



**annual review of consumer
complaints about:**

insurance, credit, banking, savings and investments

financial year 2012 | 2013

ombudsman



key facts

- ◆ We were set up under the *Financial Services and Markets Act 2000* to resolve individual disputes between consumers and financial businesses – fairly, reasonably, quickly and informally.
- ◆ We handle complaints about all kinds of money matters – from insurance and mortgages to savings and credit.
- ◆ If a financial business isn't able to resolve a customer 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. When we decide a complaint, we look carefully at both sides of the story and weigh up all the facts.

“... settling disputes,
without taking sides”

- ◆ If we decide a business has treated a consumer fairly, we explain why. But if we decide the business has acted wrongly, we can order matters to be put right.
- ◆ Our service is free to consumers.
- ◆ Consumers do not have to accept any decision we make. But if they accept an ombudsman's decision, it is binding on both them and the business.
- ◆ We do not write the rules for financial businesses – or fine them if rules are broken. That is the job of the regulator.
- ◆ Everyone can learn something from complaints – so that what has gone wrong in the past need not happen again. This is why we have a crucial role in sharing what we see – to help prevent future problems.

key figures

- ◆ We handled 2,161,439 initial enquiries and complaints from consumers – over 7,000 each working day.
- ◆ Around 1 in 4 of the initial consumer enquiries we received turned into a formal dispute – a record 508,881 new cases, up 92% on the previous year.
- ◆ 74% of new cases were about the sale of payment protection insurance (PPI), with the number of PPI complaints rising 140% to 378,699.
- ◆ Investment-related complaints increased by 33%, while banking disputes and complaints about insurance other than PPI rose by 20% – resulting in the highest ever numbers of these cases.
- ◆ 62% of the total number of cases we dealt with related to 4 banking groups – while 4,819 businesses accounted for just 3% of our caseload.
- ◆ We resolved 223,229 cases – resulting in compensation for consumers in 49% of complaints.
- ◆ We resolved 58% of all disputes within 6 months – and 43% of non-PPI cases within 3 months.
- ◆ We operated on a cost-base of £150 million with 2,600 employees at the end of the year.
- ◆ We provided information and handled enquiries in over 50 different languages and formats.
- ◆ We took part in over 150 seminars, roadshows, exhibitions and events.
- ◆ We handled 574 parliamentary enquiries – and 23,381 calls to our technical advice desk, our dedicated service for professionals handling complaints in the financial services sector and the consumer-advice world.
- ◆ We featured in 6,000 media stories (including over 550 broadcasts) – and 73% of adults in the UK said they were aware of the Financial Ombudsman Service.

“... sharing what we see,
to prevent future problems”

All figures relate to the financial year 2012/2013

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2,161,439 initial enquiries and complaints

handled by the advisers on our consumer helpline

(see page 18 for more details)

508,881 new cases

referred to our adjudicators and ombudsmen for further work

(see page 33 for more details)

198,897 cases resolved by our adjudicators

through mediation, recommended settlements and adjudications

(see page 74 for more details)

24,332 cases resolved by our ombudsmen

making formal decisions at the final “appeal” stage of our process

(see page 75 for more details)

All figures relate to the financial year 2012/2013

... we have resolved **more cases**
than in any previous year – and each of
these cases has called for careful
attention to detail
and individual **judgement**

Sir Nicholas Montagu KCB



Over the past year, the challenges faced by the Financial Ombudsman Service have been on a scale that nobody could have foreseen. This *annual review* demonstrates that in the starkest terms. During the year consumers referred over half a million new cases to us – including a 140% increase in complaints about mis-sold payment protection insurance (PPI).

So it is a matter of great pride to me – and a tribute to the dedication and professionalism of the people we are lucky to have working for us – that this *annual review* is a tale not of woe, but of achievement. We have resolved more cases than in any previous year – and each of those cases has called for careful attention to detail and individual judgement.

There are no short cuts. Of course, we would prefer to be able to offer the prospect of an immediate resolution to people's complaints. But where we cannot resolve a dispute as quickly as we would like, we take pains to

ensure that people are kept abreast of the progress of their case and what they can expect from us. I am pleased to note that our survey evidence shows that satisfaction among consumers who refer complaints to us remains generally high.

That is critical to us in a world where both demand for and expectations of our service are at unprecedented levels. A number of external factors have contributed to this – notably the further shrinking of confidence in the banking sector, caused by fresh problems this year, such as the controversy over the manipulation of LIBOR, the interest-rate benchmark.

For our part, we are committed to working constructively with our counterparts at all levels across the financial services industry, from chairman to caseworker. We believe that by doing so – and by helping them to deal quickly and fairly with the complaints that their customers bring them – we can play a role in rebuilding the trust that has been damaged in recent years.

In the “blame game” that too often surrounds the financial sector, there have been suggestions that the PPI crisis is a manufactured one – bolstered by a raft of bogus complaints made through claims-management companies. The evidence suggests that this is simply not true – as our rates for upholding complaints, including those made through claims managers, show.

At the same time, it *is* true that there is a need for firmer regulation of claims-management companies at the “cowboy” end of the industry. After all, most of us have experienced the irritation of those unsolicited phone calls, texts and emails. And from the ombudsman’s perspective, we are keen to make it known still more widely that consumers do not need to use claims-management companies.

They have an equal chance of “winning” by bringing their complaint to us themselves for free, which increasing numbers of consumers are now doing.

Some might think there is an inevitable danger that the sheer volume of PPI complaints – with up to 2,000 new PPI cases referred to us every day – could take over our thinking and planning. We will not let it do so. Whatever its scale, PPI will, in the end, be transitory. Meanwhile, our casework in all other areas, from pet insurance to pensions, continues to account for over 100,000 complaints annually.

This means we face the task of not letting up on our standards, while at the same time planning for a future which will inevitably see significant changes in consumers’ expectations and behaviour. We are tackling that task. Our standards and values have not been allowed to suffer by our having to double in size to meet the huge growth in demand. Nor will they do so in the face of the further demands made of our service that we expect to see in the coming year.

At the same time, we have been developing innovative solutions to help us provide an ever-improving service – and we have trialled projects with financial businesses to explore ways in which we might provide a quicker response to certain complaints.

This provides a key to the way we will develop the service for the future. The customer is firmly at the heart of all our planning. And our aim remains to enable consumers and financial businesses to reach a fair and quick resolution to their disputes. That points towards our working increasingly with both sides to deploy a service tailored to the nature and complexity of each individual complaint. Some cases will be capable of quick and informal resolution – perhaps through mediation. Others, however, will still call for the full panoply of our existing more formal procedures.

That greater responsiveness lies at the heart of our strategy for the future. Meanwhile, we face the coming year with optimism: unwavering in our values; strong in our people, our executive and our board; and confident in their ability, yet again, to meet the formidable challenges ahead.

A handwritten signature in black ink, appearing to read 'Nick Montagu', written in a cursive style.

Sir Nicholas Montagu KCB

May 2013



As the chairman comments in his foreword, this has been a year of unprecedented challenges for the ombudsman service. As well as receiving substantially higher volumes of cases than anyone forecast, we have found our caseload increasingly volatile – with a higher proportion of more complex disputes being referred to us by consumers.

The difficult economic climate – combined with dwindling public trust in “institutions” generally – certainly lies behind many of the challenges we see. When someone’s finances are stretched, they are more likely to complain when something goes wrong. And they are more likely to pursue that complaint if they don’t fully trust that their complaint has been handled properly.

Of course, businesses too are affected by the challenging economic times. We have noticed a higher proportion of cases where the positions on both sides are more deeply entrenched. This affects our ability to resolve cases as quickly as we – and the parties involved – would want.

I should emphasise that the exceptionally high demand for our services was not *just* down to the number of complaints about payment protection insurance (PPI) more than doubling. We have seen higher numbers of complaints across the range of products and services that we cover.

In 2011 we set out five priorities for developing our service. These are the principles that continue to focus us on what really matters. And I find them a useful framework for reflecting on our performance over the year.

delivering a trusted, fair and easy to use service – for everyone

Retaining our customers’ trust has never been more important to us. By the time a consumer reaches us, they have already raised a complaint directly with a financial business and have had that complaint rejected.

So it is crucial that consumers trust us to be fair and impartial in the way we handle and resolve their dispute. I was particularly pleased to see that our customer research has shown that when someone had experienced our service at first hand, their level of trust in us quadrupled. But results like this do not make us complacent. We can always improve – and we will continue to work hard to retain our customers' trust.

Of course, it is equally important that the businesses involved in disputes trust us to deal fairly with complaints that have been made against them. This trust has to be based on capability and credibility – on what we know, how we apply our knowledge, and on how we behave. I talk about this in more detail under the “knowledge” priority below.

Making sure we are accessible isn't just a box-ticking exercise or a “nice to do”. It is essential to making sure that people know we are here when they need us – particularly in tough economic times. We have continued to develop partnerships with frontline advice agencies across the UK – and have worked collaboratively with consumer groups to make our service easier to use. Perhaps because of our work in this area, we saw increasing demand for our services from consumers who told us they were unemployed.

Understanding more about the consumers who come to us – their age, occupational background, attitudes and behaviour – helps us develop our services to meet different people's needs. This year, the proportions of people from different socio-economic backgrounds who came to us remained broadly consistent with last year. But we did notice a shift in the age profile of the consumers who came to us.

The proportion of consumers over 65 who referred complaints to us increased by 20% during the year – and people in this age group now account for almost a quarter of the people who use our service. In contrast, the number of young consumers who refer complaints to us is proportionately lower than in the UK as a whole.

These groups of consumers have different needs and expectations. Over half the people aged over 65 who we surveyed said they didn't have internet access. We need to make sure we continue to take that into account in the way we develop our service. The inevitable drive towards online and digital also needs to be tempered by what younger consumers have told us – that despite their extensive use of social media, they are more likely to have found out about us through friends, family or colleagues – and would like our presence on social media to be relatively “light touch”.

We use this information – and a lot more besides – to make sure we are reaching out effectively and meaningfully to the people who need our services.

sharing our insight and experience – to help prevent future problems

Our work in resolving disputes has significantly more impact if the lessons learned are fed back to the financial services industry to help prevent future problems. We have continued to publish information about our approach to settling disputes in our regular newsletter, *ombudsman news*. We have also expanded the technical resource on our website to give more information about our approach to different products, services and situations.

In April 2013 we started the process of making the decisions of our ombudsmen publicly available on our website. Following public consultation in 2011, we refined our approach over the year to make sure that the publication of decisions happens smoothly and efficiently – and that it has a positive effect on everyone with an interest in our work.

We have also spent a lot of time working with financial businesses to help them learn from what we see in the complaints consumers bring us. Just ten financial services groups account for three quarters of the complaints we receive. We have invested most time with these groups during the year – working with frontline complaints-handling teams in financial businesses, or engaging strategically with their senior management.

We have also worked hard to reach out to smaller businesses across the country. Our outreach team has made its way from Belfast to Exeter via Cardiff and Glasgow – calling at many other places along the way. Through our events, the information we publish and our technical advice desk for businesses and advice workers, we have spoken to thousands of businesses and frontline consumer advisers across the UK. And we hope we have helped prevent a lot of problems from ever reaching us.

We have continued to work closely with other statutory bodies where our work overlaps. During the past year this included liaising with the FSA and the OFT through the formal “co-ordination committee” – which helps our three bodies to identify emerging conduct

risk issues and work together to resolve them quickly. We also worked with the FSA to establish a similarly effective working relationship with the new Financial Conduct Authority (FCA), which officially came into being on 1 April 2013.

putting knowledge and expertise at the heart of everything we do

Our main job – making decisions on individual disputes – is an “intellectual” one. This means that our people are by far our most important resource. We rely on their skills, expertise, intellect and professionalism to determine the outcome of cases in ways that are, and are seen to be, fair and reasonable in the unique circumstances of each case.

Our ombudsmen are our professional leaders. They set the tone for the work we do and they determine our approach to the different types of disputes we see. This year we have increased the number of our ombudsmen significantly and invested heavily in their development – to enhance their role as the professional leaders of our organisation.

We have also strengthened our career structure, enhanced the development programme for our managers and introduced new

ways of sharing knowledge “on the job” – through blogs and forums. By doing this, we will continue to ensure that quality and consistency remain at the heart of our work, as we face the challenges of a caseload that continues to grow and change significantly.

Investing in professional leadership and career development also means that people are more likely to choose to develop their careers with us. This has helped to reduce the “turnover rate” among our staff – despite the increasing attractiveness of our people in a sector where experienced complaints-handlers are at a premium.

Maintaining continuity in our people also helps ensure consistent outcomes on similar issues. This consistency can help businesses improve their complaints handling, as well as delivering fair outcomes for consumers and businesses alike.

But professionalism is about more than technical knowledge – especially when our people are dealing with lives, livelihoods and reputations. We think it’s important to show both professionalism *and* compassion. That is why we are so driven by our values – and we have continued to recruit, assess and reward our people against these values.

I was delighted that this year we were ranked at number 25 in the *Sunday Times* Best Companies survey for not-for-profit companies. Given the responsibilities we have to our customers – and the changes we are going through – high levels of staff engagement, together with a commitment to growing and developing our knowledge, are crucial to our success in the future.

I said in last year's *annual review* that this is a remarkable place to work. This is a close-knit community, and we were deeply saddened this year by the death of two long-serving members of staff, Steve Bint and David Gray. Colleagues described Steve to me as "the most positive person I've ever met" and David as "someone who gave without being asked". They made a huge difference to everyone they worked with, and they are missed.

being flexible, reliable and effective

We are committed to reducing the time it takes to resolve cases. But the challenge is more complex than "just" managing significant increases in demand. We are seeing fewer "straightforward" cases that we can resolve promptly – as well as

a corresponding rise in the number of more complex cases, and more cases being harder fought by consumers and businesses.

To deal with these challenges we have been looking at new ways of doing things. We have run innovative projects to test out new ways of resolving certain disputes – to sort out people's problems as quickly as possible without using the more formal aspects of dispute resolution – while maintaining our high standards of fairness and impartiality.

During the year this involved our working with a number of financial businesses to find new ways of dealing with complaints about e-money and money transfer. By working differently, we were able to resolve many of the problems consumers brought us in days rather than weeks.

But technology does not always work in consumers' favour – especially when things go wrong. In the summer of 2012 computer problems across the RBS group led to a surge of complaints from consumers who found that they couldn't use their bank account. We worked quickly with RBS to agree a new, streamlined approach to handling problems that consumers brought to the ombudsman.

Meeting the demand for rapid resolution of problems will challenge us all. But we have seen from our experiments that it is achievable as long as we – and the businesses involved – work differently. I hope that we can use these experiments in casework as a model for the future across far more of our work.

operating an efficient infrastructure

This year, we have had to expand our organisation significantly to deal with the high volumes of cases being referred to us. But we have been careful to develop responsibly. The ombudsman service is funded by the financial businesses that consumers complain about. And we know how important it is to control costs and provide good value for money – now more than ever.

We have changed our case-fee structure to help us handle the cost pressures and financial risks brought about by the increasingly volatile demand for our services. We are now charging the very largest financial groups on a “group-account” basis, which focuses on the total proportion of our costs that can be attributed to each of them. We have also made sure that smaller businesses generally pay no case fees at all – by increasing the number of “free” cases for each business from 3 to 25.

Meanwhile we have continued to scrutinise our day-to-day running costs. We were pleased with the outcome of the efficiency review that the National Audit Office (NAO) carried out for us – which we published in January 2012. The review noted that, since the ombudsman service was set up, our costs have grown significantly more slowly than our caseload. During the year we have taken forward various recommendations suggested by the NAO as part of its review.

We recognise the potential of technology to help reduce the administrative costs incurred by businesses in handling complaints. We have been working with the largest businesses on exchanging data online so that we can significantly reduce paper volumes and improve speed and efficiency. We have also been upgrading our IT infrastructure to help improve standards of customer service.

Looking ahead, it is difficult to predict what will happen in the next year or so – especially when experience suggests that the only thing we *can* predict with confidence is a degree of volatility. We are “demand led” – so we need to be responsive and flexible. To help us to manage the volatilities in our caseload, we will continue to keep under review the balance between our permanent staff and those we recruit on shorter term contracts.


remembering what matters

I am proud of what we have achieved this year. We have adapted to significant changes. And we haven't just coped – we have improved. We have taken the opportunity to try some new approaches and we have built flexibility into the way we work to be responsive – whatever the future brings. But I am not complacent. I know that there are significant challenges ahead of us, and we will keep on pushing ourselves to meet them.

This *annual review* is, of course, all about the big picture. It is a round-up of what we saw during the year and how we responded to the issues our customers brought us. But I often hear my colleagues reminding themselves – and others – that “there are real people behind every case”. I think we are acutely aware that our work affects lives, livelihoods and reputations.

That knowledge influences the way we treat our customers – and the way we run our service. It is why our values are so important to us. And it is why we always try and look at a problem from the perspectives of the people involved. But that does not mean letting our hearts rule our heads. Our job is to bring clarity and understanding, and to act with integrity. As demand for our service continues at record levels, we know we need to keep on bridging the divide between “the big numbers” and the real lives of the individual people we deal with.

We do not get it right all the time. But it is something we are determined not to lose sight of as we move forward.



Natalie Ceeney CBE

May 2013



the complaints we received

the complaints we received

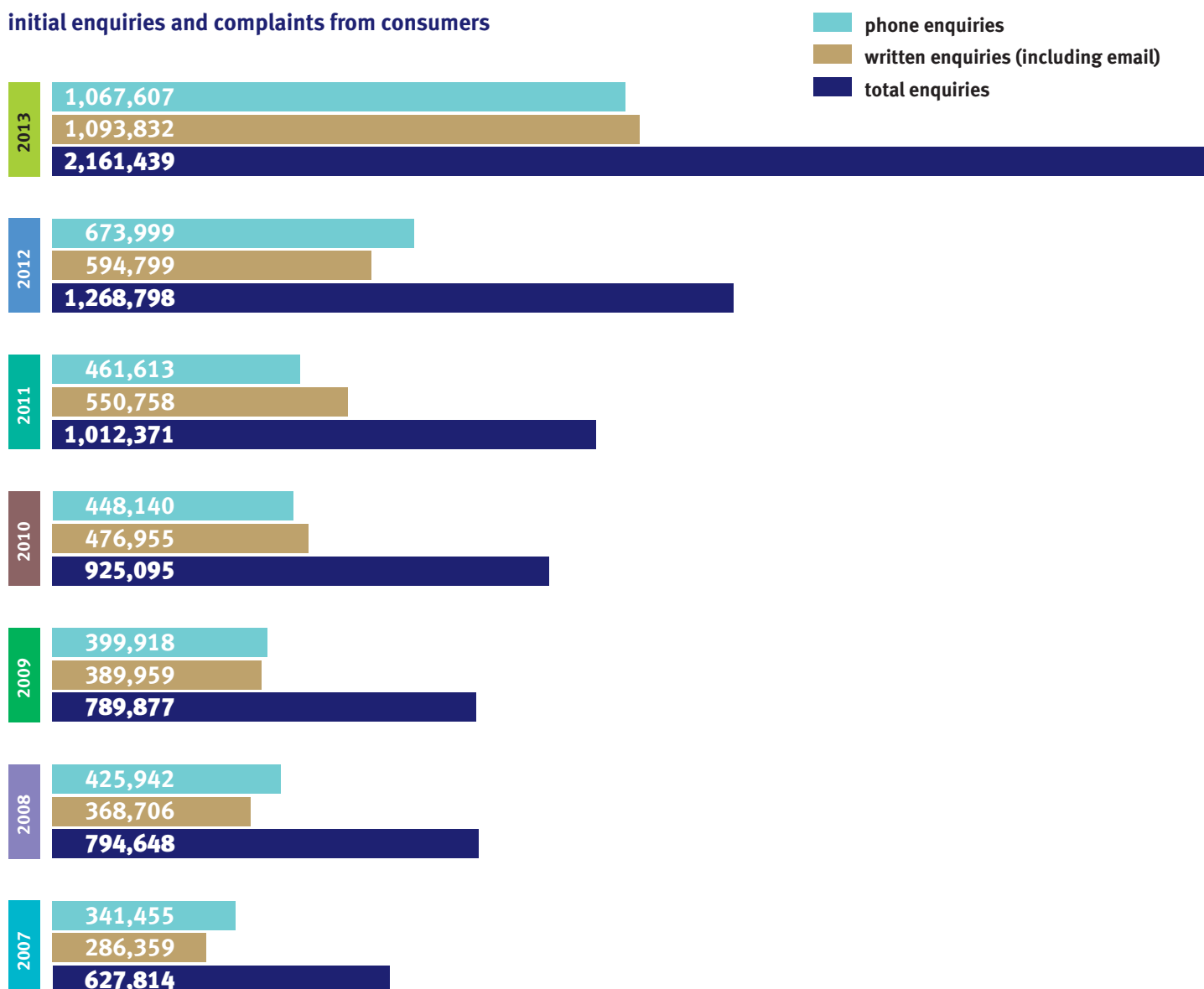
our consumer helpline

In the financial year 2012/2013 the number of people contacting our consumer helpline – with questions, concerns and complaints about the way they had been treated by financial businesses – continued at record levels.

We handled a record **2,161,439** initial enquiries and complaints during the year – a **70% increase** on the previous year (following a 25% rise in the year before that).

This means that each working day during the year we responded to an average of over 7,000 phone calls and enquiries from consumers contacting our helpline.

initial enquiries and complaints from consumers



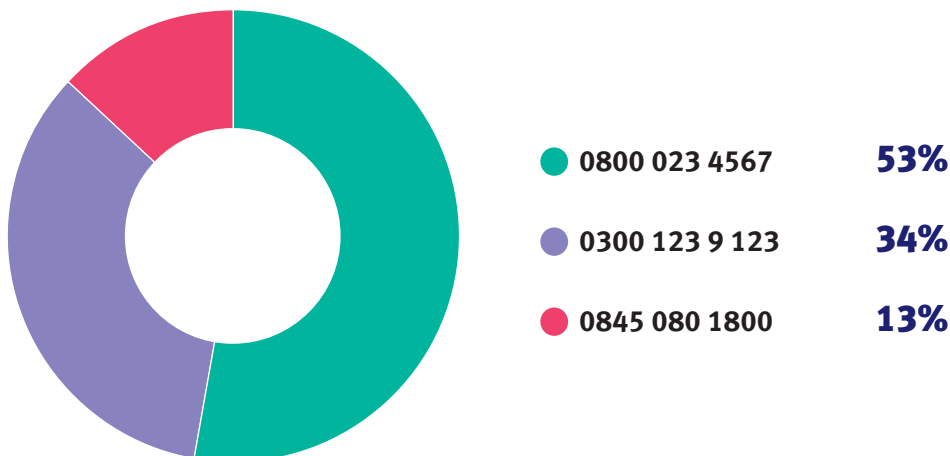
year ended 31 March

Our consumer helpline is the first port of call for everyone who phones the ombudsman service on one of our easily memorable “non-geographic” numbers.

During the year 96% of 25,000 people surveyed said it had been easy to find out how to contact us (95% in the previous year).

Consumers can choose which number they prefer to call us on – depending on which is more convenient for them personally and which is cheaper (or in many cases free – subject to their own phone tariff).

the numbers that people used to contact our helpline

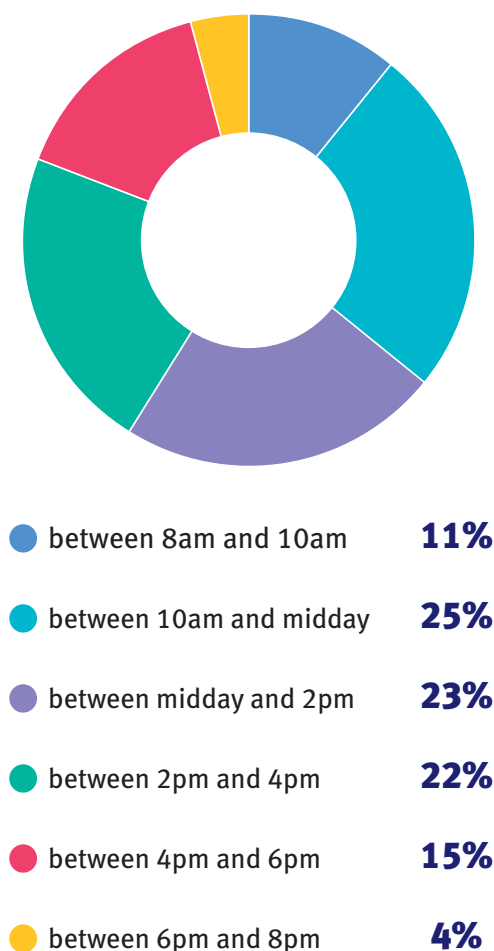


The increase in the proportion of people choosing to phone us on our 0300 helpline – rising from 27% of all calls in the previous year to 34% this year – may reflect the growing use of mobile phones, as calls to numbers starting with 0300 will usually be cheaper (or free) for mobile users.

We have not promoted our original 0845 number for almost five years – because of the higher costs it can trigger for mobile phone users. Calls to this number continue to fall – with the proportion of people phoning us on 0845 dropping from 26% to 13% during the year.

However, the fact that people are still using this number shows how long it can take for the many organisations who give out our contact details to update their records with our new alternative contact numbers.

the time of day consumers phoned us



the complaints we received

Last year we extended the opening hours of our consumer helpline to include Saturday mornings. And in July 2012 we extended our opening hours again – for a further two hours each weekday evening.

This means consumers can now contact us from 8am to 8pm on weekdays, as well as on Saturday mornings. This is in line with our commitment to make our service as accessible as possible for everyone – whatever their family, work commitments and lifestyle.

Peak times for phone calls are generally on Mondays between 10am and 2pm. During the year we received up to 750 phone calls an hour at this time of the day.

We use call-centre software and planning tools to help manage the volatility in the number of phone calls. This means that the moment the volume of incoming calls increases – often in response to coverage on broadcast media – those of our helpline advisers who are dealing with written rather than phone enquiries are alerted to log on to the phone system and start taking calls.

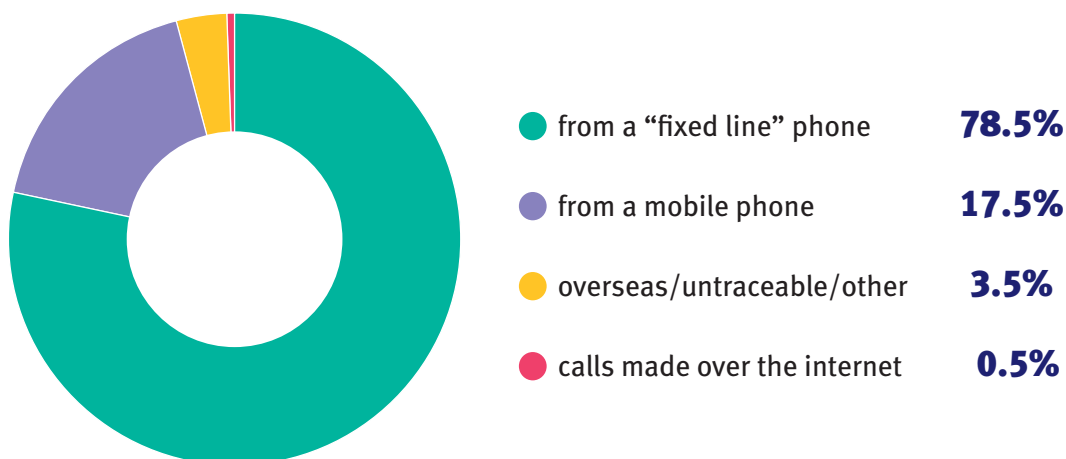
The busiest day in the year for our consumer helpline was Monday 3 December 2012, when we received 10,006 phone calls – our highest ever number in a single day. The following Monday (10 December 2012) we took 9,758 calls – the second highest number. On the busiest day in the previous year we received 5,086 phone calls.

Around half of these calls were about payment protection insurance (PPI). On Monday 7 January 2013 we received a record 4,137 phone calls about PPI – handling an unprecedented 529 PPI enquiries between 11am and 12 noon on that day.

The quietest day for our consumer helpline was Friday 25 May 2012, when the number of phone enquiries fell to 2,725. Friday afternoons in July and August were also quieter times on our phones.

“... during peak periods
we receive up to 750
enquiries an hour”

how people phoned our consumer helpline



The proportion of calls to our consumer helpline from mobile phones increased slightly during the year from 17% to 17.5% – and the proportion of calls from “fixed line” (or landline) phones fell from 79.5% to 78.5%.

3,332 people called us from payphones (compared with 1,819 in the previous year). If people are worried about the cost of calling us, we tell them that we are happy to phone them back.

And 7,059 people phoned us over the internet using services such as Skype – two and half times more than in the previous year.

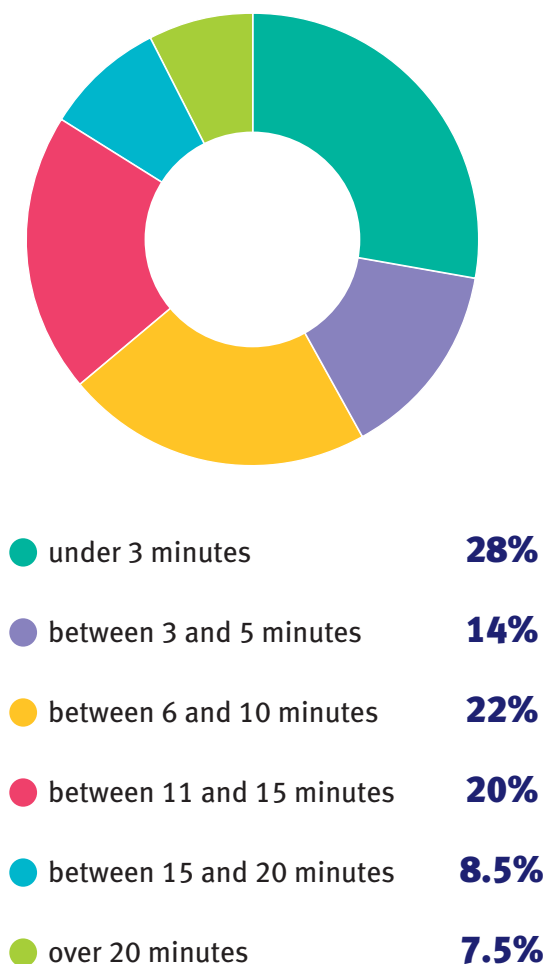
We aim to answer 80% of phone calls to our consumer helpline within 20 seconds. This is a widely accepted standard for organisations dealing with the volume of phone calls that we handle.

During the year we answered 83% of calls within 20 seconds (65% in the previous year) – dealing with frontline enquiries about everything other than PPI.

For enquiries specifically about PPI, we answered 72% of phone calls within 20 seconds – less than our target, largely as a result of the significant increase in calls to us about PPI.

92% of 25,000 consumers surveyed during the year said their calls to us were answered promptly (91% in the previous year).

the length of calls to our consumer helpline



“... 3,332 people called us from payphones”

the complaints we received

Consumers who phone the ombudsman service hear a welcome message – recorded by the chief ombudsman – giving four options to choose from. This helps to filter the call to an expert on our consumer helpline with the relevant technical knowledge. This filtering is essential, given the very wide range of complaints we cover – from spread-betting to payment protection insurance (PPI).

During the year, the proportion of phone calls taking longer than ten minutes increased from 20% to 36% of all calls. This reflects the increasing numbers of consumers phoning us themselves to ask for help and guidance about making a PPI complaint – rather than paying a claims manager to do this for them. There is more information about this on page 37.

online contact

While many people prefer to phone us to talk through their enquiry, growing numbers of consumers get the information they need straight from our website.

Each day during the year an average of 18,943 people visited our website – www.financial-ombudsman.org.uk. The busiest time on our website continues to be between 12 noon and 1pm on weekdays. However, people use our website round the clock, 365 days a year, to send us emails and register complaints online – including 2,637 people who downloaded complaint forms from our website on Christmas Day.

The busiest day on our website during the year was 22 May 2012 – when 37,399 people logged on to download our new *annual review* which we published on that day.

660,246 complaint forms were downloaded from our website during the year – a 48% increase on the previous year. This increase largely resulted from the rise in complaints about payment protection insurance (PPI) – which led to a 157% increase in the number of PPI questionnaires downloaded from our website (4,430,761 downloads compared to 1,726,447 in the previous year).

The PPI questionnaire is the agreed standard form that helps businesses, consumer organisations, claims managers and the ombudsman service streamline the handling of PPI complaints – gathering and sharing consistently as much information as possible in one place at the start of the process. There is more information about PPI complaints on page 48.

The other most visited pages on our website were:

- ◆ Our news page (with 149 news updates added during the year).
- ◆ Our online careers resource – with 295,117 downloads during the year of our job adverts and job descriptions (72,301 in the previous year).

- ◆ Our various online videos – including a new short film featuring people talking about what the ombudsman personally means to them, and a short film made by young people on avoiding financial problems (see page 115).
- ◆ Case studies from the online version of our newsletter, *ombudsman news*.

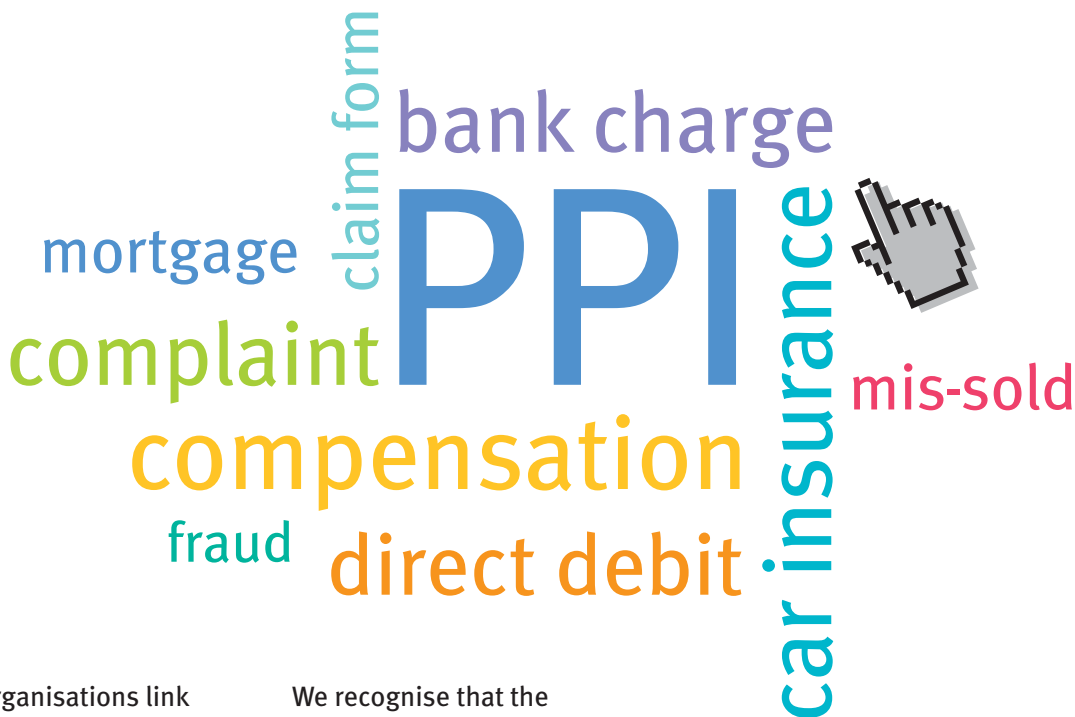
To help people find what they are looking for across more than 4,000 pages on our website – from technical data on pension calculations to how to apply for a job at the ombudsman service – we have a specially-tailored search facility. However, many people find the quantity and complexity of data that these types of online “search engines” produce increasingly confusing and overwhelming.

This is why we introduced a new simpler online tool last year – called “*what are you looking for?*” This helps people who may not be sure about the exact terminology or words to use in a search engine – by prompting them with specific questions.

The questions are generated automatically using “intuitive” software that learns from how people have previously looked for – and found – similar information.

“... on the busiest day
37,399 people visited
our website”

the words searched for most often on our website



950 organisations link from their websites to ours – ranging from bbc.co.uk to shelter.org.uk, sheffieldforum.co.uk to thestudentroom.co.uk. There is more information about the people who visit our website on page 128 of this *annual review*.

“multi-channel” engagement

During the year we have also been reviewing our use of social media and digital communication, as a way of engaging with our customers. This has included:

- ◆ Developing apps and digital content specifically for tablets and smart phones.
- ◆ Tracking over 10,000 mentions of the ombudsman across social media, 84% of which were favourable.

We recognise that the speed, immediacy and informality of some forms of digital communication may make them unsuitable for using in complex and sensitive financial disputes. But they can be helpful in broadening our accessibility to wider audiences and in making frontline contact with us easier for many people.



the complaints we received

the complaints we received

how we handle initial enquiries and complaints

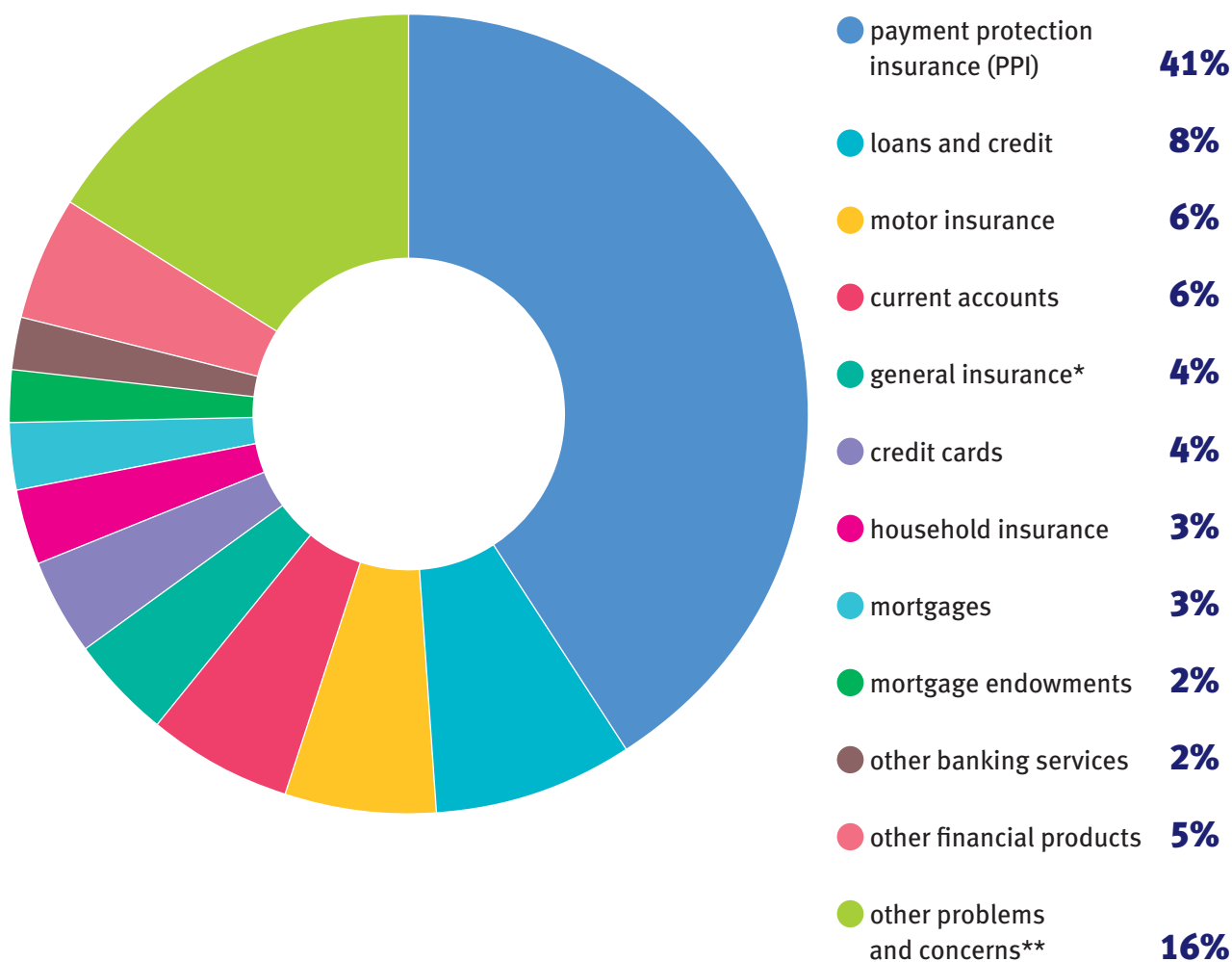
The frontline advisers on our consumer helpline deal with all initial enquiries and complaints – giving general advice and guidance on what to do if consumers have a complaint about a financial product or service.

Our advisers are trained to make their own decisions about how to handle each individual call – tailoring their response accordingly in each case. Their aim is to sort out as many enquiries, problems and concerns as possible at an early stage – without needing the more formal involvement of an adjudicator or ombudsman.

The work of our consumer helpline involves responding to consumers' problems and concerns at an early stage by:

- ◆ Explaining the complaints procedure that financial businesses have to follow.
- ◆ Reassuring consumers who feel intimidated by the formal process of complaining.
- ◆ Stressing that a business should have the opportunity to sort out matters with its customers, before the ombudsman can formally step in.
- ◆ Confirming the details of who consumers should complain to at a business – if they haven't already done this.
- ◆ Forwarding complaints direct to the relevant business.
- ◆ Reminding consumers that they can ask us to get involved formally – if a business isn't able to resolve their complaint within eight weeks.
- ◆ Clarifying the role of the ombudsman.
- ◆ Directing the consumer to relevant helplines and self-help websites.
- ◆ Providing the consumer with the facts they need, to resolve the problem themselves.
- ◆ Giving an early steer on the likely outcome of a complaint – from our informed independent viewpoint.
- ◆ Offering practical suggestions to both sides on sorting things out informally – without needing to escalate the case as a formal dispute.
- ◆ In cases where we don't believe it would be helpful or productive to pursue the matter further, explaining why we think this.
- ◆ Providing impartial guidance on any compensation already on offer.
- ◆ Explaining the rules of our jurisdiction – for example, time limits that may apply.
- ◆ Explaining the difference between the ombudsman and the regulator.
- ◆ Suggesting other bodies or ombudsman schemes who might be able to help.

what people phoned our consumer helpline about



* including travel insurance, mobile phone cover, warranties and home emergency cover

** (for example, debt-related worries, money questions, and complaints we can't help with about utilities and phone companies)

During the year the proportion of enquiries to our consumer helpline about payment protection insurance (PPI) increased by 46% – from 28% to 41%. The relative proportions of calls about all other financial products remained broadly similar to the previous year.

making it easy to contact us

Our day-to-day experience on our consumer helpline – and our wider research – suggests that certain groups of consumers are more likely to find formal complaint procedures off-putting.

The range of people who contact our consumer helpline broadly continues to reflect the diversity of the population at large. But some consumers are more likely than others to pursue complaints to the next stage (either against a financial business or as a dispute referred to the ombudsman service).

the complaints we received

In particular, younger consumers and people from lower socio-economic groups are generally less likely to pursue a formal complaint following initial contact with us. This may relate to the type of financial products involved in these cases – as well as to a range of socio-economic and attitudinal factors. We continue to carry out research in this area – and we highlight some key findings on pages 92 to 123.

We want to remove barriers that may unfairly prevent particular consumers from using our service. As part of this commitment, we have a team of specially-trained casework advisers who work with more vulnerable people who might otherwise struggle with forms and procedure. During the year this team worked on cases involving the following situations.

a consumer with generalised anxiety disorder

Over a period of two days a consumer in her twenties called us nine times to check how her complaint was going. We were concerned about how anxious she seemed and how little information she was able to take in during each call.

