

Financial Services Ombudsman's Bureau

Annual Report 2015



Financial Services
Ombudsman

Financial Services Ombudsman Annual Report 2015

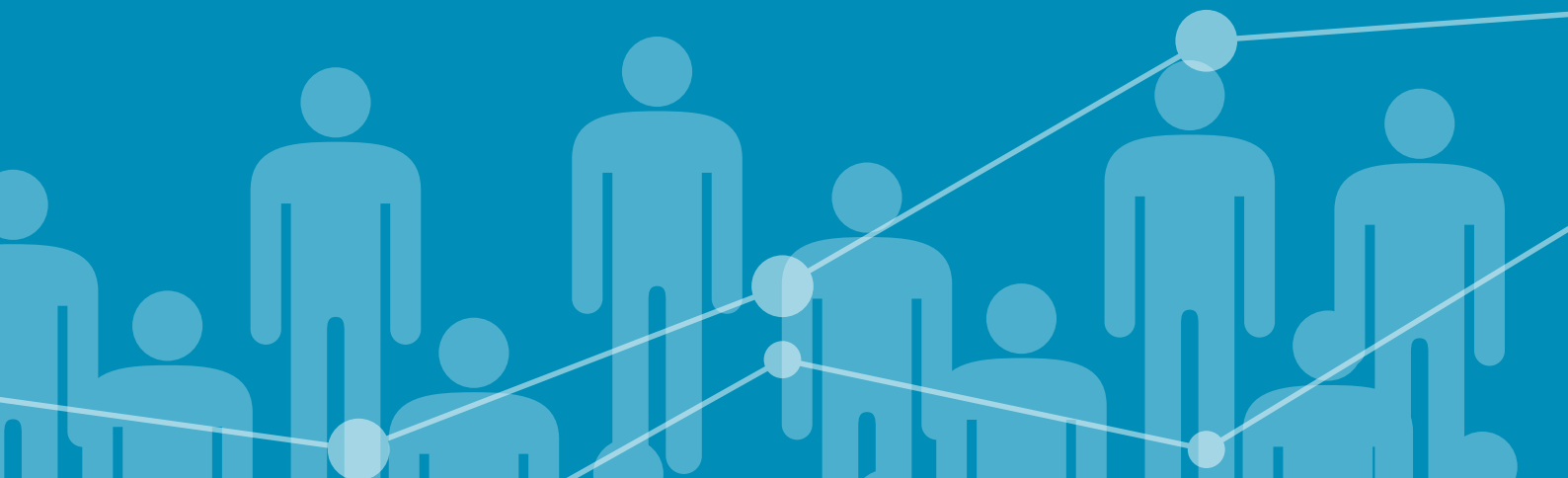
Presented to the Oireachtas under Section 57BR of the Central Bank and Financial Services Authority of Ireland Act, 2004

Published by

Financial Services Ombudsman 2016
Third Floor, Lincoln House, Lincoln Place, Dublin 2



Our mission is to adjudicate on unresolved disputes between Complainants and Financial Services Providers in an independent and impartial manner thereby enhancing the financial services environment for all stakeholders.





CONTENTS

Chairperson's Report		3
The Financial Services Ombudsman Council		5
Foreword		9
Part one	Complaints	12
Part two	Legal Matters	14
Part three	External Relations	17
Part four	Organisational Matters	21
Part five	Financial Statements	23



Chairperson's Report



It is my great pleasure to present my seventh annual report as Chairperson of the Financial Services Ombudsman Council.

The statutory functions of the Council are prescribed by the Central Bank and Financial Services Authority of Ireland Act 2004, and are as outlined in specific detail on page 5 of the Annual Report.

While my previous reports have focussed upon and highlighted the journey of the Financial Services Ombudsman Bureau (FSOB) across a period of intense activity, this report is more reflective of significant, positive, focussed and ongoing change. The change is essential in terms of the progression of the process to integrate the Office of the Pension Ombudsman into the Financial Services Ombudsman's Bureau. However, it is of the utmost importance that the changes reflect the current, as well as future, needs of the thousands who rely upon the Bureau and the skills and resources that it employs to meet them.

- Last year, when preparing this foreword, I advised how the new role of Financial Services and Pensions Ombudsman, had been successfully filled. Ger Deering took up his position as Financial Services Ombudsman on April 22nd 2015. Following facilitating legislative provision and the retirement of the current incumbent, he will officially adopt the duties of Pensions Ombudsman (PO) early in 2016.
- In addition, Council, following a Public Appointment Service (PAS) recruitment campaign, will see its numbers and capacity enhanced with new and skilled members adding strength and expertise to our oversight and support role.
- A matter of great concern to Council, especially in terms of the integration process, was the outstanding legislative procedure to officially commence the Financial Services Ombudsman's Bureau Superannuation Schemes. This too will be formally adopted early in 2016.

I considered, in my previous report, how the firm bedrock for establishment of the Financial Services and Pension Ombudsman's Bureau was in place. However, in fulfilment of Council's requirement under the Act 'to keep under review the efficiency and effectiveness of the Bureau' it was therefore considered that the integration required further, informed, intelligence. To this end, the Ombudsman, supported by Council and following a competitive process of tender, appointed Bearing Point to undertake what would be a deep and detailed analysis of the current operations of both Offices in terms of their processes, strategies and objectives.

The final report Strategic and Operational Review - Financial Services Ombudsman and Office of the Pensions Ombudsman was issued in January 2016. The report, which is available on the Bureau's website, provides for necessary, positive enhancement of the organisational structure across many levels of internal and external engagement and process. Importantly, having engaged with all stakeholders and at every possible level throughout the process, it prepares the ground for change to the benefit of all but with the essential consideration of the users of the service.

It is of the utmost importance that the integrated Office presents each consumer of the service with the most effective means of resolution for their dispute, in an independent, fair and transparent manner, acknowledging the implications of the decision upon them. To do so, therefore, also requires an acceptance from providers of the necessity for them to meet the new demands from the Ombudsman and his staff. I know how these requirements, and the positivity and opportunity for all within them, have been outlined in the clearest of terms through direct engagement at venues across the country.



It is also the case that the reforms have created a powerful structure for dispute resolution. There should not be any underestimation of the very significant powers and sanctions available to this Ombudsman. I have confidence that the process has positively commenced. Council's wish and mine is that the implications for providers have been understood and that they too will introduce the long overdue changes required to their processes without undue delay.

Across the years since the establishment of the Bureau there have been thousands of complaints submitted and adjudicated upon. However, in terms of cost, both personal and financial, mortgage related disputes continue to give rise to the highest level of legal engagement. The recent past has brought tremendous challenges, but also, a wealth of learning. A forensic review, in context, of related case files has offered considerations for the future. Mediation, for example, has proven to be enormously powerful as an alternative toward positive, meaningful resolution and closure.

I wish to restate my high regard of and gratitude to my entire fellow Council Members who each gave of their very significant expertise with professionalism and consideration. I would mention also how appreciative we are of the significant input from the Secretary to the Council.

Recognition and appreciation must also be extended to the Ombudsman, Deputy Ombudsman, Head of Investigation, Head of Legal Services, Head of Administration and all of the staff and investigators for their exceptional individual and combined efforts and achievements throughout 2015.

I also wish to pay tribute to the Minister for Finance and the staff of his Department, for their continued support.

In closing I will restate how the Council and I look forward to supporting and working with the new Ombudsman and his staff in our combined commitment for continuity within an evolving structure. We must ensure that our services, their quality and means of provision are fit for purpose to comprehensively meet the needs and demands of all who have cause to contact the Bureau.

Dermott Jewell

Chairperson
Financial Services Ombudsman Council

The Financial Services Ombudsman Council

Mr Dermott Jewell



Mr Michael Connolly



| Function of the Council

The Financial Services Ombudsman Council (the Council) is appointed by the Minister for Finance. Its main functions are to;

- Appoint the Financial Services Ombudsman (the Ombudsman) and any Deputy Ombudsman;
- Prescribe guidelines under which the Financial Services Ombudsman's Bureau (the Bureau) is to operate;
- Determine the levies and charges payable for the performance of services provided by the Ombudsman;
- Keep under review the efficiency and effectiveness of the Bureau and to advise the Minister for Finance, either at the Minister's request or at its own initiative, on any matter relevant to the Ombudsman's operation;
- Advise the Ombudsman on any matter on which he seeks advice.

| Members of the Council

The Council is appointed by the Minister for Finance. In October 2013, the Minister announced the reappointment of the Chairperson and members of the Financial Services Ombudsman Council for a period of two years (up to 28 October, 2015) or until the merger of the Financial Services Ombudsman's Bureau with the Pensions Ombudsman has been completed, whichever is the sooner.

| Mr Dermott Jewell (Chairperson)

Mr Jewell (B.Sc. Mgmt. (Law)(Trinity College Dublin), CI Arb.) is Policy & Council Advisor to the Consumers-Association of Ireland. His representations include Chairperson/Director of the European Consumer Centre (ECC) Ireland, Director of the Investor Compensation Company Limited (ICCL) and member of the Banking Stakeholder Group of the European Banking Authority. He is Ireland's representative on the European Consumer Consultative Group (ECCG) of the European Commission.

