



subject to scrutiny

I have often remarked on how well the ombudsman model has stood the test of time – largely unchanged since 1981 when the Insurance Ombudsman was first established as a voluntary scheme.

The key feature of that scheme – that it was a free service funded by the industry and that consumers should give the firm a chance to resolve a complaint before approaching the ombudsman – is now embodied in statutory form.

But it's time to look at some other aspects of the model to see whether the Financial Ombudsman Service will be fit for purpose in the next decade. So we have asked Lord Hunt of Wirral to conduct a review.

He will be focusing on the openness and accessibility of the service to its wide range of customers and stakeholders and will be consulting widely. He could hardly be better placed or qualified for the role. |

- Many in the insurance industry will know of Lord Hunt's career as a leading insurance lawyer. He knows both the legal system and the insurance world, and was closely involved in the setting up of the Insurance Ombudsman. IFAs will know him as the founding chairman of the Association of Independent Financial Advisers, while others may recognise him as the current President of the CII (Chartered Insurance Institute).

He has had a distinguished political career as a senior MP and as a cabinet minister under Margaret Thatcher. So while he knows a thing or two about the financial services world, he can also bring the independent mind of a parliamentarian to this exercise.



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banking disputes related to foreign travel

This selection of recent cases features complaints involving foreign travel and problems with credit cards, debit cards, electronic money transfers and currency exchange.

■ 64/1

consumer's credit card transaction overstated by a multiple of ten

While on a short holiday in Brittany, Mr B used his credit card to pay for several large boxes of cigarettes and cigars. When the transaction appeared on his next credit card statement, Mr B noticed that his credit card account had been greatly overcharged. The actual cost of his purchases was €291.80 but his card had been debited with €2,918.

Mr B contacted his bank to complain, but it said it was unable to help as there had been no error in processing the transaction. Mr B was certain there *had* been a mistake. However, he was unable to get any further with the bank so he brought his complaint to us.

complaint upheld

The receipt and other details that Mr B sent us confirmed that his purchases had totalled €291.80. And we were satisfied that he had believed he was authorising that amount on his account.

The error in entering the amount as €2,918 had been made by the retailer in France, not by Mr B's bank. However, we considered the bank to have been wrong when it had insisted it was unable to help Mr B.

If it had initiated a 'charge back' through the credit card network it was part of, the bank could have tried to 'claw back' the money that Mr B had been charged in error. There was only a limited amount of time during which that option was available to the bank and, by the time Mr B brought his complaint to us, that time had passed.

In our view, if the bank had requested a charge back when Mr B first queried the transaction, it would probably have been successful in reclaiming the amount charged in error.

We did not think it fair that Mr B should lose out simply because he had not realised that the bank had been wrong in saying it could not help. So we said the bank should:

- credit Mr B's account with the difference
- adjust the interest so that he was not disadvantaged in any way by the initial higher transaction *and*
- pay him £250 for the inconvenience he had been caused.

.....

■ 64/2

disputed credit card transactions made in a Spanish nightclub

The credit card statement that Mr L received soon after returning home from a stag weekend in Spain included

... the bank had been wrong in saying it could not help.

several entries he did not recognise. These transactions had been made at a 'gentlemen's club' in Barcelona.

Mr L was a 22-year old computer technician and lived at home with his parents. When he mentioned to his mother that there appeared to have been a mistake on his statement, she said he should complain to his credit card issuer. Several weeks later, when he had still not got round to doing this, Mrs L offered to make the complaint on his behalf.

So, with her son's consent, Mrs L contacted the card issuer. She said she thought her son's card had probably been 'cloned' (copied) when he withdrew money from a cash machine shortly after he arrived in Spain. Someone must then have used the cloned credit card in the club. She told the card issuer that since her son had never visited the club, the transactions that were made there should be removed from his account.

