



Financial Services Ombudsman
Annual Review 2015

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1 - Background and Overview

The purpose of this document is to provide a summary of complaints made to the Financial Services Ombudsman (FSO) in 2015 and to review trends and patterns in relation to those complaints. It also details the complaints' record of individual financial service providers who have had more than three complaints substantiated or partly substantiated during 2015.

Consumers and financial service providers are required to attempt to resolve complaints between themselves before seeking the assistance of this office. Where they fail to resolve their disputes the financial service provider is required to give the consumer its response to the complaint in writing and inform the consumer that they can make a complaint to the FSO.

On receipt of a complaint the FSO offers both parties the opportunity to engage in mediation to resolve their dispute. While 2015 saw a small, but welcome, increase in the number of mediations, with some very complex disputes being resolved, there was still a regrettable reluctance on the part of financial service providers, in particular, to engage in mediation. This, however, is changing.

1.1 Summary of Complaints

While the numbers of complaints received was 4,872 in 2015, the office is still dealing with the legacy of the increased number of complaints in previous years and had almost 2,000 active complaints at the end of 2015.

In addition the office dealt with over 14,600 telephone queries and received 92,000 Website sessions in 2015.

Details of our contact and complaint activity are set out in Section 2.

Despite the reluctance to engage in formal mediation it continued to be the case throughout 2015 that many complaints were resolved by agreement between the parties as they progressed through the office. In many cases financial service providers changed their position and reached a resolution with complainants after this office had commenced an investigation and issued a formal summary of the complaint to the provider seeking responses to specific questions. While it is disappointing that providers, in certain cases, wait until an investigation has commenced to make an acceptable offer to complainants, we nonetheless believe that a settlement, which has been accepted by the complainant, is a better outcome than an adjudication.

A total of 822 complaints were settled without the need for an adjudication or formal finding. We facilitated mediation of 83 complaints in 2015, 70 of these complaints were resolved to the satisfaction of both parties. A total of 1,206 complaints were closed by way of formal adjudication and finding in 2015. Of the findings issued 12% of complaints were upheld, 23% were partly upheld and 65% were not upheld.

Details of mediated, settled and adjudicated complaints are set out in Section 3 together with information on complaints closed for other reasons.

1.2 Sectoral Analysis

The type of Investment complaints received in 2015 were broadly similar to 2014 with 36% of Investment complaints related to pension and endowment products. Complaints concerning mortgages accounted for 50% of banking complaints. The second largest driver of banking complaints related to bank accounts which comprised 26%.

The main product complained about in insurance was motor insurance which accounted for 20% of insurance complaints, this was followed by complaints about life insurance which comprised 14%.

Further details on the types of complaints received by sector are set out in Section 4.

1.3 Strategic and Operational Review

We undertook a Strategic and Operational Review of the organisation in 2015. This Review, carried out by independent consultants BearingPoint, was undertaken in conjunction with the Office of the Pensions Ombudsman in anticipation of the proposed merger of both offices. The Review Report is available on the Publications Section of our Website www.financialombudsman.ie.

On foot of the recommendations of the Strategic and Operational Review we have introduced significant changes to how complaints are dealt with since February 2016.

1.4 Changes in how we deal with complaints

We now undertake considerably more direct interaction with both complainants and providers from the outset to deliver a faster, more efficient and effective service that puts the needs of service users at its core.

The key change has been the introduction of a dedicated Dispute Resolution Service to mediate and resolve disputes at an early stage and with minimum 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.

However, where these early interventions do not resolve a dispute this office continues to provide independent and fair investigation and adjudication of disputes between complainants and financial service providers.

An important change in the adjudication process will be the introduction of Preliminary Findings. Having considered the information and material collected, including all submissions and evidence furnished, the Adjudication Service will issue a Preliminary Finding to both parties. If the parties make no further submissions, a legally binding Finding, in the same terms will be issued and the file will be closed. If either or both parties make further substantive submissions relating to possible errors of law or significant additional points of fact, these submissions will be reviewed, and will be made available to the parties where necessary, before a legally binding Finding is issued.

Further details of the new complaints handling process is available on our Website.

1.5 Changes in how we report our activity

In addition to the changes in complaint handling outlined above we intend to make better use of data analytics to:

- Identify systemic issues and alert consumers
- Inform providers of the need for change
- Continue to inform the Central Bank where necessary
- Report on the activity and performance of the FSO

This will involve providing consumers, consumer advocacy groups and providers with the information that they need to understand the work of this office and to assist them to resolve disputes at source. It will also result in changes to the format of future reports such as this Annual Review and our Annual Report, in addition to better use of our Website to provide more information and case studies on an on-going basis.

Future reports will provide more detailed analysis and measurement in relation to all complaints received including the time taken and outcome achieved at every stage of the complaint process. Work has commenced on developing these new methods of reporting.

1.6 Reporting on named financial service providers

Section 72 of the Central Bank (Supervision and Enforcement) Act 2013, gave the FSO the power to publish reports identifying regulated Financial Service Providers who, in the preceding financial year, have had at least three complaints against them substantiated or partly substantiated. This information in respect of the period the 1st January 2015 to the 31st December 2015 is set out in the Table in Section 5.

