believe the financial business has done nothing wrong (or has already offered appropriate redress).

Poor communication is at the root of many disputes between financial businesses and their customers. We continue to see cases where a clear, helpful and sympathetic explanation by the business – rather than a defensive and legalistic response – would have resolved misunderstandings and prevented the complaint in the first place.

We recognise that some consumers pursue complaints in an unfocused manner that may make them seem unreasonable to the business. However, a consumer's failure to present a reasoned argument does not automatically mean that a case has no merit – or that the complaint should be categorised as “frivolous and vexatious”.

Nevertheless, of the 166,321 complaints we settled during the financial year 2009/2010, we concluded that 702 cases (0.4% of the total) could be categorised in that way. 677 of these cases were complaints – mostly brought by claims-management companies – relating to payment protection insurance (PPI) policies that had never been taken out. We do not charge a case fee to the business complained about where we decide that a complaint is frivolous and vexatious.

“... poor communication is at the root of many disputes”

how we dealt with the complaints

timeliness

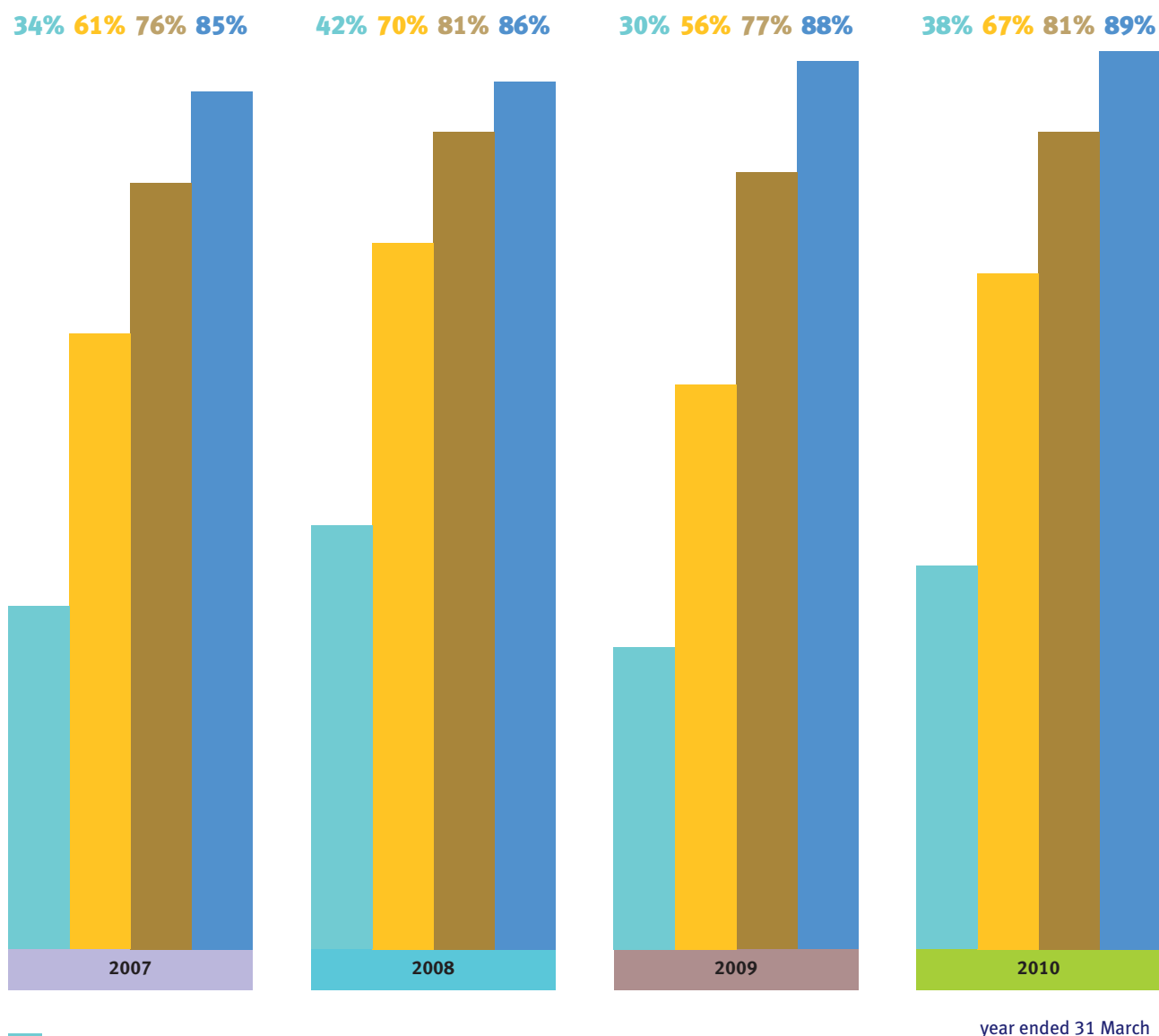
The chart below shows the time it took us to deal with the complaints that we settled in the financial year 2009/2010.

We resolved 38% of complaints within three months, 67% within six months and 81% within nine months. These are all improvements on the previous year, resulting in a 10% rise in positive customer feedback on our timeliness – with half of consumers now agreeing that we settle disputes within an acceptable period of time (see page 88).

But this still remains a key priority for us in terms of improving our customer service – and we aim to further improve timeliness next year.

We were able to improve the average time we take to resolve cases by recruiting 300 additional adjudicators during the year, together with further contract and outsourced staff. This also gave us more flexibility to cope with volatility in complaint volumes during the year.

time taken to resolve cases



- resolved within 3 months
- resolved within 6 months
- resolved within 9 months
- resolved within 12 months

how we dealt with the complaints

“... we are working towards eliminating waiting times for customers”

Following public consultation, we had geared up to deal with a forecast 25,000 new complaints about payment protection insurance (PPI) during the year. However, the number of cases we actually received was double this forecast – with a record 49,196 cases referred to us. This meant that the average time to resolve this specific type of case was generally longer than for complaints about other products.

However, as our newly-recruited adjudicators progress through their initial training and mentoring, and reach their full potential, we will be able to improve timeliness across all areas of complaints. This is reflected in the timeliness targets we set ourselves in our budget for the financial year 2010/2011 – which will involve working towards eliminating waiting times for customers.

During the year we have also continued to investigate how we can better identify, filter and “fast track” the types of cases where we are more likely to be able to intervene early on and encourage informal settlement.



This work has included trialling innovative ways of communicating our views and decisions more clearly and concisely, using simple forms and postcards instead of our more usual detailed letters and lengthy reports.

The results of this trial project suggest that consumers and businesses receiving our new-style “short form” communications are more likely to agree with our conclusions at an early stage than those who receive the same conclusions set out in a more conventional letter.

how we dealt with the complaints

As we outlined in our *corporate plan and budget* published in January 2010, this is an area where we will be developing and implementing ideas as part of our commitment to “process improvement” and more focused service delivery.

However, the time it takes to settle a complaint is also determined to a significant extent by the parties to the dispute themselves – and their response to any recommendations or informal settlement that our adjudicators may suggest. Where a dispute cannot be resolved this way, detailed investigations and lengthy reviews may be required, including an “appeal” to an ombudsman for a final decision.

During the year we have seen an increase in the number of disputes involving hard-fought arguments and entrenched attitudes on both sides – as businesses increasingly take a legalistic approach to dispute resolution and consumers become more demanding and less willing to concede. As already noted, this has resulted in a 24% increase in the number of cases appealed to an ombudsman as the final stage of our process (see page 61).

We continue to prioritise cases where consumers might be disadvantaged by having to wait longer – for example, through financial hardship or for medical reasons. During the year we identified and prioritised 16,345 cases where financial hardship was a significant issue (around one in ten of all cases). Prioritising cases inevitably means that other complaints cannot be progressed as quickly as we would otherwise like.

quality and consistency

We are committed to improving the quality and consistency of our work. To help us do this, we have in place an established quality-assurance framework. This framework specifies and reinforces the quality standards which we have set ourselves. It also helps us monitor and evaluate our performance, identifying issues where we can improve what we do and how we do it.

Our quality assurance framework was independently assessed in the spring of 2010 and found to be “effectively designed involving a comprehensive system of checks”.

Our core definition of “quality”, around which our quality-assurance work is built, is “where a case is well-handled, the outcome reached is fair and reasonable, and communication is clear and prompt”. Meeting this level of quality should ensure we can maintain a consistently fair, impartial and professional service.

Working with adjudicators and ombudsmen, our eight-strong quality-assurance team checks our casework against quality standards such as adherence to process, the thoroughness of investigation, the quality of communication and timeliness.

During the year we quality-checked more than 30% of cases against these standards. The information we gathered as part of this process has helped strengthen our case-handling procedures – and has given us a clear insight into what quality means in terms of the right approach and the right outcome in individual cases.

“... *quality* is where a case is well-handled, the outcome reached is fair and reasonable, and communication is clear and prompt”

how we dealt with the complaints

“... our staff each spent an average of
4 days in training activities”

The quality committee – a sub-committee of our board of “public interest” directors – reviews the work of our quality-assurance team at its quarterly meetings. And again during the year, members of our executive team, as well as members of our board, have reviewed a cross-section of randomly-selected case-files, to see how the quality of case-handling makes a difference in individual complaints.

process improvement

Our small in-house process-improvement team plays a vital role in identifying and implementing changes to our processes that help improve the quality, consistency and efficiency of our work.

An example of this work is the project – described on page 66 – to see if we can communicate our views and decisions more succinctly using simple forms and postcards rather than lengthy letters and reports.

During the year this work has also included co-ordinating the “business-process improvement” review carried out by external consultants. This review examined the

fundamentals of our business process, to see how far they remained “fit for purpose” – and how far they should be changed to reflect the increased scale of our operations, the use of latest technology, and expectations about our value for money and the standard of customer service.

Our process-improvement team also produces and verifies management information and performance data for operational and strategic purposes.

learning and developing

The skills and knowledge of our staff are key to ensuring high quality and consistency in our work. We dedicate significant resource to training and continuing professional development at all levels.

During the year our staff spent a total of 30,546 hours in training activities – an average of 4 days of training for each employee (3.5 days in the previous year). This training included tailored induction-courses for new starters, technical refresher training for experienced adjudicators and a range of management workshops.

how we dealt with the complaints

knowledge and information

Our knowledge-management systems are at the heart of our work to ensure the quality and consistency of our approach to handling individual cases. We share up-to-date casework news and information across the organisation using our intranet-based knowledge-management “toolkit”. This is supplemented with regular in-house clinics, briefings and seminars – which help us share knowledge, learn and improve.

We are also committed to sharing our knowledge with the outside world. Making information increasingly available about our approach to particular types of cases should make it easier for consumers and financial businesses to resolve more complaints themselves – without referring them to the ombudsman service.

During the year we added 1,000 new pages to our staff intranet and over 500 pages of new information to our website. This included expanding the online technical resource on our website and revising and updating the widely-used frequently-asked questions (FAQ) section. Our website was named *website of the year 2009* in the Plain English Campaign’s annual awards.

stakeholder research

Our commitment to continuous improvement is underpinned by our programme of stakeholder and customer research – which helps give us a closer understanding of what our customers want, how they rate the service we provide, and where we could do things better. This includes:

- Carrying out customer-satisfaction research on an ongoing basis, to record and measure the opinions of consumers whose complaints we have handled.
- Monitoring general consumer-awareness of the ombudsman service, on a quarterly basis, to help with our work on accessibility – ensuring that everyone who needs to contact us knows how to find us and how to access our service.
- Running quarterly surveys to monitor the views of the businesses we cover.
- Running an online survey on our website, giving customers the opportunity to give us feedback on the service they have received on their own case.

Results and feedback from these stakeholder-research activities are shown in more detail in the chapters *who complained to us* and *who the complaints were about*.

“... making information available about our approach makes it easier for consumers and businesses to resolve more complaints themselves”

how we dealt with the complaints

our service-review team

Recognising where we have made mistakes – and learning from any shortcomings – is also an integral part of our commitment to quality. This is why – just like the businesses whose complaints we handle – we have our own formal complaints procedure for people who are unhappy with the level of service we have provided.

These complaints are handled by a specialist team of complaints handlers – our service-review team. In the financial year 2009/2010, this team handled 1,765 complaints about our service – 1% of our total caseload (compared to 1,307 complaints – also 1% of our caseload – in the previous year).

8% of these complaints were made by businesses and the others were all from consumers or their representatives.

The service-review team upheld 27% of the complaints they reviewed during the year – compared with 25% in the previous year. They paid compensation in 113 cases in recognition of the inconvenience caused by delays or administrative errors on our part. The average payment was between £150 and £200.

Where our service-review team is unable to resolve a complaint about our service, it can be referred to the independent assessor – for a formal review of the level of service we have provided.

The independent assessor's annual report is published in full as part of this annual review (see page 110). As the chairman has noted in his foreword, all the independent assessor's recommendations in individual cases have been accepted – as have his helpful suggestions more generally on the way we provide our service.

our budget and productivity

We are funded by an annual levy paid by the businesses we cover – and by case fees that we charge businesses for settling disputes referred to us about them.

In the financial year 2009/2010 we did not charge businesses case fees for the *first three* disputes involving them. Businesses were charged case fees only for the *fourth* (and any subsequent) dispute during the year. There is more information on page 101 about how many businesses paid case fees.

Our budget is calculated on the basis of workload forecasts that we consult on publicly each year in January and February – before the start of the new financial year.

Following public consultation in January and February 2009, the boards of the FSA and the Financial Ombudsman Service approved a budget for the ombudsman service – for the financial

year 2009/2010 – that assumed income of £92.9 million, expenditure of £92.6 million, and a unit cost of £559.

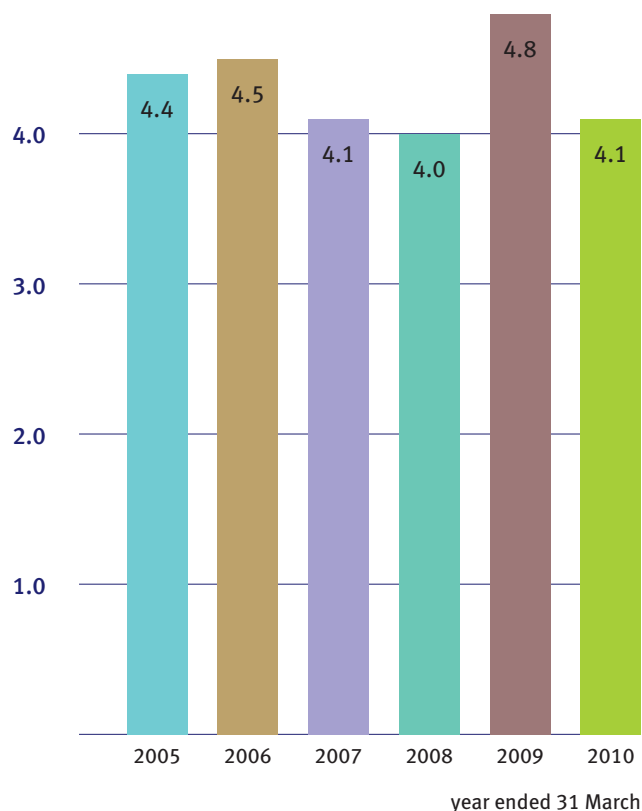
The actual final figures for the year showed total income of £98.4 million, expenditure of £92.4 million, and a unit cost of £555.

The unit cost was lower than budgeted – but higher than in previous years. This reflects the costs of recruiting and training 300 new adjudicators during the year, to help deal with the substantially increased caseload and improve the timeliness of our complaints handling. Many of these newly-recruited staff became fully productive only towards the end of the year.

This is also reflected in a lower level of productivity – measured by the average number of cases resolved weekly by each adjudicator. However, we forecast that our productivity will increase again in 2010/2011, as a substantial number of our recently-recruited adjudicators reach their full potential.

how we dealt with the complaints

average number of cases resolved weekly by each adjudicator

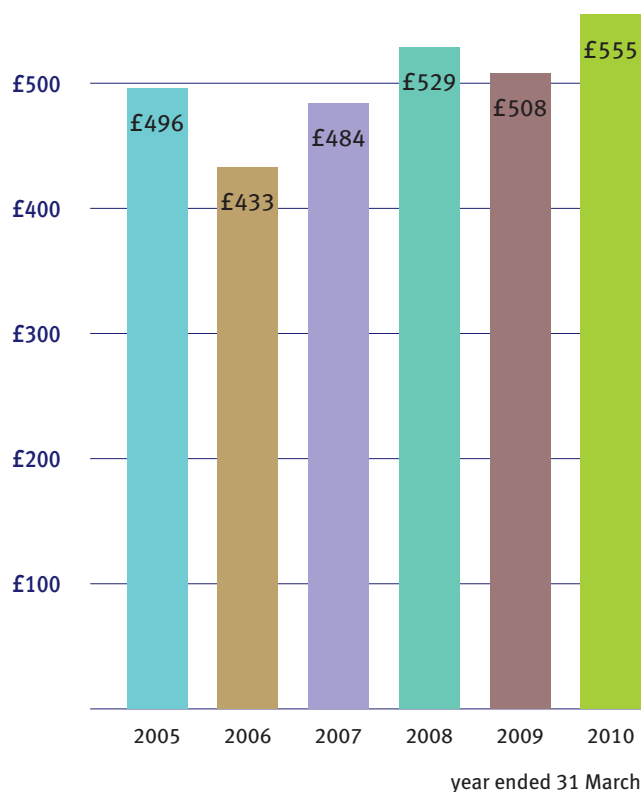


Our productivity – and our ability to respond swiftly and flexibly to volatility in the number and type of complaints we receive – will also be enhanced by the teams of contract and outsourced staff that we now have in place, helping to meet both long-term and short-term demand.