Mr Jewell holds accreditations in both Employment Investigation and Mediation and is a member of the Mediation Institute of Ireland (MII).

| Mr Michael Connolly

Mr Connolly (B.B.S Trinity College Dublin/F.I.B) is a Financial Services Consultant specialising in bank lending/distressed loans. He is a Director of Oakfield Trust; Art and Education Resource Store Ireland; and a former Director of NAMA and Chairman of its Credit Committee. In his executive career he was a General Manager with Bank of Ireland Group, which included responsibility for business banking, credit control, international banking, asset finance, group insurance. He also served as Chairman of Bank of Ireland Group Investment Committee and a Bank Pension Fund Trustee.



Mr Anthony Kerr



Mr Paddy Leydon



Ms Caitríona Ní Charra



Ms Elizabeth Walsh



Mr Frank Wynn



Mr Jim Bardon



| Mr Anthony Kerr

Mr Kerr M.A. (Dub.) LL.M. (Lond.) BL (Kings Inns), is a Statutory Lecturer in the Sutherland School of Law, University College Dublin where he is Associate Dean for Graduate Studies. He is the author of a number of books including The Civil Liability Acts (4 ed., 2011).

| Mr Paddy Leydon

Mr Leydon is the previous Chairperson of the Credit Institutions Ombudsman voluntary scheme which was subsumed into the Financial Services Ombudsman's Bureau in 2005. A Regional Business Manager with Bank of Ireland - based in the North West, he is a Fellow of the Institute of Bankers in Ireland and a Member of the Institute of Certified Public Accountants in Ireland.

| Ms Caitríona Ní Charra

Ms Ní Charra has served since she was appointed as a member of the first Financial Services Ombudsman Council. She has worked with the Money Advice and Budgeting Service (MABS) for 20 years. She has particular interest in debt and poverty issues, as well as financial literacy. She has a degree in Community and Family Studies and has worked as an independent researcher and trainer. Ms Ní Charra formerly worked in Community Welfare Services for the HSE, and the Department of Social Protection. She was a former Director and Company Secretary of Consumer DebtNet, a European umbrella group for money advice services. She was a member of a European working group that published the report 'Debt Collection Practices Across Europe'.

| Ms Elizabeth Walsh

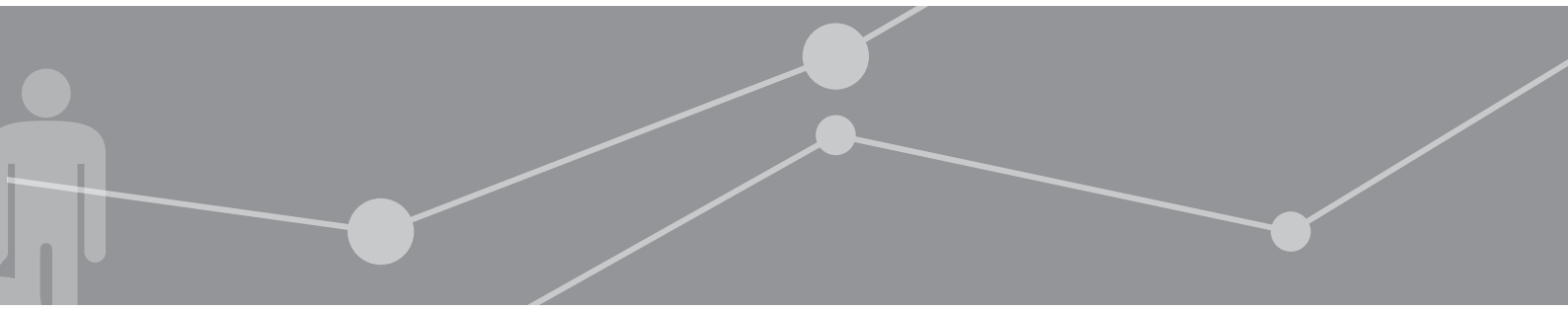
Ms Walsh (BCL UCD) is a practising solicitor with over 30 years experience in general practice. She is an accredited mediator and a mental health legal representative. She served as President of Limerick Solicitors Bar Association from 2008-2010.

| Mr Frank Wynn

Mr Wynn is Director of Group Compliance & Operational Risk with the Irish Life Group. He is an accountant (FCCA), an Associate of the Chartered Insurance Institute, and an Associate of the Irish Institute of Pensions Management. He is a former Board member of the Association of Compliance Officers in Ireland (ACOI) and former Chairman of the ACOI's Audit Committee.

| Mr Jim Bardon (Secretary)

Mr Bardon worked in various positions in Bank of Ireland between 1966 and 1988 including Manager of Internal Audit and Senior Manager in Group Executive Office. He was Director General of the Irish Bankers Federation from 1988 to 2004, during which time he chaired the Executive Committee of the European Banking Federation for two years. He is chairman of the Investor Compensation Company Limited.



| Council Subcommittees

Audit Committee

- Mr Michael Connolly (Chairperson)
- Ms Elizabeth Walsh
- Mr Noel O'Connell

Finance Committee

- Mr Frank Wynn (Chairperson)
- Mr Dermott Jewell
- Ms Caitríona Ní Charra

Governance Committee

- Mr Paddy Leydon (Chairperson)
- Mr Dermott Jewell
- Mr Anthony Kerr

| Meetings

- a. **Council:** During 2015, the Council held 6 formal meetings and 2 meetings via conference call. Attendance was as follows:

	Meetings
Mr Dermott Jewell (Chairperson)	8
Mr Michael Connolly	8
Mr Anthony Kerr	7
Mr Paddy Leydon	8
Ms Caitríona Ní Charra	6
Ms Elizabeth Walsh	7
Mr Frank Wynn	8

b. Council Subcommittees

The audit committee met on 4 occasions.
 The finance committee met on 2 occasions.
 The governance committee met on 5 occasions.

| Council Remuneration / Expenses

The Minister for Finance decides the level of annual fees to be paid to the Council members; €12,600 is paid to each member with €21,600 to the Chairperson.

Claims for reimbursement of travel and subsistence expenses at current public service rates are submitted quarterly. In that regard, the following expense claims were submitted and paid:

Ms Caitríona Ní Charra	€1,526
Mr Paddy Leydon	€2,428
Ms Elizabeth Walsh	€360

Foreword



Ombudsman's Foreword



This is my first Annual Report as Financial Services Ombudsman (FSO), having taken up the role in April 2015. Therefore I want to acknowledge the work of my predecessor Bill Prasifka and also Jacqui McCrum, Acting Financial Services Ombudsman, for their contribution to the achievements outlined in this Report. The purpose of the Report is to provide an overview of the Bureau's activities for the year and present the Bureau's Annual Accounts.

On receipt of an unresolved complaint between a consumer and a financial service provider 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, I am happy to report is changing. Indications for 2016 would suggest that a very significant number of cases will be resolved through mediation.

As outlined in more detail in this report, a total of 4,872 complaints were received and a total of 4,915 complaints were closed in 2015. This reflects the legacy of the increased number of complaints in previous years. For this reason we had almost 2,000 active complaints at the end of 2015.

Despite the reluctance, on the part of financial service providers, 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. 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.

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 response to our consultations and in line with the recommendations of the Strategic and Operational Review we have introduced significant changes to how complaints are dealt with since February 2016. 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. Much of this activity is undertaken by telephone which saves significant time and money for all concerned.

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 will be issued in the same terms 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 final legally binding Finding is issued.

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

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 our Annual Review and Annual Report, in addition to better use of our Website to provide more information and case studies on an on-going basis.

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 was published on 31 March 2016 in our Annual Review 2015 and is available on our Website.

I would like to pay tribute and say a very sincere thanks to the Bureau's Management Team and Staff who have shown a great commitment and willingness to embrace change in the interest of delivering better customer service for all who use our services. I am very grateful for their continued commitment and support. I would also like to thank Paul Kenny and the staff of the Office of the Pensions Ombudsman for their co-operation since my appointment. Both Offices worked closely in preparation for my appointment as Pensions Ombudsman and the proposed merger of both Offices.

I would also like to thank Dermott Jewell and Members of the Financial Services Ombudsman Council for their on-going commitment to and support for the work of the Bureau.

2016, will be another busy period and I look forward to working with the Council, my Management Team and Staff and all our Stakeholders as we endeavour to continuously improve our service and make our contribution to ensuring quality and fairness in the delivery of financial services generally.

