

The background of the page is a teal color with a complex, low-poly geometric pattern. The pattern consists of various shades of teal and light blue, creating a textured, crystalline effect. The shapes are angular and layered, giving the background a sense of depth and movement.

**THE INDEPENDENT ASSESSOR'S
ANNUAL REPORT
2023-2024**

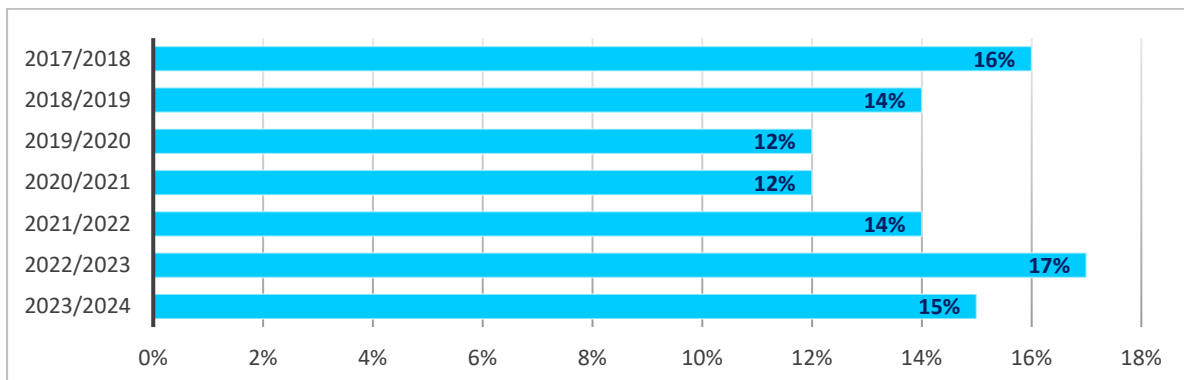
TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

During the financial year 2023-2024 the Service received 3,401 service complaints, of which I investigated 522. So, in the vast majority of complaints (85%) customers chose not to escalate their complaint. However, 15% of customers were not satisfied and escalated their concerns to my office, highlighting that more can still be done to achieve a high standard of customer satisfaction in relation to service complaints. This report will focus on the Service's key areas of improvement based on the cases I have reviewed this financial year.

To add context regarding the scope of this report, the Service has resolved 192,077 cases and 1.8% of those customers complained about the service and only 0.3% remained unhappy and escalated their complaint. These are similar figures to last year.

The complaints referred to me represent 15% of all service complaints which is a decrease from the preceding year but broadly in line with referral percentages since 2017/18. See below -



It is worth noting that Q4 2024 was the quietest Q4 on record and is usually my office's busiest period. This coincided with the Service's implementation of the new service complaint three tier process and the introduction of the Customer Complaints Team and there was a backlog of complaints that the Service had yet to respond to and provide referral rights on.

The data provided here is to ensure context is given to my report. I see a small percentage of cases and some of the unhappiest customers.

I should also highlight that my taxonomy changed mid-year which means the data is not exactly comparable to previous years.

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

Complaints investigated by me

	2023/2024	2022/2023	2021/2022
Satisfactory	35%	35%	35%
Unsatisfactory	27%	25%	20%
Unsatisfactory + Recommendations and/or Learning points	38%	40%	45%

The Service has remained constant in the last 3 years in cases I have classified as dealt with satisfactorily. There has been a slow but steady decrease in cases that I have made recommendations on, which means the Service is increasingly putting things right for its customers before I get involved, when it has let them down. I hope to continue to see a decrease in my recommendations and an increase in cases that are handled satisfactorily.

- *What the Service did well*

When the Service introduced short form views to improve productivity, I was concerned that customers may feel that they were not being listened to and views were being rushed through. I'm pleased to see that this is not the case, as only 1% of customers complained the 'answer was rushed' when bringing their concerns to my office. A balance still must be drawn as to when a short form view is appropriate and based on the cases I have seen, the Service is doing well in this area.

I also have to praise the Service in its genuine willingness to be helpful. I can see through its interaction with customers that it tries to build a connection with both consumers and businesses. It is clear that this is an effort to ensure the investigation runs smoothly and both are able to access its services. Having a final overview of the level of service provided, gives me the opportunity to see how, at times, its willingness to be helpful could be more effectively and quickly applied, preventing unnecessary stress for all parties involved.

