ombudsman
news

Financial Ombudsman Service

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essential reading for financial firms and consumer advisers

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about this issue

If, when playing *Monopoly*, you pick a card that tells you the bank has made a mistake in your favour, you get to keep the money. In real life, things are usually a little different. In this edition we explain how we deal with the banking disputes referred to us where the firm has credited a customer's account in error.

It is getting on for ten years now since the regulators ordered firms to review the personal pensions they sold between 29 April 1988 and 30 June 1994. The cut-off date for customers wanting their case to be included in the review was 31 March 2000. Customers who missed this deadline – but whose cases would otherwise have been eligible for the review – can still complain to the firm in the normal way, although other time limits may apply. On page 10 we illustrate some of the issues that can arise with these pension review-type complaints.

In this edition we also focus on two of the free services we offer firms as part of our '*complaints-prevention*' work. The aim is to help firms settle disputes at an early stage, reducing the number of complaints that are

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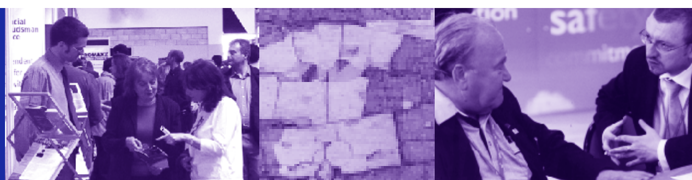
subsequently referred formally to the ombudsman service. On the inside back cover we outline the assistance available from our technical advice desk, while on page 13 we include an extract from our recently updated *guide for complaints handlers*. This is a publication that we hope will be particularly helpful for staff in firms' compliance or customer service departments who deal regularly with customer complaints.

The rules under which we operate refer to the '*reasonable*' interest that we may sometimes require firms to pay as part of the redress they make to customers when things have gone wrong. On page 7 we outline our approach to this issue and explain the changes we intend to introduce from 1 January 2004 in certain types of case.

Finally, in *ask ombudsman news* on the back page we answer questions from two readers. One question concerns a case where the firm said a complaint couldn't be referred to us because it was '*time-barred by the 15-year long stop*'; the other concerns complaints that we consider '*frivolous and vexatious*'.

*working***together**



have you booked your place yet?

There are only a few places left for our last two *working***together** conferences this year, both at the Manchester Conference Centre. The conference on 4 December will look at insurance complaints, while on 10 December the focus will be on investment issues.

For more information, look on our website or email conferences@financial-ombudsman.org.uk

1 banking – mistaken credits

There is a kind of mistake that can make some customers happy. That is where the firm mistakenly credits a customer's account with money that the customer is not entitled to. Some customers feel they should be allowed to keep the money, simply because the firm has made a mistake.

Similar issues arise where the firm mistakenly understates how much a customer owes on a mortgage or other loan. Sometimes the customer then considers that the firm must accept the figure it has mistakenly quoted, rather than the higher – true – figure.

What is the fair outcome to such cases? In particular:

- Does the customer have to repay the money?
- If so, on what terms?
- Is any compensation due?

In dealing with such cases and deciding what is fair and reasonable, we are required to take into account what the law says. In general terms, the legal position is:

- Ordinarily, customers should repay money that does not belong to them, or that they have borrowed.

- But customers do not have to repay it if they have '*changed their position'* through believing, in good faith, that the money was theirs – for example, by buying some expensive service that they would not otherwise have bought. Merely spending the money on ordinary, day-to-day expenditure does not amount to a change of position.

- If customers *have* changed their position, then they are not required to show that, if they repaid the money, they would be worse off than before they received it. But it must still be the case that it would be unfair for the customer to have to repay the money.

- As long as the firm's mistake has caused the change of position, it does not matter if the firm did not expressly represent to the customer that the money belonged to the customer.

Clearly, customers must pay money back if they did not genuinely believe it was theirs. But sometimes, even though they accept that they must repay the money, they are unhappy about how the firm treated them or their account.