Ger Deering

Financial Services Ombudsman

Organisation

Staff Structure

| As at 31 December, 2015

Management

Name	Title
Ger Deering	Financial Services Ombudsman
MaryRose McGovern	Head of Investigation
Diarmuid Byrne	Head of Administration

Investigation Unit

Name	Title
Michael Brennan	Principal Investigator
Sinead Brennan	Senior Investigator
Joanne Cronin	Senior Investigator
Anthony O'Riordan	Senior Investigator
Kathleen O'Sullivan	Senior Investigator
Iseult Doherty	Senior Investigator / Legal Assistant
Stephanie McConnell	Investigator
Claire Millrine	Investigator
Grace O'Flaherty	Investigator
Rachel O'Regan	Investigator

Finance Department

Name	Title
Evelyn Moore	Financial Accountant

Support Staff

Name	Title
Sylvia Costello	PA to Ombudsman
Joan McGuinness	Investigation Administrator

Pre-Investigation

Name	Title
Meagan Gill	Principal Case Manager
Tomás Murray	Senior Case Manager
Marta Piekarz	Senior Case Manager
Paul Heffernan	Case Officer
Linda Kavanagh	Case Officer
Lorraine Maher	Case Officer
Paul O'Connor	Case Officer
Emmett Greaney	Case Administrator

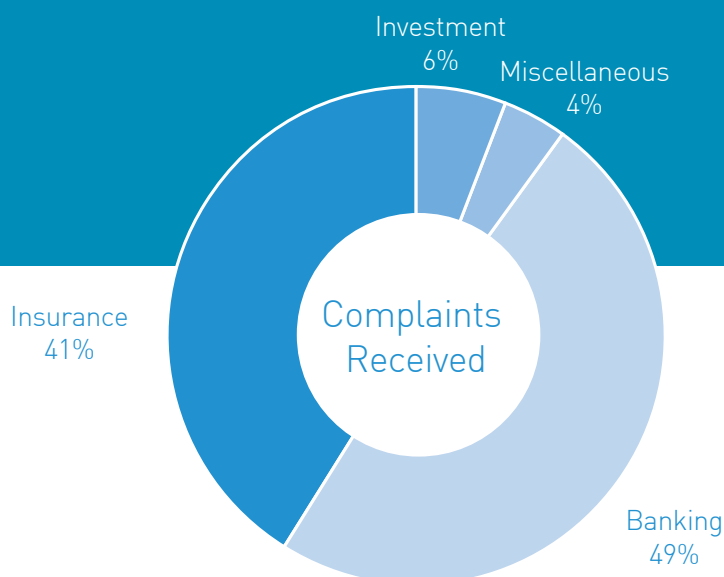
Administration Unit

Name	Title
Ann-Marie Dent	Reception
Frederica Doyle	Reception
Orla Follenus	Reception
Mary Hamilton	Reception

Complaints



COMPLAINTS



| Our Role

The Financial Services Ombudsman can investigate, in an impartial and independent manner, complaints from individual customers and small businesses who have unresolved disputes with Financial Service Providers who are regulated by the Central Bank and the Competition and Consumer Protection Commission. The Central Bank and Financial Services Authority of Ireland Act 2004, under which the Financial Services Ombudsman Bureau was created, provides that the Ombudsman must be independent in the adjudication of complaints. Decisions of the Ombudsman are binding, subject only to appeal to the High Court. The Ombudsman can direct a Financial Service Provider to rectify the conduct complained of and award compensation of up to €250,000 where a complaint is upheld.

| Complaints Overview

The overview comprises a summary of the work conducted by the Bureau for 2015. A comprehensive breakdown by complaint and product type and Findings issued by sector can be found in our Annual Review for 2015, which is available on our website www.financialombudsman.ie under our Publications section.

| During 2015:

- 4,872 new complaints were received.
 - 4,915 complaints were closed in 2015
- Sectoral breakdown of complaints received
- | | |
|------------------|-------|
| ■ Banking | 2,385 |
| ■ Insurance | 1,973 |
| ■ Investment | 307 |
| ■ Miscellaneous* | 207 |

*Miscellaneous complaint are 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.

- In addition the office dealt with over 14,600 telephone queries and received 92,000 Website sessions.
- 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.
- Of the Findings issued 12% of complaints were upheld, 23% were partly upheld and 65% were not upheld.
- Compensation awarded during the year totalled €1,112,885

| Oral Hearings

Oral Hearings are called when the Ombudsman, in the course of reviewing the evidence in a complaint, decides it is necessary to resolve the dispute between the parties to the complaint. An oral hearing may be necessary where there is an issue of fact in dispute between the parties to the complaint which cannot be fairly resolved without hearing the parties. It is solely at the Ombudsman's discretion to decide whether to hold an Oral Hearing.

During 2015, 24 oral hearings took place at a total cost of €63,235 to the Financial Services Ombudsman's Bureau. Costs associated with holding an Oral Hearing are Stenography Services, Room Hire, Registrar Fees and, on occasion, the services of an interpreter. There is no charge to the parties of the complaint for this service. Oral hearings are held in private.

Legal Matters



Legal Matters

Appeals to the Ombudsman's decision can be brought in the High Court by Complainants and Financial Service Providers. In 2015 of the 14 new appeals received, 2 were received from a Financial Service Provider (1 appeal was subsequently withdrawn prior to being allocated a hearing date) and 12 appeals were received from Complainants, of which 2 were received from lay litigants. Virtually all appeals tend to be in respect of the merits of the Finding rather than Judicial Reviews. 1 Judicial Review was received (and resolved) in 2015 and this involved a determination by the FSO to decline jurisdiction where no Finding had been issued.

An appeal on the merits does not involve a complete de novo hearing of all issues by the High Court, rather, for an appeal to succeed, an appellant must show a significant error or series of errors by the Ombudsman in arriving at his Finding. A number of appeals are settled prior to hearing, which may include the Bureau agreeing to have a case remitted to the Ombudsman for re-consideration. In the course of 2015, 10 High Court appeals were withdrawn by appellants prior to hearing and 2 appeals were remitted to the Bureau on consent for re-consideration.

While most of the Court Judgments have no wider application beyond the individual appeals themselves, the Court's continued recognition and consideration of the Ombudsman's unique statutory function continues to be a recurring theme in Court Judgments and indeed in appeals of those Judgments. Individual appeals clearly differ on their specific facts and circumstances, and the Judgments issued in 2015 continue to indicate that there is a developing body of case law supportive of the view that the Ombudsman has a broad discretion as to procedures in the investigation of a complaint.

High Court Appeals/Judicial Review – Findings of the Ombudsman are subject to appeal and/or judicial review to the High Court. In the course of 2015 18 High Court appeals were resolved. 1 Judicial Review was resolved. A number of appeals were decided upon

by the High Court with a number of ex tempore and written Judgments delivered, including a significant written Judgment of the Court of Appeal. Two High Court Reserved Judgments were awaited at year end 2015. Copies of approved written Judgments are available on the Bureau's website.

Of the 6 appeals heard before the High Court in 2015, 4 appeals were dismissed and 2 appeals were allowed.

As of 31 December 2015, there were:

- 13 High Court appeals on-going (i.e. awaiting hearing or working towards being granted a hearing date), no Judicial Reviews on-going.
- 2 Supreme Court matters on-going.
- 2 Court of Appeal appeals on-going.
- 1 Court of Appeal application for leave to appeal on-going.
- 3 High Court Appeals were adjourned generally or stayed.

There were 3 matters dealt with by way of Plenary Proceedings in 2015. There were no Plenary Proceedings or other proceedings on-going as of 31 December 2015.

Of particular note for 2015 is the significant reduction of on-going High Court appeals which stood at 13 as of 31 December 2015, representing a record low for the previous 5 years.

Supreme Court Appeals – As of 31 December 2015, there were 2 matters pending before the Supreme Court (1 awaiting a hearing date for leave to appeal and 1 awaiting full hearing date). 1 Supreme Court appeal was withdrawn by the FSO and 1 appeal (involving 2 sets of linked appeals) was withdrawn by a financial service provider. 2 matters were transferred to the Court of Appeal.



Court of Appeal – As of 31 December 2015, there were 2 appeals and 1 application for leave to appeal pending. During the course of 2015 the Court of Appeal delivered a written Judgment in which it allowed an appeal brought by the FSO against a decision of the High Court involving the legal parameters of the function of the FSO.

Legal Costs – It is the policy of the Bureau to seek and pursue legal costs in all appropriate cases. Further to a direction of the High Court, all litigants are informed at the earliest possible opportunity of the potential consequences of legal costs in litigation involving the FSO.

Enforcement Cases – In a very small number of cases the Ombudsman, pursuant to his statutory powers and discretion, engages in enforcement proceedings against Financial Service Providers who fail to comply with Findings of the Ombudsman.

Appeal/Judicial Review Statistics 2015

At End 2014

High Court Appeals on hand at 31 Dec 2014*	18
Judicial Reviews on Hand at 31 Dec 2014	0
Supreme Court Appeals on Hand at 31 Dec 2014 (includes 2 sets of linked appeals)	5
Court of Appeal Appeals on Hand at 31 Dec 2014 (* includes 1 Plenary matter)	1

New Appeals Received In 2015

New High Court Appeals received in 2015: of which:	14
- 12 received from Complainants	
- 2 received from financial service Providers (1 of these subsequently withdrawn prior to hearing)	

New Judicial Reviews received in 2015	1
New Supreme Court Appeals received in 2015 (*application for leave to appeal)	1*

Appeals to the New Court of Appeals	5
• 3 appeals lodged by Lay Litigants	
• 2 appeals transferred from the Supreme Court	
<u>Other Plenary Proceedings in 2015</u>	<u>2</u>

APPEALS RESOLVED IN 2015

High Court Appeals Resolved in 2015	18
Appeals Heard	6 of
which:	
- Appeals Dismissed	4
- Appeals Allowed (remitted by Court)	2
High Court Appeals withdrawn pre-hearing	10
High Court Appeals remitted on consent	2
Judicial Review Cases Resolved (remitted on consent)	1
Supreme Court Appeals Resolved in 2015, of which:	4
• 1 withdrawn by Appellant (Provider – 2 sets of linked appeals)	
• 2 transferred to Court of Appeal	
• 1 withdrawn by FSO	
Court of Appeal Appeals Resolved	3
• 1 Judgment delivered – FSO Appeal Allowed	
• 2 Appeals withdrawn prior to hearing	
Plenary matters Resolved	3
AT END 2015	
High Court Appeals	13
Supreme Court	2
Court of Appeal	3
<u>Appeals adjourned generally/stayed</u>	<u>3</u>

External Relations



External Relations

| Co-operation with the Central Bank

The Financial Services Ombudsman is an arbiter of disputes between customers and Financial Service Providers, but is not a regulator. There is a Memorandum of Understanding between the Financial Services Ombudsman's Bureau (FSOB), the Central Bank and the Pensions Ombudsman.