The card issuer disputed Mrs L's explanation of events and it refused to remove the transactions. With her son's authority, Mrs L then referred the complaint to us.

complaint withdrawn

We looked at the transactions made with the card during the time Mr L was in Spain. He had only once used his card to draw money from a cash machine. And he had not done this on his arrival in Spain, as his mother had suggested, but several days later – on the day after the disputed transactions were made.

Several other transactions had been made with the card while Mr L was in Spain – for relatively small purchases at a department store. But again, these had been made the day after the disputed transactions at the club.

There did not appear to us to be any evidence that the card had been used fraudulently. We sent Mrs L details of our investigation, together with our initial view of the complaint. She contacted us a few days later to say that after discussing the matter with her son, she had decided to withdraw the complaint.

64/3

bank 'stops' customer's debit card while she was travelling abroad

Shortly after retiring from her job as a primary school teacher, Mrs D went on a trip to Belize with three friends. Soon after she arrived she used her bank debit card without difficulty in several different shops. However, when she tried to make a purchase with the card a few days later she was alarmed to discover that the transaction would not go through.

Mrs D knew there were sufficient funds in her account to cover the purchase. And she had been intending to use the card later that day to withdraw the cash she needed for food and other expenses during the remainder of her trip. So she rang her bank urgently to find out what had gone wrong.

The bank said its fraud department had identified some of the shops where she had used the card as 'suspect'.

... her son's card had probably been 'cloned' when he withdrew money from a cash machine.

So, thinking that a fraudster might be using the card, the bank had placed a 'stop' on it. The bank agreed to get the stop lifted, but to Mrs D's considerable annoyance, it told her that somebody would need to come into her branch in person before it could arrange this.

Mrs D telephoned her daughter, Mrs J, back in the UK and arranged for her to go into the bank to get the stop lifted. However, by then it was the Saturday of a bank holiday weekend in the UK, so Mrs J was unable to do anything until the bank opened again on the Tuesday.

Meanwhile, Mrs D was unable to use the card and had to borrow some money from one of the friends who was travelling with her. When she returned to the UK she complained to the bank, saying it should compensate her for the inconvenience and worry she had been caused.

complaint upheld

After looking into the details of the case, we concluded that the bank had acted reasonably in putting a stop on the card. It had good grounds for suspecting that Mrs D's card had been used without her knowledge.

However, we thought that once it had become aware that Mrs D had made the transactions herself, and that she was relying on the card while she was abroad, it should have sorted the situation out quickly. The delay had caused Mrs D considerable worry and some

embarrassment, in addition to the inconvenience, so we said it should pay her £400 in compensation.

■ 64/4

delay in electronic transfer of funds abroad

After inheriting some money, Mr and Mrs J bought a house in Malta to use as a holiday home. The house needed quite a bit of work doing to it, and as soon as they had appointed a firm of builders, the couple opened a bank account in Malta. They thought this would simplify things when paying for the renovation work, particularly since they would continue to be based in the UK for most of the year.

Several months later, Mr and Mrs J booked a short trip to Malta. They were keen to see how the building works were progressing, but they also needed to make a scheduled payment to the builder.

The builder had asked to be paid in cash – and in euros. So a few days before their trip, Mr and Mrs J instructed their UK bank to make an electronic transfer of £4,000-worth of euros to their Maltese bank account. However, when they arrived in Malta and visited the bank, they were told the money had not been transferred. Unable either to pay the builder or to discover what had happened to their money, they cut short their trip and returned home. |

Mr J then complained to his UK bank. He said it should reimburse him for the cost of the wasted trip. But the bank refused, saying it had not been at fault. It told Mr J that the money had definitely reached the Maltese bank the day after he had asked for the transfer. So it said the problem must have been caused by the Maltese bank and it was down to the Maltese bank to compensate him for any losses he had incurred.