2 - Complaint and Contact Activity

2.1 Contacts and online activity

While telephone enquiries continued to fall, Website activity and on-line complaint submissions continue to increase. The on-line facility for submitting complaints was introduced in 2013 and accounted for over 28% of complaints submitted in 2015.

Reporting Period	2011	2012	2013	2014	2015
Telephone calls to the office	31,500	21,501	21,721	15,800	14,600
Website hits	77,302	82,766	88,451	81,570	91,785
Online complaint forms	N/A	N/A	620	723	1,357

2.2 Complaints received and closed

When comparing trends with previous years it should be noted that the office implemented a change to its procedures and reporting in relation to complaint management on the 1st of September 2013.

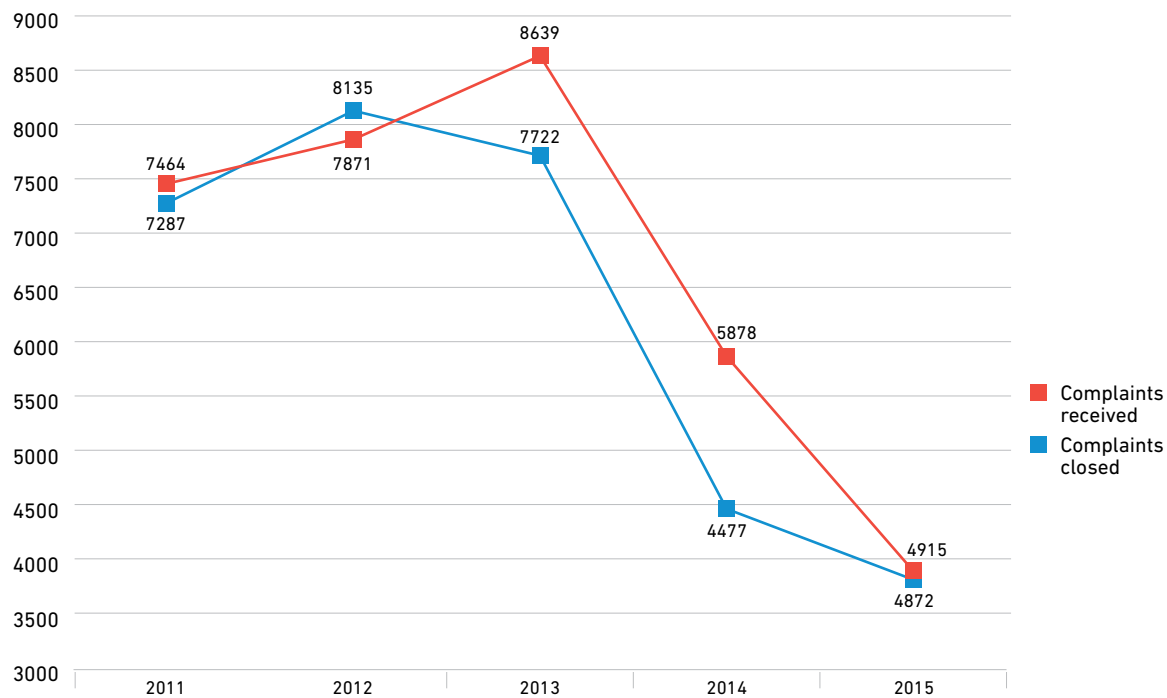
The practice, introduced at that time, of accepting a complaint only where there is evidence that the complainant has already communicated the substance of the complaint to the financial service provider and the provider has been given an opportunity to respond, together with other changes impacted on the data presented.

Prior to September 2013 complaints submitted which had not first been submitted to the financial service provider or which were otherwise incomplete were reported as complaints received. For the period from September 2013 to December 2014 incomplete complaints such as these were not included as complaints received. The number of complaints received during the periods concerned are 575 from September to December 2013 and 1,476 in 2014.

All complaints received, including those outlined above, have been included in this report for 2015 and will continue to be reported in future. In addition future reports will provide a more detailed analysis and measurement in relation to all complaints received, together with the time taken and outcome achieved at every stage of the complaint process.

