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Dear Adrian

## **Financial Services Consumer Panel response to the Financial Ombudsman Service's plan and budget for 2014/2015**

This is the Financial Services Consumer Panel's response to the Financial Ombudsman Service's plans and budget. We also provided Tony Boorman with some observations on an outline of the Plan in December 2013.

### Overall aims

The Panel fully supports the Financial Ombudsman Service (FOS) and its overall aims. In response to the 2013/2014 plan we supported the priority of reducing the length of time taken to resolve cases. We are pleased to see that the FOS expects to have dealt with more Payment Protection Insurance (PPI) cases by the end of the year than it previously has. However, given the backlog of these that exists, we continue to see reducing the time taken to resolve cases as a priority.

### Case volumes

We recognise that it is hard to predict future levels of PPI complaints. Clearly levels will depend on a range of factors as identified in the plan. However, we have made the point on several occasions that the FOS consistently under predicts the number of new cases it will receive. The need for improvements in forecasting techniques was something the National Audit Office's report on the efficiency of complaint handling also picked up<sup>1</sup>. In last year's plan the FOS estimated that 250,000 new PPI complaints would be received in 2013/14. However, we now know that this figure is likely to be as high as 350,000. As we have previously said, it would be better that the FOS over-predicted caseloads in order to avoid building up backlogs and having to increase resource after the event.

We broadly agree with the FOS's assumptions about non-PPI cases. The changing economy will undoubtedly influence the mix of cases received. Flexibility will be important in ensuring that sudden spikes in demand in specific areas can be met. In addition to the emerging risks identified in the plan, we believe more complaints may arise from the increase in non-advice annuity websites, particularly from consumers thinking they are receiving advice when they are not (i.e. where warnings about buying without advice are not clear). There may also be an increase in complaints from people who will have the new single tier state pension reduced because of being contracted-out at some stage in their working lives.

We are pleased to see that ways to streamline future case handling are being explored. On page 12 of the draft plan you refer to establishing a new model for casework. Whilst we understand that you are still developing your thinking on this, we would like to see further details on what deficiencies you are trying to address, what the limitations with the current model are, etc. Having this information may enable us and others to provide you with constructive views on how things could be improved.

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<sup>1</sup> [http://www.nao.org.uk/wp-content/uploads/2012/01/1012\\_Financial\\_Ombudsman.pdf](http://www.nao.org.uk/wp-content/uploads/2012/01/1012_Financial_Ombudsman.pdf)

Uphold rates

The Panel has previously raised the idea of those with higher uphold rates paying more for the service. Whilst we understand the arguments against this, we believe that those firms with consistently high uphold rates should be held to account. This is something we intend raising with the FCA.

Yours sincerely,

Sue Lewis