The following case studies illustrate how we apply these principles in practice.

... some customers feel they should be allowed to keep the money, simply because the firm has made a mistake.

case studies – mistaken credits

■ 33/1
mistaken credit used to pay bills

The firm mistakenly credited Mr B's current account with £3,000 intended for another customer with a similar name. By the time the firm realised its mistake, Mr B had withdrawn the money. He said he had thought it was a payment he had been expecting for some work he had done, and he claimed he had used it to pay back some money his brother had lent him. When the firm continued to chase Mr B to repay the £3,000, he complained to us.

complaint rejected

Even if Mr B had genuinely believed the money was his, his position had not changed. Previously, he had owed his brother £3,000. Now, he owed the firm £3,000. We told him he would have to pay back the money but, because the firm had been responsible for the mistake, we said it should allow him to pay it back in interest-free instalments.

... the firm credited his account with £3,000 intended for another customer with a similar name.

■ 33/2
mistaken credit where a second loan should have been used to repay a previous loan

Ms K had taken out a £3,500 loan with the firm (loan 1). She also had an overdraft of about £750 on her current account with the firm and she was finding it difficult to keep within the overdraft limit.

In order to repay loan 1 and reduce her overdraft, the firm agreed to grant her a new loan of £4,000 (loan 2). But instead of using most of loan 2 to repay loan 1, the firm paid all of it into Ms K's current account. Within days, Ms K had spent all £4,000 – the majority of it in just one visit to a designer shoe shop.

When the firm contacted her, she said she had not realised it had made a mistake – she had assumed the money was hers. She did not agree with the firm's demand that she should repay both loans.

After Ms K brought her complaint to us, the firm offered to compensate her for the distress and inconvenience its mistake had caused her. But it still insisted that she had to repay the two loans, although it was prepared to let her repay the money over a number of months.

complaint rejected

The firm was able to provide tape recordings of its telephone conversations with Ms K, during which it had discussed and agreed loan 2 with her. We were satisfied that Ms K could not reasonably have expected the money paid into her current account to be anything other than the proceeds of loan 2.

We concluded that she must have known the payment was a mistake, and that she had not spent the money in good faith. So it was only fair that she should repay loan 2 (as well as loan 1). We thought the amount of compensation that the firm had offered her for distress and inconvenience was more than adequate, so we did not agree with her request to increase it.

33/3
mistaken credit led to freezing of current account

Mr W's solicitors paid £90,000 into his current account with the firm. He told the firm to use £80,000 of that to open a new savings account. The firm debited the current account with the £80,000 but failed to open the new savings account.

Meanwhile, the solicitors mistakenly paid a second £90,000 into Mr W's current account. So, when he checked the balance, he assumed the firm had not yet debited the £80,000 destined for the new savings account.

... she said she had not realised the firm had made a mistake – she had assumed the money was hers.

A few days later, the solicitors informed the firm and Mr W of their mistake. The firm froze Mr W's current account, which prevented him from making a payment in connection with his business. And the failed payment caused a financial loss to Mr W's business of £70,000.

complaint upheld

Following an oral hearing, we were satisfied that Mr W was blameless. He had not realised the extra money had been paid into his current account. He had made no attempt to remove it, and he fully accepted that it should be repaid to the solicitors.

The firm had no right to freeze Mr W's current account – especially when he was £90,000 in credit. And it could not avoid liability by claiming that the £70,000 loss was not a reasonably foreseeable consequence of maladministering a personal current account. We were satisfied that Mr W had clearly warned the firm of this consequence when it froze the account. So we awarded him the £70,000, plus interest, and £750 for the substantial distress and inconvenience to which the firm had put him.

■ **33/4**
mistaken credit – understated mortgage redemption

Mrs O decided to move her mortgage from the firm to another lender. Her solicitors asked the firm for a '*mortgage redemption*' statement – a statement showing the amount she needed to pay in order to clear the mortgage.