- *Complaints I found unsatisfactory*

Communication remains a key complaint point from the customer's perspective and a key area for development from mine. I go into further detail later in my report. It is also the area that should be the easiest to make a significant difference in, and of high importance to the Service.

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

Changes to reporting/recording data

Before detailing my findings, I should set the backdrop of the changes made to my data recording and reporting. Previously my office has categorised complaints into 6 areas, which was more limited than the current taxonomy.

Taxonomy until May 2023:

Adequacy of Investigation
Fairness and Impartiality
Timeliness
Adherence to FOS process
Communication
Conduct

Taxonomy adopted by the Service and used by the Independent Assessor, from May 2023 to date:

Communication	Discrimination	Outcome*	Service standards
Didn't update often enough	Age	Answer is biased or unfair	Didn't follow our complaint handling process
Didn't communicate in the agreed way	Disability	Overlooked material information	Didn't follow our service complaint process
Gave the wrong information	Gender reassignment	Answer contains material errors of fact	Took too long to allocate the case
Tone wasn't acceptable	Marriage and Civil partnerships	Answer is unreasonable	Took too long to give our answer
Communication contains typos or factual errors	Pregnancy and maternity		Answer was rushed
	Race		Didn't manage expectations
	Religion or belief		Failure to recognise or acknowledge impact
	Sex		Didn't show sufficient empathy
	Sexual orientation		
	Socio-economic		
	A non-protected characteristic		

Whilst the new taxonomy provides for more detailed reporting, it does mean that comparisons to previous financial years are more difficult. It is also too restrictive, and it has been agreed with the Service that we should jointly review it.

* Outcome - My remit does not extend to forming a view as to whether the decisions and judgements reached by the Service or the basis for them was fair and impartial. I can only review whether due process has been followed and whether both parties have received equal and fair treatment and there is no obvious bias in the handling of a case.

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

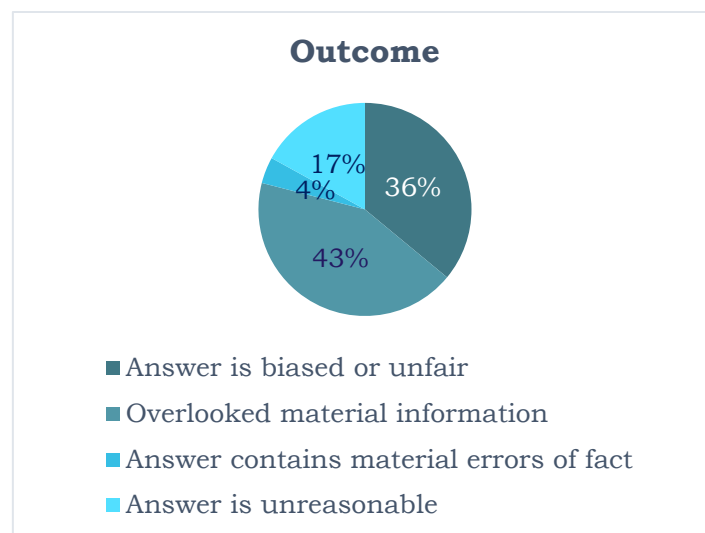
Overall complaint themes

Below is a comparison of the top four complaint themes against the previous year.

This year 2023/24		Last year 2022/23	
Outcome*	42%	Adequacy of Investigation	47%
Service standards	36%	Fairness and Impartiality	14%
Communication	15%	Adherence to FOS process	13%
Discrimination	2%	Timeliness	12%

The areas that customers have complained about most frequently remain the same, as this year Outcome² incorporates both Adequacy of Investigation and Fairness and Impartially.

The Outcome* category that my customers complain most about can be broken down further into detailed areas:



The subcategory which accounts for the greatest number of complaints is that customers feel that material evidence was overlooked. From my reviews I have found:

- Customers continue to feel their evidence hasn't been considered, as very often each and every piece of evidence is not addressed in the view or final decision, and clarity (if sought) is very rarely given.
- Customers continue to feel that a full investigation hasn't been completed as certain evidence that they feel is vital, isn't requested and/or considered
- Customers continue to feel that the Service isn't fair and impartial

* Outcome - My remit does not extend to forming a view as to whether the decisions and judgements reached by the Service or the basis for them was fair and impartial. I can only review whether due process has been followed and whether both parties have received equal and fair treatment and there is no obvious bias in the handling of a case.