Additionally, we expect that increases in productivity should result from the range of process improvements and efficiencies that we aim to introduce during the year.

However, the impact of these operational efficiencies could be reduced by the increased complexity of the cases we are now seeing – and by the rising number of disputes involving hard-fought arguments and entrenched attitudes on both sides.

our unit cost*



* our unit cost is calculated by dividing our total costs (before financing charges and any bad debt charge) by the number of cases we complete.

how we dealt with the complaints

our income and expenditure (summary)

	actual year ended 31 March 2010 £ million	budget year ended 31 March 2010 £ million	actual year ended 31 March 2009 £ million	actual year ended 31 March 2008 £ million
income				
annual levy	20.6	19.5	19.3	19.6
case fees	77.6	72.9	46.1	35.5
other income	0.2	0.5	0.4	0.4
total income	98.4	92.9	65.8	55.5
expenditure				
staff-related costs	78.3	78.1	47.8	41.2
other costs	12.3	12.2	8.7	10.0
financing charges	0.0	0.2	0.1	0.2
depreciation	1.8	2.1	1.4	1.7
total expenditure	92.4	92.6	58.0	53.1
exceptional costs	–	–	–	2.9
surplus/(deficit)	6.0	0.3	7.8	(0.5)

These figures are drawn from our unaudited management accounts. The directors' reports and audited financial statements are available separately on our website and as hard-copy.

The amount of bad debts written-off during the year was £0.5 million – resulting from firms we cover going out of business, leaving case fees unpaid with no realistic chance of recovery. Over 90% of these costs related to firms that have either been liquidated or placed “in default” by the Financial Services Compensation Scheme (FSCS).

who complained to us



what kind of consumer uses the ombudsman service?

Collecting demographic information about the kind of consumers who bring complaints to the ombudsman service gives us a closer understanding of the people who use our service – and their requirements and expectations.

This type of information also helps us identify specific areas and groups in the community where our service is less well known and used.

We use this information as part of our work to:

- adjust our casehandling procedures to address particular accessibility issues;
- respond to the needs of our customers and stakeholders;
- meet our commitment to equality and diversity;
- target specific outreach and awareness-raising activities.

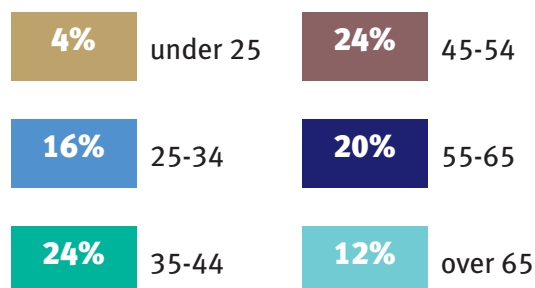
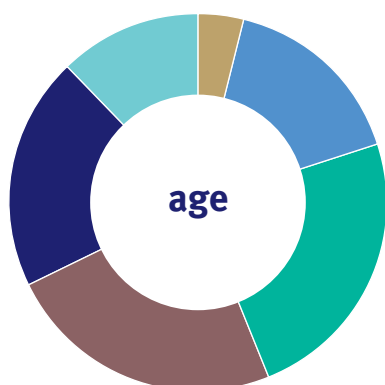
what age are consumers who complain to the ombudsman?

The extent to which people in different age groups use the ombudsman service has remained broadly similar over the last three years.

Two thirds of consumers who use our service are between the ages of 35 and 65. Around half the UK population are between these ages. This “over-representation” of people in the middle age-brackets reflects the fact that they are more likely to own a wider range of financial products – and are also more likely to know about their consumer rights, including their right to complain to the ombudsman.

Consumers aged under 25 and over 65 use our service proportionately less – compared with the number of people in these age groups in the population generally. This is something we study carefully as part of our accessibility and diversity work (see page 90 for more details).

However, almost a quarter of all complaints during the year about investments were brought to the ombudsman by consumers over 65. And consumers under 25 were proportionately up to three times more likely to complain to us about car or motorbike insurance compared with all other age groups.



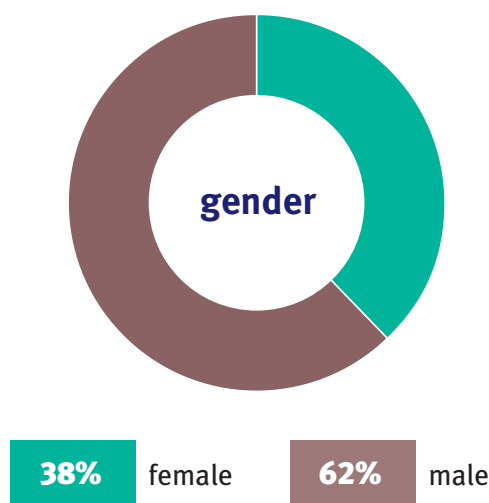
who complained to us

what gender are consumers who complain to the ombudsman?

Men continue to complain more to the ombudsman service than women. However, the proportion of women who brought complaints to us during the year increased by 1% – continuing a slow but steady upward trend over recent years. We believe this reflects our continued outreach activities, especially with younger women.


Men and women are equally likely to complain most about payment protection insurance (PPI), current accounts and credit cards – in that order.

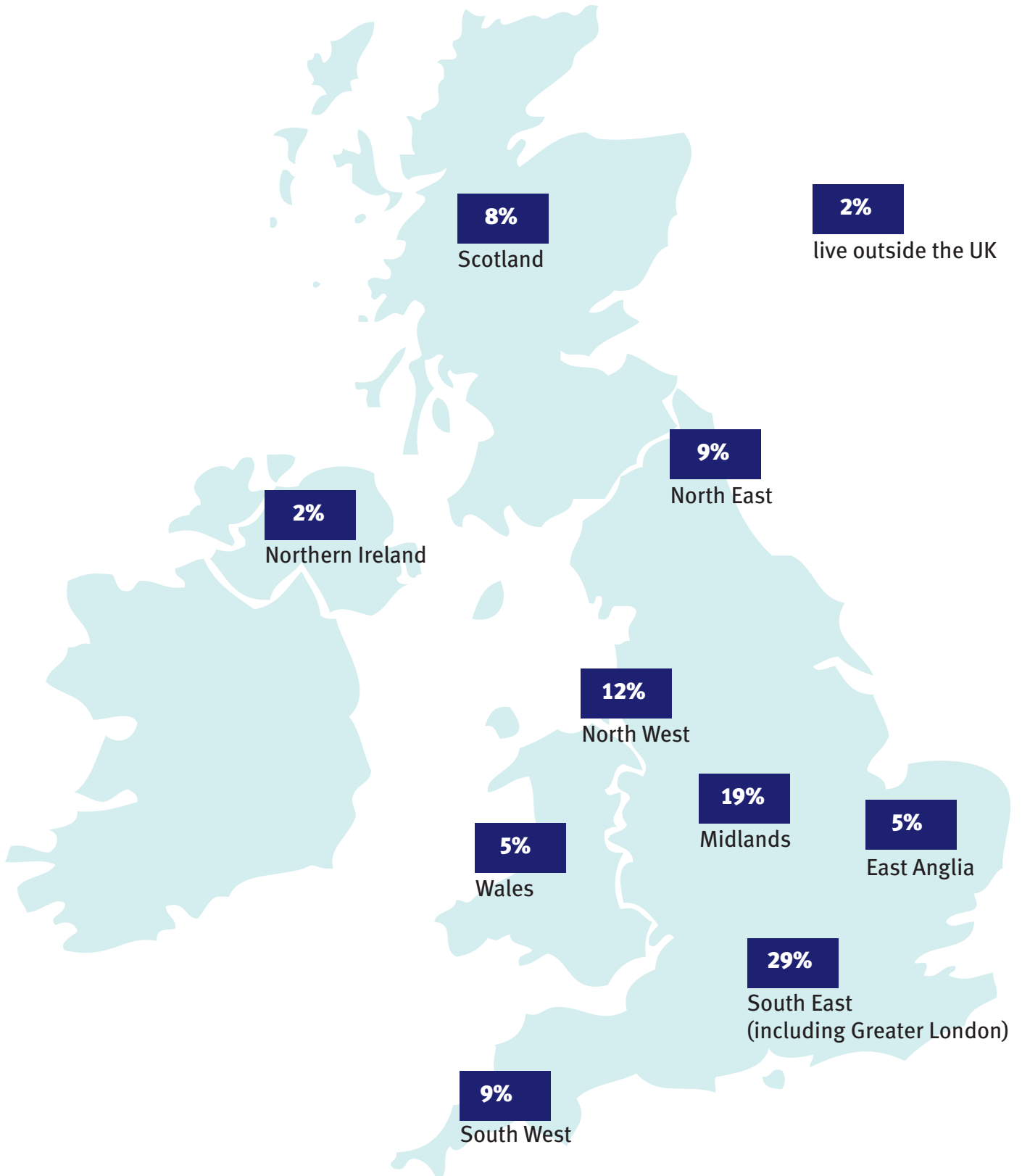
Many complaints relate to accounts and policies that are held jointly, where conventionally the first-named account-holder (the name our system records) is generally a male partner.



“... consumers under 25 were up to three times more likely to complain about car or motorbike insurance”

Financial Ombudsman Service
who complained to us

 % of consumers who complained to us



who complained to us

where do consumers live who complain to us?

This map shows where consumers live who brought complaints to the ombudsman service during the year. The proportions of people living in Scotland and Wales who used our service each increased by 1% – with similar-sized decreases in complaints from the South East and South West of England.

Comparing these figures with regional population data helps us monitor awareness and use of our service across the regions and nations. The location of people using the ombudsman service continues broadly to reflect the spread of the population across the UK as a whole – although a proportionately higher number of people from Wales and London used our service and fewer complaints came from Scotland and Yorkshire.

Generally speaking, we saw a similar pattern of complaints about most financial products across all areas of the UK. However, a higher proportion of complaints from the North related to payment protection insurance (PPI) than in the South. For example, 32% of complaints from the North East of England involved PPI in comparison with 20% in the South East.

**“... we saw a similar pattern of complaints
about most financial products
across all areas of the UK”**

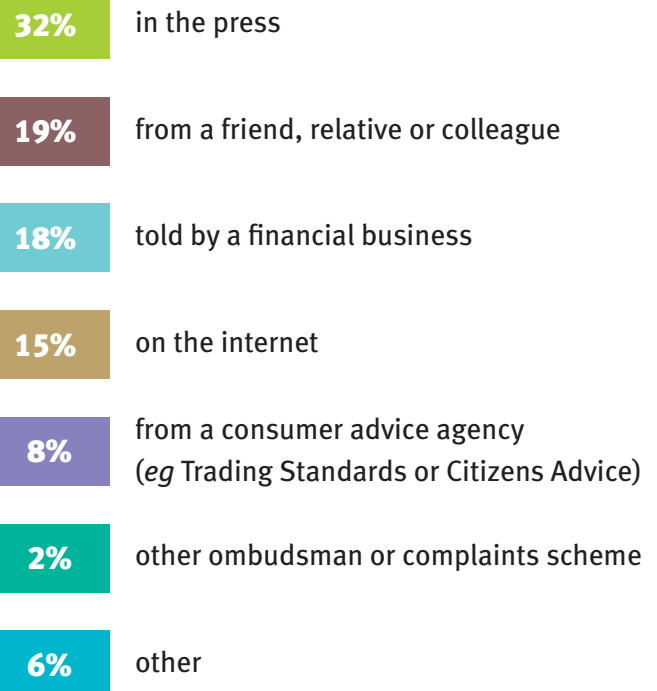
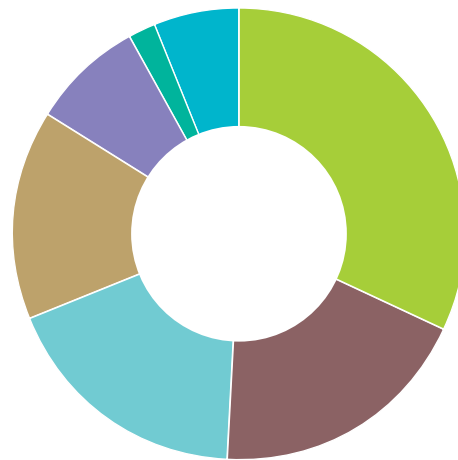
how did consumers hear about the ombudsman?

Businesses covered by the ombudsman service are required, by law, to mention the ombudsman when they deal with a customer for the first time. Businesses also have to give details about us, if a complaint arises which the business cannot resolve to the customer's satisfaction.

So we would expect a significant proportion of consumers who bring complaints to us to say they were told about the ombudsman by the business they complained to. However, the proportion of consumers who say that this is how they first heard about us fell by 4% during the year.

On the other hand, a growing number of consumers continue to say they first heard about us through friends, relatives and colleagues – or on the internet. The proportion of people who say they first heard about the ombudsman through these channels of communication rose over the year by 5%. This shows the increasing importance of word of mouth and social media in widening awareness of the ombudsman.

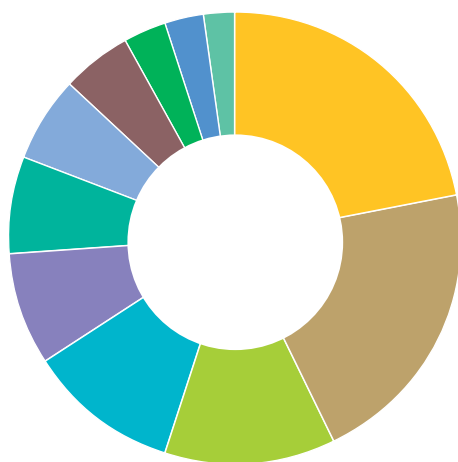
97% of people who got in touch with us said they had no problem finding our contact details. And the proportion of consumers who said that we were *very easy* to contact increased by 12% – reflecting our continued initiatives to promote consumer awareness of our service, especially in areas where our research shows that knowledge of the ombudsman is weaker.



“... an increasing proportion of consumers heard about us through word of mouth and social media”

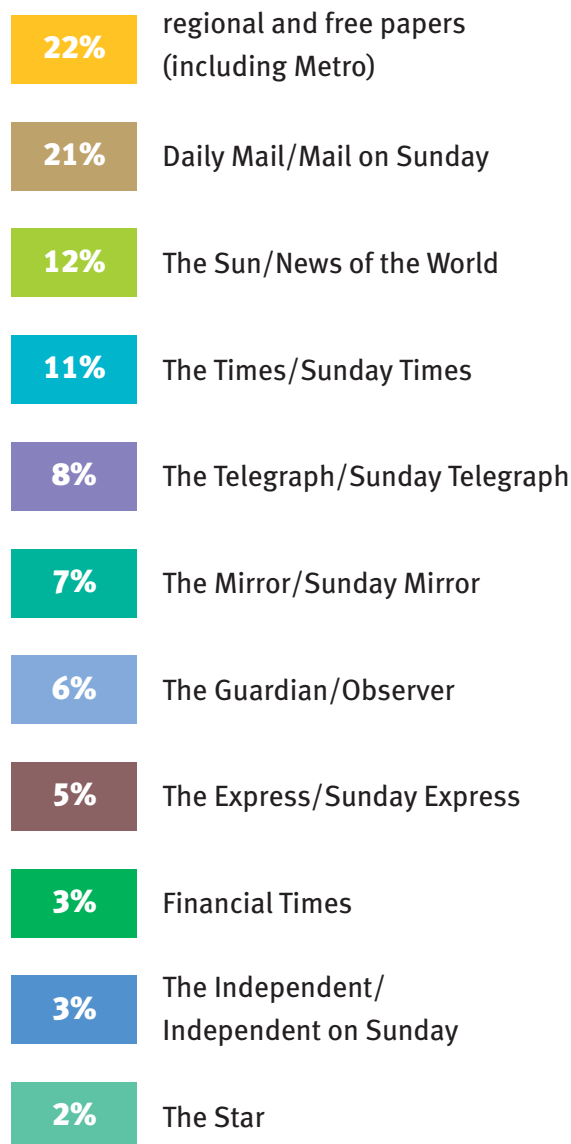
who complained to us

which newspapers do consumers read who complain to the ombudsman?



During the year there has been a significant shift in the newspapers that consumers who use the ombudsman service tell us they read. The proportion of “broadsheet” readers has slipped by 5% – with the *Sun*, the *News of the World* and the *Mirror* gaining ground. This seems to reflect the continuing shift in the socio-economic background of consumers who now use our service (see page 81).

This pattern of newspaper readership also roughly reflects the media that cover the ombudsman service most frequently (see page 80).

