

... for those of us whose job it is to sort out complaints, assumptions can be the enemy of fair decisions

Natalie Ceeney, chief executive and chief ombudsman



ombudsman news

essential reading for people interested in financial complaints – and how to prevent or settle them

making assumptions

We live in a world of snap decisions – the “like”, “don’t like”, “vote in”, “vote out” of popular culture and social media. Perhaps this is a natural reaction to information overload – and dwindling attention spans. Whatever the reason, it’s so easy to find yourself expressing a strong point of view based on the last thing somebody said to you, or what you read over someone’s shoulder.

The problem is, making snap decisions relies on making assumptions. And for those of us whose job it is to sort out complaints, assumptions can be the enemy of fair decisions.

This brings to mind one of the many tensions in the complaints-handling world. The more experienced we get at unravelling complex problems, the better able we are to spot patterns and get to the nub of things.

Professional instinct can be so well honed that we know exactly what we’re looking for – easily seeing the wood for the trees. Which on the one hand is great – in terms of making quick and efficient decisions. But on the other, the same professional instinct could lead us into the trap of making assumptions – which can result in short-sighted or superficial conclusions.



Financial
Ombudsman
Service



scan for
previous issues

in this issue

cases from older people
page 3

ageing – alternative
perspectives
page 15

Q&A page 20



This is particularly true when it comes to the question of someone's age. We know from the cases we see that older people experience many of the same financial problems as younger people. But we also know that someone's age *can* be particularly relevant in certain situations.

But this depends on the individual. Some people are fine with managing their finances, others might not be. It also depends on what the complaint's about. Someone's age might be *really* important in a case about an investment or a mortgage – but less relevant in a case about something else.

So we can never assume. It's less about "noting someone's age" and more about listening to, and taking account of, where they're coming from – their understanding of the situation, what their intentions were, what they did to influence things.

To help us think more about how we make these sensitive judgement calls on age-related matters, I'm really grateful to Age UK and Which? for giving us their insight and perspective in this issue of *ombudsman news*.

The better the understanding we have of what *might* be relevant, the less likely we are to fall into the trap of making assumptions – and the more likely we are to make a decision that's fair.

Natalie Ceeney
chief executive and
chief ombudsman

... someone's age can be particularly relevant in certain situations

Financial Ombudsman Service

South Quay Plaza
183 Marsh Wall
London E14 9SR

switchboard 020 7964 1000

consumer helpline

Monday to Friday 8am to 8pm *and*
Saturday 9am to 1pm
0800 023 4567 or 0300 123 9 123

technical advice desk

020 7964 1400
Monday to Friday 9am to 5pm

© Financial Ombudsman Service Limited. You can freely reproduce the text, if you quote the source.

ombudsman news is not a definitive statement of the law, our approach or our procedure. It gives general information on the position at the date of publication. The illustrative case studies are based broadly on real life cases, but are not precedents. We decide individual cases on their own facts.

cases from older people

If there's one thing we can conclude from the cases we see, it's that older people experience many of the same financial problems as younger people. That's not surprising if you consider that people tend to hold onto a similar array of financial products and services throughout their lives – bank accounts, credit cards, all sorts of insurance, savings.

But there are some cases where a consumer's age – or more accurately the point they are at in their life – is especially relevant. Retirement in particular can involve a lot of financial and emotional upheaval. We're often approached by people who have recently retired who have questions about a financial product. We also hear from people who are concerned about a financial product that has been in place for many years – for example, their pension, their mortgage or an investment.

When it comes to taking out new products, on the one hand we see cases where consumers – or their families – tell us that a financial business has taken advantage of their age to sell them something they didn't want or need. And on the other we see complaints where they tell us that a financial business has refused to sell them a particular product based on their age.

As ever, we look at the facts – and listen to both sides of the story – before we make a decision in each situation.



case study 111/01

consumer complains that bank gave inappropriate advice to make a long-term investment – when her husband was in poor health

Mr and Mrs W, who were both 73, had built up their savings over a number of years. They decided to invest some of their money and approached their bank for some advice.