THE INDEPENDENT ASSESSOR’S ANNUAL REPORT 2023-2024

I have previously reported that it is important that customers feel listened to and that their statements, information and evidence are *seen* to be fully considered at both stages of the investigation. In the majority of cases, the Service is managing customer expectation at an early stage, explaining the remit of the investigation, the points that will be considered, the scope of evidence required and why. However, this should be systematic for all cases. If the Service doesn’t feel a piece of evidence is required, it should explain why. If the Service places more weight on a piece of evidence, again, it should explain why. Explanation and understanding will help customers feel they have been listened to and had a full and fair investigation.

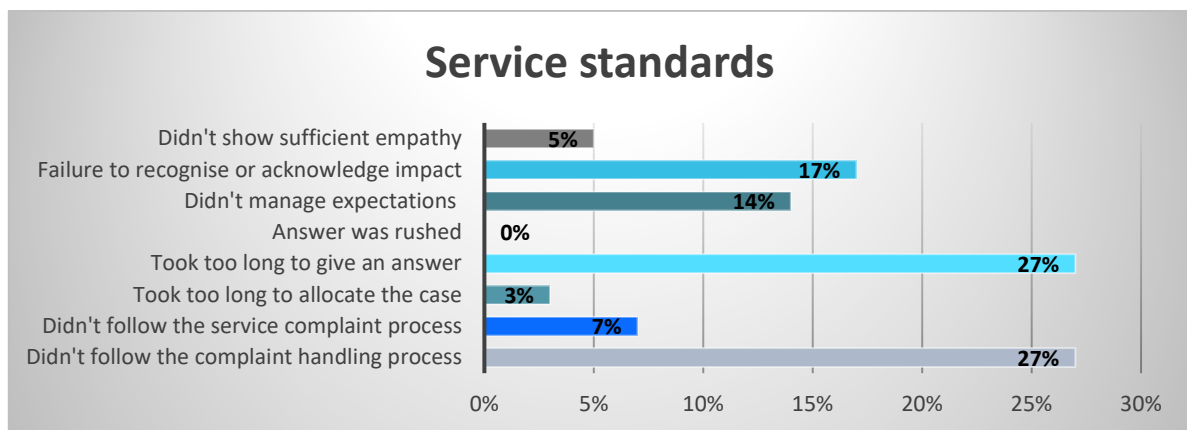
Findings - Overall service failing themes

In this section I have focused on the Service’s primary failings, as found through my Reviews. These can often be at odds with what the customer’s primary complaint relates to and are as follows:

This year 2023/24		Last year 2022/23	
Service standards	50%	Communication	40%
Communication	45%	Timeliness	13%
Outcome*	5%	Adherence to FOS process	7%

I have broken down the results in these categories to provide further detail.

Service standards – this covers a number of different areas. My Reviews throughout the financial year have revealed the following service standard failings:



Combining 2 sections, the Service ‘took too long to give our answer’ and ‘took too long to allocate the case’, the former category ‘timeliness’ is still a significant area of failings. In my reviews where timeliness has been an issue, I’ve generally seen this is not at the allocation stage, but when the case handler and/or Ombudsman have been allocated the case and are taking too long to issue their respective view and decision. The

* Outcome – My remit does not extend to forming a view as to whether the decisions and judgements reached by the Service or the basis for them was fair and impartial. I can only review whether due process has been followed and whether both parties have received equal and fair treatment and there is no obvious bias in the handling of a case.