By mistake, the firm quoted a figure of £55,000 – £2,000 less than the correct figure of £57,000. Mrs O then took out a £55,000 mortgage with the new lender, and her solicitors sent the £55,000 to the firm to pay off the old mortgage.

At that point, the firm realised its mistake. It asked Mrs O to pay the extra £2,000 – although it agreed to accept this in interest-free instalments and to compensate her for the inconvenience she had suffered. Mrs O felt that she should not have to repay the £2,000 at all. Unable to reach agreement with the firm, Mrs O referred the matter to us.

complaint rejected

We felt that Mrs O could not have been expected to know that the redemption statement was wrong. She had relied on the statement when she applied for her new mortgage. But her position had not changed as a result. If the firm had given her the correct figure, she would have borrowed £57,000 from the new lender. So she would then have owed the £2,000 (with interest) to the new lender. We did not think it was unfair to expect her to repay the £2,000 to the firm (interest-free).

We considered that the terms on which the firm wanted her to repay the money were fair, as was the compensation it had offered for her inconvenience.

... she had spent all £4,000 – the majority of it in just one visit to a designer shoe shop.

2 how we use ‘*interest*’ to calculate financial awards

Our rules indicate how we make financial awards and refer to the ‘*reasonable*’ interest that we may require firms to pay in certain cases. This article outlines our approach to this issue. It also explains some changes we intend to introduce from 1 January 2004.

In all cases we will continue to assess each complaint on its own merits. Where we have established that a firm is liable to pay redress, our overriding objective continues to be to try – as far as possible – to put the consumer back in the position they would have been in, had it not been for the firm’s actions. We aim, too, to ensure we use a consistent process across the full range of the complaints we deal with where redress is payable – from motor insurance disputes and complaints about banking errors to cases involving unsuitable investment advice.

In many types of cases, we intend to continue calculating redress in exactly the same way as now. In particular, we consider it appropriate, in many cases, to continue to follow the procedure adopted by many courts – and to award simple interest on the award made, at the rate of 8% per year from the date, in our view, when the firm’s actions caused the problem until the date when payment is made (or, for most insurance claims, from the date of the incident until the date when payment is made).

In all cases firms are required to comply with our money awards promptly. Where firms delay their payment of redress for more than 28 days, we will continue to require them to pay simple interest at 8% per year, from the date when we made the award to the date when they pay it.

However, we believe some modifications are needed where we can make a reasonable assumption about what the consumer would otherwise have done with their money, had they not been given wrong advice. In such cases we will assume – in the absence of information to indicate what the consumer would *actually* have done – that if the firm *had* given the customer appropriate advice, then the customer would have earned a reasonable rate of return on their money. From 1 January 2004, we will calculate the redress for these cases in a slightly different way, requiring firms to return the amount originally invested, together with compound interest on that amount, calculated using the Bank of England base rate plus 1% per year. (Details of Bank of England rates can be obtained at www.bankofengland.co.uk/mfsd/rates/baserates.xls)

The following examples illustrate how our approach works in practice in different types of cases, and clarify where things will change slightly.

... in many types of cases, we intend to continue calculating redress in exactly the same way as now.

a) complaints about the late payment by firms of claims, proceeds of maturing policies *etc*

example

- an insurer disputes a claim made under an insurance policy and fails to pay it.

In cases like this, if we conclude that the firm should compensate the customer, we would award the value of the claim, plus simple interest at 8% per year (the same rate as that used by many courts), from the date of the incident to the date when the firm settles the claim.

example

- an investment firm delays payment of a maturing policy because it has lost the relevant papers.

