

Consumer Panel response to the Financial Ombudsman Service Corporate Plan and 2006/07 Budget

Introduction

The Consumer Panel was established under the Financial Services and Markets Act 2000 by the Financial Services Authority to represent the interests of consumers. The Panel is independent of the FSA. The main function of the Panel is to provide advice to the FSA. The Panel represents the interests of all groups of consumers.

The Panel believes that the Ombudsman's role is an important one. In a non-zero failure regulatory regime it is vital that consumers have access to the 'safety net' provided by the Ombudsman Service (and Financial Services Compensation Scheme) if things go wrong.

Corporate Plan

The Panel is pleased that the Ombudsman Service has decided to publish a three-year Corporate Plan which looks beyond the issues covered in the 2006/07 Budget. We thought that the Plan provided much-needed background and context for the Ombudsman's work. We are supportive of the Ombudsman's intention to commission independent external reviews of its work every three years, as this will provide an important and impartial assessment of how well it is doing its job.

We were particularly interested in the impact of claims intermediaries on the speed with which the Ombudsman can process claims. No doubt there are some claims intermediaries that perform a good service for their clients. But we were concerned that by contrast some are adding no value for clients and are actually the cause of unnecessary delay. We are pleased that consideration is now being given to the regulation of claims intermediaries.

Budget

The Panel supports the proposed Ombudsman Service Budget. In a demand-led environment it is extremely difficult to predict future business requirements, but we believe that the budget as set out in the consultation document makes good sense.