They spoke to an adviser at the bank. He asked them about what sort of investment they were looking to make – and for some information about their personal circumstances. As part of this “fact-find” the adviser asked them some questions about their health. He then advised Mr and Mrs W to invest £40,000 in a “capital guaranteed multi-index equity bond deposit plan” – which they did.

Under the terms of this plan, the couple were obliged to keep it for six years to retain the capital guarantee. Sadly, Mr W died just 15 months after the couple had taken it out.

Mrs W asked the bank to cancel the plan, but she still felt let down. She talked it through with her daughter and decided to complain. She pointed out in her complaint that her husband had clearly been in poor health when they had taken out the plan – and that such a long-term investment could not have been right for them.

The bank did not agree that the couple had been given inappropriate advice – and it refused to cancel the plan. It pointed out to Mrs W that the adviser had recorded their health as “good” during the fact-find that he had gone through with them.

Mrs W didn’t understand how that could have happened. She was unhappy with the bank’s response, and decided to refer her problem to us.

complaint upheld

The bank’s own records showed that Mr and Mrs W were not experienced investors. We took the view that the couple’s age should also have prompted the bank to make sure the couple had understood they would not necessarily receive their investment back in full – if they did not keep the bond for six years.

Mr W’s medical records showed that he was using a wheelchair at the time of the sale – and that, given his particular medical history, he had already exceeded his life expectancy by four years. So we thought it was unlikely that Mr and Mrs W would have confirmed that they were both in “good health” when the adviser had asked them.

We decided that it should have been clear to the bank that it needed to ask Mr and Mrs W more questions about their health to get an accurate picture of their circumstances.

Taking all this into account, we concluded that the bank had not given Mr and Mrs W appropriate advice. We told the bank to put Mrs W in the financial position she would now be in if she and her husband had left the money where it was in the first place.

... it should have been clear to the bank that it needed to ask Mr and Mrs W more questions

... he was on a limited income and was struggling to keep up with his repayments

case study 111/02

consumer complains that credit card provider increased his credit limit irresponsibly

Mr T took out a credit card, and the provider gave him a credit limit of £1,600. At the time, Mr T was 65, working part time and earning just above the minimum wage.

Over the next three years, the credit card provider increased the credit limit on Mr T's card six times. His credit limit eventually reached £10,000.

The outstanding balance on Mr T's card was just over £9,000, and he was making the minimum repayment each month.

When Mr T heard something on the news about irresponsible lending, he looked at his own situation. He decided to complain to the credit card provider. He wrote to them, saying that they had increased his credit limit irresponsibly. He also pointed out that he was on a limited income and was struggling to keep up with his repayments.

The credit card provider rejected Mr T's complaint. It said it didn't agree that it had acted irresponsibly – and that it had carried out a full credit assessment before approving Mr T's application.

Mr T was not satisfied with this response – and asked us to look into his complaint.

complaint resolved

We talked through the situation with Mr T. We explained to him that we wouldn't usually consider a complaint about a credit card provider's decision about whether to lend money to a particular customer – because the provider is entitled to make that decision using its commercial judgement.

However, we explained to Mr T that we *could* consider whether the credit card provider had acted appropriately in light of its credit assessments, and whether it had complied with the relevant industry codes of practice.

When we looked at the evidence, we were satisfied that the credit card provider had taken appropriate steps to check that Mr T could repay the money each time it had increased his credit limit.

However, we also recognised that the problem in this case was not really the credit card provider's actions over the last few years – but that Mr T was struggling to keep up with his repayments.

We spoke to the credit card provider and told them what we thought about the case. The provider agreed to get in touch with Mr T to discuss a new repayment plan. When we phoned Mr T to let him know what was happening, we mentioned to him that if he found himself in financial difficulty in the future, he could talk it through with the credit card provider – and that he could expect to be treated positively and sympathetically.

case study 111/03

consumer complains that her elderly father was pressured into taking out a loan to buy a boiler

Mr N's energy provider sent sales representatives out into his local area.

A representative knocked on Mr N's door and explained that he was out and about talking to people about their energy needs. Mr N invited him in to talk.

During the conversation Mr N agreed to buy a new boiler. To pay for it, he agreed to take out a finance agreement with a company linked to the energy provider. He signed up to the agreement there and then.