In cases like this, if we conclude that the firm should compensate the customer for the delay, we will award simple interest at 8% per year, from the date the payment was first due to the date when the payment is actually made.

b) complaints – other than those in a) – where it is *relatively easy* to establish what position the customer would now be in, if the firm had not taken the action that led to the loss

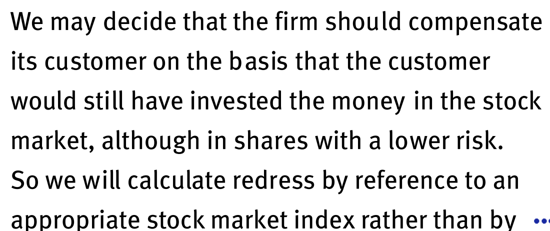
example

- an investment firm inappropriately advises a customer to put their life savings, held in a deposit account, into an unsuitably risky investment.

In cases like this, we would probably decide that the customer would have left their money on deposit, if the firm had not advised them to move it. So, typically, we would tell the firm to return the original sum invested, less the current value of the investment and any income received from it. We would also tell the firm to pay the customer an additional sum, equivalent to the interest they would have earned if they had left the money in their deposit account.

example

- an investment firm buys shares for a customer that are higher-riskthan the customer requested.



We may decide that the firm should compensate its customer on the basis that the customer would still have invested the money in the stock market, although in shares with a lower risk. So we will calculate redress by reference to an appropriate stock market index rather than by

reference to the amount the consumer would have got if they had put the money in a deposit account instead.

In complaints relating to banking and loans, it is often clear that to put consumers back in the position they would otherwise have been in, we will need to take into consideration specific issues such as:

- the amount the consumer was wrongly charged as a result of a banking error
- the interest rate that the consumer would have received if the firm had not deposited funds in the wrong account
- some other interest rate that we can establish by reference to where the money was previously, and the rate of interest it was getting then.

... we will assume that if the consumer *had* received reasonable advice, they would have received a reasonable rate of return.

c) complaints – other than those in a) – where it is *more difficult* to establish what position the consumer would otherwise have been in

example

- an investment firm gives inappropriate advice to a customer who seeks help about how to invest a sum of money, where there are a number of possible options.

In these cases it is difficult for us to know what the consumer would subsequently have done if they had *not* been given bad advice. However, we do know that the consumer was looking to make an investment – it is simply the precise return they might have achieved from that investment that we cannot know with certainty.

We will therefore assume that if the consumer *had* received reasonable advice, they would have received a reasonable rate of return. So we will expect the firm to return the amount invested, together with compound interest calculated using the Bank of England base rate, plus 1% per annum – and less any income received.

3 pension mis-selling complaints made after the end of the personal pension review

It is getting on for ten years since the regulators ordered firms to review the personal pensions they had sold between 29 April 1988 and 30 June 1994. Where the review found that the firm had mis-sold the policy and that the customer would have been better off staying in – or joining – an occupational pension scheme, then the firm had to make redress. This was intended, as far as possible, to put the customer back in the position they would have been in if the firm had not advised them to take out a personal pension.

The review started at the end of 1994 and firms were required to include some cases in the review automatically and to start checking them right away. These cases included people in higher priority groups – such as those who had already retired. Firms were required to write to the remainder of the customers who were eligible for the review, explaining that they could ask to have their cases looked at. Customers who wanted to be included in the review had to apply by 31 March 2000.

Customers who missed this deadline but who believe they have been mis-sold a personal pension are still able to make a complaint to the firm in the normal way, although in some cases time limits may apply.

The following case studies illustrate some of the issues that can arise with personal pension complaints made after the end of the pension review.

case studies – pension mis-selling complaints

33/5
firm makes offer of redress that differs from regulatory guidance

In 1990, the firm advised Mrs M to opt-out of her occupational pension scheme and to take out a personal pension instead. Mrs M did not ask to have her complaint looked at until after the deadline for the pension review had already expired.

When it received Mrs M's complaint, the firm agreed to assess her loss. However, it said it would not do this in accordance with the regulatory guidance for pension review cases. Instead, it offered her a lump sum, calculated by using the *Ogden Tables*. These are actuarial tables used to assess the amount of lump sum compensation that would be suitable to cover future loss, such as the cost of care in a personal injury claim. Unhappy with the firm's handling of the matter, Mrs M complained to us.

