

**Financial Services Ombudsman**  
**Annual Report 2014**

**Financial Services Ombudsman Annual Report 2014**

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

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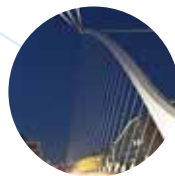


Our mission is to adjudicate on unresolved disputes between Complainants and Financial Services Providers in an independent and impartial manner thereby enhancing the financial services environment for all stakeholders.



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## Chairperson's Report

# Chairperson's Report

I am pleased to present this, my sixth report as Chairperson of the Financial Services Ombudsman Council.



The Council commenced a five-year term on the 29 of October, 2008. In October 2013, the Minister for Finance reappointed the council (with an additional member) for a period of two years (up to 28 October 2015) or until the merger of the Financial Services Ombudsman with the Pensions Ombudsman has been completed, whichever is sooner.

The statutory functions of Council are prescribed by the Central Bank and Financial Services Authority of Ireland Act 2004, and are as outlined in specific detail on page 8 of the Annual Report.

This report carries throughout the thread of change.

Through a determined internal strategy of direct and focussed engagement with Financial Services Providers, which commenced in the latter end of 2013, a highly significant reduction in complaints – of 42% - has been achieved.

This is obviously in part due to procedural changes internally introduced by many providers following the enactment of the Central Bank Act 1942 (Financial Services Ombudsman Council) Complaint Information Regulations 2014. Council had long awaited this important and transparent vehicle for change that now prescribes frequency and format through which the information shall be reported and published in relation to the complaints record of individual financial service provider firms. However, it is fair to also outline how these changes were actively and positively determined by many providers by following the methodology of the Financial Services Ombudsman Bureau and with the goal

for embedding as reflective of standard internal best practice for the consumers of their services.

I reflected last year how Council viewed the amendment as having the potential to bring real and beneficial change to the financial services complaint landscape. The results are promising and importantly so for the industry as they bring focus upon those providers whose procedures and systems of complaint management are often below the quality, commitment and standard necessitated and practiced by their industry counterparts.

The constant consideration of and strategic planning for change was reflected in the Minister's decision for review and reappointment of Council in the particular context of commencement of the planning and process to integrate the Office of the Pension Ombudsman into the Financial Services Ombudsman Bureau.

In my previous reports I had referred to Council's concern regarding the cost implications upon infrastructure that would result from the proposed amalgamation.

To that end, in close engagement with the Departments of Finance, Public Expenditure and Reform and Social Protection officials, Council has utilised its existing skill-set and experience to inform and action progress whenever and wherever possible.

The amalgamation has brought focus and awareness of the wide and significant body of legislative provisions underpinning both Offices. I would highlight again how

the process affords the Steering Group, established to bring this amalgamation to completion, a unique opportunity to review and evaluate the existing provisions in terms of reasonableness, cost and efficiency. Of course, I should also put this in the context of how, as I write this foreword, this process of review is ongoing and demanding of what will be forthcoming elements of change. In that regard I can advise how there have been quite significant and challenging organisational changes already introduced with more under review and consideration to meet Council's oversight for efficiency and effectiveness.

Council, while not represented on the Steering Group, is maintaining its focus throughout the amalgamation process to ensure that structural support will remain and where necessitated be enhanced to facilitate delivery of effective, timely engagement and redress where sector providers, their products and their agents fail and place consumers in a position of loss and/or disadvantage.

While a continuing matter of concern to Council, especially in terms of the amalgamation process, I am pleased to confirm that significant and steady progress has been applied toward closing out the remaining outstanding legislative procedures for final establishment of the Financial Services Ombudsman Bureau Superannuation Schemes.

I consider how this report, together with the Annual Review 2014, outlines how the teams of committed, concerned and capable professionals, across Council and Bureau, have excelled. The firm bedrock for establishment of the Financial Services and Pension Ombudsman Bureau is in place.

I wish to restate my high regard of and gratitude to all of my 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.

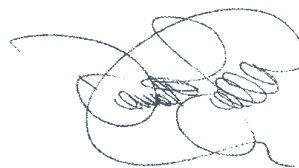
In closing I must express my gratitude, appreciation and congratulations to the Ombudsman, Deputy Ombudsman, Heads of Investigation, Legal Services and Administration and all of the staff and investigators for their exceptional individual and combined efforts and achievements.

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

At the time of preparation of this foreword, as a part of the amalgamation process and following a public recruitment process a new Financial Services Ombudsman, Mr Ger Deering was recently appointed with the intention that he would ultimately assume the position of Pensions Ombudsman.

I also wish to pay tribute to the outstanding work, dedication and contribution of William Prasifka who has taken the Financial Services Ombudsman Bureau to the positive position I outline above across the five years of his term in office. Those were decidedly challenging years for the Bureau with which this Ombudsman successfully engaged in the professional, measured and considered manner for which he is known and highly respected. It is a measure of the gentleman that he greeted every success with an accompanying acknowledgement of the complementary role played by others in making it so.

The Council and I look forward to supporting and working with the new Ombudsman and his staff in our combined commitment for continuity within a still changing structure to ensure our services, their quality, provision and determination, meet the needs and demands of all who have cause to contact the Bureau.