If a matter arises during an investigation by the Financial Services Ombudsman which he feels should be brought to the attention of the Regulator, he will inform the Central Bank so that appropriate regulatory action may be taken.

He also co-operates with the Pensions Ombudsman so as to avoid unnecessary overlap. Quite apart from the Memorandum, the three offices have enjoyed, and continue to enjoy, close co-operation.

Meetings between the Central Bank and the FSOB were held regularly and when deemed necessary in 2015. Interactions on a number of issues were undertaken, more specifically on Tracker Mortgages, Offset Mortgages, Mortgage Arrears Resolution Processes and referrals in relation to a number of brokers.

In anticipation of the amalgamation of the FSOB with the Pensions Ombudsman's office, additional meetings were undertaken between the two offices to discuss operational and legislative issues. Both offices participated in a Steering Group, organised and chaired by the Department of Finance, to facilitate the merger.

| FIN-NET/Cross Border Co-operation

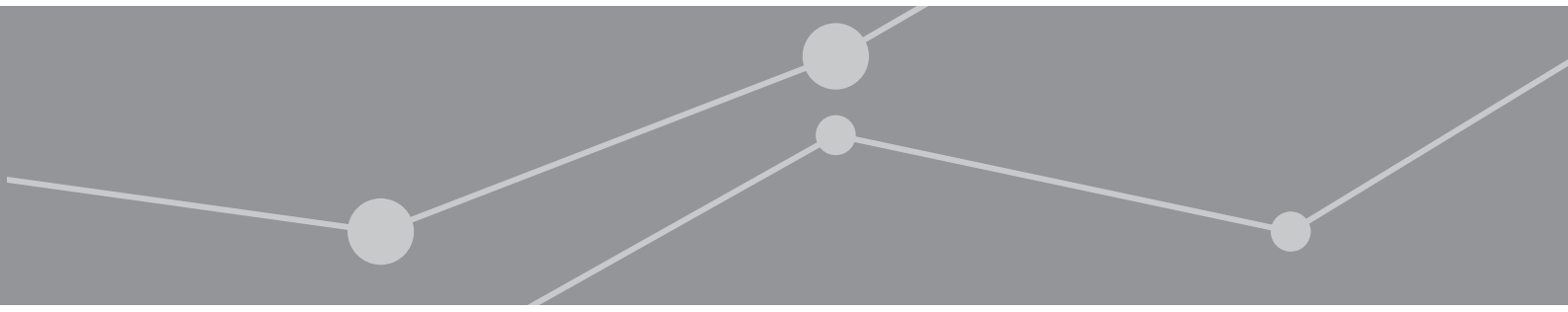
The Bureau is a member of FIN-NET, a financial dispute resolution network of national out-of-court complaint schemes in the European Economic Area countries responsible for handling disputes between consumers and Financial Service Providers.

The Network was launched by the European Commission in 2001. Within FIN-NET, the members co-operate to provide consumers with easy access to out-of-court complain procedures in cross-border cases.

| Presentations & Briefings attended

The Ombudsman and staff members deliver an outreach program to a variety of stakeholders including;

- Life Insurance Association
- Mediation Foundation of Ireland
- The Law Society of Ireland
- PIBA
- IBA
- Association of Compliance Officers Ireland
- Banking and Payments Federation
- LIA
- Insurance Institutes
- Educational Institutions



| Meetings / Conferences

- Department of Public Expenditure and Reform
- IBEC
- Financial Service Providers
- International Network of Financial Services Ombudsman
- FIN-NET
- Press Council
- Information Commission
- Compliance Ireland
- Banking & Payments Federation of Ireland
- Oifig an Choimisinéara Teanga
- Office of Financial System Mediator, Armenia
- Ombudsman Association
- Department of Finance
- Pensions Ombudsman
- FLAC
- Association of Chief Executives of State Agencies
- The Central Bank of Ireland

| Other Public Information

- Media interviews
- Website updates
- Annual Report
- Annual reviews

| Visits to the Office

- Latin American Delegation
- Financial Ombudsman Service UK
- Financial Service Providers

Organisational Matters



Organisational Matters

| Risk Strategy

It is the policy of the Financial Services Ombudsman's Bureau to comply with best practice governance and accountability obligations. This includes the requirement of the Code of Practice for the Governance of State Bodies and Risk Management Guidelines for Government Departments and Offices.

| Strategy Statement

In 2013, a decision was made by Government to amalgamate the Financial Services Ombudsman's Bureau with the Pensions Ombudsman's office. The implementation of the amalgamation will require primary legislation. The Bureau is actively working with the Pensions Ombudsman's office and the Department of Finance to develop a plan for a smooth transition of this amalgamation. This strategy statement has been developed for the coming 12 months on the basis that the amalgamation will complete during 2016. The Strategy Statement for 2015-2016 was approved by the Financial Services Ombudsman Council and is published on our website. Its targets and objectives are under constant review by the Management Team.

| Environmental Policy Statement

As part of the Financial Services Ombudsman's Bureau's requirements under SI No. 542/2009 – European Communities (Energy End Use Efficiency and Energy Services) Regulations 2009, and its commitment to reducing its energy requirements in line with the Department of Communications, Energy & Natural Resource's goals of improving energy efficiency in the public sector by 33% by 2020; the Bureau is actively seeking to reduce the energy use of its office.

Energy consumption by the Bureau, as a whole, can be primarily attributed to the running of the office. In 2015 the Bureau expanded its office space to cater for the Pensions Ombudsman's office which is in the process

of being amalgamated with the Financial Services Ombudsman's Bureau. The Bureau now has an office space that comprises both the third and fourth floors of the five storey Lincoln House building.

175,308 KWh of energy was consumed by the office in 2015 consisting of:

- 62,829 KWh of Electricity
- 112,479 KWh of Fossil Fuels (Gas Heating)

This equates to an overall increase in energy usage of 23.5% on 2014 figures. Whilst electricity use per staff member has decreased over the period the larger floor space now occupied by the Bureau and the Office of the Pensions Ombudsman consumes considerably more energy in the form of heating and this has directly impacted on the energy consumption figures.

As part of our efforts to reduce our energy use the Bureau undertook a number of initiatives last year which included:

- The extensive renovation of a portion of the fourth floor of the office to facilitate the arrival of the Pensions Ombudsman staff. This included new LED lighting units and complimentary motion sensors.
- The continued expansion of the use of digital correspondence (e.g. email) between our office and both providers and complainants.

In 2016 the Bureau has undergone a considerable transformation in how we address complaints. With the introduction of the dispute resolution unit in the office a considerable number of complaints are now settled by telephone mediation. One of the knock-on effects of this new approach is that the electrical energy consumed by the office per complaint has reduced as less printing/postage and franking is required. In the majority of complaints communications are by phone and or email. It is hoped that the energy use of the office will show a considerable drop in 2016 because of this.



A number of actions will take place in the office in the 2016 – 2017 period to help reduce the energy use of the office further, including a review of accommodation use and configuration in anticipation of a full merger of the Financial Services Ombudsman’s Bureau and the Office of the Pensions Ombudsman.

It is anticipated that the implementation of the energy reduction measures that are outlined above should have the effect of further reducing the overall energy consumption per staff member in the office in 2016, thereby showing the Bureau’s commitment to meeting its responsibilities in relation to the public service’s energy efficiency targets.

| Staff Training

The Financial Services Ombudsman’s Bureau recognises the importance of ongoing professional development for all staff members. In this regard the Bureau encourages and supports staff to develop their knowledge and skills at all stages of their career.

| Finance

Legislation under which the Bureau operates provides that levies are payable by the Financial Service Provider to enable the Bureau carry out its statutory function.

The levy amounts are prescribed by the Council with the consent of the Minister for Finance. These are included in the Financial Statements of this report.

| Compliance with Legislation

The Office complies with statutory requirements in the areas of Health and Safety, Equality, Parental Leave and in other areas including:

- Ethics in Public Office Acts 1995–2001;

- The office complies with the provision of the Acts and to the Standards in the Public Office Commission’s Guidelines for Office Holders;
- Official Language Act 2003, standard letters and documents are translated into Irish and the website has an Irish section also;
- Data Protection Acts 1998 and 2003;
- Prompt Payments of Accounts Act 1997;
- Financial Emergency Measures in the Public Interest Act 2013 (FEMPI 2013).

