ombudsman news

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essential reading for financial firms and consumer advisers

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This month we look at a variety of banking complaints involving credit cards – where the point at issue is whether the cardholder can claim against the card issuer (under section 75 of the Consumer Credit Act) when things have gone wrong with the goods or services paid for with the card.

We report on some recent insurance cases we have dealt with, including a dispute over a claim for the accidental death of a parrot. We also illustrate our approach to complaints where a legal expenses insurer has turned down a claim because it does not think the legal action proposed by the policyholder has any reasonable chance of success.

The importance of good record-keeping on the part of firms is highlighted in several of the investment-related cases we feature this month. And in our reply to one of the *ask ombudsman news* questions on the back cover, we explain to an adviser that he does not have the option of dismissing a client's mortgage endowment complaint simply because he no longer has any records of the sale.

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1 insurance case round-up

a selection of some of the insurance cases we have dealt with recently

■ **31/1**
household insurance policy – mistaken cancellation of policy – no cover for theft claim – multiple parties – shared liability

Mr I put in a claim to the firm after his home was burgled. He was shocked when the firm said it was unable to pay out, as he no longer had any cover. The firm said it had cancelled his policy six months earlier because he had failed to pay his premiums. It had been informed by Mr I's bank that he had cancelled the direct debit.

Mr I complained to the firm, saying it should have contacted him to let him know it had not received his premiums. He also complained to his bank, asking why it had misinformed the firm about the direct debit. Unhappy with the responses he received, Mr I came to us.

complaint upheld in part
We established that Mr I's bank had been responsible for incorrectly cancelling the direct debit. And although the insurance firm should have contacted Mr I when it noticed his premiums had stopped, there was no evidence that it had done so.

But we thought that – over a period of six months – Mr I should have realised the direct debits were not leaving his account. We decided that although the bank and the firm were equally to blame for the problem, Mr I's failure to notice what was going on made him partly responsible too. We therefore apportioned liability between all concerned: 40% to the firm, 40% to the bank and 20% to Mr I.

We required the firm to deal with the claim in accordance with its usual policy terms and conditions. However, we said that (provided the claim was successful) the firm should only pay 40% of it, less an amount equalling the premiums that Mr I had missed.

The bank had already offered £8,000 in '*full and final settlement*'. Mr I had accepted this offer and we were satisfied that it was fair and reasonable. The bank was prepared to run the risk that Mr I's claim might ultimately be rejected (under the policy's terms and conditions) or be adjusted down, in which case it would have overpaid him.

... [the customer's] failure to notice what was going on made him partly responsible too.

... the firm rejected the claim, saying the proposed action had no reasonable prospect of success.

■ **31/2**

legal expenses – reasonable prospects of success – whether supplier of secateurs liable for failing to warn about danger of personal injury

After Mr B's wife accidentally cut off the tip of her finger while she was pruning her rose bushes, Mr B decided to take legal action against the shop where they had bought the secateurs. He thought that the retailer should have ensured that safety warnings were printed on the packaging and he obtained advice that supported this view.

Mr B had assumed that he would be able to claim back the costs of the legalaction through the legal expenses policy he had with the firm. So he was very disappointed when the firm rejected the claim, saying the proposed action had no reasonable prospect of success. After complaining unsuccessfully to the firm, Mr and Mrs B brought their complaint to us.

complaint rejected

In cases where a firm has said the policyholder's proposed legal action has no chance of success, it is not for us to try to reach a conclusion on the merits of the proposed action. Instead, we need to establish whether the firm gave the claim proper consideration. We therefore look at the steps the firm took before it rejected the claim.

Legal expenses insurers are entitled to rely on the professional advice of their legal experts. So if an insurer has obtained independent legal advice from suitably qualified lawyers – whether they were panel solicitors, non-panel solicitors or counsel – and has acted on that advice, then we will not generally question the advice.

In this instance, the firm sought advice from two firms of solicitors and from counsel before it concluded that Mr B's proposed action had no reasonable chance of success. None of these legal experts considered that a court would hold the retailer liable.

Mr B had, in part, based his decision to take action on the opinion of an 'accident expert' who cited the General Product Safety Regulations 1994. These regulations include a requirement that consumers should be given relevant information to enable them to assess the inherent risks in a product.

However, the counsel consulted by the firm pointed out that there was an important qualification to this regulation – the requirement only applied '*where such risks are not immediately obvious*'. In the counsel's view, '*it should be immediately obvious that if you put your hands too close to cutting blades, you are in danger of injury*'.