**Dermott Jewell**

Chairperson

Financial Services Ombudsman Council

April, 2015

# The Financial Services Ombudsman Council



## **Mr Dermott Jewell, Chairperson**

Mr Jewell (B. Sc. Mgmt (Law) (Trinity College Dublin), (CI Arb.) (MII) is Policy & Council Advisor at 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), member of the National Standards Authority for Ireland (NSAI) Certification Oversight Committee and member of An Bord Bia Quality Assurance Board. He is Ireland's representative on the European Consumer Consultative Group (ECCG) of the European Commission.

Mr Jewell is an accredited mediator and 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 PMI Europe Holdings and Chairman of their Risk Committee. He is also 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 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 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 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.



### **Secretary to the Council**

#### **Mr Jim Bardon**

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.



## 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 with the Pensions Ombudsman has been completed, whichever is the sooner.

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

Mr Jim Bardon is Secretary to the Council.

## Council Subcommittees

### Audit Committee Members

- 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 2014, the Council held 7 formal meetings. Attendance was as follows:

	Meetings
Mr Dermott Jewell (Chairperson)	7
Mr Michael Connolly	7
Mr Anthony Kerr	7
Mr Paddy Leydon	6
Ms Caitríona Ní Charra	5
Ms Elizabeth Walsh (Joined Council Oct, 2013)	7
Mr Frank Wynn	6

### 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:

Mr Paddy Leydon	€2,645.76
Ms Caitríona Ní Charra	€2,465.65
Ms Elizabeth Walsh	€543.24



## Deputy Ombudsman's Foreword



# Deputy Ombudsman's Foreword

2014 saw complaints received continuing to decrease with strong evidence of increased engagement by Providers with consumers. The Bureau welcomes this and we hope these actions will, in time, deliver positive outcomes and experiences for consumers.



The challenges presented during that term were significant. Against the background of a difficult financial and economic environment, complaints were submitted at unprecedented levels. This was coupled with operating in a very challenging legal environment. Bill provided strong leadership and direction during this period. He embraced and demonstrated the Ombudsman ethos and was particularly considerate and supportive to staff. We wish him every success in the future. The activity outlined below took place under his stewardship.

The trend of decreasing complaints to the Bureau continues. 2014 saw a major decrease in the number of complaints received, down 42% from 2013. We believe this was brought about by a number of factors; the Bureau's strategic actions of adopting new procedures to ensure that consumers engaged with their Financial Service Providers (FSPs) if they had a complaint, engagement by the Bureau with the Providers to encourage active management of the complaints at source and the adoption of our methodologies for handling complaints, and finally the improving economic environment. Progress across the industry in terms of appropriate complaint management is to be welcomed and will deliver positive outcomes for consumers.

In summary, 4,477 complaints were received this year, of which 3,166 were closed. 50% of those complaints received were closed by way of formal investigation and finding, with 29% of those closed being settled to the satisfaction of the complainant utilising the resources of

the Bureau, but without the requirement to follow through to a formal finding.

Another significant impact on the complaints landscape was the introduction on 1 September, 2013 of the following legislation - Section 72 of the Central Bank (Supervision and Enforcement) Act 2013, which gave the Financial Services Ombudsman (FSO) the power to publish reports identifying regulated FSPs who, in the preceding financial year, had at least three complaints against them substantiated or partly substantiated. 2014 was the first time that we reported for a full calendar year in terms of this legislation and full details were published in our Annual Review 2014 report which can be found on our website.

We believe, as a direct result of this legislation and publication, we have seen a significant trend from FSPs towards the settlement of complaints which is a positive development. Each year, the Bureau allocates considerable resources towards facilitating resolutions between the consumers who have a complaint and the Providers who supplied the product or service. Through our processes we encourage both of them to work towards an informal resolution to achieve a mutually acceptable outcome. Of those complaints closed during 2014, 45% had some form of customer redress.

Thus far we are pleased with progress and we will continue to actively encourage and facilitate this informal approach and review our own approach and processes.

The highest driver of complaints on a product basis continues to be mortgage issues. It should be noted that the numbers have dropped, but not significantly. Payment protection insurance product issues dominate the Insurance sector product complaints, but these have dropped by 61% year on year. Investment complaints have dropped by 65% since 2013.

During 2014, the Ombudsman, myself and the Bureau's management team attended two Oireachtas Committees – in March at the request of the Joint Committee on Finance, Public Expenditure and Reform and in November at the request of the Public Service Oversight and Petitions Committee, where a useful exchange of information and views took place.

We participated in a Steering Group, chaired by the Department of Finance, in relation to the pending amalgamation of our office with the Pensions Ombudsman. A major step achieved was the acquisition of space to enable, initially, the co-location of both offices within our current location. This will take place during mid-2015 and we look forward to welcoming our colleagues to their new home. Full amalgamation will require primary legislation and both Offices remain fully committed to progressing this in a timely manner, when the legislation is enacted.


In light of the pending amalgamation, we developed and published a revised Strategy Statement and Business Plan for 2015 for the Bureau, which is available on our website.