... customers who wanted to be included in the review had to apply by 31 March 2000.

... he denied that he had written or signed the handwritten statement that was added to the 'fact find'.

complaint upheld
In accordance with regulatory guidance, redress is intended to place investors in the position that they would have been in if the firm had given them suitable advice in the first instance. In cases such as this, the customer should be reinstated in their occupational pension scheme, if this is possible.

The firm's proposed use of the *Ogden Tables* was inappropriate. We required it to assess Mrs M's loss in accordance with the regulatory guidance, and to arrange for her to be reinstated in her company scheme if the company scheme agreed to this. The firm thought that this form of redress might incur a tax liability. We doubted that this was so, but we told the firm that it, rather than Mrs M, would be responsible for any tax liability that might arise as a result of this reinstatement.

33/6
firm claims that client insisted on transfer, even though this went against the firm's advice

In 1991, Mr K was advised by the firm to transfer from his occupational pension scheme to a personal pension. The firm rejected his subsequent complaint about the unsuitability of this advice. It said he must have been aware of the possible disadvantages of transferring because, on the bottom of the 'fact find' that it had prepared and given to him, there was a signed handwritten statement saying:

'*I have had the figures explained to me and I appreciate on this basis it may not be best advice to transfer*'.

Mr K then complained to us.

complaint upheld
We did not consider that the firm's advice had been suitable. In order to match the benefits that Mr K would have received if he had stayed in his occupational scheme, a personal pension would need a growth rate of 13% per year. Such a rate of growth could only be obtained with an investment that carried a higher risk than would be appropriate for Mr K's circumstances. The firm itself had noted that he was prepared to accept only a *medium* level of risk.

The firm suggested that Mr K had specifically requested the transfer because he had concerns about the way in which his occupational scheme was run. However, we saw no evidence that Mr K had been so concerned that he was prepared to transfer, regardless of the consequences. If Mr K had wished the firm to carry out the transfer, even though this might not be to his advantage, then the firm should have set out, in writing, what the disadvantages might be. It should then have ensured that it obtained his written confirmation that he still wished to proceed.

Mr K accepted that he had signed the 'fact find', but he denied that he had written or signed the added handwritten statement. From the relative positioning of the statement and signature, it appeared entirely plausible that the statement had been added to the document after Mr K had signed it.

We required the firm to make redress in accordance with regulatory guidance for pension review mis-sales.

33/7
firm excluded customer from pension review – whether customer was eligible to join an occupational scheme

Mr L complained that the firm had wrongly excluded him from the pension review. It had told him he was not eligible for the review because, at the time it had advised him, joining an occupational scheme had not been an option for him. However, Mr L insisted he *had* been entitled to join a company scheme at the time.

The firm rejected the complaint, refuting Mr L's assertion about his entitlement to join his employer's scheme. It said that the trustees of that scheme had confirmed at the time of the advice that Mr L was not eligible to join.

Mr L then brought his complaint to us. He sent us a letter signed by the manager of the company where he worked. This suggested that Mr L had indeed been eligible to join the occupational pension scheme at the relevant time.

complaint rejected

As part of our investigation, we contacted the managing trustee of the occupational scheme. He told us, in no uncertain terms, that Mr L had *not* been entitled to join the scheme. He said that the trustees were considering taking disciplinary action against the manager who had written the letter, since he had no authority to speak on behalf of the trustees.

We rejected the complaint.

... Mr L complained that the firm had wrongly excluded him from the pension review.

4 before we get involved in a complaint ...

We have recently re-issued our *guide for complaints handlers*, a publication for firms that explains our procedures and general approach when resolving disputes. We hope it will be particularly helpful for people working in the parts of firms that deal regularly with complaints, such as compliance units and customer service departments.

The following article is based on part of the guide. Copies of the guide are available free of charge. Just contact publications@financial-ombudsman.org.uk with your details.