… he left her in the car, with the keys in the ignition, while he went to buy the chocolate.

We were satisfied that the firm had taken appropriate steps to determine whether the proposed action had a reasonable prospect of success. We therefore rejected the complaint.

31/3
commercial policy – whether appropriate to decide case on 'fair and reasonable' basis

Mr C was a self-employed forest management adviser. In December 1999, a tree on land owned by one of his clients, Mr A, fell down and injured a third party, who was driving on a nearby main road. The third party made a claim against Mr A.

It was nearly 18 months later when Mr C discovered that liability might be passed to him. He notified his professional indemnity insurer of the situation, but the insurer said it would not meet the claim. It said Mr C was in breach of contract because he had taken so long to inform it that a claim was likely to be made against him. It also said he had prejudiced its position. The firm cited several legal cases in support of its stance.

complaint upheld

We established that Mr C had been told of the injury caused by the tree almost as soon as it happened. And he was told a couple of days later that the third party was taking legal action against Mr A. However, there was nothing to suggest that Mr C had any idea that *he* might be held liable until he received a letter to that effect from Mr A's solicitors on 9 May 2001.

Mr C's policy required him to notify the firm as soon as he became aware of any potential action being brought against him. In this particular case, however, we did not think it was fair or reasonable to have expected him to know he was potentially liable until this was spelt out to him.

We also considered that the firm should have had regard to the Association of British Insurers' *Statement of General Insurance Practice*. Strictly speaking, the Statement applies only to non-commercial policies. But since Mr C was a sole trader, he was, effectively, in the same position as a private individual with a personal policy. The Statement says that '*an insurer will not repudiate liability to indemnify a policyholder … on grounds of a breach of warranty or condition where the circumstances of the loss are unconnected with the breach unless fraud is involved*'.

... when he returned, both the car and the woman had vanished.

We did not accept that the firm had been prejudiced by the length of time that had elapsed after the accident before Mr C told itthat a claim might be made against him. And none of the correspondence that Mr C had entered into regarding the claim had constituted an offer, promise or admission of liability.

We therefore required the firm to deal with the claim, subject to the other terms of the policy.

■ **31/4**
motor policy – car stolen from garage forecourt – whether 'lady friend' was responsible for theft – reasonable care – keys in car – theft by deception – multiple reasons given for rejecting the claim

Mr K met a young woman in a nightclub and took her back to his place. The following morning, he offered to drive her home. He said that – on the way – she gave him some money and asked him to buy her some chocolate.

Mr K stopped at a petrol station and left her in the car, with the keys in the ignition, while he went to buy the chocolate. When he returned, both the car and the woman had vanished. The car was later recovered burnt out.

The firm rejected Mr K's claim for the theft of his car. Initially, it said that this was because he had breached the policy condition that required him to take 'reasonable care'. After Mr K challenged this, the firm said there was a policy exclusion that meant it could not pay out if the keys were left in the car. Finally, after he challenged this, it told him that there was a policy exclusion covering 'theft by deception'. It considered that this applied here because the woman had set out to deceive Mr K in order to steal his car.

Unhappy with the firm's stance, Mr K brought his complaint to us.

complaint upheld
The onus was on the firm to give evidence backing up its reasons for declining the policy. It was unable to do this.

We did not consider that Mr K had failed to exercise reasonable care. He had not acted recklessly by '*deliberately courting a risk of which he was aware*' – see *Sofi v Prudential Assurance* [1993] 2 Lloyd' s Rep. 559. On the contrary, the very fact that he had left his car and keys in the care and custody of the woman indicated that he trusted her. It never occured to him that there was a riskof theft.

... the parrot accidentally crashed into the toys in its cage and became dizzy.

The 'keys in car' exclusion could not properly apply because the policy was worded in a way that meant the exclusion only applied if the car was left unattended. In other words, the case was similar to that in *Starfire Diamond Rings Ltd v Angel* [1962] 2 Lloyd's Rep. 217 CA, rather than *Hayward v Norwich Union Insurance Ltd*. The car had not been left unattended – there was someone inside it.

And we were not satisfied that there was a 'theft by deception'. In order to reject the claim on these grounds, the firm would have had to show that when the woman asked Mr K to buy her some chocolate, she had already decided to use this as a ruse to enable her to steal the car. In fact, there was no evidence that she had stolen the car. For any number of reasons she may have abandoned the scene, leaving the car unattended, and an unknown third person may then have stolen it.