We have continued to work actively with all our stakeholders and I would like to extend particular thanks to the Pensions Ombudsman and staff, the Council, the staff within the Department of Finance and the Central Bank with whom we liaise on a regular basis for their positive interactions and support.

Before I conclude, I would like to pay tribute and say a very sincere thanks to the Bureau's management team and staff for their continued commitment and professionalism demonstrated on a daily basis. Their support, good humour and embracement of change makes for a very positive working environment.

I believe that we, as a team, have made significant progress in terms of delivering on our mission statement 'to adjudicate on unresolved disputes between Complainants and Financial Service Providers in an independent and impartial manner thereby enhancing the financial services environment for all stakeholders'. We still have further to go and we intend to continue the progress outlined above to enable trust and respect to be re-established to enable the financial services sector to be successful.

2015 will bring additional change with a newly appointed Ombudsman. We look forward to welcoming him to the Bureau and to working with him in terms of further reviewing and enhancing our services to all our stakeholders.



**Jacqueline McCrum**  
Deputy Financial Services Ombudsman  
April, 2015

# Organisation/Staff Structure

As at 31 December, 2014

## Management

Name	Title
William Prasifka	Financial Services Ombudsman
Jacqueline McCrum	Deputy Financial Services Ombudsman
MaryRose McGovern	Head of Investigation
Diarmuid Byrne	Head of Administration
Tom Finn	Head of Legal Services

## Investigation Unit

Name	Title
Michael Brennan	Principal Investigator
Úna Gately	Assistant Head of Investigation
Sinead Brennan	Senior Investigator
Conor Cashman	Senior Investigator
Joanne Cronin	Senior Investigator
Anthony O'Riordan	Senior Investigator
Kathleen O'Sullivan	Senior Investigator
Iseult Doherty	Investigator
Rachel Hickey	Investigator
Stephanie McConnell	Investigator
Simon Noone	Investigator
Rachel O'Regan	Investigator

## Finance Department

Name	Title
Evelyn Moore	Financial Accountant

## Pre-Investigation Unit

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
Jonathan Gray	Complaint Officer
Shane McKiernan	Complaint Officer
Emmett Greaney	Case Administrator

## HR Department

Name	Title
Patricia Heffernan	HR Administrator

## Support Staff

Name	Title
Sylvia Costello	PA to Ombudsman
Joan McGuinness	Investigation Administrator

## Administration Unit

Name	Title
Ann-Marie Dent	Reception
Frederica Doyle	Reception
Lewis Doyle	Reception
Jim Bardon	Secretary to Council



# 01 | 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. The Act, under which the Financial Services Ombudsman was created, provides that the Ombudsman must be independent in the execution of function relating to the adjudication of complaints and 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 2014. A comprehensive breakdown by Complaint and Product type and Findings issued by Sector can be found in our Annual Review for 2014, on our website [www.financialombudsman.ie](http://www.financialombudsman.ie) under the heading Publications.

## During 2014:

- 4,477 new complaints were received, a decrease overall of 42% year on year.
- 1,955 complaints were received in relation to the Insurance Sector, 271 in relation to the Investment Sector, 2,127 in relation to the Banking Sector and 124 in relation to non-Financial Service Providers. [Note: non-Financial Services Provider relates to complaints sent to this office regarding airlines, hired cars, garages, mobile phone companies etc.; these complaints are referred to the relevant body for action.]
- 5,872 cases were concluded during 2014; of which 2,238 Findings following formal investigation were issued.
- 928 complaints, representing 29% of all complaints closed, were settled to the Complainant's satisfaction utilising the resources of the office but without the requirement to follow through to a formal finding.

## Summary of work throughput for 2014

### Summary of Complaints received and closed 2014

<b>Complaints on hand 1 January, 2014</b>	<b>3,154</b>
Complaints continued following review	134
New complaints received	4,477

### Complaints Closed

Complaints closed prior to investigation	2,698
Complaint closed by way of settlement	928
Complaints closed by way of Finding	2,238
Complaints closed by way of mediation	8
Total closed	5,872
<b>Complaints on hand 31 December, 2014</b>	<b>1,893</b>





## 02 | Legal Matters

# Legal Matters

**Background** - the Financial Services Ombudsman possesses a unique legal jurisdiction, which is acknowledged and frequently commented upon by the Courts. There now exists a significant body of jurisprudence involving the Financial Services Ombudsman.

All Findings must be legally sound, but there are also legal requirements that the Ombudsman must act in an informal manner and without regard to technicality or legal form. The Bureau accordingly follows well-established, yet evolving, procedures regarding how it deals with complaints. Those procedures come from a variety of sources; legislation, practice and experience and from decided court cases.

Those procedures and the manner, in which Findings are arrived at, inevitably give rise to on-going legal interpretation and development and so are kept under continuous review. Each complaint is dealt with on its own merits on an individual case-by-case basis and the Bureau does not operate a system of precedent Findings similar to precedent Judgments used in a Court of Law. The Ombudsman has greater flexibility and choice in fashioning an appropriate remedy in cases which come before him.