So we arranged for one of our specially-trained casework advisers to talk to her. During their first chat, she told him she was signed off from work because things had become very difficult for her. She was getting treatment for anxiety disorder.

She didn't know how it had started but she couldn't stop herself worrying about the smallest of things. She was very worried that she would miss or forget something important – and this was why she was calling us as much as she was.

We arranged for her to have a direct line to her dedicated casework adviser. He talked to her about what she needed from us to reassure her she hadn't forgotten anything. And between them they agreed a way that she could receive regular updates from us over the phone – followed up with a brief email that would clearly say if she needed to do something (or not).

The consumer felt reassured, knowing that she would be speaking to the same person – who understood her situation and was helping her to manage her anxiety over her case.

a consumer with speech and mobility difficulties

The consumer explained to us that he had had a major stroke six months earlier. Although he was recovering well, he was conscious that he sometimes had difficulties “getting his words out”. He was also worried that he wouldn't be able to write down what his complaint was about, because the stroke had left him with significant muscle weakness in his writing hand.

As a first step, we told him he didn't need to worry about writing everything down, because we could do that at our end from what he had been saying to us over the phone.

When we asked him what more we could do to help, he told us that he needed time to be able to gather his

thoughts together before he spoke. And it was easy for him to lose his train of thought if he was interrupted mid-flow or when he was getting tired.

So on a very practical level, we found out when he felt at his best to talk to us. And we agreed to call him only during those times of the day. We also knew to let the phone ring for longer than usual, because it would take him a little while to get to the phone from where he was sitting.

And between us, we found a simple way of making sure we didn't inadvertently talk over him – with the consumer using an agreed “code word” when he'd finished speaking, giving us the cue to reply.

Our outreach work across the UK with frontline community and advice workers has shown that some consumers are reluctant to phone us directly without someone from their own local advice agency also taking part in the call – to introduce them and help explain their problem to us.

This is why – working with Citizens Advice – we introduced arrangements last year that allow three-way phone conversations between a consumer, their contact at Citizens Advice and someone from our own consumer helpline.

Following very positive feedback on this initiative, we extended the arrangement during the year to cover other consumer helplines across the UK – including Northern Ireland Advice Line, Age UK and Macmillan Cancer Support. We now handle around 500 frontline calls a month that involve these kinds of three-way conversations.

“... making it easier for people to tell us their side of the story does not make us a consumer champion”

During the year we launched a similar initiative with National Debtline. But this arrangement is slightly different in that it enables our helpline advisers and adjudicators to initiate *themselves* a three-way conversation with a National Debtline counsellor, where a consumer has agreed they would like a specialist money adviser to help with a wider problem.

There is more information about our access and inclusion work on page 105 of this *annual review*.

Our aim is to make our process as straightforward as possible – and more accessible and user-friendly than the courts. But making it easier for people to tell us their side of the story – without feeling confused or intimidated – does not make us a consumer champion. We are just as concerned to reduce hurdles for businesses – who also tell us that they want as little red tape and bureaucracy as possible.

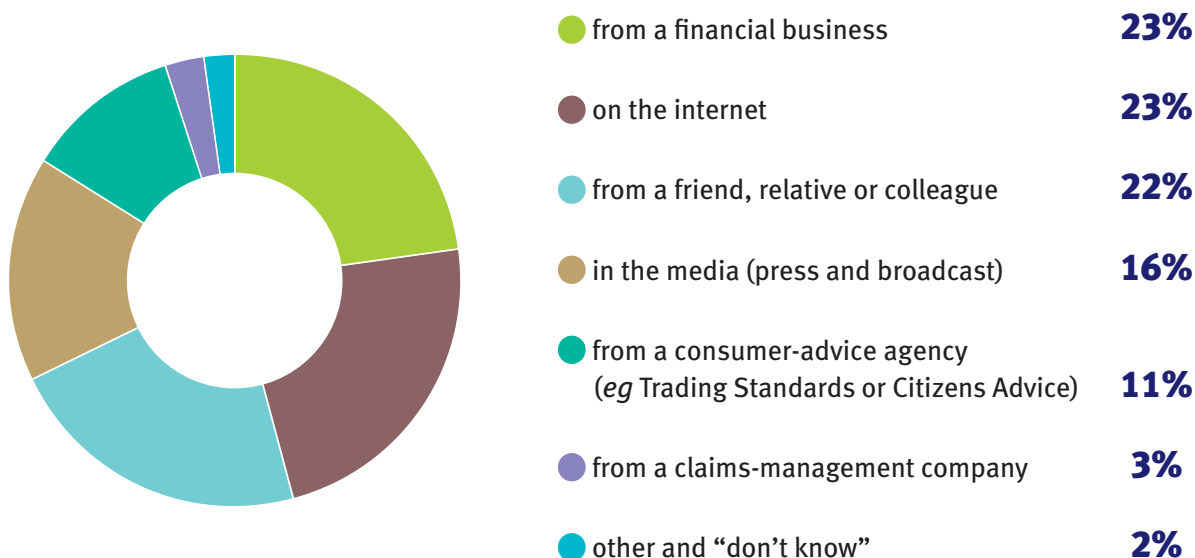
This means making sure no one is disadvantaged in bringing a complaint to us – while also emphasising our impartiality. “Impartial” means we do not “side” with anyone.

This is a hard message for some people to accept. But it is an important part of our work to manage expectations realistically – and to set out clearly what we *can* and *cannot* do.

This includes explaining time limits and restrictions 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 complaints we received

how consumers who contacted our consumer helpline first heard about us



During the year, consumers who contacted our helpline for advice and guidance were:

- ◆ More likely than in the previous year to have heard about us from a friend, relative or colleague (22% compared with 19%).
- ◆ More likely than in the previous year to have heard about us on the internet (23% compared with 20%).
- ◆ Slightly less likely than in the previous year to have heard about us from a financial business (23% compared with 24%).

At this early stage, the ways in which people say they first heard about the ombudsman are different from when people bring a formal complaint. For example, consumers who contacted our helpline early on were:

- ◆ Over a third less likely to have first heard about the ombudsman from a financial business than consumers who pursue a formal complaint with us (see page 98).
- ◆ Over a third more likely to have first heard about us through word of mouth from a friend, relative or colleague.
- ◆ Almost twice as likely to have heard about us from a consumer-advice agency.

the value of our early involvement

Our customer research shows that our approach to initial enquiries and complaints is valued by the consumers who contact our consumer helpline. During the year:

- ◆ 93% of people who contacted our helpline said they were given a clear explanation of what would happen next with their complaint.
- ◆ 93% said we showed an interest in their enquiry.
- ◆ 87% felt that the person 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 four potential complaints raised with our consumer helpline during the year went on to become a case needing the more formal involvement of an adjudicator or ombudsman.

We continue to carry out research to find out more about what happened next to the three out of four consumers who contacted us initially on our helpline – but then never returned with a formal complaint.

The latest survey shows that of these consumers, 47% were subsequently able to resolve their problem themselves, without needing further help from the ombudsman service.

- ◆ 98% of these consumers felt our early involvement helped them to sort things out satisfactorily at this early stage (92% in the previous year).

Of the 53% of consumers who were not immediately able to resolve their problem themselves, after contacting our helpline for initial help and guidance:

- ◆ 72% 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.
- ◆ 28% said they had let the matter drop – mostly saying it was because they did not think pursuing it further would achieve anything.

There is more information on page 121 about people's attitudes to pursuing complaints – and some reasons why people say they do not do so.

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. This includes providing:

- ◆ An instant over-the-phone interpreting service to handle calls in languages other than English.
- ◆ Information on our website in 25 languages.
- ◆ Online video and audio content for people who prefer these formats rather than text.
- ◆ Text Relay services and British Sign Language videos.
- ◆ Information in alternative formats such as large print and on CD/DVD.

There is more information about our access and inclusion work on page 105.

other languages

During the year 2,745 consumers from 109 countries outside the UK brought complaints to the ombudsman service about UK financial services and products (1,910 consumers from 104 countries in the previous year).

This is reflected in the demand for our interpreting and translation services – rising by 59% during the year – as the financial companies we cover increasingly carry out more international business with customers round the world.

3,619 cases during the year (2,282 in the previous year) – around 0.7% of our total workload – involved working in a language other than English or Welsh. In total this meant working in 55 languages.

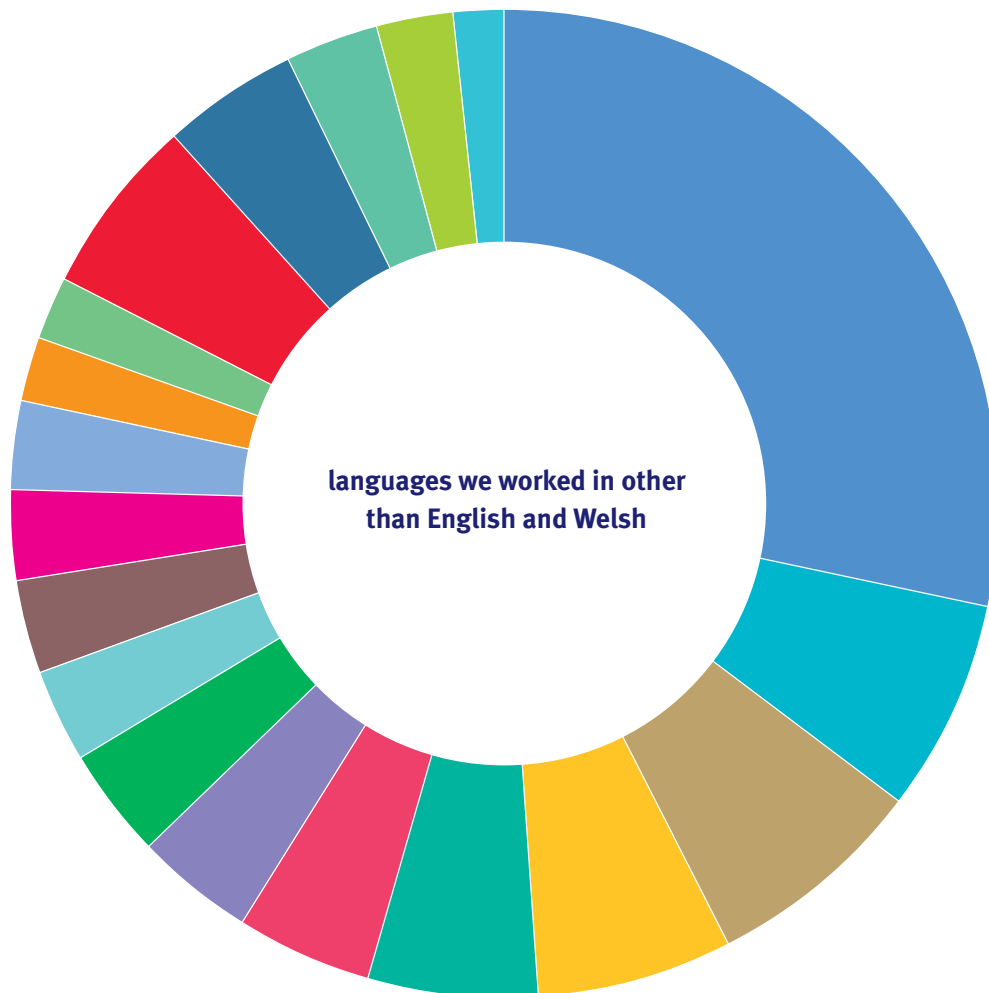
Of the cases we handled in other languages:

- ◆ 38% involved 12 Eastern European languages.
- ◆ 29% involved 12 Western European languages.
- ◆ 26% involved 20 Asian languages.
- ◆ 5.5% involved 6 Middle Eastern languages.
- ◆ 1.5% involved 3 African languages.

Statistics from the 2011 UK census show that 22% of people living in London have a first language other than English. The statistics also show that nationally the most common first languages – other than English and Welsh – are (in order) Polish, Punjabi, Urdu, Bengali, Gujarati and French.

The most frequently-requested languages we worked in during the year were broadly the same as in previous years – and generally in the same order. However, within that same order, the proportion of casework in Polish increased by 27%, while demand for French and German fell by 40%.

This reflected a wider shift – with requests for Western European languages declining by 30% as a whole, while the proportion of casework in Eastern European languages rose by 15% and requests for Asian languages increased by 44%.



● Polish	28.5%	● Russian	3%
● German	7%	● Turkish	3%
● Spanish	7%	● Hindi	2%
● French	6.5%	● Tamil	2%
● Chinese	5.5%	● other Eastern European languages	6%
● Urdu	4.5%	● other Western European languages	4.5%
● Portuguese	4%	● other Middle Eastern languages	3%
● Bengali	3.5%	● other Asian languages	2.5%
● Gujurati	3%	● African languages	1.5%
● Punjabi	3%		

the complaints we received

new cases referred to our casework teams

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 – we ask them to complete and sign our complaint form. This gives us the basic information about their complaint – and their permission for us to look into it.

If consumers ring us up, we can guide them through the complaint form over the phone – and then send it to them to check and sign. This is generally more efficient, because it means we can encourage people to stick to the key facts.

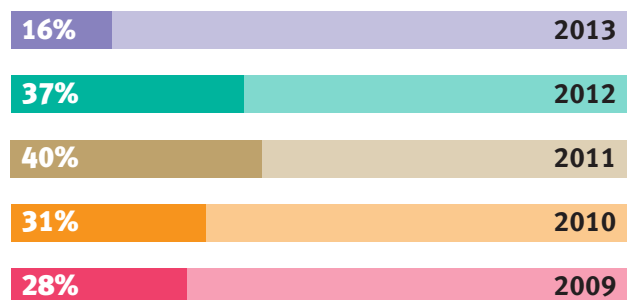
When we receive a completed complaint form, the frontline advisers on our consumer helpline sort out all the paperwork and check the details. If the complaint is one we can deal with, we accept it formally as a new case – and pass it to one of our casework teams to start work on.

Under the complaints-handling rules set by the regulator, businesses have up to eight weeks to send a final response to a consumer’s complaint, before it can be referred to the ombudsman service.

In 16% of the complaints we took on formally as new cases during the year, the businesses involved had not issued a final response within eight weeks. This figure is a significant improvement on previous years – where businesses had failed to respond properly to their customers’ complaints in up to four out of ten cases we saw.

We hope that this improvement results from our discussions with financial businesses, where we have stressed how important it is for them to respond fully to their customers’ complaints within the period set by their regulator. We would like to see as many complaints as possible resolved directly by businesses themselves at this stage.

% of cases where the business had *not* sent their customer a final response within eight weeks



year ended 31 March

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 23% of people who contacted our consumer helpline said they heard about us from the business they complained to.

The way in which businesses tell their customers about the ombudsman is generally by sending them our consumer leaflet, *your complaint and the ombudsman* – which we produced in partnership with the disability charity, Shaw Trust.

During the year we distributed over a million copies of this leaflet. We charge businesses for bulk supplies – but they can print it for free themselves under licence from us. We provide copies free of charge to consumer advice agencies, libraries and community centres – in a wide range of languages and formats.

“... we would like to see as many complaints as possible resolved directly by businesses themselves”

In the financial year 2012/2013, the frontline advisers on our consumer helpline referred a record **508,881** new cases to our casework teams for further work – out of a total 2,161,439 enquiries and complaints raised initially with our consumer helpline.

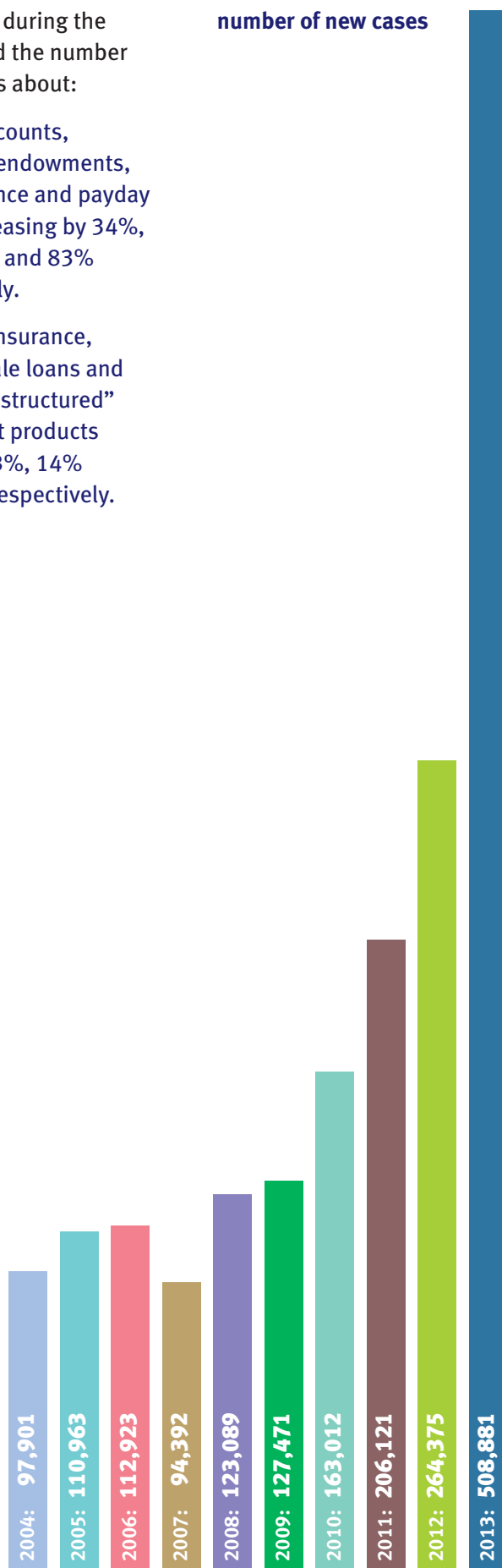
This is a **92% increase** on the 264,375 new cases recorded in last year’s *annual review* – and is the highest number of cases we have received in any year since the ombudsman service was set up in the year 2000.

The record level of new cases in the financial year 2012/2013 resulted mostly from a 140% increase in complaints about the sale of payment protection insurance (PPI) – following a 51% increase in the previous year. There is more information about these complaints on page 48.

Other trends during the year included the number of complaints about:

- ◆ Current accounts, mortgage endowments, pet insurance and payday loans increasing by 34%, 43%, 50% and 83% respectively.
- ◆ Contents insurance, point-of-sale loans and so-called “structured” investment products falling by 3%, 14% and 22% respectively.

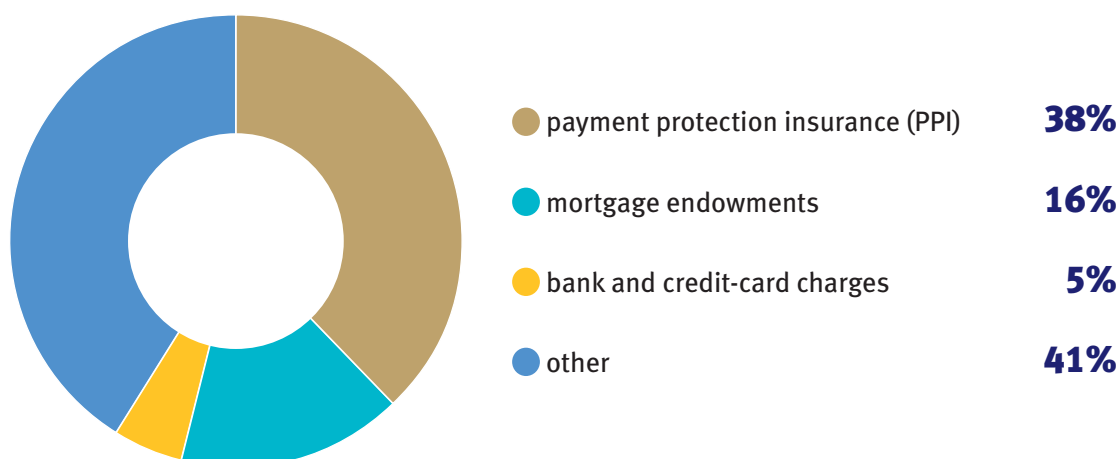
number of new cases



year ended 31 March

the complaints we received

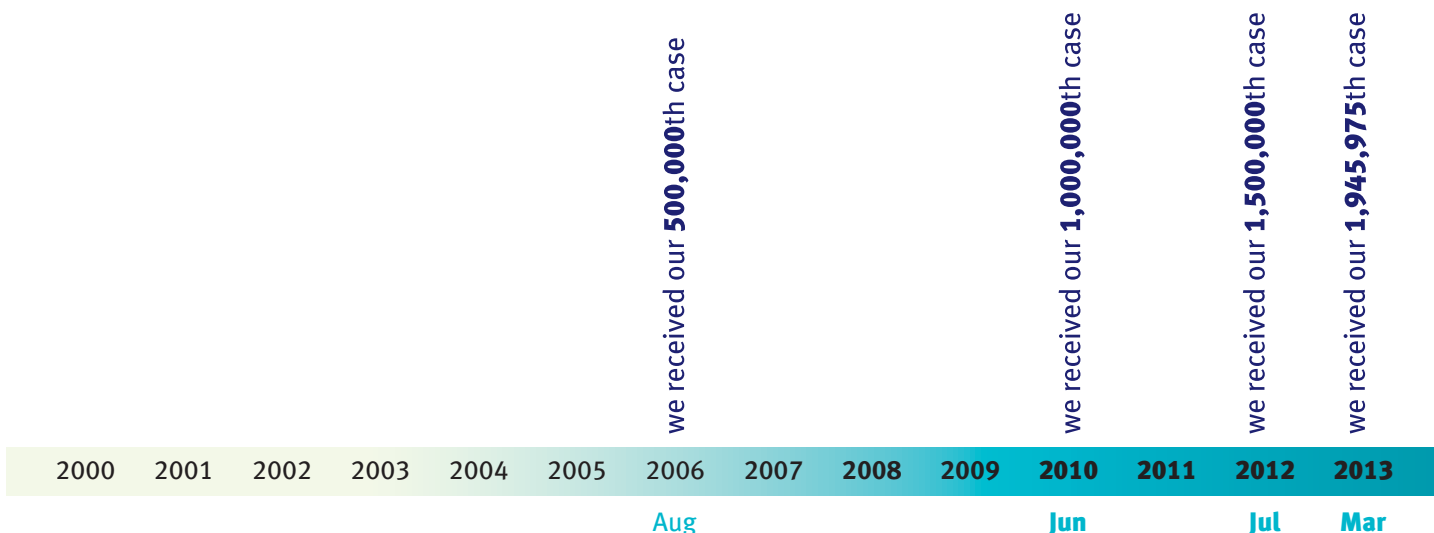
the most complained-about financial products since we were set up



Since the ombudsman service was set up in 2000, consumers have referred a total of **1,945,975** cases to us – of which 59% have involved just *three* issues: mortgage endowments, bank and credit-card charges, and payment protection insurance (PPI).

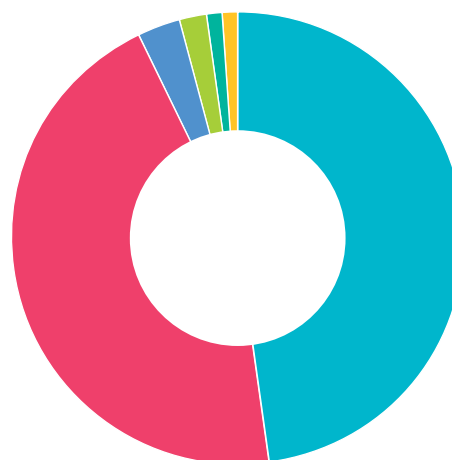
The significant volatility in workload relating to these three issues – and the way in which financial businesses have themselves managed the substantial volumes of complaints involved – have presented us with major operational challenges over the last decade.

In July 2012 we received our 1,500,000th case. And in October 2012 complaints referred to us about mis-sold PPI reached the half a million mark.



how these new cases were brought to us

- complaints made by consumers themselves **48%**
- complaints made on behalf of consumers by commercial claims-management companies **45%**
- complaints made on behalf of consumers by friends and family **3%**
- complaints made on behalf of consumers by professionals (eg lawyers and accountants) **2%**
- complaints made on behalf of consumers by free consumer-advice agencies (eg Trading Standards and Citizens Advice) **1%**
- complaints made by smaller businesses **1%**



48% of people who used the ombudsman service during the year did so in their own personal capacity as an individual consumer. This number rose from 42.5% in the previous year.

People wanting to bring a complaint can appoint someone else to do this for them. During the year 4% of cases involved someone acting *for free* on behalf of the person with the complaint.

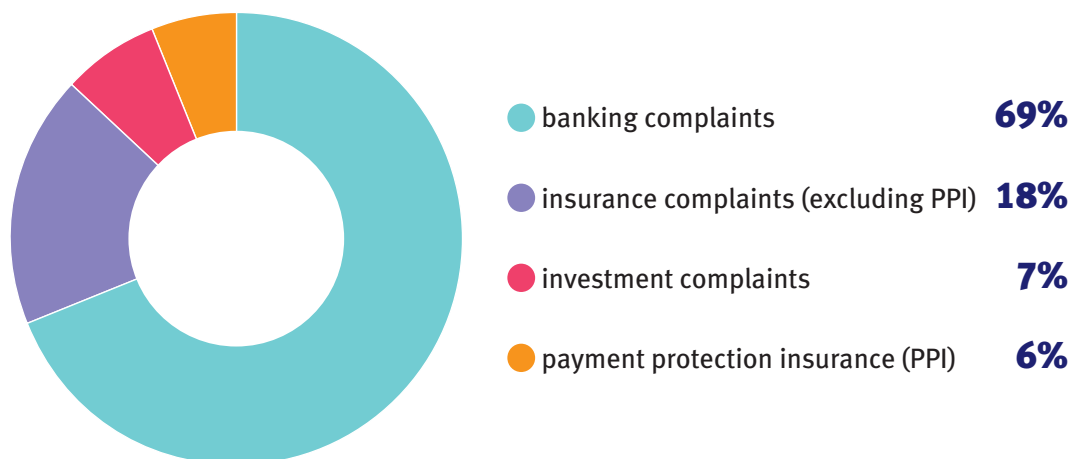
Three quarters of these cases involved people referring complaints on behalf of friends and family. A quarter involved a wide range of professional consumer representatives and advocates, acting for free on behalf of clients. These included Trading Standards, Citizens Advice and community workers.

In 47% of cases referred to the ombudsman service during the year, consumers paid for the services of someone to represent them (50.5% in the previous year). These included professionals such as accountants and solicitors. But most of these “represented” cases involved commercial claims-management companies.

The proportion of cases we dealt with where the consumer was represented by a claims-management company fell from 46.5% to 45% during the year – as more consumers brought PPI complaints themselves, rather than using claims managers. There is more information about claims-management companies on page 37.

the complaints we received

complaints from smaller businesses



We also look at complaints brought by “micro-enterprises” – an EU term covering smaller businesses. To be able to bring a complaint to us, a smaller business must have an annual turnover of up to two million euros *and* fewer than ten employees.

The number of complaints referred to us by smaller businesses increased by 5% during the year – from 4,304 cases to 4,526. This followed a 39% increase in the number of complaints from smaller businesses in the previous year.

However, 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 may partly explain why 16% of people who completed our customer surveys during the year described themselves as self-employed or running their own business (the same as in the previous year) – significantly higher than the 1% of cases where the dispute was *formally* registered with us as a *business* dispute.

69% of cases referred to us by smaller businesses involved complaints about business banking (the same as in the previous year) – including 495 disputes about charges and a large range of administration problems.

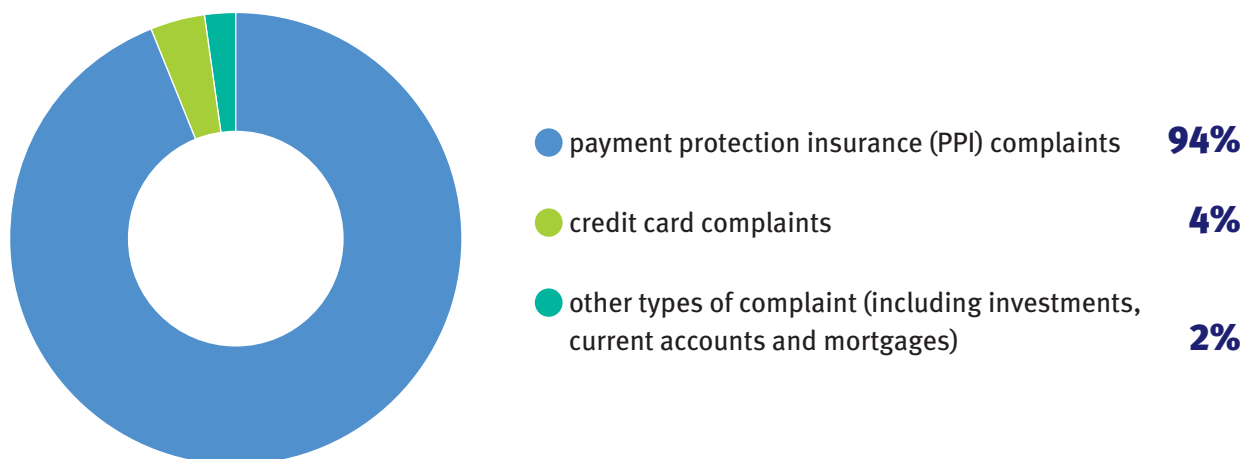
The 18% of complaints brought by smaller businesses about insurance issues included 1,319 cases involving commercial vehicles and property (a 24% increase on the previous year) and 261 disputes about business protection (a 63% increase on the previous year). 6% of complaints brought by smaller businesses were about mis-sold PPI.

During the year we also received 258 complaints from businesses about interest-rate hedging products sold by banks. We are not able to take on cases where the business bringing the complaint does not meet the definition of a micro-enterprise. And in many of these cases, the compensation being claimed significantly exceeded the maximum we could award. There is more information about these cases on page 146.

During the year we continued our outreach activities with smaller businesses – to promote understanding of the circumstances where the ombudsman service can help with commercial disputes relating to financial services.

This included working with smaller-business trade associations and networks (including our own smaller-businesses forum) and targeted coverage in specialist business-to-business publications ranging from *Farm Business* to *Convenience Store*.

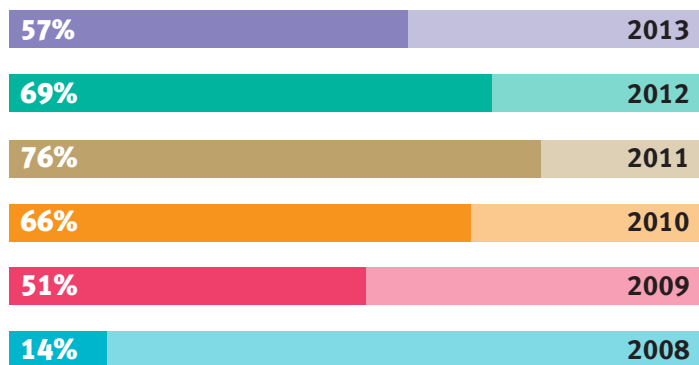
types of complaint referred by claims-management companies



The proportion of complaints referred to the ombudsman service on behalf of consumers by claims-management companies fell during year – for the first time – from 46.5% to 45% of all cases.

This fall results from the significant increase in the number of consumers bringing their own complaints about payment protection insurance (PPI) – rather than paying commercial claims-management companies to do this for them.

% of PPI cases referred by claims-management companies



year ended 31 March

57% of the 378,699 new PPI cases during the year were brought by claims-management companies. In the previous year 69% of PPI cases involved claims-management companies.

The fall – for the second year running – in the proportion of consumers using claims managers to refer PPI complaints to us may reflect the fact that we have again taken every opportunity this year to tell consumers that they do not need the help of a claims-management company.

12 claims-management companies accounted for 51% of the cases we handled during the year where consumers were represented by this type of company.

The other 49% of cases involved around 500 other claims-management companies.

the complaints we received

We work closely with the claims-management regulator (a part of the Ministry of Justice) and we pass information onto them about poor practice we see in the claims-management sector.

This is in line with the joint note that we agreed and published in July 2011 with the Ministry of Justice, the FSA and the Financial Services Compensation Scheme (FSCS). Each of these organisations has its own particular relationship with claims-management companies – and we aim to co-ordinate our approach and share information wherever we can.

We cannot handle complaints from consumers about claims-management companies. That is currently the responsibility of the claims-management regulator – and will be the job of the Legal Ombudsman from a date (not yet confirmed) some time in 2013/2014.

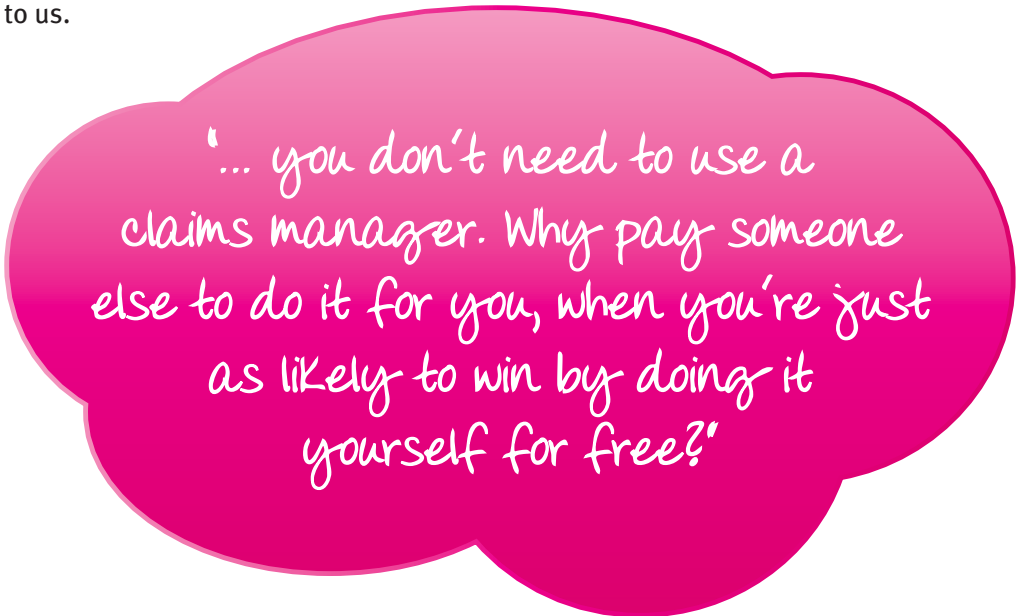
But we do everything we can to make sure that claims-management companies who refer complaints to us understand and follow our processes, so that our interactions with them can be as efficient as possible.

For example, we meet regularly with the larger claims-management companies, to set out the practical steps that should be taken to avoid unnecessary complaints and delays when referring complaints to us on behalf of consumers. During the year this has included meetings to remind claims managers – as well as financial businesses – about our well-established approach to disputes over whether or not a PPI policy was actually sold in an individual case.

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, but commercial companies charge people 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 the outcome of cases shows there is no difference – whether consumers bring them to us themselves direct, or pay a claims-management company to complain on their behalf.



“... you don't need to use a claims manager. Why pay someone else to do it for you, when you're just as likely to win by doing it yourself for free?”



what the complaints were about

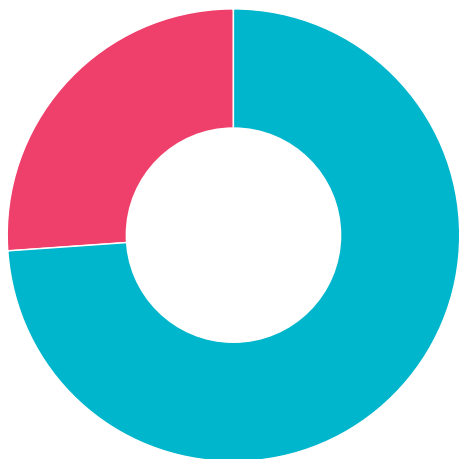
what the complaints were about

new cases by area of complaint

- banking and credit
- investments and pensions
- insurance (excluding PPI)
- payment protection insurance (PPI)
- new cases in total



year ended 31 March

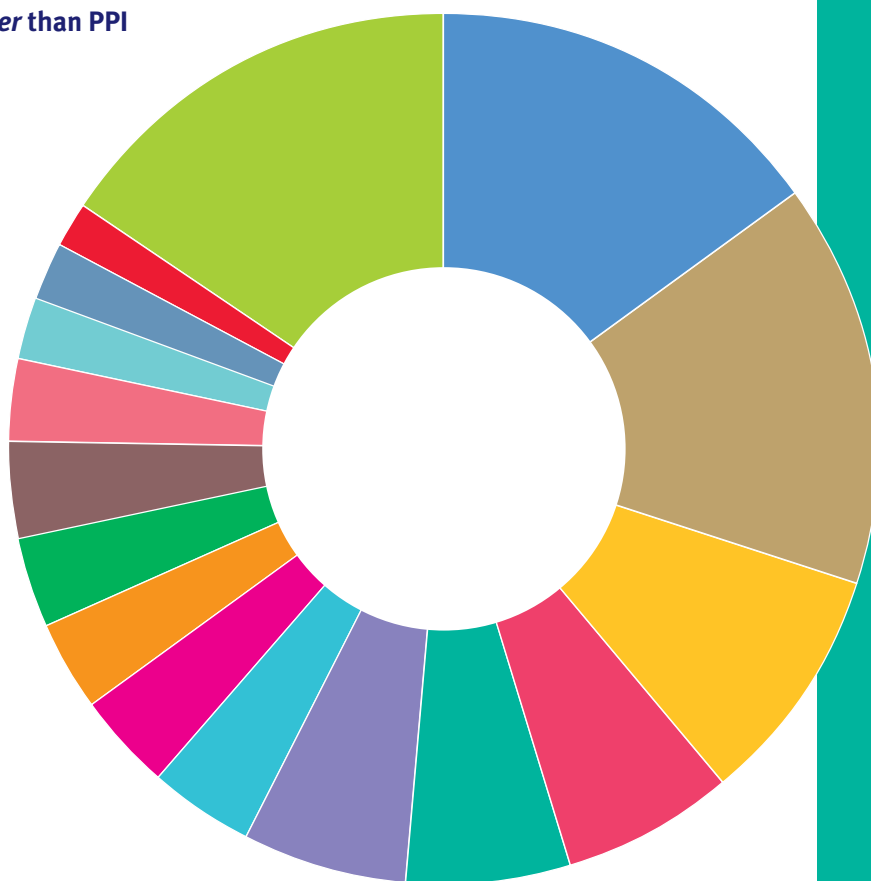


new cases by financial product

- payment protection insurance (PPI) **74%**
- complaints about all other financial products **26%**

new cases involving financial products *other* than PPI

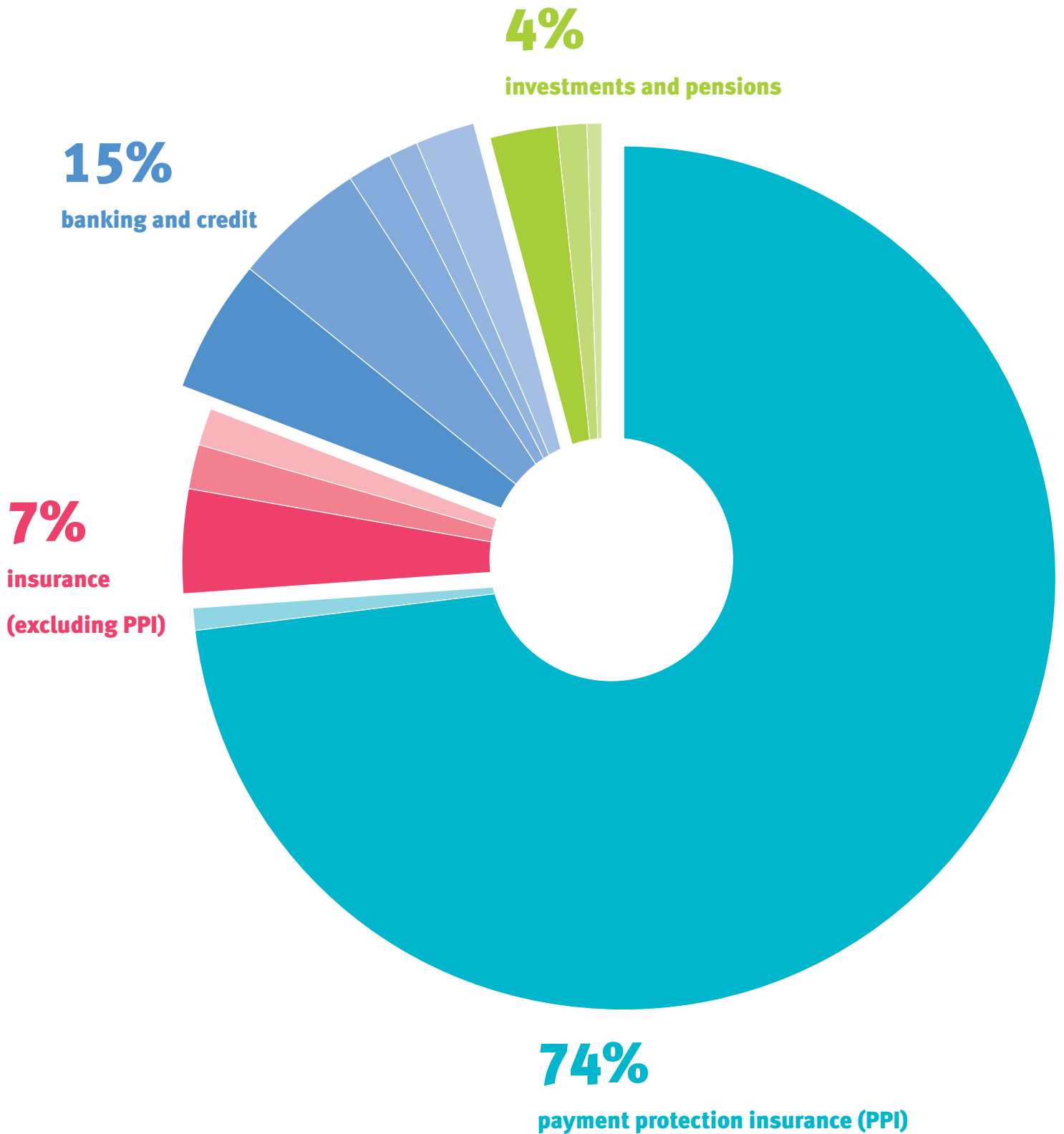
- credit cards **15%**
- current accounts **15%**
- mortgages **9%**
- consumer-credit products and services* **6.5%**
- motor insurance **6%**
- unsecured loans **6%**
- savings accounts **4%**
- buildings insurance **3.5%**
- mortgage endowments **3.5%**
- pensions **3.5%**
- “with-profits” and unit-linked bonds **3.5%**
- term assurance **3%**
- whole-of-life policies and savings endowments **2.5%**
- travel insurance **2%**
- contents insurance **1.5%**
- other products **15.5%**



*eg hire purchase, debt collecting and catalogue shopping

what the complaints were about

what issues the cases involved



74% payment protection insurance (PPI)

<i>of which</i>	● complaints about sales and advice	99%
	● other complaints	1%

7% insurance (excluding PPI)

<i>of which</i>	● complaints about claims	55%
	● complaints about sales and advice	25%
	● complaints about administration	20%

15% banking and credit

<i>of which</i>	● complaints about charges	34%
	● complaints about administration	33%
	● complaints about sales and advice	11%
	● complaints about transactions	7%
	● other complaints	15%