When Mr N told his daughter what had happened, she phoned the energy company to complain. She pointed out that her father was over 80 years old. She also said that their representative had bombarded him with information – and pressured him into making an important decision straight away. She told the company that her father had a medical condition that made it difficult for him to take in a lot of information – and that their representative had taken advantage of the situation to make a sale.

The business rejected her complaint. It said it did not accept that the representative had put Mr N under pressure. It also said that if the representative had felt it was necessary, he would have advised Mr N to discuss it with a friend or relative before he signed the agreement.

Mr N's daughter didn't feel that the business had taken her complaint seriously. She decided to refer the matter to us.

complaint upheld

Mr N's daughter sent us information about her father's medical condition. The medical records showed that Mr N had been experiencing confusion and had had a significant tremor for a number of years. So we concluded that, at the time he had signed the agreement, Mr N's difficulties should have been evident to somebody who was having a conversation with him.

We also concluded that Mr N's condition would have made it difficult for him to take in all the information he had been given – and to have made an informed decision about whether to buy the new boiler. We took the view that the representative should have been sensitive to the situation, and taken particular care to make sure that Mr N was fully aware of the implications of his decision.

In these circumstances, we told the business to refund all the money Mr N had paid towards the new boiler. We also told it to pay him £150 for the distress and inconvenience it had caused.

*... it had no reason to doubt Mrs R's explanation***case study**
111/04**consumer's mother was victim of fraud – and he complains that bank allowed her to transfer a large sum of money overseas**

Mrs R was the victim of a lottery scam. She received a letter telling her that she had won over \$1million in an overseas lottery – but that she would need to pay tax of £95,000 before she could claim her winnings.

Mrs R contacted her bank to arrange a payment of £95,000 to an account in Canada. She told the bank that the money was for her nephew – as she had been instructed to by the fraudsters.

Two months later, Mrs R's family discovered what had happened. They were extremely upset, and they complained to the bank.

They argued that because staff at the local branch knew Mrs R well, they should have involved a member of her family before authorising the transfer. They pointed out that Mrs R was 91 and physically frail – and that an unusually large amount of money had been involved.

The bank disagreed. It told Mrs R's family that it had followed its usual identity checks – and had not breached any money laundering regulations. It also said that it had no reason to doubt Mrs R's explanation that the money was for her nephew in the USA.

Mrs R's family was unhappy with the bank's response. Her son decided to refer the complaint to us on his mother's behalf.

complaint not upheld

We listened to both sides of the story and looked at the evidence. We were satisfied that the bank had carried out the right checks to verify her identity, and had gone ahead with the transaction correctly. The bank had been acting on Mrs R's instructions, and had accepted her explanation for sending the money overseas.

We saw no evidence that Mrs R was not capable of managing her finances – and indeed, she often went into the local branch of her bank. So we did not think it would have been reasonable for the bank to have insisted that a member of her family should get involved in the transaction.

Although we were very sympathetic to Mrs R and her family, we did not think it would be reasonable to hold the bank responsible for the actions of the fraudsters.

We understood from Ms R's son that the police were looking into the matter as part of a wider investigation.

case study 111/05

owner of small business complains that leasing company did not explain terms of contract

Mrs M owned a small, independent travel agency. She had been leasing office equipment from the same company for ten years. When her office needed a new photocopier, she phoned the company to discuss what she required – and arranged a new lease. Mrs M signed a lease agreement that would be in place for five years.

Two years later, Mrs M decided to retire – and she sold her business. She contacted the finance company to try to terminate the lease agreement, but she was told that she was still liable to pay for the remaining three years on the lease.

Mrs M complained to the finance company. She said that she would never have signed the agreement if she had known that she would not have been able to terminate it when she retired.

The finance company rejected Mrs M's complaint. It said that the termination rights in the agreement were very clear – and that she remained liable for the full outstanding balance.

Unhappy with this response, Mrs M referred her complaint to us.

complaint resolved

We could understand why the finance company had argued that Mrs M should have been aware of her responsibilities under the agreement.

However, when we looked at the evidence, we established that Mrs M had been 64 years old when she had signed the agreement – and that she had been actively planning to sell the business at the time.