The Ombudsman also has a broad statutory discretion for deciding whether or not a complaint is within his jurisdiction. The Ombudsman regularly exercises this discretion and consequently not every complaint made to him can or will necessarily be investigated.

## 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 2014 a number of appeals were decided upon by the High Court with a number of ex tempore and written Judgments delivered. Copies of approved Judgments to date are available on the Bureau's website.

Of the 21 appeals heard before the High Court in 2014, 13 appeals were dismissed (an appeal in respect of 1 of these dismissed cases was subsequently brought to the

Supreme Court but was not granted leave to appeal to that court) and 7 appeals were allowed (1 of these was subsequently the subject of an appeal by the FSO to the Court of Appeal). These cases were then remitted back to the Bureau. As of 31 December, 2014 there were 18 High Court appeals, 1 Judicial Review, 5 Supreme Court appeals and 1 Court of Appeal appeal on hand i.e. Court proceedings were in being and either were awaiting hearing or had been heard and were awaiting Judgment.

Appeals can be brought by either Complainants and Financial Service Providers depending on the issues arising from the Finding under appeal. In 2014 of the 18 new appeals received, 2 were received from Financial Service Providers and 16 were received from Complainants, of which 4 were received from lay litigants. Virtually all appeals tend to be in respect of the merits of the Finding rather than Judicial Reviews. An appeal on the merits does not involve a complete de novo, re-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 2014, 9 High Court appeals and one Supreme Court appeal were withdrawn by appellants prior to hearing.

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 2014 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, including whether or not oral evidence is required in the investigation of a complaint. The judgments indicate that there are limited circumstances in which the Courts will set aside a Finding on the grounds that an oral hearing was not held and that not every material conflict of fact between parties to a dispute before the Ombudsman can necessarily be resolved by an oral hearing.

### Supreme Court Appeals

As of the 31 December, 2014 there were 5 appeals pending before the Supreme Court awaiting a hearing date. The issue regarding the application of fair procedures, the holding of oral hearings and the scope of the FSO's jurisdiction is currently the subject of an appeal by the FSO to the Supreme Court.

### Court of Appeal

The Court of Appeal was formally established on 28 October, 2014. In accordance with Practice Directions of the Supreme Court some of the 5 FSO cases on appeal before the Supreme Court were likely to be transferred to the Court of Appeal in due course and other cases retained by the Supreme Court. In November, 2014, the FSO lodged an appeal to the Court of Appeal against a decision of the High Court involving inter alia issues of 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 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 2014

High Court Appeals On Hand at 1 January, 2014	33
Judicial Reviews On Hand at 1 January, 2014	1
Supreme Court Appeals On Hand at 1 January, 2014	5
New High Court Appeals received in 2014	18
of which:	
16 received from Complainants	
2 received from Financial Services Providers	
[1 of these subsequently withdrawn]	
New Judicial Reviews received in 2014	1
New Supreme Court Appeals received in 2014	1*
[*application for leave to appeal]	
New Court of Appeal appeals in 2014	1
[appeal lodged by FSO]	
New other Plenary Proceedings received in 2014	1
High Court Appeals Resolved in 2014	30
Appeals Heard	21
of which:	
Appeals Dismissed	13
[of which 1 appealed to Supreme Court]	
Appeals Allowed (remitted by Court)	7
(of which 1 appealed by FSO to Court of Appeal)	
Withdrawn prior to delivery of Judgment	1
High Court Appeals withdrawn pre-hearing	8
High Court Appeals remitted on consent	1
Judicial Review Cases Resolved in 2014	1
(remitted on consent)	
of which:	2
1 withdrawn by Appellant	
1 leave to appeal not granted by Court	
High Court Appeals on hand at 31 December, 2014	18
Judicial Reviews On Hand at 31 December, 2014	1
Supreme Court Appeals On Hand at 31 December, 2014	5
(includes 2 sets of linked appeals)	
Court of Appeal Appeals On Hand at 31 December, 2014	1

# 03 | External Relations



# External Relations

## Co-operation with Pensions Ombudsman, Central Bank

The Financial Services Ombudsman is an arbiter of disputes between customers and institutions, 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 is indicative of some kind of pattern, 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 in the pensions' area. 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 2014. Interactions on a number of issues were undertaken, more specifically on 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 Office 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 schemes co-operate to provide consumers with easy access to out-of-court complaint procedures in cross-border cases. If a consumer in one country has a dispute with a Financial Service Provider in another country, this Office's role is to put the consumer in touch with the relevant out-of-court complaint scheme and provide the necessary information about it.