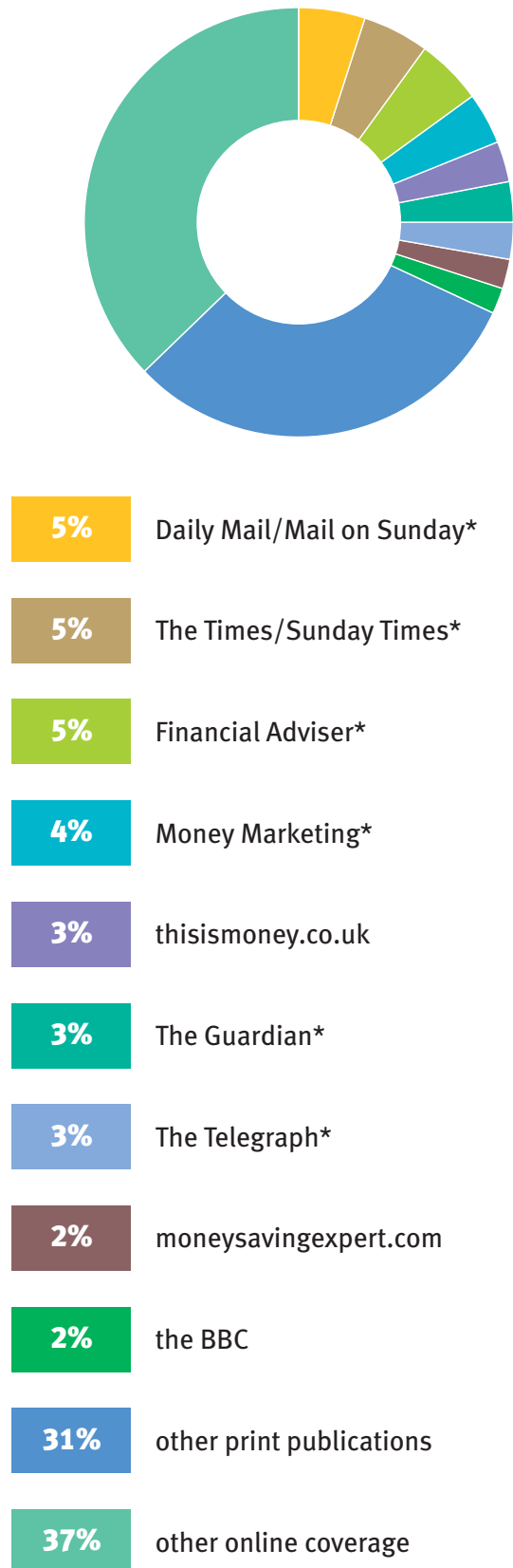


who complained to us

which media cover the ombudsman most frequently?

Over the year, almost half of all media coverage of the ombudsman service was online, rather than in traditional print format. Online coverage of the ombudsman service appeared on a very wide range of websites – run by voluntary and community groups, businesses and business networks, and government and public sector bodies – as well as the online versions of “traditional” newspapers and magazines.

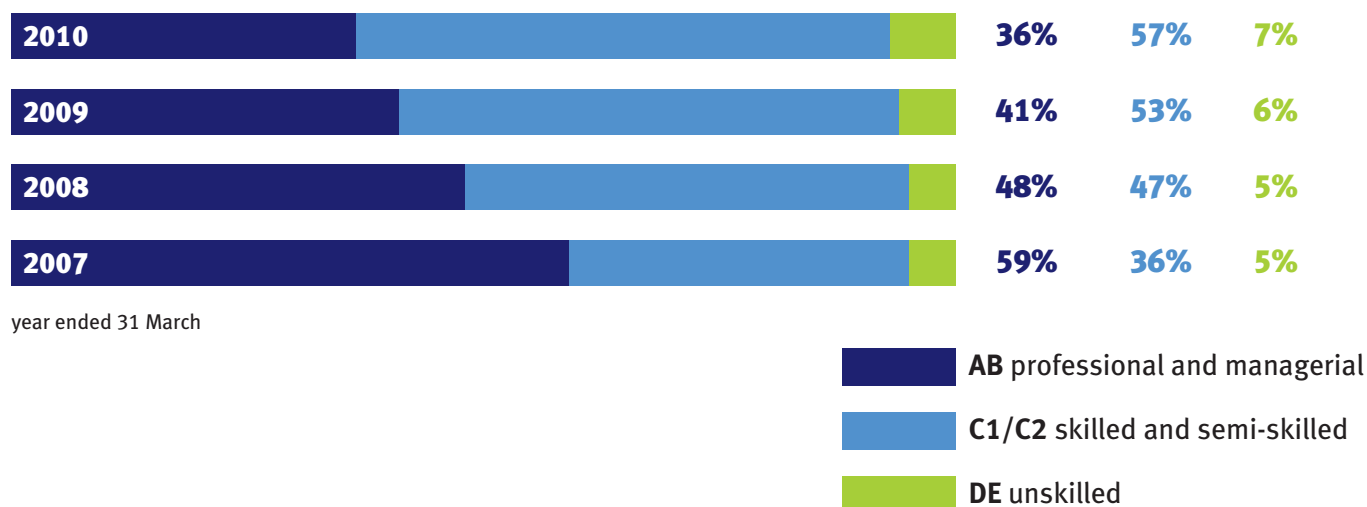
The media that covered the ombudsman service most frequently during the year included national newspapers, specialist business-to-business publications, and consumer websites. There is more information about our work engaging with stakeholders such as the media on page 107 of this *annual review*.



*print and online versions

who complained to us

what's the socio-economic background of consumers who complain to the ombudsman?



Our analysis of the occupations of people who refer complaints to the ombudsman shows a steady socio-economic shift among the consumers who use our service. Over the last three years, the proportion of complaints to the ombudsman from skilled and semi-skilled workers has risen by 21%, while complaints from people from professional and managerial backgrounds have fallen by 23%.

This shift may reflect the type of complaints that consumers refer to the ombudsman service – and the financial products and services involved. Between 2004 to 2007, up to two-thirds of the complaints we handled related to mortgage endowments and were brought by mainly middle-aged homeowners.

But since 2007 we have seen significant increases in complaints involving current accounts, overdrafts, credit and payment protection insurance (PPI) – products which are held extensively by a much wider socio-economic range of consumers.

Consumers in the socio-economic groups C1 and C2 complained to the ombudsman service proportionately more about savings plans and bonds (making up 62% of people complaining to us about these products) and less about pensions and annuities.

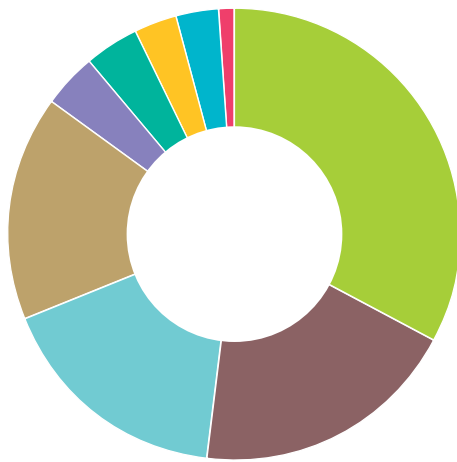
On the other hand, people from AB socio-economic backgrounds accounted for less than a third of complaints about consumer credit but over half of all complaints about investments. And people from DE backgrounds complained proportionately more about consumer credit and least about investments.

Almost two thirds of complaints to the ombudsman service about PPI were from consumers in the socio-economic groups C1 and C2.

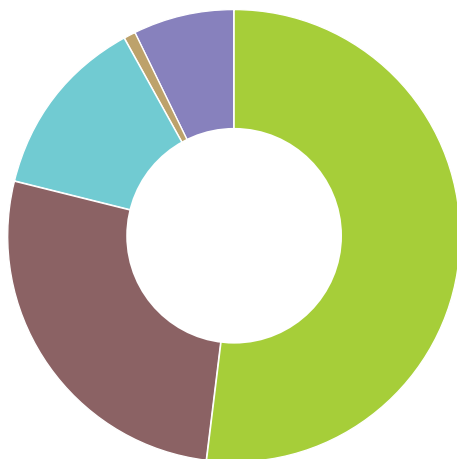
“... consumers from C1 and C2 backgrounds complained more about savings plans and bonds”

Financial Ombudsman Service who complained to us

what's the occupational background of consumers who complain to the ombudsman?



33%	skilled trades (<i>eg</i> electricians, plumbers, mechanics)
19%	managers and officials
17%	professionals
16%	administrative and secretarial
4%	personal services (<i>eg</i> care-assistants, dental nurses)
4%	process and plant work (<i>eg</i> machinery operatives, assembly-line workers)
3%	sales and customer service
3%	“elementary” occupations (<i>eg</i> hotel & bar staff, farm-workers, postal workers)
1%	other (<i>eg</i> unemployed)



52%	employed
27%	retired
13%	self-employed/running own business
1%	studying
7%	other

who complained to us

The socio-economic shift among the consumers who use our service also reflects the focus of our outreach work with groups whose knowledge and use of us is lower than average. This work aims to help raise awareness of the right to bring financial disputes to the ombudsman service. There are more details later in this section about our awareness-raising and accessibility work.

As part of our commitment to diversity and equality, we closely monitor the outcome of the complaints we resolve at the different stages of our process – to ensure we are treating everyone fairly and equally. The results of this monitoring continue to show that the proportion of cases we uphold in favour of the consumer is broadly consistent – regardless of who consumers are or their background.

our website users

During the year we recorded a monthly average of 210,000 visits to our website, www.financial-ombudsman.org.uk. On the busiest day of the year, 14,623 people logged on to the website. There is more information on page 19 about how our website forms a key part of our front-line service to customers.

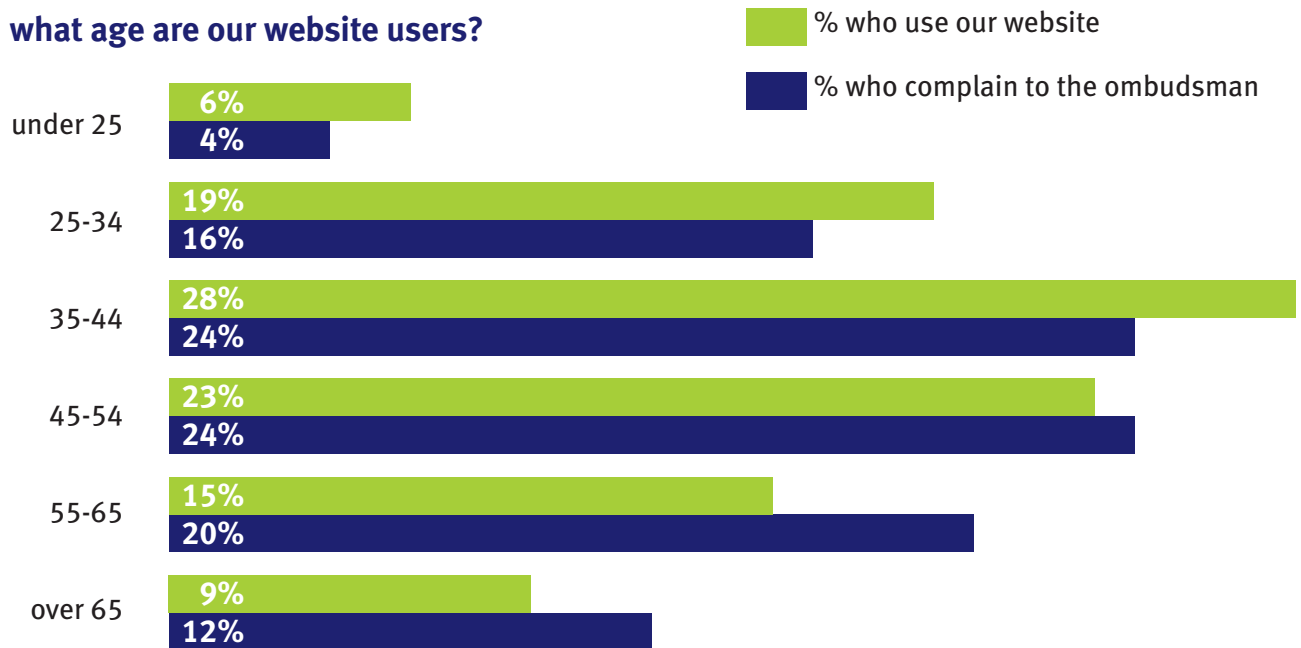
To find out more about our website users, we run a web-based user-survey over a three month period each year. Key findings from this year's survey showed that:

- 52% of people were first-time visitors and 48% had already been on our website previously;
- 56% of users were male and 44% female;
- 81% were consumers visiting for personal use and 19% were on our website for business purposes;
- 66% of users said they would definitely visit the site again and 26% said they would probably do so.

Knowing what kind of people do and do not access our website is very important for us. It helps us when assessing the most appropriate channels of communication to get our messages across effectively. It also helps us in considering the advantages and disadvantages of different methods of engaging with customers and delivering our service (whether online, by phone or by correspondence).

Financial Ombudsman Service who complained to us

what age are our website users?

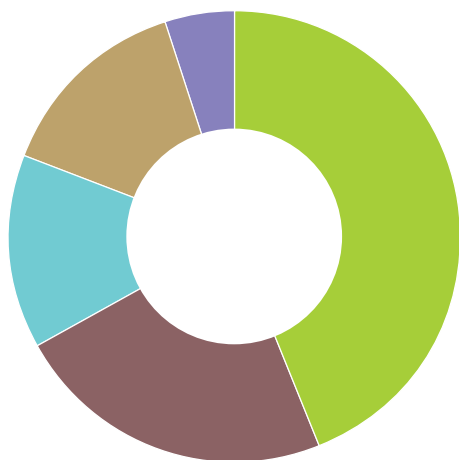


Over the last couple of years, the proportion of older people using our website has increased steadily. But we are aware that a significant number of older people still do not or cannot use the internet. While new technology opens up many opportunities for consumers, it can also act as a barrier to those who are less enabled. This is something we take very seriously when we consider the accessibility of our communications and the way we deliver our service.

Information from our online survey suggests that where people live who use our website broadly reflects wider patterns of internet access across the UK – with more online visitors from urban areas where levels of internet use (and broadband connections) are higher, and proportionately fewer online visitors from rural areas.

who complained to us

how did our website users find out about the site?



44% through an internet search-engine

23% told by a financial services business

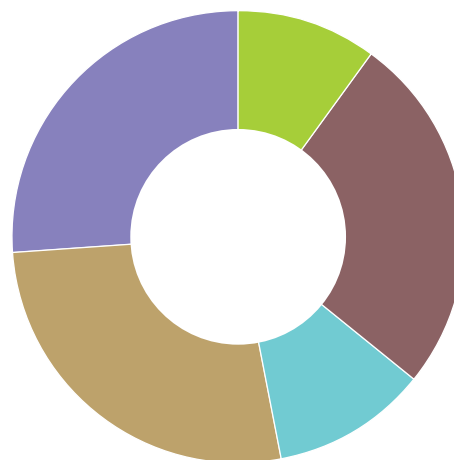
14% through a link on another website

14% from a friend or colleague

5% in the press

We have seen a continuing increase in the number of people who said they found our website through internet searches – mostly using Google. Using “search engine optimisation” techniques, we aim to make sure that links to our website are listed prominently in the results shown for relevant internet searches.

what stage are our website users at in pursuing their own complaints?



10% only browsing at this stage

26% thinking about making a complaint to a financial services business

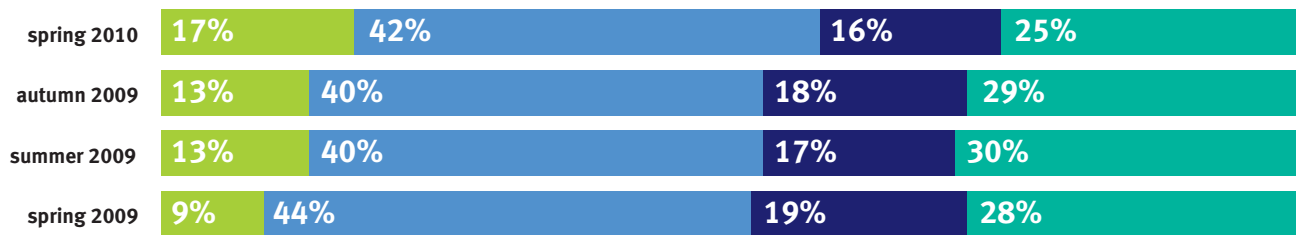
11% waiting for a financial services business to reach a decision on their complaint

27% thinking about referring an unresolved dispute to the ombudsman service

26% waiting for the ombudsman service to make a decision on their complaint

The proportion of people using our website who said they were only browsing or *thinking* about complaining continued to fall during the year. Most people who use our website are already actively involved in pursuing a complaint, either with the business involved or directly with us.

general awareness of the ombudsman



- unprompted awareness**
 people who were able to actively name us, without prompting, as the organisation whose job it is to help consumers sort out individual disputes with financial businesses
- prompted awareness**
 people who said they had *definitely* heard about us, when they were told our name
- possible awareness**
 people who said they thought they *might* have heard about us, when they were told our name
- no awareness**
 people who did not recognise our name or know who we were

As well as analysing demographic information about the consumers who bring complaints to the ombudsman service, we continue to research levels of consumer awareness of the ombudsman more generally across the adult population.

Over the year levels of awareness of the ombudsman have increased steadily. By the end of the year, almost one in five of the adult population were able to actively name us, without prompting, as the organisation whose job it is to help consumers sort out individual disputes with financial businesses.

Those least likely to recognise our name or know about us are mostly younger people and people from DE socio-economic backgrounds.

The proportion of people who could name us, without prompting, at different times in the year ranged from 9% (of 18 to 24 years olds) to 22% (for those in the 45 to 54 age bracket). Unprompted awareness of the ombudsman service during the year has been highest in Wales (20%) and lowest in Northern Ireland (2%). 10% of Asian consumers could name us without prompting – while 28% of Chinese consumers could do so.

During the year we launched a number of targeted consumer initiatives to help raise levels of awareness and use of the ombudsman service – where our research identified specific groups of more vulnerable consumers, or those who appeared to be less likely to know about, or to use, our service. There are more details later in this section about this aspect of our awareness-raising and accessibility work.

who complained to us

trust and values

Our consumer research monitors the level of trust that people have in the ombudsman service.

Across the UK public as a whole, 69% of people say they would trust the ombudsman service.

This compares with 75% of people who say they would trust Trading Standards and 81% of people who say they would trust Citizens Advice. On the other hand, levels of consumer trust in financial services trade associations appear significantly lower – between 40 and 55%.

Surveys of people who had personally used our service show that this direct contact with us significantly increased their trust in the ombudsman service – with eight out of ten of these consumers saying they trusted us, and half saying they had *complete* trust in us.