2.3 Diagram of Complaints Received and Closed

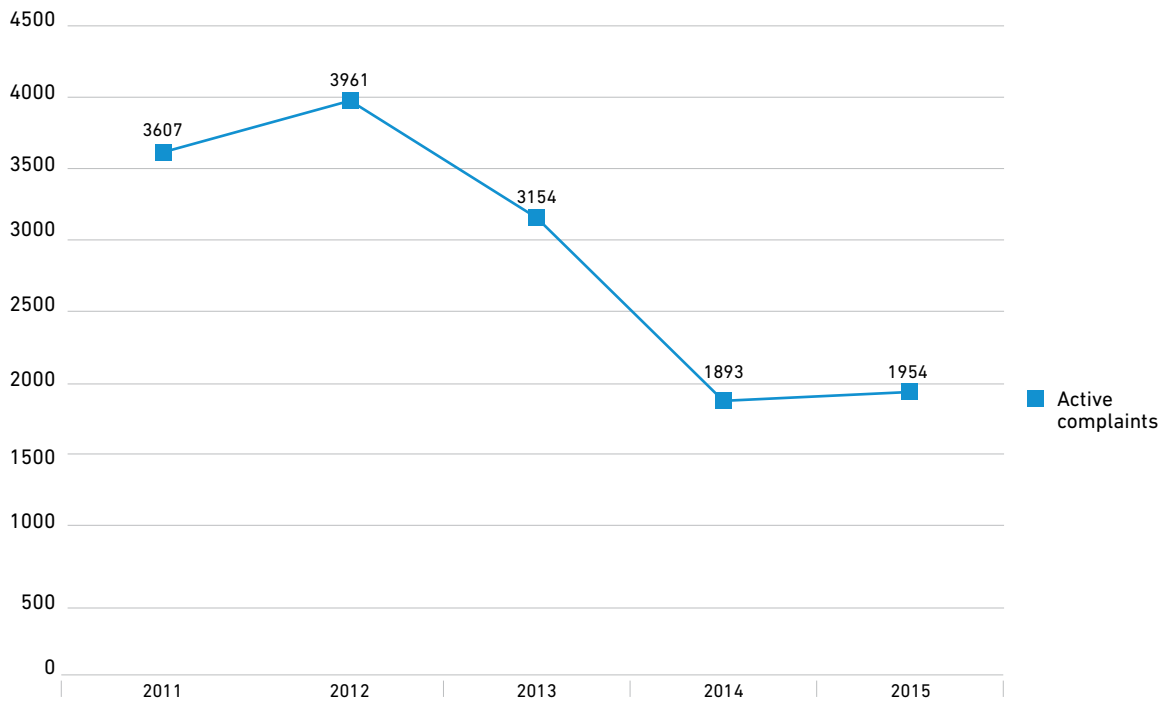
A total of 4,872 complaints were received and 4,915 were closed in 2015.



	2011	2012	2013	2014	2015
Complaints received	7287	8135	7722	4477	4872
Complaints closed	7464	7871	8639	5878	4915

2.4 Diagram of Active complaints at the end of year

The number of active complaints at the end of 2015 was on a par with that of 2014.

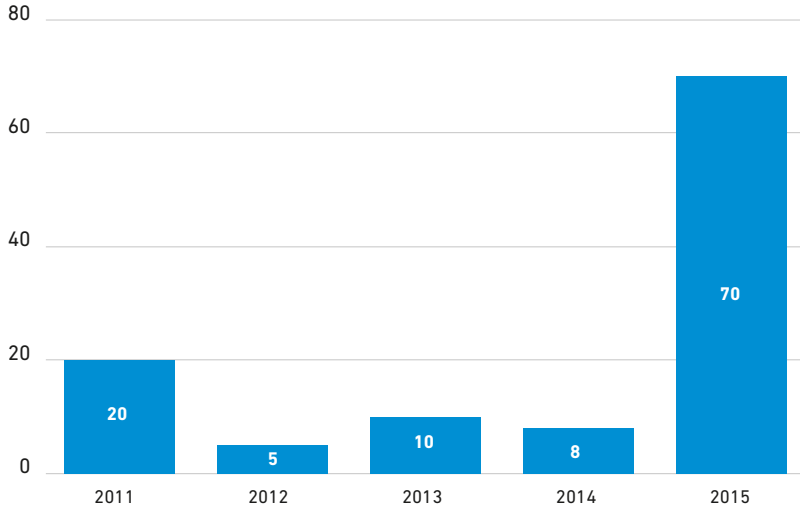


	2011	2012	2013	2014	2015
Active complaints	3607	3961	3154	1893	1954

3 - Mediated, Settled and Adjudicated Complaints

3.1 Mediated Complaints

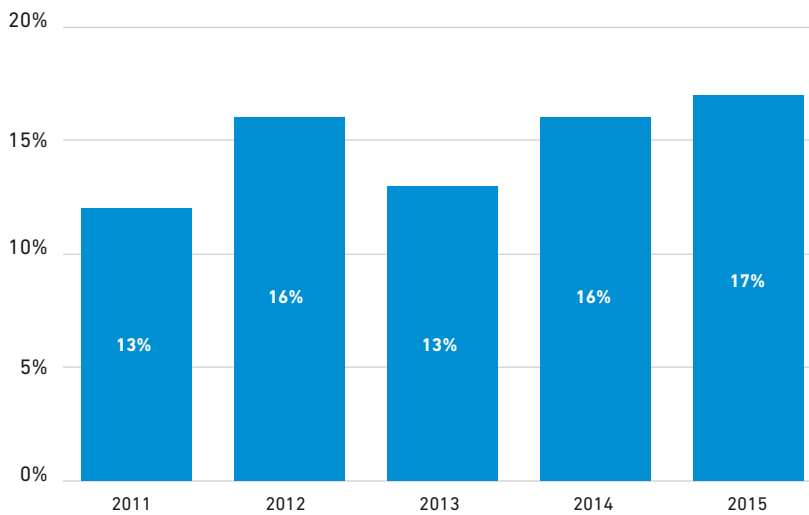
There was a small but important increase in the number of cases resolved by mediation in 2015. It should be noted, however, that of the 70 successful mediations this included 22 separate and distinct complaints submitted by one complainant against one financial service provider.



