



Financial
Ombudsman
Service

our plans for the year ahead

March 2016



**keeping fairness
at the heart of
what we do**



Caroline Wayman chief ombudsman

Our work at the ombudsman – across the huge range of problems and complaints that people bring to us – constantly reminds us that where everyday lives and livelihoods are concerned, nothing is easy to predict.

And yet to be ready and able to respond to complaints efficiently, we need to run on a business-like basis – carefully planning and managing our operations and resources.

In fact, as a public service that's funded by the industry we cover, it's doubly important that we're accountable for how we use our resources. In a demand-led and often unpredictable environment, it's crucial that we take into account the views and insight of the people who use us, fund us and have an interest in our work.

This includes consulting publicly on our plans and budget for the year ahead – something we did from December to February. And this year, once again, it's clear both from what people are telling us and what we know already that we have a number of challenges to meet.

The volatility of complaint levels remains a significant issue for us when planning for the future. People we've consulted have variously suggested that cases involving packaged bank accounts, pensions and investments, and consumer credit products might be especially susceptible to change over the year. And continuing uncertainties around payment protection insurance (PPI) means we're still likely to be some years off from finally resolving the fall-out from that period of mass mis-selling.

But at the same time, it's essential we look beyond PPI and ensure we're fit for the future. This means planning our resources in a cost-efficient way that's mindful of our impact on those who fund us – while remaining accessible and relevant to those who rely on us.

This is why we're also looking at the next phase of our development – with new, faster and more flexible ways of working that meet people's changing expectations of quick and informal "dispute resolution". Yet through all this development and change, fairness remains at the heart of what we do – it's why we're here and what we're for.

March 2016

what we're here for

We were set up under the *Financial Services and Markets Act 2000* to resolve individual disputes between consumers and financial businesses – fairly, reasonably, quickly and informally.

- We handle complaints about all kinds of money matters – from insurance and mortgages to savings and payday loans.
- If a financial business isn't able to resolve a customer complaint, we can step in to settle the dispute. But the business should have the chance to sort things out itself first.
- We are independent and impartial. When we decide a complaint, we look carefully at both sides of the story and weigh up all the facts.
- If we decide the business has treated its customer fairly, we explain why. But if we decide the business has acted wrongly, we can order it to put matters right.
- Our service is free to consumers.
- Consumers don't have to accept any decision we make. But if they accept an ombudsman's decision, it's binding on both them and the business.
- We don't write the rules for financial businesses – or fine them if rules are broken. That's the job of the regulator.
- Everyone can learn something from complaints – so that what has gone wrong in the past needn't happen again. This is why we have a crucial role in sharing what we see – to help prevent future problems.



**“honest answers
to help people
move on”**

**“listening,
thinking and
explaining”**

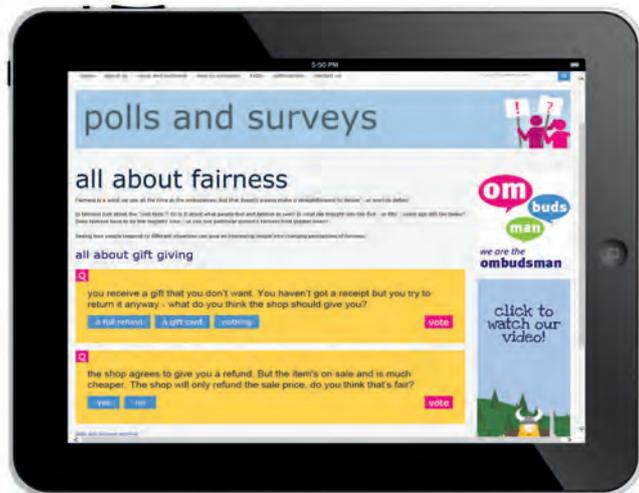
what matters to us

What matters to us most at the ombudsman is fairness. Where things aren't fair, we can use our power to put them right.

Fairness isn't only about making sure our answers and decisions are technically right. It's also about wanting to make sure what we do feels right. And we do this by listening, thinking and explaining.

Fairness is at the heart of our long-held values:

- We do the right thing
- We treat our customers well and respect their needs
- We do what we say we'll do
- We're inquisitive and build everyone's knowledge.



all about fairness

Although fairness is a word we use all the time at the ombudsman, this doesn't always make it straightforward to deliver – or even to define.

Fairness – like problem solving and deciding complaints – is about not accepting things at face value. It's about considering things from all angles and not relying on unquestioned assumptions.

Seeing how people respond to different situations can give an interesting insight into changing perceptions of fairness. This is why we've been running "fairness polls" on our website, gauging how people react in a range of social situations – from fighting for a parking space to returning unwanted gifts – especially where initial views shift as emerging information makes things less clear cut.

sustainable

As a public service that's funded by the financial services sector, we need to account fully for the money we spend – and to provide a service that's sustainable and cost effective. As part of our commitment to doing this, everyone who works for us is expected to understand where our money and resources come from – and to care about how we use them.

As a result of improving our ways of working and reviewing our spending, we're already making some significant savings. For example, we've been able to procure better deals from suppliers, renegotiate contracts, squeeze internal budgets and consolidate support functions.

Over the year ahead we'll continue to look for further efficiencies and cost savings across every part of the service. There are more details about how we'll fund our service in 2016/2017 on page 20.

relevant

By minimising formality and process – and removing barriers to our service wherever we can – we've been able to give fair, pragmatic answers to problems much more quickly.

For example, by having upfront, constructive conversations over the phone – or, in one in five cases, using webchat – we've been able to resolve 60% of pay-day loan disputes within three weeks.



Ombudsman volunteers have been working with local charity Headway – to make art from broken and discarded crockery and to help people with brain injuries regain confidence and communication skills.





So in the year ahead we'll continue to:

- Develop and extend our new ways of working to ensure we remain relevant and accessible – reflecting changing expectations of what “quick” and “informal” mean today.
- Update our IT and case-handling infrastructure, allowing us to work more efficiently.
- Share more of our insight with our stakeholders, to encourage greater fairness and confidence in financial services.



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planning ahead

The past decade has shown that our workload can be difficult to forecast with any degree of certainty – as it depends to a very large extent on external factors over which we may have limited or no control.

