

## **Present**

From industry:

- Simon Hudson, Tenet Group
- Trevor Matthews, Friends Provident
- Deanna Oppenheimer, Barclays
- John Pollock, Legal & General
- David Richardson, Swiss Re
- David Stewart, Coventry Building Society
- Helen Weir, Lloyds Banking

From ombudsman service:

- Chris Kelly, chairman
- Natalie Ceeney, chief ombudsman
- Tony Boorman, decisions director
- David Thomas, corporate director

## **Apologies**

From industry

- Brian Hartzler, RBS
- Keith Morris Sabre

## **Claims-management companies (CMCs)**

The Ministry of Justice, FSA and ombudsman service are working up a joint public statement on their respective roles in relation to CMCs.

## **Implications of forthcoming changes in regulatory architecture**

The group noted that the government planned to maintain the ombudsman service's operational independence and transfer existing FSA oversight to the new CPMA. Industry members supported the independent role of the ombudsman service as a separate and impartial body, and did not want this to be affected if CPMA adopted a pro-consumer role. The group also noted the government's emphasis on the benefits of transparency.

## **Ombudsman service forward planning**

The ombudsman service's emerging thinking on current challenges and future plans would form the basis of a dialogue with key stakeholders: a dialogue that would in turn inform preparation of the ombudsman service's plan and draft 2011/2012 budget to be published in January 2011.

Current challenges arose from the consequences of rapid growth, a changing environment and the nature of current complaints. There was a tension between the need to prepare for a wide variety of potential caseload scenarios and a background of funding constraints. The new chief ombudsman had her new senior team in place and they were reassessing the operation.

The ombudsman service was accessible to an increasingly wide range of the population, timeliness had improved and more ombudsmen had been recruited. But the necessary cost of outsourcing to

deal with volatility in PPI was eating into reserves, and ombudsman referral rates were at a record high.

Five key aims underpinned the ombudsman service's forward planning.

The first aim was to provide a trusted, fair and easy to use service that helped underpin confidence in financial services. This included segmentation of users, accessibility and outreach, smoother end-to-end systems, increasing online/portal services and enhancing quality.

The second aim was to be flexible, reliable and efficient so as to be ready whatever the product or demand. This included revisiting the balance between in-house and contractor resourcing, streamlining the service's operations and further reducing the time to resolve cases.

The third aim was to have a lean and effective infrastructure to deal with cases well and cost-efficiently. This included e-enabling user-facing and back-office systems, reducing the service's costs whilst maintaining quality and helping businesses to reduce their costs of working with the service.

The fourth aim was to put knowledge, experience and quality at the heart of all the service does. This included enhancing the service's knowledge-management techniques, reinforcing the criticality of quality as a core value and developing a professional career model that enabled/encouraged personal development and promotion

The fifth aim was to share the service's experience and insight so as to help prevent future problems. This included using ombudsman expertise to share trends/issues with stakeholders (industry, consumer groups, regulators and government), taking the next steps on the transparency pathway, providing more online information and helping businesses that wanted to improve their complaint handling.

Industry members welcomed the role of the ombudsman service in helping to underpin confidence in financial services and recognised that budgetary restraints would require prioritisation of objectives. Workload was likely to remain high and volatile, with continuing involvement of CMCs.

It would be helpful for the service's budget to distinguish status quo operational costs and investment for improvement (which could involve a multi-year payback). In relation to some systems it would be helpful to for the industry to work with the ombudsman service in order to provide a smoother end-to-end process for consumers, but – in the light of differing industry systems and capacities – the last word would rest with the ombudsman service.

Industry members recognised the national drive towards transparency, and the potential benefits of the ombudsman service proactively releasing objective, balanced and structured information – which would serve the public interest better than third parties releasing partial, selective and incomplete information, including material accessed under freedom of information.

### **Next meeting**

The next meeting has been scheduled for 11.30 on Monday 6 December 2010.