Financial Statements



Financial Statements



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Financial Services Ombudsman's Bureau

I have audited the financial statements of the Financial Services Ombudsman's Bureau (the Bureau) for the year ended 31 December 2015 under the Central Bank Act 1942 as amended by the Central Bank and Financial Services Authority of Ireland Act 2004. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 57 of the Central Bank Act 1942 (as amended), and in accordance with generally accepted accounting practice.

Responsibilities of the Ombudsman

The Ombudsman is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Bureau's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Bureau's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Bureau as at 31 December 2015 and of its income and expenditure for 2015; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the Bureau's accounting records were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Pension liabilities

Without qualifying my opinion, I draw attention to note 10 of the financial statements which discloses that legislation enacted in July 2013 provides for changes in the Bureau's pension funding arrangements. Discussions are ongoing with the Department of Finance in relation to implementation of the legislation. Pending the resolution of these discussions, the financial statements disclose the accrued pension liability only by way of note.

Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Bureau's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Bureau's compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Seamus McCarthy
Comptroller and Auditor General
7 September 2016



| Statement of Responsibilities of the Financial Services Ombudsman

Sections 57 BP and BQ of the Central Bank Act, 1942 as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act, 2004 require the Financial Services Ombudsman to prepare financial statements in such form as may be approved by the Financial Services Ombudsman Council after consultation with the Minister for Finance. In preparing those financial statements, the Ombudsman is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bureau will continue in operation.

The Ombudsman is responsible for keeping proper books of account, which disclose in a true and fair manner at any time the financial position of the Bureau and which enable it to ensure that the financial statements comply with Section 57 BQ of the Act. The Ombudsman is also responsible for safeguarding the assets of the Bureau and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Ger Deering

Financial Services Ombudsman
1st September 2016



| Statement on internal financial control

The Financial Services Ombudsman (Ombudsman) acknowledges as Ombudsman that he is responsible for the Financial Services Ombudsman's Bureau (Bureau) system of internal financial control.

The Ombudsman also acknowledges that such a system of internal financial control can provide only reasonable and not absolute assurance against material error.

The Ombudsman sets out the following key procedures designed to provide effective internal financial control within the Bureau:

- As provided for in Section 54B of the Central Bank Act, 1942 as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act, 2004 the Ombudsman is responsible for carrying on, managing and controlling generally the administration and business of the Bureau. The Ombudsman reports to the Financial Services Ombudsman Council (Council) at their meetings which are generally held on a bi-monthly basis.
- The Council and the Bureau have adopted and implemented a "Code of Practice for the Governance of the Financial Services Ombudsman Bureau" based on the Department of Finance "Code of Practice for Governance of State Bodies".
- The Ombudsman and Council review bi-monthly income and expenditure statements with analysis of major income and expenditure categories.
- The Ombudsman via the Finance Committee reviews the annual budget through a comprehensive budgeting system.

- The work of Internal Audit is informed by the analysis of the risks to which the Bureau is exposed and the Internal Audit plan is based on this analysis. Action was taken to ensure that the identified potential risks were being managed in an appropriate manner. A detailed internal audit programme of work was agreed and completed in 2015. The Audit Committee reports to the Ombudsman and Council. The Committee met on four occasions in 2015. The Ombudsman monitors and reviews the efficiency of the system of its internal procedure.

| Review of Internal Controls

I have reviewed the internal audit reports, the minutes of the audit committee meetings and the effectiveness of the system of internal financial controls. Where control deficiencies were highlighted these have been addressed.

I also note that an internal audit programme of work has been agreed for 2016 and I will implement any necessary improvements to correct any deficiencies it may bring to light.

Ger Deering

Financial Services Ombudsman
1st September 2016

| Statement of Income and Expenditure and Retained Revenue Reserves

For the year ended 31 December 2015

	Notes	2015	2014
		€	€
Income			
Levy Income	2	3,743,343	5,967,732
Other Income	2	4,909	28,590
Net deferred funding for pensions	5c	96,000	-
Total Income		3,844,252	5,996,322
Expenditure			
Administration	4	3,982,859	4,524,846
Retirement benefit costs	5a	96,000	-
Depreciation	6	106,038	107,228
Total Expenditure		4,184,897	4,632,074
Surplus/(Deficit) for the Year Before Appropriation		(340,645)	1,364,248
Transfer from/(to) Capital Account	3	43,953	42,604
Surplus/(Deficit) for the Year after Appropriation		(296,692)	1,406,852
Balance Brought Forward at 1 January 2015		2,163,323	756,471
Balance Carried Forward at 31 December 2015		1,866,631	2,163,323

All income and expenditure for the year relates to continuing activities at the reporting date. The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Accounting Policies and notes 1 to 17 form an integral part of these Financial Statements.



Ger Deering

Financial Services Ombudsman
1st September 2016



| Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015	2014
Surplus After Appropriations		[296,692]	1,406,852
Experience gains on retirement benefit obligations	5d		-
Change in assumptions underlying the present value of retirement benefit obligations			-
Total actuarial gain/(loss) in the year			-
Adjustment to deferred retirement benefits funding			
Other Comprehensive Income for the year		(296,692)	1,406,852

The Statement of Accounting Policies and notes 1 to 17 form an integral part of these Financial Statements.

Ger Deering

Financial Services Ombudsman
1st September 2016

| Statement of Financial Position

As at 31 December 2015

	Notes	2015 €	2014 €
Fixed assets			
Property, plant & equipment	6	330,612	374,565
Current assets			
Cash and cash equivalents		475,095	1,207
Bank Deposit Accounts		7,076,312	7,918,166
Receivables	7	119,534	117,384
		7,670,941	8,036,757
Current Liabilities (amounts falling due within one year)			
Cash and cash equivalents		-	48,198
Payables	8	4,853,021	4,445,052
Provision for Legal Services	9	951,289	1,380,184
		5,804,310	5,873,434
Net current assets		1,866,631	2,163,323
Retirement Benefits			
Deferred retirement benefit funding asset	5b	96,000	-
Retirement benefit obligations	5b	(96,000)	-
Net assets		2,197,243	2,537,888
Representing			
Capital Account	3	330,612	374,565
Retained Revenue Reserves at 31 December		1,866,631	2,163,323
		2,197,243	2,537,888

The Statement of Accounting Policies and notes 1 to 17 form an integral part of these Financial Statements.



Ger Deering

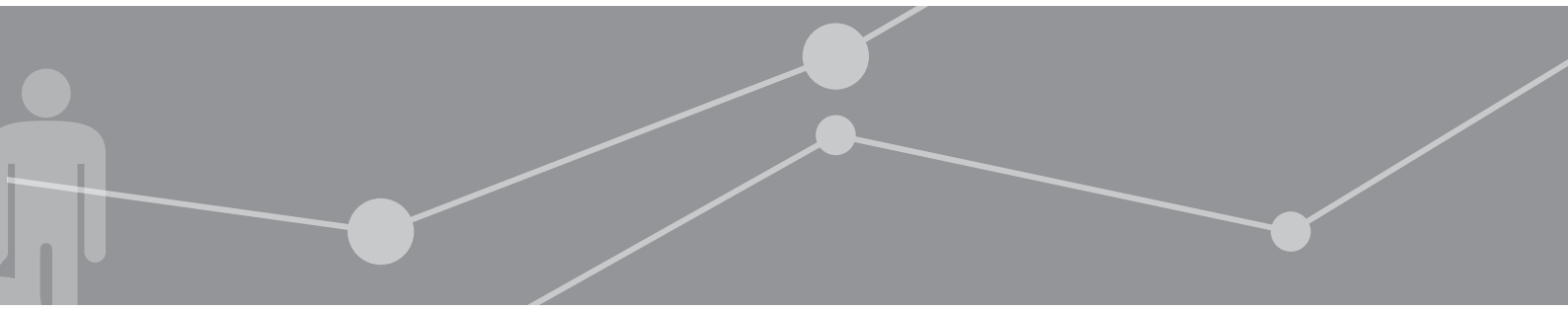
Financial Services Ombudsman
1st September 2016



| Statement of Cash Flows

For the year ended 31 December 2015

	2015	2014
Net Cash Flows from Operating Activities		
Shortfall in income over expenditure	(296,692)	1,394,371
Depreciation charge	106,038	107,228
(Increase)/decrease in receivables	(2,150)	(18,788)
Increase/(decrease) in payables	(20,926)	340,972
Interest received	(4,909)	(28,590)
Transfer to capital account	(43,953)	(42,604)
Net Cash Outflow from Operating Activities	(262,592)	1,752,589
Cash Flows from Investing Activities		
Bank interest received	4,909	28,590
Invested in short-term deposits	841,854	(2,075,202)
Capital expenditure	(62,085)	(64,624)
Net Cash Flows from Investing Activities	784,678	(2,111,236)
Cash Flows from Financing Activities		
Bank interest received	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in cash in the year	522,086	(358,647)
Cash and Cash Equivalents at 1 January	(46,991)	311,656
Cash and Cash Equivalents at 31 December	475,095	(46,991)



| Notes to the Financial Statements

For the year ended 31 December 2015

1 Accounting Policies

The basis of accounting and significant accounting policies adopted by the Financial Services Ombudsman's Bureau are set out below. They have all been applied consistently throughout the year and for the preceding year.