We couldn't be sure exactly what had happened around the time Mrs M had signed the lease agreement. However, having looked at the paperwork and spoken to both parties, we decided it was likely that Mrs M would have discussed her future plans with the finance company's representative before she signed the agreement – especially given the long-standing relationship between them.

We spoke to the finance company and told them what we thought about the situation. We also spoke to Mrs M, who decided to offer the company six months' worth of instalments to settle the matter. The finance company accepted Mrs M's offer.

... it was likely that Mrs M would have discussed her future plans with the finance company's representative

... she didn't see why she should have to pay anything towards the repairs

case study 111/06

consumer complains that insurer's agent damaged her property – and the insurer refused to cover the cost of repairs

Mrs J found that she had mice in the loft of her bungalow. The mice had caused some damage, so Mrs J got in touch with her insurer to find out what she should do. The insurer said that the damage was covered under her home emergency policy, and that it would arrange to have the problem sorted out.

The insurer sent a pest controller out to Mrs J to deal with the mice. Unfortunately, while he was working in the loft, he tripped and put his foot through the floor – into the corner of the bedroom ceiling below.

Representatives from the insurer and from the pest control company visited Mrs J's bungalow to assess the damage to her ceiling. When they examined the ceiling, they agreed to share the cost of replacing the damaged corner, but that Mrs J would be responsible for re-plastering the entire ceiling.

Mrs J was very unhappy with the situation – and decided to ring her insurer to complain. She said she didn't see why she should have to pay anything towards the repairs when the damage hadn't been her fault. She also pointed out that the workmen who had carried out the repair work had moved 50 boxes out of her spare bedroom. She told the insurer that these boxes contained some of her late husband's belongings – and that the workmen had left them in her hallway and dining room. She said that this was causing her a lot of problems – and that at 82 years old, she couldn't move all the boxes back by herself.

The insurer rejected Mrs J's complaint. It said that its liability should only extend to the damaged part of the ceiling – and that they had paid for the repairs to that.

Mrs J felt that she wasn't being treated fairly – so she got in touch with us to ask for some advice.

complaint resolved

We listened to both sides of the story. Once we had established the facts, we contacted the insurer to tell them what we thought about the situation. We pointed out that in cases like this, we would usually say that an insurer should put the consumer in the position they would now be in if things hadn't gone wrong.

In this case, if the pest controller hadn't put his foot through the ceiling, there wouldn't be any damage to repair – and there would not be 50 boxes in Mrs J's dining room and hallway.

The insurer accepted our arguments. It agreed to cover the full cost of the repair work. The insurer also said that if Mrs J wanted to hire someone to move the boxes back into her garage, it would cover the cost of that too. Mrs J was happy with that outcome. We asked her to keep an invoice or a receipt so that she could show the insurer exactly how much it had cost to move the boxes.



case study 111/07

consumer complains that bank misrepresented the terms of a loan

Mrs T had recently retired. She had wanted to get a new kitchen for a while, so when she received a letter from her bank offering her a loan for £10,000, she decided to apply for the loan – and to use the money to pay for the kitchen.

She rang her bank and spoke to a customer adviser. She explained that she had just retired – and how pleased she was to have received the letter because an interest-free loan meant that she could buy her dream kitchen without eating into her savings. She applied to borrow £10,000 over five years.

Mrs T's loan application was approved straight away. Once the money was in her account, she ordered her new kitchen, and she began making her monthly loan repayments.

A year later, Mrs T received her annual loan statement. She was shocked to discover that her monthly repayments would increase now that she had had the loan for a year.

Mrs T thought the bank must have made a mistake – and she phoned them to ask what had happened. The adviser she spoke to said that her loan was only interest free for a year, and that if she checked the terms and conditions she would see how the loan worked.

Mrs T said she had thought the loan would be interest free for the full five years. She pointed out that she had been with the bank for nearly forty years, and that she had assumed the loan offer had been something to do with the fact that she had just retired – a sort of a thank you. The adviser laughed, and said that Mrs T's letter would have been part of a "mail shot" sent to thousands of customers.

Mrs T felt slightly embarrassed and left it at that. However, she was sure she remembered talking to the original adviser about the fact that the loan was interest free. And she was annoyed with herself for having taken on a loan that would cost her significantly more than paying for the kitchen out right with money from her savings account.