Mr J was unhappy with this response and felt certain there was more that the UK bank could do to help him. Unsure how best to pursue the matter, Mr J then contacted us.

complaint upheld

We looked into the details of Mr J's complaint. Our investigation included listening to a recording of the conversation between the member of staff dealing with the transfer at Mr and Mrs J's UK bank branch and the member of staff at the UK bank's processing centre. We also looked at communications that had passed between the UK bank and the Maltese bank, during their subsequent attempts to trace the money.

We concluded that Mr J's UK bank branch had made several errors at the outset, when sending information about the transfer to the processing centre. Some of the international identification numbers for the Maltese bank had been transposed. The UK bank branch had also made some mistaken assumptions about the name in which the Maltese bank account was held.

So although the money had arrived at the international branch of Mr J's Maltese bank the day after he requested the transfer, the staff there were unable to identify either which specific branch the money was destined for, or to which customer it belonged. They contacted the UK bank for further details. However, it was not until several days after Mr and Mrs J had arrived back in the UK that the Maltese bank finally had the information it needed – and was able to allocate the funds to the couple's account.

We were satisfied that it was a mistake by the UK bank that had caused the problem. We said it should reimburse Mr and Mrs J's travel and out-of-pocket expenses (totalling around £400). We said it should also pay the couple £250 for the worry and inconvenience they had been caused.

[If our investigation had led us to conclude that the Maltese bank had been at fault, we would have been able to forward the complaint to the relevant ombudsman service in Malta, through the European financial redress network (FIN-NET) of which we are a member. For more about FIN-NET, see issue 59 of *ombudsman news*.]

■ 64/5 wrong currency exchange rate used

Miss A could not believe her luck when she won a newspaper competition for a fortnight's holiday in Barbados. She couldn't usually afford holidays of any

kind and she had only been abroad once before, on a school day-trip to Belgium.

The trip to Barbados more than lived up to expectations and a couple of days after returning home, Miss A visited her bank to change her remaining Barbados dollar notes back into sterling. She also still had several traveller's cheques – issued in US dollars. She asked the bank to pay the value of these cheques – in sterling – into her account.

The cashier took a very long time processing the transactions. He seemed to be having difficulty calculating the sterling equivalent for the Barbados dollars. Eventually, he wrote down a figure and showed it to Miss A, asking if she was happy to go ahead on that basis. Miss A agreed and the cashier asked her to sign a printed receipt showing the exchange rate that would be used. The transaction was then completed.

Two weeks later, Miss A returned home to find a telephone message asking her to contact the bank. When she rang her branch the next day, she was told that the cashier had mistakenly used the exchange rate for US dollars when changing the Barbados dollar notes into sterling. As a result, Miss A had been credited with around £100 more than she should have been given. The bank said it would be debiting this sum from her account.

Miss A thought this was unfair, but the bank insisted that it was acting correctly. Miss A then complained to us.

complaint upheld

The bank strongly defended its actions in reclaiming the money. It told us it thought Miss A was trying to take advantage of a situation which had resulted from genuine confusion on the part of the cashier, who was relatively inexperienced.

We did not doubt that the cashier had made a genuine mistake when calculating how much sterling he needed to give Miss A for the Barbados dollars. However, we were equally satisfied that Miss A had acted in good faith when accepting the exchange rate she was offered.

Miss A had never been to Barbados before. Indeed, she had never had to change money into a foreign currency before. We saw no reason to doubt her statement that she had assumed the rate quoted by the cashier was correct. The situation had been made more complicated by the fact that she had been carrying out a transaction involving US dollar travellers' cheques at the same time, and also by the cashier's apparent confusion.

We told the bank we felt Miss A had acted in good faith and that it was unfair, in the circumstances, to make her pay back the £100. The bank agreed to re-credit Miss A's account and Miss A accepted that as a fair settlement of the dispute.

our complaints prevention and outreach work with consumers and the consumer advice sector

The work of the Financial Ombudsman Service gives us a unique insight into how and why disputes arise – and how they might be avoided in the first place. As part of our commitment to share this knowledge and experience with the outside world, we regularly take part in a variety of roadshows, exhibitions and events across the UK.