1a General Information

The Financial Services Ombudsman's Bureau, established under the Central Bank and Financial Services Authority of Ireland Act 2004, is a corporate entity and consists of the Financial Services Ombudsman, the Deputy Financial Services Ombudsman and the staff. It is a statutory body funded by levies from the financial service providers. The Bureau deals independently with complaints from consumers about their individual dealings with financial service providers that have not been resolved by the providers.

The Financial Services Ombudsman Council is appointed by the Minister for Finance. Its functions as laid down in the Act are to:

- appoint the Ombudsman and the Deputy Ombudsman;
- prescribe guidelines under which the Ombudsman is to operate;
- determine the levies and charges payable for the performance of services provided by the Ombudsman;
- approve the annual estimate of income

and expenditure as prepared by the Ombudsman;

- keep under review the efficiency and effectiveness of the Bureau and to advise the Minister for Finance on any matter relevant to the operation of the Bureau;
- advise the Ombudsman on any matter on which the Ombudsman seeks advice.

The Council has no role whatsoever regarding complaints resolutions.

Council and Bureau Expenses

The expenses of the Council are met from Bureau Funds (see note 15).

1b Statement of Compliance

The financial statements of the Financial Services Ombudsman's Bureau for the year ended 31 December 2015 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Financial Services Ombudsman's Bureau's first set of financial statements prepared in accordance with FRS 102. The date of transition to FRS 102 is 1 January 2014. The transition to FRS 102 has not affected its reported financial position or financial performance.



1c Basis of Preparation

The financial statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Financial Services Ombudsman acting on the advice of the Minister for Finance in accordance with Section 57 BP of the Central Bank Act, 1942 as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act 2004.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Services Ombudsman's Bureau financial statements.

1d Levy Income

Council regulations made under the Central Bank and Financial Services Authority of Ireland Act, 2004 prescribe the amount to be levied for each category of financial service provider. Levy income represents the amounts receivable for each service provider calculated in accordance with the regulations and based upon providers identified by the Bureau and information supplied to it. Bad debts are written off where deemed irrecoverable.

1e Expenditure Recognition

Expenditure is recognised in the financial statements on an accruals basis as it is incurred.

1f Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment,

at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

- (i) Leasehold Improvement category 1
5% per annum
- (ii) Leasehold Improvement category 2
25% per annum
- (iii) Computer Equipment
33% per annum
- (iv) All other assets
25% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimate costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

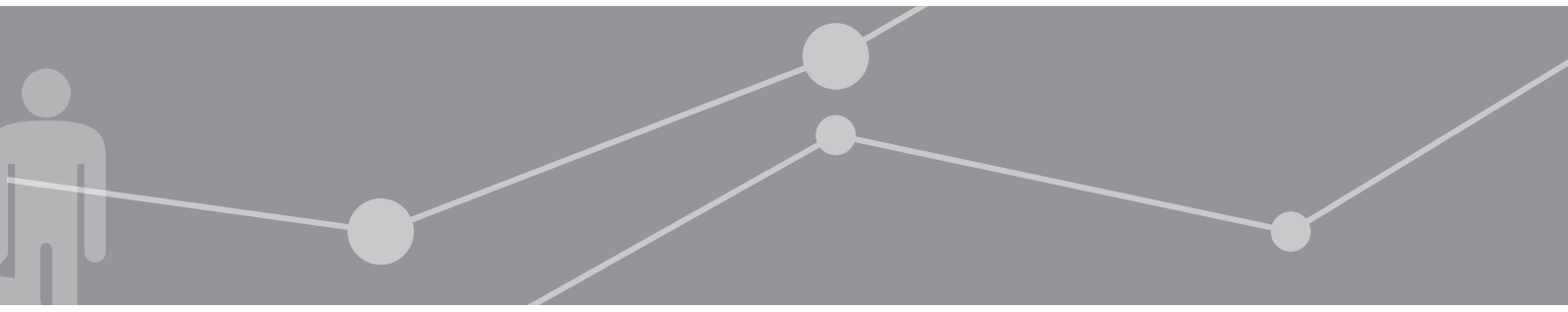
1g Capital Account

The Capital Account represents the unamortised value of income used for capital purposes.

1h Employee Benefits

Short-term Benefits

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.



Retirement Benefits

For certain staff members the Bureau is in discussion with the Department of Finance regarding the future financing and management of a defined benefit superannuation scheme.

Pending a decision on the matter a provision calculated as a percentage of relevant salaries has been made. (See note 10).

Pending finalisation of the proposed pension arrangements, pension and lump sums are not charged as expenditure but are set against the pension credit balance.

For other staff members the Bureau makes contributions to a defined contribution scheme (See note 10). These amounts are charged to the Income and Expenditure Account as they fall due.

Single Public Service Pension Scheme'

The Financial Services Ombudsman also operates the Single Public Services Pension Scheme ("Single Scheme"), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform (DPER).

Pension costs of the single scheme employees reflect pension benefits earned by them, and are shown net of staff pension contributions which are remitted to the Department of Public Expenditure and Reform. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments. Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income, and a corresponding adjustment is

recognised in the amount recoverable from the Department of Public Expenditure and Reform.

The financial statements reflect, at fair value, the assets and liabilities arising from Financial Service Ombudsman's pension obligations in respect of the single scheme staff and any related funding, and recognises the costs of providing pension benefits in the accounting periods in which they are earned by these employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

1i Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Financial Services Ombudsman's Bureau will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

1j Operating Lease

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.



1k Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Impairment of Property, Plant and Equipment

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Depreciation and Residual Values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate

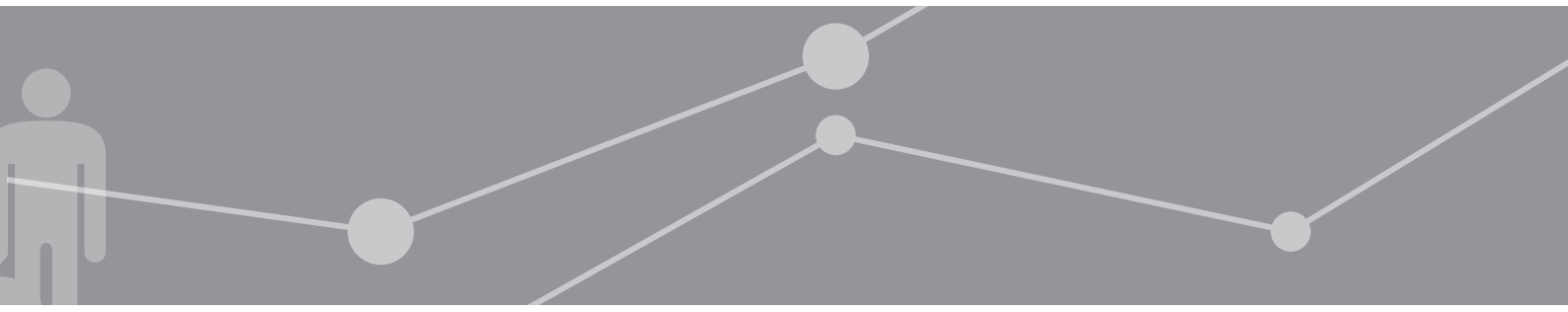
Provisions

The Financial Services Ombudsman's Bureau makes provisions for legal and constructive

obligations, that probably require settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

2 Income Receivable Income Levy

Section 57 BD of the Central Bank Act 1942 (Financial Services Ombudsman Council) Levies and Fees (Amendment) Regulations 2015 (S.I. No. 42 of 2015) provides for the payment of an income levy by financial service providers to the Bureau on terms determined by the Financial Services Ombudsman Council. The Central Bank Act 1942 (Financial Services Ombudsman Council) Regulations, 2015 set the actual rate for the year ending 31 December 2015.



Bank Interest

Bank interest is the amount received and accrued by the Bureau on the deposit accounts. Interest earned on the pension bank accounts is not treated as Bureau income (see note 10).

Income for the period is as follows:

	2015	2014
Levy Income	€	€
Insurance Firms	2,152,005	3,374,520
Banks	783,023	1,411,949
Credit Unions	374,494	585,414
Intermediaries	311,977	410,930
Stockbrokers	105,204	165,635
All other categories	16,640	19,284
Total	3,743,343	5,967,732
	2015	2014
Other Income	€	€
Bank Interest	4,909	28,590
	4,909	28,590

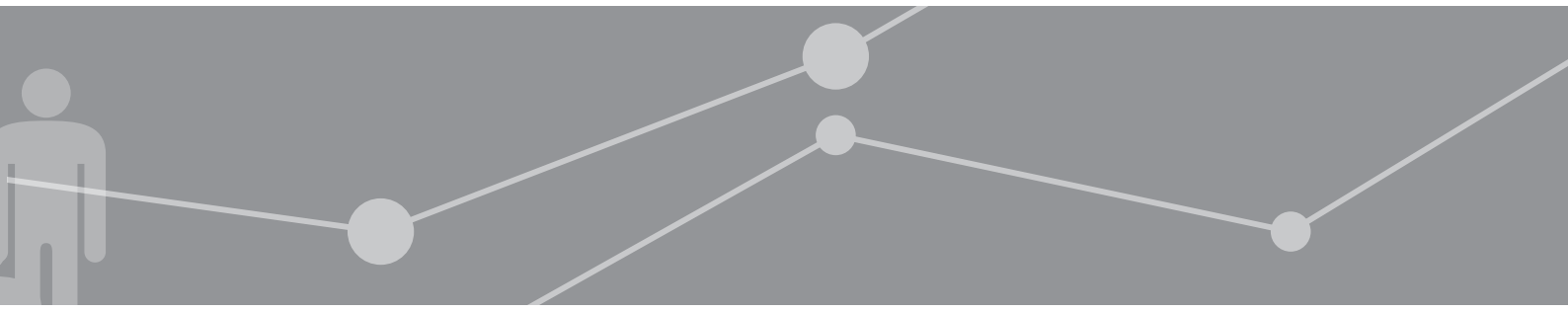
3 Capital Account

	2015	2014
	€	€
Opening balance	374,565	417,169
Funds allocated to acquire fixed assets	62,085	64,624
Amortisation in line with depreciation	(106,038)	(107,228)
Transfer from/(to) Income and Expenditure account	(43,953)	(42,604)
Balance at 31 December	330,612	374,565