Our online user-survey also monitors how people rate us against our “core values”. During the year we were given the following positive ratings:



consumers who do *not* use our service

Our research into levels of general awareness of the ombudsman service consistently shows that around 15% of consumers say they have recently made a formal complaint to a financial services business. Of those who say they remained dissatisfied with the business’s response to their complaint, around a half take no further action.

We are particularly interested in the reasons why people do not refer unresolved complaints to the ombudsman at this stage. This helps us understand what barriers – real or perceived – may exist in accessing our service, and where we need to target specific outreach and awareness-raising activities or adjust our casehandling procedures to address particular accessibility issues.

The majority of consumers who do not pursue unresolved complaints to the ombudsman service say this is because they do not have the time, have other priorities, or do not think it worth the trouble for the amount of money involved. Far fewer say it is because they do not know about the ombudsman or do not understand the complaints process.

“... direct contact with the ombudsman service significantly increased people’s trust in us”

how do consumers who complain to the ombudsman rate our service?

we handle complaints efficiently and professionally



we get to the bottom of complaints and deal with the issues thoroughly



our decisions on cases are fair and unbiased



we settle disputes within an acceptable length of time




we provide a good dispute-resolution service for consumers



we provide a service that you would recommend to family and friends



 % of consumers who agreed

 % who expressed no view

 % who disagreed

During the year there was an increase in positive feedback from consumers on the level of service we provided. Improvements in all ratings resulted in a 5% rise in overall customer satisfaction. Fewer consumers than in previous years were unwilling or unable to express a view on the standards of our service.

The proportion of people who agreed that we settle complaints within an acceptable length of time increased by 10% – and the number of people dissatisfied with our timeliness fell by 9%.

This reflects the improvement in the timeliness of our complaints handling over the year (see also page 65). However, this remains a key priority for us – and we are committed to further improving timeliness next year.

74% of people whose complaints we handled during the year said that they would recommend us to family and friends – compared with 69% in the previous year.

who complained to us

how does the outcome of a complaint affect how consumers rate the service we provide?

consumers who said they felt they had “won” their complaint




consumers who said they felt they had “lost” their complaint



 % of consumers who were satisfied with our handling of their case

 % who were dissatisfied

 % who expressed no view

There is a strong link between consumer satisfaction and the outcome of consumers' complaints.

Of consumers who felt they had “won” their complaint, 91% said they would recommend our service. 52% of those who felt they had “lost” their case said they would do so.

This shows how people's personal experience of our service is significantly influenced by how they perceive the outcome of their own individual complaint.

Unfortunately, we cannot please everyone. But seeking the views of those who have used our service is an essential part of finding out where we can improve.

“ ... 74% of people said they would recommend us”

who complained to us

accessibility and diversity

Being accessible is something we take very seriously. We see this as part of our commitment to treating everyone we deal with equally.

Someone's background or ability should not act as a barrier to having their complaint considered fairly and impartially.

Similarly, we see diversity as an asset that helps deliver our vision of a service that meets the needs of all our customers and stakeholders.

We work towards an "equality and diversity standard" in the way we provide our service – to help us identify and overcome any barriers that may prevent *potential* customers from accessing our services or that could work to the detriment of those already using our service.

Our work in this important area is informed by the high-level strategy set by our board – and is co-ordinated and championed by our *accessibility taskforce* that comprises senior staff from all areas of the ombudsman service.

During the year we have re-examined our approach to diversity and equality, working strategically with external consultants specialising in this area.

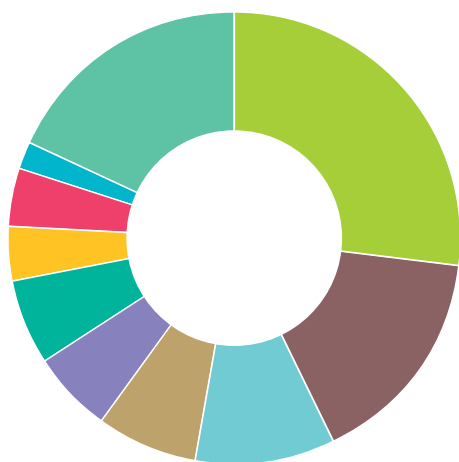
Our in-house *customer service group* – made up of operational staff across the ombudsman service – also carries out a range of activities, to help keep us focused on the fact that each customer may have particular needs to be taken into account.

Over the following pages we highlight key areas where, following research and analysis, we have prioritised specific outreach and awareness-raising activities during the year – or adjusted our case-handling procedures to address particular accessibility issues.

“... we see diversity as an asset”

who complained to us

disabled consumers who complain to the ombudsman



27% mobility difficulties

16% arthritis and manual dexterity difficulties

10% heart and circulatory problems (eg stroke)

7% respiratory disease and breathing difficulties (eg asthma)

6% mental health issues

6% organ and nervous system disorders & disease (eg diabetes, MS)

4% hearing impairment

4% sight impairment

2% learning difficulties (eg dyslexia)

18% other

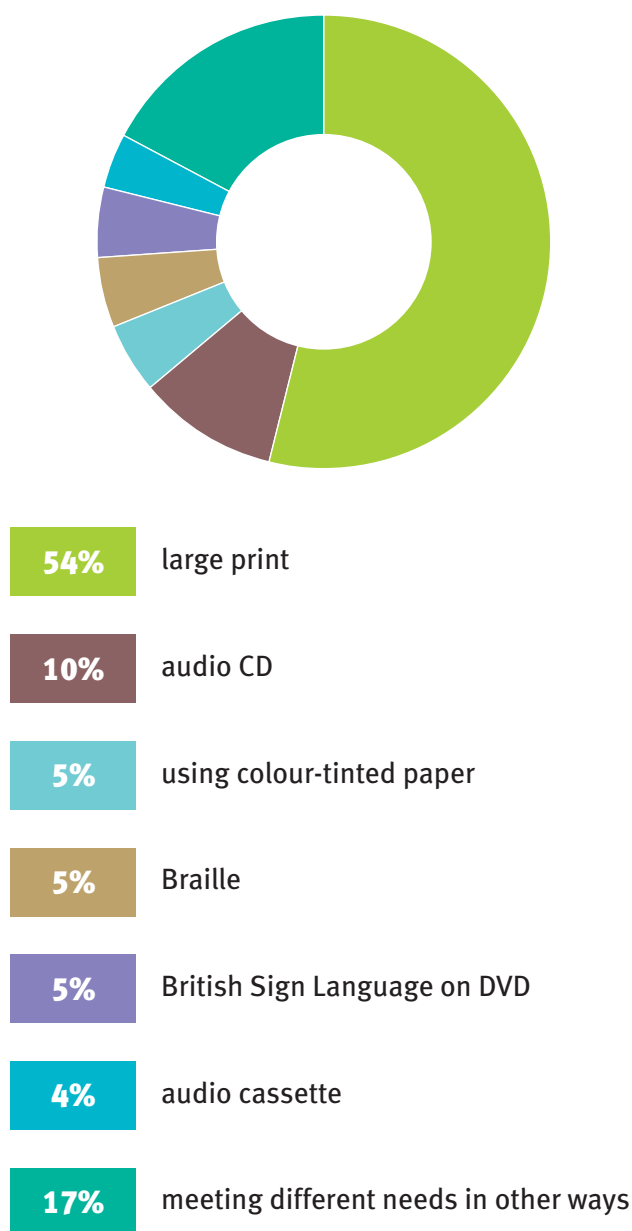
14% of consumers whose disputes we settled during the year (the same percentage as in the previous year) told us they had some form of disability – predominantly mobility difficulties. This is broadly in line with the estimated number of disabled people in the UK.

Many of our disabled customers do not ask for – or require – any adjustment in the way we deal with their case. But we ask all consumers when they first contact us whether they would like us to adapt the way we communicate with them, to meet any particular needs they may have.

Our staff all receive training to help promote their confidence in dealing sensitively and practically with customers' different needs. Following our different needs awareness-event last year – held in-house in partnership with six disability charities, and attended by 700 staff and our board – we are currently planning a further staff-training campaign with a focus on learning disabilities and mental health issues.

During the year we focused on improving the way we identify different customer needs – and on adapting our approach to meeting those needs. This helps explain the doubling of cases where we provided information for customers in alternative formats such as large print, Braille, and sign language recorded on DVD. We also continued to use Text Relay (formerly known as “TypeTalk”) and “accessible text” (sometimes also called “EasyRead”).

meeting customers' different communication needs



We aim to take a flexible approach in cases where a particular disability makes it necessary to adapt our more usual means of communicating with customers. Cases where there was no ready-made solution included a customer with multiple chemical sensitivity triggered by certain types of paper, a quadriplegic customer, and a consumer who told us she had “a fear of paper” and found “many aspects of the written word menacing”.

To be able to understand better the issues that disabled people face in dealing with financial services or making a complaint, we continue to take part in a range of disability events. During the year this included *Naidex* (the UK’s largest event for homecare, disability and rehabilitation) at Birmingham NEC; *Independent Living Scotland* (the homecare, disability and rehabilitation exhibition) at the SECC Glasgow; the *Disability North* show in Newcastle; and the *South West Disability* show in Exeter.

We continue to work in partnership with *Able* – the disability lifestyle-magazine and website – to help raise the profile of the ombudsman both as an employer and as a dispute-resolution service. And we also featured in magazines such as the brain-injury charity *Rehab*’s magazine *Renew*, RADAR’s *New Bulletin* and *Disability Review Magazine*.

As part of the continuing development of our website, we worked during the year with the disability charity, the Shaw Trust. This involved having our website tested by disabled users to ensure its accessibility to people using “assistive technologies” (for example, speech browsers).

who complained to us

consumers from black and minority ethnic (BME) backgrounds

Our research continues to show that consumers from minority ethnic backgrounds are generally less likely to know about the ombudsman – either as a dispute-resolution service or as a potential employer.

However, levels of awareness of our service vary significantly between different communities. For example, during the year 10% of Asian consumers could actively name us without prompting, while 28% of Chinese consumers could do so.

10.5% of people who brought complaints to the ombudsman service during the year defined themselves as belonging to a non-white ethnic group (9% in the previous year and 8% in the year before that). This broadly reflects the figure for the population as a whole.

Consumers from ethnic minority backgrounds were proportionately most likely to complain about consumer credit and motor and household insurance – and least likely to complain about pensions and mortgage endowments.

As well as attending the annual Asian ZEE Carnival at London Olympia, we took part in melas (multicultural lifestyle festivals) in Glasgow, Belfast, Newcastle, Cardiff and Oldham.

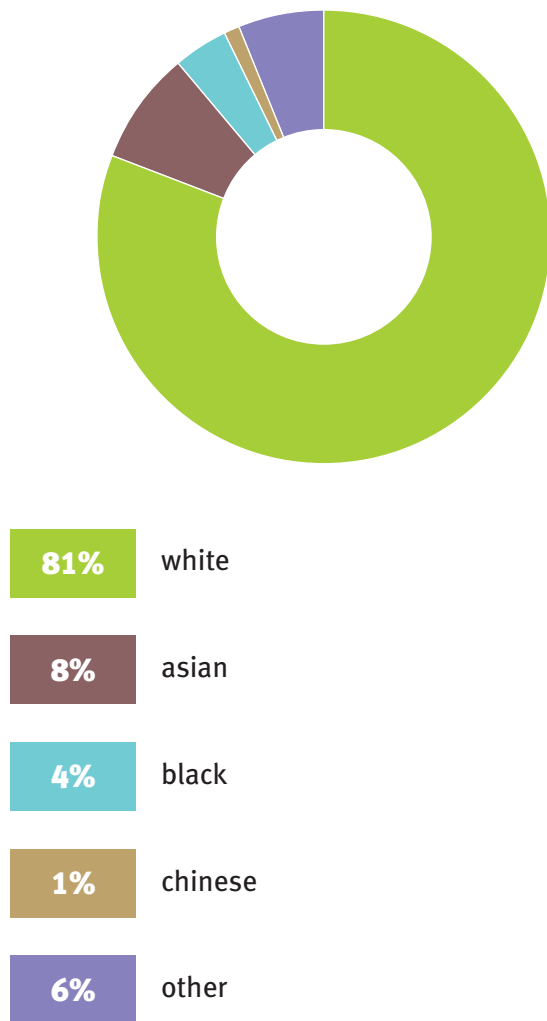
This gave us the opportunity to meet consumers face-to-face from different communities and listen to their experience of financial services. We also sponsored the *UK Mela guide*, to highlight the relevance of the ombudsman to the Asian community.

We again marked *Black History Month* with a feature in the official *Black History Month magazine* (profiling one of our ombudsmen, the first BME ombudsman in the UK). We also took part in the *Coventry Caribbean Festival* and in the *Black History Month* celebrations on London's South Bank.

We continued our long-term partnership with ZEE magazine, featuring in their Eid and Diwali issue, the Asian business supplement, and a special focus on employment opportunities at the ombudsman service. We also worked with magazines such as *Asian Voice*, *Asian News* and *The Voice*.

During the year we worked with the traveller and gypsy community, following complaints about the way in which financial institutions required proof of address and identity. We have also seen similar issues in our work with the migrant-worker community.

what ethnic background are our website users?



In our online survey carried out during the year, 19% of our website users defined themselves as belonging to a non-white ethnic group. This includes a higher proportion of Asian consumers using our website than consumers from other ethnic groups.

This reflects research indicating higher levels of internet use among the Asian community more generally. Taking this into account, we have focused particularly on the internet as a way of promoting messages to the Asian community about the ombudsman and complaints prevention.

In November 2009 the ombudsman's remit was extended to cover money-transfer businesses (under the *Payment Services Directive*). To raise awareness of how this meant the ombudsman could help with disputes relating to money sent overseas, we focused on the ethnic press and made contact with 36 specialist media outlets, ranging from *Sing Tao Daily* to *blacknet.co.uk*.

Working in our own neighbourhood in East London, we continued to liaise with local faith and community groups. This included an initiative with the Bangladeshi community to promote our role in resolving money-transfer disputes.

who complained to us

younger consumers

Proportionately fewer younger people bring complaints to the ombudsman service than consumers from other age groups (see page 74).

This may reflect the fact that younger people generally own fewer financial products than older, more financially-established consumers. But although younger people are less likely to have investments and pensions, they are likely to have loans, credit cards and bank accounts and to take out travel, motor and mobile-phone insurance.

Our research also shows that, of all age groups, consumers under 25 have the lowest level of awareness of the ombudsman – with only 9% during the year able to actively name us, without prompting, as the organisation whose job it is to help consumers sort out individual disputes with financial businesses (compared to 22% of people aged 45 to 54).

For these reasons, we are particularly keen to focus on younger consumers – to help raise awareness of their right to complain and the role of the ombudsman. Recognising that younger people access information differently from their parents, we have explored different ways of communicating with this age group – and we work with a range of specialist partners to get our message across.

This includes featuring tailored messages in a range of niche youth-magazines (print and online). We also have an internet presence for the ombudsman on social-networking sites such as YouTube. But on the advice of the young people we meet and consult with, we keep our social media messages simple and low key.

During the year, we have targeted students with timely information about debt-related complaints. This has included coverage in publications such as *The Graduate Guide*, *The Student Guide* and *Student Times* – as well as taking part in freshers'

fairs and student money-advice events, to meet younger people face-to-face and hear about their experience of financial services.

We also continued to provide targeted information for teachers, lecturers, school governors and youth-workers – as the “trusted individuals” to whom young people are likely to turn with a financial problem or complaint. This included sponsoring the regional finals of the 2009 *Young Consumers of the Year* competition – as well as the finals of the *Young Consumer Challenge* which helps young people with learning difficulties become better-informed and more confident consumers.



Other youth-focused activities during the year included:

- taking part in the *Gadget Show Live* at Birmingham NEC – to encourage young high-spending consumers to confront and deal with financial problems;
- giving students at the London College of Beauty Therapy some practical tips on consumer rights and money problems – to share as “small talk” with their clients;
- featuring in the *Festival Guide*, distributed at the main music festivals across the UK.

who complained to us

older consumers

A third of consumers who referred complaints to the ombudsman service during the year were aged 55 or over – and over a quarter of people using our service were retired.

A major focus of our outreach work is to remind older and retired people about their right as consumers to use the ombudsman service, should they have a dispute with a financial business. This work also helps us better understand the issues faced by older people in their dealings with financial services.

Research shows a significant and growing divergence within the older age-groups between consumers who are eager and capable users of technology and those who cannot, or do not, use computers and the internet.

To reflect this, our strategy for communicating with older people includes taking part in face-to-face events – such as the *Caravan and Motorhome Show*, the *Retirement Show*, *Fab@50+!*, and our drop-in complaints-clinics run in partnership with local consumer advice agencies. We also feature on “silver surfer” websites.

We have continued our partnership with *Retirement Today* and with *Choice*, the lifestyle magazine for people over 50. This has resulted in a series of features and articles about our work.

We have also taken part in a number of media interviews and conferences focusing on ageing and financial services. This has involved close liaison with the charity Age UK (combining Age Concern and Help the Aged) on both practical matters and policy work.

the diversity of our own workforce

The average age of employees at the ombudsman service during the year was 36. Across our workforce as a whole, 55% were male and 45% female – the same for the panel of ombudsmen. 17% of our employees were from ethnic minority backgrounds.