This month's *ombudsman focus* highlights some of the outreach events for consumer advisers and consumers that we took part in this summer.

Whether aimed at businesses, front-line consumer advisers or consumers themselves – these events give us the opportunity to promote a realistic understanding of our role, as well as encouraging consumers and businesses to settle problems themselves and to help prevent the need for complaints in the first place.

Inverness – consumer adviser training day

In early June, several members of our external liaison team delivered a day of training to a group of front-line consumer advisers based in Inverness and the surrounding area.

Local advice agencies (such as trading standards departments, citizens advice bureaux, independent legal advice centres and money and debt advice centres) play an important part in advising consumers how best to sort out problems and proceed with complaints on a wide range of financial and money-related matters. Our research indicates that 7% of consumers first heard of the Financial Ombudsman Service from one of these agencies. It is clearly important to ensure the staff

and volunteers working for these organisations are kept well-informed about our role and the service we provide.

This event, the fourth we have held in the past year specifically for consumer advisers in Scotland, was organised in partnership with Inverness Council. The training day focused first on explaining the scope and remit of the ombudsman service and helping advisers identify when they should 'signpost' queries and concerns to us, rather than trying to deal with them themselves. We then explored complaints-handling itself in some detail, encouraging delegates to share experiences – good and bad – and helping them to build on their existing skills. We looked, in particular, at ways of identifying potential problems and dealing with them successfully at an early stage – to prevent them escalating into full-blown disputes.

As always at such events, participants had the opportunity to raise individual questions in a lively question-and-answer session. We also outlined the practical assistance that consumer advisers can obtain from our technical advice desk.

Manchester – Trading Standards Institute annual conference

Taking our exhibition stand to this high-profile, three-day conference, organised by the Trading Standards Institute, enabled us to meet a large number of front-line consumer advisers from council trading standards offices across the country. The event also gave us the opportunity to help raise awareness of the ombudsman service among younger consumers. This was because a centrepiece of the conference was the final of a national competition – ‘*Young Consumers of the Year*’ – attended by hundreds of young people.

As we explained in issue 63 of *ombudsman news* (July/August 2007), younger people are just as likely to have bank accounts and some types of insurance as other age groups. Yet the number of complaints referred to us by those under the age of 25 is disproportionately low. And our research suggests that people under the age of 25 have a significantly lower level of general awareness of how to complain – and of their right to come to the ombudsman – than those in older age groups.

The series of posters and postcards we launched during the conference – designed specifically to raise awareness of the ombudsman service among younger people – proved a real hit not only with the target age group but with delegates of all ages.





Birmingham – *'BBC Good Homes Live'*

At *'BBC Good Homes Live'*, held at the National Exhibition Centre in Birmingham, we met a very large number of consumers. This three-day 'lifestyle' event attracted a total of over 100,000 visitors. Other exhibitors included a wide variety of retailers and financial services companies, as well as government agencies and public service providers.

Our work in resolving complaints rarely entails direct face-to-face contact with consumers – since we deal with the vast majority of cases through correspondence and over the phone.

So we find it particularly helpful to be able to interact directly with consumers at events such as this. The informal feedback we receive gives us a

valuable insight into the way our service is perceived. It also helps us identify any ways in which we might usefully adapt the way we do things, in order to enhance the accessibility of our service.



Sandown Park racecourse – *'Beyond Boundaries'*

'Beyond Boundaries' was the first event of its kind to be held in the South of England. The organisers' aim was to promote activities, lifestyle information and careers advice specifically tailored towards people with disabilities.

A number of well-known athletes and television personalities attended as guest speakers – including Dame Tanni Grey-Thompson and Ade Adepitan MBE. Exhibitors included disability support groups such as the Back-Up Trust (an organisation that opens the gateway to sports for those with spinal injuries) the Football Association, Canine Companions, the Department for Work and Pensions and Consumer Direct.