4% investments and pensions

<i>of which</i>	● complaints about sales and advice	62%
	● complaints about administration	30%
	● other complaints	8%

what the complaints were about

new cases by financial product	year ended 31 March 2013	year ended 31 March 2012	annual change
payment protection insurance (PPI)	378,699	157,716	140% ▲
credit cards	19,634	19,183	2% ▲
current accounts	19,560	14,595	34% ▲
<i>including complaints about:</i>			
◆ “packaged” accounts	1,629	*	
◆ direct debits <i>and</i> standing orders	651	538	21% ▲
◆ business bank-charges	495	414	20% ▲
mortgages	11,920	9,537	25% ▲
consumer-credit products and services	8,470	7,416	14% ▲
<i>including complaints about:</i>			
◆ point-of-sale loans	1,939	2,247	14% ▼
◆ hire purchase	1,621	1,545	5% ▲
◆ catalogue shopping	950	695	37% ▲
◆ debt collecting	817	576	42% ▲
◆ credit broking	711	627	13% ▲
◆ store cards	650	476	37% ▲
◆ payday loans	542	296	83% ▲
◆ debt adjusting	484	462	5% ▲
◆ hiring, leasing and renting	304	240	27% ▲
◆ debt counselling	126	124	2% ▲
◆ credit reference agencies	109	69	58% ▲
◆ home credit	98	41	139% ▲
unsecured loans	7,809	6,262	25% ▲
motor insurance	7,785	7,264	7% ▲
other types of general insurance	6,330	5,488	15% ▲
<i>including complaints about:</i>			
◆ commercial vehicles and property	1,319	1,065	24% ▲
◆ home-emergency cover	1,284	1,473	13% ▼
◆ pet insurance	830	554	50% ▲
◆ mobile phone insurance	615	599	3% ▲
◆ roadside assistance	490	364	35% ▲
◆ guaranteed asset protection (“gap” insurance)	309	213	45% ▲
◆ business protection	261	160	63% ▲
◆ building warranty	206	129	60% ▲
◆ caravan insurance	79	89	11% ▼

* not recorded separately

new cases by financial product <i>(continued)</i>	year ended 31 March 2013	year ended 31 March 2012	annual change
savings accounts	4,967	4,286	16% ▲
investment-linked products	4,697	3,308	42% ▲
<i>including complaints about:</i>			
◆ investment ISAs	1,528	904	69% ▲
◆ unit-linked bonds	1,030	856	20% ▲
◆ “with-profits” bonds	675	542	25% ▲
◆ guaranteed-income bonds	580	352	65% ▲
◆ unit trusts	165	138	20% ▲
◆ PEPs	132	51	159% ▲
◆ “structured” products	108	139	22% ▼
mortgage endowments	4,657	3,267	43% ▲
buildings insurance	4,611	4,556	1% ▲
pensions	4,401	3,454	27% ▲
<i>including complaints about:</i>			
◆ personal pension plans	2,207	1,827	21% ▲
◆ small self-administered schemes (SSASs) and self-invested personal pensions (SIPPs)	697	562	24% ▲
◆ annuities	624	511	22% ▲
◆ SERPs	476	294	62% ▲
◆ income draw-down	189	94	101% ▲
◆ pension mortgages	100	83	20% ▲
◆ free-standing additional voluntary contribution (FSAVC) schemes	95	76	25% ▲
other banking services	3,838	2,955	30% ▲
<i>including complaints about:</i>			
◆ cash machines	1,285	836	54% ▲
◆ money transfer	1,036	688	51% ▲
◆ cheque clearing	686	670	2% ▲
◆ electronic payment	400	403	1% ▼
◆ safe custody	120	70	71% ▲
◆ foreign currency	113	74	53% ▲
term assurance	3,572	1,432	149% ▲
whole-of-life policies and savings endowments	3,241	2,754	18% ▲
travel insurance	2,742	2,431	13% ▲

continued overleaf

what the complaints were about

new cases by financial product <i>(continued)</i>	year ended 31 March 2013	year ended 31 March 2012	annual change
contents insurance	2,027	2,089	3% ▼
income protection	1,481	965	53% ▲
portfolio management	1,449	1,152	26% ▲
critical illness insurance	1,370	817	68% ▲
stockbroking	979	690	42% ▲
private medical insurance	949	513	85% ▲
secured loans	925	*	
legal expenses insurance	907	805	13% ▲
extended warranty insurance	903	881	2% ▲
personal accident insurance	495	322	54% ▲
derivatives	463	237	95% ▲
<i>including complaints about:</i>			
◆ interest-rate hedging products	258	*	
◆ spread-betting	148	165	10% ▼
total number of new cases	508,881	264,375	92% ▲

* not recorded separately

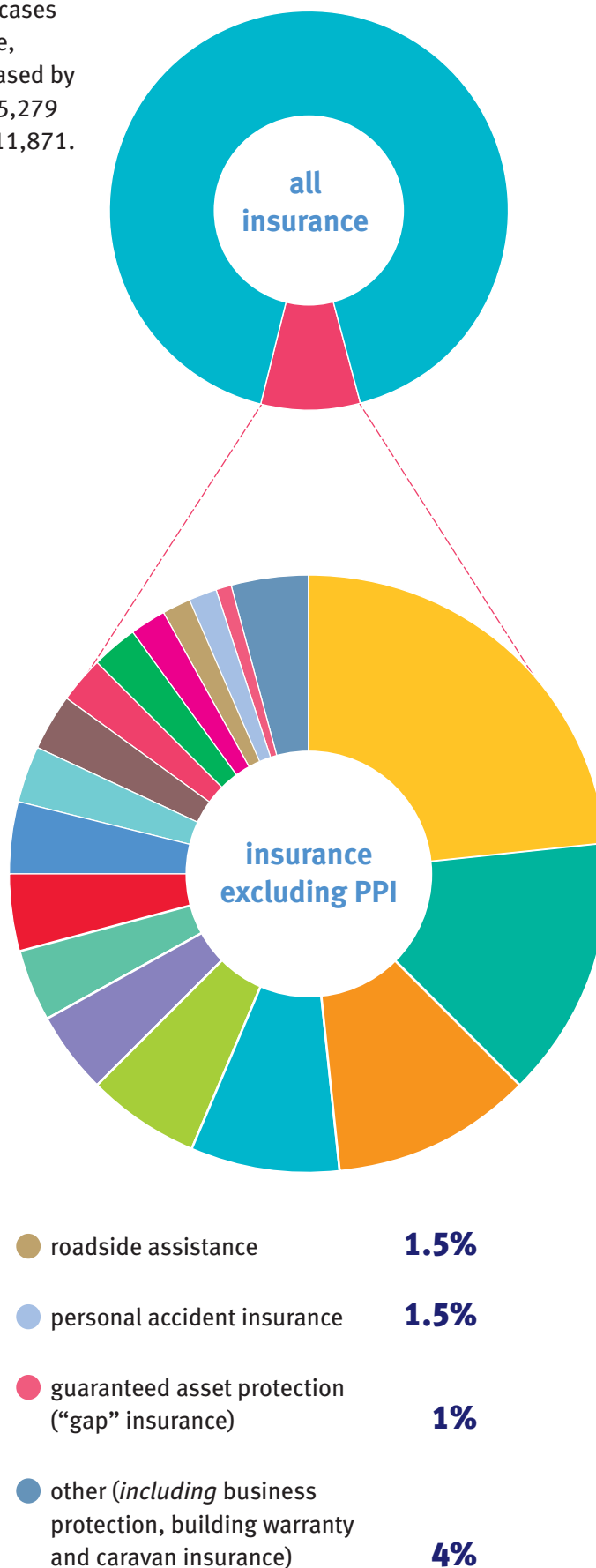
what the complaints were about: insurance

Complaints about insurance – including payment protection insurance (PPI) – accounted for 81% of the total number of new cases we received during the year (70% in the previous year).

The number of new cases relating to insurance, including PPI, increased by 122% – up from 185,279 in 2011/2012 to 411,871.

- payment protection insurance (PPI) **92%**
- all other insurance-related complaints **8%**

- motor insurance **23.5%**
- buildings insurance **14%**
- term assurance **11%**
- travel insurance **8%**
- contents insurance **6%**
- income protection **4.5%**
- commercial vehicle and property insurance **4%**
- critical illness insurance **4%**
- home emergency cover **4%**
- legal expenses insurance **3%**
- private medical insurance **3%**
- extended warranty insurance **2.5%**
- pet insurance **2.5%**
- mobile phone insurance **2%**



what the complaints were about: insurance

The increase in insurance cases largely resulted from the 140% rise in the number of complaints about payment protection insurance (PPI) – from 157,716 cases in 2011/2012 to 378,699 in 2012/2013.

However, the number of complaints about insurance other than PPI also rose significantly – by 20% – to 33,172 cases. This is the highest number of insurance complaints we have received in any year since we were set up in 2000.

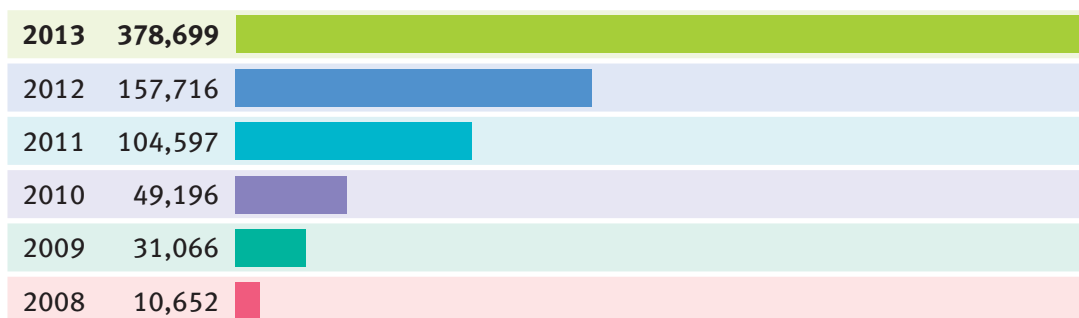
The rise in the number of insurance complaints (other than PPI) included increases of:

- ◆ 7% in motor insurance complaints.
- ◆ 24% in disputes involving commercial vehicles and property.
- ◆ 50% in pet insurance complaints.
- ◆ 60% in building warranty cases.
- ◆ 85% in private medical insurance disputes.

On the other hand, the number of complaints fell by:

- ◆ 3% in contents insurance.
- ◆ 11% in caravan insurance.
- ◆ 13% in home-emergency cover.

payment protection insurance (PPI)



year ended 31 March

annual change:
▲ 140%

In last year's *annual review* we reported a 51% increase in the volume of complaints referred to us about payment protection insurance (PPI) during 2011/2012 – after our PPI workload had already doubled in the previous year.

Following public consultation at the start of 2012, we scaled up our operations significantly – increasing our casehandling capacity to take on an expected

165,000 new PPI cases during the 2012/2013 financial year. This included recruiting around 1,000 new employees to help deal with these unprecedented volumes.

However, the number of PPI cases we actually received during the year significantly exceeded these planning assumptions. During the year consumers referred PPI complaints to us at a rate of up to 2,000 new cases a day. This meant that by the end of the year

we had received a record 378,699 PPI cases – more than double the estimated number we had planned for and the largest number of complaints we have ever received in a year about a single financial product.

In last year's *annual review* we reported that we had received our 300,000th PPI complaint in December 2011. Just one year later – in December 2012 – we received our 600,000th complaint. By the end of March 2013, PPI complaints

accounted for 38% of our total workload since the ombudsman was set up in 2000.

Towards the end of the year, some financial businesses began to report that the levels of PPI complaints they were receiving finally seemed to be steadying – and in certain areas, slowing down. This should be reflected over time in reducing numbers of disputes referred to the ombudsman service –

something that has been factored into our operational plans for the financial year 2013/2014.

However, given the substantial volumes of cases we have already received, the challenge of resolving all the issues in our PPI caseload seems likely to remain with us for some time – indeed, probably for several years.

This means that many consumers and businesses are having to wait much longer for us to be able to assess their case. This is partly because the additional casehandlers we took on during the year to resolve PPI cases have had to focus on processing the unprecedented volumes of *new* cases arriving with us – rather than on assessing the merits of *existing* cases.

But there are other reasons why we are not always able to resolve cases as quickly and efficiently as we would like. And we try to be as open as we can with people about the delays – and the reasons for them.

This includes:

- ◆ Running a section on our website called *your PPI case with us: what's happening?* – with updated FAQs and videos.
- ◆ Sending a regular e-newsletter to people who have signed up for updates on PPI-related developments in general.

- ◆ Asking consumers to give us instant feedback – at the end of phone calls – on how they feel about our handling of their case while they wait for it to be assessed.

Around 70% of our PPI workload during the year related to complaints about the four largest banking groups. The way these businesses handled their customer complaints – and fluctuations in the proportions of cases they upheld or rejected – had a significant impact on the number and type of disputes that were subsequently referred to us to resolve.

During the year the proportion of PPI cases we upheld in favour of the consumer varied substantially from business to business – from 6% to 90%. This suggests that some financial businesses are still not following the well-established approach to resolving PPI complaints that banks challenged – unsuccessfully – in their judicial review back in 2011.

We also continued to see a number of claims-management companies behaving unhelpfully. This included some claims managers taking a lax approach to understanding the true nature of their clients' circumstances.

Complaints poorly handled by financial businesses – and cases poorly argued and misrepresented by claims managers – can all lead to disputes being referred to the ombudsman service unnecessarily.

This is why we continued to spend substantial time and effort during the year explaining our PPI approach to financial businesses and claims managers. Where we have seen a business or claims manager appearing to act unreasonably, we have referred these matters to the relevant regulator.

During the year we reported in *ombudsman news* (issue 108) our experience of dealing with a small number of cases involving *alternative* “protection products” designed to do many of the same things as PPI.

While not widespread, the complaints we have seen about these alternative products have involved similar issues to PPI – for example, disputes over whether a business provided advice about the product with reasonable care and skill, or whether it gave the consumer information in a way that was clear and not misleading.

what the complaints were about: insurance

motor insurance complaints



year ended 31 March

The number of complaints involving motor insurance continued to rise during the year – by 7% – following a 26% increase in the previous year. The proportion of motor insurance complaints we upheld in favour of the consumer – at 47% – also remained higher than in other areas.

These trends continue to reflect the tougher economic times. But as we noted in last year's *annual review*, they also reflect the increased number of entrenched disputes where neither side is prepared to reconsider their position or agree to informal mediation.

Disappointingly, disputes over “non-disclosure” by the consumer rose by some 60% during the year. Many of these “non-disclosure” complaints could have been avoided if the insurer had asked the consumer clearer questions when they first applied for the policy. For example, we also continued to see problems where insurers asked only general questions about convictions, when they actually wanted to know specifically about any fixed penalty points.

Our approach to complaints involving “non-disclosure” and misrepresentation has developed over many years – and is reflected in law in the new *Consumer Insurance (Disclosure and Representation) Act 2012*, which came into force on 6 April 2013.

A number of “non-disclosure” complaints involved consumers who had used comparison websites that had confused them. This happened, for example, where the comparison sites had made certain assumptions about the consumer and had automatically filled in some of the information.

We have talked about this with the Association of British Insurers (ABI) – as part of our work to feed our experience back to the insurance sector – and suggested where insurers might want to remove some of the ambiguity that can arise when consumers use these websites.

During the year we continued to see cases where an insurer suspected that a claim was fraudulent – and made assumptions without asking the consumer for an explanation of what had happened. If the insurer had asked more questions in the first place – to help it decide whether any “non-disclosure” was innocent, inadvertent or deliberate – the dispute may never have arisen.

annual change:

▲ 7%

There are often similar issues in disputes involving claims for stolen vehicles. To be able to establish that fraud has taken place there must be a very high degree of probability. This means more than just suspicion. In these cases, we check that a proper investigation has been carried out. This includes the insurer having the vehicle thoroughly examined and giving the consumer the opportunity to explain any apparent inconsistencies.

We continued to see complaints involving guaranteed asset protection – so-called “gap” insurance – with the number of these cases rising by 45% to 309.

This type of insurance is often sold alongside motor finance, to cover the “gap” between the amount paid out by a motor insurance policy and the amount still to be repaid on the finance that was taken out to buy the vehicle. We covered the issues we see in these complaints in detail in last year's *annual review*.

“... if the insurer had asked more questions, the dispute may never have arisen in the first place”

complaints about buildings and contents insurance

	buildings insurance	contents insurance
2013	4,611	2,027
2012	4,556	2,089
2011	3,469	1,697
2010	3,437	1,863
2009	3,447	1,671
2008	2,669	1,363

year ended 31 March

annual change:

▲ 1%

annual change:

▼ 3%

The quality of the investigation carried out by the insurer was a major issue in many of the disputes referred to us during the year involving buildings and contents insurance.

We continued to see cases where claims for damage had been rejected on the basis of the loss adjuster's "gut instinct" rather than on specific evidence. Where this happened, we had to request further information from the insurer concerned. In the meantime, the consumer's property may have been damaged further – especially during periods of severe weather.

Increasingly, insurers appoint others to look into and settle claims on their behalf. Where an insurer has appointed someone else to act on its behalf, the insurer is responsible for the action – or inaction – of its agent. We continued to see a significant number of disputes this year where consumers had been left in difficult situations, perhaps with unsatisfactory repairs, because their insurer refused to accept liability for its agent.

In these cases, as well as telling the insurer to put things right (sometimes by appointing a different contractor) we also require it to compensate the consumer for the distress and inconvenience they have suffered. While some insurers offer compensation when they or their agents get it wrong, others do not – or make only a token gesture when significant compensation would have been appropriate.

“... consumers had been left in difficult situations, perhaps with unsatisfactory repairs, because their insurer refused to accept liability for its agent”

During the year we continued to see disputes where the insurer had looked at a claim under just one section of their customer's policy. For example, the insurer might have rejected a claim for storm damage – where it could also have considered the claim under the accidental damage section of the policy.

We also saw examples of insurers failing to explain the various policy terms they had relied on to reject a claim. In some cases, insurers told the consumer all the terms they had relied on only *after* we had got involved – and after we had said they could not rely on the single term they had cited originally.

From the cases we see, some insurers seem reluctant to give more than one reason for turning down a claim. But consumers may be less inclined to complain if they are fully informed – and it can avoid confusion and disappointment further down the line. We believe that consumers should already know where they stand with their insurer when they bring their case to us.

We also continued to see complaints that an insurer had failed to make it clear that the sum insured should reflect the *full* value of the consumer's contents or home – and instead had just asked questions such as “what sum insured would you like?” We have handled cases during the year where this has left the consumer under-insured – or even facing allegations of misrepresentation, when they later tried to make a claim on their insurance policy.

There have been several cases this year where confusion has arisen over the difference between:

- ◆ “money awards” – where we can tell a business to pay compensation of up to £150,000 (£100,000 for complaints we received before 1 January 2012); *and*
- ◆ “directions” – where we can tell a business to reinstate a policy and deal with a claim in line with the other terms and conditions of the policy.

Where we tell a business to reinstate a policy that has been cancelled (“avoided”), the limit for “money awards” does not apply – because when we make the decision, we do not know what the claim is “worth”. And in fact, there could be *other* reasons why the claim should not be paid at all. We are simply telling the insurer that it should not have rejected the policy and that it must consider the claim.

Household insurance is an area where many of our approaches to settling disputes are well established. Businesses can refer their complaint handlers to our online technical resource which sets out the approach we generally take – although each case always turns on its own individual facts.

Given the availability of this information on our website – and through our technical advice desk (see page 142) – it is disappointing that some insurers still insist on pursuing individual cases to the last stage of our process, an ombudsman's final decision. This can lead to delay and inconvenience for everyone involved.

“... consumers may be less inclined to complain if they are fully informed”

travel insurance complaints



annual change:

▲ **13%**

year ended 31 March

During the year the number of travel insurance disputes referred to us rose by 13%, following a slight fall in the previous year.

A significant proportion of these cases involved problems caused by consumers buying travel insurance over the internet. Many of these problems resulted from details of the cover and medical warranty not being made clear to the consumer before they bought the policy.

In other cases, travel insurers had not asked for information at the point of sale – which meant that some consumers had found themselves without cover for pre-existing conditions they had not declared. In these, we look carefully at the online sales process to decide whether important information about the cover was brought to the consumer's attention before they took out the policy.

We also saw problems arising where consumers had taken out travel insurance policies over the phone. When we listened to recordings of phone calls to medical helplines, we found it was not always made clear to the consumer what they needed to disclose. In some cases, we heard consumers being asked questions about their own health – but not about the health of fellow travellers whose medical conditions could also affect the insurance cover.

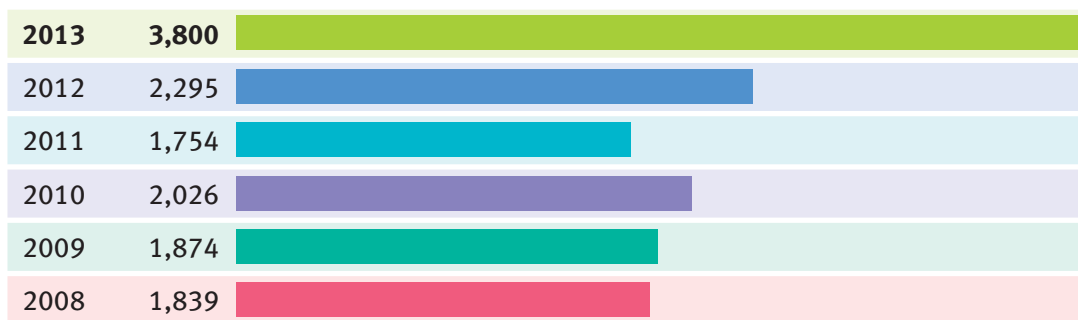
This was a significant issue in the disputes we continued to see where consumers had claimed for trips they had cancelled because someone else had fallen ill. In some of these cases, we had to explain to the consumer that the insurer had turned down their claim because it related to an existing illness.

In some cases, however, the consumer had not known about the illness when they had taken out the policy. In situations like this, we look carefully at the evidence to make sure the insurer has taken into account only what the consumer actually knew at the time.

During the year we ran seminars in London and Manchester to share feedback with the travel insurance sector – and to discuss our approach to a range of issues that arise in travel insurance complaints. We believe that by talking about what we see, we can help insurers resolve more complaints directly with consumers – without the need for our involvement.

what the complaints were about: insurance

health and medical insurance complaints



year ended 31 March

annual change:

▲ **66%**

The number of disputes referred to us involving critical illness cover, income protection and private medical insurance all increased substantially during the year – from 817 to 1,370, from 965 to 1,481, and from 513 to 949 cases respectively.

Many of the complaints we saw about critical illness cover and income protection began with the consumer telling us that they had been mis-sold payment protection insurance (PPI). But when we investigated, we found that it was not PPI that the consumer had but one of these other insurance products.

Given the significant number of consumers who have health and medical insurance policies in place, we see a relatively small number of complaints about them. But the disputes that are referred to us are some of the most difficult cases that our specialist adjudicators and ombudsmen deal with. Many of the people who come to us are ill, distressed and are often experiencing financial difficulty.

To decide the outcome in these cases we make a careful assessment of the medical evidence available to us. The quality of that evidence is very important, and we usually prefer to base our decisions on the evidence of a medical specialist who has actually met and treated the consumer.

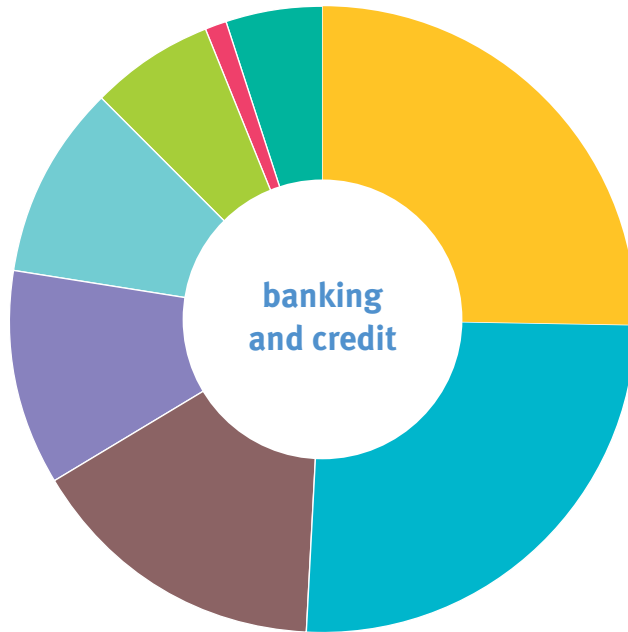
Despite the disappointing rise in the number of health and medical insurance complaints, this is an area where we continue to have constructive dialogue with the insurers involved. Our work to share feedback with this sector has included a recent conference we ran in Edinburgh on assessing claims and resolving disputes earlier, based on our established approach.

what the complaints were about: banking and credit

Complaints about banking and credit made up 15% of the total number of new cases we received during the year (24% in the previous year). The number of new cases relating to banking and credit rose by 20% – from 64,234 in the financial year 2011/2012 to 77,176 in 2012/2013.

This is the highest number of banking and credit complaints we have received in any year since we were set up in 2000.

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



● credit cards	25.5%
● current accounts	25.5%
● mortgages	15.5%
● consumer-credit products and services*	11%
● unsecured loans	10%
● savings accounts	6.5%
● secured loans	1%
● other banking services	5%

* eg point-of-sale loans, hire purchase and catalogue shopping

what the complaints were about: banking and credit

credit card complaints



year ended 31 March

annual change:

▲ 2%

We continue to see a significant number of complaints involving section 75 of the *Consumer Credit Act 1974*. Under section 75 a credit-card provider can be jointly liable with the supplier of the goods or services, where a consumer has a valid claim for misrepresentation or breach of contract.

During the year we saw complaints involving all kinds of purchases – including energy-saving products like solar panels and alternative heat-source appliances.

In some of these cases, the credit-card providers had not looked carefully enough into the consumers' complaint about breach of contract or misrepresentation by the provider of the goods or services. In other cases, the credit card provider had been too quick to accept the word of the provider of the goods or services about whether there had been any breach of the contract.

Disputes we settled involving section 75 included complaints from consumers who had used their credit cards to pay for PIP cosmetic implants – a type of implant that the Department of Health has said was “clearly substandard”. In some of these cases, the issue was complicated by the fact that the person who paid for the implants was not the same person who had the procedure.

This is significant, because for section 75 to apply, there must be a three-part “chain” that links the provider of the goods or services, the consumer and the provider of credit. In each case we looked carefully at the contract to see whether section 75 applied.

The growing use of e-commerce has introduced new challenges in dealing with credit card complaints. If there is no paper contract and signature, it is more difficult for us to establish exactly what was said and agreed in the contract between the consumer and the provider of the goods or services.

We found again this year that some of the legal representations made to us by credit card providers about section 75 were poorly thought through. Some providers tried to narrow artificially the way that section 75 applies. By contrast, consumers and their representatives sometimes wanted to “stretch” the way that section 75 works, to cover transactions that seemed to us to be outside the scope of the section.

The law is one of the things we *must* take account of when we decide the outcome of cases – so it is not our job either to limit or to develop the provisions of section 75.

We saw fewer complaints during the year about “default charges” on credit cards. These are the charges that consumers incur if they go over their credit limit, miss a payment or are late making a payment.

In part, the number of complaints about default charges may have declined because some credit card providers have been able to show that they have calculated and applied the charges fairly in the cases we have seen. This has meant that claims-management companies (which brought most of these types of complaints on behalf of consumers) have no longer pursued cases for their clients against those credit card providers.

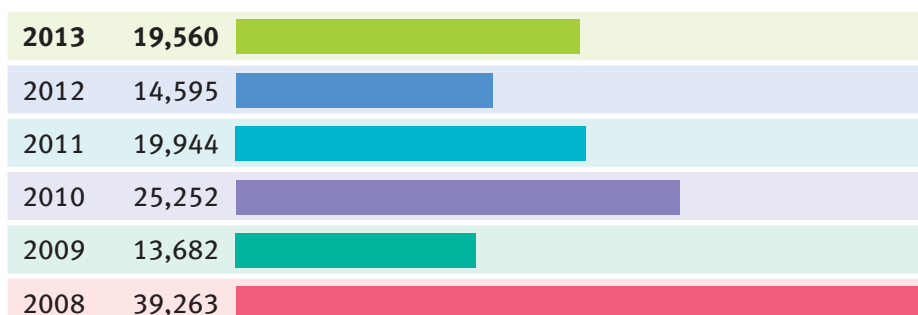
Significant numbers of complaints continued to involve disputed credit card transactions. The law gives special protection to consumers when unauthorised transactions are made on their credit card accounts. But many credit card providers have still not fully understood that they are required by law to apply rules to disputed credit card transactions that differ from the rules they should apply to disputed transactions made with other types of plastic card.

During the year we saw an increasing number of consumers coming to us well prepared with information they have researched on the internet. Much of this information can be useful – but some of it is not always accurate.

Our first step in many of the complaints we see involving disputed transactions is to explain clearly to both parties the rules that actually apply. This approach has meant that we have been able to resolve many of these disputes more informally at an early stage.

“... our aim is generally to make existing problems more manageable”

current account complaints



annual change:

▲ 34%

year ended 31 March

The number of complaints referred to us by consumers about current accounts increased substantially during the year – by 34% – after two years of declining numbers.

The cases we saw included a significant number of complaints from consumers who told us that they were in financial difficulty – and felt they had not received fair treatment from their current account provider. Consumers in these cases complained about:

- ◆ overdraft facilities being removed unexpectedly;
- ◆ difficulties in cancelling payments that they would not have enough money to cover; and

- ◆ current account providers not being flexible in agreeing overdraft repayment arrangements.

In these types of cases our aim is generally to make existing problems more manageable and to help break the cycle of account charges – so that the consumer is less likely to slip back into problems with their account in the future.

Where we see that a consumer is in financial difficulty, we generally aim for an outcome involving a “package” of fair measures that we usually expect the current account provider to offer in these circumstances. What this package of measures may involve depends entirely on the individual circumstances of the case. This means these cases can often take some time for us to assess and resolve.

“... evidence supplied by current account providers has often failed to cover everything we asked for”

In these cases we also rely on the consumer communicating with us openly and honestly about their wider financial position. And we expect the current account provider to work constructively with us in responding to our ideas and suggestions.

During the year we received 1,629 complaints about so-called “packaged” accounts – where the consumer pays a monthly fee for a current account that includes a bundle of products and services.

This was a very substantial increase on the number of these cases we had received in previous years – which is why we have shown this figure separately for the first time in this *annual review*.

In the past, consumers bringing complaints about packaged accounts usually said either that they were given the account without being given the option of a *free* current account, or that their existing free account was “upgraded” without their consent to an account they had to pay for.

This year, however, a large proportion of the consumers who complained about packaged accounts told us they were unhappy because they believed that the insurance products contained within the package had been mis-sold to them. This was often because they had realised that some or all of the insurance products were unlikely to be suitable for their needs.

Complaints about disputed transactions involving current accounts continued to form a significant part of our work during the year. The transactions in question were usually made using a plastic card at a cash machine, or using a point-of-sale card machine.

In other cases, the transactions were made using online or phone banking. In a few of the cases we saw, fraudsters had exploited certain current account features to get one-off cash payments agreed by the current account provider.

Our work on settling complaints about disputed transactions involving current accounts has often been slower than we would have wanted. Evidence supplied by current account providers has often failed to cover everything we asked for – which meant we have frequently had to go back to them with more questions.

We have also found that some of the evidence supplied by current account providers was not of a high enough standard to help us deal with a case effectively – because their staff handling complaints were confused or mistaken about the rules covering consumers’ liability for disputed transactions.

We have seen a growing number of cases where fraudsters have deceived consumers with “phishing” phone calls or emails. “Phishing” happens where a fraudster poses as the consumer’s bank to get them to disclose personal information – or even hand over cards. The fraudster then uses the information or the cards to access the money in the consumer’s bank account.

Fraudsters have been using increasingly sophisticated methods to target consumers in this way. We have to decide in each individual case whether a consumer's response to a fraudster made them responsible for the loss.

Some consumers who referred complaints to us during the year about disputed transactions told us they had been the victims of cheque-related fraud. This might have happened where, for example, someone persuaded the consumer to "cash" a cheque, which later turned out to have been stolen.

However, increasing numbers of consumers told us that a fraudster had paid a stolen cheque into their account – and then drew on the proceeds – without their knowledge.

In these cases, when the cheque was later identified as stolen, the consumer's account was debited with the value of the cheque – and they were left out of pocket by whatever amount had already been drawn on the cheque. Getting to the bottom of what happened in these cases usually takes a lot of investigation.

We have also continued to see complaints this year about "continuous payment authorities" – where the consumer uses their debit card details to give a third party the authority to take money from their current account in the future. In the disputes referred to us about this, consumers have often set up continuous payment authorities with internet or mobile phone providers, or with short-term lenders such as payday loan companies.

These cases usually involved consumers trying to cancel the continuous payment authority with their current account provider – who wrongly told them that this was not possible. In some cases, the current account provider agreed to cancel the continuous payment authority but then did not do so – meaning that further payments continued to be taken from the consumer's current account.

Many of these problems seemed to have come about because consumers were unsure how they had actually paid for services. In some cases current account providers had not fully understood the rules covering continuous payment authorities – or had systems that did not make it easy for them to act on a consumer's request to cancel this type of arrangement.

“... in some cases current account providers had not fully understood the rules covering continuous payment authorities”

what the complaints were about: banking and credit

complaints about mortgages



annual change:

▲ 25%

year ended 31 March

During the year the number of mortgage-related complaints referred to us again increased substantially – by 25% – following an increase of 35% in the previous year.

The majority of these cases continued to relate to problems caused by administrative errors. Because of the way mortgage accounts work – and the fact that consumers often receive information about their mortgage only once a year in their annual statement – we have seen many cases where it took some time for a mistake to come to light.

Where this had happened – leaving mistakes left unchecked for a longer period – it often had a greater impact, leading to problems that were more difficult to put right easily. For example, where a consumer's monthly repayment had been calculated incorrectly, they may have found themselves significantly behind their repayment schedule.

We have also again seen a significant number of complaints from consumers who were having difficulty repaying their mortgage and were not satisfied with the way their lender had treated them. These cases included situations where consumers had been managing to pay their mortgage – but feared they would not be able to continue to do so, because they were facing redundancy or a reduction in their income for other reasons.

The range of mortgage complaints involving financial difficulty was very broad – from disputes over account charges to cases where consumers were facing the repossession of their home.

In many of these cases, we found there had been little meaningful communication between the consumer and their lender. Often consumers told us they felt frustrated that their lender was not really listening to them – or was not making enough effort to explore what could be done to help them through their difficulties.

In many cases, the absence of clear communication from the lender led the consumer to us.

We were often able to help resolve these complaints informally – by bringing to light the full facts of the consumer's situation and suggesting a range of options that the lender might be able to offer to help. We resolved many mortgage-related complaints this way. But it remains disappointing to see cases escalated to us where the complaint could have been prevented if the lender had engaged more constructively with their customer in the first place.

During the year a number of consumers came to us because they had seen reports in the media about the manipulation by some banks of the so-called LIBOR rate – used by the world's largest financial institutions – and they were concerned about the effect of this on their own mortgage.

In some cases the consumer's concern had been heightened by the fact that their lender had failed to address their concerns properly.

Another symptom of dwindling consumer confidence in financial businesses was shown by the significant number of complaints we received during the year from consumers who had a *suspicion* that their lender had done something wrong in running their mortgage – but who couldn't point to a specific mistake or problem.

In many of these cases, the consumer had approached their lender but had not received a satisfactory response to their worries. In other cases, the consumer had been given inaccurate or conflicting information about what had happened in relation to their mortgage.

It has been disappointing to see the number of cases where it was only through our own involvement that the consumer finally got a satisfactory explanation of how their mortgage actually

“... many lenders were themselves unable to explain how their mortgages worked”

worked. Many consumers simply needed someone to take the time to talk them through certain technical points – to make sure they were happy that everything was as it should have been.

From what we have seen, we could only conclude that the staff at many lenders were themselves unable to explain clearly how their mortgage products worked – or to answer more difficult questions from their customers.

During the year we continued to see complaints from consumers with interest-only mortgages. A consumer with an interest-only mortgage makes a monthly payment that is set at a level that simply keeps the mortgage debt from increasing – but the full amount of the loan remains outstanding at the end of the mortgage term and must be repaid at that point.

In many of the cases involving interest-only mortgages, consumers told us that the main problem they had come up against was that their financial circumstances had changed – and were different from what they had expected when they had first taken out the interest-only mortgage.

Some consumers had found it impossible to sell their home for enough money both to repay their mortgage and to have enough left to buy a cheaper house. Other consumers had seen savings and investments – that they had earmarked to repay their mortgage – fail to make enough money to pay it off in full.

In all these cases, we looked to see whether the lender had given enough consideration to what it might reasonably have done to help.

Because each consumer had different circumstances and financial means, the outcomes in these cases varied – and included, for example, consumers being transferred to “lifetime” or equity-release type products, and the lender and the consumer agreeing new tailored repayment arrangements or an extension to the period of time a consumer had to sell their house.

There continued to be some complaints about movements in interest rates, particularly in the standard variable interest rates that lenders offered. We also saw complaints about consumers having their account taken over by a new lender – following the sale of their *original* lender’s mortgage business.

Because many of these consumers attached a lot of importance to their mortgage account – as their biggest single financial commitment – the change in mortgage lender left many of them feeling anxious and upset.

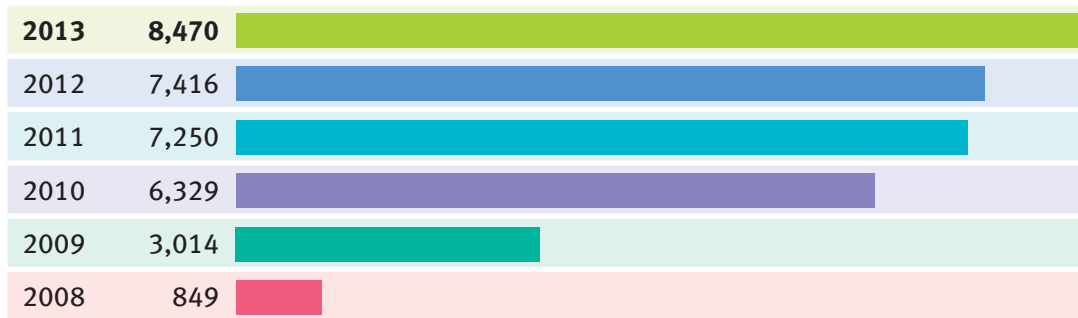
In some cases the original lender had not explained the situation to the consumer and the consumer found their account being administered by a lender they had never heard of. In many of these complaints, poor communication – by both the old and the new lender – caused problems that escalated and ended as a full-blown dispute.

During the year we saw fewer complaints about requests to transfer or “port” mortgage products. This may reflect the fact that many consumers had come to the end of their *fixed* arrangements and so were free to move to another lender without charge.

But where consumers complained to us that they had been unfairly prevented from “porting” their loan, we were often able to help both sides agree a satisfactory outcome – by getting more information from the consumer and identifying possible solutions to the lender.

what the complaints were about: banking and credit

complaints about consumer credit



year ended 31 March

annual change:

▲ **14%**

We have seen a steady rise in the number of complaints about consumer credit since April 2007, when the range of credit-related complaints we cover was extended by law – to cover consumer credit provided by all types of lenders, as well as other regulated consumer-credit activities, such as hire purchase and catalogue shopping.

During the year, the number of consumer credit complaints rose by 14% – perhaps unsurprisingly, given that many people have continued to find their finances stretched.

This included an increase from 576 to 817 in the number of disputes about debt collectors. These cases continued to involve consumers complaining about the number of times they had been approached by a debt collector – and the way the debt collector had treated them.

Other consumers complained about standards of administration – and in particular, about the debt collector’s failure to take account of payments that had been made or repayment terms that had been agreed.

In some cases the debt collector had approached someone for payment who *wasn’t* the person whose name was on the consumer credit agreement. We are able to look at a complaint from anyone who the debt collector has approached about paying a consumer credit-related debt. So some of the consumer credit complaints we dealt with this year came from third parties who had been in communication with the debt collector.

During the year we saw an 83% increase in the number of complaints about payday lenders – from 296 cases to 542.

Many of these complaints were largely to do with how the lender had made use of the “continuous payment authority” that the consumer had given it – which allowed the lender to collect payments directly from the consumer’s bank account.

Typical problems involved payday lenders trying to take payments unexpectedly – or repeatedly attempting to take payments when the consumer had already explained that they did not have enough money to cover the debt. We also saw complaints about unaffordable lending and about the debt recovery methods used by payday lenders.

We received a number of payday loan complaints from consumers who said they had never taken out the loan in question – which they assumed had been taken out in their name by a fraudster.

“... we continued to see a significant number of complaints about loans taken out to buy new and used motor vehicles”

In dealing with cases like this, we usually need to look at the consumer’s bank account as well as at the disputed transaction with the payday lender – because the proceeds of these loans are normally paid into the consumer’s own current account.

We continued to see complaints during the year about credit broking and debt-management services. Many of these cases involved unexpected charges, charges that had been collected “upfront” for services that had not actually been provided, or services that had been administered poorly. In many cases, consumers told us that the financial business had described the service they had agreed to buy – or the cost of it – in a misleading way.

The number of complaints about credit reference agencies increased from 69 to 109. The cases we saw usually involved incorrect “markers” on credit files, consumers having difficulty getting incorrect information removed, and consumers who had signed up for a free credit-report trial and who then had difficulty stopping automatic charges after the trial had ended.

During the year we received 1,939 complaints about loans known as “point-of-sale loans” – down 14% on the previous year.

These are loans where the provider of the goods or services arranges the loan to finance a specific purchase – and the loan is then paid direct to them by the lender. Because of the way these loans are arranged, a consumer who takes one out – and then has a problem with their purchase – may be able to claim against the lender under section 75 of the *Consumer Credit Act 1974*.

In the past, many complaints we saw about point-of-sale loans involved loans taken out to pay for training courses and holiday club memberships. We saw fewer of those types of complaints this year.

But we continued to see a significant number of complaints about loans taken out to buy new and used motor vehicles. In most of these complaints, the consumer felt that the vehicle had been defective in some way and had approached the lender for redress.

As we have highlighted in previous *annual reviews*, when we have looked into these complaints we have frequently found motor credit providers reluctant to accept any liability in these matters. And during the year some motor credit providers still tried to insist that the consumer had to sort things out themselves with the garage. In some cases, for example, the lender had initially refused to consider the consumer’s complaint, saying that the consumer should make a claim under the car warranty rather than against *them*.

In those cases we reminded the providers about their responsibilities under the law – and explained that the existence of a warranty did not affect the consumer’s statutory rights.

what the complaints were about: banking and credit

complaints about unsecured loans



year ended 31 March

annual change:

▲ **25%**

In our previous year's *annual review*, we highlighted the number of complaints we had received from consumers who were experiencing financial difficulty – and who did not feel their lenders had treated them fairly. We have continued to see a growing number of these complaints this year.

In many of these cases the difficulties seemed to stem from lenders relying on a standard process – with very limited options available – to help consumers who contacted them to discuss financial difficulty.

In cases we have seen like this in recent years, this has often led to entrenched disputes where neither side could move forward – until the consumer approached us and we looked at what might be a fair approach to take to the problem. This has generally involved suggesting fairly simple measures that could have been offered to the consumer sooner.

It has also usually meant involving the consumer more constructively in the process, so that the dispute could be resolved informally.

During the year we saw a number of complaints about particular loan facilities or features being withdrawn. This has usually involved low cost or flexible lines of credit that were very attractive to the consumer. The problem often involved the lender withdrawing the facility without providing an explanation that the consumer found convincing.

In these cases the consumer also usually believed that they were entitled to have the facilities unchanged for as long as they wanted them. But we have generally found that the loan agreements clearly stated that the facilities in question could be reduced or removed. In these cases we need to explain to

the consumer that they were not entitled to have the same arrangements indefinitely.