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

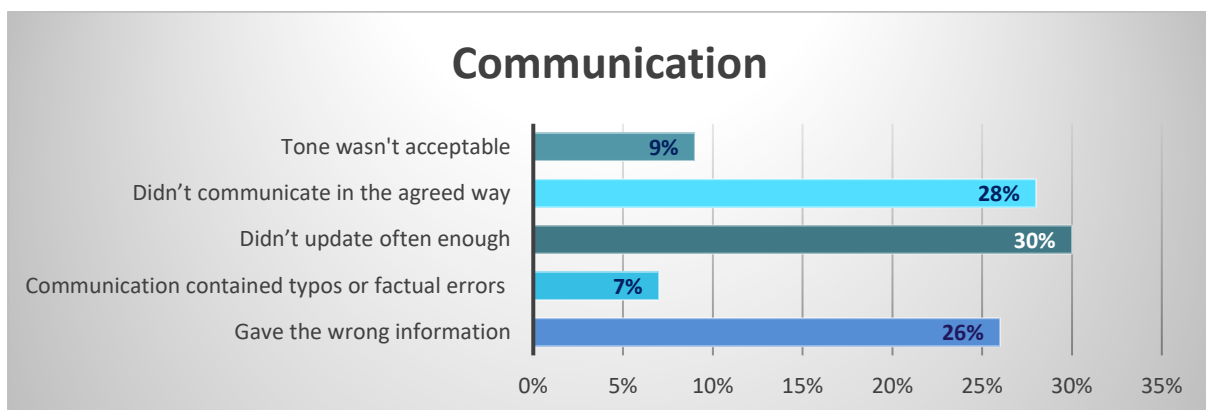
Service has specific SLAs for when a case should be allocated but once with a case handler there are no guidelines dictating how much time should be given to obtain evidence, review all the evidence and provide the customer with an answer. Whilst I understand the need for flexibility in this area as each case has different time requirements, cases should not be left to languish for months and should be pro-actively progressed. The Service may want to consider an internal SLA for case progression to avoid unnecessary delay. Alternatively, the Service may wish to further enhance the use of its internal case tracking tool to assist management in keeping on top of case handlers' case progression.

The second most common finding is that the Service's complaint handling processes haven't been followed. The main concerns that I have seen are:

- Not progressing cases appropriately and closing the case
- Not requesting information all at once
- Not providing evidence or information as part of natural justice
- Failing to respond fully to the customers' complaint points

I have made recommendations on 67% of cases where I have found failings by the Service in this category. This shows the Service still has some way to go to fairly resolve customer's concerns in this area before they reach me.

Communication - this continues to be an issue for the Service. However, hopefully by breaking down this large area, my feedback will be more helpful for the Service to focus on key aspects.



The largest subcategory under communication is that the Service fails to provide updates to its customers often enough. This is somewhat surprising as the Service has worked hard in this area. The Service has set communication standards, published internally on its intranet and externally on its website. Further, I understand its case management system and management tool prompts tasks when contact is due. Thus, I can only surmise that there needs to be further training in this area, both for case handlers, to understand the importance of keeping customers

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

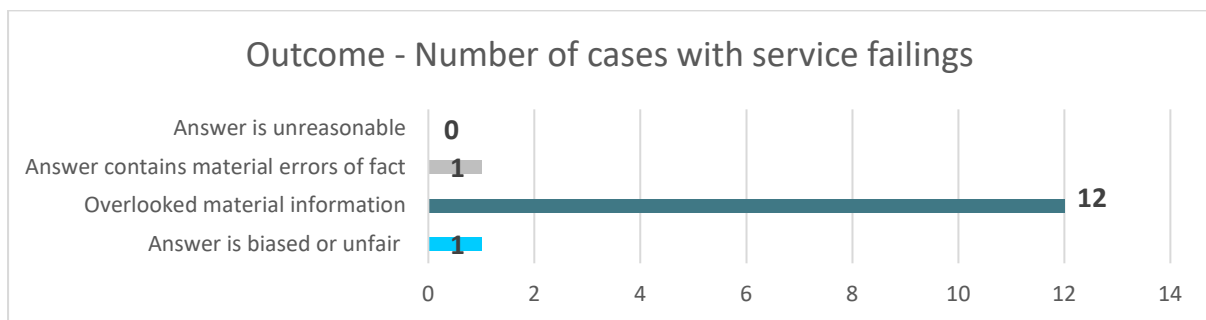
adequately updated, and for management, to engage with available tools and embed a culture of proactive and regular contact with customers. In this section I would also highlight the need to adapt the Service's communication standards depending on the customer's needs, especially with vulnerable customers.

In terms of the Service failing to communicate with its customers in the agreed way, this is often a case of ensuring that at initial contact the correct preferences are recorded. But also, case handlers assuming responsibility when allocated a case and checking the correct preferences are recorded and observed.

The final sub-category I will comment on is the Service giving customers the wrong information. Perhaps more focus can be given to staff when they initially join the Service so that a clear understanding of its structure, processes and procedures are given. There is also possibly a need for refresher training for those areas which are not necessarily used on a regular basis – such as my office and what I do, enforcement following an upheld Final Decision, the Service's role and remit, Subject Access Requests and Freedom of Information Act requests.

