

## Press Release

### Financial Services Ombudsman Raising the Bar on Consumer Protection and Complaints Handling

19 February 2016

The Financial Services Ombudsman has introduced significant changes to how complaints are dealt with. These changes will see the Ombudsman's Office undertaking considerably more direct interaction with both consumers and providers to deliver a faster, more efficient and effective service that puts the needs of service users at its core. The overall aim will be to 'raise the bar' on consumer protection and complaint handling and to address potential issues early on before they become systemic.

The key change is the introduction of a dedicated Dispute Resolution Service to resolve disputes at an early stage and with the minimum necessary formality. This is in line with the legislation establishing the Office which is very strong on the need to deal with complaints informally through mediation and, only where necessary, by investigation and adjudication.

Informal methods including mediation, both by telephone and through meetings, are now the first and preferred options for resolving complaints. Where these early interventions do not resolve the dispute the Ombudsman will use the extensive powers available to him to investigate and adjudicate complaints.

Parties will be strongly encouraged to engage in a meaningful manner in the informal processes and to only rely on adjudication as a last resort.

The changes follow the completion of a Strategic and Operational Review into the operations of the Financial Services Ombudsman's Bureau and the Office of the Pensions Ombudsman by consulting firm BearingPoint. The review was commissioned jointly by the Financial Services Ombudsman, Ger Deering and Pensions Ombudsman, Paul Kenny in 2015.

Financial Services Ombudsman Ger Deering said; *"Decisions made by the Financial Services Ombudsman can have profound implications for those whom they affect. It is therefore essential that all who use the service can continue to have confidence that complaints will be dealt with in a fair and transparent manner and that the principles of natural justice will apply. Good quality flexible dispute resolution processes combined with robust and fair decisions must be the hallmark of our service."*

The Review involved very considerable engagement with a broad range of stakeholders with a particular focus on those that have used the services. The feedback indicated a number of challenges that are now being addressed.

These included low levels of service user satisfaction due mainly to the formality, complexity and legalistic nature of the current processes and the resulting length of time taken to process some complaints.

The Review Report put forward a number of recommendations which have been accepted by the Financial Services Ombudsman and major change is already being implemented.

The Financial Services Ombudsman's Bureau has adopted a new approach that is more flexible and focused on early resolution of disputes wherever possible. Better use of data analytics will be employed to identify systemic issues and alert consumers, inform providers of the need for change and inform the Central Bank where necessary.

Raising awareness of the scheme will be a key element of the new approach. This will involve providing consumers and providers with the information that they need to resolve disputes at source.

A Staff Development Programme will ensure that staff have the skills and competencies necessary to deliver the service in fast-changing consumer and financial services environments.

Ger Deering commented; *“The Review provided us with the opportunity to examine our organisational structure, how we operate, how we communicate and how Staff are deployed against emerging international best practice. The new staffing and organisational structure and communications methods which are being put in place on foot of the recommendations of the Review have been informed by, among other matters, feedback from consultations with service users and stakeholders. The proposed changes should result in a significant reduction in the amount of time it takes to resolve complaints, which will in turn create capacity to focus more on preventative measures.”*

A dedicated Adjudication Service continues to provide independent and fair adjudication of disputes between complainants and financial service providers where the parties fail to resolve the dispute with the assistance of the early interventions provided by the Dispute Resolution Service.

Deering pointed out; *“While I strongly encourage financial service providers to engage fully and resolve disputes through the early dispute resolution process I have made it very clear to them that where that does not happen I will use my extensive powers of adjudication to ensure fairness for consumers. These include the power to award compensation of up to €250,000 where a complaint is upheld. This can include where I consider that the conduct by the provider is unreasonable, unjust, or oppressive. Importantly, compensation is not the only remedy available from me, I also have powers of rectification. Such rectification can be very significant as it can involve putting a person back to a position where they previously were before the complaint arose. This, in some instances, such as where a home or life insurance policy has been voided or a claim denied, is more important for the complainant than the compensation. In addition, I can also require the financial service provider to change a practice relating to that conduct.”*

Deering concluded; *“I will not be found wanting in using these powers as they were intended to redress the balance between consumers and financial service providers.”*

## Ends

### Notes to Editors

- The Financial Services Ombudsman was established in 2005 by the Central Bank and Financial Services Authority of Ireland Act 2004 (the Act) to deal independently with complaints from consumers about their dealings with financial service providers
- Details of the new process being implemented by the Financial Services Ombudsman are set out in the Information Booklet **How Complaints Made to the Financial Services Ombudsman are Handled** available on the **Important Notices** Section of the Website: [www.financialombudsman.ie](http://www.financialombudsman.ie)
- A copy of the *Strategic and Operational Review of the Financial Services Ombudsman’s Bureau and the Office of the Pensions Ombudsman* is available on the **Publications** Section of the Website: [www.financialombudsman.ie](http://www.financialombudsman.ie); and on [www.pensionsombudsman.ie](http://www.pensionsombudsman.ie)
- The Government in 2013 decided to amalgamate the offices of the Financial Services Ombudsman and the Pensions Ombudsman. This will require enabling legislation. In the

meantime, provision has been made in the Social Welfare and Pensions Act 2015 to appoint the holder of the post of Financial Services Ombudsman to the post of Pensions Ombudsman in addition to the post of Financial Services Ombudsman

- Ger Deering was appointed Financial Services Ombudsman in April 2015 and will be appointed Pensions Ombudsman when the current Pensions Ombudsman, Paul Kenny retires later this year.
- Findings issued by the Financial Services Ombudsman following an Adjudication are legally binding on both parties and can only be appealed to the High Court

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