We have continued to receive complaints from consumers who had stood as guarantors for loans that someone else had taken out – often a partner or family member. In these cases, consumers had often not fully appreciated the seriousness of the obligation they had taken on when they signed as a guarantor.

Investigating these complaints therefore involves checking the evidence carefully to see if the lender gave the consumer full and clear information about the responsibility they were taking on. In some cases we found that the lender had not done enough to make the consumer fully aware of the implications of the transaction. In a small number of cases, we found that the lender had improperly encouraged or pressured the consumer to enter into the guarantee.

complaints about savings accounts



annual change:

▲ **16%**

year ended 31 March

Administrative errors continued to be the underlying cause of many of the complaints we dealt with during the year that involved savings accounts. These errors included problems when consumers tried to open accounts, and difficulties arranging withdrawals and transfers.

A number of complaints were about fixed-rate cash-ISAs (“individual savings accounts”) that the provider could withdraw at any time – after which the consumer would not be allowed to make any further payments into them.

If the consumer had not managed to fund the ISA up to its limit by the time the product was withdrawn, they were not then able to make any more tax-free ISA savings in that year – because the ISA rules allow consumers to open just one cash-ISA account during a tax year.

In these cases we looked carefully at the information the consumer had been given before they had opened their cash-ISA.

We found that the providers concerned had not always made it clear enough that – once the fixed rate was withdrawn – the account would be entirely closed to new deposits.

We concluded that this was a disadvantageous term that most consumers would not ordinarily expect to find in a cash-ISA account. So it seemed to us that this should have been made very clear to the consumer before they opened the ISA.

If the interest rate on a consumer’s account is going to be changed “materially” – and to their disadvantage – their account provider must let the consumer know.

We saw some complaints this year from consumers who felt that a reduced interest rate *did* have a material effect on them – but who had *not* received personal notification about the change. In some cases the interest-rate reduction was a large one. In other cases it was small – but it had been applied to a substantial account balance.

Some savings account providers pointed out that industry guidance gave a limit that should be reached before a change could be considered “material”.

They argued that they had followed their own industry guidance, even though the *regulatory rules* on assessing whether a change is “material” required them to take account of both the size of the account balance and the size of the rate change. We did not agree with their interpretation of the industry guidance – or with their view that industry guidance took precedence over regulatory rules.

what the complaints were about: banking and credit

complaints about other banking services



year ended 31 March

annual change:

▲ 30%

Complaints about the “faster payments service” continued to feature in our work during the year. These payments are almost instant and there are limited things that can be done to put a mistake right. This led to a number of disputes being referred to us, where consumers had made a mistake with their account number or sort code details – and money had been sent to the wrong account.

When payments are made online, they are allocated to an account using only the sort code and the account *number* that the consumer provides. There is no check against an account *name*.

This means that if, for example, a consumer makes a mistake when typing in an account number – and there is, coincidentally, an account with that number at the same branch – then the money will go into the wrong person’s account.

The UK Payments Council’s guidance (originally issued by its predecessor, the Association of Payment Clearing Services) says that when consumers make a payment they should be shown a short, prominent warning that only the account number and sort code – and *not* the account name – will be used to process the payment, and that a mistake could lead to delay or loss. We regard that approach as good industry practice – and we take it into account when we decide the outcome of these cases.

We also look at how the consumer’s bank responded when the consumer told them about the mistake. And we consider the evidence carefully to decide whether the bank made a proper effort to recover the money from the bank where it had been sent by mistake.

Where the payment has already gone into the wrong account *before* the consumer realises they have made a mistake, it may be difficult for the receiving bank simply to take it back without their own customer’s specific authority.

Where this has happened, the hope is that someone whose account was credited with someone else’s money would willingly agree to their bank taking it back – and returning it to the right person.

We have continued to see disputes during the year about powers of attorney. Typically the complaints involved problems that arose when someone who had been given power of attorney by the account holder tried to register it with the bank. Other consumers complained to us about problems they had faced when they later tried to access the account – or obtain information – under the power of attorney.

“... staff could have benefited from in-depth knowledge about powers of attorney”

A power of attorney is an important legal document. There are different types – which may have very different legal effects. In the complaints we saw, many bank branch staff were nervous about dealing with someone who held power of attorney for their customer – and they could have benefited from more in-depth knowledge about powers of attorney.

In some cases we found that bank staff had assumed – wrongly – that granting or registering a power of attorney can be effective only if the “donor” (the consumer who has given someone else power of attorney for them) no longer has mental capacity to deal with their own affairs.

This led to some frustrating – and in some cases very distressing – situations for the consumer or their representative.

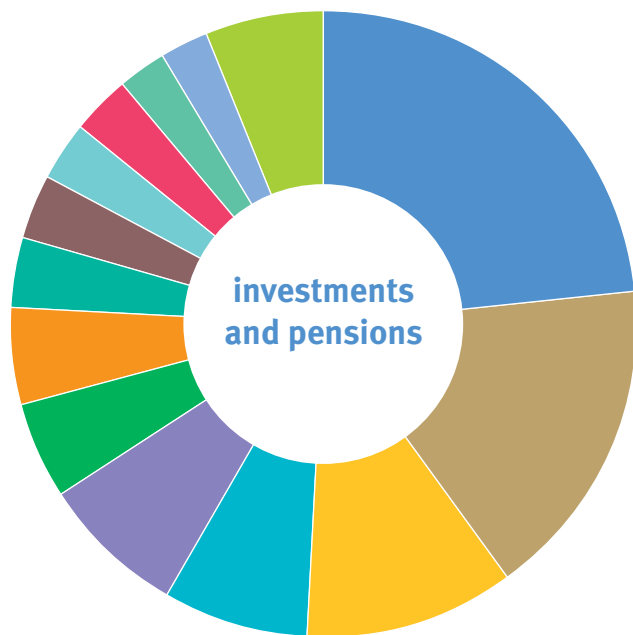
As in previous years, we continued to see a number of complaints involving stolen or counterfeit cheques. In some cases consumers were given these cheques in payment for goods they had sold through classified adverts.

In other cases consumers told us that the cheques had been deposited in their accounts – and the money later withdrawn – without their knowledge or consent. These cases are often complex – and we sometimes need to obtain information about the accounts of third parties that appear to be connected to the transaction. We have the power to do this – in confidence.

Consumers also referred complaints to us during the year about cheques that had been intercepted by fraudsters and paid into accounts with other banks. We are usually able to deal with complaints about this type of problem – even if the consumer was not a customer of the bank into which the fraudster had paid the cheque.

what the complaints were about: investments and pensions

what the complaints were about: investments and pensions



● mortgage endowments	23.5%
● whole-of-life policies and savings endowments	16.5%
● personal pension plans	11%
● investment ISAs	7.5%
● portfolio management	7.5%
● unit-linked bonds	5%
● stockbroking	5%
● small self-administered schemes (SSASs) and self-invested personal pensions (SIPPs)	3.5%
● “with-profits” bonds	3.5%
● annuities	3%
● guaranteed-income bonds	3%
● SERPs	2.5%
● derivatives (including interest-rate hedging products and spread-betting)	2.5%
● other (including unit trusts, “structured” investments and income drawdown)	6%

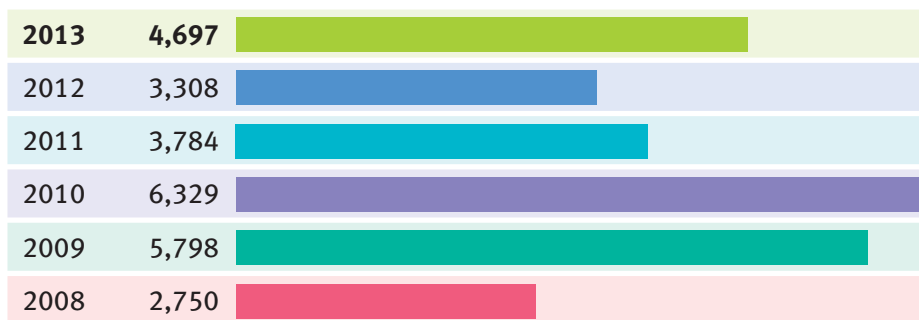
Although complaints about investments and pensions accounted for only 4% of the total number of new cases we received during the year (6% in the previous year), they increased by a third – to 19,834 cases.

These included increases of:

- ◆ 21% in personal pension plan disputes.
- ◆ 26% in portfolio management complaints.
- ◆ 43% in mortgage endowment cases.
- ◆ 69% in investment ISA complaints.

The chart above shows how these investment and pension-related complaints were spread across different products and services.

complaints about investment-linked products



annual change:

▲ 42%

year ended 31 March

Over the last decade or so we have usually seen the performance of the stock market broadly reflected in the number and type of investment-related complaints referred to us. For example, when markets have fallen we have seen more complaints from consumers unhappy about investments that they may have thought were safe losing value.

This year, however, stock markets have generally risen – but we did not see the fall in investment-related complaints that we might have expected.

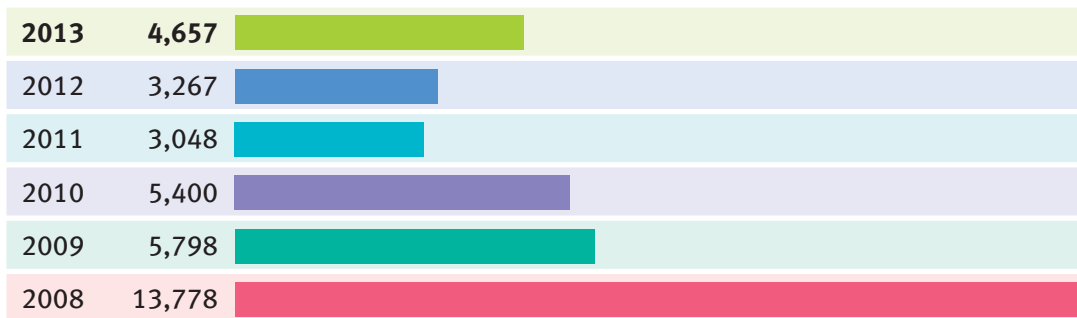
A number of factors may have contributed to the 42% increase in complaints in investment-linked products over the year. While stock markets have generally performed well, wider economic concerns may have led some consumers to review the investment products they have been sold.

During the year we continued to see a significant number of complaints where an investment product was recommended that carried a level of risk that did not suit the consumer concerned. These disputes often involved disagreement between the business and the consumer about how the consumer's attitude to investment risk had been categorised at the point of sale.

In previous *annual reviews* we highlighted the number of complaints about investment-linked products where disputes had become increasingly entrenched and strongly contested. Despite this, we were able to resolve a significant number of long-running, complex cases during the year – involving consumers who had been advised to invest in controversial Arch Cru, AIG and Keydata funds.

what the complaints were about: investments and pensions

complaints about mortgage endowments



annual change:

▲ **43%**

year ended 31 March

In last year's *annual review* we reported that the number of mortgage endowment complaints had increased slightly – by 7% – for the first time since 2004/2005. During the year the number of these complaints rose again – by a substantial 43%.

At the peak of complaints about mortgage endowments, in 2005, we were receiving up to 1,500 cases a week. This followed major publicity campaigns to make consumers aware that their endowment policy might not perform as they had expected it to – to pay off their mortgage.

So current levels of mortgage endowment complaints are still very low by comparison with those earlier years. These complaints now represent just 0.9% of our total workload – from a peak of 63% in 2005.

However, mortgage endowments still remain one of the most complained-about investment products. For many people referring complaints to us, the practical difficulties caused by mortgage “shortfalls” are only now starting to bite, as endowment policies they took out in the late 1980s – to repay 25-year mortgages – start to mature, usually with disappointing returns.

We are unable to look at many of these cases because the time limits set by the FSA, the regulator at the time, have already expired. These time limits were very widely publicised in campaigns throughout the mid 2000s – which included millions of “re-projection letters” (the so-called “red/amber/green letters”) sent to consumers to warn of possible shortfalls on mortgage endowments.

As a result of these campaigns, very large numbers of consumers took action between 2002 and 2007 to deal with any potential shortfall when their endowment policies matured. This included making complaints – and being paid compensation where appropriate.

During the year we found the majority of consumers had left it too late to bring their mortgage endowment complaint to us. And we upheld only 25% of these cases – a lower than the average uphold rate across different financial products and services.

However, we saw some cases where the business involved was not able to provide us with evidence that the consumer had ever been told about the time limit for referring a mortgage endowment complaint. We made decisions on these complaints based on the individual circumstances.

complaints about pensions



annual change:

27%

year ended 31 March

During the year we saw a significant rise in the number of pension complaints referred to the ombudsman service for the second year running. Complaints involving pensions are some of the most complex we deal with.

The amount of money at stake in pension disputes is also often substantial. Although we can now tell a business to pay a maximum of £150,000 compensation to an individual consumer – for new complaints we received from 1 January 2012 – some complaints involve substantially more money than this. Businesses may agree to settle any *recommendation* we make above this level – but the recommendation itself is not legally binding on them.

During the year the High Court considered the legal position in relation to losses exceeding our maximum compensation. This followed a previous High Court decision in 2010.

A financial business is currently seeking clarification from the Court of Appeal on whether or not this means a consumer can pursue in court any compensation in excess of the ombudsman's maximum.

Long-running disputes are another feature of many pension cases we deal with – which often involve extensive legal representations and entrenched positions. Investment businesses regularly respond to these disputes by instructing highly experienced solicitors – and there is rarely any scope for resolving disputes informally.

In fact, pension disputes are more likely to require an ombudsman's final decision – as the last stage of our complaints process (see page 76) – than complaints about any other financial product.

Many of the complaints we saw involved problems that had arisen just at the point the consumer was about to retire – or had already retired and was relying on income from their pension. This means that delays and uncertainty can create more financial problems for them – and possibly financial hardship.

During the year we saw an increasing number of cases where consumers complained about advice they had been given to remove funds from their occupational pension schemes and invest instead in self-invested personal pensions (SIPPs). This often involved investing in unregulated collective investment schemes – including investments in European shopping centres and Spanish property developments.

what the complaints were about: investments and pensions

complaints about whole-of-life policies

As in previous years, we continued to see a significant number of complaints during the year about “reviewable” whole-of-life policies – where reviews carried out by businesses, some years after the policies were originally taken out, revealed that the original assumptions (particularly in relation to investment returns) had not been met.

The consumers in these cases were unhappy that they now faced either an increase in their premiums or a reduction in their life cover. We continued to see cases where the consumers concerned had not been clearly warned that a review might affect them in these ways.

Where we uphold complaints in relation to whole-of-life policies, the redress can range from our telling 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).

complaints about stockbroking and portfolio management



annual change:
▲ 32%

year ended 31 March

Despite relatively buoyant stock market conditions over the year, the number of disputes referred to us about stockbroking and portfolio management rose by a third.

These cases also involved a wider range of products than in previous years. They included contracts for difference, forex, film partnerships and off-shore unregulated traded life-policy investments known as “death bonds”.

We also noted a number of more complex business relationships between firms and customers – giving rise to increasingly challenging issues of jurisdiction for us.

Establishing whether an individual consumer is eligible to bring a particular complaint to the ombudsman service – and against whom – is often our first step in resolving this type of dispute.

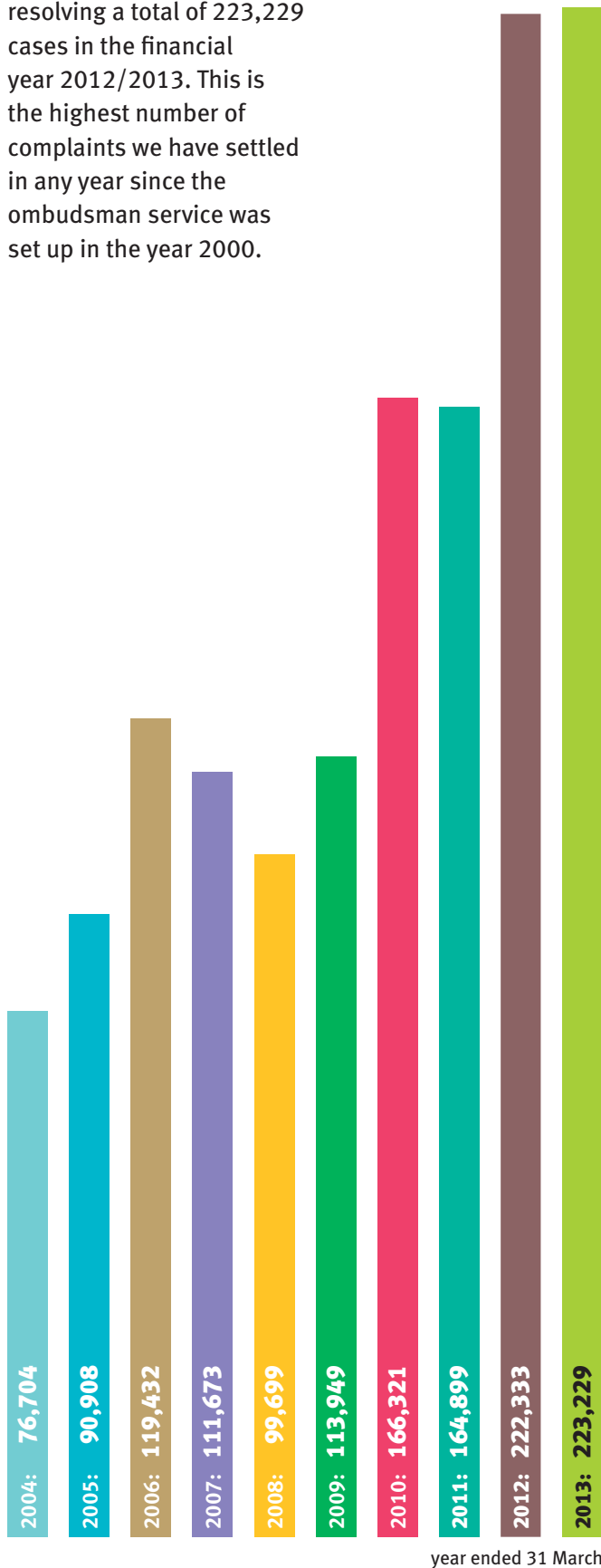


how we dealt with the complaints

how we dealt with the complaints

total number of cases we resolved

We continued to settle cases at record levels – resolving a total of 223,229 cases in the financial year 2012/2013. This is the highest number of complaints we have settled in any year since the ombudsman service was set up in the year 2000.



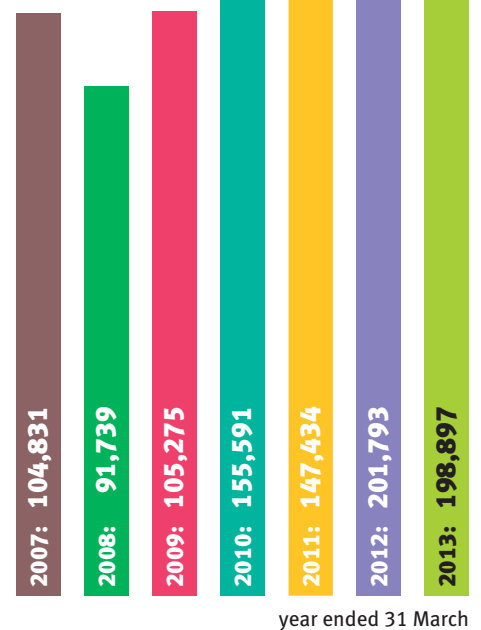
how we resolved the cases

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.

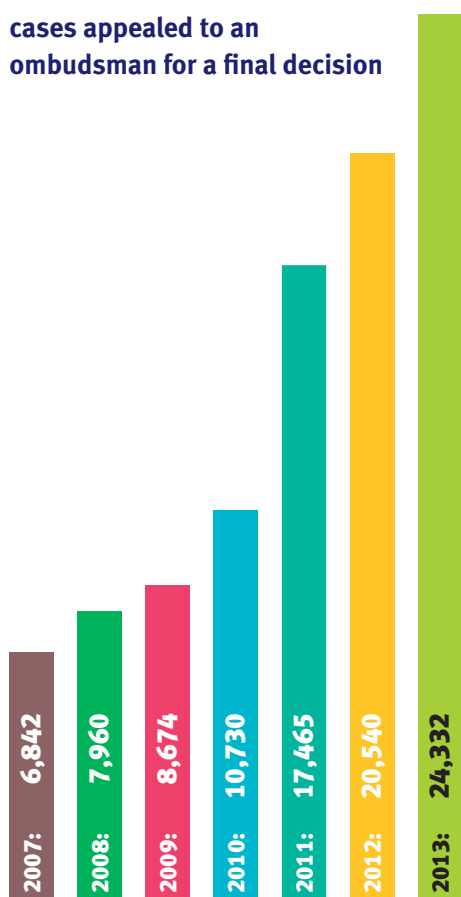
Our aim is to resolve complaints as informally as possible – getting both sides to agree at an early stage to the views or informal settlements that our adjudicators suggest.

But more complex or sensitive disputes often require detailed investigations and lengthy reviews. This can include an appeal to one of our panel of 156 ombudsmen (see page 169) for a final decision – as the last stage of our process.

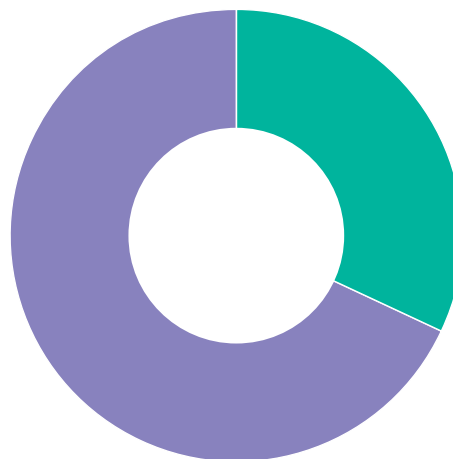
cases settled by our adjudicators



cases appealed to an ombudsman for a final decision



year ended 31 March



- requests for an ombudsman decision by financial businesses **32%**
- requests for an ombudsman decision by consumers **68%**

During the year the number of cases requiring the direct involvement of an ombudsman – and a formal ombudsman decision – continued to rise. 20,540 cases had a final decision by an ombudsman in the financial year 2011/2012 – rising 18.5% to 24,332 cases in 2012/2013.

This means that 11% of cases we settled during the year required an ombudsman to make a final decision (9% in the previous year).

The proportion of cases appealed to an ombudsman has been slowly rising over recent years – from 6% in 2006/2007 to the current figure of 11%.

This reflects the continuing shift towards more entrenched disputes – with many businesses increasingly taking a harder-fought and legalistic approach, and consumers becoming more demanding and less willing to concede.

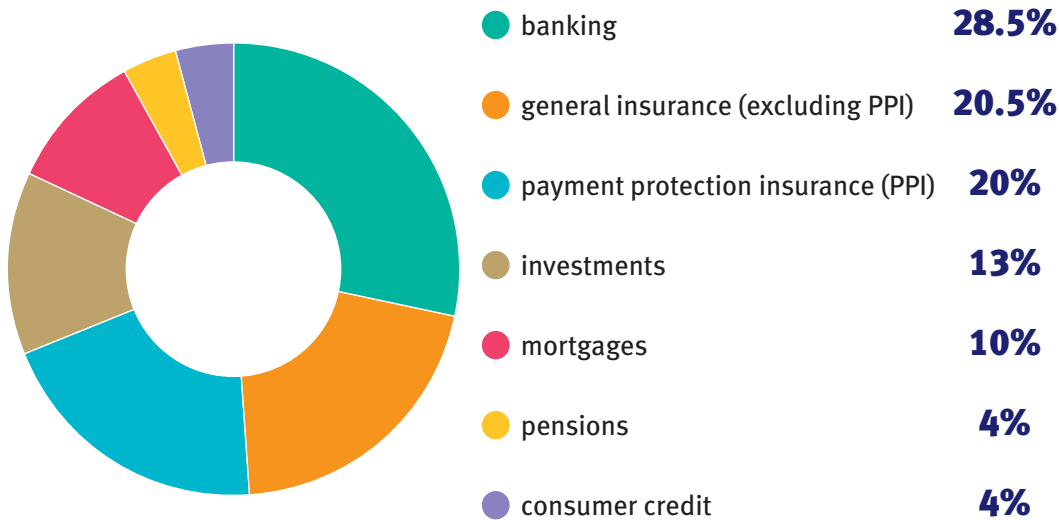
Of the final decisions made by ombudsmen during the year, 32% of requests were made by financial businesses and 68% by consumers (36% and 64% respectively in the previous year).

In 88% of final decisions, ombudsmen reached the same basic conclusions as the adjudicators who handled the cases in the earlier stages (86% in the previous year). Where they did not do so, it was usually a finely-balanced judgement or, more often, new facts came to light only at that very late stage.

how we dealt with the complaints

The 24,332 final decisions made by ombudsmen during the year were spread across the different areas of complaint as follows.

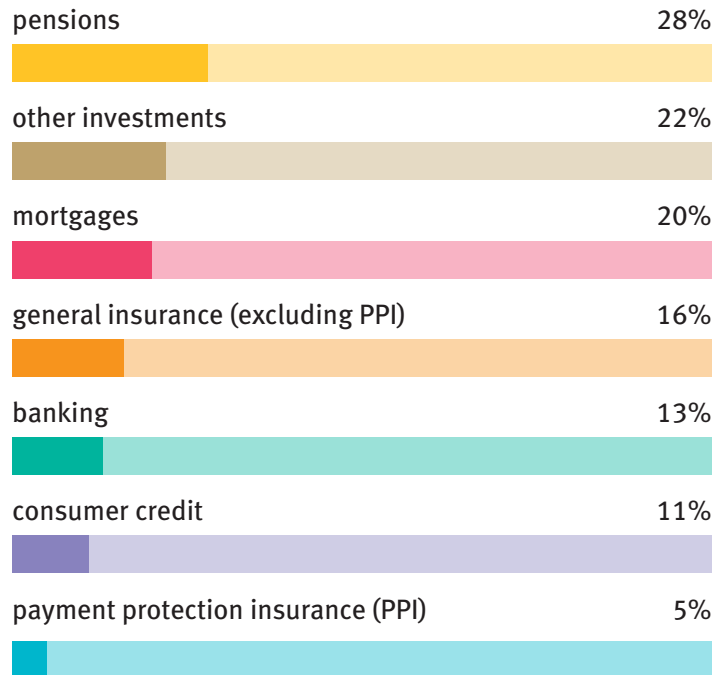
ombudsman decisions by area of complaint



The proportion of cases that involved an appeal to an ombudsman for a final decision differed considerably from area to area.

For example, although 28.5% of all ombudsman decisions related to banking cases, only 13% of the banking complaints we resolved during the year needed a final decision by an ombudsman to settle them – as the chart below shows. In the other 87% of banking cases, our adjudicators were able to settle the disputes more informally themselves.

% of cases that required an ombudsman decision



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

Younger people remain statistically less likely to request a formal ombudsman’s decision than consumers of other ages. In fact, the proportion of cases requiring an ombudsman’s final decision increases by age group. However, this probably reflects the types of financial products involved – with older people more likely to have more complex products such as investments and pensions. There is more information about this on page 93.

The proportion of men and women who requested a final decision by an ombudsman remained broadly similar – as did the proportion of requests made by consumers from different faith and ethnic groups. There is more information about the diversity of our customers – and their experience of our service – on pages 110 to 113.

hearings

As part of our work resolving individual complaints, our rules allow us to hold hearings (face-to-face meetings) either in public or private. We do this only where an ombudsman believes a case cannot be fairly decided on the basis of the factual material that the two sides have already provided.

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. And neither side is given a private meeting with the ombudsman deciding their case.

In most cases ombudsmen are unlikely to consider that a hearing would add anything to their understanding of a complaint – and they agree to only around 10% of requests to hold hearings.

how we record the outcome of cases we resolve

We record the outcome of a consumer’s complaint as “upheld” 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 upheld” 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).

“... men and women
requested ombudsman decisions
in broadly equal proportions”

how we dealt with the complaints

In total we upheld 49% of the complaints we settled in the financial year 2012/2013 – compared with 64% of cases in the previous year (and 51% in the year before that).

This figure varied across complaints involving different financial products. For example, during the year we upheld in favour of the consumer:

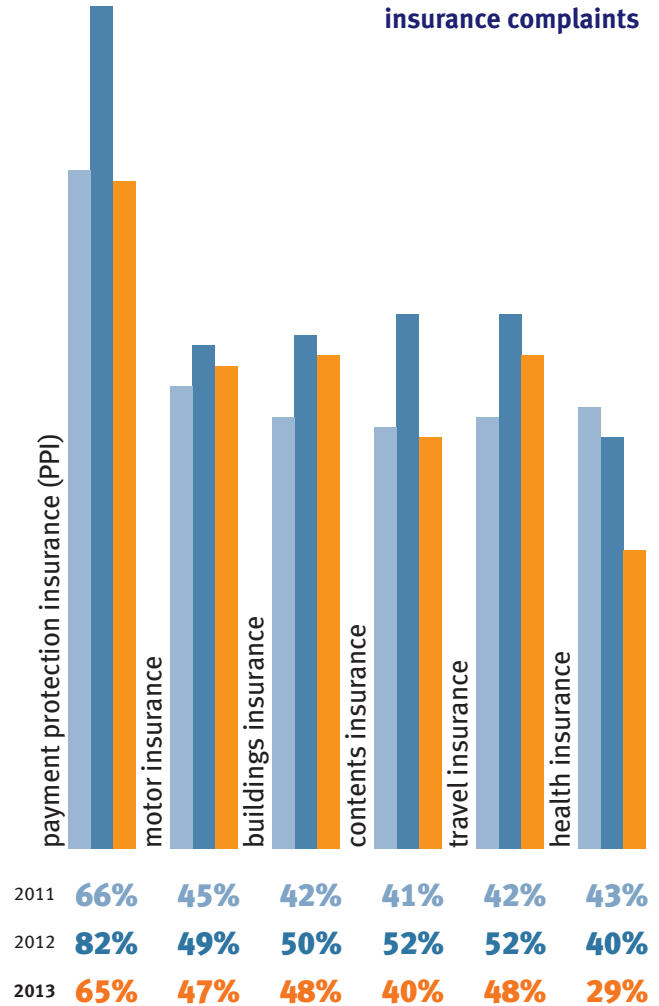
- ◆ 65% of PPI cases – where some financial businesses are still not following the well-established approach to handling complaints and putting things right.
- ◆ 25% of complaints about mortgage endowments – where we found that most consumers had been warned in the mid 2000s about a possible shortfall and had left it too late to complain (see page 70).

complaints data about named businesses

Since September 2009 we have been publishing complaints data on our website every six months about *named* individual businesses. The data shows the number of new complaints – and the proportion of complaints we upheld in favour of consumers – for businesses that have 30 or more new cases (and 30 or more resolved cases) in each six-month period.

% of cases we upheld

year ended 31 March

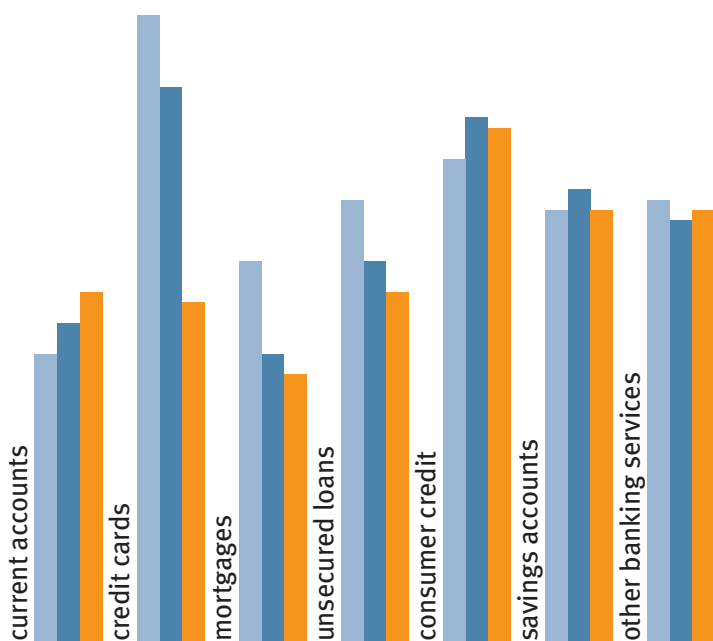


The complaints data shows that:

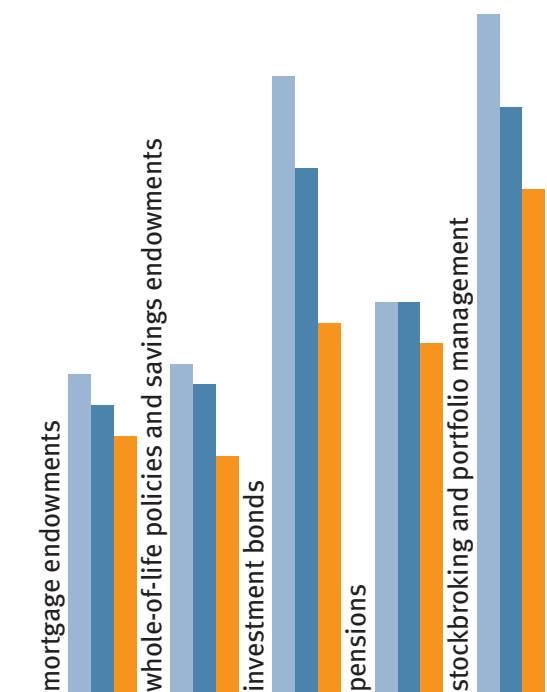
- ◆ Just under 200 businesses (out of more than 100,000 covered by the ombudsman service) together generate around 90% of our complaints workload.
- ◆ The number of complaints relating to each individual business ranges from 30 to over 45,000.

- ◆ The proportion of cases we uphold in favour of the consumer varies substantially from business to business – between 3% and 100%.

banking and credit complaints



investment and pension complaints



2011	28%	61%	37%	43%	47%	42%	43%
2012	31%	54%	28%	37%	51%	44%	41%
2013	34%	33%	26%	34%	50%	42%	42%

2011	31%	32%	60%	38%	66%
2012	28%	30%	51%	38%	57%
2013	25%	23%	36%	34%	49%

putting things right

Where we uphold a complaint in favour of a consumer, there are a number of 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 – following our long-standing approach set out on our website. We did this in 21,787 cases during the year – 22% of the cases we upheld. In these cases the amounts of compensation for distress and inconvenience were generally between £150 and £500.
- ◆ Directing the business to do something (or *not* do something) 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.

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

how we dealt with the complaints

the redress ombudsmen told businesses to pay



- telling the business to take actions to put things right that don't have a direct cash value (for example, correcting a credit reference) **29%**
- redress up to £1,000 **21%**
- £1,001 to £25,000 **22.5%**
- £25,001 to £75,000 **2.5%**
- £75,001 to £150,000* **1.5%**
- more than £150,000* **0.5%**
- telling the business *the basis* or *formula* on which they must pay compensation (for example, where specialist calculations need to be carried out) **23%**

*The ombudsman can *tell* a business to pay compensation of up to £150,000 (£100,000 for complaints we received before 1 January 2012) – and can *recommend* that the business pay compensation in excess of this amount.

The figures in this chart do not include any additional amounts that we might tell a business to pay – to compensate a consumer for distress and inconvenience (see page 79).

We continue to see many entrenched disputes that could have been avoided if there had been better communication between the financial business and the customer. Too many problems stem from simple misunderstandings that should have been cleared up at the outset.

We know that some consumers express their problems in an unfocused way that may make them seem unreasonable to the business they complain to. But we also see some businesses responding to customer concerns unhelpfully and defensively – aggravating problems that a clear, helpful and sympathetic explanation might have resolved.

Just because we do not uphold a complaint on its merits does *not* mean that the consumer may not genuinely feel upset and let down by the way the business treated them. Similarly, 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”.

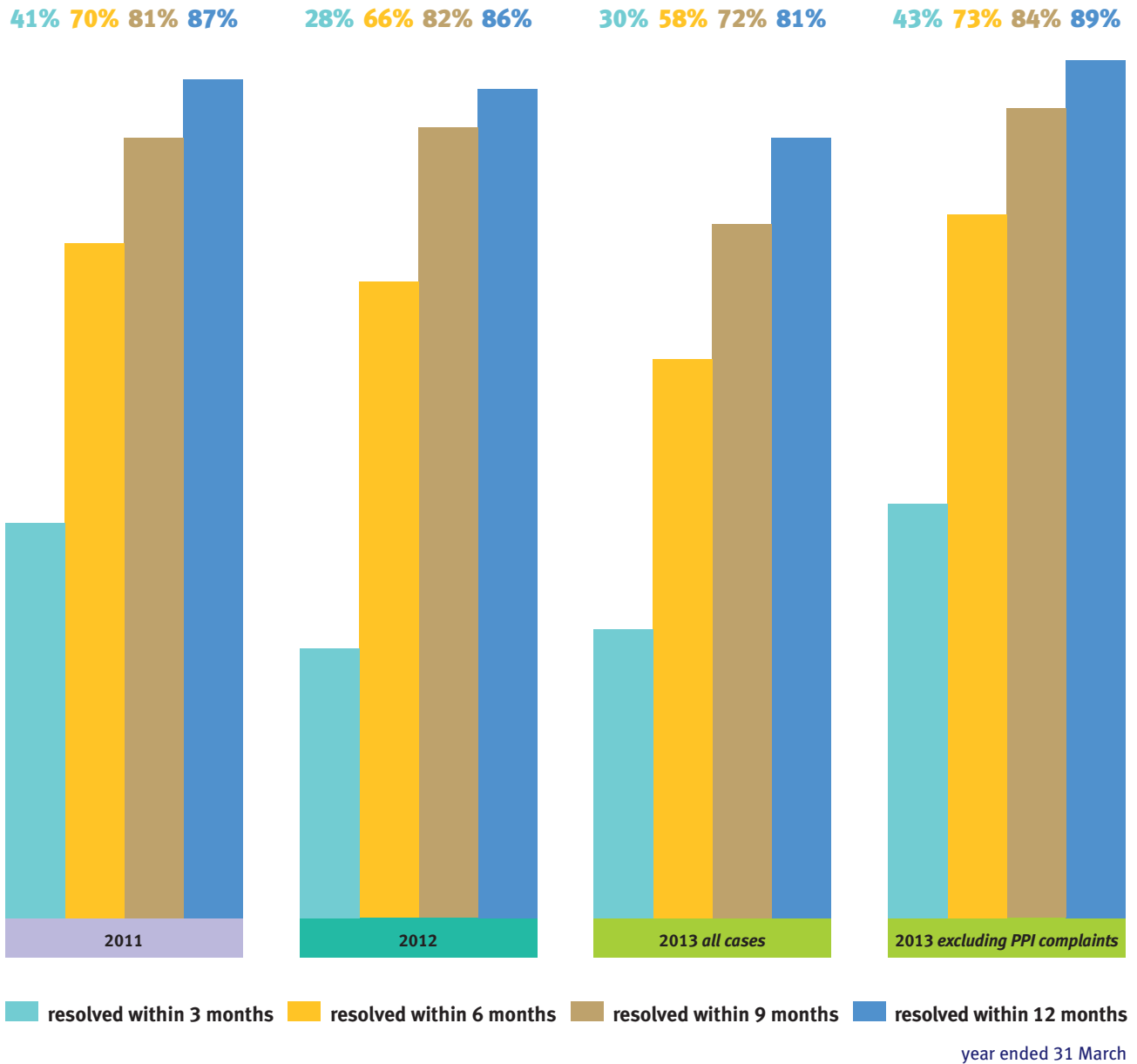
Of the 223,229 complaints we settled during the financial year 2012/2013, we concluded that 6,992 cases (3% of the total) could be categorised as “frivolous and vexatious” (2.5% in the previous year).

We do not charge a case fee to the business complained about where we decide that a complaint is frivolous and vexatious.

“... our aim is to give a
clear explanation from an entirely
impartial standpoint”

how we dealt with the complaints

the time it took us to resolve cases



The chart above shows the time it took us to settle the complaints that were referred to us.

The proportion of cases we settled within three months was higher than in the previous year – but we were unable to resolve as many cases as we wanted within our other timeliness targets, largely because of the unprecedented volumes of PPI complaints.

Following public consultation at the start of 2012 on our workload for the year ahead, we scaled up our operations significantly, increasing our casehandling capacity to take on a record 165,000 new PPI cases during the year – in addition to 120,000 cases other than PPI complaints.

However, these projected estimates of substantially increased volumes of cases proved too conservative. In the event, we actually received 378,699 new PPI cases – more than double the estimated number we had planned for.

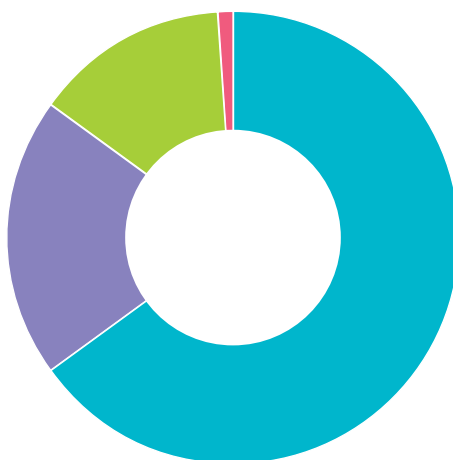
The number of cases *other than* PPI complaints was also higher than anticipated – with banking and insurance complaints rising by 20% and investment disputes increasing by a third.

We recruited around 1,000 new employees during the year to help with this workload. But many of the additional casehandlers we took on to resolve PPI cases had to focus initially on processing the unprecedented volumes of *new* cases arriving with us – rather than on assessing the merits of existing cases.

This means that many consumers and businesses are having to wait much longer for us to be able to assess their case – affecting the level of service we provide.

Regrettably, given the continued high volume of cases being referred to us, this challenge seems likely to remain with us for some time – indeed, probably for several years.

PPI cases awaiting resolution at 31 March 2013



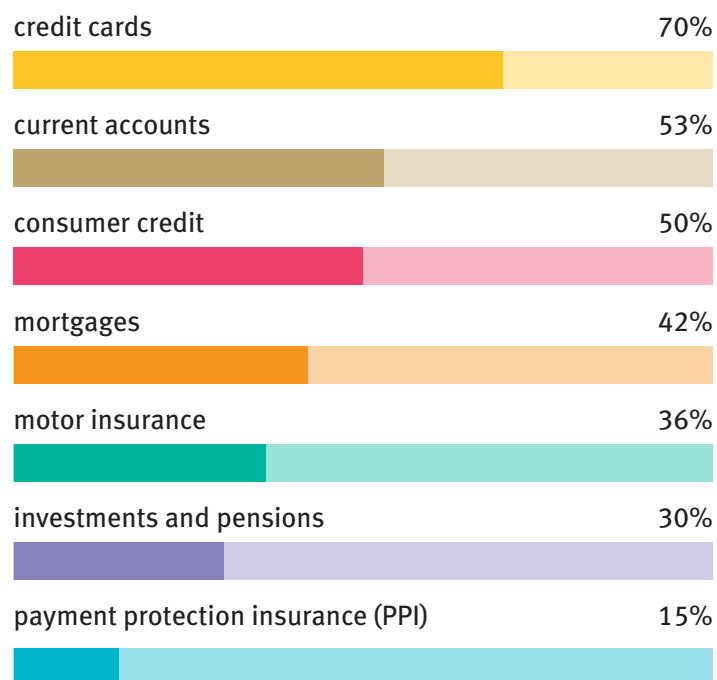
- waiting for less than six months **65%**
- waiting between six months and a year **20%**
- waiting between a year and two years **14%**
- waiting over two years **1%**

Wherever possible, however, we have tried to ensure that the delays caused by the volumes of PPI cases do not adversely affect our handling of cases involving other financial products.