The guide is also available on our website at www.financial-ombudsman.org.uk/publications/guide-firms.htm.

firms' in-house complaints procedure

The complaints-handling rules set out by the FinancialServices Authority (the FSA) require firms to send the consumer a final response – usually within eight weeks from the date the complaint was received anywhere within the firm. In its final response the firm must tell the consumer that they can refer the complaint to us within six months. The firm must also send the consumer our contact details – with a copy of our leaflet, *your complaint and the ombudsman*.

In some cases, eight weeks may not give the firm enough time to resolve the complaint. But it must still tell the consumer, at the end of those eight weeks, that they can refer the complaint to the ombudsman service. It is up to the firm to convince the consumer that it is taking the matter seriously and really does need extra time. The consumer does not have to bring the complaint to us as soon as the eight weeks are up but may choose to do so.

If the consumer *does* bring the complaint to us after eight weeks, and we are satisfied that the complaint has special features which mean the firm clearly does need more time, then we may decide not to lookinto the complaint immediately. But we do not expect firms to ask us for an extension of time as a matter of routine. If a firm is having problems meeting the timescale set out in the rules for handling complaints, it should speak to the regulator, the FSA, about the possibility of a special rules 'waiver'.

The FSA's rules on the in-house complaints-handling procedures that firms must have in place – with fuller details on time limits and other requirements – are set out in the 'Redress' section of the FSA handbook. These rules apply now, even if the events complained about took place before 1 December 2001 (when the rules came into force).

firms' final response letters

If a consumer remains dissatisfied and brings their complaint to us, we usually use the firm's final response letter as our starting point when we look at the case. In setting out the firm's view on the complaint, the final response letter should include:

- a summary of the complaint;
- a summary of the outcome of the firm's investigation;
- whether the firm acknowledges any fault on its part;
- details of any offer the firm has made to settle the complaint;
- how long any offer to settle the complaint will remain open;
- why – if the firm believes this is so – it thinks the complaint may be outside our rules. But the firm should explain that this is a matter for us, not the firm, to decide. And the firm must still tell consumers they have the right to refer the complaint to the ombudsman within six months of the firm's final response.

complaints-handling dos and don'ts

Do ...

- ☑ Make sure all relevant staff can recognise a complaint – and know how the complaints procedure works. Be friendly and courteous. Show you understand the complaint and the reasons for it.
- ☑ Apologise or express regret. An apology is not an admission of liability and we won't treat it as such. You have an unhappy customer and should acknowledge that.
- ☑ Consider what will satisfy the customer and maintain goodwill – and whether it makes commercial sense to settle at an early stage, even if you don't think the complaint is justified.
- ☑ Be prompt in replying. Try to reach an amicable agreement before attitudes become fixed.
- ☑ Confirm with your customer your understanding of what they are unhappy about – and set out clearly any proposals for resolving the complaint.
- ☑ Use plain English in your letters. Always explain technical terms if you cannot avoid using them.
- ☑ Try to make sure your final response letter can 'stand alone' – and does not refer to earlier letters that may not be readily available to the customer. (If you do need to refer to previous correspondence, attach a copy.)

Don't ...

- ☒ Be defensive.
- ☒ Reject the complaint out of hand.
- ☒ Force the customer to escalate the matter to the ombudsman service – or, on the other hand, make it a condition of any offer that the customer gives up their legal rights to come to the ombudsman service.

services for **firms** and **consumer advisers**

technical advice desk

Our technical advice desk deals with a range of queries from people working in financial services firms (complaints-handlers, compliance officers *etc*) and in the consumer advice sector (citizens advice bureaux, trading standards *etc*).

Staffed by experts familiar with complaints-handling issues, the advice desk can help with most queries about our process and the complaints-handling rules. We are also happy to receive feedback – whether positive or negative – about the Financial Ombudsman Service generally.

'can I run a case past you to see what you think?'

Most of the queries are from firms wanting to run cases past us on an informal basis – to see how they can resolve a particular complaint. The advice desk can generally give a broad indication of how the ombudsman service has viewed similar cases in the past. The aim is to give constructive, practical suggestions and guidance, helping those who seek our advice to decide what to do next.

there are a few ground rules .....