## Oireachtas Committee Attendances

- 5 March, 2014, Joint Committee on Finance, Public Expenditure and Reform
- 12 November, 2014, Public Service Oversight and Petitions

## Presentations

- Association of Compliance Officers in Ireland
- Burren Law School, Co. Clare
- Dundalk Institute of Technology, Annual Accountancy Lecture
- Financial Services Club Ireland
- Insurance Brokers Association, Dundalk
- Irish Bankers Federation
- Irish Brokers Association, Dublin
- Insurance Institute of Ireland, Dublin and Cork
- International Network Financial Services Ombudsman Annual Conference, Trinidad
- Life Insurance Association, Cork
- Ombudsman Association, Manchester

## Meetings/Conferences

- Central Bank
- Certified Public Accountants Ireland
- Conduct Supervision Department, Central Bank, Brazil
- Department of Finance
- Department of Jobs Enterprise & Innovation
- Department of Public Expenditure & Reform
- Department of the Taoiseach – Conference
- Financial Services Ireland
- FIN-Net Meetings in Athens & Brussels
- FLAC (Free Legal Advice Centres Ltd.)
- IMF Assessors
- Insurance Ireland
- Institute of Public Administration
- Irish Bankers Federation now Banking and Payments Federation of Ireland

## External Relations

- Irish Brokers Association
- Irish Payments Services Organisation
- Irish Ombudsman Forum
- Law Society of Ireland
- Life Insurance Association
- National Consumer Agency
- Office of the Comptroller & Auditor General
- Ombudsman Association (Ireland & UK)
- Pensions Ombudsman
- Professional Insurance Brokers Association
- The Netherlands Authority for the Financial Markets (AFM)
- University of Oxford – ADR Conference

## Visits to the Office

- Commission for Energy Regulation
- Providers – Insurance & Banking
- Queen Margaret University, Edinburgh

## Other

- Media interviews
- Website Updates
- Annual Review
- Annual Report



# 04 | 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 completes during 2015. The Strategy Statement for 2015-2016 was approved by the Financial Services 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 commitments to reducing its energy requirements in line with the Department of Communications Energy & Natural Resources goals of improving energy efficiency in the public sector by 33% by 2020, the Bureau is actively seeking to reduce the energy use of our office.

Energy consumption by the Bureau, as a whole, can be primarily attributed to the running of the Office. In 2014, the Bureau had an office space comprised of the third floor and a portion of the fourth floor of the five-storey Lincoln House building.

141,909 KWh of energy was consumed by the Office in 2014 consisting of:

- 79,467 KWh of Electricity
- 62,442 KWh of Fossil Fuels (Gas Heating)

This equates to an overall decrease in energy usage of 4.4% on 2013 figures. The Bureau also assesses energy consumption per staff member and, in that regard, there has been a slight increase in energy use per staff member year-on-year. This can be attributed to a twelve percent decline (approx.) in the number of staff employed in 2014 compared to 2013.

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

- Continued promotion of the increased use of digital correspondence by staff.
- The installation of LED lighting in the reception area of the office which has considerably reduced the impact that the area has had on electricity use.

2015 will see the amalgamation of the Pensions Ombudsman's office with the Bureau. In order to facilitate this move there will be an expansion of the floor space used by the Bureau with the result that the Bureau will comprise both the third and fourth floors of the Lincoln House building. The Bureau plans to carry out the following measures to help reduce its energy consumption in these areas in 2015:

- The continued installation of energy efficient LED lighting and, in particular, the installation of such lighting in the new floor space provided for the Pension Ombudsman's staff.
- The installation of motion activated light sensors to complement the new lighting.
- The issuing of bi-monthly email updates to all staff encouraging energy efficiency practices in the office.
- The continued expansion of the use of digital correspondence (e.g. email) between our office and both Providers and Complainants.



It is anticipated that the implementation of the energy reduction measures that are outlined above should have the effect of reducing the overall energy consumption per staff member in the office in 2015,

This attention to our energy consumption demonstrates 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.

### Performance Management and Development Systems (PMDS)

Staff members' performances for 2014 were reviewed by individual managers and suitable training and development plans agreed.

### 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.

### Compliance with Legislation

The Office complies with statutory requirements in the areas of Health and Safety, Equality, Parental Leave and in other areas as follows;

- 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)

### Oral Hearings

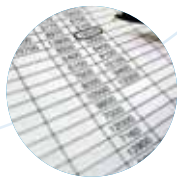
Oral Hearings are called when the Ombudsman, in the course of reviewing the evidence in a case, decides it is necessary to resolve the dispute between the parties to the complaint. An oral hearing may be necessary where there is an issue of fact in dispute between the parties to the complaint which cannot be fairly resolved without hearing the parties. It is solely at the Ombudsman's discretion to decide whether to hold an Oral Hearing. During 2014, 38 oral hearings took place at a total cost of €93,553 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 cost to the provider or complainant for this service. Oral hearings are held in private.

### Sponsorships

The Financial Services Ombudsman's Bureau is a sponsor of the 'Graduate Online Youth Quiz'. This is a free on-line educational Quiz for second and third level students throughout Ireland. Many national public and private organisations and European institutions support the quiz through sponsorship and the provision of prizes.

The aim of the quiz is to increase student's civic, social and political awareness in an innovative, fun and engaging manner. The quiz encourages students to develop an understanding of how various public institutions work, how they interact with young people and how they impact upon their everyday lives.

# 05 | 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 for the year ended 31 December 2014 under the Central Bank Act 1942 as amended by the Central Bank and Financial Services Authority of Ireland Act 2004. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 57 of the Central Bank Act 1942 as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act 2004, and in accordance with generally accepted accounting practice in Ireland.