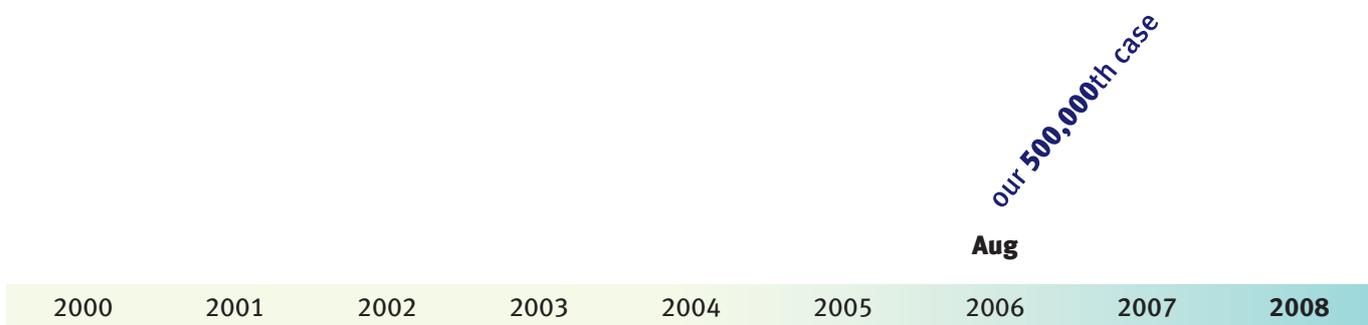
External events that can affect levels of demand for our service range from how the economy is performing and the level of trust in financial services, to the extent of regulatory action when wider problems are identified and the impact of decisions made in the courts.

PPI: still with us for some time

A combination of external factors has driven unprecedented volumes of complaints about payment protection insurance (PPI) in recent years.

By March 2016 we had received over 1.5 million PPI complaints in total – half of all the cases we have ever handled. And much of our work in 2016/2017 – and probably beyond this too – will continue to involve sorting out the fall-out of PPI.

Although the number of new PPI cases has fallen – from peaks of up to 12,000 complaints a week in late 2012 to around 4,000 a week in early 2016 – the decline has not been as steep or as quick as we and our stakeholders had expected.

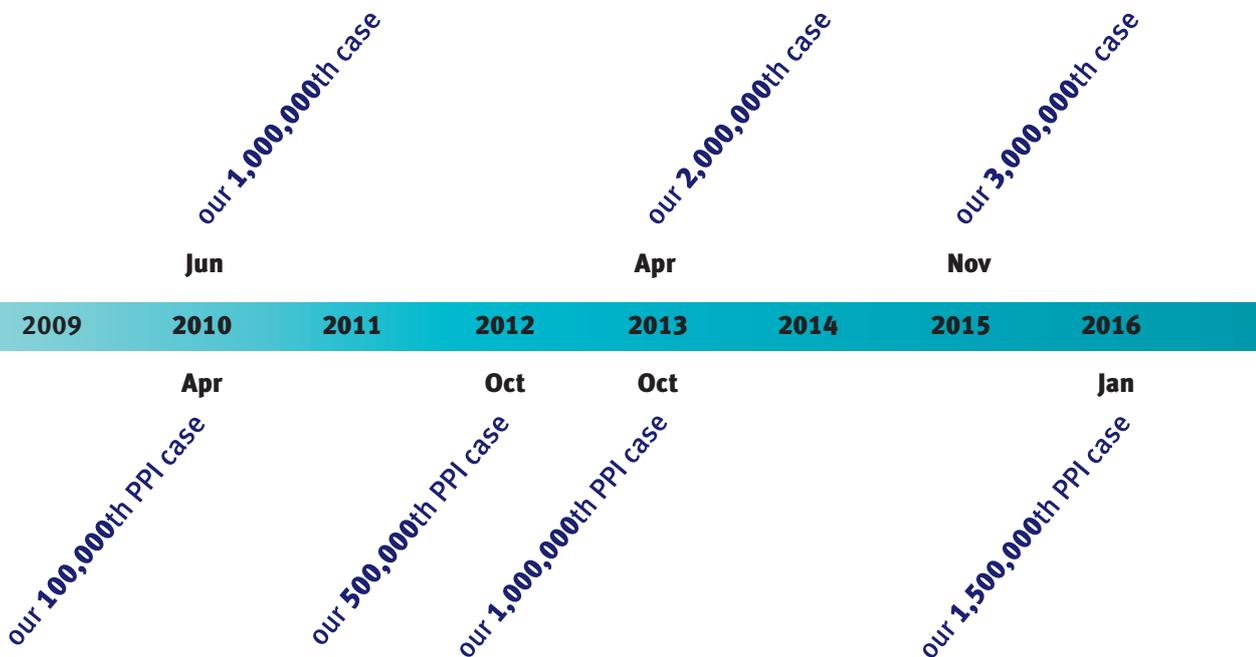


And ongoing developments – both in relation to the Financial Conduct Authority (FCA) and in the courts – mean there’s a high level of uncertainty that’s likely to have consequences for us in 2016/2017.

Public consultation closed at the end of February 2016 on FCA’s proposals to introduce a deadline for complaining about mis-sold PPI. Some have suggested that any such deadline has the potential to lead to an increase in new complaints in the short term, as consumers and claims managers rush to get complaints in on time.

The communication campaign that FCA is proposing around the deadline might also influence the volumes of cases referred to us – although in the medium term it should lead to a more predictable workload.

FCA’s proposals on PPI complaints also included rules and guidance in light of the judgment by the Supreme Court in the case of *Plevin v Paragon Personal Finance*. In this case, the court decided that an undisclosed commission on a PPI policy could, in some circumstances, result in an unfair relationship under the *Consumer Credit Act 1974*.



planning ahead *(continued)*

The *Plevin* court case – and FCA’s proposed rules and guidance – will influence both the way businesses respond to the complaints they receive as well as how they respond to us in future.

FCA’s proposed rules and guidance in light of *Plevin* are also likely to have an impact on the complexity of the cases we need to resolve. Many of the PPI complaints now waiting for our answer are especially complex – including the 90,000 or so cases that are currently difficult to progress because of the impact of uncertainties around the *Plevin* case.

As and when these cases can be progressed again, they will probably need to be dealt with by our most experienced ombudsmen and adjudicators – and are likely to take longer and be more costly to resolve.

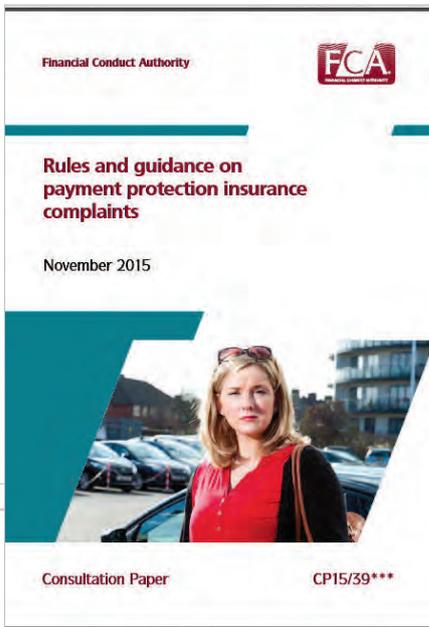


Figure 1: Larger firms' PPI complaint uplift rates by PPI type by month January 2012 – September 2015

2.1. Overall, firms have now settled 75% of all PPI complaints since 2010, and that is also the average current uplift rate for new PPI complaints. We continue to monitor these trends and firms' performance.