We cannot give any guidance on cases that have already been referred to the ombudsman service. Any guidance we give on other matters is informal and the ombudsman service cannot be bound by it if the case is later referred here.

The technical advice desk will have heard just one side of the story, so we'll not be in a position to provide any definitive statement about a case. Any view we give might change once the other side in the dispute has had their say. So it is important you do not mention any guidance from the technical advice desk when you write to consumers or telephone them about their complaints.

Firms that already use the technical advice desk find that our information and advice helps them to settle more disputes at an early stage. This reduces the number of complaints that are referred formally to the ombudsman service – with obvious benefits for everyone.

contact details

Contact us by phone or email. We will usually be able to respond within three working days. The service is free.

technical advice – phone **020 7964 1400**
email **technical.advice@financial-ombudsman.org.uk**

Please do not give our technical advice contact details directly to your customers. Unlike our customer contact division, the technical advice desk is not geared up to deal with large-scale consumer enquiries. The number that consumers should use is **0845 080 1800**.

The technical advice desk is just one of a range of free services we provide for firms and consumer advisers. Contact the technical advice desk for more details of our other services, including training, conferences, roadshows and publications.

ask ombudsman news

your questions answered

‘frivolous and vexatious’?

Q The ombudsman service has just rejected a complaint made against my firm. I always thought the customer was just causing trouble, so I feel vindicated at last. As the complaint was clearly vexatious, does this mean you won’t charge me a case fee?

A Under our rules, we don’t charge a firm a case fee if we consider a complaint against them is ‘*frivolous and vexatious*’ – we simply dismiss the complaint without considering its merits. Nor do we charge a case fee where, when we receive a complaint, we consider it readily apparent that:

- the person complaining is not an ‘*eligible complainant*’ under our rules; *or*
- the complaint is outside our jurisdiction; *or*
- the complaint should be dismissed without consideration of its merits (for example, because the complainant hasn’t suffered financial loss or material inconvenience).

We know that some consumers pursue their complaints with a single-minded tenacity – sometimes in an unfocused and unbalanced manner that may make them seem unreasonable to the firm. But a consumer’s failure to present a coherent and reasoned argument doesn’t automatically mean their case has no merit – or that their complaint is ‘*frivolous and vexatious*’.

Behind the most complex and voluminous of complaints there may be a simple wrong that has escalated, as both sides have lost sight of the basic facts of the case. These disputes take time and patience to unravel – and first impressions about who is right or wrong can be deceptive.

We may ultimately decide that a consumer’s complaint cannot be upheld – but this does not, of itself, mean the complaint can, or should, be dismissed as ‘*frivolous*’ or ‘*vexatious*’.

15-year ‘long-stop’

Q *The manager of a citizens advice bureau writes* ... My client is having great problems getting her mortgage endowment mis-selling complaint sorted. The insurance company won’t look at her complaint because they say it is ‘*time-barred by the 15-year long-stop*’, and that she can’t bring it to the ombudsman service either. Is this true?

A The ‘*15-year longstop*’ may prevent someone from pursuing their complaint through the courts – where the case relates to something that happened more than 15 years ago. But firms are still obliged by FSA rules to respond to the subject matter of complaints – even if they’re about things that happened more than 15 years ago. So far as the ombudsman is concerned, the fact that a complaint goes back more than 15 years doesn’t mean we can’t look at it. We have our own rules on time limits which determine whether a complaint is ‘*time-barred*’.

Broadly speaking, we can look at complaints that relate to something that happened within the last six years. If the complaint goes back more than that, we may still be able to help if the customer only became aware of the problem within the last three years.

send your questions to: ask-ombudsman-news@financial-ombudsman.org.uk

or write to the Editor, ombudsman news at Financial Ombudsman Service South Quay Plaza, 183 Marsh Wall, London E14 9SR.