In the circumstances, we felt that the fair and reasonable solution was for the firm to meet Mr K's claim. We pointed out that the way in which it had handled the claim, citing different reasons in turn for rejecting it, did the firm no credit and suggested that its aim was to avoid payment at all cost.

■ 31/5
pet insurance – breach of condition – whether death benefit payable – whether valid claim for 'personal accident' to bird

When Mr E's prize-winning parrot died, Mr E put in a claim to the firm for accidental death benefit of £1,200. He also claimed damages of £12,000 for 'personal accident' to the parrot. He said it had accidentally crashed into the toys in its cage and became dizzy before it collapsed and died.

The firm rejected the claim. It was a condition of the policy that Mr E should provide a vet's report, certifying the cause of death, but he had failed to do so.

complaint rejected

We agreed with the firm that in failing to obtain a vet's report, Mr E had breached an important and material condition of the policy. Without this information, the firm was unable to verify the cause of death and establish whether the accidental death claim was valid.

As far as the claim for personal accident was concerned, we pointed out to Mr E that his policy did not provide personal accident cover and that this type of insurance was only available for human beings.

2 credit cards – equal liability under section 75 of the Consumer Credit Act 1974

Paying for goods or services by credit card is now a major part of daily life, with many people preferring this method of payment to using cash or cheques. An advantage of using a credit card is that, under section 75 of the Consumer Credit Act 1974, customers who have a claim against a supplier for breach of contract or misrepresentation will generally have an equal claim against the card issuer.

Claims are often made against the card issuer when the supplier has gone out of business or disappeared. Firms will sometimes tell customers that they must first get a court judgment against the supplier. That is wrong. The customer can choose whether to claim against the supplier, the card issuer, or both.

In a case reported in issue 21 of *ombudsman news* (case study 21/11), we awarded a customer £250 compensation for the inconvenience a firm caused by repeatedly, and incorrectly, telling him that it was only required to meet his claim if he first obtained a court judgment against the supplier.

For section 75 to apply, certain conditions must be met. Most credit card purchases will be covered, but:

- the cash price of the goods or services must be more than £100 and not more than £30,000; *and*
- purchases are not covered if they are made by debit cards or by charge cards (where the monthly bill has to be settled in full).

Also, section 75 only applies if the credit has been provided under a 'pre-existing arrangement' that involves both the supplier and the credit provider. So credit cards are covered because suppliers are signed up by one firm (called the 'acquirer') to accept cards belonging to the relevant network – such as Mastercard or Visa. The arrangement involves both the supplier and firms that issue cards through that network.

However, credit card cheques are not covered because they can be made payable to anyone – not just to the suppliers appointed to accept the credit card. And the credit card company would not share liability if the card was used to withdraw cash to pay for the purchase.

There can be problems if the card is accepted by a different business from the one that provided the goods and services. We see this situation most frequently in connection with timeshare and holiday club membership, where it is not unusual for the timeshare or holiday club company to use the credit card facilities of another business. The business accepting the payment may simply be acting as *agent* for the supplier, in which case section 75 will not apply. In order for section 75 to apply, the business that accepts the payment and the supplier have to be '*associates*', as defined in the Consumer Credit Act.

Where customers use a credit card to buy airline or other travel tickets from a travel agent, they cannot normally claim against the travel agent if the airline delays or cancels the flight. This is because the travel agent contracted to supply the ticket, not the flight. So the customer would not have a claim under section 75 either.

> ... whether section 75 applies to transactions abroad is a matter of dispute.

However, things are different if customers use a credit card to buy the travel agent's own 'package' of travel arrangements. In such instances the agent is the *supplier* of the holiday package. This situation is illustrated in case study 31/6 on page 9.

Section 75 does not, in itself, provide grounds for a claim against a supplier. Customers must have a valid claim of breach of contract or misrepresentation under other law, such as the Sale of Goods Act or the Misrepresentation Act. If they do, then they have a *like* claim against the card provider *for the full amount of the claim*.

The claim is not limited to the amount of the credit card transaction. Customers can claim for all losses caused by the breach of contract or misrepresentation. And this applies even if all they paid by credit card was the deposit.

So, for example, a customer who pays a deposit for goods – using a credit card issued by firm A – and then pays the balance using firm B's card, has the choice of claiming for the cost of goods and any consequental losses against:

- the supplier of the goods;
- firm A;
- firm B; *or*
- all three.

But of course, the customer cannot recover the same money twice.