4 Administration Costs

	Note	2015 €	2014 €
Salaries and Staff Costs	4a	1,863,743	2,073,885
Retirement Benefit Costs	4c	400,282	440,797
External Case Handlers		377,575	650,617
Legal Fees	4d	289,867	473,196
Rent		254,246	205,081
Contractors		169,612	39,807
Other Administration Costs	4e	104,807	79,667
Council Remuneration		97,200	97,200
Oral Hearing		63,235	93,553
Information Activities		62,423	71,194
Membership Fees & Subs & Communication		53,238	49,957
Stationery Costs		40,987	59,003
Maintenance		31,696	29,070
Insurance		32,400	33,112
Staff Training		22,989	26,795
Cleaning		21,415	22,626
Other Staff Related Costs	4f	16,980	15,155
Recruitment		13,704	3,272
External Audit		13,300	13,300
Bad Debts		11,855	3,278
Conference and Travel		11,609	22,296
Internal Audit		10,344	13,608
Council Legal & Consultancy		8,118	-
Council Expenses		6,314	8,377
External Mediators		4,920	-
		3,982,859	4,524,846



4a Salaries and Staff Costs

	2015	2014
	€	€
Salary	1,691,041	1,884,006
Employer PRSI Costs	172,702	189,879
	1,863,743	2,073,885

Staff Numbers

The number of persons employed as at 31 December 2015 was 27 (34 in 2014).

Pension Related Deductions

€95,475 (2014: €110,938) pension levy has been deducted from staff members and paid over to the Department of Finance.

4b Salary Costs of the Ombudsman and Deputy Ombudsman

	2015	2014
	€	€
Incoming Ombudsman 20th April 2015		
Salary	98,522	-
Pension Contributions	24,631	-
	123,153	-

	2015	2014
	€	€
Outgoing Ombudsman 20th March 2015		
Salary	23,536	154,000
Pension Contributions	10,003	38,600
	33,539	192,600



Outgoing Deputy Ombudsman 25th September 2015

	2015	2014
	€	€
Salary	81,348	115,000
Pension Contributions	21,917	28,750
	103,265	143,750

Additional Payments

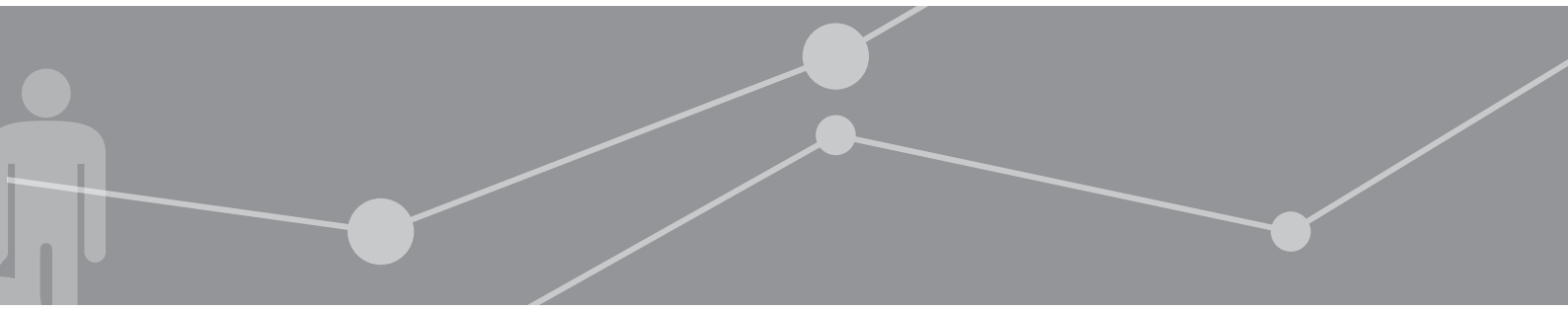
The above payments represent the total remuneration received by the Ombudsman and Deputy Ombudsman, no other payments were received by them. Both the Ombudsman and Deputy Ombudsman are members of the Superannuation scheme, see note 10.

4c Retirement Benefit Costs

	2015	2014
	€	€
Staff Pension Costs Superannuation Scheme	329,830	375,677
Staff Pension Costs Single Scheme	59,234	47,269
Pension Costs Other	2,685	7,551
Staff Pension Costs Defined Contribution Scheme	12,891	12,891
Pension Income from seconded staff	(4,358)	(2,591)
	400,282	440,797

4d Legal Fees

Legal Costs recovered included in legal fees were €98,491 (2014:€35,835)



4e Employee benefits breakdown

Range of total employee benefits		2015	2014
From	To		
60,000	69,999	1	2
70,000	79,999	2	2
80,000	89,999	1	-
90,000	99,999	1	-
100,000	109,999	3	3
110,000	119,999	-	1
120,000	129,999	-	-
130,000	139,999	-	-
140,000	149,999	-	-
150,000	159,999	-	1
160,000	169,999	-	1

4f Other Administration Costs include

	2015	2014
	€	€
Service Charge	50,123	46,735
Storage Charges	22,434	19,347
IT Purchases	28,762	11,248
Courier	1,797	1,302
Bank Charges	1,692	1,127
Miscellaneous	(1)	(92)
	104,807	79,667

4g Other Staff Related Costs

The related expense of providing canteen supplies (€4,581), an Employee Assistance Program (€3,075), food and drinks for various staff celebrations (€1,518) part funding the Christmas party (€1,372) and contributions towards social club events (€51) are included in Other Staff Related Costs.



5a Single Scheme Staff

Analysis of total retirement benefit costs charged to the Statement of Income and Expenditure and Retained Revenue Reserves in respect of the staff who are members of the Single Scheme.

	2015	2014
	€	€
Current service costs	96,000	-
	96,000	-

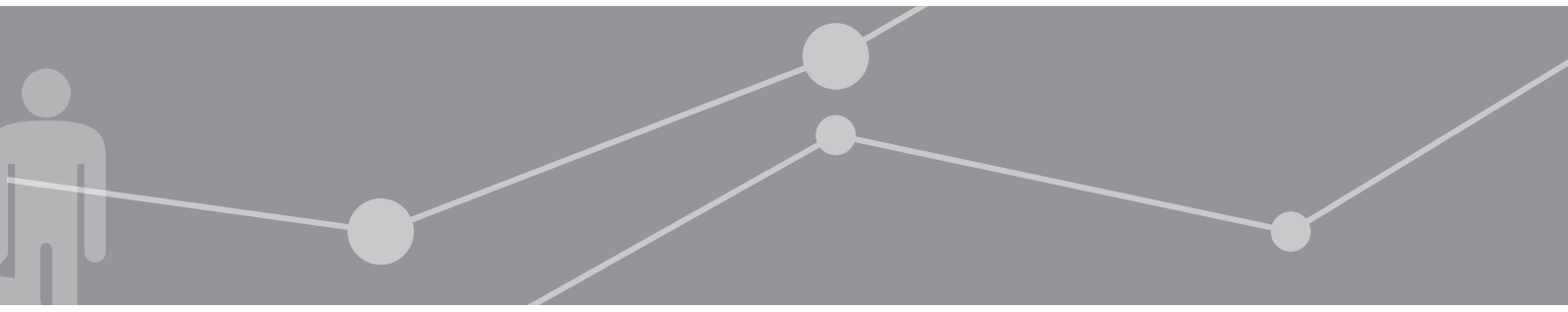
5b Movement in net retirement benefit obligations during the financial year

	2015	2014
	€	€
Net retirement benefit obligation at 1 January		-
Current service costs	96,000	-
Interest costs		-
Actuarial gain/(loss)		-
Pensions paid in the year	-	-
	96,000	-

5c Deferred funding for retirement benefits

The Bureau recognises these amounts as an asset corresponding to the unfunded deferred liability for retirement benefits on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Bureau has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Statement of Income and Expenditure and Retained Revenue Reserves was as follows;



	2015	2014
	€	€
Funding recoverable in respect of current year retirement benefit costs	96,000	-
State grant applied to pay retirement benefits	-	-
	96,000	-