	2011	2012	2013	2014	2015
Mediated complaints	20	5	10	8	70

3.2 Settled Complaints

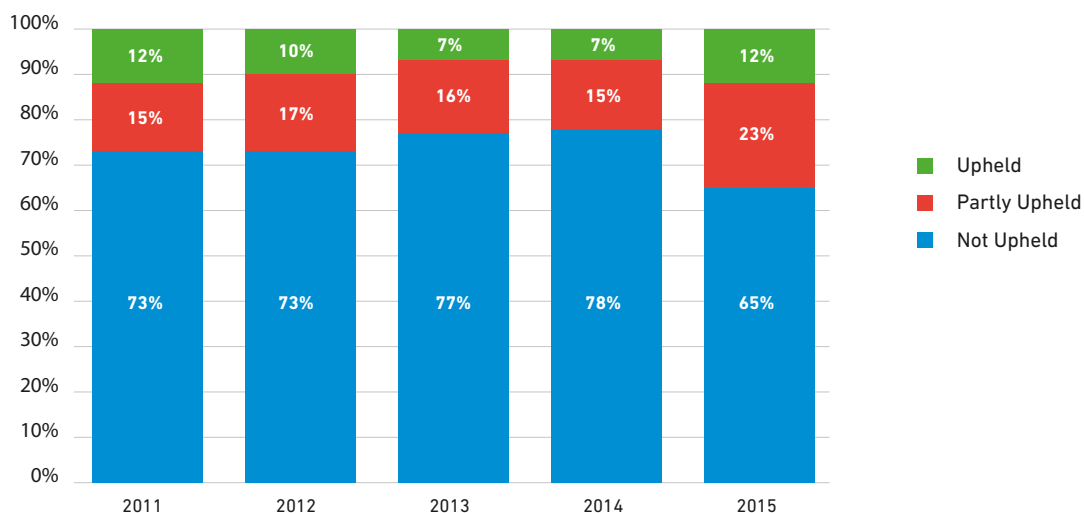
A total of 822 complaints (17% of the total closed) were settled by agreement between the complainant and the financial service provider as they progressed through the office. In the case of just over 300 complainants, financial service providers changed their position and reached a resolution with complainants after this office issued a summary of the complaint to the provider seeking responses to specific questions.



	2011	2012	2013	2014	2015
Settled complaints	13%	16%	13%	16%	17%

3.3 Complaints closed following investigation and adjudication

A total of 1,206 complaints were closed by way of formal investigation and adjudication where a legally binding finding was issued. This accounts for 25% of all complaints closed in the year. The outcome of these adjudications/findings is set out below.



Outcome	2011		2012		2013		2014		2015	
Upheld	361	12%	302	10%	202	7%	147	7%	140	12%
Partly Upheld	467	15%	505	17%	472	16%	342	15%	285	23%
Not Upheld	2212	73%	2183	73%	2309	77%	1749	78%	781	65%
Total Findings Issued	3040		2990		2983		2238		1206	

3.4 Complaints closed that were not resolved/settled or adjudicated

The office continues to receive a large number of complaints that do not fall within the remit of the office or cannot be investigated or adjudicated because of a lack of sufficient information or follow through by complainants.

1,731 complaints were closed in 2015 due to no further contact from the complainant. In the case of almost 1,500 of these, the complainants had either not yet complained to their financial service provider or had not provided sufficient information to the FSO to enable the case to be progressed and did not respond when further information was sought by the FSO. This is an area of particular concern that is being addressed through new processes for dealing with complaints, better communication with complainants and potential complainants, and better data collection and reporting.

We also propose to work with consumer representative and advocacy bodies to create a greater awareness of the role of the office generally and a better understanding of our processes.

Feedback from complainants as part of the Strategic and Operational Review indicated that one of the reasons why complainants did not pursue their complaint was because of the formality of the investigation and adjudication process. Given the changes in the complaint handling process being implemented, in particular the significantly increased telephone contact and earlier interventions, we expect, in future, to greatly reduce the number of complaints that do not follow through.

In 2015, a total of 4,915 complaints were closed. Complaints are initially examined to ensure that they fall within our legislative jurisdiction; that we are the appropriate body to deal with the complaint and that we have sufficient information to progress the complaint. In some cases it is necessary to seek further clarification from the complainant as to the exact nature of the complaint before a decision can be made as to whether we can actually deal with the complaint. Many of those from whom clarification is sought do not respond or progress their complaint. In fact it is at this very early stage in the process that the vast majority (approximately 1,500 in 2015) did not progress their complaint. As stated above this is an area we are addressing.

Details of why complaints were closed without a settlement, investigation or adjudication are set out below. In some cases these figures may differ from previously published reports due to different reporting methods and the fact that complaints have been reopened and subsequently closed for different reasons depending on the outcome.