Over the two days of this event we attracted a large number of visitors to our stand. Many of them told us of the considerable difficulties they had encountered when dealing with financial services businesses that were unable or unwilling to meet their specific accessibility needs. ❖



travel insurance disputes involving annual and long-term policies

Annual and long-term travel insurance policies have become more popular in recent years – in part because they are increasingly being offered as a ‘free’ or low-cost benefit in connection with a bank account, credit card or other financial services product.

As the following case studies illustrate, complaints involving longer-term travel policies can sometimes raise different issues from those we generally see in connection with policies covering a single trip.

- 64/6
ongoing travel insurance – insurer rejects claim because policyholder failed to disclose a change of health

Mr K had an ongoing travel policy that his bank had provided, free of charge, as one of the benefits of his current account. Under the terms of the insurance, the cover remained in operation as long as he retained the account.

In October 2006, Mr K and his wife booked to go on a cruise, departing early in the New Year. A few weeks after making the booking, Mr K suffered a temporary loss of vision and was referred to a specialist. Mr K’s vision had returned to normal by the time of his consultation with the specialist, but she suspected that he might have had a minor stroke.

She therefore made a small adjustment to the medication he had been taking since he had suffered a blocked artery and heart attack four years earlier.

Mr K had no further problems with his vision and appeared to be in good health when he and his wife set off on the cruise towards the end of January. However, several days before the end of their holiday, Mr K had a heart attack.

Once he had returned home and his condition had stabilised, his wife submitted a claim under their travel policy for the expenses they had incurred while away – as a result of his illness. To the couple’s dismay, the insurer said it was unable to accept the claim. It pointed out that the policy contained a condition requiring policyholders to report any changes in their health. Mr K had not reported the loss of vision he had experienced after booking the cruise.

The couple disputed the insurer’s decision. They considered that they *had* complied with the policy condition requiring them to declare health changes. This was because they had sent the

... the policy condition required policyholders to report any changes in their health.

insurer full details shortly after Mr K had suffered his first heart attack in 2001. They said that since Mr K had very quickly recovered from the temporary loss of vision, they had not thought it sufficiently significant to be worth mentioning.

complaint upheld

We looked closely at the policy condition cited by the insurer when it rejected the claim. We also examined the overall effect of the way in which the insurer applied this condition. The insurer told us it required policyholders to report *all* changes of health. Depending on the individual case, it would then consider whether or not to withdraw cover for any claims arising from that new medical condition.

The insurer said that because many apparently minor ailments or problems could be symptoms of a serious condition, it was impractical to provide policyholders with guidance about how significant a change in health needed to be before it should be reported.

In our view, this approach meant that the policy condition was a very onerous one. Requiring policyholders to contact their insurer every time they suffered any kind of ill-health placed a heavy responsibility on them. It also meant that policyholders could never be certain exactly what cover was available under the policy. If, each time a policyholder experienced any change in their health, the insurer could simply withdraw cover, it was difficult to see how a claim for ill-health could ever be made, unless the illness arose entirely without warning or as a result of an accident.

... policyholders could never be certain exactly what cover was available under the policy

We noted that the insurer had agreed at the outset to offer cover against the risk of ill-health affecting a policyholder’s travel plans. So Mr K was relying on the policy for the peace of mind of knowing he was covered for any financial loss he might incur if he was taken ill after booking a holiday.

We do not consider it fair for an insurer to use a policy condition to achieve an effect that would not be apparent to a reasonable policyholder, and that would place onerous demands on them. If claims resulting from a change in health are not covered, then the benefit of the cancellation cover is severely limited. So we did not consider in this case that the insurer was entitled to rely on its policy condition to reject Mr K’s medical expenses claim. We upheld the complaint.

