

No complaining

Published by Financial Adviser 6 March 2008

At the end of January, the Financial Ombudsman Service published its Corporate Plan and 2008/09 Budget. The annual reports have proved to be an interesting reading year-on-year and the latest is no exception.

The FOS has replaced the 11 stand-alone complaints-handling schemes and the number of FSA-regulated firms covered by the FOS has grown from 8,000 in 2007 to about 21,000 currently. Since April 2007, the introduction of the consumer credit jurisdiction has resulted in the scheme applying to about 100,000 consumer credit businesses that have Office of Fair Trading standard licences. In addition, the Thornton review recommended that the pensions ombudsman should be merged with the FOS to create a single scheme for all complaints about pensions. Every year the FOS attempts to predict its caseload for the forthcoming year and beyond. Sometimes the predictions can prove to be inaccurate. For example, on new complaints the 2007/08 Budget assumed that the FOS would receive 80,000 new cases, being a 15 per cent decrease from the previous year. However, the FOS current forecast is that it will receive 103,000 new complaints by the end of March, being 29 per cent above the budget figure. Although mortgage endowment complaints fell and will continue to do so, the FOS received a large number of complaints relating to charges for unauthorised bank overdrafts. As for cases resolved, the FOS predicted in its 2007/08 Budget that it would settle and close 106,500 cases but its current forecast is that it will settle and close about 94,000 cases. This is mainly due to lower than expected numbers of adjudicators available to close cases and to lower productivity, partly caused by increasing complexity of cases and the restructuring of the service.

The bad news is that the FOS predicts a 10 per cent increase in insurance-related complaints, mainly payment protection and a similar increase of 10 per cent in investment complaints. Significantly more complaints are expected for consumer credit business also.

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