2.50. Since our August 2014 report:

- we have published two enforcement findings, which fined one large firm²⁸ and one medium sized firm²⁹ £1.17m and £2.1m respectively, for their unfair handling of PPI complaints in 2013 (para 27 and 28);
- the firms in our project have continued to respond, under their current internal processes, to PPI complaints which they had previously rejected for potentially paid for PPI (and/or other) reasons. Their approach to PPI complaint handling was not necessarily as robust and well controlled;

28. On 10 October 2014, the FCA issued a Notice of Enforcement (NoE) to a large firm for failing to comply with the PPI redress provisions of the Consumer Credit Act 1974. The firm was fined £1.17m for failing to comply with the PPI redress provisions of the Consumer Credit Act 1974. The firm was also ordered to pay costs of £100,000.

29. On 10 October 2014, the FCA issued a Notice of Enforcement (NoE) to a medium-sized firm for failing to comply with the PPI redress provisions of the Consumer Credit Act 1974. The firm was fined £2.1m for failing to comply with the PPI redress provisions of the Consumer Credit Act 1974. The firm was also ordered to pay costs of £100,000.

Rules and guidance on payment protection insurance complaints CP15/39

for consultation (1): rationale for a proposed deadline and a communication campaign

Background and strategic context²¹

2.1. PPI sales grew rapidly through the 1990s, peaking in 2004, before eventually contracting in 2008. Following a number of thematic reviews and reports between 2005 and 2008, the FCA concluded in 2009 that evidence indicated that there were genuine widespread concerns in sales practices across the PPI market.²² The FCA did not, however, suggest that all PPI had been mis-sold, and had always stressed that PPI, properly sold, could meet consumers' genuine credit protection needs.²³

2.2. Some stakeholders argued at a industry wide review of past PPI that 'the most significant sales through other means', in particular targeted and propositioned in market a full range of PPI sales.

2.3. The FCA emphasised, however, consumer fair outcomes, it was consistently when handling cases not been doing this for PPI.com

2.4. So in June 2010, the FCA issued a consultation to support the consumer supervisory monitoring and so.

2.5. The banking industry unsuccessfully challenged these measures in the High Court.²⁴ From April 2011 the FCA's supervisory work was able to move forward. This strategy and supervision has been taken forward since April 2012 by the FCA.

2.6. In all, over 16.5m PPI complaints have been made to firms since 2007 (see Figure 1 below). Many of these concern more than one policy. Nevertheless, it is clear that a majority of the PPI policies sold have not been complained about. This raises the question for this, including the fact that many consumers are content with their PPI purchase and do not consider that they were mis-sold, is set below.

2.7. At the time we made our initial announcement in January 2015, PPI complaints had been falling gradually but steadily since May 2012. However, subsequent monthly data we received, most recently for September 2015, has shown a flattening out.

Rules and guidance on payment protection insurance complaints CP15/39

Figure 1: PPI complaints to firms by year 2007 - 2015 (September 2015)

2.7. At the time we made our initial announcement in January 2015, PPI complaints had been falling gradually but steadily since May 2012. However, subsequent monthly data we received, most recently for September 2015, has shown a flattening out.

Figure 2: PPI complaints to firms by month January 2011 - September 2015

28. In October 2014, the British Bankers' Association (BBA) and other financial industry bodies issued a joint letter to the FCA requesting that the proposed deadline for redress be extended to 31 December 2015. The letter was published on 20 October 2014. The FCA responded to the letter on 20 November 2014 and explained the reasons why the deadline would not be extended.

Over three quarters of PPI complaints referred to us have been brought on behalf of consumers by claims managers. And so the outcome during 2016 of Carol Brady’s review of claims management regulation – as well as the Ministry of Justice’s proposals for a cap on the fees charged by “no win, no fee” claims companies – could also have an impact on the number and type of cases that claims managers refer to us.

With all these continuing levels of uncertainty, managing our workload of 200,000 existing PPI cases – as well as the 170,000 additional ones expected in 2016/2017 – will again require the goodwill, co-operation and patience both of businesses and consumers.

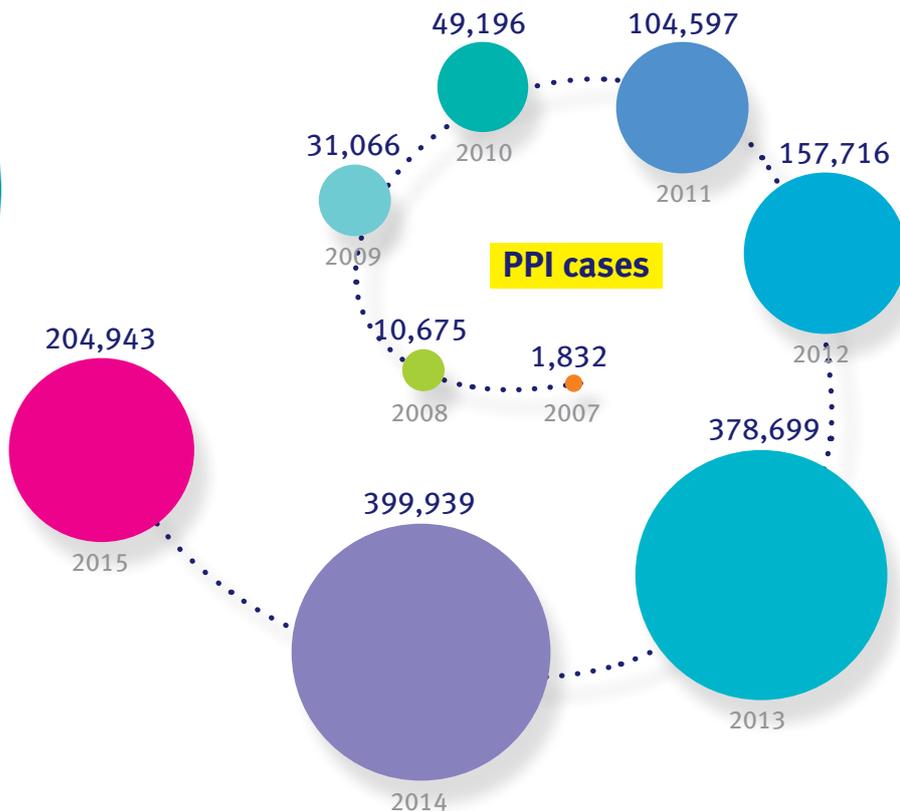
other issues

People we’ve consulted have variously suggested that volumes of complaints involving packaged bank accounts, pensions and investments, and consumer credit products might all be especially susceptible to change over the coming year.

packaged bank accounts

Last year complaints about packaged bank accounts rose faster than expected. We received over 40,000 cases – a third more than we had initially planned for – which was in turn a third more than the 21,348 we had received in the previous year.

over
1.5m
PPI cases in total
by March 2016



planning ahead *(continued)*

A large proportion of the cases we see involving packaged bank accounts – with people complaining that they didn’t want or need the features of the account, or that they’d felt pressured into having it – come through claims managers.