... she pointed out that she had been with the bank for nearly forty years

... he had not explained the situation when Mrs T had referred to an “interest-free loan”

A few days later, she decided to get in touch with the bank again. She spoke to a different adviser and asked him to cancel the loan. The adviser said that he couldn't do that. Mrs T pointed out that she had the money to pay for the kitchen out right, and that she would never have signed up to the loan if she had known she would have to pay interest on it. But the adviser said there was nothing he could do.

Mrs T wrote to the bank to complain. The bank replied, saying that the terms of the loan had been made clear to her, and that she had been under no obligation to agree to the loan.

Unhappy with the bank's response, Mrs T came to us.

complaint resolved

We looked at the paperwork that set out the terms of the loan. We noted that Mrs T had borrowed £10,000, but that she would need to pay back £13,508. It was clear that this was not an interest-free loan.

Mrs T sent us a building society statement to show that she had the money to pay for the kitchen out right.

In these circumstances, we concluded it was unlikely that Mrs T would have agreed to a loan if she had realised that it was not interest free.

When we listened to the phone conversation during which Mrs T had applied for the loan, we could see how Mrs T could have been under the impression that the loan was interest free for the full five years. The adviser had not explicitly said that the offer was limited to the first year – and he had not explained the situation when Mrs T had referred to an “interest-free loan”.

We spoke to a senior manager at the bank. He realised straight away that the bank had not handled Mrs T's situation sensitively. So he arranged for the loan to be cancelled – and for Mrs T to be able to pay for the kitchen with money from her savings account.

.....

case study 111/08

consumer complains that home emergency cover provider was too slow to respond to emergency

Mr W was horrified to discover water pouring through the ceiling of his landing. He phoned his home emergency cover provider to ask them for help. The adviser Mr W spoke to said she would arrange for an engineer to come out – and that they would be there within two hours. The engineer arrived late that night – 12 hours after Mr W had made the phone call.

By the time the engineer arrived and stopped the leak, the water had already caused extensive damage. Mr W had to make a claim under his home insurance policy – which he had with a different provider – to repair the damage. His claim was accepted, and the repairs cost £30,000 – and his home insurance premiums went up because of what had happened.

Mr W had no complaint against his home insurer. He thought they had handled his complaint well. But he felt aggrieved about how his home emergency provider had handled the situation in the first place. He felt that their delay had made things much worse than they had needed to be.

He wrote to the provider of his home emergency cover. He said that if the engineer had arrived within two hours – as they had promised – the damage to his house would not have been so bad. He also pointed out that his home insurance premiums had increased since he had been forced to make the claim to repair the damage.

The home emergency cover provider accepted that there was a problem, and it offered to refund Mr W's premiums for the home emergency cover. This amounted to less than £100. Mr W went back to the provider. He said he didn't feel that their offer came anywhere close to putting things right. When the provider refused to change its position, Mr W referred the matter to us.

complaint upheld

The home emergency cover provider sent us the notes it had made during the conversation with Mr W. The notes said that this was “an uncontrollable internal emergency” – which the provider defined as “an internal emergency where you are unable to temporarily stop the incident from causing further immediate damage within the home”. It was clear that the cover provider had been in no doubt about the urgency of Mr W's situation.

Mr W had mentioned during the conversation that he was in his eighties, that he lived on his own, and that his health was not good. In these circumstances, we thought that the cover provider ought to have prioritised Mr W's case.

Even though the damage had been put right by Mr W's home insurer, we decided that the home emergency cover provider had caused Mr W significant distress and inconvenience. We therefore told it to pay him £450 compensation – and to pay Mr W the difference in his increased home insurance premiums for five years.

case study 111/09

consumer complains that travel insurer turned down his claim unfairly

Mr R was going on holiday to Montenegro. He wanted to take out travel insurance, so he phoned an insurer and was put through to their medical screening department. He told the adviser that he had had a heart attack a few years ago – and that he had an irregular heartbeat. The adviser told Mr R that he would be covered as long as he paid an additional premium.