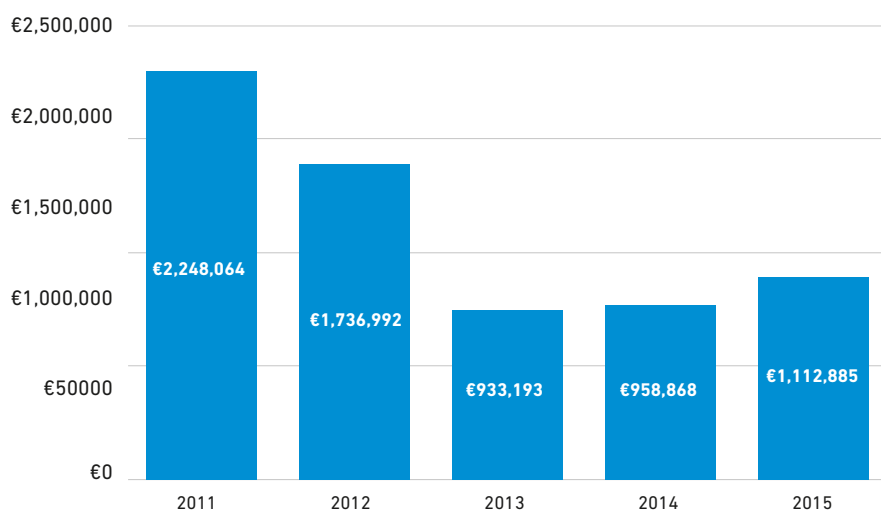
Closed Reason	2011	2012	2013	2014	2015
Advisory Referrals - where complaints are referred onto another appropriate body	447 6%	472 6%	427 5%	347 6%	233 5%
Decision by FSO not to investigate complaint e.g. issue more appropriate for Court of Law	125 2%	160 2%	477 6%	136 2%	98 2%
Outside jurisdiction of office – not eligible	721 10%	1042 13%	1317 15%	834 14%	660 13%
Closed due to no further contact from Complainant – including where complaint had not been made to the service provider before submitting their complaint to FSO or where further information was sought from the complainant	1868 25%	1673 21%	2047 24%	1234 21%	1731* 35%*
Complaint withdrawn by Complainant	219 3%	247 3%	274 3%	147 3%	95 2%

*The change to reporting introduced in September 2013 (as outlined in Section 2) means that some of the complaints received which closed due to no further contact, were not reflected in reports between September 2013 and December 2014. The number of complaints for the periods concerned are 575 from September to December 2013 and 1,476 in 2014.

3.5 Compensation awarded

The FSO awarded €1,112,885 to complainants in 2015. It is important to note that compensation is not the only remedy available from the FSO who also has 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 any compensation.

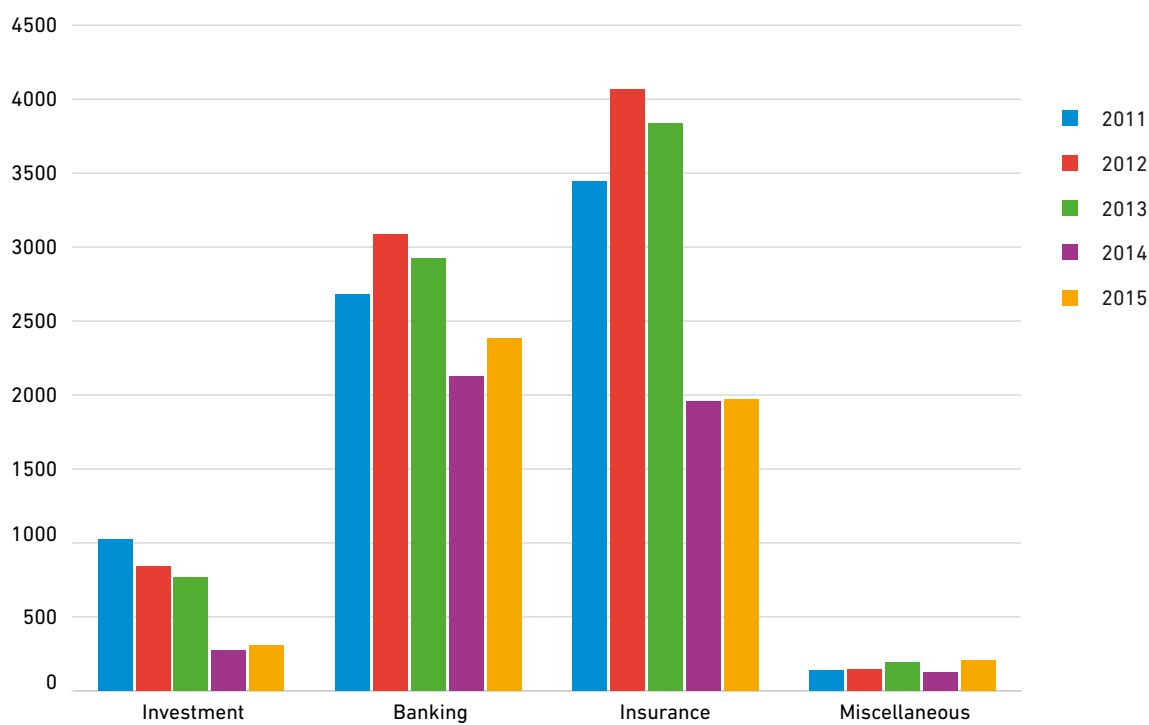
The figures for compensation awarded for the various years set out in the Figure below do not include any element of rectification.