### 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 of the state of affairs of the Financial Services Ombudsman's Bureau and of its income and expenditure, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and 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 circumstances of the Financial Services Ombudsman's Bureau, 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. 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, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of affairs of the Financial Services Ombudsman's Bureau at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by Financial Services Ombudsman's Bureau. The financial statements are in agreement with the books of account.

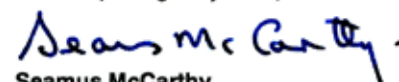
Without qualifying my opinion I draw attention to note 9 of the financial statements which discloses that legislation enacted in July 2013 provides for changes in the Bureau's pension arrangements. Discussions are ongoing with the Department of Finance in relation to implementing the legislation. Pending the resolution of these discussions there is uncertainty in relation to the ultimate financing and recognition of the pension liability.

### 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
- my audit noted 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 annual report of the Financial Services Ombudsman's Bureau is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Financial Services Ombudsman's Bureau compliance with the Code of Practice for the Governance of State Bodies, or
- I find 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

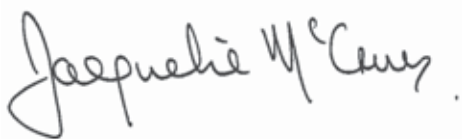
19 June 2015

## 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.



**Jacqueline McCrum**

Deputy Financial Services Ombudsman

4 June, 2015

## 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 57B of the Central Bank Act 1942 as inserted by Section 16 (chapters 3 and 4) 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 2014. The Audit Committee reports to the Ombudsman and Council. The Committee met on four occasions in 2014. 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 2014 and I will implement any necessary improvements to correct any deficiencies it may bring to light.



**Jacqueline McCrum**

Deputy Financial Services Ombudsman

4 June, 2015

## Statement of Accounting Policies

The significant accounting policies adopted in these financial statements are as follows:

### Basis of Accounting

The financial statements are prepared under the accrual method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention.

### 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.

### Expenditure Recognition

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

### Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation, charged to the Income and Expenditure Account, is calculated in order to write off the cost of fixed assets over their estimated useful lives, under the straight-line method, at the annual rate of 5% and 25% per annum for leasehold improvements, 33 1/3% for computer equipment and 25% for all other assets. A full year's depreciation is charged in the period of the acquisition and none in the year of disposal.

### Capital Account

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

### Superannuation

For certain staff members, the Council is in discussion with the Department of Finance and the Department of Public Expenditure & Reform 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 9). 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 9). These amounts are charged to the Income and Expenditure Account as they fall due.



## Income and Expenditure Account

For the year ended 31 December, 2014

	Notes	2014 €	2013 €
Income Receivable	2	5,996,322	5,493,068
Transfer (to)/from Capital Account	3	42,604	(23,252)
		6,038,926	5,469,816
Administration Costs	4	(4,632,074)	(5,417,804)
<b>Surplus/(Deficit) for the year</b>		1,406,852	52,012
<b>Balance at 1 January</b>		756,471	704,459
<b>Balance at 31 December</b>		<b>2,163,323</b>	<b>756,471</b>

The Bureau has no gains or losses in the Financial Year other than those dealt with in the Income & Expenditure Account.

The Statement of Accounting Policies and notes 1 to 16 form part of these Financial Statements.



**Jacqueline McCrum**

Deputy Financial Services Ombudsman

4 June, 2015

## Balance Sheet

As at 31 December, 2014

	Notes	2014 €	2013 €
<b>Fixed assets</b>			
Tangible assets	5	374,565	417,169
<b>Current assets</b>			
Bank and Cash		1,207	311,656
Bank Deposit Accounts		7,918,166	5,842,964
Debtors and Prepayments	6	117,384	98,596
		<b>8,036,757</b>	<b>6,253,216</b>
<b>Creditors (amounts falling due within one year)</b>			
Bank		48,198	-
Creditors and accruals	7	4,445,052	3,976,198
Provision for Legal Services	8	1,380,184	1,520,547
		<b>5,873,434</b>	<b>5,496,745</b>
<b>Net current assets</b>		<b>2,163,323</b>	<b>756,471</b>
<b>Creditors (amounts falling due after one year)</b>		-	-
<b>Net assets</b>		<b>2,537,888</b>	<b>1,173,640</b>
<b>Represented by</b>			
Capital Account	3	374,565	417,169
Accumulated surplus at 31 December, 2014		2,163,323	756,471
		<b>2,537,888</b>	<b>1,173,640</b>

The Statement of Accounting Policies and notes 1 to 16 form an integral part of these Financial Statements.



