

Channel Islands



Financial
Ombudsman

Board Meeting 11

9.00am — 2.00pm Thursday 14th January 2016

CIFO office, St Helier J

Minutes

Board of Jersey OFSO

Board of Guernsey OFSO

Present:

David Thomas (DT) in the chair

John Curran (JC)

Debbie Guillou (DG)

John Mills (JM) — except for item 10

In attendance:

Douglas Melville (DM), Principal Ombudsman and CEO

Sophie Watkins (SW), Manager, Administration & Stakeholder Relations

For item 6.2.2 only: Lesley Averell, Audit Director, and Sandeep Lamba, Audit Manager, of KPMG

Apologies:

None

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Minutes of last meeting

The board noted a quorum was present.

The minutes were approved.

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Guernsey OFSO

The board noted that the 2016 OFSO budget had been submitted to and approved by the Commerce and Employment Department (CED) and that, once consultation paper 7 concludes on 15th January 2016, OFSO would write to CED with a recommendation regarding the amendment of the Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) Order 2015.

3	Jersey OFSO The board noted that the 2016 OFSO budget had been submitted to and approved by the Minister for Economic Development (EDD) and that, once consultation paper 7 concludes on 15th January 2016, OFSO would write to EDD with a recommendation regarding the amendment of the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015.	
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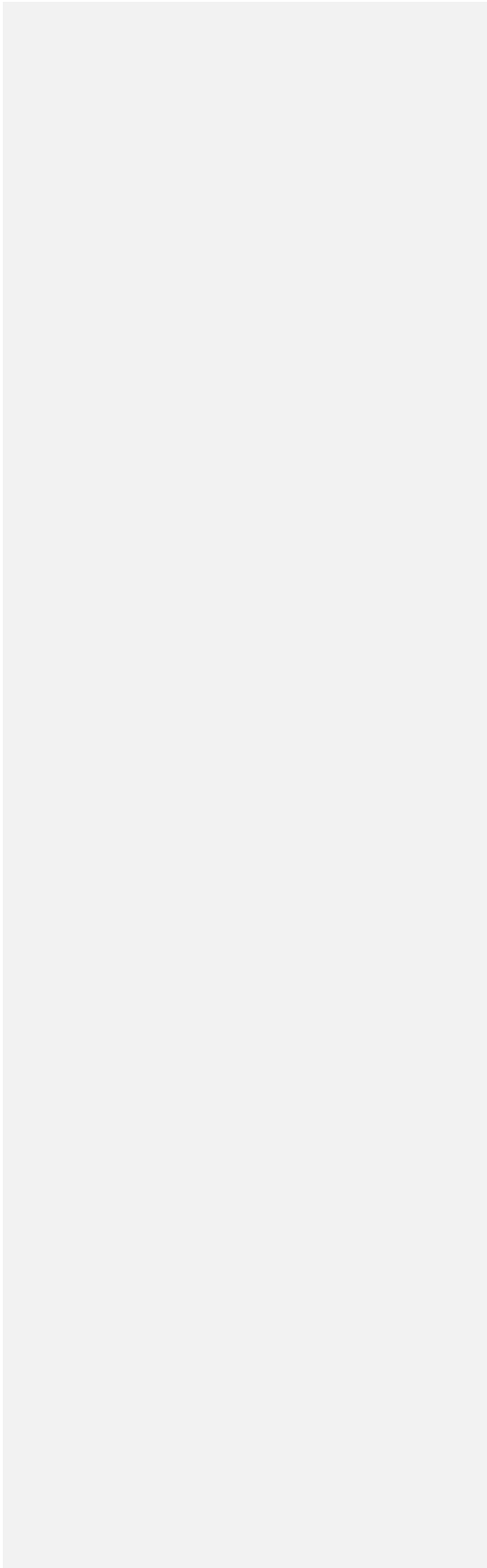
4	Chief Executive's Report The board noted: <p>The progress on finalising the memoranda of understanding with the Guernsey and Jersey FSCs, which will be circulated to the board once signed. Letters should be drafted to the Chairmen of the FSCs thanking them for their assistance with the development of the MOUs.</p> <p>Any involvement in working groups with stakeholders should recognise the impartiality of CIFO between providers and consumers, and CIFO should not be treated as representing consumers. As regards the GFSC project on regulation of credit, CIFO cannot do anything that appears to fetter its discretion in deciding future cases. Subject to this, and resource constraints, CIFO should seek to assist in an observer capacity.</p> <p>The policy on consultation should be clarified. An otherwise open response can include a separate confidential section insofar as it is limited to data that are truly commercially sensitive, and that section will be redacted from any published version.</p> <p>The identification of a useful independent external expert in the area of pension complaints and the issues regarding conflict of interest with local experts.</p> <p>CIFO has been granted observer status with FIN-NET, the European Union network of financial alternative dispute resolution bodies. This appears to be the first inclusion of a Channel Islands body in discussions of an EU body. This has been welcomed by the Channel Islands Brussels Office, and CED and EDD will be advised. The board further noted that this should be reflected in the annual report;</p> <p>The query over timings of board meetings with quarterly statistics on complaints and accounts and agreed that the board should meet quarterly (see item 9).</p>	SW
5	Complaints volumes and quarterly analysis	