Compensation Awarded	2011	2012	2013	2014	2015
Total Findings Issued	€2,248,064	€1,736,992	€933,193	€958,868	€1,112,885

4 - Sectoral Analysis of Complaints Received

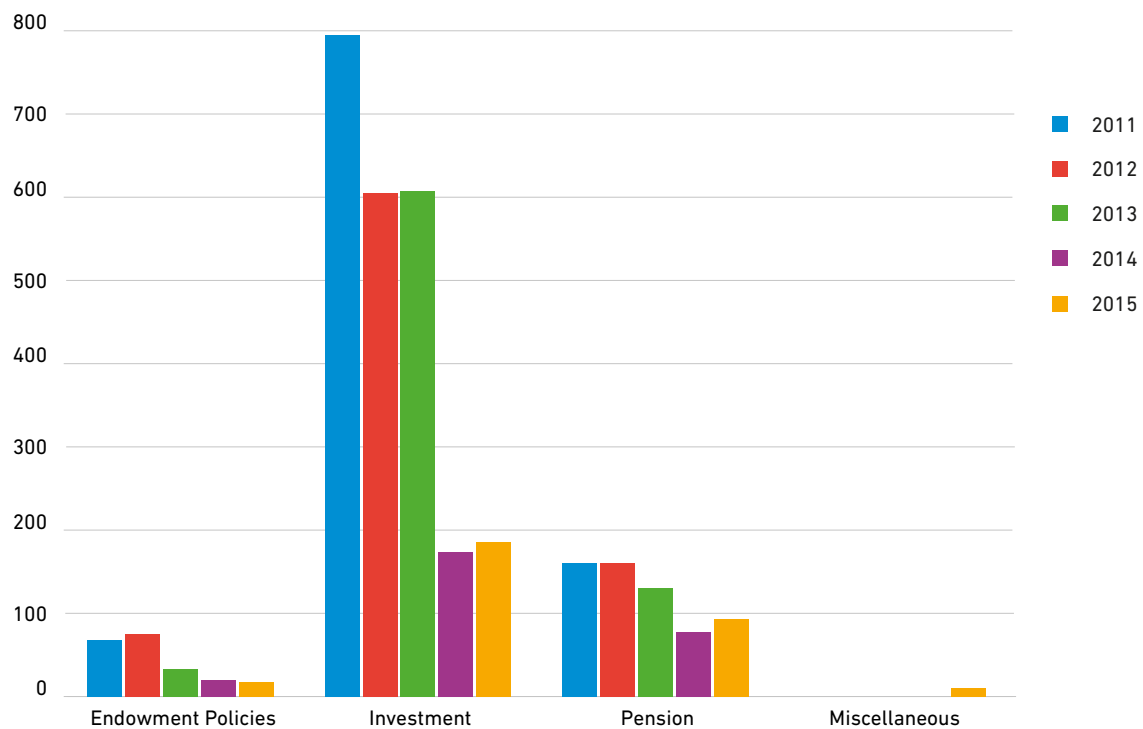
This section sets out details of the complaints received across the three sectors; Insurance, Banking and Investment.



Sector	2011	2012	2013	2014	2015
Investment	1024	840	770	271	307
Banking	2680	3087	2925	2127	2385
Insurance	3443	4064	3835	1955	1973
Miscellaneous	140	144	192	124	207
Total	7287	8135	7722	4477	4872