Shortly after he had taken out the policy, Mr R was told that he would need to have a heart bypass operation. The operation was booked to take place two months before Mr R was due to travel. He was also asked to go along to a follow-up appointment. That appointment was arranged for the week that Mr R was due to be abroad, so he cancelled his holiday – and put in a claim under his travel insurance policy.

The insurer turned down the claim. It told Mr R that information from his GP showed that he had been referred to a cardiology clinic two months before he had taken out the policy. The insurer also pointed out that he had been waiting for an ECG and an angiogram at the time he had taken the policy out. The insurer said that if it had known about this, it wouldn't have sold Mr R the policy.

Mr R complained to the insurer. He said he had assumed the question about tests and investigations related to the conditions he had already mentioned to the insurer. He said he thought he had answered the questions correctly.

complaint not upheld

We listened to a recording of the conversation between Mr R and the insurer's sales adviser. The adviser had asked Mr R whether he was on a waiting list for medical treatment. He had replied "no". The adviser had also asked Mr R whether he was "awaiting the results of any tests or investigations". Again, he had replied "no".

We noted that the insurer had also sent Mr R a copy of the questions – and his answers to them – and had asked him to check they were accurate.

We decided that the insurer had asked Mr R clear questions – which should have prompted him to mention that he had recently been referred to a cardiologist, and that he was waiting for some tests.

We accepted that Mr R had made an honest mistake. But we didn't think the insurer had done anything wrong. The insurer said that if Mr R had supplied accurate information, it would not have offered him any cover.

In these circumstances, we did not uphold the complaint.

case study 111/10

consumers complain that loan provider repossessed their house with little warning

Mr and Mrs E, who were both in their sixties, had a mortgage. When they decided to carry out some building work on their house, they took out a “second-charge” loan – secured on their property – with a different lender. Two years later, they began to struggle financially and fell behind with their repayments.

Their loan provider got an “order for possession” from the court. However, it held off from doing anything further because they had just made some payments towards their account. Unfortunately, Mr and Mrs E couldn’t afford to make any further payments. They were eventually evicted from the house under the court order.

The house was then sold to pay off both the mortgage and the second-charge loan. But after the mortgage was paid off, there was a shortfall in the amount required to pay off the loan.

Mr and Mrs E subsequently complained about how the loan provider had treated them. They said that the legal action had come “out of the blue” and that they had no hope of keeping on top of the arrears with all the fees and charges applied to their account. The loan provider responded, saying that it had “complied with the law” and that it had applied the fees “in accordance with its published tariff”.

Unhappy with that response, Mr and Mrs E referred their complaint to us.

complaint upheld

Having reviewed the information provided by both sides, we were not satisfied that the loan provider had treated Mr and Mrs E fairly. We did not see any evidence that it had attempted to discuss their finances with them or taken steps to agree a repayment plan.

We also noticed that the lender had been charging “arrears management” fees to cover the extra work it had been required to carry out. But it had continued to charge these fees even *after* it had referred the account to its solicitors – who were applying their own separate charges. So we asked the lender to show us a breakdown of the work done by its solicitors. When it was unable to do so, we concluded that the fees could not be justified.

We told the loan provider to refund arrears management fees of £500. In addition, the loan provider offered to write off half the amount outstanding on the second-charge loan. Mr and Mrs E accepted this. We also told the loan provider to put in place a repayment plan that would help them get their finances back on track.

ageing – alternative perspectives

The case studies we have included on pages 4 to 14 illustrate the wide range of issues that older people bring to us – and our perspective can only ever be informed by the cases we have seen. So we asked **Age UK** and **Which?** to tell us about things from their perspective.



Older people are significant consumers of financial services – and of the Financial Ombudsman Service. This is no surprise, as they constitute a rapidly increasing proportion of the population. Today over 10 million people in the UK are aged 65 or over, but this number is expected to pass the 16 million mark in the next 20 years.

Age UK represents the interests of the 14 million people in the UK who have now reached later life. We provide information and advice to some 6 million older people each year. Many of the enquiries we receive relate to challenges they face in accessing quality financial services that reflect their needs.

Here are some common themes that we see.

older people are often excluded from financial services – or disadvantaged – purely on the grounds of age

We receive numerous age-related complaints involving the poor treatment of older people seeking financial services. Being denied certain products – or products being priced punitively - based on age alone (rather than the risk the customer presents or their ability to repay) is the source of real problems for many older people. For example, difficulties getting insurance may force some to give up driving or travelling.