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	<p>The board noted the analysis of complaint volumes to date and the development of quarterly statistics for the board. The board requested:</p> <p>ongoing monitoring of the volumes of rejections due to the 'starting date' for retrospection and the particular definitions of relevant financial services relating to collective investment funds; that, on the summary sheet, the numbers were provided for complaints rejected at stage 3 and 4; that type of complainant should be added to the data provided to the board on complaints (individual as consumer / individual as trustee / microenterprise / charity); information to be included as to whether any of the same providers seem to be generating higher proportions of complaints; the time analysis should be in multiples of 90 days.</p> <p>The board noted:</p> <p>Both the type of provider and the type of product should be recorded. The nature of the complaints should be classified at the end of the complaint process (as it is not necessarily clearly defined at the start of the complaint process). Caution should be exercised regarding meeting in person with one party in the absence of the other, in order to uphold independence and to be fair to all parties. Where a party requests a meeting in which to provide and discuss documentation, CIFO staff should request the documents first, review and then contact by telephone if there are any queries;</p> <p>The board's July meeting will consider proposals from the chief executive for: a unit cost measure; and research into satisfaction levels.</p>	
6	<p>Finance</p> <p>The board noted:</p> <ul style="list-style-type: none"> • The cash flow update; • The options for a deposit account and approved the opening of an instant access account with HSBC, without the sweep option. 	
6.1	<p>2015 levy update</p> <p>The board noted the update on the 2015 levy collection. It recommended that the next statement of account to be sent to nonpayers should be sent week beginning 18th January 2016. This should remind non-payers that interest is accruing at 6% pa from the</p>	

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	due date. It should quote the amount of the interest as a daily rate (in cash terms) and say that interest must be added to the payment.	
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6.2	The board noted the complexity of the levy collection process, the challenges for resources incurred in handling levy queries and the additional costs incurred from the billing and collection supplier for the 2015 collection.	
6.2.1	The board noted that responses from licensees or managing administrators in the Guernsey investment sector were due by 18 th January 2016 regarding eligibility for zero-rating, with levy notices to be sent out in early February. The board recommended that interest should be charged where the levy is not settled by the due date; CIFO should write to CED to advise of the process followed and that all non-respondents to the zero-rating certification process will be levied; CIFO should write to the relevant industry body to remind of the deadline and the process.	
6.2.2	<p>2015 Audit</p> <p>The board agreed that FRS102 was a suitable accounting standard for the 2015 accounts of both OFSOs and provided some amendments to the draft notes to accompany the accounts.</p> <p>The board noted that any action points from the meeting between the Chairman and Principal Ombudsman and the Comptroller and Auditor General should be revisited and actioned accordingly.</p> <p>The board received a presentation from Lesley Averell, Audit Director, and Sandeep Lamba, Audit Manager. The board noted:</p> <ul style="list-style-type: none"> the auditors' responsibility, in the absence of shareholders, should be to check the accounts and ensure their accuracy for provision to EDD and CED; the directors were not aware of any instances of fraud; The auditors should be given contact details for the two States' loans and CIFO's bankers; The States of Guernsey Treasury and Resources should be advised that details of the interest accrued on the loan in 2015 will be required (and the book-keepers should be made aware of this too); The letter of engagement from the auditors in respect of Jersey OFSO stands and the auditors will issue a letter of engagement in respect of Guernsey OFSO. The auditors will consider the issue of GST in respect of the Guernsey OFSO fee; The auditors will provide the definition of related parties from the accounting standard and the board must provide a list of related parties to the best of its knowledge to the auditors; The positive discussion with the auditors on the accounting standards and the fixed assets policy. <p>The board considered the matter of whether Jersey and Guernsey OFSOs were going concerns. It was agreed that they were going concerns, having considered the liquidity of the businesses in view of</p>	<p>SW</p> <p>SW</p> <p>SW</p> <p>KPMG</p> <p>Board / SW</p>

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Change to –
The board discussed the jurisdictional boundaries relating to pensions.

Approved at board meeting 12 on 26th April 2016

Chairman