However, to uphold a complaint we need to be satisfied that the customer had a claim for breach of contract or misrepresentation. This is straightforward if the customer has paid for goods or services that have not been provided at all. It is not so straightforward if the claim is that the goods were not of a satisfactory quality, or not as described to the customer.

If the dispute boils down to a question of taste, or simply to disappointment with the goods or services bought, then we are unlikely to be satisfied that there has been a breach of contract.

For example, we did not uphold the complaint of Ms X who said that her new haircut, paid for by credit card, did not suit her. Nor the complaint of Mr Z (who paid for a meal by credit card) after an altercation in the restaurant concerned. We took the view that he had received the items shown on the bill, and that his dispute really concerned how the restaurant treated him and his guests, rather than the quality of the meal he had paid for.

Many people now use their credit cards, rather than travellers cheques or cash, to pay for goods and services while on holiday abroad. Whether section 75 applies to transactions abroad is a matter of dispute.

HSBC, Bank of Scotland and Sainsbury's Bank have agreed with the Office of Fair Trading that they will apply section 75 to transactions abroad. Other card issuers will not. The argument is due to be resolved by the courts, as the Office of Fair Trading, Lloyds TSB Bank and Tesco Personal Finance have applied to the High Court for a declaration on whether section 75 applies to foreign transactions.

In the meantime, most firms voluntarily operate a policy to accept otherwise valid claims up to the amount of the credit transaction. We consider all firms should do this as a matter of good banking practice.

31/8

customer asks bank to stop credit card transaction – whether bank acted properly by paying the retailer

Mr C visited a specialist retailer and placed an order for the manufacture and installation of two custom-made doors. He paid by credit card. A couple of weeks later, he decided he only wanted one of the doors and he tried to cancel part of his order. However, the retailer refused to accept this, citing the terms of the contract Mr C had signed.

In due course, both doors were delivered and one of them was installed. However, Mr C insisted that the other should be returned to the retailer. Mr C contacted his bank and asked it not to pay the full cost from his credit card account. However, the retailer claimed the full cost and the bank paid it. When the bank rejected Mr C's complaint that it had acted improperly, he came to us.

complaint rejected

Customers sometimes mistakenly believe that they can phone their bank and stop a credit card transaction, in the same way as they can stop a personal cheque. This is not the case. Once a cardholder has given authority for a transaction, it cannot be stopped.

Mr C had authorised the credit card payment and it was not open to him to withdraw it. So the bank had acted properly in paying the retailer. The retailer had fulfilled its part of the bargain. Mr C had simply changed his mind about the door – it had not been faulty – so the retailer had not been in breach of contract.

31/9

customer claims the watch he bought while abroad had been misrepresented as a designer-make – whether customer entitled to refund from credit card company

While on holiday in Turkey, Mr J bought a gold watch. He said he was told it was an expensive designer brand and he paid £1,000 for it, using his credit card.

However, shortly after he returned home, the watch stopped working. Mr J eventually got the watch repaired at a cost of £65. However, the repairer told him it was a fake and worth very much less than he had paid for it. Mr J then asked his bank to refund the difference between the amount he paid for the watch and the amount the repairer said it was worth.

When the bank refused to meet his claim, Mr J came to us. He said he had been told that under section 75 he was entitled to a refund from his credit card company.

complaint settled

There was no evidence to support Mr J's allegation of misrepresentation on the part of the retailer in Turkey. None of the documents he was given when he bought the watch described it as a designer-make. The UK repairer confirmed that the watch was made of 18 carat gold and it was specified as such in the sales documents. So there did not appear to have been any breach of contract. Even if the transaction had happened in the UK, section 75 would not have applied. However, the firm agreed to meet the cost of the repair.

a selection of some of the complaints we have dealt with recently on a range of investment-related matters

■ **31/10**
'ethical' investment bond – whether advice appropriate for customers' attitude to risk

After inheriting a sizeable sum of money, Mr and Mrs F consulted a financial adviser. The couple had no investment experience and said they were happy to be guided by the adviser. They said they hoped the money might be invested in 'ethical' companies.

The couple followed the adviser's recommendation to invest £24,000 in an investment bond. However, several years later they complained that this advice had been inappropriate. When the firm rejected their complaint, Mr and Mrs F came to us.

complaint upheld

The firm insisted that the investment that the adviser recommended had been suitable for Mr and Mrs F's needs and circumstances, and consistent with their attitude to risk.