We work closely with these companies – and with the banks involved – to make sure the lessons from PPI mis-selling complaints are being applied effectively and to prevent disputes being escalated to us unnecessarily.

After our frank conversations with claims managers – and clear guidance issued last year by the Claims Management Regulator on presenting complaints properly – the proportion of packaged bank account complaints brought to us by these commercial companies has fallen.

And in the year ahead we anticipate seeing the overall number of complaints about packaged bank accounts level off and start to fall.

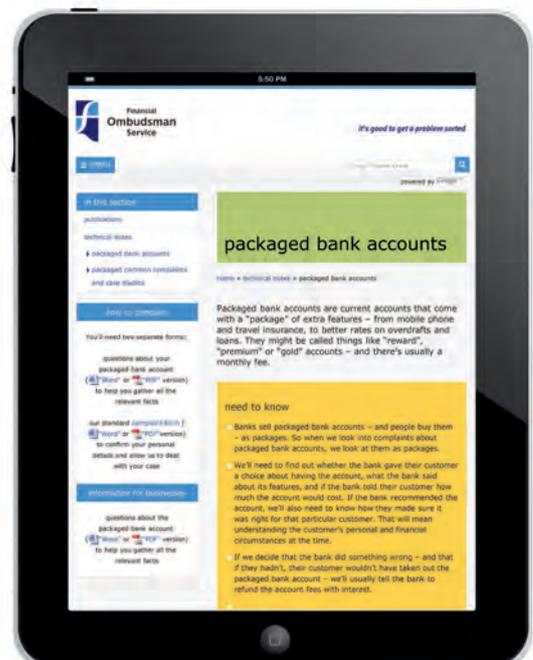


pensions and investments

The investment-related complaints we see regularly involve people who feel the investment they bought didn’t match the description they were given. These situations may be complex to unravel – and so can take more time to investigate and resolve.

It’s been suggested that the so-called “pension freedom” changes introduced in April 2015 – giving people greater choice about what to do with their pensions – might lead to more complaints.

Last year we saw a relatively small number of people with complaints relating to delays and administrative problems on the part of pension providers, as well as issues around getting advice.



And so, based on current trends, we expect to see the number of complaints overall about pensions and investments remaining at a similar level to the previous few years.

other banking and credit issues

We expect to continue to see a steady number of cases involving debt and financial hardship in relation to loans, overdrafts, credit cards and business borrowing. In many cases, the people involved are struggling – and these complaints can be particularly complicated, entrenched and time consuming to resolve.

It's also likely that we will see more cases involving scams and fraud – especially where people have been tricked into handing over their banking details.

So we'll continue to work closely with relevant agencies and stakeholders to highlight the issues we're seeing and to help prevent people falling victim to scams like this.



new issues

We've not heard anything from those who've responded to our consultation to suggest that there might be any large-scale new or emerging issues where we could expect to deal with higher complaint volumes than in previous years.

So it seems likely that the total number of new complaints referred to us next year, other than PPI, will be broadly stable – between 130,000 and 140,000 cases.

However, the mix of the financial products involved in those cases is likely to fluctuate – depending on all kinds of external factors, from social media campaigns to extreme weather.

This means we'll have to manage our workload effectively to respond to changes – including making sure our people are capable, confident and experienced in solving problems across a range of areas, rather than having narrower expertise in just a single area of work.



your views

Responses to the public consultation on our plans and budget for 2016/2017 broadly supported our proposals on funding our service in the year ahead (see page 20) and on the likely workload over the year.

However, many people continued to recognise the difficulties of forecasting future numbers – and types – of complaints. And PPI especially was seen as an area where there are many continuing complexities and uncertainties which make the management of our workload especially challenging.

In particular, people stressed the likely impact on us of:

- FCA’s proposed deadline for complaints about mis-sold PPI (see page 7).
- The Supreme Court’s decision in *Plevin v Paragon Personal Finance* – and FCA’s proposed rules and guidance for handling PPI complaints in light of this (see page 7).
- More focused regulation of claims managers (see page 9).
- FCA’s new rules on complaints handling from June 2016 – including the new “summary resolution communication” and businesses signposting to the ombudsman much earlier in the complaints process.



the ombudsman chats to Pete Price on his Liverpool Radio City late-night show - about pensions, scams borrowing money for Christmas ... and hoverboards

we talk to BBC Radio Ulster’s *On Your Behalf* about personal accident cover and problems involving mental health and travel insurance

Caroline Wayman, chief ombudsman, chats to Adrian Chiles on BBC Radio 5 Live about what’s happening with PPI

the ombudsman chats to BBC Radio Wiltshire about how important it is to face up to mortgage problems – before they get out of hand

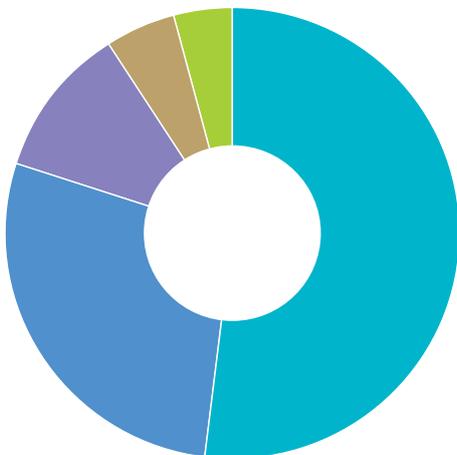
Businesses and consumer groups also agreed on the importance of:

- Maintaining the capacity to deal with the heavy PPI workload in the short to medium term.
- Resolving as many cases as possible at the earliest opportunity – minimising formality and process while ensuring fairness and consistency.
- Having a flexible workforce able to respond efficiently to shifting patterns in volumes and types of complaint.

Taking into account the feedback from our public consultation, our plans for the coming year give us the capacity and flexibility to:

- Answer 1.7m consumer enquiries.
- Take on 306,000 new cases (including 170,000 PPI complaints).
- Settle 406,000 cases (including 270,000 PPI complaints).

new cases we expect in 2016/2017



● payment protection insurance (PPI)	55%
● banking	26%
● insurance (excluding PPI)	10%
● investments and pensions	5%
● consumer credit	4%

our plans

The priorities and plans we've agreed this year – after consulting with our stakeholders and others with an interest in our work – continue to reflect our commitments to strengthening and developing our service.

keeping fairness at our heart

Fairness – like problem solving and deciding complaints – is about considering things from all angles, not making assumptions, and always asking questions.