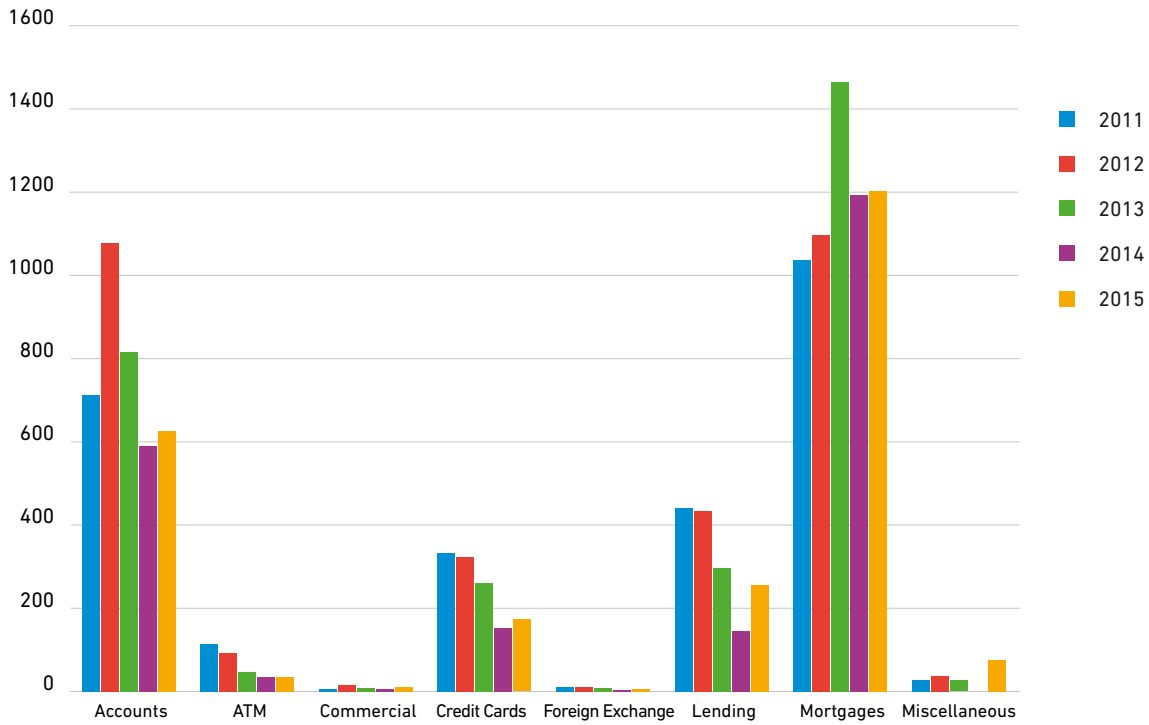
Miscellaneous in the table above includes complaints that do not relate to a regulated financial service product and/or a service provider who is not a regulated financial provider and were therefore referred to another body.

4.1 Investment



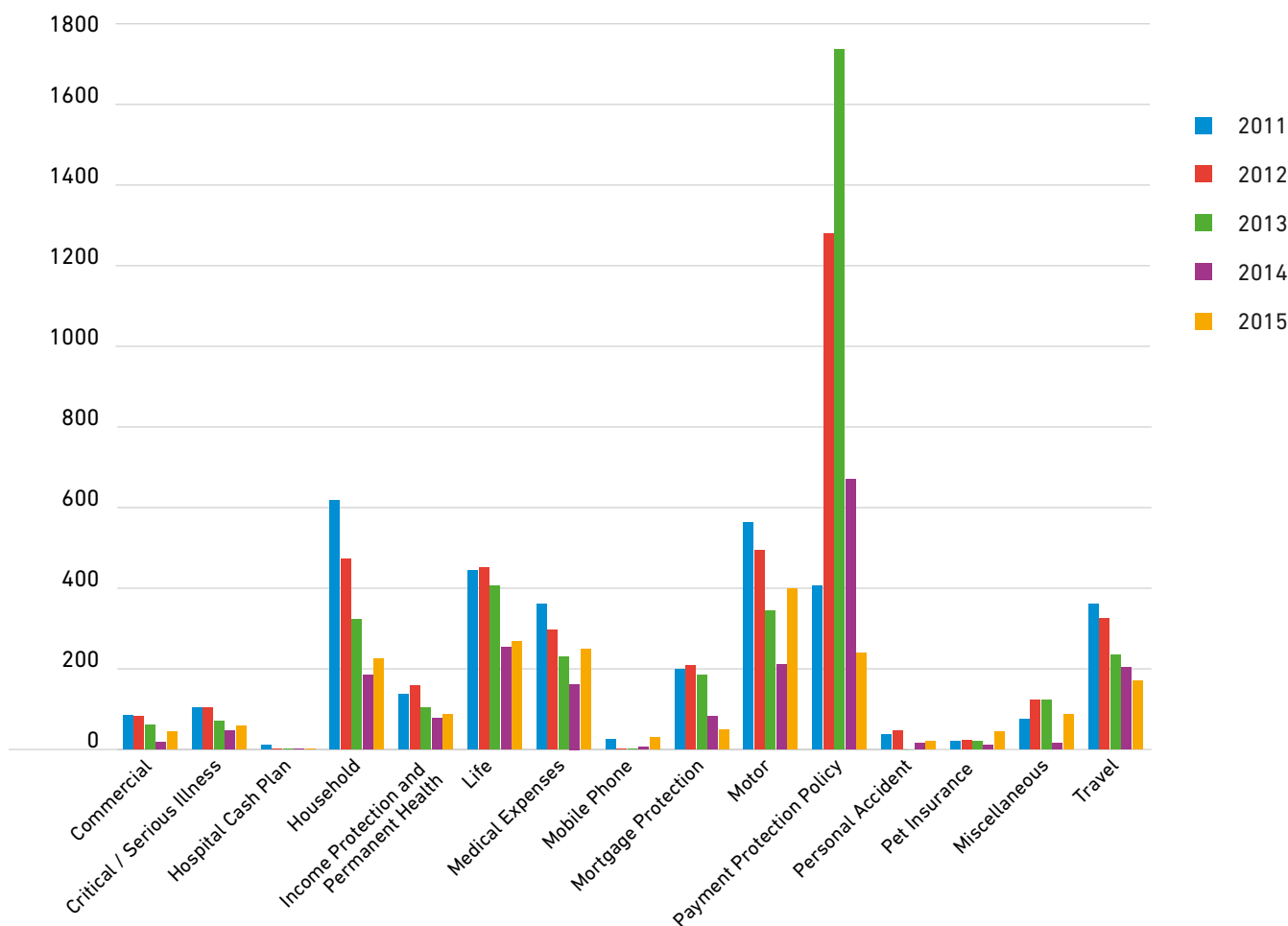
Product Type	2011	2012	2013	2014	2015
Endowment Policies	68	75	33	20	18
Investment	795	605	607	174	186
Pension	161	160	130	77	93
Miscellaneous	-	-	-	-	10
Total	1024	840	770	271	307

