

Minutes – Consumer Liaison Group

18 July 2023 - Meeting held via Microsoft Teams

Financial Ombudsman Service attendees	Consumer Liaison Group attendees
Abby Thomas, Chief Executive and Chief Ombudsman Viv Kelly, Ombudsman Director David Bainbridge, Head of Stakeholder Engagement Lauren Long, Ombudsman Leader Louise Corley, Policy and Communications Manager	David Hawkes, Advice UK Sarah-Jayne Dunn, Citizens Advice Scotland Sean Breen, Consumer Council Northern Ireland Johnny Timpson, FCA Consumer Panel Michael Royce, Money and Pensions Service Meg Van Rooyen, Money Advice Trust Francesca Smith, MMHPI Katie Watts, MoneySavingExpert Francesca Ferrier, Refuge Lauren Garrett, Surviving Economic Abuse Olivia Sizeland, The Money Charity Alastair Reed, Which?

Unable to attend/apologies	David Southgate, Age UK ;
-----------------------------------	----------------------------------

Item	Agenda
1.	Welcome and introductions
2.	Key updates from the Financial Ombudsman Service
3.	Discussion on Motor Finance Commission, BNPL, Consumer Duty and Cost of Living
5.	AOB and closing remarks

1. Welcome

1.1 The Chair welcomed attendees to the meeting and attendees introduced themselves.

2. Key updates from the Financial Ombudsman Service

2.1 The Financial Ombudsman Service provided an update on its new operating model and the digital improvements it was putting in place to reduce waiting times. Improvements included a new set of service standards.

2.2 The Financial Ombudsman Service provided an update on the key themes and trends from casework, saying that while complaint volumes over the year remain stable, it has seen an increase in complaints about fraud and scams and about motor finance

commission.

The Financial Ombudsman Service invited attendees to provide any initial thoughts about trends they are seeing that could be relevant to some of the areas of casework covered and any thoughts more generally about the Ombudsman Service.

Attendees were supportive of the changes the Financial Ombudsman Service was making to reduce waiting times.

Some attendees felt that complaints about mortgages and mortgage forbearance would feature more in future complaint volumes and would be interested in seeing any early signs of this.

Update on Motor Finance Commission

The Financial Ombudsman explained that it is seeing quite a lot of variety and complexity across different cases about motor finance commission, and it is likely to take time to work through this. It will ensure complaints are progressed efficiently and at pace once it has established its approach to these issues.

There would be information made available about our approach to help consumers and their representatives make sensible decisions about whether to take forward complaints. The Financial Ombudsman Service reminded the group that consumers do not need to use professional representatives to refer a complaint to our service and to refer them to the guidance already available on its website.

3. Discussion

Update on Buy Now Pay Later (BNPL)

The group acknowledged the recent coverage in the media around the regulation of BNPL and the possible delays in regulation, however the Financial Ombudsman Service explained it had continued to prepare for this coming into regulation.

There was a short presentation from MaPs which showed the key highlights from research it had commissioned on the BNPL market. This confirmed that the use of BNPL is growing rapidly; that awareness, accessibility and affordability are the key drivers for using BNPL; there is a lack of understanding about how the products work and the impact on credit profiles; and that BNPL is being increasingly used for day-to-day essentials.

Some attendees were concerned about the news that the regulations might be delayed specifically at a time when the cost-of-living crisis is pushing consumers to look at other forms of unregulated credit.

Update on Consumer Duty

The Financial Ombudsman Service explained that it shared the FCA's ambition that the new Consumer Duty should help firms to raise standards for consumers and that one measure of success will be whether the Duty reduces the number of complaints to our Service over time.

One attendee asked how the consumer duty would help vulnerable consumers and whether it would improve access to services. The Financial Ombudsman Service explained that there is already a lot that the FCA and the Financial Ombudsman Service expect firms to do in this space, but it is hoped that the duty will improve outcomes for consumers.

The duty is itself underpinned by concepts of fairness and reasonableness and is similar to the fair and reasonable standard the Financial Ombudsman Service judge complaints against already. The Financial Ombudsman Service confirmed it will be monitoring complaints to provide early feedback about what it is seeing.

Update on the cost of living

The discussion focussed on what the attendees were seeing and what they think is likely to impact on financial services and on complaints to the Financial Ombudsman service.

Many attendees felt that mortgages would be an area to watch given the current interest rate rises and the introduction of the mortgage charter. The Financial Ombudsman Service explained it was keeping a close eye on the way interest rate rises and the general cost of living was impacting volumes of complaints being brought to the service.

Another attendee was keen to focus on consumer credit and the impact the cost of living was having in this market and on consumer credit files.

The Financial Ombudsman Service would be happy to have a more detailed discussion on those issues at a future meeting.

4. AOB and closing remarks

The group were asked to feedback on whether they felt there needed to be more frequent meetings. The Financial Ombudsman Service had noted the areas of interest from the group and would prepare a forward agenda of issues to discuss at future meetings.