Fairness isn't only about making sure our answers and decisions are technically right. It's also about wanting to make sure what we do *feels* right. We do this by giving people thoughtful, honest answers that help them feel listened to and understood. This means in the coming year we'll continue to focus on:

- Ensuring quality, trust and fairness remain at the heart of everything we do.
- Inviting businesses and consumers to rate us – on how well we've listened to them, got to grips with their case and given them clear, honest answers – at different stages of their contact with us.
- Showing that our approach is consistent, fair and transparent by publishing case studies, commentary and decisions across the range of our work.
- Encouraging wider use of our online database of ombudsman decisions, following recent improvements to its usability.
- Reviewing the way we publish complaints data – in light of the growing number of cases where our earlier pragmatic conversations result in both sides agreeing an outcome without a formal, “binary” verdict of “upheld” or “not upheld”.
- Working with businesses on the practical benefits of our being able to step in during the “eight weeks” – under FCA's complaints-handling rules introduced in July 2015 – where this helps to solve problems efficiently, quickly and fairly.
- Continuing to make our commitment to diversity and inclusion a fundamental part of our approach to fairness.

What better time than lunchtime to debunk some common finance myths? #lunchmoney via @MoneyMagpie & @financialombuds

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trusted and respected

We want to be trusted and respected as the people who listen, know what to do and care about fairness.

We know this depends on our people having the right knowledge, expertise and values to do their work consistently to the highest professional standards.

This year our focus involves:

- Investing in our ombudsmen as our professional and operational leaders – directly accountable for delivering the full range of our commitments, from the service we provide to the answers we give.



- Retaining and developing the expertise we've grown over the last few years, by continuing to provide challenging and rewarding work.
- Being clear about what we expect of everyone who works for us – with increasing opportunities for those keen to develop their problem-solving skills across a much wider range of our work.
- Introducing new collaborative knowledge-sharing tools and learning communities – to help ensure our people have the information and know-how they need, to make fair and consistent decisions.
- Providing the case-handling support and infrastructure to help our people become increasingly productive – ensuring we can respond efficiently and professionally to changing demands on our service.
- Working towards having a workforce that reflects the diversity of our customers from all communities and backgrounds across the UK.
- Considering the practicalities of sharing more widely the innovative technology we've developed, which helps us ensure efficiency, economies of scale and consistency in our approach to resolving high volumes of similar “mass claims”.

recognised as well run and efficient

We're committed to scrutinising our costs and looking for opportunities to improve our efficiency. In the coming year our priorities involve:

- Driving further cost savings across every part of our service – through renegotiating contracts, procuring better deals from our suppliers, squeezing internal budgets and consolidating support functions.
- Increasing the number of customers given answers within 30 days – as well as answering 9 out of 10 cases other than PPI within 3 months – as we develop and extend our new ways of working that deliver improved efficiencies and better customer service.
- Continuing our programme of replacing our 15-year old case-handling infrastructure with a more efficient IT platform and streamlined casework-management system.
- Having more case handlers trained and experienced across a wide range of problem solving – rather than having narrower expertise in just a single area of work.
- Encouraging more businesses to use our new electronic platform for sharing casework information more quickly and efficiently.
- Reviewing our case fee arrangements – in light of the growing number of cases where our earlier pragmatic conversations result in both sides agreeing an outcome without a formal, “binary” verdict of “upheld” or “not upheld”; as well as in light of FCA’s new rules on complaints handling from June 2016, including the new “summary resolution communication” and businesses signposting to the ombudsman much earlier in the complaints process.
- Improving our environmental performance, including our recycling rates and energy consumption.
- Continuing our constructive relationship with the National Audit Office (NAO) who audit our accounts and provide us with positive challenge and insight.

“They couldn’t be any nicer” “brilliant to deal with” Debt Camel readers on [@financialombuds](#) & payday loan refunds

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Great to have Jade and Rosh from [@financialombudsman](#) back for another day of workshops - really informative, thank you! [#meettheomb](#)

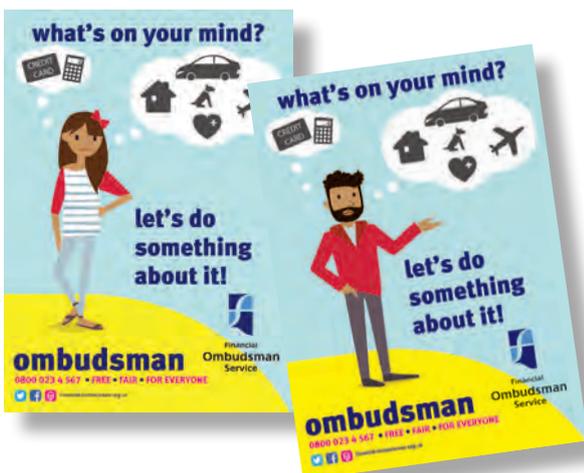
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providing insight to encourage fairness

To show that we're fair and consistent in our approach, we need to be clear and open about what we see and what we do. This is also part of our commitment to help prevent things that have gone wrong from happening again. In the year ahead our priorities are to:

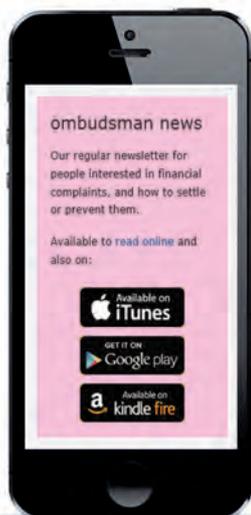
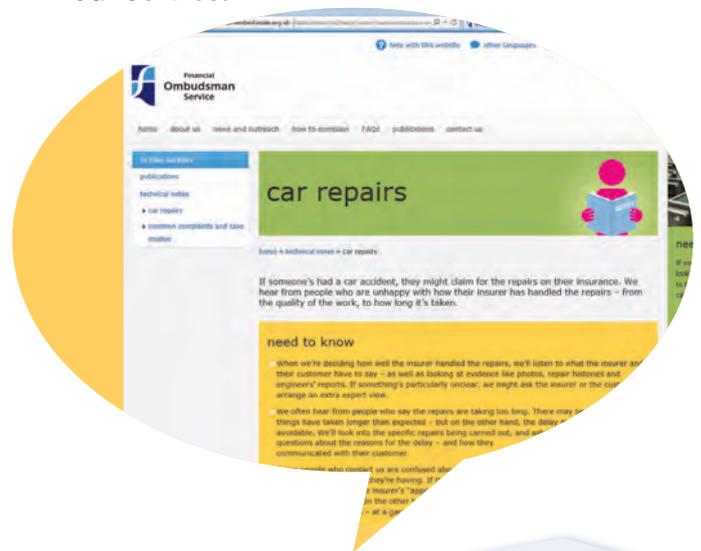
- Publish *ombudsman news* for the 15th year running – with case studies, commentary and Q&As.
- Update and refresh the content of our online technical resource which sets out our practical approach to resolving complaints across all areas of our work.
- Publish a further 30,000 ombudsman decisions online – tracking the experience of users, following a range of recent improvements to the usability of the database.
- Publish detailed complaints statistics, quarterly in *ombudsman news*, and half-yearly in our online complaints tables – reviewing this data with stakeholders to find out what's most helpful.
- Share our information, insight and ideas with key stakeholders in a way that has relevance and adds value.
- Consider how we might publish more detailed information about the cases we resolve and the trends we see.
- Meet the wide range of statutory and good-practice requirements that involve our providing information and reporting on our activities.
- Develop new ways of working with businesses and consumer groups, so that they are increasingly able to resolve issues themselves.
- Continue frank conversations with claims managers about the standards we expect from them – as part of our work with the Claims Management Regulator to stop opportunistic claims and complaints that aren't presented well enough.
- Run an outreach programme across the UK to meet and hear from our customers, stakeholders and others interested in the ombudsman and our work.