“... helping us better understand the issues faced by older people in their dealings with financial services”

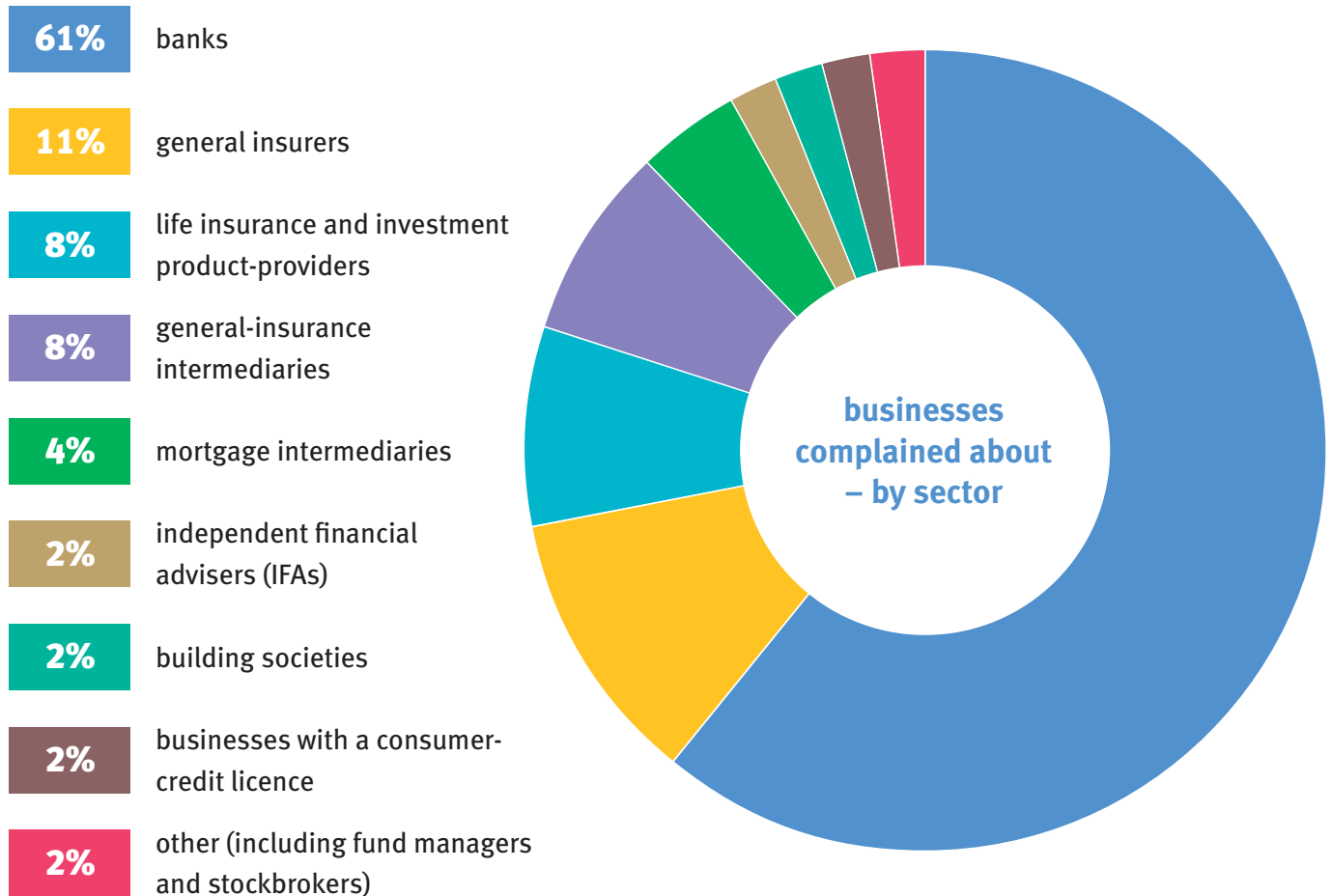
who the complaints were about



who the complaints were about

The charts on these pages show how the new complaints we received in the financial year 2009/2010 were spread across the different sectors of the financial services industry.

businesses complained about – by sector

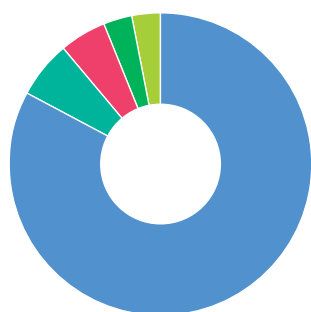


The overall proportion of disputes relating to banks rose by 2%, reflecting the 85% increase in complaints about current accounts, as well as the increased volume of complaints about payment protection insurance (PPI) during the year. The 3% rise in the proportion of cases involving general-insurance intermediaries also relates to the increasing PPI caseload.

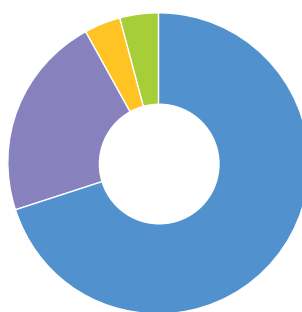
The proportions of cases involving life insurance and investment product-providers, and independent financial advisers (IFAs), continued to decline – by 3% and 1% respectively – reflecting the levelling-off generally of complaints to the ombudsman service about investments and pensions.

who the complaints were about

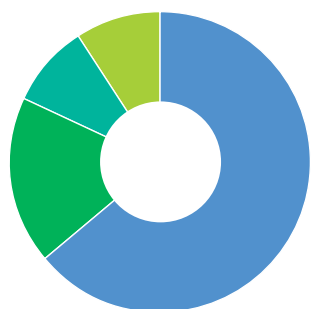
financial products most frequently complained about – by sector



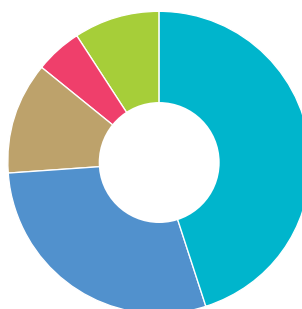
- complaints about banking and credit**
- 83%** banks
 - 6%** mortgage intermediaries
 - 5%** businesses with a consumer-credit licence
 - 3%** building societies
 - 3%** other



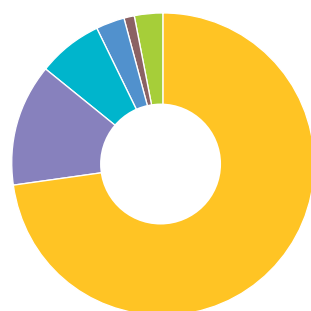
- complaints about payment protection insurance**
- 70%** banks
 - 22%** insurance intermediaries
 - 4%** general insurers
 - 4%** other (including building societies)



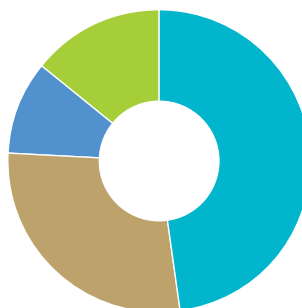
- complaints about mortgages**
- 64%** banks
 - 18%** mortgage intermediaries
 - 9%** building societies
 - 9%** other (including independent financial advisers – IFAs)



- complaints about investment products**
- 45%** life insurance & investment product-providers
 - 29%** banks
 - 12%** IFAs
 - 5%** stockbrokers and fund managers
 - 9%** other (including building societies, friendly societies and credit unions)



- complaints about general insurance**
- 73%** general insurers
 - 13%** insurance intermediaries
 - 7%** life insurance & investment product-providers
 - 3%** banks
 - 1%** Society of Lloyd's
 - 3%** other (including cash-plan health insurers)



- complaints about pensions**
- 48%** life insurance & investment product-providers
 - 28%** IFAs
 - 10%** banks
 - 14%** other (including building societies and stockbrokers)

who the complaints were about

outcome of cases – by sector

On page 62 of this *annual review*, we show the outcome of complaints in relation to the financial products which we receive most complaints about. For these products, the proportion of cases we upheld in favour of consumers ranged from 20% to 89%.

On page 62 we also mention the six-monthly sets of data published on our website – relating to the 150 or so individual businesses that together generate around 90% of our complaints workload. This data shows the number of new complaints – and the proportion of complaints we upheld in favour of consumers – for each of these businesses.

The chart below shows the outcome of cases in the financial year 2009/2010 – by sector.

% of complaints where the outcome changed as a result of our involvement (“we upheld the complaint”)

banks

52%

general insurers

44%

life insurance and investment product-providers

31%

intermediaries selling payment protection insurance (PPI)

94%

intermediaries selling general insurance

42%

intermediaries selling banking and/or mortgage products

48%

independent financial advisers (IFAs)

39%

building societies

25%

businesses with a consumer-credit licence

53%

who the complaints were about

how often do businesses have complaints about them referred to the ombudsman?

2,259 businesses each had **1 complaint** referred to the ombudsman service during the year

584 businesses each had **2 complaints** to the ombudsman

293 businesses each had **3 complaints** to the ombudsman

525 businesses each had **between 4 and 10 complaints** to the ombudsman

165 businesses each had **between 11 and 20 complaints** to the ombudsman

165 businesses each had **between 21 and 50 complaints** to the ombudsman

76 businesses each had **between 51 and 100 complaints** to the ombudsman

67 businesses each had **between 101 and 250 complaints** to the ombudsman

22 businesses each had **between 251 and 500 complaints** to the ombudsman

44 businesses each had **more than 500 complaints** referred to the ombudsman during the year

Customers of over 100,000 businesses that provide financial services have the statutory protection of the Financial Ombudsman Service, should a dispute arise. This includes 80,000 businesses with a standard consumer-credit licence issued by the Office of Fair Trading (OFT) and banking, investment and insurance firms regulated by the Financial Services Authority (FSA).

These businesses range in size from global financial services groups to sole traders providing credit as a sideline to their main business. This range in size is reflected in the number of complaints we receive about the different businesses we cover – which followed a very similar pattern during the year to previous years.

In the financial year 2009/2010, four of the UK's largest financial services groups accounted

for 84,718 cases (52% of all the complaints we received). At the other end of the scale, 183 cases (0.1% of all complaints) related to friendly societies, and 14 complaints involved credit unions.

During the year we published – for the first time – “business specific” complaints data showing the number of new cases, and uphold rates, for each of the 150 or so financial businesses that together generate some 90% of our workload. There is more information about this on page 62.

75% of the businesses that had complaints referred to the ombudsman service during the year had fewer than four complaints. This meant that these businesses paid no case fees – as again we did not charge for the first three complaints during the year (see page 70).

who the complaints were about

how do businesses rate our service?

the financial services industry can have confidence in the ombudsman service



our service is good value for businesses who pay the levy/case fees that fund us



our decisions on cases are fair and unbiased





our decisions are consistent




we provide a good dispute-resolution service for businesses



 % who agreed

 % who expressed no view

 % who disagreed

We carry out quarterly surveys to gauge the views of the businesses we deal with. These surveys cover all sectors of the financial services industry, ranging from sole-proprietor businesses to the largest financial groups.

The proportion of businesses who agreed with these statements during the year slipped overall by 3%. Feedback on the industry's level of confidence in the ombudsman service clearly reflected disquiet in some sectors about our publication of complaints data on individual named businesses (see page 62).

Smaller businesses with fewer complaints were generally below the threshold for inclusion in the complaints data we published. This may explain why levels of satisfaction expressed by smaller businesses were higher during the year than those recorded for larger businesses. For example, smaller businesses rated us 10% higher on the consistency of our decisions than larger businesses.

It is disappointing to see that a significant number of businesses are still unable or unwilling to express a view on our performance in areas which we believe are key to our work.

who the complaints were about

liaison with financial businesses and trade associations

On page 107 of this *annual review*, we highlight some of the external-liaison work we have carried out during the year with the financial services industry – including training and guidance on complaints-handling and the work of our technical advice desk in supporting and educating businesses on complaints prevention.

As well as the regular contact we continue to have with businesses and their trade associations at this operational level, we have also always had more formal arrangements in place for strategic dialogue with the financial services industry.

During the year we consulted with industry stakeholders on how these more formal arrangements were working. This has resulted in agreement to replace the three sectoral liaison-groups for banking, insurance and investment – that have provided a channel for more formal communication between the ombudsman and the industry over the last few years – with a small cross-sector industry steering group and a wider cross-sector industry panel.

These changes – which took effect from April 2010 – involve our chairman, Sir Christopher Kelly, chairing the high-level steering group which brings together eight chief executives of key financial services institutions. This group discusses strategic issues such as major trends in complaints and the mechanisms for handling “mass claims” from consumers.

Membership of the wider cross-sector industry panel includes all the organisations previously represented on the three former industry liaison-groups – with additional members from consumer credit, electronic money and payment services.

16,319

enquiries to our technical advice desk

663 parliamentary enquiries

and 134 ministerial questions

a million copies of our

consumer leaflet in over 20 languages

other work we have done



other work we have done

To support our work in settling disputes between consumers and businesses providing financial services, we feed back the lessons learned from our work to a wide range of stakeholders and customers.

This section highlights some of these stakeholder-engagement activities. There is more information about this work in our *corporate plan*, published in January each year (and available in the “publications” section of our website).

working with the FSA and OFT

We have continued to work closely with the FSA (as regulator of financial services) and with the OFT (as regulator of consumer credit) on issues that affect both our dispute-resolution role and their regulatory roles. This has included working with them on high profile issues such as payment protection insurance (PPI) and current-account unauthorised-overdraft charges, as well as on a range of other issues.

Following HM Treasury’s *Reforming Financial Markets* white paper, we worked closely with the FSA, OFT and others to review the current arrangements for identifying and handling “mass claims” issues – including the formal “wider implications” process. This resulted in the publication in March 2010 of the discussion paper *Consumer Complaints (Emerging Risks and Mass Claims)* – including proposals for a joint FSA, OFT and ombudsman co-ordination committee, to scan for emerging risks.

extensions to our remit

We worked with the FSA and HM Treasury on four changes or extensions to our remit during the year:

- following the de-regulation of freight-forwarding activities from 6 April 2009, we arranged for freight-forwarders to join our “voluntary jurisdiction” – maintaining ombudsman coverage of insurance-related complaints about these businesses;
- “sale and rent-back” (by homeowners who can no longer afford their mortgages but wish to stay on as tenants) came within our “compulsory jurisdiction” on 1 July 2009, when it became regulated by the FSA;
- the activities of “reclaim funds”, to which dormant bank and building society accounts are transferred, came within our “compulsory jurisdiction” on 6 August 2009 (although to date no reclaim funds have been authorised by the FSA); *and*
- following the implementation of the European *Payment Services Directive* on 1 November 2009, new types of financial businesses came within our “compulsory jurisdiction” – including around 3,000 money transfer businesses.

We will continue to work on two further extensions to our remit during 2010/2011:

- we will be working with HM Treasury and the FSA to implement the new *Electronic Money Directive* on 30 April 2011 – which is likely to bring a range of new businesses within our remit as the electronic money market is opened up; *and*
- we will be working with HM Treasury, the Northern Ireland Executive and the FSA on plans to bring Northern Irish credit unions into our remit – alongside credit unions from Great Britain that we already cover.

national and international role

We have maintained close relations during the year with a number of government departments that have a particular interest in what we do – including HM Treasury, the Department for Business, Innovation and Skills (BIS) and the Ministry of Justice.

We have also stayed close to a number of other public bodies whose work can overlap with ours – including the Pensions Ombudsman and other ombudsman schemes, the Financial Services

other work we have done

Compensation Scheme (FSCS) and the Information Commissioner's Office.

We have provided input to the European Commission on a number of its initiatives, including the proposed updated directive on consumer protection and proposals for harmonising the collection and recording of consumer-complaint data.

The Financial Ombudsman Service continues to provide a recognised and widely-respected model for dispute-resolution. We have helped a number of public bodies, at home and abroad, in creating or adapting dispute-resolution processes that build on our expertise.

Through the British and Irish Ombudsman Association (BIOA), FIN-NET (the European network of financial redress schemes) and INFO (the international network of financial ombudsman schemes) we have continued to share best practice with other ombudsman schemes worldwide.

freedom of information

The Ministry of Justice consulted during the year on proposals to extend the application of the *Freedom of Information Act* to a number of bodies including the ombudsman service. The Justice Minister subsequently announced in March 2010 that the *Act* would be extended to cover us – probably with effect from October 2011.

We have worked closely with the Ministry on these proposals, and have set up a project to ready ourselves for this – including the early introduction of a “publication scheme” on our website.

external review

Every three years we undergo an independent external review. The first review in 2004 – by Bristol University's Personal Finance Research Centre – looked at our case-handling procedures and systems, and our performance in terms of quality, consistency, process and value. The

second review, in 2007/08, was carried out by Lord Hunt of Wirral, and looked at the accessibility and transparency of our service.