In the category of communication, I made recommendations on 75 cases (50%). This shows that there is still work to be done when the Service responds to complaints about the handling of cases.

Outcome* – whilst this subcategory accounts for a very small number cases where I have found service failings (5%), it is the most concerning as giving fair and impartial outcomes to its customers is the heart of what the Service does. To be clear and put things into context, I have found service failings in 14 cases in this area and made recommendations on 9 cases (64%).



The failings here for the large majority was that the correct information/evidence wasn't considered in the first instance by the case handler – in all cases this was remedied and was changed either upon a second/third view or in a provisional decision/final decision. I've provided a few anonymised extracts from my Reviews:

* Outcome – My remit does not extend to forming a view as to whether the decisions and judgements reached by the Service or the basis for them was fair and impartial. I can only review whether due process has been followed and whether both parties have received equal and fair treatment and there is no obvious bias in the handling of a case.

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

Case X

'This is not a good customer experience whatever the explanation for it and the Business was afforded too much leniency. I don't believe this was the result of any bias towards them, but objectively, it was not fair or reasonable.'

Case Y

'However, it was as a consequence of your service complaint that further information was sought from the Business and this should not have been an afterthought.'

Case Z

'And the Financial Ombudsman Service agreed with you that not all issues you raised were addressed. This was clear when the Ombudsman passed the case back to the case handler to obtain more information and provide further answers.'

Whilst the numbers are small this should be a key focus of the Service to ensure that all evidence, information and complaint points are considered in the first instance. This will ensure the customer feels they've been listened to, and the Service has been fair in reaching its initial outcome⁴. It should not take a Service complaint or a final decision to achieve this. I should emphasise that this is not a judgement on the actual outcome reached but rather on the adherence, or lack of, to the process leading to it.

Themes and trends

I continue to share themes and trends with the Service on a quarterly basis. These are discussed at a quarterly meeting attended by the Deputy Chief Ombudsman and the Service. There are some new issues identified this year but first it is worth noting those that recur.

We still see:

- Adherence to process being prioritised over customer needs and appropriate pragmatism
- Processes which seem perverse to the customer and may or may not be needed by the Service – for example, the inability to award compensation to third parties such as executors of wills; reviewing cases when they are reassigned, slowing progress, and sometimes reaching a different conclusion; not identifying the correspondence under reply
- Unclear practice – for example the different roles of customer and representative, how a decision is enforced; what prioritisation of a case actually means in practice, when and why a case is flagged
- Defensive and dismissive communication
- Business dictating the pace of cases
- Broken promises
- Unexplained inactivity & poor handovers

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

- Impact – not taking account of personal circumstances and wider implications.

Turning to new issues of concern:

- *Didn't follow complaint handling process* was the main area customers complained about and this category is consistent with my top finding for quarters 3 & 4. Indicating that customers were correct in raising their concerns. This highlights to me that the overall categorisation of complaint handling is possibly too generic and not fit for purpose, as it may not capture the real reason for complaining.
- Vulnerability issues
 - Particular care and attention needed to accentuated needs and wider impact
 - Concerns that vulnerable customers who may suffer from impaired decision-making capabilities, may be significantly disadvantaged by the Service's processes and deadlines.
 - Tone and phrasing giving rise to a perception of prejudice, unrecognised by the Service.
- Service complaint handling
 - Time taken; there are now four stages to the complaints process to go through
 - This has been exacerbated by the development of a backlog and consequent repeated postponement
 - Achieving clarity as to the distinction between complaints about service received and merits whilst also preserving the right of referral to the Independent Assessor
 - The need for a consistent approach to triage/memo provided by the Service
 - Clarity about the Independent Assessor being the only independent review function
 - Errors are often dismissed or underplayed in responses to service complaints.

Whilst my reviews are limited to the practical handling of individual cases, I do on occasion provide feedback to the Service on issues that arise during my investigation that don't necessarily fall within my remit but could improve the wider level of customer service. General ad hoc and quarterly feedback has included: the quality of notes left on the system; failure to follow internal process; and the condition of the case file (if customers can see that the case file is well organised when SARs take place, they are more likely to trust the case has been handled and investigated appropriately).

