Treasury Committee

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Nausicaa Delfas
Chief Executive and Chief Ombudsman (interim)
Financial Ombudsman Service

Via email

22 February 2022

Dear Nausicaa,

Thank you for the evidence you and Baroness Manzoor provided to the Committee's *The Work of the Financial Ombudsman Service* evidence session on 9 February 2022.

During the session you offered to provide additional information in writing about various points. I would be grateful if you could provide answers to the following questions.

Where a question below relates to a part of the discussion during the session, I have included references to the relevant questions in the transcript in brackets as background.[1]

Prevention strategy

1. Please provide data for each of the following financial years 2019/20, 2020/21 and 2021/22 (to date) for the indicator(s) you use to measure the effectiveness of your strategy to reduce the volume of complaints the FOS receives. [Q8-10]

- What are the limitations of those indicators and how are you looking to improve them?

Casework timings

2. Please provide data on the percentage of cases resolved within a given time period, by monthly increments.[2] For example, the number of complaints resolved within one month, two months, etc. This should include data for the financial years 2019/20, 2020/21, and 2021/22 (to date). [Q42]
3. Please can you confirm that you expect to reduce average time taken to resolve cases to four months once you have addressed the case backlog? [Q32&33]

- When is your target for clearing the current case backlog?
- When is your target for reducing average resolution times to four months?

4. Do you have any evidence to suggest firms are using long delays at the FOS to force consumers to settle for suboptimal redress instead? [Q39]

Average case costs

5. Please provide the average cost per case and revenue per case for each of the following financial years 2020/21, 2021/22 (to date), and your forecast for 2022/23. [Q13&14]

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[1] 'Work of the Financial Ombudsman Service', 9 February 2022
[2] 2022/23 Plans and Budget Consultation page 14 provides data in wider three, six, nine and twelve month increments.

- To what extent will your forecast of a 25% increase in productivity by April 2024 reduce your average cost per case?

- Does your forecast for the 2022/23 average cost per case figure include any productivity savings?

Remote working

6. Are FOS staff as productive working remotely compared with in office working? [Q55-58]

- Please provide data for each of the following financial years 2019/2020, 2020/21, and 2021/22 (to date) for the indicator(s) you use to measure the productivity of staff working in the office, remotely and in a hybrid environment.

- What are the limitations of these indicators and how are you looking to improve your measurement of productivity?

- What are the particular problems the FOS has faced in moving to greater home working?

Complainants' access to firm records

During the session, the Committee asked whether Investigators or Ombudsmen ever received material from firms which they do not make available to consumers. The full exchange can be found in the transcript [Q96-Q98].[3]

7. During the session Baroness Manzoor told us that "The whole point of any evidence-gathering is that there is impartiality and both sides can see the evidence and comment on it, so you can reach that independent impartial view." Does this statement describe the FOS's current approach?

8. Is a complainant entitled to review and comment on all material provided by a financial firm to the FOS before (a) an Investigator reaches an initial view; and (b) an Ombudsman reaches a final decision?

- In what circumstances would a firm's material be withheld from a complainant? How often does this happen?

- Is the process or frequency of sharing a financial firm's material different for SME complainants?

SMEs

9. In your evidence, you stated that "[…] This year the [SME] team is expecting to resolve 4,500 complaints […]". However, your 2022/23 Plans and Budget Consultation[4] forecasts 1,300 SME resolutions in both 2021/22 and 2022/22. Can you please explain this difference? [Q91]

10. Please provide data for the time it takes to resolve SME complaints for the each of the following financial years 2019/20, 2020/21, and 2021/22 (to date). Please include:

- The average length of time to resolve an SME complaint.

- The percentage of cases taking three, six, nine, twelve and eighteen months to resolve.

11. What are the FOS's customer satisfaction scores for SME complainants for each of the following financial years 2019/20, 2020/21, and 2021/22 (to date)?

12. The FOS can recommend awards over £355,000, however firms do not have to agree to pay out any more than this figure. For how many SME cases, from 1 April 2019 to date, has the FOS

[3] 'Work of the Financial Ombudsman Service', 9 February 2022
[4] https://www.financial-ombudsman.org.uk/files/320493/plans-and-budget-consultation-2022-23.pdf

recommended a compensation award above the compulsory pay-out maximum of £355,000? [Q103] Please could you provide details of:

- The number of cases with compensation awards over £355,000.
- The number of cases where firms have refused to pay in full a compensation award over £355,000.
- The highest compensation awards voluntarily accepted and refused over £355,000.

Dishonesty by financial firms and the revisiting past FOS decisions

13. In the session, you explained that a 'minority' of complaints involve a consumer who presents information dishonestly to the FOS, but how many cases involve allegations from complainants that financial firms are failing to be open and honest with the FOS? [Q132]

- In such cases, how does the FOS verify that financial firms are providing it with all the relevant information?
- In circumstances where a consumer provides evidence to the FOS after a final decision has been made which contradicts or calls into question information previously supplied by a financial firm, what is your policy towards revisiting such decisions?
- Has the FOS referred any financial firms to the Financial Conduct Authority for having been found to have lied, or being unforthcoming?

I would be grateful for a reply by Wednesday 9 March 2022. In line with the Committee's usual practice, I will be placing this letter and your response in the public domain.

With best wishes

Mel Stride

Rt Hon. Mel Stride MP
Chair of the Treasury Committee