As people live longer and in many cases healthier lives, chronological age is becoming an increasingly crude tool for limiting access to financial products. Rules that discriminate on grounds of age are not always unfair, but they should be justifiable and we hope that firms will review their policies and procedures to ensure they are as age-friendly as possible.




Financial
Ombudsman
Service



older people find that financial services providers don't always respond well to the debt problems that they have

Older borrowers are more likely to have an interest-only mortgage because many of these loans were sold in the 1980s and early 1990s and are now approaching maturity. A recent review by the Financial Conduct Authority estimated that every year between 2017 and 2032, 40,000 households aged 65 and over will see their interest-only mortgage mature. In addition, 25,000 households aged between 50 and 64 will see their interest-only mortgages mature, rising to 130,000 households in 2032. FCA modelling suggests that nearly half of all interest-only loans are unlikely to be paid back in full. Of those, half will still owe £50,000 – a significant amount of money for many people to find from existing savings which might have been earmarked for retirement.

We urge financial services providers to work proactively with older borrowers to find affordable and realistic solutions to the problems they face, including extending mortgages where someone can afford to do so. We also strongly advocate the importance of access to targeted, independent advice for those older people who are experiencing difficulties.



Age UK provides a wide range of information and advice to older people including on managing money.

Businesses can refer customers to its website www.ageuk.org.uk or its free national advice line **0800 169 6565 to find out more about how they can help.**

... 54% of consumers aged 65 or over told the ombudsman that they did not have internet access



older people find that financial services providers don't always deal well with the life events that happen to them

Whilst we are generally living longer, healthier lives, later life may also include bereavement, the illness of a partner, acquiring a health condition and the need to move into a care home.

We receive a large number of complaints from older people who report that firms don't understand the impact of these life events. With the rapidly changing demographics – the number of people over 85 in the UK is predicted to double in the next 20 years and nearly treble in the next 30 – it is vital that financial services providers equip their staff and systems to respond effectively, considerately and flexibly to the needs of older people facing what are already very trying circumstances.

Although many providers already have special services for people in such circumstances, too often frontline staff are not aware of them. Through its Engage business network, Age UK has a number of services designed to help businesses provide for the growing older marketplace.



“People over 65 are generally more confident than the overall population when it comes to complaining – with the exception of writing online reviews.”

Which?

“According to our April 2013 survey, people over 65 who are living on their pension are, like everyone else, worried about the cost of energy, fuel and food. The only area they are significantly more worried than the overall population is the interest rates on savings.”

Which?

▶ *... older consumers are less likely to use a claims management company to make a complaint*



older people's independence may be threatened by lack of access to banking services that meet their needs

Many people living with long-term conditions struggle to access banking services independently, including some of the most basic ones such as withdrawing cash or making payments, because of systemic barriers and inflexible policies. Staff are not always aware of alternatives to mainstream access, such as chip and signature cards instead of chip and PIN, and whilst online banking can be a useful option there are issues of trust and many older people simply do not have access to the internet or cannot navigate through complex security.

Given the delivery of state benefits through banking it is vital to ensure bank accounts are fully functional for older people. And while there are clearly advantages in technological innovations, it is vital that these are not at the expense of leaving older people behind. If providers wish older people to take up new technology, they must also ensure that it meets their needs.



older people and the ombudsman

- ◆ 24% of all complaints brought to us last year were from people aged 65 or over
- ◆ over the last three years we've seen a 249% increase in the number of complaints from over 65s
- ◆ this may reflect our outreach work with older and retired people over the last few years – with more consumers in the older age groups showing increased confidence in complaining

financial services providers often fail to treat older people with dignity

Too often we hear stories such as providers assuming that someone is mentally incapable, simply because they have a hearing difficulty, or – in one case – refusing to believe an older customer who complained about an unauthorised withdrawal, simply because of her age.

While dementia is certainly an increasing problem, incapacity is not an inevitable consequence of age, and no matter what their age people should not be talked down to or – if they are with a friend or relative – cut out of the decision making.