The non-executive board of the Financial Ombudsman Service has decided that the next review will look at the service's efficiency and effectiveness – similar to the review of the FSA carried out by the National Audit Office (NAO) in 2008. In the consultation on our *corporate plan and budget* for 2010/2011 we asked for suggestions from stakeholders on the issues that this kind of review might look at.

engaging with stakeholders

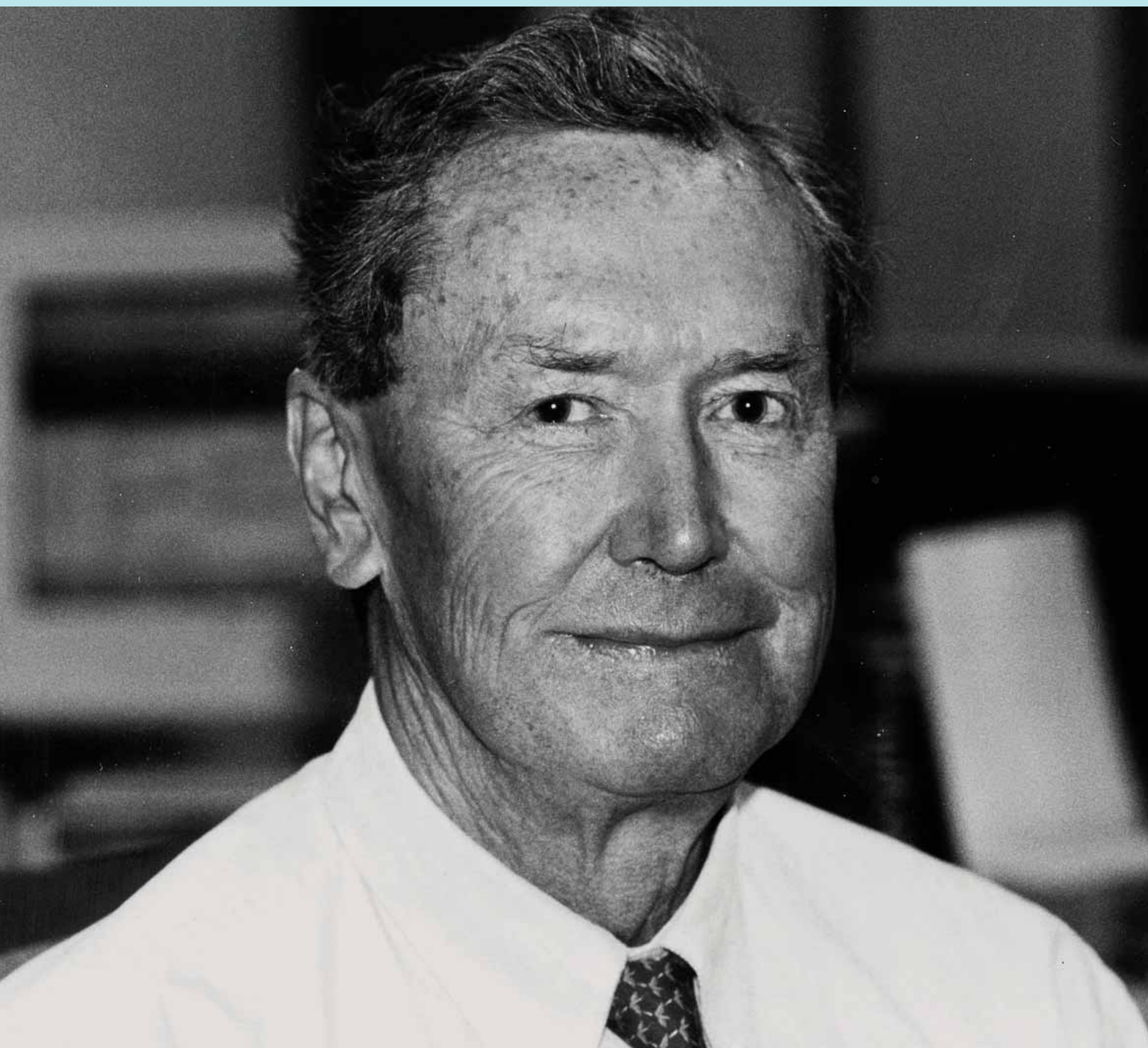
We carry out a wide range of activities aimed at sharing our experience and knowledge with the outside world. Over the year these external-liaison and outreach activities have included:

- Dealing with 16,319 enquiries to our technical advice desk – our dedicated service for people handling complaints in the financial services sector and the consumer-advice world.
- Handling 134 ministerial questions and 663 parliamentary enquiries.
- Organising visits, meetings and training for businesses we cover – including a relationship-management programme involving the 30 financial services groups that together accounted for over 80% of complaints referred to the ombudsman service during the year.
- Hosting open-days at our office for the major trade associations and their members; running our smaller-businesses forum; and holding workshops and seminars for financial businesses and claims-management companies on a range of topical complaints-related issues.

other work we have done

- Running 30 regional training-days for community and advice workers – from Exeter to Shetland, Hartlepool to Llandrindod – to share our complaints-handling skills with front-line problem-solvers in the community.
- Taking our exhibition stand to key consumer events, including the *Coventry Caribbean Festival* and the Belfast multicultural mela, *Fab@50+!* and *Independent Living Scotland*, *New Start Wales* and the *Disability North* show, the *Caravan and Motorhome Show* and the *Gadget Show Live*.
- Speaking at seminars and conferences hosted by organisations ranging from the National Association of Student Money Advisers to the Association of Medical Insurance Intermediaries.
- Targeting specific audiences – those less likely to use, or be aware of, the ombudsman service – with advertising in magazines including *The Festival Guide* (for young people at outdoor festivals), *Black History Month*, *Re:Source* (for secondary-school teachers in Scotland), the *Small Business Bulletin*, *Jump* (the parenting magazine) and *Disability Review*.
- Adding over 500 new pages to our website – including 169 news updates and increased video content.
- Publishing 10 issues of our newsletter, *ombudsman news*, and distributing over a million copies of our consumer leaflet and other publications (including versions in over 20 other languages and formats).
- Answering media questions and providing information for publications ranging from the *Inverness Courier* to *Mortgage Introducer*, the *Bangla Post* to *Reveal* magazine – and taking part in broadcasts ranging from Polish Radio London to BBC *The One Show*, Radio Shetland to *Good Morning Wales*.

the independent assessor's annual report



the independent assessor's annual report



annual report by **Michael Barnes CBE**
to the board of the Financial Ombudsman Service

The independent assessor's role is to carry out a final review of the level of service provided by the Financial Ombudsman Service, in cases where a user of our service has already referred a complaint to our service-review team for investigation but remains dissatisfied.

Under his terms of reference, the independent assessor can consider complaints about our level of service, our procedures and the behaviour of our staff.

His remit does not cover disagreements about the actual merits of decisions.

The independent assessor is authorised to make findings and recommendations for redress in cases where he believes it is justified.

the independent assessor's annual report

During the year ended 31 March 2010 a total of 262 cases were referred to me, compared with 265 in the previous year. The number of complaints referred to me that required a full investigation and review of the file was 165 (a decrease of 20 cases on the previous year), of which I upheld 67 either wholly or in part. In all but seven of the complaints I upheld, I made recommendations for financial compensation.

Of the cases which did not require investigation, 45 were referred to me too early in the process (that is, before the service-review team at the Financial Ombudsman Service had been given the opportunity first to deal with the complaint); 25 were general enquiries; 17 were outside my jurisdiction because they were “out of time” or unrelated to the ombudsman service; and two cases were withdrawn by the person making the complaint.

The amounts of compensation that I recommended during the year ranged from £50 to £1,500. 24 awards I made fell between £50 and £250, 29 between £250 and £500, and six between £500 and £1,000. The award for £1,500 was the only one I made in excess of £1,000. In around 40% of the complaints I upheld, the service-review team at the ombudsman service had already offered apologies and/or some compensation – but not always enough, in my view, to provide sufficient redress.

I made the £1,500 award in an unusual case where the ombudsman, in upholding a complaint in favour of the consumer, had given the business two different options for providing redress. The complaint related to a “market value reduction” (MVR) which had led to an amount being deducted from the consumer’s “with-profits” bond. The ombudsman had agreed with the consumer that this MVR had not been properly explained by the business that advised him on the bond.

the independent assessor's annual report

One option for redress involved a formula set down by the ombudsman to calculate the loss. The other option, more simply, was the refund of the MVR that had been deducted – with interest added. In previous annual reports I have criticised the use of complex formulae by ombudsmen – and have said that ombudsmen should instead calculate the actual amount of money payable, wherever that is possible. So I understand why the ombudsman in this case may have wanted to clarify the formula with a second method of paying redress.

Unfortunately, however, the business delayed paying redress to the consumer using either option. And when the consumer asked the ombudsman service to work out for him the exact amount of redress payable under the formula – so he could enforce it in court – this figure came out at considerably more than the simpler method of just returning the amount of the MVR, with interest added.

The business then paid the lower amount of redress – which the consumer felt was unfair. I recommended that the consumer should be compensated for the confusion and disappointment this had caused – and the ombudsman service agreed.

People who refer complaints to me sometimes ask me why there is no right of appeal against an ombudsman's decision. I have to explain that it is the nature of ombudsman schemes that this is so. Ombudsmen arrive at a view of the issues on which any particular complaint turns – and they then determine it accordingly. The process they are following is not a strictly legal one.

Ombudsmen provide a form of dispute resolution which is *an alternative* to the courts, and which leaves open the possibility of legal action, if the person with the complaint rejects the ombudsman's decision. To build in a right of appeal against an ombudsman's decision would risk blurring the important distinction between ombudsmen and the courts – and could make the ombudsman service's procedures seem altogether too “court like”.

the independent assessor's annual report

There is, however, one very special set of circumstances where it may be possible for someone bringing a complaint to have their case looked at again by the ombudsman. This is where material new evidence comes to light, which is compelling in nature and which was genuinely not available during the original investigation. In these very rare cases, this can provide the basis for a fresh complaint to be made about the matter in dispute.

These criteria are hard to meet, because it is not enough simply for the new evidence not to have been put forward at the time of the original complaint. The new evidence has to have been unavailable – or not been known to have existed – when the ombudsman originally considered the complaint.

In a case I dealt with during the year, the consumer had found a document in a file he had managed to obtain from the financial business under the *Data Protection Act*. The document had not been known about earlier – and cast a new light on the consumer's long-running complaint. The ombudsman accepted that the criteria had been met for the case to be re-opened.

The ombudsman subsequently decided that the newly-discovered paper would not have made a difference to the outcome of the original decision. Nevertheless, I still felt that the ombudsman could have done more to press the business on why the document had been missing from the file provided in the first place. I recommended that the consumer be paid £500 for the distress and inconvenience caused.

Several cases I handled during the year highlighted the importance of adjudicators at the ombudsman service keeping the parties to a complaint fully informed as to the course an investigation is taking. One case involved advice given in the 1990s by an independent financial adviser to transfer preserved benefits in a final salary scheme into a personal pension plan. The adviser had already retired when his client complained to the ombudsman service about the advice.

the independent assessor's annual report

The adjudicator at the ombudsman service initially issued an assessment in 2006, upholding the consumer's complaint. Following representations from the retired adviser, the adjudicator subsequently issued a further assessment in 2007, rejecting the complaint. The adviser then heard nothing further until the following year, when he received an ombudsman's provisional decision, holding out the prospect that he might have a binding award of £100,000 made against him.

This came as a real shock to the former adviser, particularly as he was ill at the time. I agreed that there had been a clear failure to keep the former adviser informed of further developments relating to the complaint between 2007 and 2008. Although the consumer's complaint against the adviser was eventually not upheld, I recommended that the ombudsman service should pay £750 compensation to the former adviser.

In another case, a firm of solicitors complained to me, on behalf of a client, that they had not been told about the further efforts that the adjudicator in their case was making, to mediate a settlement with the bank, while the complaint – about a charge on property that the bank was unwilling to release – was awaiting an ombudsman's final decision. When the firm of solicitors heard about the adjudicator's informal proposals, they were unhappy, because they regarded the point at issue as a matter of contract law, on which they had expected an ombudsman's final decision.

I took the view that the ombudsman service was entitled to continue to seek a mediated resolution of the complaint, while the case was waiting for an ombudsman's final decision. However, I felt that this should not have been done without keeping the firm of solicitors informed about what was being proposed. I therefore recommended that the ombudsman service should pay £400 compensation for the inconvenience caused by what had happened.

the independent assessor's annual report

As in previous years, in the cases referred to me as independent assessor, delay continues to be the main reason for complaint. However, paradoxically this year I received several complaints that the ombudsman service had proceeded too precipitately.

In one such case, the adjudicator issued his initial view only three days after writing to the consumer to introduce himself – and to give her the opportunity to provide any further views or comments. When the consumer wrote back with some further points, she was told that her case had already been passed to an ombudsman for a final decision. At this point, the consumer contacted the service-review team at the ombudsman service. They gave her a further deadline for making final representations for the ombudsman to consider, and the consumer responded just in time.

However, the ombudsman had already issued his decision slightly ahead of the deadline – and before he had the opportunity to see the consumer's letter. The ombudsman confirmed that the consumer's final comments would not have altered his decision. However, responses that seem too hasty can give the impression that comments and representations may not have been fully taken into account. In this case, I therefore recommended that the consumer be paid £250 compensation for any inconvenience caused.

Banking services of one kind or another continued to be the category of financial services most frequently involved in the complaints referred to me about the Financial Ombudsman Service.

I received 20 complaints from businesses (24 in the previous year) – mainly from independent financial advisers and brokers, and often about case fees charged when the complaint was judged to be without merit or outside the jurisdiction of the ombudsman service. If this is not *immediately apparent* when the ombudsman service first receives the complaint, the case has to be passed for assessment

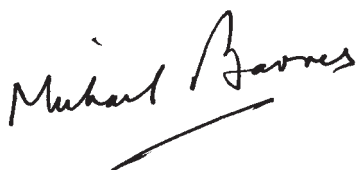
the independent assessor's annual report

– which means a case fee is charged. This is something that smaller businesses sometimes find hard to accept.

This is my last annual report, as I am about to retire from the position of independent assessor. I have acted in this capacity for eight years. These years have passed very quickly and have given me a fascinating insight into the workings of the Financial Ombudsman Service. I have come to have a high regard for the organisation and its staff, particularly those in the service-review team and the board secretariat, with whom I have worked most closely.

I am grateful to those consumers and businesses who have taken the trouble to thank me for my investigations on their behalf. To those who have asked me to whom they should complain *about me*, I have had to explain that they have reached the end of the line, with no provision for complaints to be taken any further – something I know some have found hard to accept.

Finally, I would like to thank the chairman and the board of the Financial Ombudsman Service for giving me the unique opportunity to act as their independent assessor – and for the support they have given me as I have carried out my work in this role.



Michael Barnes CBE

April 2010

The independent assessor, Michael Barnes, presented this report to the board of the Financial Ombudsman Service, having discussed his views and findings in detail at an earlier meeting of the board's sub-committee on quality. The board accepted the report and its recommendations in full and undertook to use the independent assessor's findings to help improve service quality.

our news updates



ombudsman video for smaller businesses*31 March 2010*

ombudsman staff talk about their work – and explain the complaints-handling process – in a video made specially for smaller businesses that rarely gets customer complaints and have little direct contact with the ombudsman

freedom of information*30 March 2010*

Justice Minister announces extension of the *Freedom of Information Act* to cover the ombudsman service

Northern Irish credit unions*30 March 2010*

the government consults on bringing credit unions in Northern Ireland under FSA regulation – and so under the ombudsman's remit

hospital radio and the financial ombudsman*29 March 2010*

as part of hospital-radio broadcasting week, hospital radio-stations across the UK are broadcasting information about the ombudsman service – to help raise consumer awareness of the ombudsman and its independent role in sorting out financial complaints

ombudsman's budget for 2010/2011 finalised and approved*26 March 2010*

budget agreed for the ombudsman service's financial year starting 1 April 2010 – with feedback from the recent public consultation on the *budget and corporate plan*

ombudsman launches new standard forms for all PPI complaints*26 March 2010*

following consultation with consumer and financial-services stakeholders, the ombudsman launches the payment protection insurance *consumer questionnaire* and *business response form* – to help make the process for handling PPI complaints across the financial-services sector more efficient, co-ordinated and consistent

08000 234 567*25 March 2010*

to help make the service more accessible, the ombudsman launches a new easily-memorable number for its consumer helpline – 08000 234 567 (free for people phoning from a landline) – to run alongside the existing number (0300 123 9 123 – free for mobile-phone users who pay a monthly charge for calls to numbers starting 01 or 02)

mortgage complaints*23 March 2010*

David Thomas, principal ombudsman, gives the keynote address at the Council of Mortgage Lenders' seminar on mortgage complaints

older consumers in the north west*19 March 2010*

the ombudsman takes part in panel discussions at the two-day *Retirement Show* in Manchester

ombudsman news issue 84*18 March 2010*

- an interview with new chief ombudsman, Natalie Ceeney
- recent banking complaints involving “set off”
- investment complaints about property funds, deferral periods and market value reductions (MVRs)
- chief ombudsman (interim), David Thomas, on redress, regulation and mass claims

older people and money problems*18 March 2010*

lead ombudsman, Caroline Mitchell, joins a panel of speakers at Age Concern's *Agenda for Later Life* – to discuss the importance of correct money guidance in retirement

responsible lending*17 March 2010*

lead ombudsman, Caroline Mitchell, talks about the ombudsman's experience of complaints involving loans – at the CML's conference on responsible lending

collective redress*16 March 2010*

chief ombudsman (interim), David Thomas, gives the ombudsman's perspective on "mass claims" – at the BBA's seminar on consumer collective redress

Able magazine*12 March 2010*

the ombudsman features in the latest edition of *Able* – the disability lifestyle-magazine – as part of the ombudsman's ongoing work to raise awareness of the service with disabled people

consumer complaints – emerging risks and mass claims*11 March 2010*

joint discussion paper published by the regulators and the ombudsman

keep covered in the cold*10 March 2010*

the ombudsman features in the latest issue of *Retirement Today* – the lifestyle magazine for people approaching or enjoying retirement – focusing on cold-weather related motor-insurance claims

update on FSA and payment protection insurance (PPI)*9 March 2010*

the regulator publishes feedback on its plans for PPI and announces a further six-week consultation on its revised package of measures and guidance

London Greek Radio*9 March 2010*

Emma Parker from the ombudsman service is interviewed by Greek Radio's Maria Spyrou – to help raise awareness of the ombudsman and highlight the service's commitment to communicating with consumers in their preferred language

international women's day*8 March 2010*

to mark *international women's day*, ombuds"women" feature in *Women* magazine – the lifestyle and wellbeing publication focusing on women's achievements – as part of the ombudsman's ongoing work to raise awareness of the service with younger women

You and Yours on money transfer*3 March 2010*

David Cresswell from the ombudsman service talks on Radio 4 *You and Yours* about the role of the ombudsman in resolving complaints involving money-transfer businesses

complaints across Europe

1 March 2010

According to research published by the European Commission on ombudsman schemes in Europe:

- the UK's Financial Ombudsman Service handles 76% of all disputes settled out of court by ombudsmen and official complaints schemes in the UK
- 2 in 5 disputes settled out of court throughout the EU are handled by the UK's Financial Ombudsman Service
- the UK has the second highest level in Europe of consumers who complain (2.47 complaints per 1,000 UK citizens)

independent assessor to retire – successor sought

26 February 2010

with Michael Barnes CBE due to retire as the ombudsman service's independent assessor in May 2010, the board of the Financial Ombudsman Service invites suitably qualified applicants to apply for the job – which involves the consideration of complaints about the level of service in individual cases

ombudsman releases latest complaints data on individual financial businesses

25 February 2010

cash machine disputes in the North East

24 February 2010

David Cresswell from the ombudsman service takes part in BBC Radio Newcastle's focus on disputes involving cash machine transactions

training for advice workers in Hartlepool

24 February 2010

our latest regional training-day for front-line advice workers takes place in Hartlepool

Belfast boilers

20 February 2010

as the latest cold snap hits Northern Ireland, David Cresswell from the ombudsman service talks to BBC Belfast's *On Your Behalf* about boiler insurance complaints

ombudsman news issue 83

17 February 2010

- complaints involving consumers who are in financial difficulties
- insurance complaints concerning domestic plumbing and heating emergencies
- Paul Kendall, head of our customer-contact division, on handling up to a million calls a year to the ombudsman's consumer helpline
- chief ombudsman (interim), David Thomas, on dealing with increased numbers of complaints

Yr Angor

12 February 2010

coverage of the ombudsman service in *Yr Angor*, the Welsh language newspaper, as part of the ombudsman's ongoing campaign to raise awareness of the service with consumers in Wales

The One Show and the ombudsman

11 February 2010

BBC's *The One Show* talks to Emma Parker from the ombudsman service about the complaints involving continuous payment authorities

ombudsman in Lincoln

10 February 2010

the ombudsman runs a training day for front-line advice workers in Lincoln – to hear first-hand about the financial problems experienced by people living locally

on the RADAR*9 February 2010*

the ombudsman features in the Royal Association of Disability and Rehabilitation (RADAR)'s *New Bulletin* – distributed to a wide network of charities and front-line organisations providing support and advice to disabled people

Shropshire seniors*8 February 2010*

David Cresswell from the ombudsman service takes part in a discussion on BBC Radio Shropshire about banking problems and older people

banks and complaints*5 February 2010*

the ombudsman hosts a forum for banks to:

- talk about the types of complaints the ombudsman service continues to see
- discuss how banks plan to improve the handling of customer complaints
- reduce the number of unnecessary referrals to the ombudsman

gwasanaeth i bawb: cyflwyniad i'r ombudsmon*3 February 2010*

our latest regional training-day for front-line advice workers takes place in Llandudno

boiler trouble*1 February 2010*

David Cresswell from the ombudsman service talks on Radio 4 *You and Yours* about disputes involving boiler insurance

ombudsman recruitment*24 January 2010*

as the ombudsman service gears up for an increased caseload, suitably qualified applicants are sought to join the statutory panel of ombudsmen

ombudsman in Stoke-on-Trent*20 January 2010*

the ombudsman talks to front-line advice workers about the types of complaints it sees and how the ombudsman can help consumers who turn to advice agencies for support

standardising PPI complaint forms*19 January 2010*

as part of its work on payment protection insurance (PPI), the ombudsman hosts a forum for consumer groups, claims-management companies and financial businesses – to discuss proposals for standardising PPI complaint forms

financial hardship in Northern Ireland*19 January 2010*

David Cresswell from the ombudsman service takes part in BBC Northern Ireland's focus on debt – explaining the role of the ombudsman in resolving financial hardship disputes

warning! fraudulent emails claiming to be from the ombudsman*18 January 2010***training for advice workers in East London***14 January 2010*

our latest regional training-day for front-line advice workers takes place at University of East London

financial ombudsman gears up for record 200,000 complaints – and freezes levy and case fee*12 January 2010*

consultation opens on ombudsman's *corporate plan & budget* for 2010/2011

Natalie Ceeney appointed as new chief ombudsman*11 January 2010*

leaving your engine running while you de-ice your car?

7 January 2010

see recent case studies showing the ombudsman approach to insurance disputes involving cars stolen while left “unattended”

who uses this website?

4 January 2010

based on recent responses to our online survey:

- 39% of people were on our website for the first time and 61% were return visitors
- 49.3% were male, 50.7% female and 89.9% white
- 74% were consumers, 20% businesses and 6% researchers
- 4 out of 10 users came via a Google search

information available in Bulgarian

30 December 2009

reflecting the global business carried out by UK-based financial services companies covered by the ombudsman – such as money-transfer operators – we add information about our service in Bulgarian to the wide range of languages available on our website

ombudsman news issue 82

21 December 2009

- complaints case-studies showing the difference between direct debits, standing orders and continuous-payment authorities
- motor insurance disputes involving keys left in cars
- an interview with Jane Hingston, lead ombudsman for banking and credit, about her work on consumer-credit complaints
- chief ombudsman (interim), David Thomas, on the season of grievances and goodwill

discussing financial skills in Manchester

15 December 2009

the ombudsman takes part in Financial Services Skills Council’s seminar on the importance of professional standards and skills

ombudsman and healthier living

14 December 2009

the *Healthier Living* guide – promoting informed choices for a healthier lifestyle, and available at NHS surgeries and clinics nationwide – features the ombudsman in its section on finance and health

ombudsman in Sheffield

14 December 2009

the ombudsman sets out the complaints-prevention resources available to life and insurance practitioners at an event held jointly by the Chartered Insurance Institute and Personal Finance Society

Plain English Campaign website of the year

8 December 2009

following nominations from the public, our website (www.financial-ombudsman.org.uk) is named *Plain English website of the year* in the Plain English Campaign’s annual awards

ombudsman gives evidence on Financial Services Bill

8 December 2009

David Thomas, chief ombudsman (interim), appears before the Public Bill Committee, to give evidence from the ombudsman service on aspects of the Financial Services Bill currently passing through Parliament

training for advice workers in Milton Keynes

3 December 2009

our latest regional training-day for front-line advice workers takes place in Milton Keynes – as part of our outreach work with trusted advisers in the community

ombudsman working with Trading Standards in Middlesbrough

3 December 2009

our outreach team runs a complaints-handling training-day for Trading Standards staff in Middlesbrough – and takes part in a complaints-clinic to help with front-line consumer problems ranging from debt collecting to household insurance

UN international day of persons with disabilities

3 December 2009

to mark International Day of Persons with Disabilities – created by the United Nations (UN) to “*promote an understanding of disability issues and to mobilise support for the dignity, rights and well-being of persons with disabilities*” – the ombudsman re-affirms its commitment to making its service accessible to everyone, including outreach and partnership with a range of disability organisations

complaints management seminar

1 December 2009

Caroline Mitchell, lead ombudsman for general investment, sets out the ombudsman’s complaints-handling process – as part of an event held by the Association of British Insurers

ombudsman forum for smaller businesses

30 November 2009

the ombudsman service hosts a forum – attended by representatives from over 15 smaller-business organisations – as part of our work in handling complaints both *from* and *about* smaller businesses

Money Box, bank charges and the ombudsman

28 November 2009

Tony Boorman, principal ombudsman, interviewed on BBC Radio 4’s *Money Box* about the Supreme Court’s ruling on unauthorised overdraft charges

minimising customer grievances in a challenging environment

25 November 2009

Tony Boorman, principal ombudsman, speaks at the Future of Retail Banking annual conference

bank charges and the Supreme Court

25 November 2009

what does the decision by the Supreme Court mean for complaints about unauthorised overdraft charges?

tell us what you think!

25 November 2009

we launch our annual online survey on how people rate our website and service

Money Advice Trust conference

25 November 2009

the ombudsman joins delegates at the Money Advice Trust annual conference – to discuss the issues faced by consumers in financial difficulty

FSA confirms position on 15 year “long-stop” on bringing complaints

24 November 2009

Retirement Today

24 November 2009

the ombudsman features in the latest edition of *Retirement Today* – the lifestyle magazine for people approaching or enjoying retirement – providing tips on travel insurance and complaints

ombudsman news issue 81

20 November 2009

- complaints about debt-collecting businesses
- mortgage case studies involving disputes over valuations
- a welcome to money-transfer operators, covered by the ombudsman service since 1 November 2009
- chief ombudsman (interim), David Thomas, on how the ombudsman is tackling a growing workload and getting tough where slow responses hold us up

ombudsman talks investments*18 November 2009*

the ombudsman takes part in the Tax Incentivised Savings Association's annual conference to talk about the ombudsman's approach to investment complaints, including Individual Savings Accounts

training for advice workers in the East Midlands*17 November 2009*

our latest regional training-day for front-line advice workers takes place in Leicester as part of our outreach work with trusted community advisers

ombudsman meets business start-ups in Wales*13 November 2009*

the ombudsman takes part in *New Start Wales* at Cardiff International Arena – a two-day event for people setting up or running their own businesses – as part of the service's work with smaller businesses

BBC *The One Show* and the ombudsman*11 November 2009*

Dom Littlewood from BBC's *The One Show* explains the ombudsman's approach to financial hardship in complaints about current-account charges

ombudsman talks to medical insurance intermediaries*11 November 2009*

ombudsman, Melissa Collett, talks about the ombudsman's work on private medical insurance disputes at the autumn meeting of the Association of Medical Insurance Intermediaries

Family Life*9 November 2009*

the ombudsman features in this month's *Family Life* – the lifestyle magazine providing tips and information for parents in Scotland

training for advice workers in the North West*4 November 2009*

our latest regional training-day for front-line advice workers takes place in Manchester

complaints about income protection insurance*3 November 2009*

our new factsheet now available – for consumers with a complaint about income protection insurance

“micro-enterprises” bringing complaints to the ombudsman*2 November 2009*

rules change from 1 November 2009 – with a new definition of “micro-enterprises” able to refer complaints to the ombudsman

money-transfer operators covered by the FSA and the ombudsman*2 November 2009*

from 1 November 2009 the FSA regulates money-transfer operators – who now automatically come under the Financial Ombudsman Service – bringing 2,700 money-transfer businesses into the ombudsman's remit for the first time

ombudsmen recruitment*2 November 2009*

applications invited from appropriately qualified and experienced experts, to join the ombudsman panel on a self-employed, fee-paid basis – helping to provide additional flexibility in dealing with rising demand for ombudsman decisions

debt collecting*30 October 2009*

our technical note now available – on complaints where a third-party debt-collection agency has been employed to recover a debt

training for advice workers in the South West*30 October 2009*

our latest regional training-day for front-line advice workers takes place in Exeter as part of our outreach work with trusted community advisers

NHS Choices credit-crunch stressline*29 October 2009*

the ombudsman works in partnership with NHS Choices *credit-crunch stressline* – the free service providing health and well-being advice-tips for people affected by debt or financial problems

financial difficulties and repossessions*29 October 2009*

the ombudsman joins representatives from a number of government agencies to talk about the help available to consumers under threat of repossession

warning! fraudulent phone calls claiming to be from the ombudsman service*28 October 2009***What's On student guide***28 October 2009*

the ombudsman features in the latest edition of the *What's On* student guide – the annual magazine providing information and guidance on student life

working with car insurers*27 October 2009*

Peter Hinchliffe, lead ombudsman for general insurance, speaks at the Lloyd's Market Association about the ombudsman's approach to complaints involving vehicle theft

Black History Festival*22 October 2009*

as part of our targeted work to raise consumer awareness, the ombudsman takes part in the Black History Festival on London's south bank – and features in *BHM Magazine*, the official guide to Black History Month

Disability North*21 October 2009*

supporting inclusion, independence and choice for disabled people, the ombudsman takes part in *Disability North* at Newcastle's Metro Radio Arena

ombudsman talks student money in Llandrindod*20 October 2009*

the ombudsman takes part in a conference organised by further-education college association, Fforwm – as part of our outreach work with trusted individuals in the student community

Diwali*16 October 2009*

the ombudsman – in partnership with Asian media-network ZEE – continues its work to increase Asian consumers' awareness of the service's impartial role in settling financial disputes

ombudsman news issue 80*15 October 2009*

- insurance disputes involving claims for unemployment or sickness benefit
- complaints about bonds
- Walter Merricks in conversation with journalist, Neasa MacErlean – as he prepares to step down after ten years as chief ombudsman

happy camping*13 October 2009*

the ombudsman takes part in the *Caravan & Motorhome Show* at Birmingham NEC – to meet consumers face-to-face and help raise awareness of the service among young families and older people

FSA's new measures for PPI complaints*13 October 2009*

lead ombudsman, Caroline Wayman, sets out the role of the ombudsman in handling complaints about payment protection insurance (PPI) – as part of a seminar held by the FSA to explain their proposed new measures for smaller businesses dealing with PPI complaints

Fab at 50+!*9 October 2009*

the ombudsman joins in the health, wealth and lifestyle show *Fab at 50+!* – taking place this weekend at Bournemouth International Centre – as part of the service’s outreach-work with women and older consumers who use the ombudsman service less

motor insurance disputes involving keys left in cars*8 October 2009*

the latest in our series of technical notes – as part of our online technical resource for businesses and the advice sector – focuses on the ombudsman’s approach in motor insurance disputes involving keys in cars

complaints-training for advice workers in Scotland*7 October 2009*

the ombudsman runs its latest training-day for community and advice workers – in partnership with Dundee City Council’s Trading Standards team

RSVP*6 October 2009*

the ombudsman features in the latest issue of *Newslines* – the newsletter for the Retired and Senior Volunteer Programme (RSVP) – as part of our outreach work with older consumers

ombudsman talks student money in Shetland*6 October 2009*

the ombudsman runs a training-day for student money-advisers – in partnership with the Scottish Further Education Unit – and talks to BBC Radio Shetland about our work with younger people and students

current-account charges and financial hardship*2 October 2009*

to help ensure the efficient handling of cases involving current-account charges and financial hardship, the ombudsman service writes

to the major current-account providers and claims-management companies – setting out the ombudsman’s practical approach to these complaints

ombudsman working with Money Advice Scotland*1 October 2009*

as part of our commitment to engage with community workers and debt advisers, the ombudsman runs a complaints-handling event in Stirling in partnership with Money Advice Scotland

complaints-handling training for East Anglian advice workers*30 September 2009*

the ombudsman goes to Ipswich to provide complaints-handling training for community and advice workers – in partnership with Suffolk County Council Trading Standards

FSA announces new measures to protect PPI customers*29 September 2009*

the Financial Services Authority (FSA) announces new measures and guidance for financial businesses to help protect consumers in the payment protection insurance (PPI) market – and to tackle the key issue that too many PPI complaints are rejected by businesses and then upheld by the ombudsman

Every Child Matters*24 September 2009*

the ombudsman features in the latest edition of *Every Child Matters* – the annual magazine distributed to parents with children in key stage one education – as part of our outreach work with young families

training for advice workers in South Yorkshire*22 September 2009*

our latest regional training-day for front-line advice workers takes place in Sheffield

ombudsman news issue 79*18 September 2009*

looking at the impact of motoring on the ombudsman's workload and including complaints case-studies on:

- hire purchase, leasing agreements and loans to buy cars
- motor insurance disputes about the quality of repairs and vehicle modifications

update on appointment of new chief ombudsman*18 September 2009***talking finance with brokers***16 September 2009*

Jane Hingston, lead ombudsman for banking and credit, speaks at the Association of Finance Brokers about credit-related complaints referred to the ombudsman service

discussing debt in the North East*16 September 2009*

the ombudsman takes part in the north-east debt forum in Newcastle – to discuss the experiences of consumers in financial difficulty

Age Concern in the South West*16 September 2009*

the ombudsman takes part in a training-day for advice workers in Taunton – as part of our outreach work with “trusted individuals” in the community

ombudsman publishes complaints data on individual financial businesses*15 September 2009***working with loss adjusters***15 September 2009*

the ombudsman service takes part in the Chartered Institute of Loss Adjusters' annual technical conference in Coventry – to discuss the types of insurance complaints regularly referred to the ombudsman

making money clear*15 September 2009*

the ombudsman service goes to Newcastle to take part in the north-east financial inclusion training-day for community workers

Independent Living Scotland*9 September 2009*

the ombudsman takes part in Scotland's leading disability and rehabilitation exhibition, *Independent Living Scotland*

ombudsman hosts forum for larger businesses*8 September 2009*

as part of our work to identify and reduce problems that might otherwise lead to time-consuming complaints, the ombudsman (in partnership with the Association of British Insurers) hosts a forum for 36 financial services businesses – to show the ombudsman's complaints-handling process first hand

ombudsman at Citizens Advice**annual conference***8 September 2009*

the ombudsman service is taking part in the Citizens Advice annual conference in York – involving more than 1,000 delegates from Citizens Advice bureaux across England and Wales – to highlight the ombudsman's role and the resources available to advice workers

resources for teachers*7 September 2009*

the ombudsman features in the first issue of *Re:Source* – the essential guide for teachers in Scotland – providing information on the role of the ombudsman, to help teachers raise awareness of the service with younger consumers

publication of complaints data*3 September 2009*

FSA publishes aggregate complaints data relating to the firms it regulates – in advance of the ombudsman’s own plans to publish data later this month on the number and outcome of complaints to the ombudsman service about named individual businesses

credit where it’s due*2 September 2009*

the ombudsman’s latest regular column in *Choice* magazine reminds older consumers that they can turn to the ombudsman service if they have a consumer-credit complaint that they can’t sort out directly with the financial business involved