- 64/7 annual travel policy – insurer rejects claim because policyholder fails to disclose change of health

When she applied to buy an annual travel insurance policy, Mrs C told the insurer that she suffered from angina. It agreed to cover her for this condition. Several months later, her GP made a small alteration to the medication she

took for her angina, as she had begun to experience some minor side effects with the original dosage.

Mrs C had no further health problems until six months later, when she was admitted to hospital while on holiday in Florida. She was suffering from chest pains, linked to her angina.

Fortunately, Mrs C recovered fairly quickly and was soon able to return home. It had never crossed her mind that there would be any difficulty in claiming back from her insurer the medical expenses she had incurred while on holiday. However, the insurer refused to meet her claim. It said she had failed to comply with its policy condition requiring her to inform it of any changes in her health. After complaining unsuccessfully to the insurer, Mrs C contacted us.

complaint upheld

We noted that the policy condition in question was not stated clearly in the policy document. And it had not been specifically pointed out to her when she bought the insurance. Moreover, the policy gave no explanation of what it meant by a '*change in health*'. There was nothing to indicate that policyholders should tell the insurer about any change in *medication*.

We were satisfied that if the position had been clearly explained to Mrs C at the outset, she would have told the insurer that her medication had changed. If the insurer had then said it could no longer provide cover for this condition, she would have arranged alternative cover. In the circumstances, we did not think it was fair for the insurer to reject the claim. We upheld the complaint.

■ 64/8

annual travel policy – insurer refuses to provide cover for medical condition that arose after the policyholder booked a holiday

Three months after Mr G had taken out an annual travel insurance policy he booked a trip to the Bahamas, departing in January 2006. He and his partner, Miss K, planned to get married during the trip.

Unfortunately, only a few weeks after booking the holiday, Mr G was diagnosed with cancer and underwent urgent surgery, followed by radiotherapy. It was not until three days before he was due to travel that he was well enough for his doctor to declare him fit for travel. He called his insurer straight away to check that he would be covered if he experienced any problems linked to his cancer while he was away. |

... this approach meant that the policy condition was a very onerous one.

The insurer promised to get back to him urgently. However, it was not until the afternoon before he was due to set off that the insurer contacted Mr G. It told him it would not cover any claims resulting from his cancer. The insurer did offer to meet Mr G's cancellation claim if he decided to cancel the holiday at this point. Understandably, however, Mr G did not want to cancel his wedding. Instead he spent several hours ringing round other insurers until he was eventually able to arrange a new policy that gave him the cover he needed.

On his return from holiday, Mr G complained to the original insurer and asked for compensation for the distress and inconvenience it had caused him. He had found himself effectively uninsured, less than 24 hours before he was due to depart. When the insurer rejected his complaint, Mr G came to us.

complaint upheld

When rejecting Mr G's claim, the insurer had cited a clause in the policy that gave it the right to alter the policy terms if the policyholder's health changed *before* a holiday started, but *after* it had been booked. As in case 64/6, we did not consider this to be fair. Policyholders could not ever be certain exactly what cover was available under their policy.

It had clearly been distressing for Mr G to be told so close to his departure that his policy would not provide the cover he needed. And he had been put to considerable inconvenience – and some additional expense – in arranging the new policy. So we said the insurer should reimburse the cost of the new policy and pay Mr G £200 in compensation.



■ 64/9

ongoing travel policy – insurer refuses to meet a claim when the policyholder ignores a reminder about the need to declare any new medical condition

Mr G had an ongoing travel policy, provided by his bank as part of a package of benefits attached to his current account. Every year, the insurer sent policyholders a letter reminding them to report any changes in their health that had arisen over the past year. The policy excluded any claims relating to such changes unless, before booking a holiday, the policyholder contacted the insurer and the insurer specifically agreed to cover the new medical condition.

Mr G failed to tell the insurer that he had been diagnosed with a heart murmur, shortly before he had booked a trip to Greece. He had also failed to check with his doctor that he was fit to travel and there seemed to be real uncertainty about that.