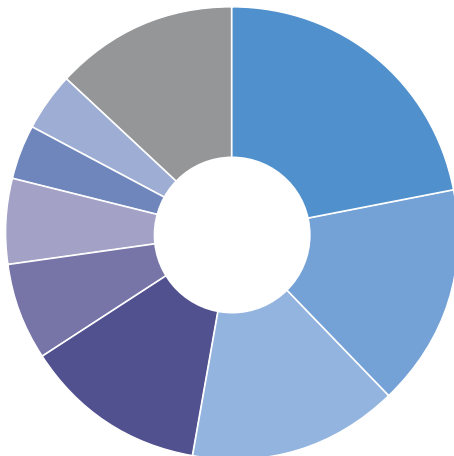
This brings challenges for all service providers, but there is useful guidance in relation to the Mental Capacity Act and good practice to learn from.

In particular, Age UK has recently worked with the British Bankers Association, the Office of the Public Guardian and the Building Societies Association to develop guidance for a consistent approach by financial services providers to policy and process in support of third party mandate holders.

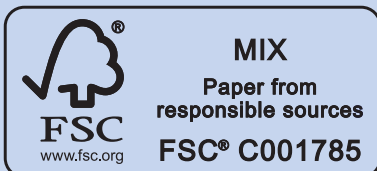
Many of the problems that older people face when using financial services could be mitigated by some simple inexpensive measures – for example, better training, alternative ways for customers to access their money and banking services that are designed with older people in mind.



what do older consumers complain to the ombudsman about?



- payment protection insurance (PPI) 22%
- investments and pensions 16%
- current and savings accounts 15%
- credit cards and credit related products 13%
- mortgages 7%
- buildings and contents insurance 6%
- motor insurance 4%
- travel insurance 4%
- other products 13%



Printed on Challenger Offset paper made from ECF (Elemental Chlorine-Free) wood pulps, acquired from sustainable forest reserves.

100% of the inks used in *Ombudsman News* are vegetable-oil based, 95% of press chemicals are recycled for further use, and on average 99% of waste associated with this publication is recycled.

Q? &A

featuring questions that businesses and advice workers have raised recently with the ombudsman's technical advice desk – our free, expert service for professional complaints-handlers

hearing trouble

We sold home contents insurance over the phone to an 80 year old woman in January this year. We didn't speak to our customer directly. She has trouble hearing so we spoke to her son.

We asked the question "have you made any claims in the last five years?" Her son repeated the question to her and she answered no. We ran through some more questions and cover was agreed.

She has now made a claim for a lost hearing aid worth £2,000. After looking into this, we have discovered that the customer actually made two other claims in the last five years, for damage to a carpet and another lost hearing aid. If we had known about these previous claims, we wouldn't have offered cover. We want to decline the claim and avoid the policy. What would the ombudsman think?

First, we would look at the evidence to see whether you asked the consumer a clear question, and whether the answer to this question induced you to offer her an insurance policy. This might mean listening to a recording of the sales call and checking your underwriting guide.

Then we would think about why your customer might have answered "no" when you asked her about previous claims. There could be a reasonable explanation for what she said. In which case if the non-disclosure was innocent, we would expect you to deal with the claim.

Other factors such as how long ago the claims were made – and how much they were for – could help us decide whether it was understandable that the consumer said no. You can find more information about our approach to non-disclosure in insurance contracts in our online technical resource.

putting two and two together

now that you're publishing individual ombudsman decisions in full, will you still be publishing the tables of complaints data about named businesses?

Yes. We'll continue to publish a range of facts, figures and information about the complaints we've seen. We try and help people build a picture of what's happening by publishing data in different levels of detail.

Our *annual review* is our most comprehensive round-up of what we've seen.

We continue to expand our technical resource on our website – which sets out our general approach to the cases we see.

In early March and early September we also publish data showing the *number* and *outcome* of the cases we've handled. This relates to the 200 or so named financial businesses that together account for around 90% of our workload. We're planning to publish our next set of data in early September.

We also publish quarterly updates on our complaints numbers here in *ombudsman news*.

You can find all this information – and more – on the complaints data page in the publications section of our website.



Financial

**Ombudsman
Service**