Northern Irish mela*28 August 2009*

the ombudsman takes part in this weekend’s Belfast mela – the multicultural family festival – as part of the service’s outreach work with different local communities, to help raise awareness of consumer rights and the role of the ombudsman

Family Life*24 August 2009*

the ombudsman features in this month’s *Family Life* – a magazine providing tips and information to parents in Scotland

training for advice workers in South Wales*19 August 2009*

our latest regional training-day for front-line advice workers takes place in Cardiff – as part of our outreach work with “trusted individuals” in the community

Citizens Advice Scotland annual conference*11 August 2009*

the ombudsman joins over 400 delegates at Citizens Advice Scotland annual conference – to discuss the impact of the recession on consumers

ombudsman at Cardiff mela*7 August 2009*

mela is Sanskrit for “gathering” – and the ombudsman joins thousands of visitors gathering at Cardiff’s multicultural mela – as part of the service’s work to maintain awareness of consumer rights and the ombudsman among Asian consumers

training for Blackburn advice workers*6 August 2009*

our latest regional training-day for front-line advice workers takes place in Blackburn

ombudsman news issue 78*4 August 2009*

- claiming back payments made with plastic cards
- complaints involving stockbroking, foreign currency exchange and spread-betting
- work on “transparency and openness” at the ombudsman service
- Walter Merricks, chief ombudsman, on proposals for financial reform – and redress

Jump!*30 July 2009*

the ombudsman features in the latest issue of *Jump!* – a magazine for parents with young children, distributed to over half a million households in the UK

ombudsman hosts PPI forum for larger businesses*28 July 2009*

with complaints about payment protection insurance (PPI) now making up a quarter of the ombudsman’s total workload, the ombudsman service hosts a forum for financial services businesses dealing with large numbers of PPI complaints – to explain the ombudsman’s approach to PPI and to clarify operational issues

Caribbean festival*24 July 2009*

the ombudsman joins in the *Coventry Caribbean Festival* – as part of our work to help raise awareness of consumer rights and the ombudsman service among black African and Caribbean consumers

complaints-training for advice workers*24 July 2009*

the ombudsman runs its latest training-day for community and advice workers – in partnership with Haringey Citizens Advice Bureau in North London

working with disabled consumers in the South West*17 July 2009*

the ombudsman takes part in the South West Disability Show in Exeter – to help promote awareness of the ombudsman and to seek feedback on problems that disabled people may have encountered in financial services

Festival Guide*15 July 2009*

the ombudsman features in the *Festival Guide* – distributed at music festivals including Glastonbury, V Festival and T in the Park this summer – as part of the service's ongoing work to raise awareness with younger consumers

advice workers in Glasgow*14 July 2009*

the ombudsman runs the latest in its series of regional training-days for advice workers – with an event in Glasgow for front-line advisers and “trusted individuals” in the community

melas and the ombudsman*10 July 2009*

the ombudsman service is the main sponsor of the *Mela UK* guide, distributed at multi-cultural events across the UK this summer – including the Oldham mela where the ombudsman is taking part

ombudsman's mini-guide for advice workers launched at Money Adviser conference*9 July 2009*

the ombudsman joins over 200 delegates at the annual conference of the Institute of Money Advisers – the professional body for money advisers working across the free money-advice sector in England, Wales and Northern Ireland – and launches a mini-guide to the ombudsman service specially written for advice workers and consumer advisers

BBC Wales X-Ray*8 July 2009*

the ombudsman service features on BBC Wales' consumer show, *X-Ray* – letting consumers know where they can turn if they have a financial complaint that they can't sort out

technical data on redress for mis-sold pensions*8 July 2009*

technical note updated with new assumptions (as from 1 July 2009) – for calculating redress for mis-sold pensions

publishing complaints data from autumn 2009: practical information for businesses*8 July 2009*

as part of our work to make more statistical information available about our complaints workload, we issue a set of notes for financial businesses on the practicalities of our publishing business-specific complaints data from autumn 2009

National Association of Student Money Advisers (NASMA)*6 July 2009*

the ombudsman joins student money advisers at the NASMA conference – to discuss problems arising from young-consumer over-indebtedness

ombudsman forum for claims-management companies

2 July 2009

with half of complaints about payment protection insurance (PPI) now brought by claims-management companies, the ombudsman service hosts a forum for 20 of these companies – to explain the ombudsman’s approach to PPI and to clarify operational issues

ombudsman news issue 77

1 July 2009

- financial disputes involving the use of the internet
- recent complaints about private medical insurance
- frequently-asked questions about the ombudsman service
- Walter Merricks, chief ombudsman, on responsibilities, obligations and rights in relation to complaints about financial services

“sale and rent-back”

1 July 2009

the Financial Services Authority’s “interim regime” for “sale and rent-back” schemes (for homeowners who can no longer afford their mortgage but want to stay on as tenants) comes into force – with the protection of the ombudsman if things go wrong

Walter Merricks to step down after ten years as chief ombudsman

30 June 2009

Trading Standards

30 June 2009

the ombudsman joins Trading Standards professionals, consumer organisations and representatives from business and commerce at this year’s national Trading Standards’ annual consumer affairs conference and exhibition in Brighton

ombudsman talks debt with Money Advice Scotland

23 June 2009

the ombudsman joins money advisers from across Scotland – to discuss problems arising from consumer over-indebtedness

Glasgow Mela

21 June 2009

joining in the Glasgow Mela – the multicultural family festival at Kelvingrove Park – is part of the ombudsman’s commitment to raising awareness of consumers’ rights among Asian consumers, younger people and women, who use the ombudsman service less

BBC The One Show

19 June 2009

chief ombudsman, Walter Merricks, features on BBC’s *The One Show* – giving his tips on how to make a complaint and the role of the ombudsman

ombudsman in Nottingham

18 June 2009

the ombudsman runs the latest in its series of regional training-days for community and advice workers with front-line advisers and trusted community individuals

ombudsman meets savings and investment practitioners in London

17 June 2009

the ombudsman service takes part in the Tax Incentivised Savings Association (TISA) discussion forum – to explain the figures behind the ombudsman’s budget and workplans for the current financial year

T20 magazine

12 June 2009

the ombudsman features in *T20* magazine – the official preview guide to the World Twenty20 cricket tournament with a special focus on women in sport – as part of the ombudsman’s work to raise awareness of our service with younger women

ombudsman in Belfast*11 June 2009*

the ombudsman runs the latest in its series of regional training-days for community and advice workers – in partnership with Northern Ireland Trading Standards

End of Term magazine*10 June 2009*

the ombudsman service features in the latest issue of *End of Term* magazine – a quarterly magazine for 15 to 18 year olds in Scotland – giving tips on how to avoid travel-insurance problems and reminding younger people about the role of the ombudsman

training for advice and community workers in Essex*5 June 2009*

our latest regional training-day for front-line advice workers takes place in Rainham

“sale and rent-back”*3 June 2009*

the Financial Services Authority (FSA) announces plans for “sale and rent-back” (for homeowners who can no longer afford their mortgage but want to stay on as tenants) to be regulated – and covered by the ombudsman – from 1 July 2009

ombudsman service publishes annual review of personal finance disputes*27 May 2009***consumer-outreach in the Highlands and Islands***19 May 2009*

the ombudsman runs a week of drop-in complaints clinics and advice-worker training in the Highlands and Islands of Scotland – in partnership with a range of front-line regional consumer-advice agencies

ombudsman meets insurance practitioners in Manchester*13 May 2009*

the ombudsman service takes part in the British Insurance Brokers Association (BIBA) annual conference and exhibition at Manchester Central

complaints handling, accessibility and transparency*12 May 2009*

Tony Boorman, decisions director and principal ombudsman, speaks at ABI complaints seminar

training for community and advice workers in Hampshire*11 May 2009*

our latest regional training-day for front-line advice workers takes place in Eastleigh

Lehman-backed “structured” products*7 May 2009*

the ombudsman service and the Financial Services Authority have decided that Lehman-backed “structured” investment-products should be dealt with under the “wider implications” process

advice-worker training in Merseyside*1 May 2009*

our latest regional training-day for front-line advice workers takes place in Liverpool

ombudsman at Naidex ‘09 independent living and rehabilitation show*28 April 2009*

the ombudsman joins in *Naidex ‘09* at Birmingham NEC – as part of our ongoing work to raise awareness of our service with disabled consumers

Money Box on financial advice and older consumers*25 April 2009*

Caroline Mitchell, lead ombudsman for investment and mortgage complaints, interviewed on Radio 4 *Money Box* about financial disputes involving older consumers

accessibility, transparency and complaints handling

21 April 2009

David Thomas, corporate director and principal ombudsman, speaks at complaints seminar held by the British Bankers' Association

training for community and advice workers in Yorkshire

21 April 2009

our latest regional training-day for front-line advice workers takes place in Leeds

gadgets and techie stuff

17 April 2009

meet the ombudsman at the *Gadget Show Live* at Birmingham NEC – part of the ombudsman's outreach-work with younger consumers who spend a lot (and borrow on credit)

happy vaisakhi

14 April 2009

Asian-community Panjab Radio interviews ombudsman outreach-officer, Mukhtar Singh Rai, in Punjabi – and features the ombudsman's message in its Vaisakhi festival-guide

Women's Health magazine

9 April 2009

as part of our work to raise awareness with older women, the ombudsman features in *Women's Health 2009* – a guide distributed at community groups for older women across the UK, with help on health, finance and lifestyle matters

career success and the ombudsman

8 April 2009

ombudsman, Juliana Campbell, gives a presentation to young people, parents and carers at the "Destination Careers Fair" in Peckham, London – as part of the ombudsman's commitment to raising awareness of the service with younger consumers

ombudsman news issue 76

6 April 2009

- case studies involving the transfer of money abroad – and associated currency exchange
- a selection of recent travel-insurance complaints
- Walter Merricks, chief ombudsman, on the price of cut-backs by financial services businesses in their customer-service operations

ombudsman on Watchdog

6 April 2009

principal ombudsman, Tony Boorman, interviewed on BBC *Watchdog* – about disputes involving credit-card refunds under "section 75" of the *Consumer Credit Act*

Ian Sansbury joins ombudsman service as director of business-planning and assurance

6 April 2009

highlands tour

1 April 2009

the ombudsman service is working with a wide-range of front-line consumer-advice agencies on our tour of the Highlands and Islands – offering free drop-in complaints clinics for consumers, to let them know about their rights when making a financial complaint

our board and senior people



our board as at 31 March 2010

Sir Christopher Kelly KCB – chairman

- chairman of the Committee on Standards in Public Life
- chairman of NSPCC
formerly
- permanent secretary at the Department of Health
- head of policy at the Department of Social Security
- director of monetary & fiscal policy *and* director of the budget & public finances at HM Treasury

Alan Cook CBE

- a non-executive board member at the Department for Transport
- a non-executive director of the board of the Office of Fair Trading (OFT)
- chairman of “Action for ME”
formerly
- managing director of Post Office Ltd
- chief executive of National Savings and Investments (NS&I)
- chief operating officer at Prudential

John Howard

- a non-executive director of National Counties Building Society
- a non-executive director of the Board of the Gas and Electricity Markets Authority
formerly
- chair of the Financial Services Consumer Panel
- principal presenter of BBC Radio 4 *You and Yours*
- a member of the Mortgage Code Compliance Board

Elaine Kempson CBE

- professor of personal finance and social policy research at the University of Bristol
- a member of the Social Security Advisory Committee
- a member of the Financial Inclusion Taskforce
- a non-executive director of the Department for Work and Pensions’ Pensions Client Board
formerly
- a non-executive director of the Banking Code Standards Board
- independent reviewer of the Banking Code
- a member of the DTI taskforce on over-indebtedness
- a member of the DTI foresight sub-panel on personal financial services
- a member of a Treasury policy action team on access to financial services
- adviser to the Thoresen review of generic financial advice

Kate Lampard

- chair of NHS South East Coast
- a trustee of Esmée Fairbairn Foundation
- a non-executive director of RHS Enterprises Ltd
formerly
- chair of Kent and Medway Strategic Health Authority
- chair of the Independent Housing Ombudsman Limited
- chair of the Invicta Community Care NHS Trust
- an associate of Verita Limited, consultants in incident investigations and inquiries

Julian Lee

- interim chair of NHS Surrey
- a commissioner at the Legal Services Commission
- a non-executive director of the Maritime and Coastguard Agency Advisory Board
- Justice of the Peace to the North Sussex Bench
- crisis & change management consultant
formerly
- chair of Brighton and Sussex University Hospitals Trust
- chair of NHS Brighton & Hove
- a non-executive director of the South East Coast Ambulance Trust
- chairman, then chief executive, of the Allied Carpets Group plc
- joint managing director of British & Commonwealth Holdings plc

Roger Sanders OBE

- head of employee benefits, Helm Godfrey Partners Ltd
- chairman of the financial services committee of the Insurance Institute of London and a council member of the Institute
formerly
- joint chairman of the FSA’s Smaller Businesses Practitioner Panel
- deputy chairman of the Association of Independent Financial Advisers
- a member of the Financial Services Practitioner Panel
- a director of the Personal Investment Authority (PIA) Ombudsman Bureau
- a PIA board member

Maeve Sherlock OBE

- a commissioner at the Equality and Human Rights Commission (EHRC)
- a non-executive director of the Child Maintenance and Enforcement Commission
- chair of the National Student Forum
- currently doing research for a doctorate at Durham University
formerly
- chief executive of the Refugee Council
- chief executive of the charity One Parent Families
- a member of the Council of Economic Advisers in the Treasury

our board and senior people

our senior people as at 31 March 2010

executive team

Natalie Ceeney CBE

chief ombudsman and
chief executive

Tony Boorman

principal ombudsman
and decisions director

Barbara Cheney

company secretary

David Cresswell

communications director

Roy Hewlett

operations director

Jeremy Kean

finance and IT director

Peter Stansfield

human resources director

David Thomas

principal ombudsman
and corporate director

panel of ombudsmen

Natalie Ceeney CBE

chief ombudsman and
chief executive

Tony Boorman

principal ombudsman
and decisions director

David Thomas

principal ombudsman
and corporate director

lead ombudsmen:

head of practice

David Baker

general insurance

Peter Hinchliffe

banking & credit

Jane Hingston

general investment
and mortgages

Caroline Mitchell

payment protection
insurance (PPI)
and special projects

Caroline Wayman

*there are more details
about our ombudsmen
on our website*

ombudsmen:

Greg Barham
Audrey Baxter
David Bird
Mike Boyall
June Brown
Juliana Campbell
Valerie Charbit
Melissa Collett
Rebecca Connelley
Stephen Cooper
Paul Daniel
Liz Dawes
Reidy Flynn
Caroline Gill
Dawn Griffiths
Jarrod Hastings
Adrian Hudson
Michael Ingram
David Lawson
Simon Leach
Steve Lilley
Doug Mansell
Harriet McCarthy
Amanda Maycock
David Millington
Roy Milne
Clare Mortimer
Claire O'Connor
Michelle Peters
Nigel Pope
Richard Prior
Philip Roberts
Malcolm Rogers
Iain Ross
Mark Sceeny
Robert Short
Caroline Stirling
Suzannah Stuart
Charlie Sweeney
Richard Thompson
Chris Tilson
Lennox Towers
Claire Wells
Richard West
Lindsey Woloski
Sue Wrigley
Roger Yeomans

senior management team

heads of casework

*managing our teams
of adjudicators*

Tracy Campbell**Simon Coe****Nathan Horner****Garry Wilkinson****Paul Bentall**

general counsel

Adrian Dally

head of policy

Mike Harris

head of planning
and analysis

Sharon Jones

head of IT

Paul Kendall

head of customer-
contact division
*handling front-line
consumer enquiries*

Chris Smith

financial controller

Jacque Wiggett

human resources

our aims and values

The Financial Ombudsman Service was set up by law as an independent public body. Our job is to resolve individual disputes between consumers and financial services businesses – fairly, reasonably, quickly and informally.

fairly

Established by law, we are neither a consumer champion nor an industry trade-body. We are completely independent and deal with disputes fairly and impartially.

Our service is for everyone. We aim to be accessible and to meet any particular needs our customers may have. This includes, for example, communicating with them in the format or language they need.

We look at the facts of each complaint – not at how well people present their case. So no one should need any special expertise or professional help in order to bring their complaint to us.

reasonably

We aim to give clear, jargon-free reasons for our decisions – so that any fair-minded person can understand why we reached a particular conclusion.

And we actively share our knowledge and experience with the outside world – to help consumers and businesses settle disputes without the need for our involvement – and to try to help prevent the need for complaints in the first place.

quickly

Because we deal with thousands of disputes every week, we have to be practical and business-like in our approach. We set ourselves challenging targets and aim to produce a fair outcome in each case as speedily as we can.

informally

Our service is an informal alternative to the courts, and our approach is very different. We do not usually have formal hearings or face-to-face cross-examinations. We are not hidebound by rigid procedures and we aim to be as flexible as possible in our approach.

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services for businesses and consumer advisers

how we can help

contact our **technical advice desk** for:

- an informal steer on how the ombudsman might view particular complaints
- help finding the information you need about the ombudsman service
- information about how the ombudsman service works.

020 7964 1400

technical.advice@financial-ombudsman.org.uk

our **external liaison team** can:

- provide training for people working with financial complaints
- organise and speak at seminars, workshops and conferences
- take part in events and exhibitions.

020 7964 1400

liaison.team@financial-ombudsman.org.uk

our website **www.financial-ombudsman.org.uk** gives you online access to:

- news and frequently-asked questions (FAQs)
- help for consumers and technical guidance for businesses
- publications, briefing notes and *ombudsman news*
– our regular newsletter with case studies and commentary.

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