



Treasury Committee

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Caroline Wayman
Chief Ombudsman and Chief Executive
Financial Ombudsman Service
Via email

20 November 2020

Dear Caroline,

Thank you for providing evidence to the Committee on 9 November on the work of the Financial Ombudsman Service ('FOS'). In that session, you committed to provide further evidence to the Committee on the following:

- a) What actions are you taking to get the level of complaints down, your assessment of how successful you have been, and what scope there is for progress going forward.
- b) A copy of the most recent independent assessor's report and how you intend to take forward her recommendations.
- c) What the implemented service level agreements and the indicative timescales are for staff dealing with consumer cases; and how these are monitored to ensure staff comply with them.
- d) How much the FOS has paid out in compensation for poor service.
- e) More granularity on the different types of cases and how these are dealt with across different teams (including caseloads, case resolution rates and team specialisms).
- f) A breakdown of the makeup of your teams, including the number of women and ethnic minorities at every level.

At the end of the evidence session, I noted that the FOS has a number of areas that it needs to focus on fairly robustly in order to move forward. I also said that we may write with further questions to gain greater insight into how you are managing the challenges for your organisation. These can be found below.

FOS funding and levy costs

1. How has the FOS Board challenged the proposed budget and funding proposals, and what alternatives have been discussed?
2. Can you provide more detail as to why the FOS aims to change to a 50/50 levy and case fee funding model, and how you will mitigate the impact on the smallest firms from the steep rise in the levy this will entail?
3. Will the FOS be retaining the additional 'Group Account case fees' for the largest firms, and if so, how can this be justified given the proposed higher levy?

Management of FOS, case handling and case costs

4. Given the foreseeable shift away from PPI cases towards more complex cases, why did the FOS move towards non-specialist investigator resourcing in 2016-17, and how will this be reversed to deal with more complex cases?
5. Cost per case is currently £960, what action are you taking to improve case handling times and reduce costs closer toward the £650 case fee?
6. Do consumers have a dedicated case-handler, and if not, how does management ensure that consumers are kept appropriately updated on progress?
7. How have you approached complaints in relation to the Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme, and how does this differ from your normal approach?
8. Please provide numbers on the current backlog of cases: a) received over 8 weeks ago but yet to be opened; b) opened more than 6 months ago but not yet resolved; c) opened more than 2 years ago but not yet resolved; and your strategy and timeframe to speedily resolve these cases.

Complaints against the FOS:

9. What proactive action is being taken to ensure that cases against firms that fall into your remit and complaints against the FOS brought by vulnerable customers are treated appropriately, and how is this monitored by senior management?
10. What action have you taken to ensure quick and effective implementation of the Independent Assessor's recommendations?
11. How many consumers have launched judicial review cases against the FOS in the last two years, and how effective a measure is it to change how cases are handled?
12. S.228(5) of the Financial Services & Markets Act 2000 ('the Act') sets out that "*if a complainant accepts an ombudsman determination, it is binding on the respondent and complainant and final*". Can you set out how the Act prohibits the FOS from amending the Independent Assessor's terms of reference to ensure she can request that an ombudsman reviews a case outcome where the complainant has not accepted an ombudsman determination and the decision-making process was flawed?

I shall be placing this letter and your response in the public domain. Please can you reply by three weeks from today.

With best wishes,



Rt Hon. Mel Stride MP
Chair, Treasury Select Committee