Across banking-related cases, for example, we have been able to settle 53% of cases within three months and 78% within six months.

how we dealt with the complaints

% of cases resolved within three months



Reducing the time it has taken to resolve banking cases has been helped by some innovative casework projects we ran during the year including:

- ◆ an initiative to resolve e-money complaints in days rather than months (see page 88); and
- ◆ our work to prioritise complaints from consumers who found themselves unable to use their bank accounts normally following computer problems across the RBS group (see page 88).

While some forward-looking businesses have been pleased to work with us on projects to make complaints resolution a key part of their customer experience, others continue to take an overly legalistic approach to handling complaints.

In most areas of our work, we continue to see disputes involving hard-fought arguments and entrenched attitudes – on *both* sides – as businesses become less willing to concede and consumers become more demanding.

This resulted in a 18.5% increase during the year in the number of cases where an ombudsman issued a final decision as the last stage of our process (see page 75).

We continue to prioritise cases where consumers might be disadvantaged by having to wait longer – for example, through severe financial difficulty or for medical reasons.

During the year we identified and prioritised around 10,000 cases where financial difficulty was a significant issue – a similar figure to the previous year. Over half of these cases related to overdrafts, loans and current accounts – and a third involved mortgages.

Of course, prioritising cases like these inevitably means that other complaints cannot be progressed as quickly as we would otherwise like.

“... we identified and prioritised 10,000 cases where financial hardship was a significant issue”

“... knowledge and expertise are at the heart of everything we do”

Knowledge and expertise

Professionalism is central to our approach. Our adjudicators and ombudsmen need the right knowledge and expertise to do their work to the highest standards.

To put professionalism and quality at the heart of everything we do, we have:

- ◆ Increased the number of ombudsmen by 40%, giving us greater capacity to involve ombudsmen in mentoring and developing our casehandling staff – and in the professional leadership of our service more widely.
- ◆ Supported 500 adjudicators through our accredited training programme that we run in partnership with Queen Margaret University, Edinburgh. The programme, set at Masters degree level, has been specially designed to build and maintain the professional skills of our casehandling staff.
- ◆ Developed the blogs and forums on our intranet to encourage proactive knowledge sharing and collaborative working.
- ◆ Strengthened our professional career structure – to help the growth and development of our casehandling staff, from the advisers on our consumer helpline through to our most senior ombudsmen.
- ◆ Enhanced the induction which all newly-recruited adjudicators go through when they join us. This involves an intensive 12-week programme combining skills development with individual mentoring.
- ◆ Extended our development programme for our 300 managers – with each having an average of 12 days of training during the year. We have also launched our managers’ *mela* – a collaborative resource and online network for mutual support and knowledge sharing across our manager community.
- ◆ Introduced a “continuous improvement” framework to co-ordinate the wide range of ideas and suggestions put forward by employees – aimed at delivering improvements for our customers.
- ◆ Launched a “tone of voice” programme to help our adjudicators and ombudsmen write in a way that is meaningful to our customers.
- ◆ Invested in our internal communications – from workshops to interactive notice boards, from team “huddles” to executive question times. Our accreditation during the year as a “Top 100” best employer (see page 117) reflects the substantial work we have done this year to make our people feel involved and engaged as we face new challenges and change.
- ◆ Produced another series of videos for our customer service training. These latest six videos involve financial services practitioners talking about their interactions with the ombudsman service from the perspective of smaller businesses – who generally have much less direct contact with us. These videos followed some we made in the previous year featuring consumers talking about how it felt to bring a complaint to the ombudsman.
- ◆ Provided our people with the skills to deal confidently and sensitively with an increasingly diverse range of customers, including training on disability issues (see page 108).

how we dealt with the complaints

quality

Quality is what matters most to our customers and stakeholders – and delivering a high-quality service is of fundamental importance to us. “Quality” means that in every case we should be able to show we have:

- ◆ Made the decision in the right way – getting to the heart of the issue and applying the approach we take consistently in similar cases.
- ◆ Treated customers well – so that in each case the consumer and the business are satisfied with the level of service we have provided.
- ◆ Got the basics right – for example, responding appropriately to different communication needs.

During the year we built on the framework we put in place in the previous year for measuring and reporting on quality and consistency issues.

This included:

- ◆ Involving ombudsmen far more proactively in reviewing and giving constructive feedback on the technical accuracy and consistency of adjudicators’ work.

- ◆ Ensuring that any case-specific feedback from customers is reported *direct* to the individual casehandler who worked on the complaint in question – and to their manager.
- ◆ Running refresher training for managers on our approach to checking the quality of the customer experience – focusing on aspects such as reliability and “being listened to”, which customers consistently tell us are crucial to their general satisfaction with our service.
- ◆ Reviewing the way in which our board of non-executive directors maintain strategic oversight of quality and customer service issues.
- ◆ Involving our entire senior management team and board members in an exercise to assess and discuss a cross-section of randomly selected cases.

stakeholder research

We carry out a programme of stakeholder and customer research – to help give us a closer understanding of what our customers think and feel, how they rate the service we provide, and where we could do things better. During the year this programme included:

- ◆ Running monthly online surveys and six-monthly postal surveys to record and measure how consumers, whose complaints we have handled, rate aspects of the service we provided.
- ◆ Introducing an automated feedback option at the end of phone calls – enabling consumers to give instant ratings on various aspects of the quality of our service.
- ◆ Carrying out research to monitor the views of the businesses we cover – smaller businesses and larger ones alike – using both online and postal surveys.
- ◆ Commissioning in-depth interviews with practitioners from smaller businesses – about complaints handling and the ombudsman.
- ◆ Commissioning research among MPs to get their views on our work in relation to their constituents.

- ◆ Monitoring general consumer awareness of the ombudsman service to help with our work on accessibility – ensuring that everyone who needs to contact us knows how to find us.
- ◆ Running a survey for our website users to find out more about who they are and what they are looking for on our website.

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

handling complaints about us

Recognising where we have made mistakes – and learning from any shortcomings – is an important part of our customer service.

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.

We can usually sort out problems straightaway – as soon as someone tells us that they are unhappy with the standard of service they have received.

The prompt involvement of the relevant manager – with an immediate phone call to apologise or explain – means we can resolve many issues without the problem escalating into a formal complaint.

But if we are not able to sort out matters at this stage to the satisfaction of the customer, one of our senior managers will look into the problem.

This applies to complaints both from consumers and businesses. The process is entirely separate from the usual process that applies if a consumer or business disagrees with our views on the merits of their case – and wants us to re-consider facts and arguments.

During the year we handled 2,397 complaints about our service – a similar number to the previous year when we received 2,382 complaints. We were able to resolve 63% of these complaints directly within the teams where the problem arose – and 37% of the complaints were settled with the involvement of a senior manager.

Complaints about our service related to 0.5% of our total caseload (0.9% in the previous year). 3% of the complaints were made by businesses (5% in the previous year) and the others were all from consumers or their representatives.

We agreed that the level of service we had provided was unsatisfactory in 32% of these cases (37% in the previous year). Where this involved paying compensation – in recognition of the inconvenience caused by delays or administrative errors on our part – the average payment was around £100.

Where we are unable to resolve a complaint about our service, it can be referred to the independent assessor – for a formal independent review of the level of service we have provided. Each year the independent assessor produces an annual report for our board, setting out findings and recommendations made over the year. We publish the independent assessor’s report in full on our website.

improving the way we work

We know there is always room for improvement in what we do. That is why we run a wide range of projects and initiatives aimed at improving the quality, consistency and efficiency of our service.

We have a “continuous improvement” framework in place to support this work. We have also been running a “change programme” since 2010 – to modernise our operations in response to the rapid and unpredictable growth in demand for our service.

Making sure we can respond effectively to the unprecedented volumes of PPI cases now being referred to us has also given us the opportunity to prioritise a range of significant operational and service improvements. This has included:

- ◆ Exchanging case information electronically with key major users, to help cut costly and cumbersome “bulk mail” processes.
- ◆ Putting document scanning and electronic file management at the heart of the design of our PPI casework operations – to minimise reliance on paper files.
- ◆ Strengthening our operational planning capability – to help us forecast future workload and to run our “demand and capacity” function more efficiently – in line with recommendations made by the National Audit Office (NAO) in its report into our efficiency published in January 2012.
- ◆ Developing an intuitive system that gives our PPI casehandlers access to “live” guidance to help them navigate their way through cases (in line with the approach our ombudsmen take to cases) – and publishing the same information about our usual approach on our website.

how we dealt with the complaints

- ◆ Working with experts in customer service from outside financial services – to learn from the best in customer experience and to see how we can improve the “customer journey” for people using our service.

an innovative approach

During the year we ran an experimental casework project to test out different ways of handling complaints involving e-money and money transfer.

Our tried-and-tested approach to casework may work well for the more established ways of using financial services. But we wanted to make sure we could meet people’s changing expectations, which can be very different if they have used electronic payment systems.

If someone has dealt with their e-money provider entirely over the internet – or was attracted to a type of money transfer that offered “instant” service – then it may seem strange for that consumer to have to adapt to a more formal, paper-based service if things go wrong.

So our e-money casework project involved:

- ◆ Removing our traditional division between “frontline enquiries” and “complaints” – helping us to challenge our conventional assumptions about “casework”.
- ◆ Giving our casehandlers licence to engage with the parties and just “sort it” – without the usual complaint form, signatures, questionnaires and acceptance forms.
- ◆ Rethinking timescales – to be able to engage with both sides in as near to “real time” as possible.

Running this casework project showed that:

- ◆ Consumers particularly appreciated having just one person dealing with their problem – who had both expert knowledge and a real interest in what had happened and how they could help.
- ◆ Nine out of ten consumers highly rated this approach to sorting their problem – *whether or not we upheld their case.*

- ◆ Consumers assumed that having their complaints sorted in hours or days – rather than weeks or months – was entirely normal.
- ◆ Total commitment from the businesses involved was vital. These were businesses who recognised that handling customer problems well is not just about “compliance” with the rules – it is the very heart of good customer service.

We are now planning a similar project for dealing with certain payday loan complaints. The aim is to settle people’s problems as quickly and easily as possible – without necessarily using the more formal aspects of dispute resolution.

This reflects how society, business and technology are evolving and transforming. We need to scrutinise our processes on an ongoing basis to see how they could be adapted and updated to reflect both business and consumer needs.

However, technology does not always work to the benefit of consumers – especially when it goes wrong.

In June 2012 computer problems across the RBS group led to a surge of complaints from consumers who found themselves unable to use their bank accounts normally. These problems were particularly acute in Northern Ireland – for customers of RBS’s Ulster Bank.

Working closely with the senior management at RBS, we quickly agreed a new, streamlined approach to handling problems that consumers brought to the ombudsman service about this issue.

This involved prioritising cases where there was financial difficulty. We also clarified at the outset what our approach would be to compensating consumers for their losses – and for the trouble and inconvenience they had been put to.

our budget and funding

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

In the financial year 2012/2013 – for the third year running – we froze both the £500 case fee and the amount paid under the levy by the financial services sector.

“... we need to adapt our processes to reflect both business and consumer needs”

We also continued to charge businesses case fees *only* for the fourth (and any subsequent) complaint during the year – so that three quarters of businesses that had complaints referred to us paid *no* case fees. There is more information on page 137 about how many businesses paid case fees.

To help fund the increased resources needed to handle the unprecedented volumes of PPI complaints, we introduced a supplementary case fee of £350 from April 2012 for complaints about mis-sold PPI. But this supplementary fee is chargeable *only* when businesses have *more than* 25 of these cases a year, reflecting where the costs are actually incurred in sorting out PPI mis-selling on this scale.

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 2012, the boards of the FSA and the Financial Ombudsman Service approved a budget for the ombudsman service – for the financial year 2012/2013 – that assumed income of £191.1 million and expenditure of £197.5 million, with a unit cost of £760. 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.

The actual final figures for the year showed total income of £150 million, expenditure of £160.8 million, and a unit cost of £720. These were significantly different from the figures that had been anticipated at the start of the year because of the operational volatilities we experienced during the year.

For example, following public consultation we had scaled up our operations to be able to take on 285,000 new cases in 2012/2013 –

which would have involved a year-on-year increase in our workload of 25%.

But instead, the number of new cases rose to 508,881 – largely as a result of a 140% upsurge in the number of PPI complaints.

To help deal with these volumes of incoming cases, we had to take on over 1,000 additional employees during the year – incurring increased expenditure in recruitment, training, payroll and accommodation. New staff are less productive in their first months – and they also require intensive training and mentoring which reduces the productivity of experienced staff.

our unit cost



how we dealt with the complaints

Because of the larger than expected volumes of new cases, we also had to deploy more staff onto frontline activities – receiving and processing new cases as we received them – which meant less resource focused on resolving existing cases.

This had an adverse impact on the way we measure our productivity – which takes into account only the number of cases actually settled and closed during the year.

Our ability to resolve cases as quickly and efficiently as we would like was also affected during the year by the increased number of entrenched disputes requiring greater investigation and analysis – as businesses and claims-management companies became noticeably less willing to settle cases at an early informal stage.

We are increasingly seeing that the way in which businesses handle their customer complaints – and the way in which both sides respond to our early involvement in a case – has significant impact on our complaint volumes and costs.

These are trends we expect to continue into the future – and we have agreed changes to our charging structure for the financial year 2013/2014, to reflect the rising costs of dealing with our increasingly complex and challenging PPI caseload.

summary of our income and expenditure

	<i>actual</i> year ended 31 March 2013 £ million	<i>budget</i> year ended 31 March 2013 £ million	<i>actual</i> year ended 31 March 2012 £ million	<i>actual</i> year ended 31 March 2011 £ million
income				
annual levy	20.8	19.7	23.6	20.9
special levy	–	–	25.0	–
case fees	102.6	119.6	102.8	77.1
supplementary case fees	27.1	52.4	–	–
other income	0.5	0.2	0.5	0.4
bad debt costs	(1.0)	(0.8)	(0.4)	(0.6)
total income	150.0	191.1	151.5	97.8
expenditure				
staff-related costs	126.2	153.9	83.4	89.4
other costs	30.2	38.2	21.1	14.7
financing charges	–	–	–	–
depreciation	4.4	5.4	2.2	2.1
total expenditure	160.8	197.5	106.7	106.2
surplus/(deficit)	(10.8)	(6.4)	44.8	(8.4)

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 from July 2013.



who complained to us

who complained to us

understanding more about consumers

We need to know what kinds of consumers bring complaints to the ombudsman service – so that we can provide a service that meets their needs and expectations.

Understanding who our customers are also helps us identify specific areas and groups in the community where our service is less well known and used.

We carry out a wide range of research to find out more about our customers as part of our work to:

- ◆ Identify and respond to what people who use our service – and our stakeholders more generally – want and expect from us.
- ◆ Update and improve the way we work to make our service easier to use and more tailored to individual needs.
- ◆ Adjust how we work in individual cases to address particular accessibility issues.
- ◆ Meet our commitment to equality and inclusion.
- ◆ Target specific outreach and awareness-raising activities.

“... consumers over 65 account for a quarter of people who use our service”

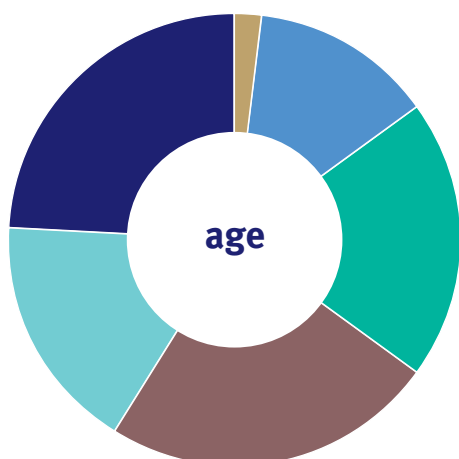
the age of consumers who complained to us

The number of consumers bringing complaints to the Financial Ombudsman Service over the last few years has increased substantially. During this time the total proportion of people in each age group has remained broadly

consistent – with the exception of consumers over 65 who now account for 24% of the people who use our service (compared with 20% in the previous year and 12% in 2008/2009).

This largely reflects the growing number of older people who are now referring complaints

to us about payment protection insurance (PPI). For example, in the financial year 2012/2013 22% of the complaints we received from consumers aged over 65 related to PPI – compared to just 11% in 2010/2011.



under 25	2%	45 to 54	24%
25 to 34	13%	55 to 65	17%
35 to 44	20%	over 65	24%

The continued rise in the number of cases from older people may also reflect our outreach work with older and retired people over the last few years (see page 115) – with more consumers in the older age groups showing increased confidence in complaining.

Around six out of ten consumers who use our service are between the ages of 35 and 65. This reflects the fact that they are more likely to have a wider range of financial products.

Our research also shows that people in these age groups are generally also more likely to know about their consumer rights, including their right to complain to the ombudsman.

PPI is the most complained about financial product across all age groups – except consumers under 25 who complain the most about bank accounts.

While just 16% of complaints from consumers under 25 related to PPI, this number rose to 42% for people aged 35 to 44.

the most complained-about products – by age group

under 25



25 to 34



35 to 44



45 to 54



55 to 64



over 65



- payment protection insurance (PPI)
- bank accounts
- motor insurance
- loans
- investments and pensions
- other products

who complained to us

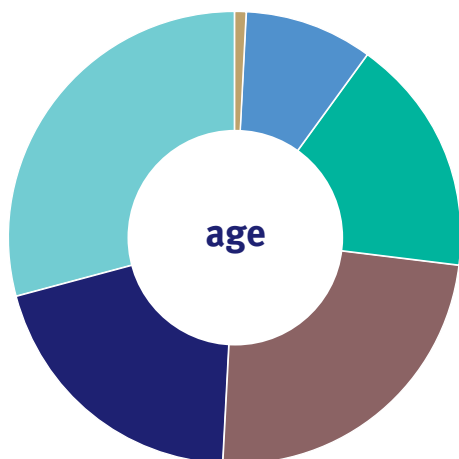
We monitor closely the types of people who contact our consumer helpline – and compare these with the types of consumer who subsequently pursue a case with us formally. This enables us to see if there are any differences in the kinds of people who use our service at the various different stages of our process.

Our research continues to show that people in *all* age groups are equally likely to refer a complaint to us, once they have contacted us informally on our consumer helpline.

Consumers under 25 and over 65 are slightly less likely to have their complaints upheld than people in other age groups – but this reflects the

products they complain about. Younger consumers and those over 65 are proportionately less likely to complain about PPI – where we uphold a higher number of cases in the consumer’s favour (see page 78).

the age of consumers who pursued complaints to the final stage – for an ombudsman’s decision



Younger consumers are significantly more likely than those in other age groups to agree at an earlier stage with an adjudicator’s view or informal settlement – and less likely to request a formal ombudsman’s decision.

In fact, the proportion of cases requiring an ombudsman’s final decision increases by age group. People aged over 65 are substantially more likely than people of any other age to pursue their case to the final stage – and this number increased again during the year, from 26% to 29%.

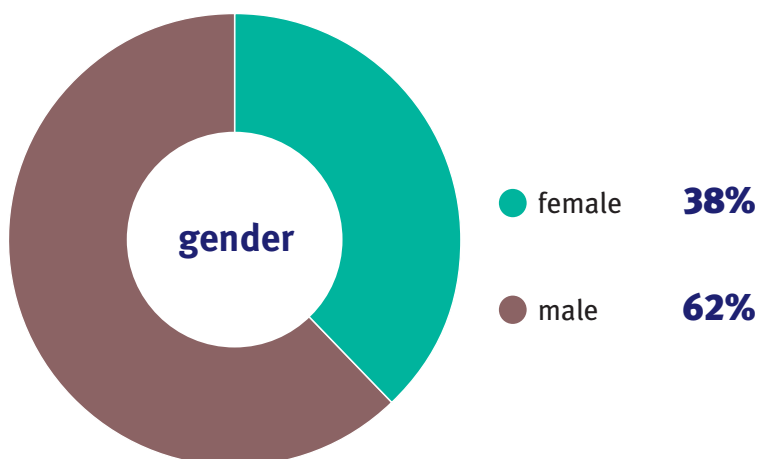
This probably reflects the types of financial products involved. As people get older, they generally have more complex products like investments and pensions

– areas where ombudsmen are proportionately more involved in making decisions, given the larger amounts of money often at stake.

For example, 14% of complaints brought by consumers over 65 related to investments and pensions – but these products featured in fewer than 1% of the cases brought by people aged under 35. On the other hand, younger people are more likely to refer complaints to the ombudsman service about current accounts.

There is more information about our work with younger people – to help raise their awareness of the ombudsman service, and their confidence and ability to get problems sorted themselves – on page 113.

the gender of consumers who complained to us



Men continue to complain more to the ombudsman service than women. However, 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.

We also look at the financial products that men and women complain about to see if there are any differences between genders. The three products that women *and* men complain about the most are:

- ◆ Payment protection insurance (35% of women’s complaints and 34% of men’s).
- ◆ Credit cards (10% of women’s complaints and men’s complaints alike).
- ◆ Current accounts (10% of women’s complaints and 8% of men’s).

Research we carried out during the year showed that women were a third less likely than men to say they had a problem with a financial product or service.

Women were also less likely to pursue complaints with us *formally*, after they had contacted us initially on our consumer helpline – for advice and guidance at an early stage.

However, our research also showed that if women felt their problem was still unresolved, they would be more likely than men to pursue the matter. And the proportion of women who said they would escalate their complaint if they remained dissatisfied with the business’s response rose significantly over the year – from 42% to 53%.

Women were also 11% less likely than men to be satisfied with the business’s response to a complaint they had pursued.

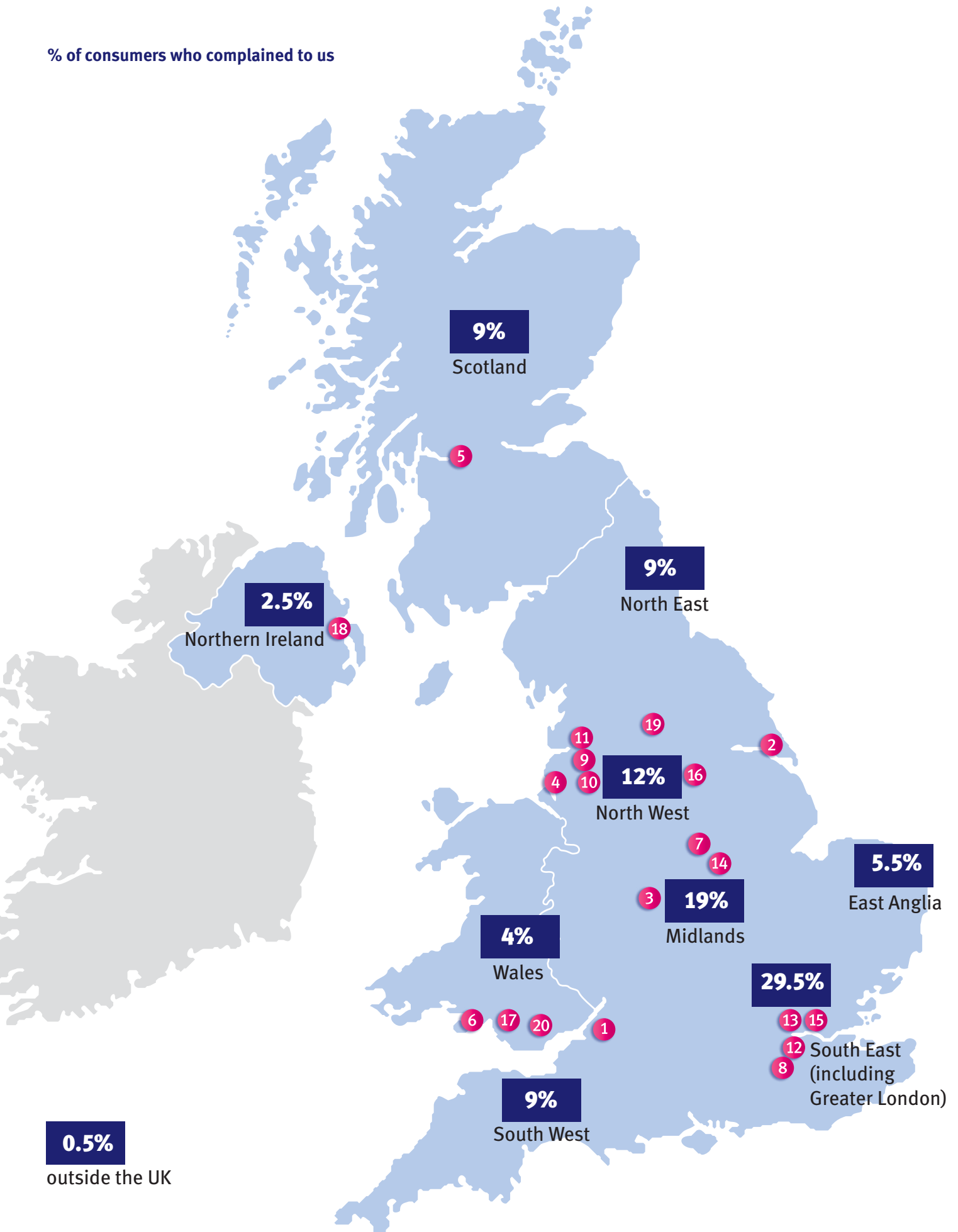
“... 53% of women said they’d pursue their complaint”

Taking into account the fact that the proportion of complaints we uphold varies according to the financial product involved (see page 78) – and that the proportion of products complained about by women and men varies slightly – there is no difference in the outcome of cases based on gender.

There is also no difference between men and women in the proportion of cases requiring an ombudsman’s decision to settle a case finally.

who complained to us

% of consumers who complained to us



consumers' complaints – by region and nation

This map shows where consumers who brought complaints to us during the year live. The spread of our customers across the UK remained broadly the same as in previous years.

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 generally to reflect the spread of the population across the UK as a whole.

We also continued to see a similar pattern of complaints about most financial products across all areas of the UK.

The main exceptions were for complaints involving:

- ◆ Payment protection insurance (PPI) – which made up 42% of complaints from the North East of England compared with 30% from the South East.
- ◆ Current accounts – which made up 10% of complaints from the South East and 6% of complaints from the North East.

where people phoned us from the most

- | | |
|---------------|--------------------|
| 1 Bristol | 11 Blackburn |
| 2 Hull | 12 Lambeth, London |
| 3 Birmingham | 13 Camden, London |
| 4 Liverpool | 14 Leicester |
| 5 Glasgow | 15 Hackney, London |
| 6 Swansea | 16 Sheffield |
| 7 Nottingham | 17 Bridgend |
| 8 Croydon | 18 Belfast |
| 9 Bolton | 19 Bradford |
| 10 Manchester | 20 Cardiff |

The places where people called us from the most were generally more densely-populated and diverse urban and suburban areas across the UK. Unsurprisingly, we received fewest calls from more remote areas of Wales and Scotland.

how consumers who referred complaints to us knew about the ombudsman

For the second year running, the proportions of people with complaints who said they knew about us from the internet, the media, or through word of mouth, all fell slightly. However, there was an increase from 31% to 33% in the number who said they knew about us because the business they had complained to had told them about the ombudsman.

This probably reflects the fact that the complaints-handling rules require businesses covered by the ombudsman service to mention the ombudsman when they deal with a customer for the first time.

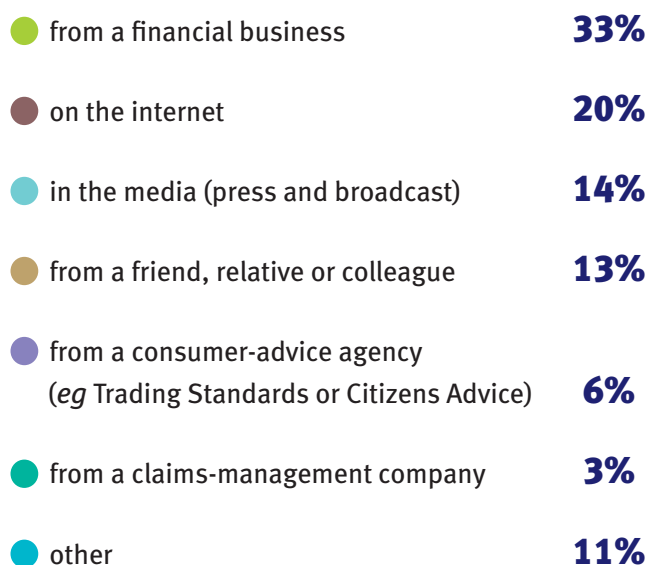
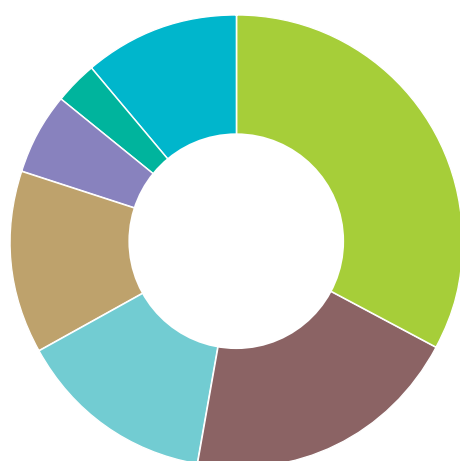
Businesses also have to give details about us, if a complaint arises which the business cannot resolve to the customer's satisfaction.

Men are more likely than women to say they found out about us from the financial business.

36% of people from professional and managerial (AB) backgrounds and 35% of skilled and semi-skilled people (C1/C2) told us they had heard about us from the business they had complained to. This figure fell to 22% of unskilled people (DE) – who were more likely to rely on friends, colleagues and family to tell them about us.

The importance of traditional media as a way of finding out about us continued to decline during the year – from 15% to 14%. This is particularly linked to how old consumers are.

For example, our research continues to show that younger people rely significantly less on the press to find out about us – and compared to people over 55 are more than twice as likely to know about us through friends, colleagues and family.



“... younger people are more likely to know about us through friends, relatives and colleagues”

However, their strong reliance on social networks does not extend to the way in which younger people use the internet to find out about the ombudsman.

As in previous years, the heaviest internet users – in terms of those who said they first heard about us online – were people aged between 35 and 44, not people under 25.

This is consistent with other feedback from students and younger people on what they use the internet for. In our research, younger people have been clear that we should develop only a low-key social-media presence to communicate with them. There is more information about our outreach work with younger people on page 113.

However, women and Asian consumers continued to show a particular preference for the internet in terms of finding out about our service.

There is more information on page 118 about general levels of consumer awareness of the ombudsman service.

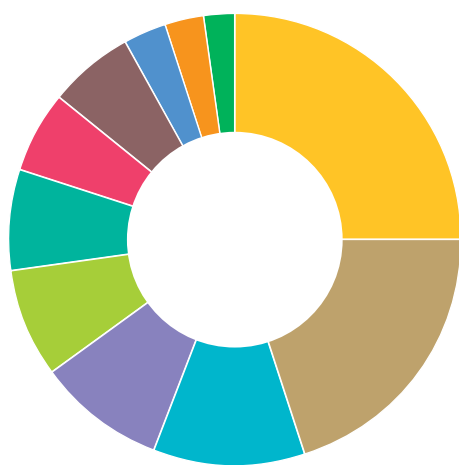
who complained to us

newspapers read by the consumers who complained to us

Over the last few years we have seen an increasing proportion of people telling us they read regional and free papers, especially *Metro* – which reaches across 15 UK cities and metropolitan areas. Readership of other newspapers is generally seen to be declining.

Telegraph readers and people who read *The Daily Mirror* use the ombudsman service in equal numbers – reflecting the mix of consumers who use our service.

Our research continues to show that the extent to which people find out about us by reading newspapers becomes increasingly important the older people are. Younger consumers rely significantly less on national newspapers to find out about the ombudsman service.



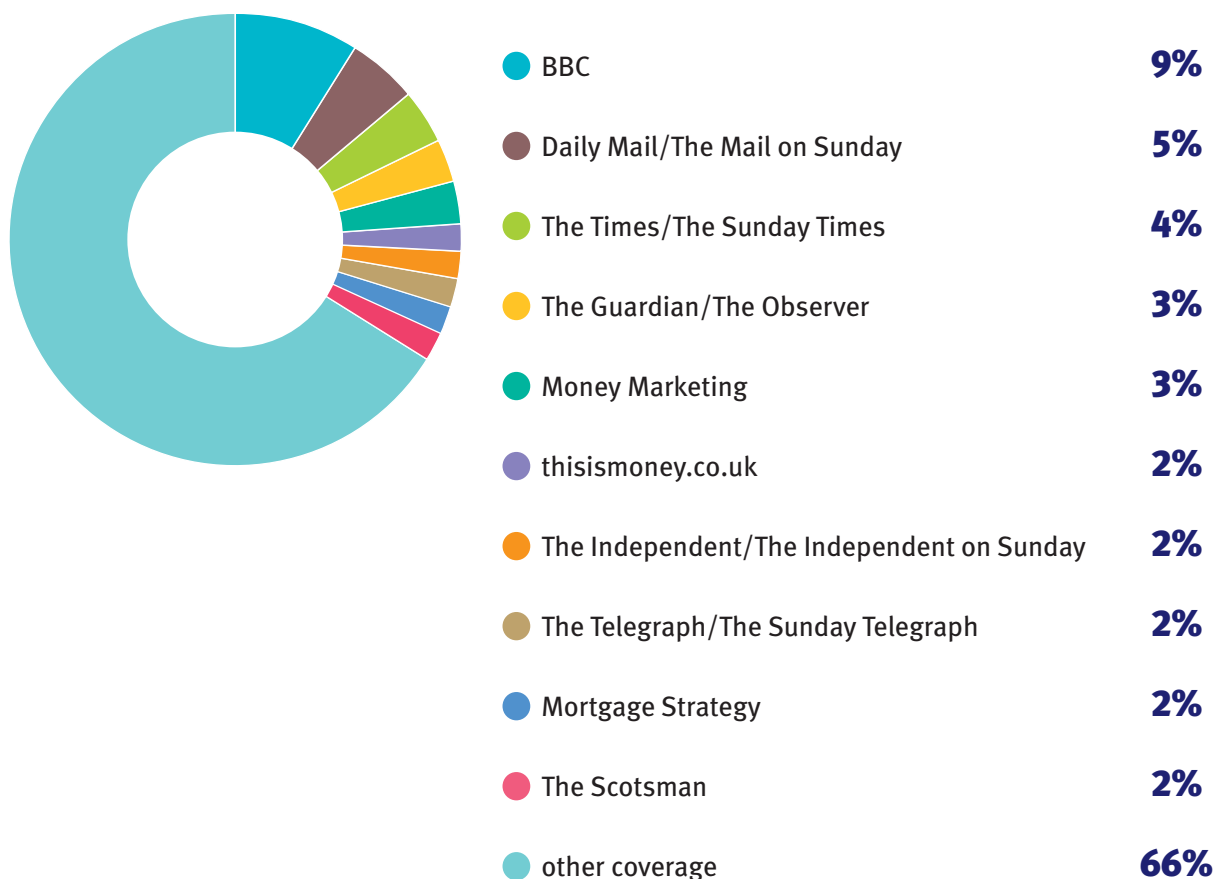
● regional and free papers (including Metro)	25%
● Daily Mail/The Mail on Sunday	20%
● The Sun	11%
● The Times/The Sunday Times	9%
● The Daily Mirror	8%
● The Telegraph/The Sunday Telegraph	7%
● The Express	6%
● The Guardian/The Observer	6%
● Financial Times	3%
● The Independent/The Independent on Sunday	3%
● The Star	2%

media coverage of the ombudsman

During the year we featured in around 6,000 media stories – including more than 550 broadcasts.

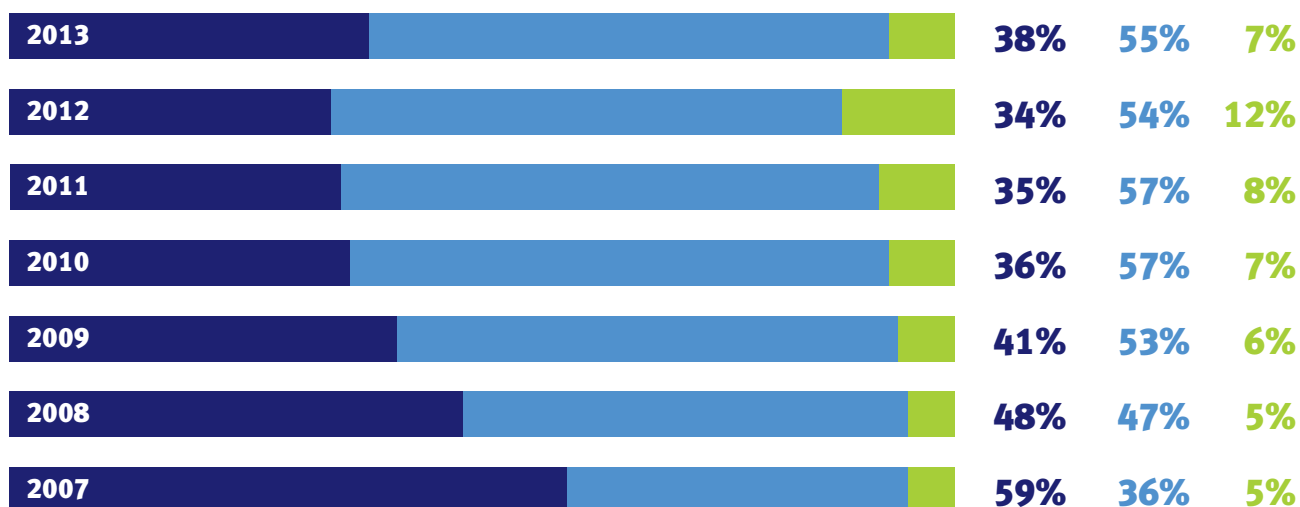
We took part in over 200 TV and radio interviews – from Sky News to student radio. This also included interviews and phone-ins on over 50 local and regional radio stations from BBC Radio Orkney to BBC Radio Cornwall.

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. In addition, 950 organisations now link directly from their websites to ours.



who complained to us

the socio-economic background of consumers who complained to the ombudsman



year ended 31 March

- AB professional and managerial
- C1/C2 skilled and semi-skilled
- DE unskilled

Our research suggests that consumers from DE backgrounds are significantly less likely to complain to a financial business – and where they do so, they are more likely than any other socio-economic group to be satisfied with the financial business's response.

On the other hand, our research shows that AB consumers are more likely to have a wider range of financial products and services – *and* are the most likely to consider they have had a problem with a financial business.

These factors are clearly reflected in the type of people who refer complaints to the ombudsman service – if they remain unhappy with the financial business's response.

During the year – for complaints about *all* financial products – we upheld:

- ◆ 54% of complaints from AB consumers;
- ◆ 55% of complaints from C1/C2 consumers; *and*
- ◆ 51% of complaints from DE consumers.

the financial products consumers complained about – by socio-economic background

payment protection insurance



loans



bank accounts



investments and pensions



motor and household insurance



other



The financial products most frequently complained about are the same across the different socio-economic groups of consumers.

However, the order in which the socio-economic groups complain about these products differs slightly – other than for PPI and loans. For example, for people from ABC backgrounds, bank accounts are the third most complained about product.

People from the DE group complain more about investments and insurance than about bank accounts.

The relative proportion of complaints about these products also varies significantly. For example, 23% of complaints from AB consumers are about loans – compared with 13% for DE consumers. On the other hand, 36% of DE consumers complained about PPI – compared with 25% of AB consumers.

AB professional and managerial

- 25% payment protection insurance (PPI)
- 23% loans and consumer credit
- 15% current and savings accounts
- 10% investments and pensions
- 8% motor and household insurance
- 19% other



C1/C2 skilled and semi-skilled

- 30% payment protection insurance (PPI)
- 18% loans and consumer credit
- 15% current and savings accounts
- 7% investments and pensions
- 8% motor and household insurance
- 22% other



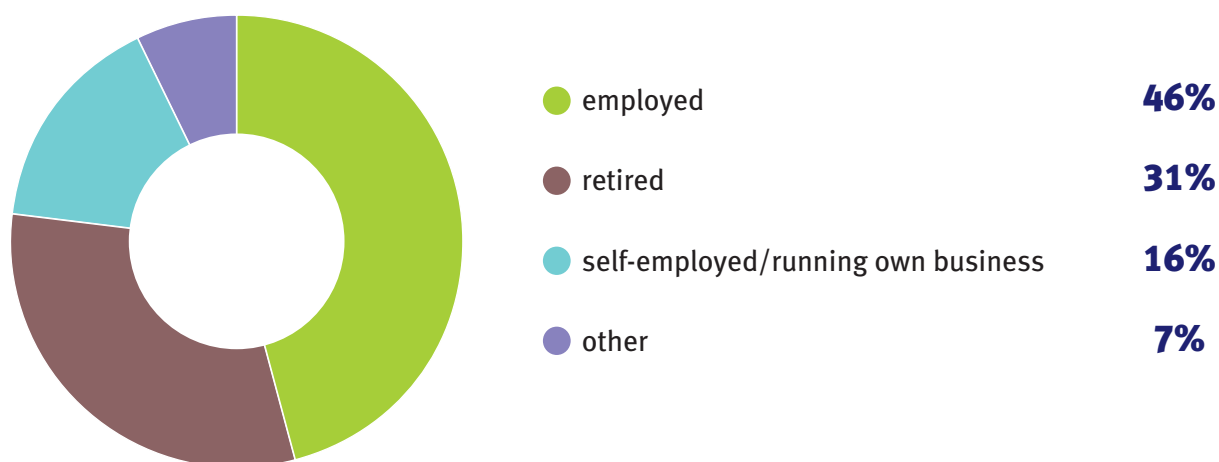
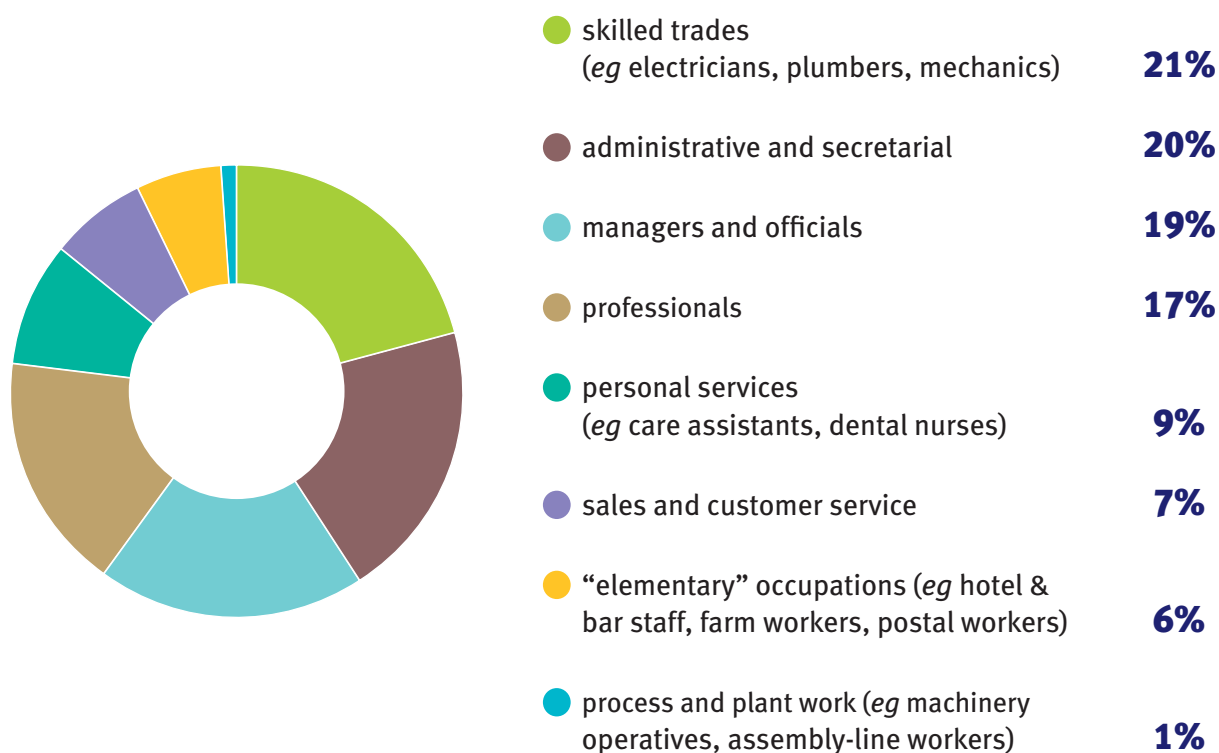
DE unskilled

- 36% payment protection insurance (PPI)
- 13% loans and consumer credit
- 8% current and savings accounts
- 12% investments and pensions
- 11% motor and household insurance
- 20% other



who complained to us

the occupational background of consumers who complained to us



“... almost a third
of the people using our
service were retired”

The occupational backgrounds of consumers using our service continued to shift during the year. The proportion of professionals fell from 19% to 17%, while the number of managers and officials rose from 15% to 19%.