The firm conceded that the ethical investment bond presented a higher risk than it would normally have considered suitable for the couple. But it said the couple had insisted on an ethical investment and they required a higher income than would be available from either a deposit-type account or a low-risk investment. It said the adviser had made the couple fully aware of the risks involved.

Mr and Mrs F denied that the adviser had explained the level of risk associated with the investment bond. They said that although they liked the idea of an ethical investment, they had not insisted that this was the only type of investment they were prepared to consider. They said they had asked about the possibility of using the money to pay off their mortgage, but the adviser had very firmly advised against it. They told us they had believed *all* bonds to be a safe form of investment. They had not realised there were different types of bonds, and that some carried a high risk.

We noted that, for some years, the couple had been living on a very low income, as Mr F was in poor health and receiving disability benefits.

In our view, the investment advice had not been suitable for their circumstances because it presented too high a risk. There was no evidence that the adviser had given the couple any warning about the risks involved. We considered that he should only have gone ahead and arranged the investment after he had set out the risks in writing and obtained written confirmation from the couple that they wished him to

... they told us they had believed *all* bonds to be a safe form of investment.

... she had not been aware that investing in the unit trust involved any risk.

proceed. We considered, on a balance of probabilities, that if the adviser had given Mr and Mrs F a clear warning of the risks involved, they would not have gone ahead with the investment.

We asked the firm to refund the premiums the couple had paid, with interest.

■ 31/11
transfer of a with-profit bond to a unit trust – whether customer wrongly advised

Early in 2000, a 64-year-old widow, Mrs A, met the firm's representative to discuss her investments. On his advice, she surrendered the with-profit bond she had held for four years and put the money in a unit trust instead. She said the adviser had told her the unit trust offered '*superior tax advantages*'.

Two years later, after seeing the value of her unit trust investment fall substantially, Mrs A complained to the firm. She said it should never have advised her to switch from the with-profit bond. When the firm rejected her complaint, she came to us.

complaint upheld

Mrs A said she had not been aware that investing in the unit trust involved any risk, and that the adviser had not discussed this with her. We found no evidence to refute what she told us. It was clear from the 'fact find' that the adviser had not made a full assessment of Mrs A's circumstances. And there was no evidence of any attempt to quantify how she would benefit from the tax advantages he had said she would get. We therefore upheld the complaint.

■ 31/12
mortgage endowment policy – whether firm took customer's change of circumstances into account

Mrs H was alarmed when the firm sent her a 're-projection' letter, warning that the mortgage endowment policy she had taken out ten years earlier might not produce enough to pay off her mortgage. She complained to the firm, saying the firm's adviser had not warned her of this possibility when he sold her the policy.

The firm rejected Mrs H's complaint. It said the problem was due to '*poor investment performance, something that was always a possibility with this type of policy*', and it claimed that the adviser had given her a brochure that explained this. Dissatisfied with this response, Mrs H came to us.

complaint upheld

The firm should have determined Mrs H's attitude to risk at the time of the sale. But it was unable to produce any evidence that it had done so. After we questioned Mrs H about her circumstances at the time of the sale, we established that – when she had sought advice – she had not been in a position to take any risk with her mortgage. She and her husband had previously had a mortgage endowment policy, but her circumstances had changed dramatically since then. She was a single mother on a low income when the firm sold her the new policy.

We therefore concluded that the advice had been unsuitable and that the firm should provide redress, in line with the regulator's guidance.

■ **31/13**

firm sold customer three mortgage endowment policies – whether it explained risk – firm offers redress for one policy – customer insists all were mis-sold

When Miss L decided to move house, she discussed her financial situation with her father, who was an investment adviser. She already had a mortgage endowment policy and her father advised her to take out a further two mortgage endowment policies.

Five years later, Miss L received re-projection letters from the firm, warning that her policies might not produce enough to pay off her mortgage. She complained to the firm, protesting that she had never been made aware that these policies carried any risk.

The firm subsequently told Miss L that there was evidence to suggest the *third* policy had been mis-sold. It offered her compensation for this in accordance with regulatory guidelines. Miss L rejected the offer, saying she should receive redress for all three policies, and she then brought her complaint to us.

complaint rejected

We looked at the 'fact finds' that had been completed for all three of Miss L's policies – the original mortgage endowment policy and the two that her father had recommended. It was clear from these documents that Miss L's attitude to risk had been assessed on each occasion, and that the risks associated with the policies had been explained to her.

Miss L was unable to deny this evidence when we pointed it out to her. And eventually she acknowledged that, on each occasion, her adviser had discussed other mortgage options with her. We therefore rejected her complaint.