As well as the ongoing discussions with the Service on several of these matters, I look forward to the management response and an evaluation of improvements made in relation to my last Annual Report.

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

Complaints not accepted by me

In the past financial year, our office was contacted in 738 instances where we couldn't help further. The total for the previous financial year was 707. All percentages listed below are approximate.

Rejected complaints:

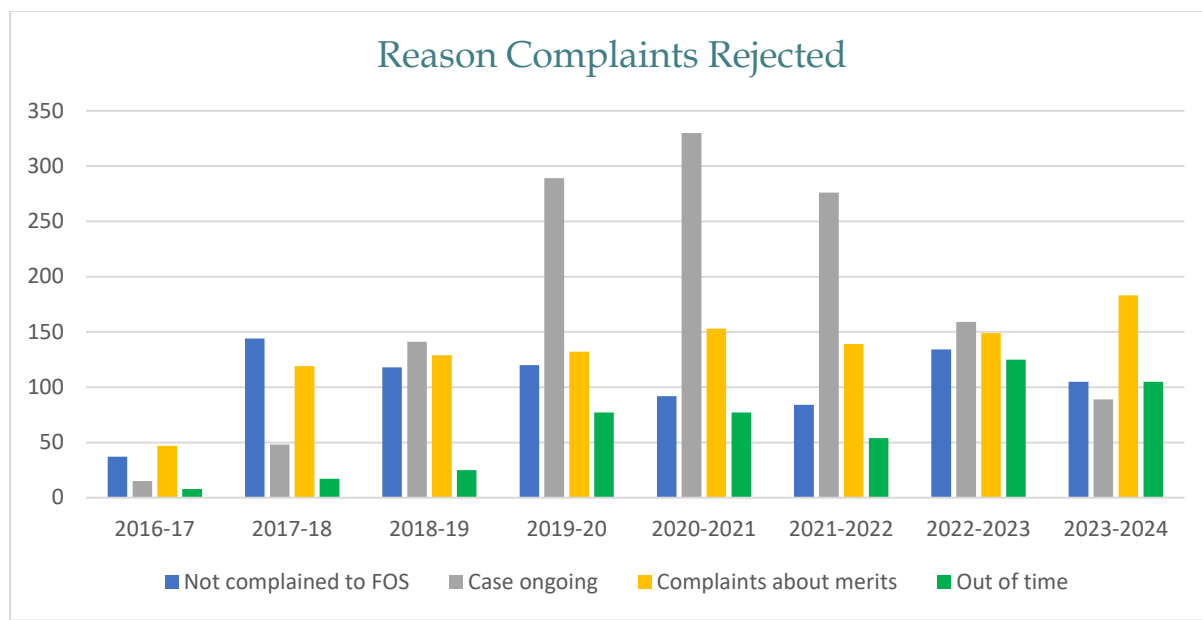
- 183 cases – 25% of the overall total – where we found the complaint to be about the merits of the case
- 151 cases – 20.5% - where my office had been copied into or forwarded correspondence to the Service. This represents a significant increase of the 8% overall total this category accounted for in the previous financial year. I believe that this can be explained by the number of customers copying my office into correspondence with the Service – and external stakeholders – in the hope of eliciting a response or some action being taken in relation to their concerns
- 63 cases – 8.5% - where the complaint had been referred to my office out of time. Previous reports had amalgamated these alongside cases rejected by my office as the customer had complained to the Service more than 3 months after the case had closed. However, due to improvements in data capturing on our systems, I have been able to separate these for greater clarity
- 42 cases – 6% - where the complaint had been made to the Service more than 3 months after the case had closed

Deferred cases:

- 105 cases – 14% - where the complainant had yet to raise a complaint with the Service about its case-handling in the first instance
- 89 cases – 12% - where the case was ongoing. The true number where cases were ongoing on initial contact with my office is higher, however the complainant on contacting our office again at the close of their case will have their complaint reclassified as 'accepted'. This is a second significant decrease from the previous financial year, with 276 cases accounting for 41% in 2021/22, and 159 cases accounting for 22% in 2022/23
- 62 cases – 8.5% - referred to me for miscellaneous but not valid complaint reasons
- 32 cases – 4% - where the consumer has not presented their complaint points to my office. The true number for this over the course of the year is higher, however on receiving further information from the complainant, their complaints are then reclassified (provided they return to my office again)
- 11 cases – 1.5% - where customers have contacted my office for assistance, and we've contacted the Service on their behalf to issue a service complaint response. My office has started to capture this information mid-way through the financial year following a sense that these requests were being made more frequently. Whilst 1.5% is a small percentage of the overall total, the Service