The proportion of people using the ombudsman who work in administrative and secretarial jobs increased substantially – from 13% to 20%. But the number of people in skilled trades using our service fell from 26% to 21%

The proportion of people using our service who said they were employed *fell* during the year – from 53% to 46%. However, the proportion of retired people who brought complaints to the ombudsman service during the year *increased* from 25% to 31% – reflecting the fact that 41% were aged 55 or over (see page 92).

A small but growing number of consumers who brought complaints for us to resolve told us they were unemployed.

Our outreach work includes activities specifically targeted at jobless people. During the year, for example, we ran a project to help raise awareness of the ombudsman across Jobcentre Plus centres in Essex.

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 across groups of consumers from a wide range of backgrounds.

access and inclusion

Treating everyone we deal with fairly and equally is central to the work we do. This is why it is so important that people can find us – and use our services when they need us.

It is also why we do everything we can to make sure that background or ability should not act as a barrier to someone having their complaint considered fairly and impartially.

Similarly, it is important that the people who work for us should reflect the diversity of our consumers 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 could:

- ◆ Prevent any *potential* customer from accessing our services; or
- ◆ Disadvantage anyone *already* using our service.

Our strategy on diversity and equality – published on our website – is set and monitored by our board and executive team.

Operationally, our work in this area is coordinated and championed by our customer service taskforce which brings together senior staff from all areas of the ombudsman service.

During the year our strategic and practical approach to diversity was independently assessed over an eight-week period – and we were awarded for the second year running “gold standard” accreditation as a “diversity assured” organisation.



We continue to work with a range of external partners specialising in this area. These include:

- ◆ The Employers' Network for Equality and Inclusion (ENEI) – providing us with ongoing strategic and practical advice in the role of a “critical friend”, and benchmarking us against a range of private and public sector organisations.
- ◆ The National Centre for Diversity – who are helping us work towards their highest level of award for “Leaders in Diversity”.
- ◆ The Institute of Equality & Diversity Practitioners – who we have hosted joint events with on equality and inclusion in financial services.
- ◆ Stonewall, the lesbian, gay and bisexual charity, who works for equality for LGBT people – and provides us with advice, helps us with recruitment, and acknowledges us as a diversity champion.

- ◆ A range of disability, mental health and wellbeing charities – involving Samaritans, MIND, Macmillan Cancer Support, Kidney Research, Age UK, British Dyslexia Association, National Autistic Society, Action on Hearing Loss and Alzheimer's Society – who provide training and guidance for our employees on disability issues.
- ◆ The British Standards Institute (BSI) – who showcased our partnership work with charities and vulnerable people as part of our early adoption of the voluntary standard BS 18477: *inclusive service provision*.

Our in-house customer service group – made up predominantly of casework staff across the ombudsman service – helps keep us focused on the fact that each customer may have individual needs to be taken into account.

The customer service group has provided input on a number of equality analyses (formerly known as “impact assessments”) that we carried out during the year. These covered areas including:

- ◆ How we respond appropriately and sensitively to consumers wishing to be recorded on our casehandling system as gender neutral.
- ◆ Extending the opening hours of our consumer helpline (see page 20) – and the possible impact that changing shift patterns could have on our employees.
- ◆ Proposals to use email as our primary way of corresponding with people – and the possible impact this could have on consumers, particularly those who are older or have accessibility needs.

our omb|assadors

Our “omb|assadors” are employees who are interested – *outside* work – in helping to raise awareness of the ombudsman in their own local communities.

During the year, we continued to work with a range of charities and community organisations as part of our omb|assador activities.

As our ambassadors they help represent and promote the ombudsman locally where levels of awareness or usage of our service are lower. This includes community work with:

- ◆ Younger people – where our omb|assadors work in schools, colleges and youth groups.
- ◆ The gay and lesbian community – with our LGBT support-group taking part in *London Pride*.
- ◆ Older people – including taking part in events for senior members of the Asian community.
- ◆ Disabled people – involving outreach and support for a number of disability charities.

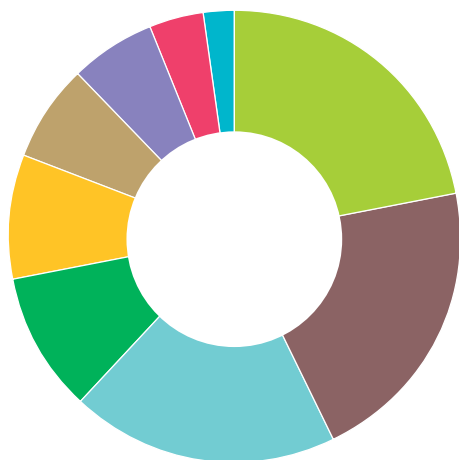
Over the following pages we highlight key areas where, following research and analysis, we have prioritised specific outreach and awareness-raising activities during the year – or adjusted our casehandling procedures to address particular accessibility issues.

disability

20% of consumers whose disputes we settled during the year told us they had some form of disability (21% in the previous year) – most commonly mobility, circulatory and manual dexterity difficulties. The figure is higher than the percentage of disabled people in the UK (17%) estimated by the Government’s Office for Disability Issues.

who complained to us

disabilities that consumers with complaints told us about



● mobility difficulties	22%
● heart and circulatory problems (eg stroke)	21%
● arthritis and manual dexterity difficulties	19%
● organ and nervous-system disorders and disease (eg diabetes, MS)	10%
● respiratory and breathing difficulties (eg asthma)	9%
● hearing impairment	7%
● mental health issues	6%
● sight impairment	4%
● other (including learning difficulties)	2%

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 employees receive training to help promote their confidence in dealing sensitively and practically with customers' different needs. During the year this included training on:

- ◆ Reading between the lines and picking up on things going on in consumers' lives that are troubling them – or putting them into vulnerable situations – such as ill health, bereavement, unemployment, mental health or domestic issues.
- ◆ When and how to use our network of various support agencies (see page 106) to provide the extra help that consumers sometime need.

- ◆ Understanding some of the challenges that older people face in a world where modern technology and processes can seem alienating and frustrating to use.

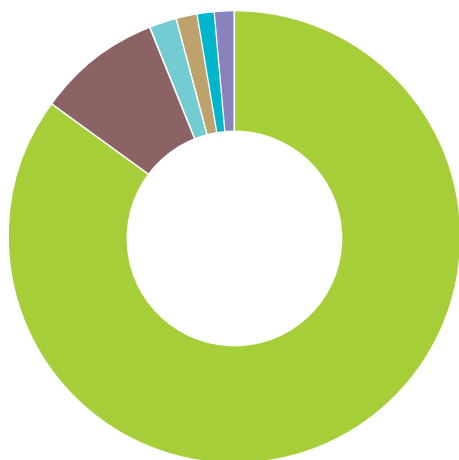
4,120 cases during the year – 0.8% of our total workload – involved our providing information for customers in an alternative format. This was an increase of almost five fold on the 876 cases in the previous year.

This increase included using large or bold print in 3,502 cases (585 in the previous year) and colour-tinted paper in 380 cases – to help meet people's specific needs.

The growth in demand for alternative formats reflects both the general increase in the volume of our casework, as well as our determined drive to promote as widely as possible our services for disabled people.

“... we train our people to deal sensitively and practically with customers' different needs”

meeting customers' different communication needs



- using large or bold print **85%**
- using colour-tinted paper **9%**
- information on CD and cassette **2%**
- Braille **1.5%**
- British Sign Language **1%**
- meeting different needs in other ways (including simplified text) **1.5%**

Our aim is to take a flexible approach in cases where a particular disability means we need to adapt our more usual means of communicating with customers. There are some examples on page 26 of cases where there was no ready-made solution.

To be able to better understand 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 – including Naidex shows, which promote independent living for people who have a disability.

We sponsored the positive role model award for disability at the National Diversity Awards. We attended the ceremony in Manchester in November 2012 to present the award to 17-year old Liam Mackin. At the age of 14, Liam, who has Alstrom Syndrome meaning he is deafblind, had two poetry books published in print, large print, Braille and audio – all sold at the same price – something that had never been done before.

We also take part in an initiative between financial businesses, industry bodies and the Alzheimer’s Society to create a culture of dementia-friendly financial services – as part of the Prime Minister’s Challenge on Dementia.

We continue to work in partnership with *Able* and *Access* – the disability lifestyle-magazines – to help raise the profile of the ombudsman service both as an employer and as a dispute-resolution service. And we featured in magazines including *If only I’d known that a year ago*, the guide to living with ill health, injury or disability, published by RADAR, the disability network.

who complained to us

consumers from black and minority ethnic (BME) backgrounds

12% of people who brought complaints to the ombudsman service during the year said they had a non-white ethnic background (10.5% in the previous year).

As part of this figure, the proportion of Black/Black British consumers using our service rose slightly from 5.1% to 5.2% – and the proportion of Asian/Asian British consumers increased from 3.2% to 4.8%.

55% of the complaints referred to us by Black/Black British consumers related to payment protection insurance (PPI) – compared with 32% from Asian consumers.

Looking across all financial products there is no significant difference in the outcome of cases referred to us by white and non-white consumers. And white and non-white consumers are equally as likely to appeal their case to an ombudsman for a final decision.

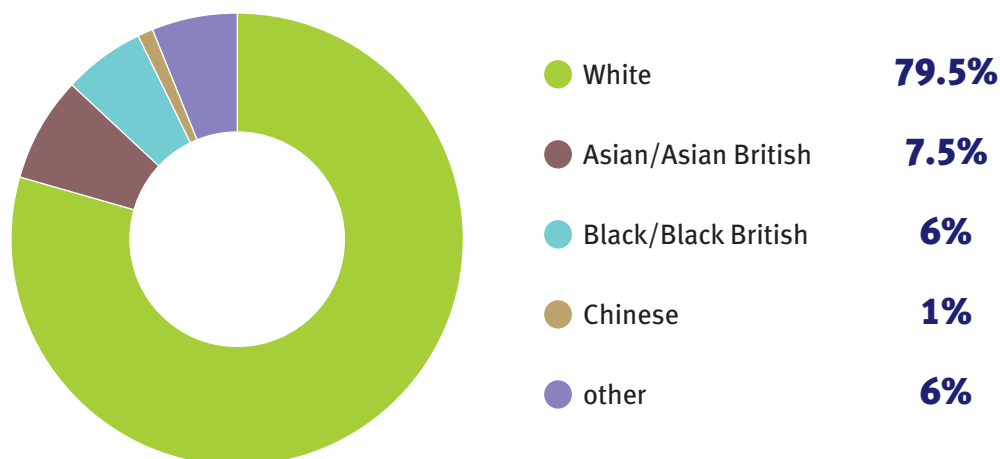
the ethnic background of consumers who complained to us



During the year we continued to work closely with influential Black women’s magazines, *Black Hair* and *Pride*. This included producing a series of lifestyle features highlighting consumer rights – and awareness of the ombudsman – in the day-to-day context of planning for holidays, fashion, relationship advice and Christmas shopping.

We also continued our long-term partnership with ZEE, the Asian media network – as well as running advertising and advertorial in *Desi-info*, *The Asian Today* and *Asian Woman* magazine. Our adverts and “click throughs” on a range of popular UK Asian-lifestyle websites have been particularly successful.

the ethnic background of our website users



Targeting information about the ombudsman service for the Asian community by using web-based material and online advertising reflects the findings of our online survey (see page 128) – which continues to show a slightly higher proportion of Asian consumers using our website than other ethnic groups. This is in line with research indicating higher levels of internet use among the Asian community more generally.

However, we also used more traditional ways of getting our message across *directly* to harder-to-reach communities, where awareness and understanding of our service is lower. During the year this included running targeted public information campaigns on:

- ◆ Buses across the Midlands and Northern Ireland.

- ◆ The Metrolink tram network in Greater Manchester.
 - ◆ Trains across the Scottish, Welsh and Central England rail networks.
 - ◆ Bus shelters in East and South East London.
- And we took part in a range of multicultural consumer events – to meet people face to face and hear about their experiences of interacting with financial services – including:
- ◆ *Mela* events in Leicester, London and Birmingham.
 - ◆ Black History Month celebrations.
 - ◆ Community events in our own neighbourhood in East London.

Unprompted awareness of the ombudsman service increased the most during the year among Asian consumers – with 14% now able to name us without any prompting, compared with 9% in the previous year. Unprompted awareness of our service among Black/Black British consumers has remained relatively stable at 14%.

During the year we handled 940 cases in a range of 20 Asian languages – an increase of 44% on the previous year. We also handled 45 cases in African languages and 202 cases in Middle Eastern languages. There is more information about our language work on page 30.

who complained to us

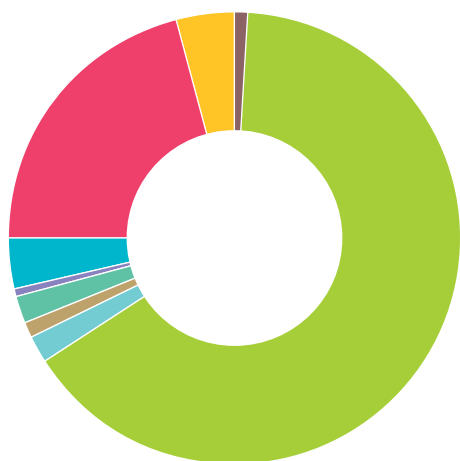
faith and religion

We include an optional question in our survey about consumers' religious or faith beliefs. This survey is entirely voluntary – and is completed by consumers anonymously *after* their case has been settled.

This information – like all the other details we collect relating to the diversity of our customers – helps us monitor whether we are handling complaints and making decisions fairly and impartially.

Of the people who completed our customer survey, 4% said they would prefer not to answer the question about faith and religion.

faith or religion of the consumers who complained to us



● Buddhist	1%
● Christian	65%
● Hindu	2%
● Jewish	1%
● Muslim	2%
● Sikh	0.5%
● other religion	3.5%
● no religion	21%
● prefer not to say	4%

These figures are very similar to those in previous years. And they are broadly in line with statistics from the 2011 UK census. However, we received:

- ◆ More complaints from consumers who told us they were Christian (65% in our survey and 60% across the UK).
- ◆ Fewer complaints from consumers who told us they were Muslim (2% in our survey and 4% across the UK).

Our monitoring of the outcome of cases over the year shows that the proportion of complaints we upheld in favour of consumers varies slightly between different religious groups. However, this clearly reflects the significantly different financial products complained about – and the different uphold rates for different products.

For example, Christian consumers were among the groups that complained the most about payment protection insurance (PPI) – which has one of the higher uphold rates as a product. This meant that in total these consumers had a higher proportion of their complaints upheld throughout the year.

However, Jewish consumers complained the least about PPI (only 11% of their total complaints – compared with 34% of the complaints from Christian consumers). This was reflected in a slightly lower uphold rate in total for Jewish consumers.

The different patterns of financial products complained about by the various faith groups – resulting in slightly different proportions of uphold rates – may also reflect different religious attitudes to credit and interest.

younger consumers

The proportion of consumers aged under 35 who bring complaints to the ombudsman service is generally lower than the proportion of the UK adult population as a whole. And we receive significantly fewer complaints from consumers under 25.

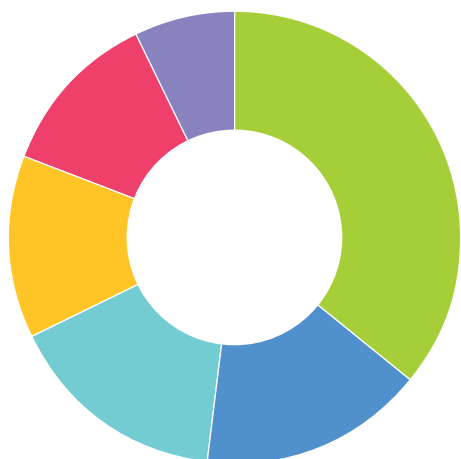
This largely reflects the fact that people under 25 generally own fewer financial products than older, more financially-established consumers.

For example, data from the *Family Resources Survey* published in June 2012 by the Department for Work and Pensions showed that families with a head of household aged 25 or under held fewer than the average number of all types of financial products with the exception of basic bank accounts.

But many younger people have personal loans, credit cards and bank accounts – and take out insurance for loans, travel, mobile phones, cars and motorbikes. And this is reflected in the complaints we *do* see from this age group – as shown in the chart on the next page.

Consumers under 25 were the only age group to complain to us more about their bank accounts than about any other financial products. While every other age group complained mostly about payment protection insurance (PPI) – with these complaints making up 42% of cases from people aged between 35 and 44 – only 16% of complaints referred by consumers under 25 involved PPI.

what consumers under 25 complained to us about



● bank accounts	36%
● payment protection insurance (PPI)	16%
● motor insurance	16%
● loans	13%
● consumer credit	12%
● other	7%

In our consumer research, 6% of people under 25 said they had complained about a financial product or service (8% in the previous year) – compared with 16% of people between 25 and 34, and 22% of people between 45 and 54.

This may support the widely held view that it is the “formality” of making a complaint – and the time and effort involved in following the “official” procedure – that younger consumers find particularly off-putting. It could also explain why younger consumers are significantly less likely to pursue a complaint to an ombudsman for a final decision, if they are unhappy with an adjudicator’s view (see page 94).

But it could also suggest that problems faced by younger people – who will be new to using many financial products – can be resolved more easily by financial businesses without escalating into formal complaints.

As part of our consumer research over the year, 59% of people under 24 said they had *not* heard of the Financial Ombudsman Service. But awareness of our service among consumers aged between 25 and 34 was significantly higher – with 18% able to name us without any prompting.

“... three quarters of people between 25 and 34 recognised our name”

“... 20% more people aged over 65 referred complaints to us”

As part of our outreach work we continue to focus on younger consumers – to help raise awareness of their right to complain and the role of the ombudsman. Recognising that younger consumers access information differently from older people, we look at different ways of communicating with this age group – and we work with a range of specialist partners to help get our message across.

This includes:

- ◆ Featuring tailored messages in youth publications and websites such as *The Festival Guide*, *Gap Year Travel Guide*, StudentTimes.org and StudentBeans.com.
- ◆ Developing our presence across social media – but keeping our messages and interactions simple and low key, in line with advice from the young people we meet and consult with.
- ◆ Supporting Trading Standards’ *Young Consumers of the Year* competition – including the young consumers –v– parliamentarians money quiz in Westminster – and working with youth education charity, MyBnk.
- ◆ Working with the National Association of Student Money Advisers (NASMA) on a series of initiatives, including a smartphone app, student finance tips on *Twitter*, podcasts for student radio, and meeting students face to face at “freshers’ fairs”.
- ◆ Supporting a training and mentoring partnership between youth workshop, SE1 United, and a video production company – resulting in a short film made *by* young people *for* young people on money skills and nipping financial problems in the bud.

older consumers

41% of all consumers who referred complaints to the ombudsman service during the year were aged 55 or over – and 31% were retired.

The proportion of consumers over 65 who referred complaints to us increased by 20% over the year – and people in this age group now account for almost a quarter of the people who use our service.

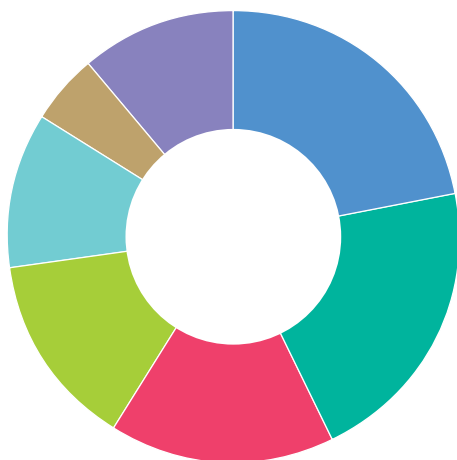
This increase largely reflects the growing number of older people who are now referring complaints to us about payment protection insurance (PPI). For example, in the financial year 2012/2013, 22% of the complaints we received from consumers aged over 65 related to PPI – compared to just 11% in 2010/2011.

Consumers over 65 are significantly more likely to pursue a complaint to an ombudsman for a final decision, if they are unhappy with an adjudicator’s view (see page 94).

However, this largely reflects the types of financial products involved – with older people more likely to have more complex products such as pensions and investments, where more money may be at stake.

who complained to us

what consumers over 65 complained to us about



● payment protection insurance (PPI)	22%
● loans	21%
● bank and savings accounts	16%
● investments and pensions	14%
● household/motor insurance	11%
● consumer credit	5%
● other	11%

As part of our outreach work we continue 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.

Awareness of the ombudsman service has been steadily rising among consumers aged over 65. 70% of this age group has some awareness of our service – compared with 85% of people aged 45 to 64.

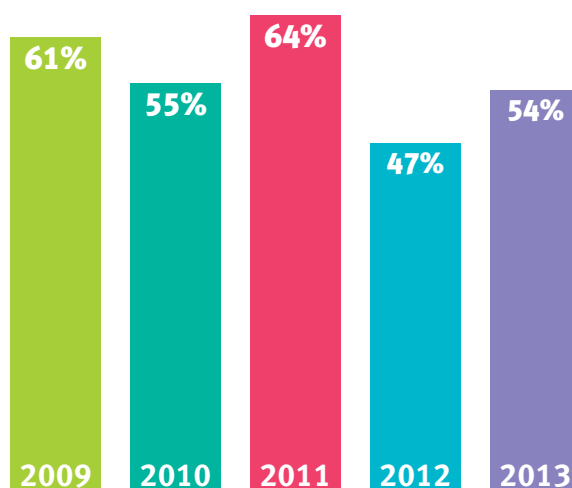
Our research continues to show a significant divergence within the older age groups between consumers who are confident users of technology and those who cannot, or do not, use computers and the internet.

22% of consumers between 55 and 64 told us that they did *not* have internet access (24% in the previous year) – rising to 54% of consumers aged 65 or over (47% in the previous year). Fewer than 1% of people between 25 and 34 say they do not have internet access.

To reflect the different ways in which older people like to get information, our range of communication with older people includes:

- ◆ Taking part in face-to-face events – such as the *Caravan & Motorhome Show*, the *Retirement Show* and the *50+Show*.
- ◆ Featuring on “silver surfer” websites.
- ◆ Focusing targeted messages through specialist publications – such as *Retirement Today*, *Mature Times* and *Choice*, the lifestyle magazine for people over 50.

% consumers over 65 who told us that they had no internet access



the diversity of our own workforce

Across our workforce as a whole, 45% are male and 55% female (51% and 49% respectively in the previous year). At the end of the year, women accounted for 50% of our non-executive board, 57% of our executive team and 48% of our panel of ombudsmen.

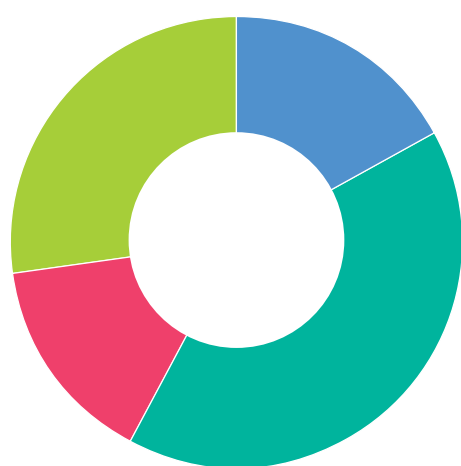
49% of people working at the ombudsman service at the end of the year were aged between 25 and 35 (42% in the previous year) – with 4% of our workforce older than 55 (6% in the previous year). The age of our employees ranged from 18 to 66 years old.

33% of our employees are from non-white backgrounds, 5% have a disability, and 3.5% have indicated as part of our equal opportunities monitoring that they are lesbian, gay, bisexual or transgender (LGBT).

During the year we took part – for the second year running – in the *Sunday Times* Best Companies survey that measures workplace engagement. Building on our “one to watch” status in the previous year, we improved significantly – climbing to a “two star” outstanding ranking. And in February 2013 we were confirmed as a “Top 100” best employer.



levels of consumer awareness of the ombudsman service



- people who could name us, without any prompting **17%**
- people who said they *definitely* knew of us, when they were told our name **41%**
- people who said they *may* have heard of us, when they were told our name **15%**
- people who didn't recognise our name or know who we were **27%**

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.

who complained to us

Tracking differences in levels of awareness of the ombudsman service across different groups and communities is very important as part of our commitment to:

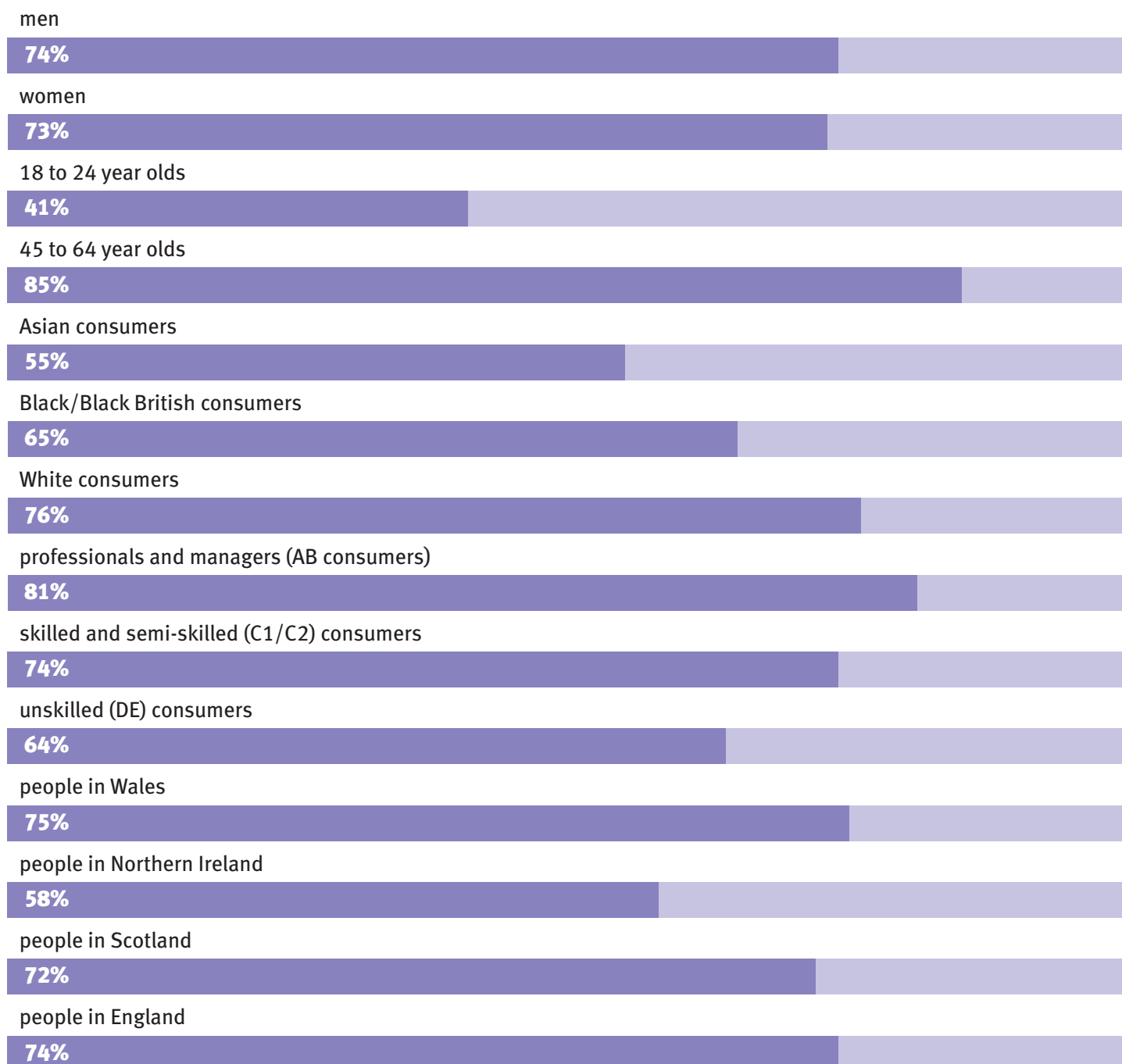
- ◆ Understanding why some people do not know about us or use our service.

- ◆ Identifying where there could be barriers – which we could minimise or remove – preventing some people from bringing complaints to the ombudsman service.

Over the last few years, levels of awareness of the ombudsman have remained steady.

This is despite feedback that consumers are increasingly turned off by anything involving the word “financial” – and bewildered by the confusing language and acronyms used in financial services. This is why we try very hard never to call ourselves “FOS” – which we know many people find confusing.

awareness of the ombudsman service across different groups of consumers



“... consumers are increasingly turned off by anything involving the word *financial*”

Around 17% of the adult population (the same as in the previous year) can actively name the financial ombudsman, without any prompting, as the organisation whose job it is to help consumers sort out individual disputes with financial businesses. This rises to 20% of people between 35 and 64 who can actively name us.

Including those consumers who say they know about us when they are prompted with our name, 73% of adults are aware of the ombudsman service.

This chart shows varying levels of awareness across different groups of consumers. Those less likely to recognise our name or know about us are younger people, Asian consumers and people in Northern Ireland.

There is more information in this chapter about the targeted consumer initiatives we run to help raise levels of awareness of our service – where our research identifies specific groups of more vulnerable consumers, or those who appear less likely to know about, or to use, our service.

For example, we continue to prioritise our outreach work in Northern Ireland. This includes working closely with consumer groups and the media, advertising on buses, and taking part in the largest agricultural show in Belfast each year. While still lower than elsewhere across the UK, general awareness of the ombudsman in Northern Ireland increased during the year from 54% to 58%.

consumers who *don't* use our service

In our research during the year looking at consumers in general, 16% of people said they had had a problem with a financial product or service (18% in the previous year) – rising to 22% of people aged between 45 and 54.

68% of these people said they went on to make a formal complaint to the financial business involved (64% in the previous year). And 70% of these people said they were satisfied with the business's response.

Among the 30% of people who said they were not satisfied with the business's response to their complaint:

- ◆ 56% took *no* further action. This meant they did *not* refer their complaint to the ombudsman service (or to any other organisation, such as the regulators or the court).
- ◆ 38% took further action by referring their complaint to the ombudsman.

Consumers aged under 25 were the least likely to take any further action – even if they remained unhappy with the business's response to their complaint.

Consumers aged over 65 were most likely to pursue their complaint further – with 60% saying they would take further action, including referring their dispute to us.

“... consumers under 25 were least likely to take any further action – even if they remained unhappy”

who complained to us

We are very interested in people's reasons for *not* pursuing a dispute to the ombudsman service – if they are unhappy with the business's response to their complaint. We want to understand whether barriers – real or perceived – may exist in accessing our service, and where we may need to target specific outreach and awareness-raising activities or adjust our casehandling procedures to address any access issues.

The majority of consumers who do not pursue complaints – either to the business in question or to the ombudsman service – say this is because they cannot see the point in complaining or find the experience too stressful.

During the year the proportion of people who said they did not pursue a complaint because they “didn't think it would achieve anything” increased from 30% to 36% – but the number who said it was because they found “the financial business difficult to deal with” halved from 21% to 11%.

why consumers say they did not pursue a complaint – even if they were dissatisfied with the business's response



attitude to complaining

People’s attitude to complaining – and the way they feel about our service – is significantly related to demographic factors, such as their age, gender and socio-economic background.

This research shows that, broadly speaking, consumers identify themselves as one of three distinct groups (or “segments”) when it comes to complaints.

But we recognise there are factors that could affect people’s approach and attitude to complaining which may *not* be defined by, or limited to, specific demographic groups. Research we have carried out shows how different *personality* types feel about complaining and how they respond to situations involving complaints.

7%
 “I had other more important priorities”

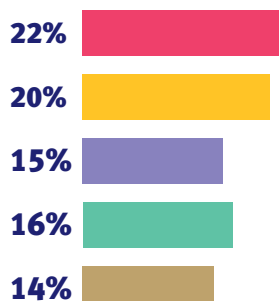
5%
 “It didn’t seem worth it for the money involved”

11%
 Other reasons

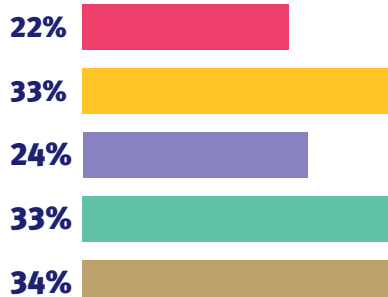
who complained to us

how consumers feel about complaining

"Complaining is a hassle, so I'd want to work out if it was worth it. If the process was easy, or someone else would take it on, then I'd go for it."



"I generally don't like complaining. It can be quite stressful as it's my word against theirs."



"I'd complain and give them a deadline to sort it out. If it wasn't sorted out, I'd take it further. I believe you need to go to the top to get a problem solved."



● consumers in general

● our website users

● consumers who initially contact our consumer helpline

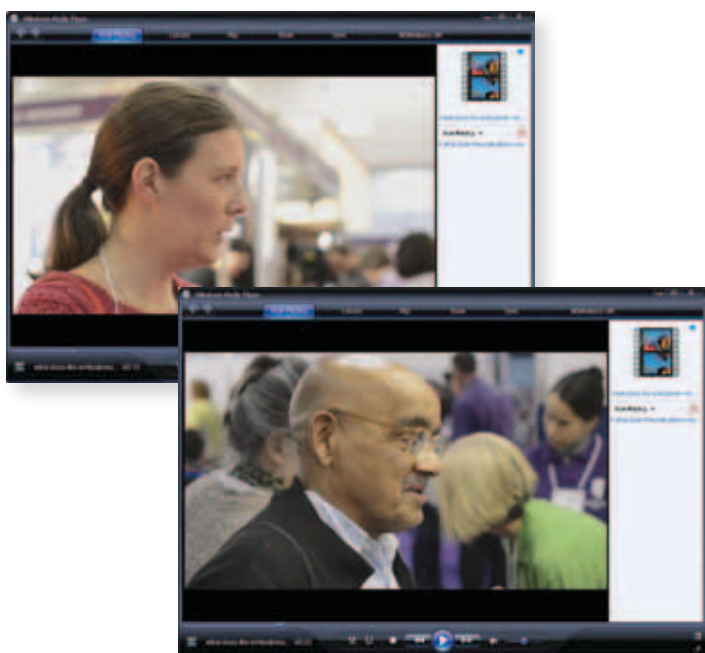
● consumers who register a complaint with us *formally*

● consumers who pursue a complaint to the final stage – for an ombudsman decision

These consumer “segments” appear to confirm a widely-held view that consumers who pursue complaints are more likely to be self confident and determined when asking questions and expressing dissatisfaction. The proportions of people in these various segments have not changed significantly during the year.

Having this insight into how consumers feel and behave in relation to complaints is important to us. It helps us check what our processes and procedures look and feel like from the perspective of different kinds of customer.

As part of this work, for example, we have added more video content to the “my story” section of our website, showing consumers from different backgrounds talking about what the word “ombudsman” means to them.



Research shows that seeing *someone like me* do it is one of the most effective ways of giving people the confidence to try something themselves.

This is particularly important in the context of complaining – which can be an uncomfortable experience. Some consumers have told us that this is why they chose to use a claims-management company – or not pursue a complaint at all.

Of course, consumers can refer complaints to the ombudsman service only *after* they have already been through the complaints procedure of the business they are unhappy with.

This means that attitudes and behaviour – on both sides – may already be entrenched *before* our own involvement starts.

trust

Our consumer research monitors the level of trust that people have in the ombudsman service. 71% of adults across the UK say they would trust the ombudsman service (70% in the previous year).

This compares with 76% of people who say they would trust their local Trading Standards and 80% 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 – at 48%.

17% of people who had heard about us – but had *not* used our service – said they would trust us *completely* (14% in the previous year). This compared with 27% of people who would trust Citizens Advice completely and 3% of people who would trust a financial services trade association completely.

But when people had directly experienced our service, their level of trust in us almost quadrupled – with 66% of consumers trusting us *completely* at that stage (63% in the previous year and 50% in the year before that).

who complained to us

how consumers who had an enquiry handled by us rated our service

it was easy to find out how to contact us



the enquiry was dealt with promptly



we showed an interest in the individual enquiry



we knew enough to be able to answer questions



we gave a clear explanation of what would happen next



we did what we said we would do



● consumers who agree ● consumers who disagree

how consumers who had a complaint decided by us rated 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



● consumers who agree ● consumers who express no view ● consumers who disagree

During the year we carried out research to hear what consumers thought about our service. This included email surveys completed by 25,000 people who had phoned our consumer helpline and postal surveys sent to 10,000 people whose complaints we had decided.

Feedback from these surveys showed some improvements in the level of service we provided, with increases:

- ◆ From 84% to 87% in the proportion of consumers who felt that the person they spoke to knew enough to answer their questions.
- ◆ From 90% to 93% in the proportion of people who said we showed an interest in their enquiry.

We did less well on how our customers whose complaints we had decided viewed our timeliness – with this rating slipping back from 58% to 51%.

We acknowledge that we have not been able to resolve cases this year as quickly as we would have liked. This is largely because of the surge of payment protection insurance (PPI) complaints – and the challenges of gearing-up our operations to deal with the unprecedented demand. There is more information about our timeliness on page 82.

These challenges make it very important that we manage our customers' expectations sensitively and realistically – and deliver the best service we can while people are waiting for their cases to be assessed.

This is why we have introduced other ways of measuring customer satisfaction during the year – to help us better understand what people feel and think *while they are waiting* for a decision to be made on their case, as well as how they rate the service after their case has been settled and closed.

This has included introducing an automated feedback option at the end of PPI-related phone calls – enabling consumers to give instant ratings on various aspects of the quality of our service while their case is being progressed. This allows us to intervene straightaway, if a consumer's feedback suggests something we could nip in the bud as early as possible.

how consumers waiting for their PPI complaint to be resolved rated our service

we have shown an interest in the complaint and are handling it professionally



we do what we said we would do



we have kept in touch and been clear about things



we have been clear about how long it will take



we have provided a satisfactory service so far



● consumers who agree ● consumers who express no view ● consumers who disagree

who complained to us

We also run monthly online surveys to help us keep in touch with what consumers think about our service. Any case-specific feedback that consumers give us in these surveys is reported *direct* to the individual casehandler who worked on the case in question – and to their manager.

During the year 72% of people whose complaints we handled said they would recommend us to family and friends. Having our service recommended by customers is important to us, because our research shows that many consumers first heard about us from a friend, relative or colleague (see page 28).

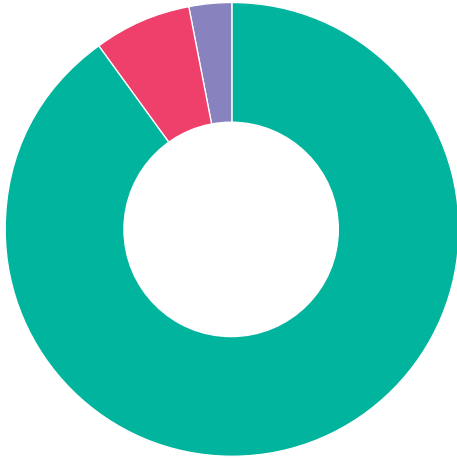
“... 72% of people said they would recommend us”

how many people think we are:

	very	quite	not really	not at all
helpful and approachable	48%	29%	11.5%	11.5%
independent and impartial	50%	27%	11%	12%
authoritative and knowledgeable	52%	26%	10.5%	11.5%
capable and efficient	48%	23%	14%	15%
respected and influential	49%	29%	9%	13%

how the outcome of a complaint affected consumers' views of our service

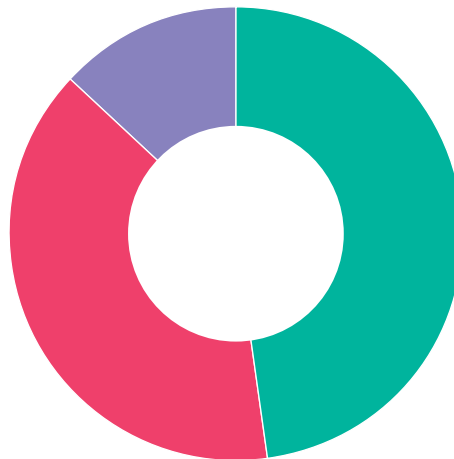
In our postal surveys, of those consumers who said they felt they had "won" their complaint:



- 90% gave us positive feedback on the level of service we provided.
- 7% gave us negative feedback.
- 3% expressed no view.

In contrast, of those consumers who said they felt they had "lost" their complaint:

- 48% gave us positive feedback.
- 39% gave us negative feedback.
- 13% expressed no view.



92% of consumers who felt they had "won" their complaint said they would recommend our service. However, 55% of those who felt they had "lost" their case also 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. Even so, many of those who did *not* get the outcome they had hoped for still expressed positive views across a range of aspects of our customer service.

While people who bring complaints would clearly like to have their cases upheld, the following comments from consumers indicate those aspects of customer service that also really matter to people.

who complained to us

aspects of customer service that people told us mattered to them

"If it takes a long time to bring a complaint to a final conclusion that just adds to the stress of the situation."

"When you're feeling particularly frustrated and aggrieved about something, you want to know that the person dealing with your complaint isn't just going through the motions."

"I worry that people's complaints and concerns will just get lost in the bureaucratic system where no one has any power over the big financial institutions."

"I want to be able to talk to whoever it is who's investigating my case - so that I can understand exactly how they arrive at their decision."

"It's your word against the banks'. The system will always back the big companies."

"Does the ombudsman really understand how much consumers are being dealt a rough deal by the banks and other financial companies?"

our website users

Each day during the year an average of 18,943 people logged onto our website (11,000 in the previous year) – www.financial-ombudsman.org.uk. There is more information on page 22 about how our website forms a key part of our frontline service to customers.