5d Defined benefit obligations

	2015	2014
	€	€
Defined benefit obligations	96,000	-

6 Property, plant and equipment

	Computer Equipment	Office Fitting, Furniture & Equipment	Leasehold Improvements	Total
Cost	€	€	€	€
At 1 January 2015	405,285	249,825	602,330	1,257,440
Additions during period	41,674	20,411	-	62,085
Disposals during period	(2,896)	(36,754)	-	(39,650)
At 31 December 2015	444,063	233,482	602,330	1,279,875
Accumulated Depreciation				
At 1 January 2015	353,041	239,122	290,712	882,875
Charge for period	48,230	11,124	46,684	106,038
Disposals during period	(2,896)	(36,754)	-	(39,650)
At 31 December 2015	398,375	213,492	337,396	949,263
Net Book Value				
At 31 December 2015	45,688	19,990	264,934	330,612
At 31 December 2014	52,244	10,703	311,618	374,565



7 Prepayments and Accrued Income

	2015	2014
	€	€
Receivables	33,465	27,275
Prepayments	99,745	94,371
Bad Debt Provision	(13,676)	(4,262)
	119,534	117,384

8 Current Liabilities

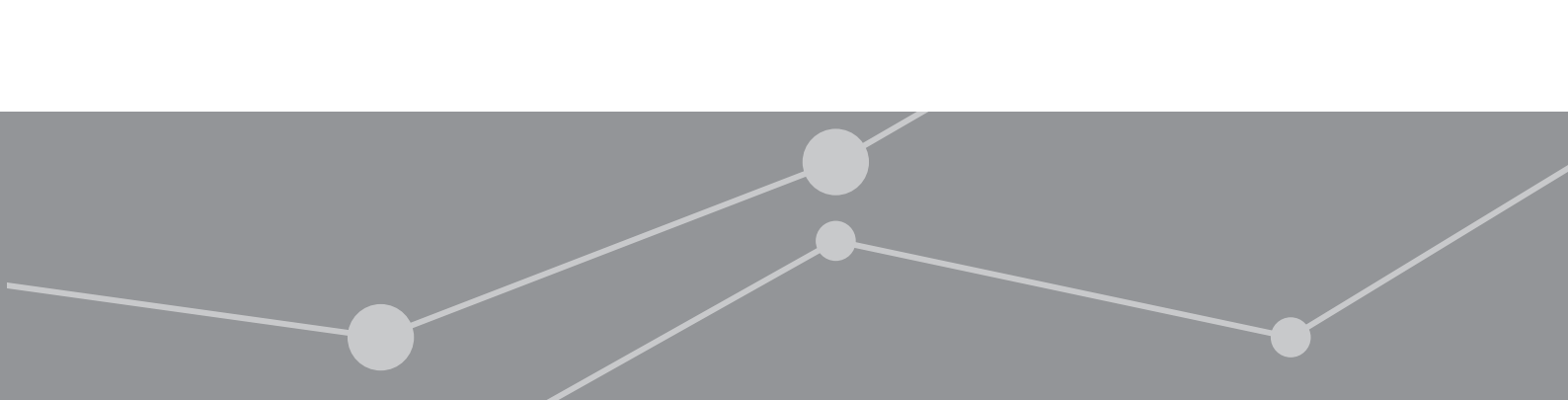
	2015	2014
	€	€
Payables	339,839	162,037
Pension Contributions	4,525,663	4,295,496
	4,865,502	4,457,533

9 Provision for Legal Services

	2015	2014
	€	€
Opening Provision	1,380,184	1,520,547
Additional provision during period (see note 12)	490,043	847,192
Paid during period	(659,039)	(608,684)
Adjustments to opening provision	(259,899)	(378,871)
Closing Provision	951,289	1,380,184

10 Superannuation

In accordance with Section 57BN of the Central Bank Act 1943, as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act 2004, the Council on 1st September 2014 submitted a pension scheme for the approval of the Minister for Finance. The scheme is a contributory defined benefit



superannuation scheme based on the Department of Public Expenditure and Reform (pre-single scheme) Model Public Sector Scheme.

The scheme called the Financial Services Ombudsman Bureau staff superannuation scheme was approved in Statutory Instruments 209 and 210 of 2016 by the Minister for Finance on the 26th of April 2016.

The Department of Finance has sought an assessment of the pension contributions that have accumulated in order to make an informed policy decision on how the scheme will be administered.

The Council are currently in the process of engaging a specialist to conduct the assessment. Pending this assessment we present the information required by FRS102 by way of a note only.

The Ombudsman proposed to the Department of Finance that the liability for benefits paid under the Scheme should be assumed by the State in return for payment annually of a percentage of the salaries of scheme members. This legislative amendment was included in the Central Bank (Supervision and Enforcement) Act 2013 which was enacted and signed into law on 11 July 2013.

In addition, staff who transferred from the former Insurance and Credit Institutions Ombudsman offices on the date of establishment could opt to continue with their existing defined contribution scheme. These schemes, which include life cover benefit, are administered by private pension providers. Once employee and employer contributions are paid over the Bureau has no further liability. Alternatively, transferred staff could opt to become members of the Bureau scheme from the date of transfer. In these cases the Bureau received amounts on surrender of the employee's entitlements under the defined contribution schemes. The amount will be used for the purchase of added years under the Bureau scheme in accordance with the provisions of the Department of Public Expenditure & Reform (pre Single Scheme) Model Public Sector Scheme.

Employee contributions and amounts received in respect of entitlements surrendered by transferred employees are retained by the Bureau pending a decision by the Minister for Finance as to how the scheme should be managed.

The Pension liability at 31 December 2015 is €7,736,000 (2014:€5,100,000). This is based on an actuarial valuation carried out by a qualified independent actuary using the financial assumptions below for the purpose of FRS 102 in respect of Bureau staff as at December 2015. Under the proposed pension funding arrangements this liability would be reimbursed in full, as and when these liabilities fall due for payment.

The main financial assumptions used were:

	31-Dec-15	31-Dec-14
Discount rate	2.5%	5.5%
Rate of increase in salaries	3.1%	4.0%
Rate of increase in pension	2.6%	4.0%
Inflation	1.6%	2.0%



Creditor Pension Account

Pending the introduction of legislation as outlined above, amounts have been held for pay over to the Department of Finance and are analysed as follows.

	2015	2014
	€	€
Opening Balance	4,295,496	3,850,705
Employee Contributions	101,972	114,514
Employer Contributions	389,064	422,946
Bank Interest (Pension Account)	9,771	37,603
less: pensions paid	(270,639)	(130,272)
	4,525,664	4,295,496

11 Financial Commitments

There are no capital commitments for capital expenditure at 31 December 2015.

12 Contingent Liabilities / Legal Actions

Findings of the Ombudsman are appealed to the High Court or more rarely may be subject to Judicial review. The Council has provided for expected costs in respect of all appeals notified to it, as at 31 December 2015 (see Note 9). The Council has not provided for any further appeals that may be notified to it in the future, in respect of decisions made up to 31 December 2015. It is not possible to reliably estimate the expected level of such appeals or the related legal costs. The number of such appeals varies but during 2015, the number of appeals was significantly reduced from previous levels, so that at year end, there were 13 High Court appeals on hand, 3 matters before the Court of Appeal, 2 applications for leave to appeal to the Supreme Court and 3 appeals adjourned generally. A provision totalling €951,289 has been provided for at year end, to allow for the estimated outlay of the above legal actions.'

13 Council Members - disclosure of interests

The Council adopted procedures in accordance with guidelines issued by the Department of Finance in relation to disclosure of interests by Council members and these procedures have been adhered to in the period. There were no transactions in the year in relation to the Council's activities in which the Council members had any beneficial interest.

14 Lease Commitment

	€
Payable within one year	263,265
Payable within two to five years	1,048,032
Payable after five years	1,375,541
	2,686,838

Accommodation

The Bureau operate from a single premises on the 3rd and 4th floor (from March 2013) of Lincoln House, Lincoln Place, Dublin 2. The office space on the 3rd floor has 20 year lease (commenced 2006). The office space on the 4th floor did not have a lease in place for the period March 2013 to February 2015. Rental costs of €5,747 are accrued in respect of 2015. The current office space on the 4th floor has an 11 years 1 month and 15 day lease (commenced March 2015).

The annual cost of the leases excluding service charge is €330,200 (2014:€165,100).

15 Council Remuneration

		2015	2014
		€	€
Dermott Jewell	Chairman	21,600	21,600
Anthony Kerr	Council Member	12,600	12,600
Caitríona Ní Charra	Council Member	12,600	12,600
Frank Wynn	Council Member	12,600	12,600
Michael Connolly	Council Member	12,600	12,600
Paddy Leydon	Council Member	12,600	12,600
Elizabeth Walsh	Council Member	12,600	12,600
		97,200	97,200



Travel and meeting expenses paid to the Chairman and Council Members are broken down as follows;

	2015	2014
	€	€
Travel Expenses	5,262	6,672
Meeting Expenses	1,052	1,705
	6,314	8,377

16 Proposed Merger with the Pensions Ombudsman.

In 2013 work commenced to amalgamate the Bureau with the Pensions Ombudsman. The implementation of the amalgamation will require primary legislation. We are currently awaiting confirmation of a time frame for the merger, the Bureau does not consider any material adjustment to the financial statements is needed to take account of the decision and therefore the financial statements continue to be prepared on a going concern basis.

18 Approval of Financial Statements

The Financial Statements were approved by the Financial Services Ombudsman on 1st September 2016.