reaching people who need us

There is always more we can do to make our service easier to use – both for consumers (especially those who struggle with process and officialdom) and for businesses (who tell us they want as little red tape as possible). So in the coming year our continuing priorities are to:

- Build links across all areas of the UK – in partnership with other organisations but without the costly physical infrastructure of local branches and offices.
- Continue to expand our use of social media and digital content to reach and engage with wider audiences.
- Try out face-to-face channels where this is more appropriate and effective – for example, for people unable to use the internet or digital services.
- Enable people with different needs to access our service – for example, by providing alternative formats, and by thinking flexibly and positively about issues such as mental health, ageing and vulnerability.
- Help raise wider awareness and understanding of our service – with outreach work around the UK to engage with people who know less about us, and a stakeholder-engagement programme for businesses and their trade associations.
- Encourage smaller businesses – who have little or no direct contact with the ombudsman – to engage with us at our roadshows and events around the UK.
- Listen to what our customers and stakeholders are saying – and use that feedback to develop and improve our service.



loving [#meettheomb](#) @financialombuds sounds VERY Dr Who - need sofa to hide behind at [#MALG15](#) ;-)

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We're with Caroline Wayman in Crewe today, meeting small businesses and explaining how we can help [#meettheomb](#)

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our commitments

how we'll measure what we do and the difference we make

We have a range of measures to track the impact we're having both directly on those using our service as well as more widely. Our commitments for the year ahead mean that by March 2017 these measures should show:

- Customer confidence in our service – measured by how well consumers and businesses rate us on listening, on getting to grips with their case, and on giving honest, clear answers – averaging over 75%.
- Two-thirds of our customers saying they'd recommend our service to friends and family – whatever the outcome of their own personal complaint.
- 9 out of 10 cases other than PPI answered within 3 months – and an increasing number of customers given fair, pragmatic answers within 30 days.
- 100,000 older PPI cases settled – depending on the uncertainties described on page 7 being resolved.
- Our service being provided across a range of languages and formats, to meet the specific needs of individual customers.
- A wide diversity of people using our service – reflecting our outreach work to connect with those who know less about us.
- An increasing number of businesses using our electronic platform for sharing casework information more quickly and efficiently.
- More people using our mobile-friendly platforms to register enquiries and problems – rather than downloading the traditional “complaint form”.
- More of our case handlers trained and experienced in working across a wide range of problem solving – rather than having narrower expertise in just a single area of work.
- Feedback from our complaints-handling training days – held for community workers and small businesses across the UK – that the ombudsman's approach is understood and being applied widely on the front-line.
- Our future cost of running our support functions reduced by up to a third.
- Further cost savings being made through procuring better deals, renegotiating contracts and squeezing all internal budgets.

our finances

funding our service

Our plans for the financial year 2016/2017 are designed to ensure we can continue to provide a high level of service in our everyday work:

- Answering 1.7m consumer enquiries.
- Settling 406,000 cases (including 270,000 PPI complaints).

At the same time we plan to establish and develop new ways of working, including extending our digital services.

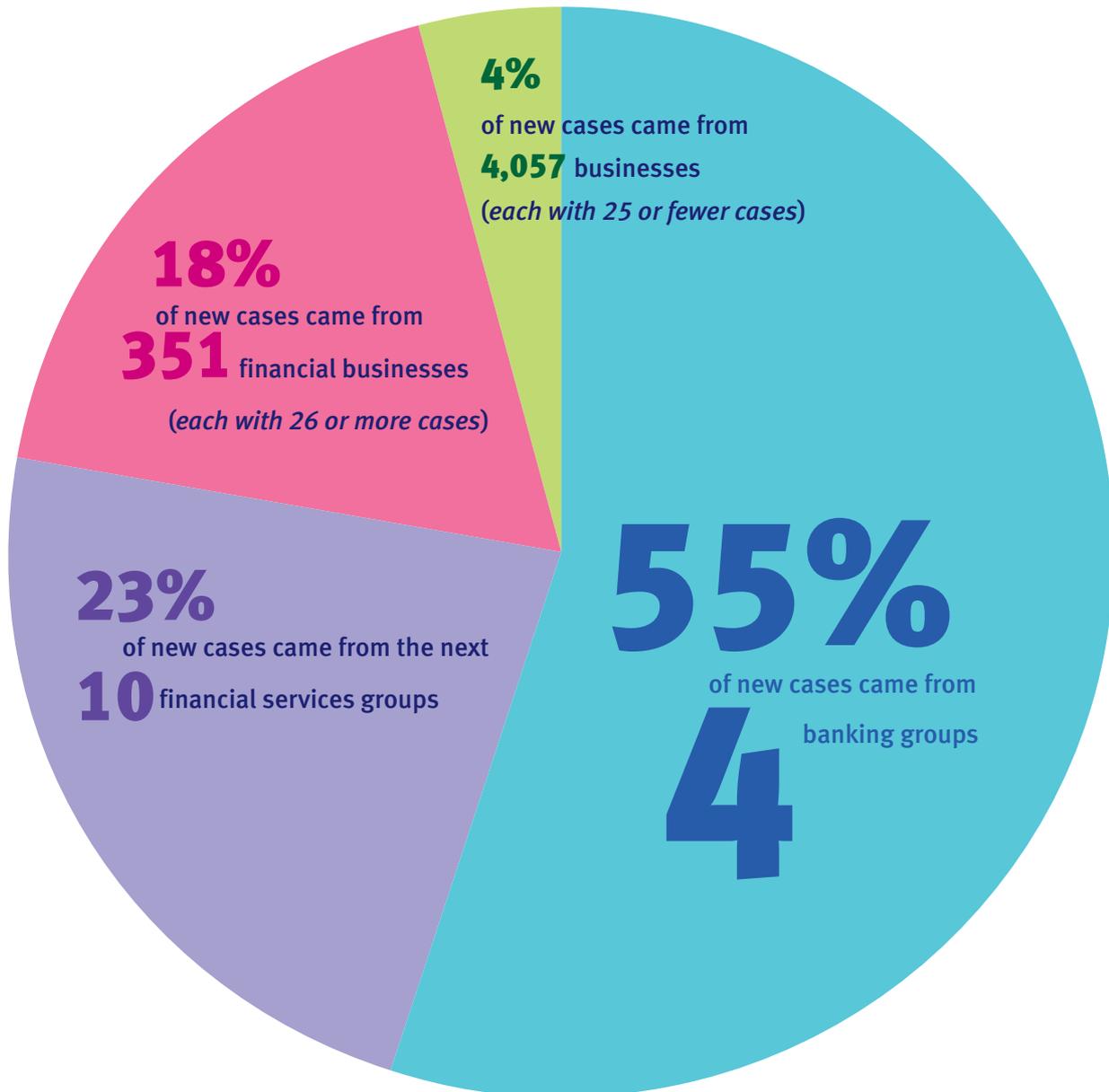
This work includes answering an increasing number of cases within 30 days – as well as 9 out of 10 cases other than PPI within 3 months – something encouraged and welcomed by businesses and their customers alike.