THE INDEPENDENT ASSESSOR’S ANNUAL REPORT 2023-2024

ought to be mindful of instances where it is not following the service complaint process for customers



The total number of complaints referred to my office (cases accepted and not accepted) has decreased from 1,326 (2022/2023) to 1,236 (2023/2024). I am pleased there continues to be a decrease in the number of customers contacting my office before their case against the financial business has concluded since the change in my terms of reference in February 2022 – this provides a smoother customer journey.

I continue to reject cases where the complaint is purely about merits. However, it remains crucial that the right of referral for independent assessment is protected for those requiring a final determination on this judgement as well as wider service issues. Whilst I do not want to give customers false hope, it is important to have the safety net of an independent view taken on cases of merits vs case handling concerns. The safeguarding of this right of referral avoids the possibility of actual or perceived detriment to the customer and the potential influence of vested interest.

A closer look

- *Vulnerable customers*

I have continued to monitor how the Service treats vulnerable customers. Approximately 10% of cases I reviewed in 2023-2024 had customers I considered to be vulnerable and/or had specific accessibility requirements. This is significantly reduced from 2022-2023 where the rate of escalation from vulnerable customers to my office was at 30%.

TO THE BOARD OF THE FINANCIAL OMBUDSMAN SERVICE

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

Generally, the Service does a good job of identifying vulnerability. This year, I've made recommendations on 50% of vulnerable customer cases I reviewed, compared with 70% for the previous year. I would say that although these cases were not handled as well as they could have been, there has been a significant improvement.

The more common themes in cases involving vulnerable customers relate to communication issues and the failure to fully consider the impact on the individual, which is consistent with my overall and quarterly findings.

There is more work to be done here and I have fed back to the Service that it should be more flexible in applying its processes and more open and direct with its communication, even more so when delivering challenging messages explaining the limitations of how much it can realistically help.

Overall, I am pleased the Service remains committed to providing a fair and accessible journey to its vulnerable customers.

- *Service complaints – the customer journey*

In recent years, the Service complaints process has gone through and continues to be changed. It went from a three-stage process (a manager's response, a senior manager's response and finally a response from me as the Independent Assessor) to then a two-stage response (one manager response from the Service and finally a response from me, if escalated).

The Service has now introduced a new process for its complaints, composed of 4 stages: 1. Complaining to the immediate case handler, 2. Requesting a manager to review concerns, 3. Escalation to the Customer Complaints Team, 4. Contacting me for a final and independent review.

The Customer Complaints Team is a new central team specifically tasked with reviewing service complaint handling before referral rights are given to an independent review. This adds time and delay to the whole process and of course, additional work for my team, and so it is important that it meets the overall objective of improving the Service's ability to handle complaints well and at the earliest opportunity, against a backdrop of improved customer service, reducing causes of complaint at source. I will be monitoring the impact on the customer closely, alongside the Service, in the coming financial year.

THE INDEPENDENT ASSESSOR'S ANNUAL REPORT 2023-2024

Looking forward

I wish to thank the Service and the Board for the improvements in my case management system. This has improved the quality of the data and feedback provided. My team are currently working with and embedding a new way of working and reporting. I hope to continue the technological advances and the digitalisation of my office for both the benefit of my customers and the quality of the data to improve the overall customer journey with the Service over the coming financial year.

I am pleased the Service and the Board continue their support and openness to my work and recommendations. Complaints are clearly seen as a learning mechanism and a guide to continuous improvement. On this note, I hope to see the feedback loop completed so that the impact of the action taken on my feedback is evaluated and tangible improvements are experienced by customers.

I would also like to extend my thanks to my customers who often go into great detail and expend enormous effort in bringing their complaint to me. This is especially the case now as three previous complaint stages must have been completed prior to receiving referral rights to my office. My team and I work hard to ensure all reviews are completed within the 6 weeks promised. However, my aim, given the length of the complaints process, is to maintain this timeframe at 2-3 weeks and seek to reduce it further where resources and demand allow.

On a final note, I continue to see a need for greater discretion and pragmatism in order to give a high-quality tailored service to customers, whilst also ensuring consistency.