To find out more about our website users, we run an online survey each year. Key findings from this year's survey showed that:

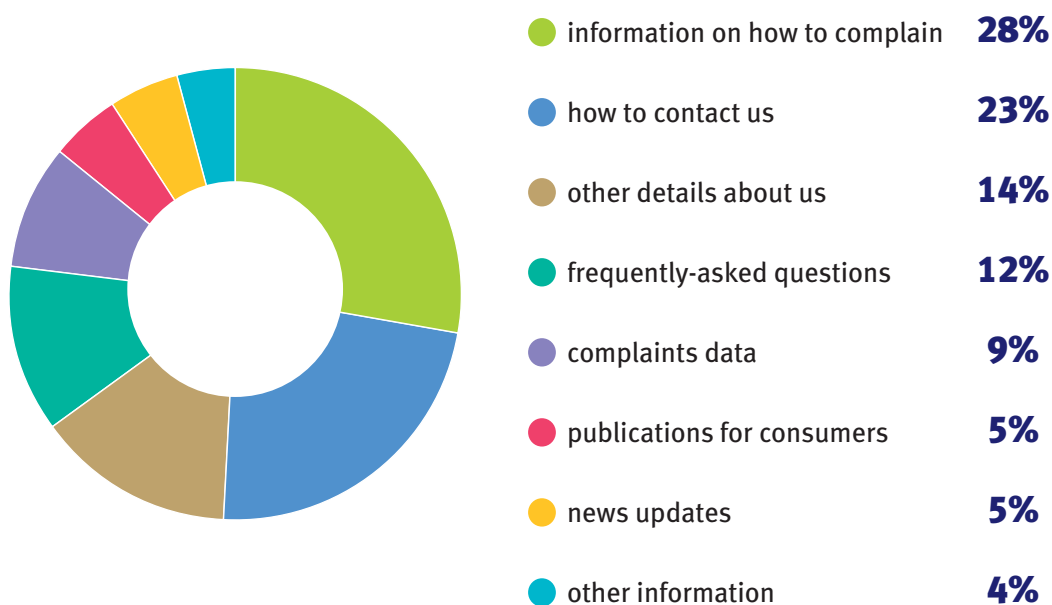
- ◆ 66% of people were first-time visitors and 34% had been on our website before.
- ◆ 88% of users were consumers and 12% were using our website for business purposes.
- ◆ 55% of users were male and 45% female.

- ◆ 72% of users said they would *definitely* visit our website again and 23% said they would *probably* do so.

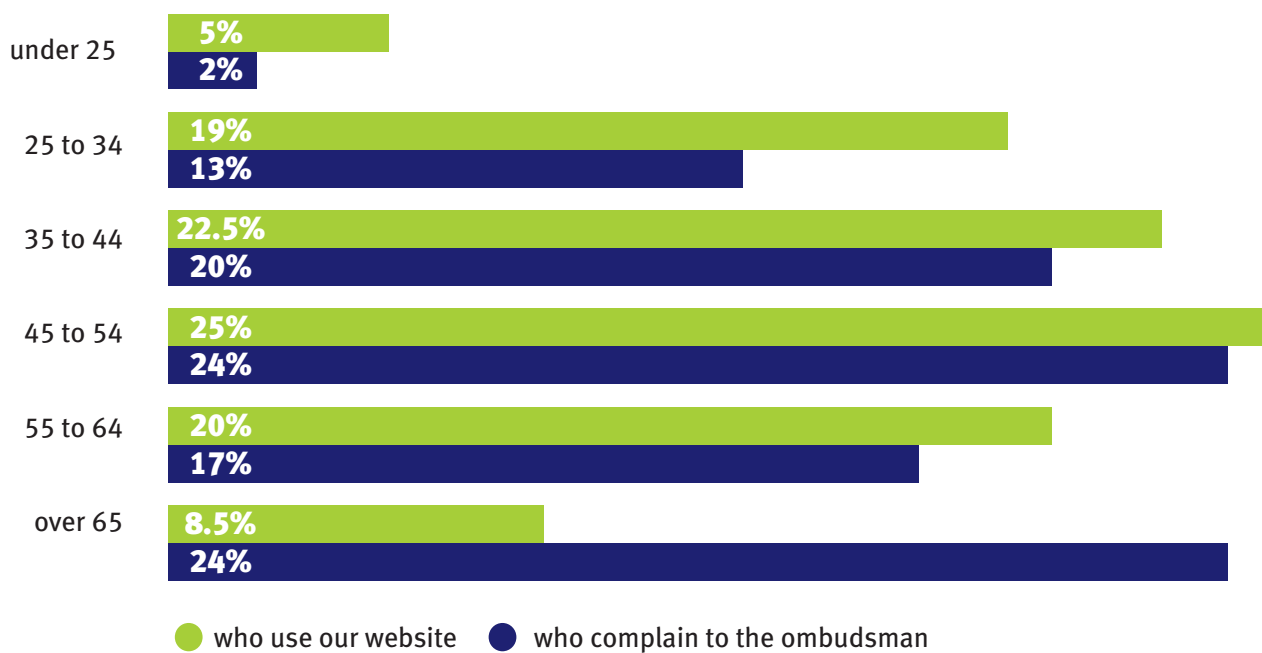
Knowing what kinds of people *do* and *do not* access our website is very important for us. It helps us make decisions on its design and content. And it helps when we assess the most appropriate channels of communication to get our messages across effectively.

It also helps us consider the advantages and disadvantages of different methods of engaging with customers and delivering our service.

the information people looked for on our website



the age of our website users



who complained to us

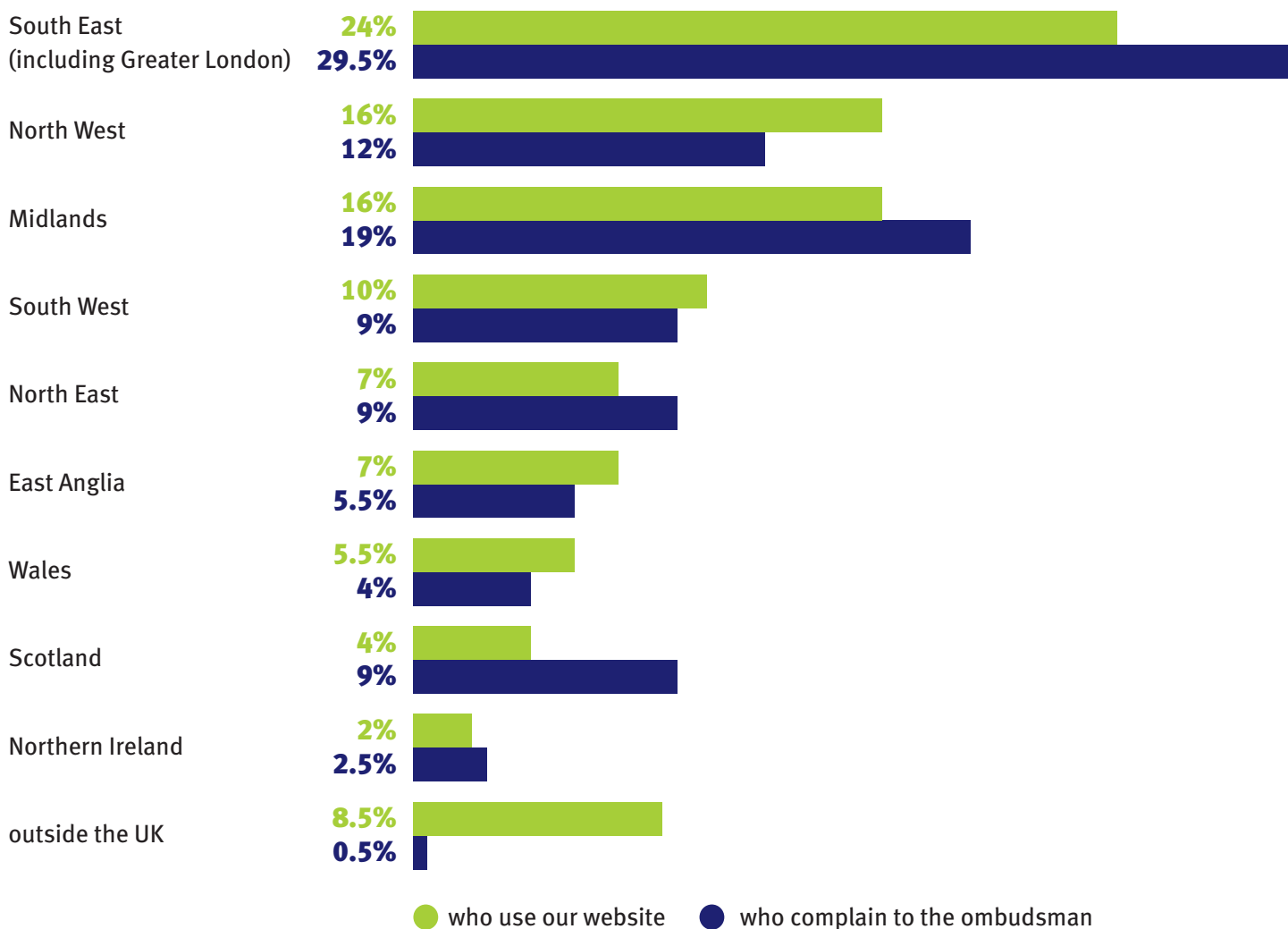
The proportions of people in each age group who used our website during the year remained broadly similar to previous years.

However, the number of people aged over 55 who used our website rose from 27% to 28.5% during the year – continuing a gradual increase we have seen in the last few years.

We know that a significant number of older people still do not or cannot use the internet. The research on page 116 shows that 22% of people between 55 and 64 who use our service do not have internet access – rising to 54% of consumers aged 65 or over.

Consumers over 65 are almost three times as likely to refer a complaint to us as they are to look at our website. On the other hand, people between 25 and 34 are significantly more likely to visit our website than refer a complaint to us.

where our website users came from



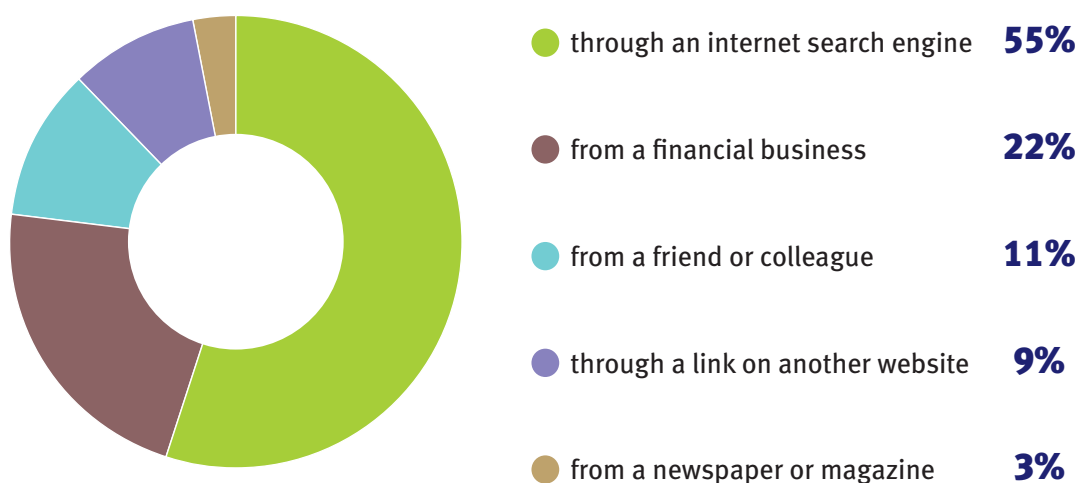
The spread of people using our website across the UK is very similar to previous years.

Consumers in the South East, the Midlands, the North East and Scotland are less likely to use our website than they are to refer complaints to us.

On the other hand, more people in the North West, the South West, Wales and East Anglia use our website than actually complain to us.

Our website attracts a significant number of overseas visitors – including consumers around the world whose feedback shows that they are comparing our approach in the UK to resolving particular financial disputes with what happens about similar issues where they live.

how people found out about our website



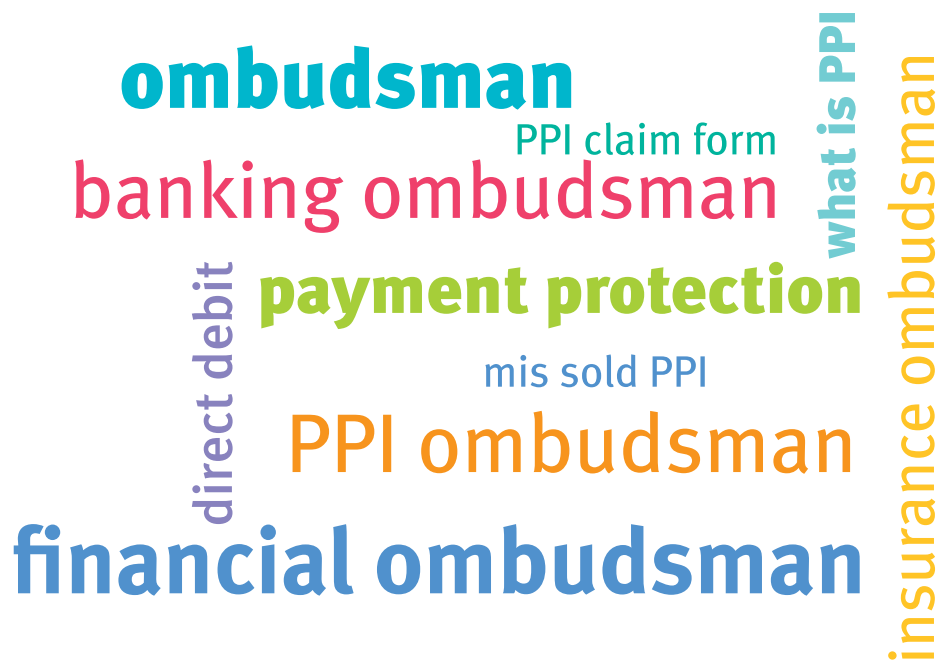
The majority of people continue to say that they found our website through internet searches – mostly using Google.

Other websites from which people are most frequently referred to ours continue to include bbc.co.uk, [moneysavingexpert](http://moneysavingexpert.com) and thisismoney.co.uk.

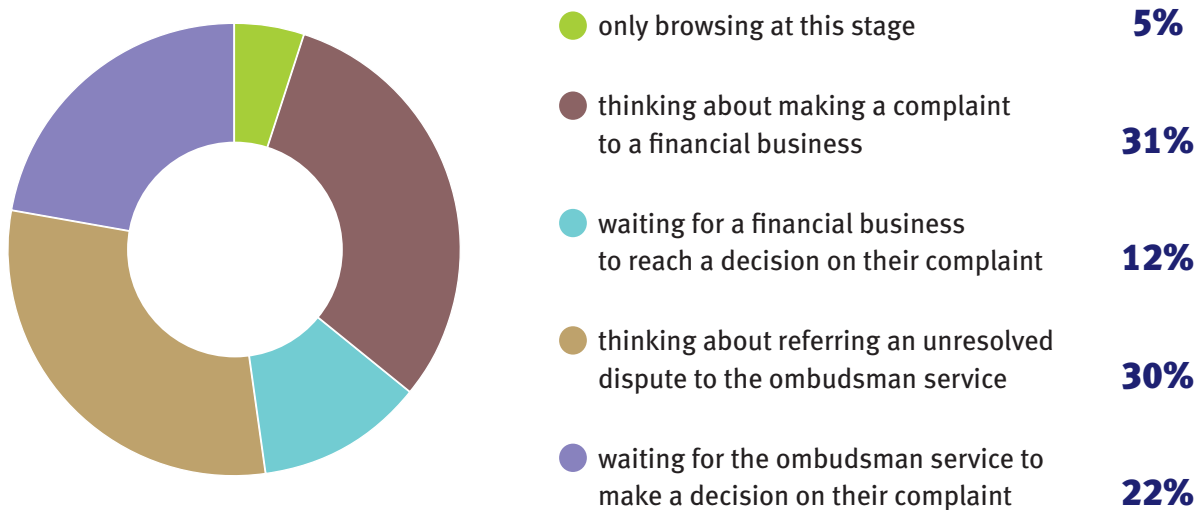
who complained to us

the words people “google” to get to our website

We use “search engine optimisation” to try to make sure that links to our website are listed prominently in the results shown for relevant internet searches. This is increasingly challenging, with claims-management companies advertising aggressively and paying premium rates to have their details listed in key positions online.



the stage people are at with their complaint when they use our website



The proportions of people using our website at the various stages of the complaints process – from initially thinking about making a complaint

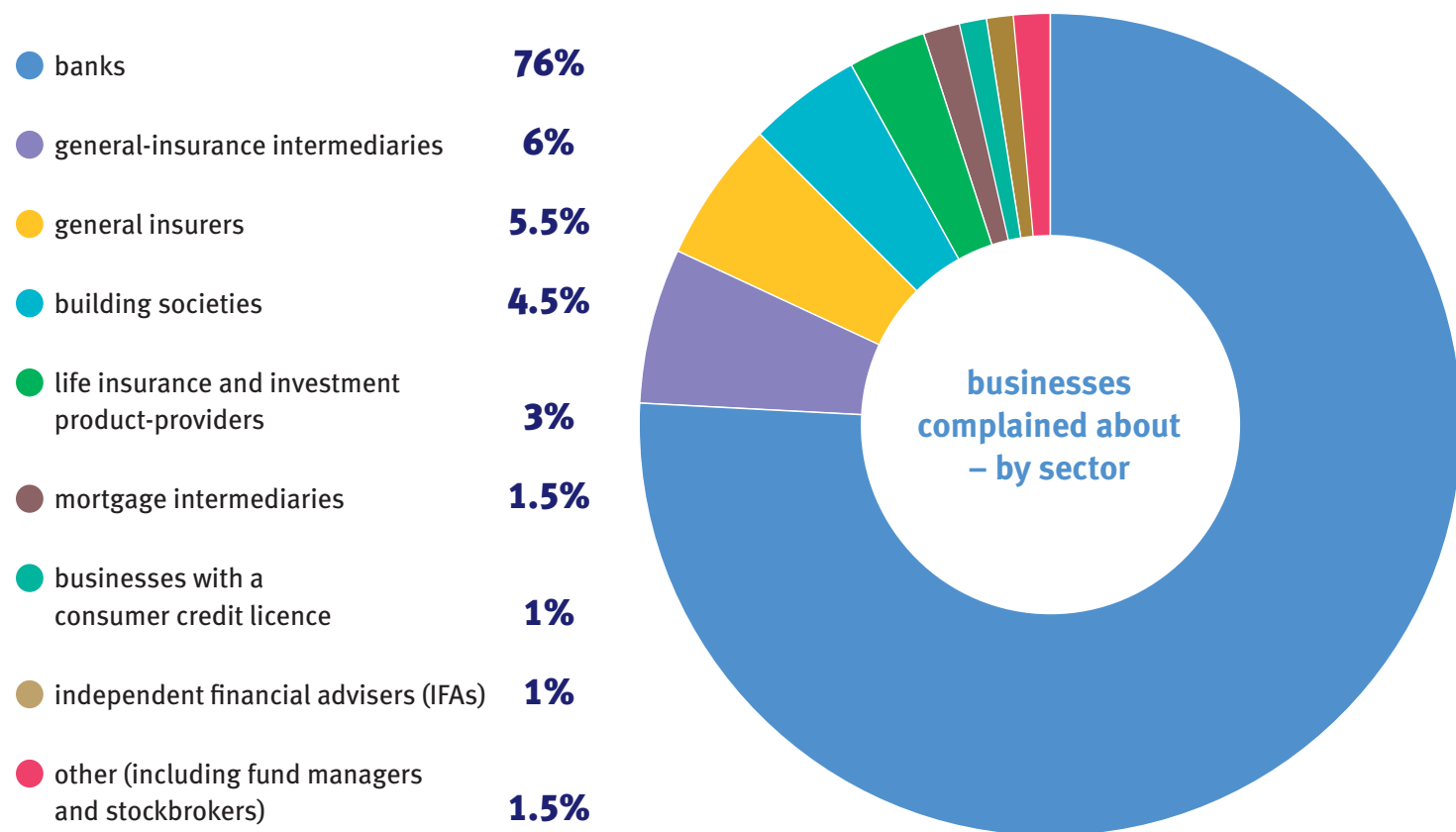
and finding out more, to waiting for a complaint to be decided either by a financial business or the ombudsman service – remained broadly similar to previous years.



who the complaints were about

who the complaints were about

business complained about – by sector



These charts show how the new complaints we received in the financial year 2012/2013 were spread across the different sectors of the financial services industry.

The proportion of disputes relating to banks rose substantially – from 65.5% of all cases to 76%. This continued to reflect the volume of complaints about payment protection insurance (PPI) during the year.

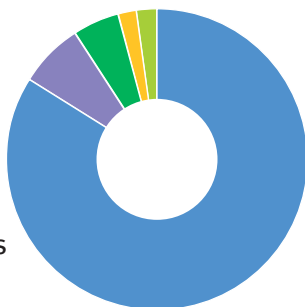
The proportions of cases involving all other sectors fell during the year – with the exception of building societies, where PPI complaints led to cases rising from 3.5% to 4.5%. Disputes involving IFAs – as a proportion of our total caseload – remained at 1%.

The charts opposite show how new complaints involving the products most frequently complained about to the ombudsman service were spread across the different sectors of the financial services industry.

financial products most frequently complained about – by sector

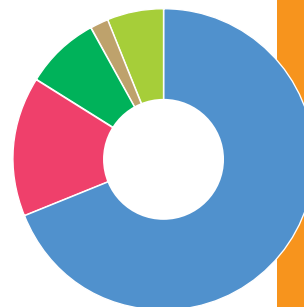
complaints about payment protection insurance (PPI)

- 84% banks
- 7% insurance intermediaries
- 5% building societies
- 2% general insurers
- 2% other



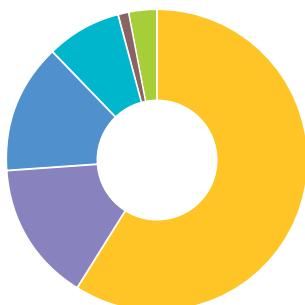
complaints about mortgages

- 69% banks
- 15% mortgage intermediaries
- 8% building societies
- 2% IFAs
- 6% other (including non-bank mortgage providers)



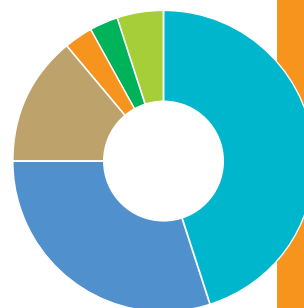
complaints about general insurance (excluding PPI)

- 59% general insurers
- 15% insurance intermediaries
- 14% banks
- 8% life insurance & investment product-providers
- 1% Society of Lloyd's
- 3% other (including cash-plan health insurers)



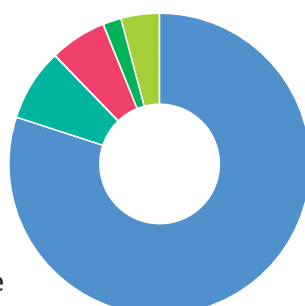
complaints about investment products

- 45% life insurance & investment product-providers
- 30% banks
- 14% IFAs
- 3% stockbrokers and fund managers
- 3% building societies
- 5% other



complaints about banking and credit

- 80% banks
- 8% businesses with a consumer credit licence
- 6% mortgage intermediaries
- 2% building societies
- 4% other



complaints about pensions

- 55% life insurance & investment product providers
- 21% IFAs
- 9% banks
- 15% other



who the complaints were about

outcome of cases – by sector

On page 78 we show the outcome of complaints in relation to the financial products we receive most complaints about. For these products, the proportion of cases we upheld in favour of consumers ranged from 23% to 65%.

On page 78 we also refer to the six-monthly sets of data published on our website – relating to just under 200 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.

This uphold rate varied substantially from business to business during the year – from 3% to 100%.

The chart below shows the outcome of cases in the financial year 2012/2013 – by sector.

% of cases we upheld – by sector

intermediaries selling PPI

74%

banks

51%

businesses with a consumer credit licence

51%

general insurers

49%

intermediaries selling general insurance

49%

independent financial advisers (IFAs)

42%

intermediaries selling banking and/or mortgage products

38%

life insurance and investment product-providers

25%

building societies

17%

how the complaints referred to us were spread across the businesses we cover

2,666 businesses each had 1 complaint referred to the ombudsman service during the year

768 businesses each had 2 complaints to the ombudsman

366 businesses each had 3 complaints to the ombudsman

735 businesses each had between 4 and 10 complaints to the ombudsman

236 businesses each had between 11 and 20 complaints to the ombudsman

199 businesses each had between 21 and 50 complaints to the ombudsman

95 businesses each had between 51 and 100 complaints to the ombudsman

79 businesses each had between 101 and 250 complaints to the ombudsman

35 businesses each had between 251 and 500 complaints to the ombudsman

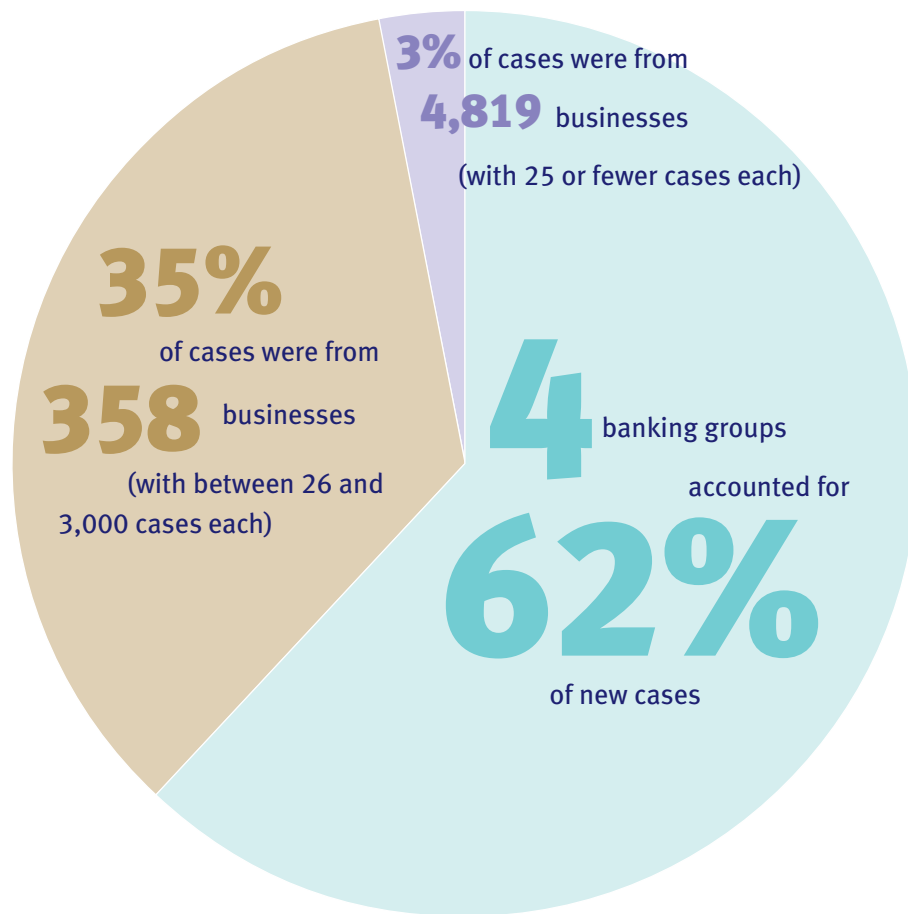
70 businesses each had more than 500 complaints referred to the ombudsman during the year

Customers of over 100,000 businesses that provide financial services have the statutory protection of the Financial Ombudsman Service, if a dispute arises. This includes:

- ◆ 80,000 businesses with a standard consumer credit licence issued by the Office of Fair Trading (OFT).
- ◆ Banking, mortgage, investment and insurance firms regulated by the Financial Conduct Authority (previously the FSA).
- ◆ National Savings & Investments (NS&I).

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.

who the complaints were about



In the financial year 2012/2013, around 5% of the total number of businesses covered by the ombudsman service had complaints referred to us.

Four of the UK's largest banking groups accounted for 314,604 cases (138,848 in the previous year) – 62% of all the complaints we received (52.5% in the previous year).

At the other end of the scale, 266 cases (0.1% of all complaints) related to friendly societies (182 in the previous year) and 222 complaints involved credit unions (79 in the previous year).

During the year we published complaints data showing the number of new cases, and uphold rates, for just under 200 financial businesses that together generate some 90% of our workload.

3,800 businesses – out of the 5,249 in total that had complaints referred to the ombudsman service during the year – had *fewer* than four complaints. This meant that 72.5% of businesses with complaints referred to the ombudsman service paid *no* case fees – because again we did not charge for the *first three* complaints during the year.

In January 2012 we launched public consultation on proposals for new case fee arrangements. These new arrangements came into effect in April 2013 and involve:

- ◆ Increasing the number of free cases from 3 to 25 for the majority of businesses that have the lowest number of complaints referred to the ombudsman service (so that only 1% of businesses are expected to pay any case fees at all).
- ◆ Developing a new group-account arrangement for the four largest banking groups that together account for around 60% of our costs.

how managers working in financial businesses rated 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

how complaints handlers working in financial businesses rated our service

we handle complaints efficiently and professionally



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



our decisions are fair and unbiased



we settle disputes within an acceptable length of time



general satisfaction with our service



● % who agreed ● % who expressed no view ● % who disagreed

who the complaints were about

We carry out regular surveys to see how the businesses we deal with rate the level of service we provide. These surveys cover all sectors of the financial services industry, ranging from the largest financial groups to smaller businesses that only rarely have complaints referred to us.

Our surveys specifically target two different groups of people working in financial businesses. One group involves management – for example, heads of compliance, customer service managers, legal advisers and company secretaries. We may not work with these people regularly in our casework.

The other group involves the people at financial businesses who handle individual complaints and are more “hands on” in their relationship with us.

The feedback from these two groups is usually different. The views of managers tend to be influenced more by wider issues in regulation and the law than the views of their employees – who work with us at a more practical level on individual cases.

For example, during the year the proportion of managers in financial businesses who felt that our decisions on cases are fair and unbiased fell from 52% to 43%. This compared with 74% of frontline complaints handlers – who also rated us highly on dealing with the issues thoroughly and handling complaints professionally.

However, the proportion of managers who said we are good value increased – from 40% to 45%. This may reflect our new proposals for changing our case-fee structure for businesses. These proposals – which came into force in April 2013 following consultation in the previous year – mean that only 1% of businesses are likely to pay case fees in future.

Almost three out of ten managers in financial businesses appeared to have no particular views on issues widely considered to be of key interest to the financial services industry – most significantly, on whether our service provides value for money.

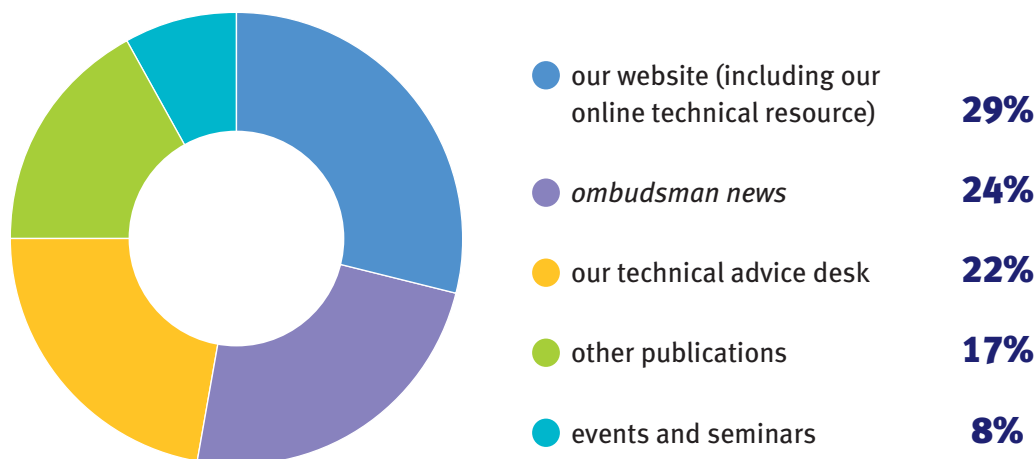
engagement with financial businesses and trade associations

On page 151 of this *annual review*, we highlight some of the external liaison 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 businesses on complaints prevention.

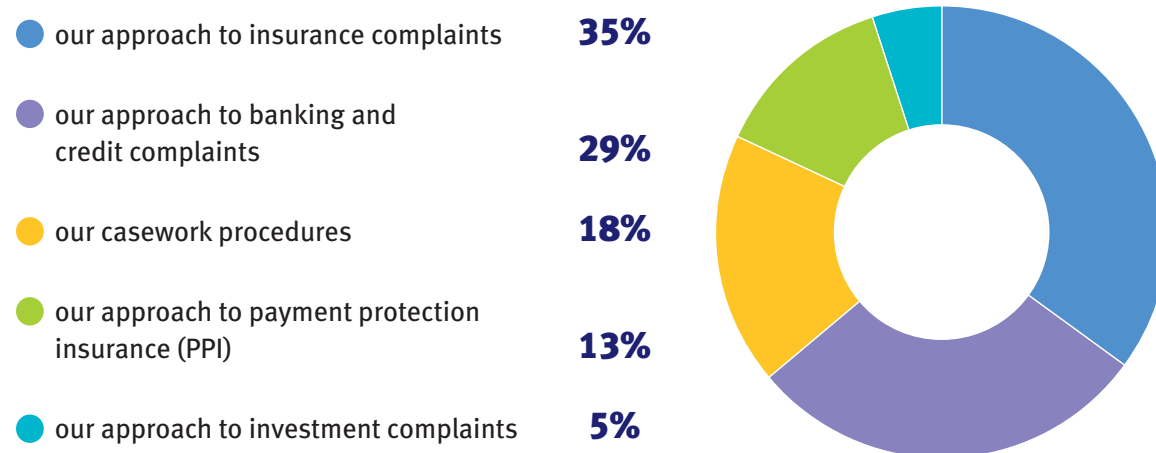
During the year we recorded feedback from businesses on what they think about the way we share information with them about our work settling disputes – and which one of our external-liaison support services they most value.

“... only 1% of businesses are likely to pay case fees in future”

which of our support services businesses valued most



queries businesses raised with our advice desk



who the complaints were about

a motor insurer phoned our advice desk

... asking for a steer on how best to deal with a customer who had recently taken out car insurance with them. When the customer had bought the policy, he had asked the insurance company not to get back in touch before 25 December. He had explained that this was because the car was a gift for his daughter – and he did not want her to know anything about it before the car was delivered on Christmas day.

Unfortunately, the insurer *did* phone before Christmas – to try to sell some add-on insurance. Overlooking the note on their system, they asked to speak to the new policyholder – the man's daughter. Angry at the Christmas surprise being spoilt, the customer was now demanding that the insurer give him the £800 insurance for free as compensation.

what we said

The insurer accepted that this was entirely their mistake. They said they had apologised unreservedly to their customer for what had happened. In the circumstances we felt that their proposed offer of £300 compensation seemed reasonable.

Our advice desk handled a record 23,381 enquiries from professional complaints handlers during the year – a 21% increase on the 19,281 enquiries in the previous year.

84% of these calls were from businesses and 10% from community workers and consumer advisers. The other enquiries were from a range of users and stakeholders including researchers and trade associations.

During the year, 72% of people who used the advice desk said they were “very satisfied” with the service – with a general satisfaction rate of 98%.

an advice worker at a community law centre phoned our advice desk

... about a client she had just visited in prison. The client was about to be deported to Jamaica because he had no valid visa. His bank was refusing to release money to him from his account, unless he went in person to his branch.

what we said

From what the advice worker told us, we agreed that the bank's requirement seemed unreasonable in these circumstances. We explained how the advice worker could take the matter forward on behalf of her client as a formal complaint against the bank – escalating the matter to us if she needed to.

an insurance company emailed our advice desk

... to talk through a claim they had received from a customer whose car had been damaged by mice. The mice had chewed through the wiring behind the dashboard. The insurer wondered whether they could reject the claim by relying on a clause in the policy that excluded electrical damage.

what we said

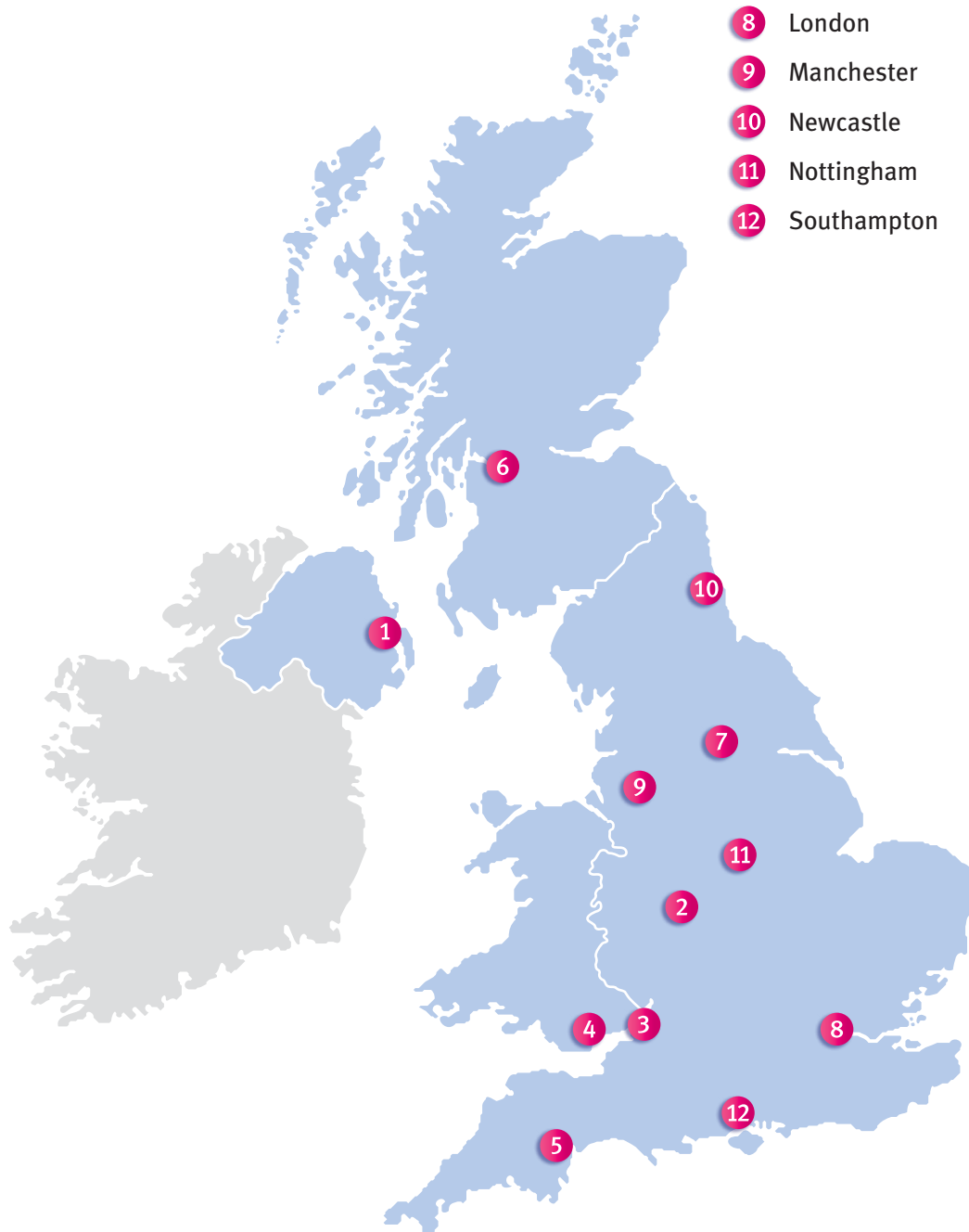
We suggested that this did not sound like electrical damage. So had the mice “vandalised” the car? – the insurer then asked. We suggested that a more commonsense approach might be to describe what had happened as accidental damage – and the insurer agreed.

For smaller businesses, we also have an outreach team who work closely with trade associations and networks both nationally and regionally.

Our outreach team run our *meet the ombudsman* seminars, where smaller businesses – who are otherwise less likely to have direct contact with us – can meet us and ask the ombudsman questions face-to-face.

During the year we met smaller businesses at events we hosted across the UK in:

- 1 Belfast
- 2 Birmingham
- 3 Bristol
- 4 Cardiff
- 5 Exeter
- 6 Glasgow
- 7 Leeds
- 8 London
- 9 Manchester
- 10 Newcastle
- 11 Nottingham
- 12 Southampton



who the complaints were about

91% of the smaller businesses who took part in one of these events said that it had given them a better understanding of complaints handling and the role of the ombudsman – which would change the way they approached customer complaints in future.

For the largest financial services groups that account for most complaints referred to the ombudsman service, we run a tailored relationship-management programme. This includes establishing constructive relationships at both operational and strategic level to ensure that the significant caseloads involved are managed as effectively and efficiently as possible.

At an operational level, we also run an industry panel involving 300 financial services practitioners and officials from 30 trade associations.

We keep in regular contact with this industry panel through a monthly email newsletter and a series of events, including conferences and workshops on complaints-related topics – for example, assessing travel claims, motor insurance disputes and compensation for distress and inconvenience.

As well as working with businesses and their trade associations at an operational level, we also work more strategically with the financial services industry through more formal arrangements. These include a cross-sector steering group, chaired by our chairman and made up of chief executives of key financial services institutions.

At the four meetings we held during the year with this steering group – and at other high-level industry meetings – we discussed strategic issues including our funding mechanism and major trends in complaints. Minutes of the various meetings of the steering group are available on our website.

“... this involves constructive relationships
at both operational and strategic level”



other work we have done

To support our work in settling disputes between consumers and financial businesses, we feed back the lessons learned from our work to a wide range of stakeholders and customers. This section of the *annual review* highlights some of these stakeholder engagement activities.

working with the regulators

We have regular contact with the Financial Conduct Authority (previously the Financial Services Authority) as the regulator of financial services, and with the Office of Fair Trading as the regulator of consumer credit – on matters that are relevant to our role and responsibilities.

During the year we worked particularly closely with the regulators through the joint “co-ordination committee”. This has helped to identify emerging issues that affect large numbers of consumers or businesses – and where regulatory action may be needed.

We also worked with the Financial Services Authority (FSA) on:

- ◆ The transfer of consumer credit regulation to the new Financial Conduct Authority (FCA) – due to take place in April 2014.
- ◆ The updating of our rules, following the changes brought in by the *Financial Services Act 2012* (see below).
- ◆ The possibility of establishing a special scheme allowing the ombudsman service to deal with complaints about interest-rate hedging products brought by businesses that would otherwise be outside our jurisdiction (see page 36). Following consultation with stakeholders, the FSA announced in January 2013 that it had decided it was not appropriate to ask us to set up this scheme.



OFFICE OF FAIR TRADING

extensions to our remit

We worked closely during the year with HM Treasury, the FSA and others on a number of changes to our remit. This included:

- ◆ Bringing credit unions in Northern Ireland under our remit from 31 March 2012 – at the same time that the FSA took on regulatory responsibility for them.
- ◆ Preparatory work in readiness for the transposition of the *Alternative Investment Fund Managers Directive* into UK law.

regulatory reform

During the year we continued to work closely with HM Treasury and the FSA on how we would implement proposals set out in the *Financial Services Bill* – which was introduced into Parliament in January 2012.

Following scrutiny by MPs and peers, the *Financial Services Bill* received Royal Assent in December 2012. The Act amends the *Financial Services and Markets Act 2000*. Under the Act, the FSA was replaced by the Financial Conduct Authority (FCA) from 1 April 2013.

The key changes for the ombudsman service under the new Act are:

- ◆ The requirement for the ombudsman to publish final decisions (see page 149).
- ◆ A new duty to disclose information to the FCA. We also have the ability to “make a reference” to the FCA about the conduct of regulated businesses in certain circumstances – to which the FCA must respond within 90 days.
- ◆ A duty to cooperate with the FCA – and to explain how we will do so in a Memorandum of Understanding.
- ◆ A requirement to consult on, prepare and publish an annual plan.
- ◆ Becoming subject to audit by the National Audit Office (NAO).



other work we have done

national and international role

We continue to maintain close relations 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, and the Ministry of Justice.

We have also worked closely with the Claims Management Regulator, which is part of the Ministry of Justice. We have reported information to them about trends and concerns relating to cases referred to us by claims-management companies – in particular, cases involving mis-sold payment protection insurance (see page 48).