We plan to deliver this without changing our case fees.

This means:

- Freezing the individual case fee paid by businesses at £550 – for the fourth year running.
- Continuing to give each business 25 free cases – so that 9 out of 10 businesses still pay no case fees.
- Funding three quarters of our workload through the group-account charging arrangement that covers the 8 largest businesses responsible for the most complaints.
- Bearing down on the cost of our service to the financial services sector – with our proposed total operating income held at £226.5m (slightly lower than the forecast for 2015/2016) and an anticipated unit cost of £652 (compared with a budget unit cost of £678 in 2015/2016).
- Drawing on the financial reserves that we built up in earlier years – to give us stability in managing the longer-term costs and uncertainties of the PPI challenge.

where do our complaints come from?



figures for January to December 2015

expected number of consumer enquiries

	2014/2015 actual	2015/2016 consultation forecast	2016/2017 budget
phone calls	927,737	900,000	850,000
written and online enquiries	859,236	850,000	850,000
total	1,786,973	1,750,000	1,700,000

expected number of new cases

	2014/2015 actual	2015/2016 consultation forecast	2016/2017 budget
banking and credit	79,763	99,600	91,000
insurance (not including PPI)	30,080	30,300	30,000
investments and pensions	14,723	15,100	15,000
PPI (payment protection insurance)	204,943	180,000	170,000
total	329,509	325,000	306,000

expected number of resolved cases

	2014/2015 actual	2015/2016 consultation forecast	2016/2017 budget
banking and credit	68,470	116,000	91,000
insurance (not including PPI)	34,978	35,000	30,000
investments and pensions	16,024	17,000	15,000
PPI (payment protection insurance)	328,915	250,000	270,000
total	448,387	418,000	406,000

our income and expenditure plans

	2015/2016		2016/2017
	budget	consultation forecast	budget
income (£m)			
case fees	51.0	47.4	55.9
supplementary case fees	–	–	–
group fees	146.6	153.7	144.2
compulsory jurisdiction levy	23.3	23.3	24.5
consumer credit jurisdiction and voluntary jurisdiction and other income	3.0	2.8	1.9
total operating income	223.9	227.2	226.5
deferred income	–	–	–
deferred income release	20.5	24.0	13.0
total income	244.4	251.2	239.5
expenditure (£m)			
staff and staff-related costs	220.0	213.6	207.7
professional fees	6.2	5.5	6.1
IT costs	7.3	7.2	7.2
premises and facilities	25.3	25.5	26.4
other costs	3.0	1.7	1.2
depreciation	6.0	5.3	8.4
bad debt write-off	0.5	0.7	0.4
contingencies	2.0	0.0	7.6
total operating costs	270.3	259.5	265.0
operating surplus/deficit (£m)	(46.4)	(32.3)	(38.5)
surplus/deficit (£m)	(25.9)	(8.3)	(25.5)
estimated number of new cases	286,000	325,000	306,000
estimated number of resolved cases	398,000	418,000	406,000
unit cost (£)	678	619	652
case fee (£)	550	550	550
number of free cases	25	25	25
PPI supplementary case fee (£)	–	–	–

our caseload over the last decade

The last decade has shown that our workload can be very difficult to forecast with any degree of certainty – given the wide range of external factors that can affect levels of demand.

This chart shows some of the external events that have had an impact on us over the last decade – sometimes in ways that no one predicted at the time.