**Jacqueline McCrum**

Deputy Financial Services Ombudsman

4 June, 2015



## Cashflow Statement

For the year ended 31 December, 2014

	2014 €	2013 €
Reconciliation of deficit to net cash inflow from operating activities		
Surplus/(Deficit) for the year	1,406,852	52,012
Transfer to capital account	(42,604)	23,252
Depreciation charge	107,228	125,088
Interest received	(28,590)	(36,899)
(Increase)/decrease in debtors	(18,788)	(22,167)
Increase/ (decrease) in creditors	328,491	680,935
<b>Net Cash Outflow from Operating Activities</b>	<b>1,752,589</b>	<b>822,221</b>

## Cash Flow Statement

Net cash flow from operating activities	1,752,589	822,221
<b>Return on Investments and Servicing of Finance</b>		
Interest received	28,590	36,899
Interest paid	-	-
Capital expenditure	(64,624)	(148,340)
Financing	-	-
<b>Management of Liquid Resources</b>		
Invested in Short-term Deposits	(2,075,202)	(896,432)
<b>Increase/(Decrease) in cash</b>	<b>(358,647)</b>	<b>(185,652)</b>

## Reconciliation of Net Cash Flows to Movement in Net Funds

Increase/ (Decrease) in cash in the year	(358,647)	(185,652)
Changes in net funds resulting from cash flow		
Net funds at beginning of the year	311,656	497,308
<b>Net funds at the end of the year</b>	<b>(46,991)</b>	<b>311,656</b>

The Statement of Accounting Policies and notes 1 to 16 form an integral part of these Financial Statements.



**Jacqueline McCrum**

Deputy Financial Services Ombudsman

4 June, 2015

## Notes

### (Forming part of the financial statements)

#### 1. Establishment of the Council and Bureau

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 14).

## 2. Income Receivable

### Income Levy

Section 57 BD of the Central Bank Act 1942 as inserted by the Central Bank and Financial Services Authority of Ireland Act 2004 provides for the payment of an income levy by Financial Service Providers to the Bureau on terms determined by the Financial Services Ombudsman's Council. The Central Bank Act 1942 (Financial Services Ombudsman Council) Regulations 2014 set the actual rate for the year ending 31 December, 2014.

### 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 9).

Income for the period is as follows:	2014	2013
	€	€
Insurance Firms	3,374,520	3,175,749
Banks	1,411,949	1,181,900
Credit Unions	585,414	532,429
Intermediaries	410,930	385,548
Stockbrokers	165,635	160,809
Bank Interest	28,590	36,899
Other	19,284	19,734
<b>Total</b>	<b>5,996,322</b>	<b>5,493,068</b>

## 3. Capital Account

	2014	2013
	€	€
Opening balance	417,169	393,917
Funds allocated to acquire fixed assets	64,624	148,340
Amortisation in line with depreciation	(107,228)	(125,088)
Transfer from/(to) Income and Expenditure account	(42,604)	23,252
<b>Balance at 31 December</b>	<b>374,565</b>	<b>417,169</b>

## 4. Administration Costs

	2014	2013
	€	€
Salaries and Staff Costs <sup>1</sup>	2,073,885	2,032,958
External Case Handlers	650,617	994,533
Legal Fees <sup>2</sup>	473,196	947,715
Staff Pension Costs	440,797	435,033
Rent	205,081	199,334
Depreciation	107,228	125,088
Council Remuneration (note 14)	97,200	87,750
Oral Hearing	93,553	71,275
Other Administration Costs <sup>3</sup>	79,667	72,425
Information Activities	71,194	78,991
Stationery Costs	59,003	61,880
Memberships, Subscriptions and Communications	49,957	46,248
Contractors	39,807	39,070
Insurance	33,112	32,018
Maintenance	29,070	39,457
Staff Training	26,795	26,410
Cleaning	22,626	23,774
Conference and Travel	22,296	22,831
Other Staff Related Costs <sup>4</sup>	15,155	17,478
Internal Audit	13,608	10,406
External Audit	13,300	13,300
Council Expenses	8,377	8,400
Bad Debts	3,278	7,275
Recruitment	3,272	24,155
<b>Total</b>	<b>4,632,074</b>	<b>5,417,804</b>

**<sup>1</sup>Salaries and Staff Costs**

<b>Ombudsman</b>	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Salary	154,000	159,378
Pension Contributions	38,600	39,921
	<b>192,600</b>	<b>199,299</b>

<b>Incoming Deputy Ombudsman</b>	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Salary	115,000	38,333
Pension Contributions	28,750	9,694
	<b>143,750</b>	<b>48,027</b>

**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 9).

**<sup>2</sup>Legal Fees**

Legal Costs recovered included in legal fees were €35,835 (2013:€23,705).

**<sup>3</sup>Other Administration Costs include**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Service Charge	46,735	42,106
Storage Charges	19,347	20,060
IT Purchases	11,248	7,861
Courier	1,302	1,153
Bank Charges	1,127	1,008
Miscellaneous	(92)	237
	<b>79,667</b>	<b>72,425</b>

#### 4 Other Staff Related Costs

These costs primarily include, the related expense of providing canteen supplies (€4,708), an Employee Assistance Program (€3,075), food and drinks for various staff celebrations (€615) part funding the Christmas party (€1,693) and contributions towards social club events (€615).

#### Staff Numbers

The number of persons employed (permanent) as at 31 December, 2014, was 34 (39 in 2013).

#### Pension Related Deductions

€110,938 (2013: €120,907) pension levy has been deducted from staff members and paid over to the Department of Finance.