4.2 Banking



Product Type	2011	2012	2013	2014	2015
Accounts	712	1078	815	591	626
ATM	113	93	47	35	35
Commercial	5	15	8	5	10
Credit Card	332	323	260	153	173
Foreign Exchange	10	10	8	4	7
Lending	442	433	297	146	256
Mortgages	1038	1098	1464	1193	1203
Miscellaneous	28	37	26	0	75
Total	2680	3087	2925	2127	2385

4.3 Insurance



Product Type	2011	2012	2013	2014	2015
Commercial	85	83	61	17	44
Critical / Serious Illness	104	103	70	46	59
Hospital Cash Plan	11	0	0	0	2
Household	617	472	322	184	226
Income Protection and Permanent Health	137	158	104	78	87
Life	443	451	407	253	267
Medical Expenses	360	296	229	162	249
Mobile Phone	25	0	0	7	30
Mortgage Protection	199	209	184	83	48
Motor	564	495	344	210	399
Payment Protection Policy	405	1280	1736	670	239
Personal Accident	37	47	0	16	20
Pet Insurance *	20	22	21	11	45
Miscellaneous**	75	123	123	15	88
Travel	361	325	234	203	170
Total	3443	4064	3835	1955	1973

*Pet Insurance was included in Miscellaneous in the previous years but due to the increase in complaints received in 2015 it now has its own category.

**Miscellaneous relates to products, including but not limited to, marine, farm and computers.

5 - Reporting on Named Financial Service Providers

The Table below identifies regulated Financial Service Providers who, in 2015, had at least three complaints against them substantiated or partly substantiated. Service providers are listed in order of the number of complaints substantiated followed by number of complaints partly substantiated. The names listed are the official names by which financial service providers are detailed in the Central Bank of Ireland's Register of Regulated Entities. The name of the business group is provided where the Financial Service Provider is a member of a business group.

Name of regulated provider <i>(including trading name)</i>	Member of Business Group <i>(where applicable)</i>	Number of Complaints	
		Substantiated	Partly Substantiated
Danske Bank	Danske Bank Group	13	6
Ulster Bank Ireland Ltd	Royal Bank of Scotland Group	12	24
Irish Life Assurance plc	Great West Life Co Inc	10	19
Bank of Ireland	Bank of Ireland Group	9	27
New Ireland Assurance Company PLC T/A Bank of Ireland Life	Bank of Ireland Group	8	14
Allied Irish Banks plc	AIB Group	7	30
Permanent TSB	Permanent TSB Group Holdings plc	6	26
EBS Limited	AIB Group	5	11
Bank of Scotland plc	Lloyds Banking Group	4	6
Tesco Personal Finance T/A Tesco Personal Finance Ltd	Tesco Ireland	4	2
VHI Insurance DAC		3	5
Avant Tarjeta EFC S.A.U. T/A AvantCard	Avant Tarjeta EFC S.A.U.	3	3
Lloyds of London	Lloyds' Market/Corporation	3	3
RSA Insurance Ireland Limited	RSA Group	3	3
First Merchant Processing (Ireland) Ltd, T/A AIB Merchant Services		3	1
Alpha Insurance A/S	Alpha Group	3	0
Bank of Ireland Mortgages	Bank of Ireland Group	2	11
White Horse Insurance Ireland DAC	Thomas Cook Group plc	2	9
Zurich Life Assurance plc	Zurich Insurance Group (Zurich)	2	7
KBC Bank Ireland T/A KBC Homeloans	KBC group	2	6
Inter Partner Assistance S.A	AXA Assistance Group	2	3
MAPFRE Assistance Agency Ireland & MAPFRE Warranty	MAPFRE Group	2	3
Ark Life Assurance Company Ltd	Guardian Assurance Limited	1	5
Great Lakes Reinsurance (UK) SE	Munich RE	1	4
Aviva Insurance Ireland Ltd	Aviva Group	1	3
ACC Loan Management	Rabo Group	1	2
Prudential International Assurance plc	Prudential Group	0	7
Standard Life Assurance Company	Standard Life Plc	0	4
FBD Insurance plc T/A NoNonsense.ie	FBD Holdings plc	0	3



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