We have worked with a number of other government departments with an interest in our work – including, for example, the Department for Energy and Climate Change about the redress arrangements for the “green deal”.

At an international level, we have continued to work with the European Commission on improving the availability of cross-border “alternative dispute resolution”, primarily through FIN-NET, the network of European financial dispute-resolution services.

We have also worked with the Commission and the other EU institutions on the recently-agreed directive on “alternative dispute resolution” and regulation on “online dispute resolution”.

freedom of information

Our many stakeholders – ranging from consumers deciding whether to pursue complaints, to trade associations carrying out policy research – look to the ombudsman service to provide the information they need. We aim to be as open and helpful as we can in making information freely available.

The government extended the *Freedom of Information Act* to cover the ombudsman service from November 2011. During the year we received around 250 formal requests for information under the Act. These requests covered issues ranging from our governance arrangements to the complaints we handle about particular types of financial product.

Many of the facts and figures we are regularly asked for are already publicly available through the “publication scheme” on our website.



publishing ombudsman decisions

Under the new *Financial Services Act*, which received Royal Assent in December 2012, we are required to publish the final decisions of our ombudsmen.

We welcome this – and we have been preparing for it over the last few years. These preparations have included consultation with stakeholders on the practical issues involved.

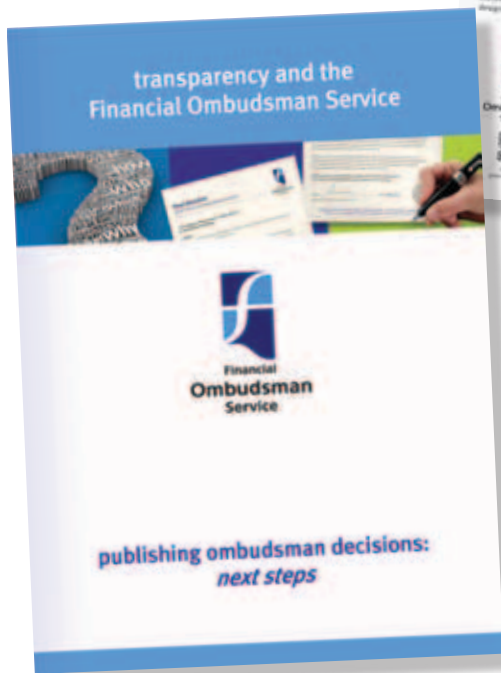
We started the process for publishing decisions in April 2013 – with a view to making a comprehensive resource of decisions publicly available from the summer of 2013. This resource – in the form of a searchable online database – is expected to grow at a rate of over 2,000 decisions every month.

Our stakeholders have been largely supportive of publishing ombudsman decisions. During our consultation it has been acknowledged that increased openness about the cases we see could help financial businesses and consumers alike – preventing future problems and complaints – while also improving our own accountability.

Publishing the individual decisions of our ombudsmen also builds on our commitment to share information and feedback about our approach. For example, our online technical resource already sets out in detail the approach we take to the disputes we see involving the financial products and services that account for over 90% of our workload.

We also already publish in full significant ombudsman decisions where we believe there is public interest in doing so – for example, in high profile cases that have involved pet cover, travel insurance and volcanic ash, and interest-rate hedging products.

Over the last decade or so our regular newsletter, *ombudsman news*, has featured over a thousand case summaries drawn from the full breadth of our complaints work – from catalogue credit to film partnerships.



review of our case-fee structure

In 2012 we consulted on changes to our case-fee structure – to apply from April 2013. The case-fee structure had served the ombudsman service and case-fee payers well for a decade – as it was simple to understand and reasonably straightforward to operate.

However, it was becoming increasingly difficult to handle the cost pressures and financial risks brought about by the volatile demand for our service. It did not recognise the much wider and more diverse group of financial businesses that we now cover – ranging from some of the largest businesses in the UK to many of the smallest.

We consulted in 2012 on two key changes to our case-fee arrangements:

- ◆ Ensuring that smaller businesses generally pay no case fees at all – by increasing the number of “free” cases from 3 to 25, which would have a more proportionate impact on these businesses.
- ◆ Charging the very largest financial groups on a “group-account” basis – focusing less on charges for individual cases and more on a broader assessment of the total proportion of our costs attributable to each major group.

These changes were well supported by our stakeholders – and we implemented them in our case-fee arrangements from April 2013.



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:

- ◆ Answering 23,381 enquiries to our advice desk – our dedicated service for professionals handling complaints in the financial services industry and the consumer-advice sector.
- ◆ Responding to 574 parliamentary enquiries (and 20 ministerial questions) – and organising and taking part in a range of events for MPs and their constituency caseworkers, including “drop-in surgeries” and seminars.
- ◆ Organising visits, meetings and training for businesses we cover – including a relationship-management programme for the financial services groups that together account for most complaints referred to the ombudsman service during the year.
- ◆ Running our industry steering group and our industry panel (see page 144); hosting our smaller-businesses forum; and holding workshops and seminars around the UK for financial businesses and claims-management companies on a range of topical complaints-related issues.
- ◆ Holding over 20 regional training days for community and advice workers across the UK – to share our complaints-handling skills with frontline problem-solvers in the community; and hosting our quarterly consumer liaison forum for representatives from consumer groups.
- ◆ Taking our exhibition stand to key consumer events, including the *50+ Show* in Glasgow, Belfast’s Balmoral agricultural show and the Birmingham *mela*.
- ◆ Speaking at seminars and conferences hosted by organisations ranging from Macmillan Cancer Support in Glasgow to the Manchester Claims Association.
- ◆ Targeting specific audiences – those less likely to use, or be aware of, the ombudsman service – including advertising on buses in Northern Ireland and “click throughs” direct to our website from studentbeans.com.
- ◆ Adding or updating over 2,000 pages of our website – including 149 news updates and increased video content.
- ◆ Publishing eight issues of our newsletter, *ombudsman news* – covering our approach to complaints about a wide range of issues including catalogue shopping, pet insurance and mortgage arrears.
- ◆ Answering media questions and providing information for publications ranging from *Wealth Manager* to *Woman & Home* – and taking part in over 200 broadcasts, from *BBC News at Ten* to Eava FM, the Leicester-based multilingual community radio station.

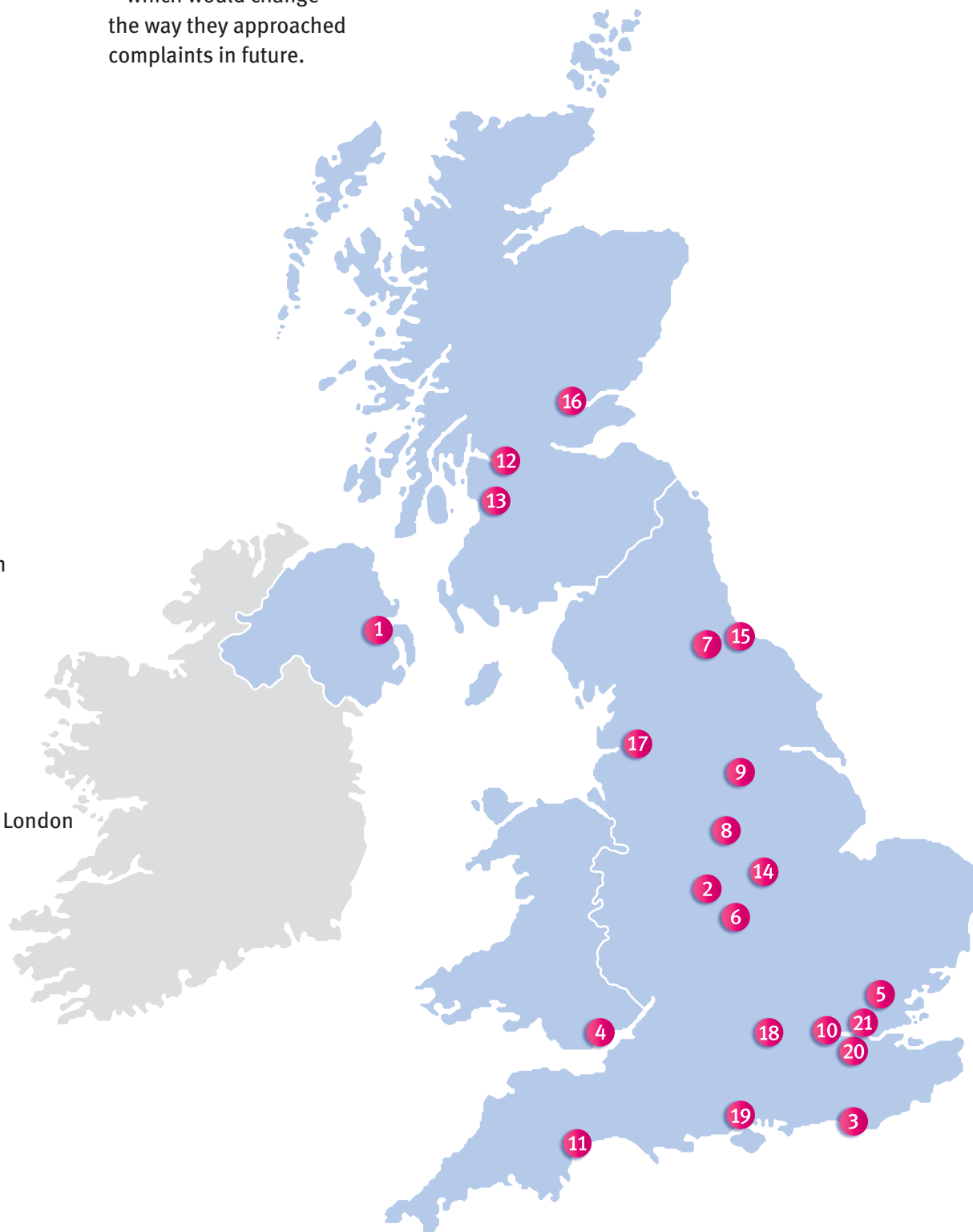


other work we have done

During the year we met frontline community workers and consumer advisers at over 20 events we hosted across the UK in:

- 1 Belfast
- 2 Birmingham
- 3 Brighton
- 4 Cardiff
- 5 Chelmsford
- 6 Coventry
- 7 Darlington
- 8 Derby
- 9 Doncaster
- 10 Ealing
- 11 Exeter
- 12 Glasgow
- 13 Kilmarnock
- 14 Leicester
- 15 Middlesbrough
- 16 Perth
- 17 Preston
- 18 Reading
- 19 Southampton
- 20 Southwark
- 21 Stratford, East London

94% of the consumer representatives who took part in one of these events said that it had given them a better understanding of financial problems and the role of the ombudsman – which would change the way they approached complaints in future.





is it safe?

27 March 2013

David Cresswell from the ombudsman service talks on BBC Radio 4 *You and Yours* about bank disputes involving safe-deposit boxes

working with smaller businesses in Belfast

27 March 2013

the outreach team talks to smaller businesses in Northern Ireland about complaints handling and the role of the ombudsman

NI-ce to meet you

26 March 2013

the outreach team is in Belfast – introducing the Consumer Council for Northern Ireland to the ombudsman service

ombudsman news issue 108

26 March 2013

- ◆ case studies involving “new payment protection products”
- ◆ feedback from businesses on what they think about our service
- ◆ financial disputes referred to us by smaller businesses

warning!

scam phone calls

22 March 2013

fraudulent phone calls claiming to be from the Financial Ombudsman Service

Lancashire hotspot

21 March 2013

community advice workers from the Lancashire and Cumbria Money Advice Group get a taste of the ombudsman – at our latest training day

our plans and budget ...

20 March 2013

... are now finalised and approved for 2013/2014

Derby day

20 March 2013

the ombudsman holds a training day for community and advice workers at agencies and charities across the East Midlands

publishing ombudsman decisions

20 March 2013

an update on our approach

bore da Cymru

15 March 2013

the ombudsman is in Cardiff talking to community and advice agencies from South Wales about our role and how we can help consumers

Bolton wanderers

12 March 2013

the ombudsman visits the North West to talk to smaller businesses at a seminar organised by the Insurance Institute in Bolton

International Women's Day

9 March 2013

the ombudsman joins in the *Women of the World Festival* in London's South Bank this weekend, as part of our ongoing awareness-raising work with women

non-disclosure and the ombudsman

7 March 2013

with the *Consumer Insurance (Disclosure and Representations) Act 2012* coming into force on 6 April, Melissa Collett from the ombudsman service explains how the new legislation reflects the ombudsman's long-standing approach to non-disclosure

getting a poor reception

7 March 2013

the ombudsman answers listeners' questions about mobile phone insurance on BBC Radio 1 *Newsbeat*

talking debt in Nottingham

7 March 2013

the ombudsman joins debt advisers from the East Midlands Money Advice Group to talk about our role and help we offer to community and advice workers

helping consumers deal with debt

6 March 2013

as part of our work to meet the needs of all our customers – and particularly those with significant financial difficulties – we're working in partnership with StepChange, National Debtline, Shelter, Mind and Citizens Advice

ombudsman releases latest complaints data on individual financial businesses

5 March 2013

nifty, thrifty, fifties*1 March 2013*

The ombudsman's at the *50+ Show* in Manchester – taking part in a consumer question-time about money matters

Best Companies “Top 100”*28 February 2013*

the ombudsman is named in the *Sunday Times* Best Companies “Top 100” – in recognition of our engaged and dedicated workforce, committed to customer service

gather round now*27 February 2013*

the ombudsman takes part in the Scottish Council for Voluntary Organisations' *The Gathering* – as part of our work with frontline community and advice workers

the only way is ... outreach?*27 February 2013*

the ombudsman is in Chelmsford in Essex for our series of training events for community and advice workers

the ombudsman and the Hoff*22 February 2013*

the ombudsman features in the David Hasselhoff special of *50Plus*, explaining how consumers can find the best motor insurance – as part of our awareness-raising work with older consumers

skype speak*14 February 2013*

as part of national student money week the ombudsman skypes with Radio Caley – a student radio station in Glasgow – to talk about the role of the ombudsman in sorting out financial problems

sharing our approach*14 February 2013*

we've just announced the details of our latest *workingtogether* conferences – aimed at businesses dealing with complaints on a regular basis

reaching out to Reading*13 February 2013*

the ombudsman's outreach team is in Berkshire, meeting consumer advisors in Reading to discuss complaints about payday lending and financial difficulties

Canterbury tales*12 February 2013*

the ombudsman takes part in national student money week – talking to students in Kent about knowing their consumer rights

national student money week*11 February 2013*

as national student money week begins, we tweet top money tips on *Twitter* in partnership with the National Association of Student Money Advisers (NASMA)

confident consumers*12 February 2013*

the ombudsman talks on BBC Radio Devon about what steps consumers can take to feel more confident in managing their finances

Reading out loud*11 February 2013*

the ombudsman joins in with community radio station Reading4U – to talk about our work helping to sort out a financial problem

knowing your rights in Northern Ireland*11 February 2013*

David Cresswell from the ombudsman talks on BBC Radio Ulster's *On Your Behalf* about payday loans and knowing your rights

students saving money*7 February 2013*

the ombudsman talks to Tequila Radio, Glamorgan University's student-run radio station, about money saving tips and consumer rights

where we might, and should, be going ...*5 February 2013*

Sir Nicholas Montagu, chairman of the ombudsman service, speaks at the Insurance Institute of London about where we might, and should, be going ...

from Bow Bells to Wigan Pier

30 January 2013

the ombudsman runs a community training day for consumer advisers in east London – as part of our series of workshops across 20 towns and cities, including Cardiff and Wigan

ombudsman news issue 107

29 January 2013

- ◆ complaints involving bad weather
- ◆ case studies on catalogue shopping
- ◆ the latest complaints figures (for the third quarter of 2012/2013)

pleased to meet you

28 January 2013

coming to a town near you – we've just launched the details of our free road shows for smaller businesses

Oxford blues

25 January 2013

Caroline Wells from the ombudsman service joins Citizens Advice and BBC Radio Oxfordshire for a discussion about debt, payday loans and continuous payment authorities

new year, new start

18 January 2013

if you've resolved to sort out your finances this year but don't know where to start, check out the latest issue of *Able* magazine for some hints from the ombudsman service to help you on your way

out and about in Brighton

15 January 2013

as part of our outreach work in the community, the ombudsman talks to staff and volunteers from the Brighton and Hove Federation of Disabled People about the help we can offer and how we aim to be accessible to everyone

our plans and budget

10 January 2013

we publish our proposed *plan and budget* for the financial year 2013/2014 – together with an update on the number of complaints and workload for the financial year 2012/2013

independent assessor

11 January 2013

with the current independent assessor approaching the end of her term, the board welcomes applications for the post from people with the right experience – and with a strong sense of independence, judgement and integrity

working together for consumers

9 January 2013

as part of our outreach work with the community and advice sector the ombudsman takes part in a consumer education liaison-group seminar at Citizens Advice headquarters in London

Yorkshire money troubles

3 January 2013

the ombudsman talks to BBC Radio Leeds about the increase in complaints from Yorkshire – and what people in the region are complaining about

all aboard across the borders

3 January 2013

the ombudsman is on the trains across Scotland and Wales this month to remind passengers that they can contact the ombudsman if a problem with a bank or insurer remains unsettled

avoiding a frosty January

2 January 2013

Access magazine asks the ombudsman for tips to help avoid the January financial blues

“I wish I'd known then what I know now ...”

29 December 2012

David Cresswell from the ombudsman joins other guests on BBC Radio Ulster *On Your Behalf* – to share and reflect on regrets and lessons learned

“days of Christmas” tweets

17 December 2012

it's the final festive countdown and all this week we'll be tweeting the ombudsman's top tips for avoiding a chaotic and costly Christmas

the ombudsman gets savvy

13 December 2012

we regularly work with the UK's leading money website for women, SavvyWoman, providing money tips and contributing to *ask the expert* as part of our awareness raising work with women and families

worth our weight in gold

12 December 2012

we've been awarded the “gold standard” for the second year running by Committed2Equality – in recognition of our positive work culture and commitment to the fair and equal treatment of everyone we deal with

flooding

11 December 2012

we set out the ombudsman's general approach to insurance disputes involving flooding – as part of our online technical resource

what does ombudsman mean to you?

10 December 2012

it may be difficult to spell, but the ombudsman's worth knowing about – according to people doing the ombudsman quiz at our consumer events round the country

ice on the tracks

6 December 2012

as part of our UK-wide outreach work, we remind passengers on trains across the Midlands about the role of the ombudsman if bank or insurance problems remain unsettled

21 shopping days to go

3 December 2012

with the festive season only three weeks away, *Pride* magazine asks the ombudsman for top tips on avoiding a costly Christmas

young consumers -v- parliamentarians

28 November 2012

ombudsman chairman, Sir Nicholas Montagu, is quizmaster at the money and consumer-rights challenge held in Westminster between MPs, Lords and a team of 14-year old students – as part of an initiative between Trading Standards and the ombudsman to help raise awareness of money matters among younger people

talking with advice agencies – North and South

28 November 2012

as part of our outreach work with the community and advice sector the ombudsman takes part in a consumer empowerment seminar organised by East Riding of Yorkshire Council – and meets advice workers at the Money Advice Liaison Group annual conference in London

ombudsman news issue 106

27 November 2012

- ◆ case studies about pet insurance
- ◆ complaints involving confusion over standing orders, direct debits and continuous payment authorities
- ◆ chief ombudsman, Natalie Ceeny, looking back on the challenges of 2012

today's Today

27 November 2012

Tony Boorman, deputy chief ombudsman, talks on Radio 4 *Today* about the volume of PPI cases being referred to the ombudsman – and how consumers can get a complaint sorted for free without paying a claims manager to do it for them

Access all areas

26 November 2012

adjudicator Charlotte Sanderson features in the latest *Access* magazine – explaining her experience of returning to work after suffering almost total hearing loss

Ayr your views

16 November 2012

the ombudsman is in Kilmarnock, Ayrshire, talking to local businesses and advice workers about the role of the ombudsman in getting complaints sorted – and hosting a drop-in surgery for consumers in partnership with Cathy Jamieson, MP for Ayr

on campus

12 November 2012

the ombudsman outreach team visits Brighton University's Falmer and Moulescomb sites – to take part in drop-in clinics and student radio, in partnership with the student advice service

ombudsman at the 50+ Show

9 November 2012

as part of our ongoing awareness-raising work, Caroline Wells, our head of outreach and customer insight, takes part in a consumer question-time about money matters at the 50+ Show in Glasgow

meeting the ombudsman

9 November 2012

lead ombudsman, Caroline Mitchell, and our outreach team meet with over 90 financial services practitioners in Glasgow – to answer questions about the ombudsman's role and explain why handling complaints well is part of good customer service

meeting businesses in Sussex

7 November 2012

the ombudsman takes part in a seminar organised by the Insurance Institute of Brighton

South Coast training

6 November 2012

the ombudsman service continues its series of training-days for community advisers with a workshop in Brighton

talking with insurers in the North West

31 October 2012

Caroline Mitchell, lead ombudsman, is in Manchester at our latest conference for complaints-handlers – sharing the ombudsman's approach to settling insurance disputes

Treasury Select Committee

30 October 2012

chief ombudsman and deputy chief ombudsman answer live questions from the Treasury Select Committee on issues arising from the ombudsman's *annual review* for 2011/2012

uni life

25 October 2012

with the autumn term at college or university now well under way, *The Student Guide* and *Student Times* both ask the ombudsman for tips to help prevent money problems getting in the way of study and socialising

interest-rate hedging

24 October 2012

as part of our online technical resource – aimed at explaining the ombudsman's general approach to the complaints we see – we publish two provisional decisions relating to interest-rate hedging products, setting out the issues involved in disputes over “swaps” and “collars” between banks and smaller businesses

working with Macmillan Cancer Support

24 October 2012

as part of our partnership with Macmillan, the ombudsman is in Glasgow talking about the types of financial problems people affected by cancer can face – and our approach on the complaints we see

look North

23 October 2012

the ombudsman talks to community and consumer advisers in Middlesbrough and Doncaster – as part of our series of outreach events across the UK

come rain or shine

19 October 2012

the ombudsman takes part in The Motorhome and Caravan Show at Birmingham NEC – to raise awareness of the service and help consumers sort out problems ranging from caravan insurance to credit

a service for everyone

18 October 2012

the ombudsman meets graduates and other job seekers at the *Diversity Careers Show* in London

ombudsman at Naidex independent living show

18 October 2012

the ombudsman takes part in Naidex at ExCel London – as part of our outreach work with disabled consumers and their carers

Black Hair tips*15 October 2012*

Black Hair magazine asks the ombudsman for tips on how you can stay savvy when shopping online

Able Radio*12 October 2012*

as part of our awareness-raising work, Caroline Wells, head of outreach, talked to *Able Radio* – a station at the heart of the disabled community – about how we can help sort out a financial problem

working together with consumer advisers*11 October 2012*

the ombudsman talks to consumer advisers in Exeter – as part of our national series of community workshops

AdviceUK annual conference*11 October 2012*

the ombudsman meets advice workers from across the UK at AdviceUK's 5th annual conference

ombudsman news issue 105*10 October 2012*

- ◆ case studies involving travel insurance
- ◆ the latest complaints figures (for the second quarter of 2012/2013)
- ◆ chief ombudsman, Natalie Ceeney, on “compensation culture”

rebuilding trust after PPI*10 October 2012*

Natalie Ceeney, chief ombudsman, speaks at “fringe” events run by the Consumer Credit Counselling Service (CCCS) at the Conservative and Labour Party conferences – on rebuilding trust after PPI

sharing our approach with insurers*4 October 2012*

Caroline Mitchell, lead ombudsman for insurance, hosts our conference for people handling insurance claims and complaints from over 35 leading insurance companies

a helping hand*4 October 2012*

the ombudsman talks to community and consumer advice workers in south London – as part of our series of workshops across the UK

25th Black History Month*1 October 2012*

check out the latest *Pride* magazine, to find out who inspires the ombudsman – and our top money tips to help manage your money during the celebrations

student finance – our top tips*27 September 2012*

as many students get ready to start or return to university, we've been working with the National Association of Student Money Advisers (NASMA) on our top tips on *Twitter* for managing student finances

complaints as insight*20 September 2012*

Tony Boorman, deputy chief ombudsman, speaks at a “customer experience” conference about welcoming complaints as insight for improvement

talking about claims*20 September 2012*

the ombudsman visits the Manchester Claims Association – to meet insurers and claims-handlers and answer their questions about the ombudsman

take cover*19 September 2012*

as part of our awareness-raising work, Caroline Wells, our head of outreach, talks to *Access* magazine about the importance of disabled people getting the right insurance cover

complaints, reputation and re-building trust*18 September 2012*

Natalie Ceeney, chief ombudsman, speaks at the ABI conference – on why complaints are more than “just compliance activities” and are about reputation, loyalty and trust

reaching out in Leicester*17 September 2012*

David Cresswell from the ombudsman talks to Eava FM – the multilingual community radio station reaching out to the diverse community of Leicester – and answers tweets from listeners about what types of complaints we can look at

meeting businesses in the south west

14 September 2012

lead ombudsman Caroline Mitchell, and our outreach team meet with over 100 financial services practitioners in Exeter

ombudsman releases latest complaints data on individual financial businesses

11 September 2012

community advice in Ealing

11 September 2012

the ombudsman's in Ealing – talking to frontline community and advice workers in London about how we could help the people they support

Citizens Advice annual conference

11 September 2012

the ombudsman takes part in the Citizens Advice annual conference in Exeter – as part of our work with consumer advisers

changing perspective

7 September 2012

we're looking for outstanding people with vision and insight to inspire and lead our ombudsmen – take a look at the advert and job description

heading off to college

6 September 2012

Source magazine asks the ombudsman for budget and money tips for surviving student life

money troubles in Northants

5 September 2012

David Cresswell from the ombudsman answers questions on BBC Radio Northampton about what to do if you've been affected by bank computer problems

celebrating Paralympians

4 September 2012

as our Paralympic athletes continue to smash records, the ombudsman features in *Able* magazine's Paralympic games special – to highlight our work with disabled people and the different ways we communicate with people using our service

on the buses

1 September 2012

the ombudsman's on the buses in Northern Ireland – as part of our UK-wide outreach work

more than a number cruncher

30 August 2012

we're looking to recruit a qualified accountant as a business partner in our finance team – to help us see beyond the numbers to the bigger picture

money troubles in Northern Ireland

25 August 2012

the ombudsman takes part in BBC Radio Ulster's *On Your Behalf* – answering questions about travel insurance problems, motor insurance complaints and compensation for computer troubles at RBS and Ulster Bank

flexing your financial muscles

22 August 2012

with the Olympics in mind, *The Asian Today* asks the ombudsman for consumer tips to help you get a medal in money management

mixing at the mela again

19 August 2012

meet the ombudsman this weekend at the Gunnersbury Park *mela* – the multicultural festival celebrating the creativity of London's Asian communities

clickety clack

16 August 2012

we're on the railways across Scotland and Wales – as part of our UK-wide outreach work

ombudsman news issue 104

15 August 2012

- ◆ case studies involving PPI complaints – as the ombudsman service receives its 400,000 PPI case
- ◆ ombudsman Jane Hingston on a casework experiment that took a radically different approach to settling disputes quickly and informally
- ◆ chief ombudsman Natalie Ceeney on a world beyond PPI where problems can be sorted in 10 minutes

changing our case-fee arrangements for businesses

7 August 2012

following consultation we launched in January 2012 on modernising our case-fee arrangements – including increasing the number of free cases for smaller businesses – we outline the feedback received and how we intend to take our proposals forward

avoiding catalogue chaos

2 August 2012

the latest issue of *Disability* magazine features the ombudsman's money tips on avoiding problems with catalogue credit

making money go further

25 July 2012

as part of the ombudsman service's outreach work with Asian consumers, *The Asian Today* asks the ombudsman for consumer tips on making money go further

community advice in Perth

24 July 2012

the ombudsman's in Scotland, meeting frontline community and advice workers from across Perthshire – in the latest of our consumer adviser training days

challenges for insurance

17 July 2012

Caroline Mitchell, lead ombudsman, speaks at the UK Industry Summit on Consumer Insurance Law & Regulation – about the ombudsman's "fair and reasonable" approach to settling insurance disputes

mixing at the mela

13 July 2012

the ombudsman's in Leicester this weekend – taking part in the city's multicultural *mela* celebrations – and meeting all kinds of people who might not otherwise know about the ombudsman service

technical data on redress for mis-sold pensions

13 July 2012

our technical note is updated with new assumptions (as from 1 July 2012) for calculating redress for mis-sold pensions

meeting smaller businesses in the Midlands

13 July 2012

lead ombudsman Caroline Mitchell meets over 100 financial-services practitioners in Nottingham – to answer questions about the ombudsman's role and explain why handling complaints well is part of good customer service

community advice in Leicester

12 July 2012

the ombudsman's in Leicester, meeting frontline community and advice workers from across the East Midlands – in the latest of our consumer adviser training-days

water complaints

9 July 2012

principal ombudsman Caroline Wayman speaks at Ofwat's conference for the water sector – about the role of the ombudsman and seeing complaints as an opportunity to engage with customers

ombudsman news issue 103

4 July 2012

- ◆ case studies involving mortgages and financial hardship
- ◆ the latest complaints figures (for the first quarter of 2012/2013)
- ◆ complaints about "whole-of-life" policies
- ◆ chief ombudsman Natalie Ceeny on handling complaints and rebuilding trust after banking computer problems

student money advice

2 July 2012

the ombudsman takes part in the annual conference of the National Association of Student Money Advisers in Liverpool – as part of its work to help make the ombudsman more relevant to younger consumers who are taking out financial products for the first time

extended weekday opening hours

2 July 2012

our consumer helpline is now open till 8pm on weekdays – for general advice and guidance on what to do if consumers have a complaint about a financial product or service

gathering in the Midlands

29 June 2012

mela is Sanskrit for “gathering” – and this weekend the ombudsman joins 100,000 visitors at the Birmingham and Sandwell *mela* in Victoria Park – as part of our outreach work with the Asian community

bank technical problems and the ombudsman

28 June 2012

when technical problems mean you can't use your bank account, it can be frustrating – but the problems can usually be sorted quickly by talking directly to the bank involved – and if not, the ombudsman may be able to help

money matters in Scotland

28 June 2012

the ombudsman service takes part in Money Advice Scotland's annual conference to discuss consumer debt, financial hardship and unaffordable lending

Trading Standards and younger consumers

26 June 2012

the ombudsman service joins trading standards professionals and consumer organisations at the Trading Standards annual conference in Manchester, supporting *Young Consumers of the Year*

computer troubles at RBS, NatWest and Ulster Bank

22 June 2012

we publish a factsheet answering the questions we've been asked about computer troubles at RBS, Natwest and Ulster Bank

facing the floods

18 June 2012

the ombudsman is interviewed by the BBC – on knowing your rights if you've been flooded and need to make an insurance claim

making waves in Wales

13 June 2012

the ombudsman is interviewed on Welsh radio stations *The Wave* and *GTFM* – reminding consumers of their right to contact the ombudsman service if they have a financial problem

travel insurance in York

13 June 2012

the ombudsman talks on BBC Radio York about travel insurance problems and how to avoid them

training for advice workers

13 June 2012

as part of our programme of regional training days, the ombudsman visits Coventry and Preston – to work with frontline community and advice workers from across the Midlands and North West

“loss of use” in motor insurance disputes

8 June 2012

as part of our online technical resource, we have expanded the information on our approach to resolving motor insurance disputes – with more details on cases involving “loss of use” of the consumer's vehicle

cool finances

28 May 2012

Black Hair magazine talks to the ombudsman about staying money-savvy and keeping consumer finances cool this summer

open mind, cool head and solid judgement?

25 May 2012

we're recruiting ombudsmen with proven experience and the right perspective

talking about debt*24 May 2012*

the ombudsman takes part in a conference organised for its members by the Finance & Leasing Association (FLA) about consumer debt and debt collecting

ombudsman service publishes annual review of personal finance disputes*22 May 2012***FSAVC complaints***21 May 2012*

we add information about our approach to complaints involving FSAVCs – and related pension disputes – to our expanding online technical resource

On Your Behalf in Northern Ireland*19 May 2012*

the ombudsman answers questions from BBC *On Your Behalf* listeners in Northern Ireland – about PPI complaints, travel insurance problems, credit disputes, and when the ombudsman can help

home-improvement problems at Westminster*16 May 2012*

the ombudsman joins Trading Standards at an event for MPs on complaints involving kitchens, bathrooms, conservatories and home-improvement work – where there are credit and insurance issues covered by the ombudsman service

meet the ombudsman at Belfast's Balmoral Show*16 to 18 May 2012*

the ombudsman takes part in Northern Ireland's largest agricultural show – the three-day Balmoral show in Belfast – where we're on hand to answer questions and explain how the ombudsman service can help resolve consumers' problems

meeting businesses in Southampton*15 May 2012*

at a seminar organised by the Insurance Institute of Southampton for its members, the ombudsman discusses how businesses can resolve problems before they escalate into formal complaints

talking about money in Harrogate*10 May 2012*

the ombudsman joins delegates in Harrogate for the annual conference of the Institute of Money Advisers – to talk about consumer debt and financial hardship

consumer rights in Northampton*9 May 2012*

the ombudsman joins BBC Radio Northampton to talk about consumers' credit-card rights and claims under "section 75" if things go wrong

training for advice workers in Northern Ireland*9 May 2012*

the ombudsman returns to Belfast for the latest in our series of regional training days for frontline advice workers, run in partnership with Trading Standards

know your rights in Northern Ireland*8 May 2012*

David Cresswell from the ombudsman service takes part in BBC Radio Ulster's consumer show, *Talkback* – to talk about the ombudsman's awareness-raising work in Northern Ireland and how consumers can get help sorting out money matters

ombudsman at Naidex independent living show*1 May 2012*

the ombudsman takes part in Naidex at Birmingham NEC – as part of our work to raise awareness of our service with disabled consumers

ombudsman news issue 102*1 May 2012*

- ◆ a round-up of recent complaints involving money transfers
- ◆ case studies involving "section 75" claims and credit cards
- ◆ feedback and tips from our adjudicators on the way they see businesses handling complaints.

PPI complaints in Northern Ireland

28 April 2012

David Cresswell from the ombudsman service takes part in BBC Northern Ireland's consumer show, *On Your Behalf* – to explain how people can complain about PPI themselves without paying a claims manager to do it for them

credit unions in Northern Ireland

28 April 2012

with credit unions in Northern Ireland covered by the ombudsman service since 31 March 2012, the ombudsman joins the Ulster Federation of Credit Unions at its annual general meeting in Ballymena – to give an overview of how the ombudsman works and to answer questions about the service

commitment to help consumers agreed at PPI summit

23 April 2012

Natalie Ceeney, chief ombudsman, met with representatives from all major banks and credit card providers at a summit hosted by MoneySavingExpert and *Which?* – to agree ways of making PPI complaints easier, so that consumers can reclaim mis-sold PPI for free without paying a claims manager

community advice in Hampshire

20 April 2012

the ombudsman service runs the latest in our series of training days for community and advice workers – with an event for consumer and voluntary groups, organised in association with Southampton City Council

from Shetland to the Solent ...

11 April 2012

David Cresswell from the ombudsman service talks about the ombudsman's work in the Highlands and Islands – in interviews on Isles FM, Moray Firth FM and BBC Orkney – and on BBC Solent about getting money matters sorted for free, without paying a claims manager

ombudsman on Twitter

11 April 2012

if you're not already following the ombudsman on *Twitter*, why not find out more – or drop us a tweet – on the ombudsman's Twitter page?

caravan talk

10 April 2012

as the holiday season starts, the ombudsman takes part in *caravan talk* – with tips on insuring motorhomes and caravans, to help prevent complaints and problems

hassle-free Easter break

5 April 2012

for families planning an Easter get away, the ombudsman shares money-related tips with *Family Life* magazine

PPI in Northern Ireland

2 April 2012

David Cresswell from the ombudsman takes part in BBC Northern Ireland's consumer show, *In Your Corner* – talking about PPI complaints – and how people can sort out problems themselves without paying a claims manager to do it for them



our board and senior people

our board

Sir Nicholas Montagu KCB chairman

- chairman of Council at Queen Mary, University of London
- chair, Committee of University Chairs

formerly

- chairman of the board of Inland Revenue
- a senior civil servant working on issues ranging from pensions to public service reform

Gwyn Burr

- a non-executive board member of Sainsbury's Bank
- a non-executive board member of Wembley National Stadium
- a non-executive board member of Hammerson Plc
- chair of Business in the Community's cause-related marketing leadership-team

formerly

- customer service and colleague director at J Sainsbury plc
- managing director of the Resultant Team Consultancy
- retail managing director at ASDA/WalMart
- European marketing manager at Nestle Rowntree

Alan Jenkins

- a non-executive board member of the Crown Prosecution Service
- a non-executive board member of UK Trade & Investment
- chairman of the board of trustees of Mencap Trust Company Limited
- vice chairman of the International Institute for Environment & Development
- chairman of the board of trustees of Lattitude Global Volunteering
- director of Gross Hill Properties Ltd, Sydney and London Properties Ltd and Northcourt Ltd
- a trustee of the London Middle East Institute

formerly

- an independent non-executive at PKF UK LLP
- partner & chairman of global markets at Eversheds LLP
- chairman of the board of Eversheds LLP
- managing partner of Frere Cholmeley Bischoff
- governor of Bishop Gilpin Primary School

as at 31 March 2013

Julian Lee

- chair of Brighton & Sussex University Hospitals Trust
- a commissioner at the Legal Services Commission
- Justice of the Peace on the North Sussex Bench
- a strategy and risk consultant

formerly

- a non-executive director of the Maritime and Coastguard Agency
- chair of NHS Brighton & Hove & interim chair of NHS Surrey
- a non-executive director of the South East Coast Ambulance Trust
- chairman, then chief executive, of Allied Carpets Group plc
- chief executive, Bricom Group plc
- a joint managing director of British & Commonwealth Holdings plc
- partner Arthur Andersen

Baroness Maeve Sherlock OBE

- a member of the House of Lords
- currently doing research for a doctorate at Durham University
- chair of Chapel St (charitable social enterprises)

formerly

- a commissioner at the Equality and Human Rights Commission (EHRC)
- a non-executive director of the Child Maintenance and Enforcement Commission
- 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
- chair of the National Student Forum

Pat Stafford

- a trustee of Guide Dogs
- a business adviser, Young Enterprise
- a mentor, New Leaf
- chair, Calverton Parish

formerly

- a non-executive director of HMRC
- a group marketing director at BUPA
- managing director of corporate positioning services and head of brands management at British Airways
- governor at the University of Bedfordshire
- a regional board member of The Prince's Trust



our executive team

Natalie Ceeney CBE
chief ombudsman and
chief executive



Tony Boorman
deputy chief ombudsman
and deputy chief executive



Julia Cavanagh
director of finance
and performance



David Cresswell
director of communications
and customer insight

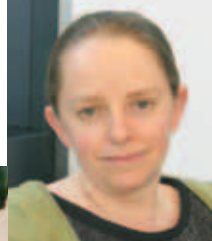
Chris McDermott
operations director



Caroline Wayman
principal ombudsman
and legal director



Jacquie Wiggett
director of human resources
and organisational
development



as at 31 March 2013

our panel of ombudsmen

there are more details about our ombudsmen on our website

Natalie Ceeney CBE

chief ombudsman and
chief executive

Tony Boorman

deputy chief ombudsman
and deputy chief executive

Caroline Wayman

principal ombudsman
and legal director

**lead and managing
ombudsmen:**

Yvette Bannister

Annette Lovell

David Millington

Caroline Mitchell

Charlie Sweeney

David Thomas

Richard Thompson

Richard West

Sue Wrigley

ombudsmen:

Claire Allison

David Ashley

Nicolas Atkinson

Carole Auchterlonie

Charles Bacon

Timothy Bailey

Hilary Bainbridge

Clair Bantin

Greg Barham

Ros Barnett

Derry Baxter

Simon Begley

Jim Biles

David Bird

Graham Booth

Emma Boothroyd

Cathy Bovan

Mike Boyall

Roxy Boyce

Sarah Brooks

Colin Brown

June Brown

Edward Callaghan

Juliana Campbell

Nigel Cates

Julia Chapman

Julia Chittenden

Heather Clayton

Melissa Collett

Laura Colman

Rebecca Connelley

Peter Cook

Stephen Cooper

Zoe Copley

Michael Crewe

Paul Daniel

Kim Davenport

Elizabeth Dawes

Francesca Del Mese

Simon Dibble

Christine Doorly

Katie Doran

Rona Doyle

Susan Ewins

Paul Featherstone

Reidy Flynn

Andrew Fraser

Linda Freestone

Geoffrey Futer

Christopher Gilbert

Joyce Gordon

Dawn Griffiths

Sean Hamilton

James Harris

Jarrold Hastings

Kate Hennessey

Doug Hill

Richard Hill

Jane Hingston

Mark Hollands

Claire Hopkins

Adrian Hudson

Garry Hunter

Chantelle Hurn

Michael Ingram

continued ►

our panel of ombudsmen

there are more details about our ombudsmen on our website



Colin Keegan	Helen Moye	Nicola Sisk
Ray Lawley	Ray Neighbour	Lesley Stead
Laura Layfield	Claire O'Connor	Ruth Stevenson
Dianne Lawson	Jan O'Leary	Caroline Stirling
Simon Leach	James Park	Suzannah Stuart
Ruth Lewis	Jeff Parrington	Michael Stubbs
Stephen Lilley	Kim Parsons	John Swain
Daniel Little	Nimish Patel	Charles Sweet
Rosemary Lloyd	John Pattinson	Keith Taylor
Nicole Lyons	Athena Pavlou	Niall Taylor
Alexander MacDonald	Michelle Peters	Steve Thomas
Andrew Macnamara	Sue Peters	John Thornton
Doug Mansell	David Poley	Christopher Tilson
Kristina Mathews	Nigel Pope	Lennox Towers
Roy Mawford	Louise Povey	Steve Townsley
Amanda Maycock	John Quinlan	Raj Varadarajan
Harriet McCarthy	Simon Rawle	Katherine Wells
Michael McMahan	Roslyn Rawson	Karen Wharton
Gerard McManus	Mark Richardson	John Wightman
Philip Miller	Philip Roberts	Amanda Williams
Janet Millington	Fiona Robinson	Lindsey Woloski
Roy Milne	Malcolm Rogers	Catherine Wolthuizen
Gideon Moore	Ken Rose	Elsbeth Wood
Ashley More	Douglas Sayers	Chloe Wooles
Clare Mortimer	Mark Sceeny	Claire Woollerson
	Nicole Shinnick	Kevin Wright
	Robert Short	Roger Yeomans



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how we can help

our **outreach team** can:

organise and speak at seminars,
workshops and conferences

take part in events and exhibitions

provide training for people working
with financial complaints.

020 7964 1400

outreach@financial-ombudsman.org.uk

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 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, factsheets and
ombudsman news – our regular newsletter
with case studies and commentary.

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.

We believe we can best do what we are here for by knowing what matters to us – and standing by our values in all areas of our work. What matters to us is that:

we do the right thing

we treat our customers well and respect their needs

we do what we say we'll do

we're inquisitive and build everyone's knowledge

We want to provide our customers – businesses and consumers alike – with a first-rate service. And we are constantly developing and improving what we do and how we do it. To help us in this, we are committed to:

delivering a trusted, fair and easy-to-use service – for everyone

putting knowledge and expertise at the heart of everything we do

running a “lean” and efficient organisation

sharing our experience and insight, to help prevent future problems

being flexible, reliable and effective

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complaint.info@financial-ombudsman.org.uk

- **look at our website**

www.financial-ombudsman.org.uk

We can help if you need information in a different format
(eg Braille or large print) or in a different language. Just let us know.