

**Meeting of the industry steering group
(trade associations)**

3 June 2019

present from the trade associations:

- Hugh Savill, Association of British Insurers
- Martin Shaw, Association of Financial Mutuals
- Robert Sinclair, Association of Mortgage Intermediaries
- Steve White, British Insurance Brokers Association
- Robin Fieth, Building Societies Association
- Greg Stevens, Consumer Credit Trade Association
- Jason Wassell, Consumer Finance Association
- Peter Wallwork, Credit Services Association
- Fiona Hoyle, Finance and Leasing Association
- Pat Bennett, Investment and Life Assurance Group
- Ian Cornwall, Personal Investment Management & Financial Advice Association
- Eric Leenders, UK Finance
- Stephen Pegge, UK Finance

present from the Financial Ombudsman Service:

- Caroline Wayman, chief ombudsman and chief executive
- Nathan Horner, lead ombudsman and director of casework
- James Hughes, policy and communications manager

apologies:

- Stephen Sklaroff, Finance and Leasing Association (replaced by Fiona Hoyle)
- Annette Lovell, director of engagement
- David Bainbridge, head of external relations

Welcome and introductions

The chief ombudsman welcomed the group and thanked those present for attending.

Updates from the ombudsman

The ombudsman service updated the group on recent and upcoming developments, beginning with the headlines from the ombudsman service's annual review it had recently published – explaining last year it received the most cases it had done for five years.

The ombudsman service reminded the group of its new jurisdictions for CMC and SME

complaints which it took on in April, and updated the group on its new website, casework management systems, and business information software which it would soon be rolling out.

The ombudsman service also explained the next steps for the appointment of a new Chair for its Board, to succeed Sir Nicholas Montagu later this year.

Themes and trends from 2018/2019

The ombudsman service talked the group through some of the trends from past year, across the major product groups. The group heard that last year PPI accounted for less than half of the ombudsman's workload for the first time since its height at the beginning of the decade.

The ombudsman service reflected upon the increase in banking & credit cases it had seen, including complaints about fraud and scams, IT failures at major banking institutions and consumer credit.

Some trade bodies raised the issue of identifying and supporting customers with vulnerabilities – acknowledging the need for good quality signposting for customers.

Elsewhere, the ombudsman service spoke about the increasing number of cases in the insurance sector and in investment and pensions – referencing weather related buildings insurance complaints, and complaints about self-invested personal pensions (SIPPs) respectively as notable trends in those areas.

The group had a broader discussion about claims management activity and acknowledged the “Dear CEO” letter that the FCA had issued to CMCs earlier in the day.

The ombudsman service's future funding arrangements

The ombudsman service reminded the group about its existing funding arrangements, its overarching principles for a future funding model and the feedback it had received on its high-level proposals set out in its *strategic plans and budget 2019/2020*.

The ombudsman service explained the challenges it had encountered in modelling a ‘risk-based’ levy that would adhere to its funding principles – and that its current view was that rebalancing the current case fee to levy ratio was preferable. There was also a discussion about the number of free cases firms should benefit from before having to pay a case fee.

There was broad support for the ombudsman's proposals. In discussing them the group acknowledged the wider regulatory environment (including claims management activity) and associated costs for firms, as well as other ways to ensure that firms who generate the most work for the ombudsman pay proportionately. The group was

encouraged to respond formally to its consultation, to be published later in the summer.

Future trends and emerging issues

The group discussed the changing nature of complaints and the challenges the industry faces in tackling issues such as affordability and customer vulnerability. It was suggested the ombudsman service should consider using publications such as *ombudsman news* to talk about its approach in this area, and to guide the industry in terms of what is expected.