■ **31/14**

'execution-only' policy – customer's expectation of additional benefits following firm's flotation – whether adviser acted correctly in selling second policy

Mr G asked an independent financial adviser to obtain information for him about a with-profits policy with a specific firm. He subsequently took out this policy through the adviser, on an 'execution-only' basis (that is, without receiving any advice). He had not mentioned to the adviser that he already had a similar policy from the same firm. He knew that, as a policyholder, he would benefit from the firm's forthcoming flotation, and he assumed he would double his benefits by having two policies rather than one.

At the time Mr G took out his second policy, the firm had not finalised the terms of its flotation benefits. In particular, it had not yet decided whether it would provide higher benefits for those who held more than one of its policies.

When the firm announced the full details of the flotation benefits, it said it would pay all policyholders the same level of benefit, regardless of the number of policies held by any individual. Mr G then complained to the adviser, saying he had acted incorrectly in selling the second policy. When the adviser rejected the complaint, Mr G came to us.

complaint rejected

The adviser was not at fault. He had obtained information for Mr G, at Mr G's request, and had subsequently arranged the sale. However, the adviser had not provided any investment advice.

At the time of the sale, the firm had not yet published its terms for the flotation benefits. Mr G was therefore taking a risk that having a second policy would increase his benefits. He had not told the adviser that he already had one policy. And even if he had done so, the adviser would not have been in a position to confirm whether he would be entitled to additional benefits. We rejected the complaint.

■ 31/15
firm's delay in payment of pension annuity – customer's expectation of redress – our approach to compensation for distress and inconvenience

Mr A sent us a 35-page submission, complaining about the firm and setting out why he thought it should pay him £20,000 in compensation. The nub of Mr A's complaint was that the firm had been responsible for a significant delay before it started paying his pension annuity. Mr A also noted that the firm had made significant errors in calculating the payments, had ignored his letters and failed to return calls.

complaint settled

In a quick telephone call to the firm, we established that it had already sorted out all the payment problems. Mr A agreed this was the case. However, he said he had decided to bring the complaint to us because of his '*utter frustration*' about the length of time the firm had taken to resolve matters.

Initially, he remained adamant that he expected £20,000 compensation. However, after we explained our general approach in cases of distress and inconvenience, he conceded that his expectations were unrealistic.

The firm had already confirmed that it had been responsible for serious delays in paying Mr A's annuity and Mr A accepted its offer of £500 compensation.

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ask ombudsman news

your questions answered

I've not kept records of sale – can I tell client I can't respond to her complaint?

Q I am an independent adviser. A client has complained that I mis-sold her mortgage endowment policy.

It's over seven years since I advised her and I've got no records of the sale. I'm only required to keep them for six years.

I know that the life office concerned still has some details of the sale, but it won't help by sending me the information I need. Is it OK just to tell my client I no longer have any evidence, so can't respond to her complaint?

A No. You cannot dismiss the complaint out of hand, just because you no longer have records of the sale. If you can't get the information you need from the life office, you should still be able to build up a picture of the factors that should have been taken into account *at the time of the sale*. These will include the customer's financial position and her plans for the future at that time. You will find the type of questions you may need to ask in our on-line *mortgage endowment complaints assessment guide* (at www.financial-ombudsman.org.uk/publications/briefing-notes.htm).

We do, of course, expect all firms to co-operate with each other in sharing information like this. After all, the firm from which you need information might – in turn – need information from you in future. This type of co-operation helps make the complaints process more efficient for everyone.

out of date ombudsmen?

Q I've been sent on a wild goose chase by the firm I've complained about. They told me to take my complaint to something called the 'IOB' – which I now discover doesn't even exist. Can you help?

A The Financial Ombudsman Service replaced several smaller complaints-handling schemes, including the Insurance Ombudsman Bureau (IOB). Firms should not be giving their customers information about the IOB – or about any of the other old schemes (such as the Banking Ombudsman) – because these bodies no longer exist.

By law, financial firms must tell their customers about the Financial Ombudsman Service – and provide a copy of our consumer leaflet, *your complaint and the ombudsman* – where appropriate. We're sorry to hear about the trouble you have been caused. If you let us have more details about the wrong information you were given, we will take up the matter with the firm involved – referring it to the industry regulator, the FSA, if necessary.

Firms should check all the information they give customers to make sure the ombudsman details they provide are correct and up to date. Firms wanting advice on what to tell customers about the ombudsman service should contact our technical advice desk on 020 7964 1400.