... he found himself effectively uninsured, less than 24 hours before he was due to depart.

Unfortunately, while he was in Greece Mr G suffered a heart attack. When he subsequently claimed for the medical expenses incurred while he was on holiday, the insurer refused to pay up. It said he should have provided details of the heart murmur before he went ahead and booked the holiday. If he had done this, the insurer would have excluded cover for any heart conditions. Mr G considered this unfair and referred his complaint to us.

complaint not upheld

We were satisfied that the insurer had stated clearly – in its policy summary – the need for policyholders to declare any changes in their health. It had also made it clear what it meant by '*changes in health*'.

And it sent policyholders a clearly-worded reminder each year, pointing out the need to inform it of any changes in health that had arisen over the previous twelve months. We noted that the insurer did not send policyholders any details of the health information they had provided in earlier years. We thought that in some instances this could make it difficult for policyholders to distinguish between 'new' medical conditions and those they had already told the insurer about.

In this particular case, however, we did not think Mr G should have had any difficulty in knowing that the heart murmur was a new condition and that he needed to disclose it. If he *had* disclosed that he had been diagnosed with a heart murmur, the insurer was entitled – under the policy conditions – to exclude cover for heart conditions that affected any travel plans he made *after* disclosing this health problem.

Mr G had gone ahead and booked his holiday without telling the insurer that he had been diagnosed with a new and serious heart condition. He had also failed to check whether he was 'fit to travel'. We felt that in the circumstances of this particular case, it was fair and reasonable for the insurer to reject the complaint.

courtroom tactics?

a compliance consultant emails ...

Q I sometimes advise small businesses on what they should do if a customer complains to the ombudsman service. The owner of one of these businesses said he thought it would be unwise to tell the ombudsman service the whole story at the outset of an investigation.

He suggested that businesses should, instead, try and keep back one or two 'killer facts' and reveal them at the last minute to try and improve their chances of winning the case. I would be interested in your view on this.

A Tactics of that kind sound rather more suited to a fictional courtroom than to the ombudsman service. Our process is an open, straightforward and informal one – and we reach decisions on the basis of the facts and merits of each individual case.

We get to the bottom of most complaints by writing to or phoning the people involved – and our approach generally involves mediation or conciliation – not formal investigations, legal submissions and cross-examination. So businesses should provide us with all relevant information – as soon as we ask for it. Neither side to a dispute has anything to gain from holding back any facts or arguments 'for later'. We provide plenty of opportunities for both sides to discuss the facts of the case with us and to explain any concerns they may have if they are unhappy with our initial, informal view.

But once we have reached the final stage – an ombudsman's decision – that's the end of our process. Any business that waits until then to

present certain facts or arguments will have left it too late. A final decision from the ombudsman is binding on a business – if the consumer accepts it.

flooded with complaints?

the manager of a consumer advice agency emails ...

Q Has the ombudsman service received many complaints about insurance after the recent severe floods across the country?

A It is still very early for us to have got involved in any disputes between consumers and insurance companies arising out of these floods. Consumers with a complaint about something their insurance company has (or hasn't) done should let their insurer know why they're not happy – and give it the opportunity to look into things and put right any problems.

We don't step in unless the customer remains unhappy after the insurer has had a chance to investigate the complaint – which can take up to eight weeks.

Over the years we have built up a considerable amount of expertise in dealing with the complex issues that can sometimes be raised in connection with claims for flooding and similar household disasters. However, past experience leads us to be optimistic that relatively few complaints will be referred to us. This is because of the experience and competence of insurers in dealing with large-scale emergencies, combined with reasonable expectations and patience on the part of consumers, who know that many others are in a similar plight to their own.

ombudsman news gives general information on the position at the date of publication. It is not a definitive statement of the law, our approach or our procedure. The illustrative case studies are based broadly on real-life cases, but are not precedents. Individual cases are decided on their own facts.