### 5. Tangible Fixed Assets

	Computer Equipment	Office Fitting, Furniture & Equipment	Leasehold Improvements	Total
Cost	€	€	€	€
At 1 January, 2014	<b>378,573</b>	<b>248,740</b>	<b>602,330</b>	<b>1,229,643</b>
Additions during period	63,539	1,085	-	64,624
Disposals during period	(36,827)	-	-	(36,827)
At 31 December, 2014	<b>405,285</b>	<b>249,825</b>	<b>602,330</b>	<b>1,257,440</b>
<b>Accumulated Depreciation</b>				
At 1 January, 2014	<b>339,895</b>	<b>228,551</b>	<b>244,028</b>	<b>812,474</b>
Charge for period	49,973	10,571	46,684	107,228
Disposals during period	(36,827)	-	-	(36,827)
At 31 December, 2014	<b>353,041</b>	<b>239,122</b>	<b>290,712</b>	<b>882,875</b>
<b>Net Book Value</b>				
At 31 December, 2014	<b>52,244</b>	<b>10,703</b>	<b>311,618</b>	<b>374,565</b>
At 31 December, 2013	<b>38,678</b>	<b>20,189</b>	<b>358,302</b>	<b>417,169</b>

### 6. Prepayments and Accrued Income

	2014	2013
	€	€
Debtors	27,275	34,668
Prepayments	94,371	92,186
Bad Debt Provision	(4,262)	(28,258)
	<b>117,384</b>	<b>98,596</b>

## 7. Creditors (Amounts falling due within one year)

	2014	2013
	€	€
Trade creditors and accruals	149,556	125,493
Pension Contributions	4,295,496	3,850,705
	<b>4,445,052</b>	<b>3,976,198</b>

## 8. Provision for Legal Services

	2014	2013
	€	€
Opening Provision	1,520,547	1,316,745
Additional Provision during period (note 11)	468,321	892,137
Paid during period	(608,684)	(688,335)
Closing Provision	<b>1,380,184</b>	<b>1,520,547</b>

## 9. Superannuation

In accordance with Section 57BN of the Central Bank Act 1942, as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act 2004, the Council on 1 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 & Reform (pre-Single Scheme) Model Public Sector Scheme. Pending approval of the superannuation scheme, we present this information required by FRS 17 by way of a note only. The scheme is being operated on an administrative basis with the consent of the Minister.

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.

The contributions to be paid over to the Exchequer will be at a level where the Exchequer is not exposed to liabilities in excess of the revenues accruing over the years to the Exchequer. The Minister for Finance reserves the right to adjust the rate of contribution in the future in line with future actuarial adjustments on costs. The Department of Finance also indicated that this overall approach to funding the superannuation scheme is consistent with the principle accepted that the overheads associated with establishing a funded scheme is not justified where the number of staff is relatively small.

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, 2014, is €5,100,000 (2013:€4,700,000). This is based on an actuarial valuation carried out by a qualified independent actuary using the financial assumptions below for the purpose of FRS 17 in respect of Bureau staff as at December, 2014. 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:**

	<b>31 Dec 14</b>	<b>31 Dec 13</b>
Discount rate	5.5%	5.5%
Rate of increase in salaries	4.0%	4.0%
Rate of increase in pension	4.0%	4.0%
Inflation	2.0%	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.

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Opening Balance	3,850,705	3,393,513
Employee Contributions	114,514	117,257
Employer Contributions	422,946	413,746
Bank Interest (Pension Account)	37,603	50,102
less: pensions paid	(130,272)	(123,913)
Closing Provision	<b>4,295,496</b>	<b>3,850,705</b>

**10. Financial Commitments**

There are no capital commitments for capital expenditure at 31 December, 2014.

**11. Contingent Liabilities/Legal Actions**

Findings of the Ombudsman are regularly appealed to the High Court or, more rarely, are the subject of a Judicial Review. The FSO defends all such appeals or Judicial Reviews and these are dealt with either by a Judgment of the High Court, settlement between the parties, remittal on consent or withdrawal of the appeal. The number of such appeals varies but during 2014 the usual number of ongoing appeals was 20, with 18 High Court appeals and 5 Supreme Court appeals on hand at year-end. A provision totalling €1,380,184 has been provided for at year-end to allow for the estimated outlay of the above legal actions.

**12. 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.



### 13. Operating Leases

#### Accommodation

The Bureau operates from a single premise on the on the third and fourth floors (from March, 2013) of Lincoln House, Lincoln Place, Dublin 2. The office space on the third floor has 20-year lease (commenced 2006). The office space on the fourth floor does not have a lease in place; however rental costs of €34,481 are accrued in respect of 2014. The finalisation of this lease will be completed in 2015.

The annual cost of the lease excluding service charge is €165,100 (2013:€165,100).

### 14. Council Remuneration

		2014	2013
		€	€
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 (commenced October 2013)	12,600	3,150
		<b>97,200</b>	<b>87,750</b>

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

	2014	2013
	€	€
Travel Expenses	6,672	7,014
Meeting Expenses	1,705	1,386
	<b>8,377</b>	<b>8,400</b>

### 15. 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. As this is unlikely to be enacted until the end of 2015, 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.

### 16. Approval of Financial Statements

The Financial Statements were approved by the Deputy Financial Services Ombudsman on 4 June, 2015.



## **Financial Services Ombudsman**

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