97,901
new cases

110,963
new cases

112,923
new cases

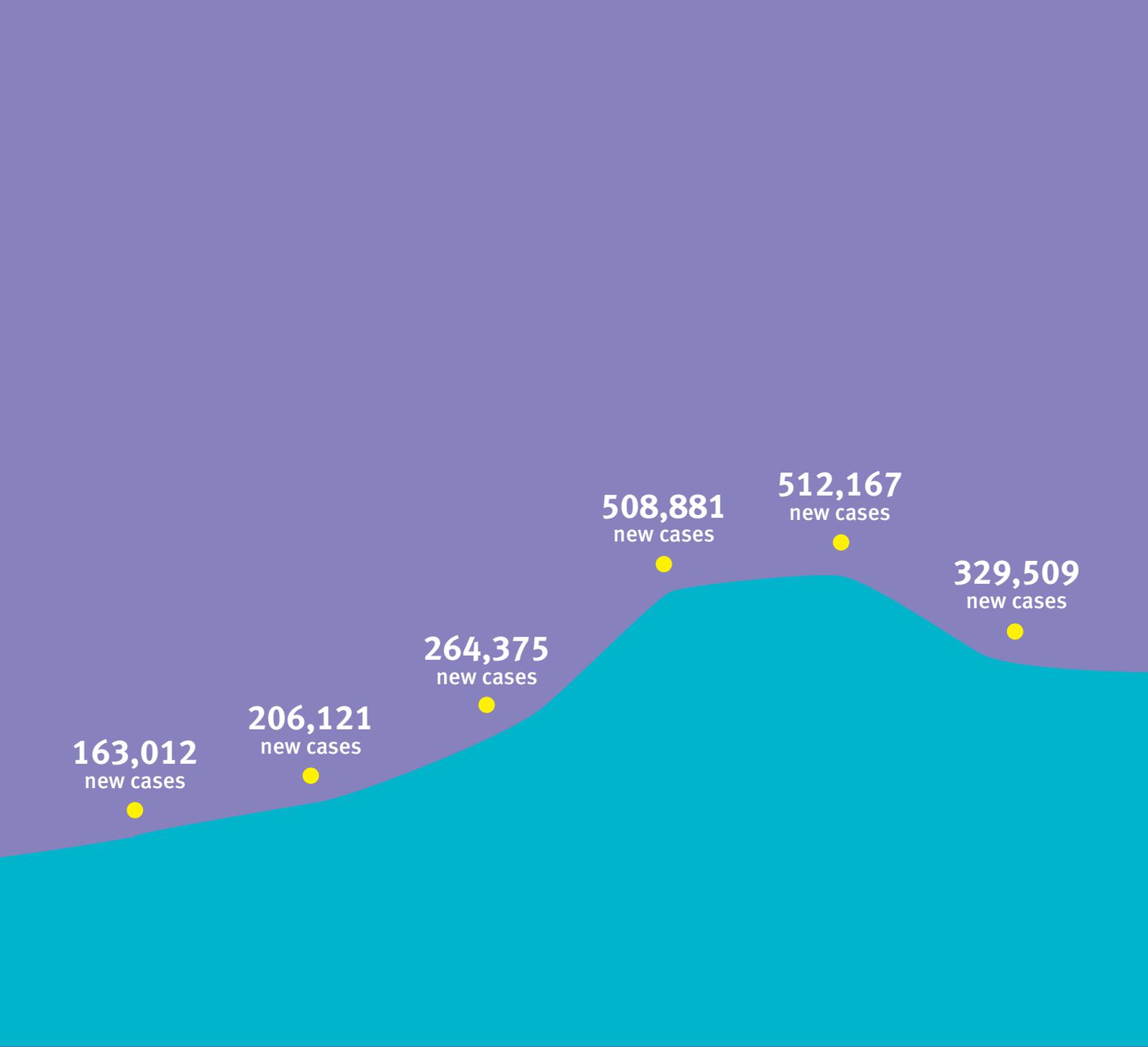
94,392
new cases

123,089
new cases

127,471
new cases

events over the last decade

<p>2004 Jan: our board commissions Bristol University's Personal Finance Research Centre to review our quality, consistency, process and value Feb: social network service <i>Facebook</i> launched by Mark Zuckerberg Mar: incoming complaints about "precipice bonds" peak at a rate of 150 a week Jul: we consult jointly with the FSA on handling cases with "wider implications" Oct: mortgage brokers come under our remit Nov: Abbey National plc becomes part of Grupo Santander</p>	<p>2005 Jan: insurance brokers come under our remit Mar: incoming mortgage endowment complaints peak at a rate of 1,300 a week (two-thirds of our workload) Mar: Walter Merricks, chief ombudsman, upholds the lead case of "Ms E" against Equitable Life May: IFG Financial Services Ltd's judicial review of the ombudsman's "fair and reasonable" approach Jul: coordinated terrorist attacks on London kill 56 people Sep: National Savings & Investments (NS&I) come under our remit Oct: bird flu reaches Europe</p>	<p>2006 Jan: we have 1,000 employees – including 30 ombudsmen Mar: English-language <i>Wikipedia</i> reaches its one millionth article Mar: council workers strike over pension rights May: we publish a discussion paper on options for the future funding of the service May: "fathers 4 justice" campaigners invade the National Lottery TV studio Oct: UK government publishes the <i>Stern Review</i> on the economics of climate change</p>	<p>2007 Mar: we see incoming complaints about unauthorised overdraft charges at a rate of 500 a week Apr: consumer credit complaints come under our remit Apr: the Ministry of Justice starts to regulate claims-management companies Jun: severe flooding in Hull and South Yorkshire Jul: Office of Fair Trading's test case in the High Court on unauthorised overdraft charges – with all cases put on hold Sep: quarterly gross mortgage lending reaches a record high at £98.6 billion Oct: FTSE 100 rises to 6,722</p>	<p>2008 Mar: incoming complaints about the sale of payment protection insurance (PPI) rise from an average of 35 a week to over 200 a week Apr: publication of Lord Hunt of Wirral's review of our openness and accessibility Sep: failure of Bradford & Bingley plc; and Lloyds TSB agree rescue takeover of HBOS Oct: the government announces it will take a controlling stake in the Royal Bank of Scotland Group Nov: freight-forwarders invited to join our "voluntary jurisdiction"</p>	<p>2009 Jan: travel insurance that is sold with holidays comes under our remit Jul: "sale and rent-back" businesses come under our remit Sep: we start publishing six-monthly complaints data on individual businesses Nov: Supreme Court's ruling on the fairness of unauthorised overdraft charges Nov: money transfer operators come under our remit</p>
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2010

Mar: we have 1,500 employees – including 55 ombudsmen

Apr: ash from an erupting Icelandic volcano grounds flights across Europe

Jun: we receive our millionth case

Oct: British Bankers' Association (BBA) announces judicial review of PPI-related matters

Dec: we are receiving PPI complaints at a rate of up to 2,000 a week

Dec: Natalie Ceeney, chief ombudsman, suggests in *ombudsman news* that "the way to generate positive 'word of mouth' is to make it easy for customers to complain – and to handle those complaints well"

2011

Mar: tsunami in Japan

Apr: Court ruling in favour of the ombudsman's and FSA's approach to handling PPI complaints – following the judicial review brought by the BBA

Aug: civil disturbances across UK cities

Aug: downgrading of US debt from its triple-A status

Sep: the Independent Commission on Banking recommends that banks' retail and investment operations are separated

Oct: FTSE 100 dips below 5,000

Nov: we receive up to 3,000 PPI complaints each week

2012

Jan: National Audit Office (NAO) publishes its review of our efficiency

Feb: UK unemployment rate reaches 17-year high of 8.4%

Mar: Encyclopaedia Britannica announces it will no longer publish in print

Jul: Olympic games open in London

Jul: we receive our 1.5 millionth case

Oct: we receive our 500,000th PPI case

Nov: "Gangnam Style" becomes the world's most viewed *YouTube* video with over 800 million views

Dec: UBS bank is fined \$1.5 billion for its role in manipulating LIBOR

2013

Jan: "horsemeat scandal" as meat labelled beef is found to be horse

Apr: Financial Services Authority is replaced by the Financial Conduct Authority

Jun: former CIA contractor, Edward Snowden, exposes international surveillance of phones and internet

Jul: over 100,000 people are estimated to have been killed in the Syrian civil war

Oct: we receive our millionth PPI case

Nov: Typhoon Haiyan strikes the Philippines with winds of over 195mph

Dec: FCA fines Lloyds Banking Group £28m – its largest ever fine for retail conduct failings

2014

Jan: south of England has its wettest winter since records began

Feb: civil unrest continues in Ukraine

Apr: regulation of consumer credit transfers from the OFT to the FCA

Jun: a militant group called the Islamic State (IS) starts an offensive in Northern Iraq

Jul: the death toll from the West African Ebola outbreak passes 500

Sep: people in Scotland vote in a referendum to remain in the UK

Oct: payday lender Wonga says it is writing off £220m of debts for 330,000 people

2015

Apr: the FTSE 100 closes at record high of 7103.98

Jun: FCA fines Lloyds Banking Group £117m for failing to handle PPI complaints fairly

Jul: payday lender Cash Genie agrees £20 million redress package for 92,000 customers

Oct: telecoms group TalkTalk suffers "significant and sustained cyber attack" on its website

Nov: we receive our 3 millionth case

Nov: 130 killed in terrorist attacks in Paris

Dec: Scotland's wettest month since records began



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