

Presentation to the Joint Committee on Public Petitions

By MaryRose McGovern

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31 March 2022

Background

Good afternoon Chairman, Deputies and Senators. I am pleased to have the opportunity, together with my colleague Ms. Áine Carroll, Director of Corporate and Communication Services, to engage with you today in relation to the work of the Office of the Financial Services and Pensions Ombudsman (FSPO).

The FSPO was established on the 1st of January 2018, by the Financial Services and Pensions Ombudsman Act 2017. It is the FSPO's mission to provide an impartial, accessible, and responsive complaint resolution service that delivers fair, transparent and timely outcomes for all our customers, and enhances the financial services and pension environment.

When any consumer, whether an individual, a small business, or an organisation, is unable to resolve a complaint or dispute with a financial service provider or a pension provider, they can refer their complaint to us. We deal with complaints informally at first, by listening to both parties and engaging with them to facilitate a resolution that is acceptable to both parties. Where these early interventions do not resolve the dispute, we formally investigate the complaint and issue a decision. That decision is legally binding on both parties, subject only to a statutory appeal to the High Court.

Delivering for our customers

The Oireachtas has given the FSPO an important statutory role, to provide consumers, including small businesses, with an avenue of redress. The need for the FSPO's services can arise in challenging and difficult circumstances where consumers' complaints against financial service providers or pension providers, remain unresolved. Against this background, the FSPO strives to provide the best possible services to all our customers and to effectively and efficiently manage every complaint we receive.

In our first years in operation, since 1 January 2018, the FSPO has received over 21,000 complaints. There continues to be a strong demand for the services of our Office and in 2021, we received over 4,600 complaints and closed over 5,000 complaints. During both 2020 and 2021, we have succeeded in closing more complaints than we received. This enables us to continue to reduce the number of complaints on hand, to conclude complaints more quickly and respond to the changing needs and expectations of all our customers.

Annual Report 2020

As set out in the Financial Services and Pensions Ombudsman Annual Report 2020, this Office reported a significant improvement in the number of complaints addressed and the quality of the

service we provided in 2020. During 2020, we closed the highest number of complaints since the Office was established, against the backdrop of the global pandemic and the move to remote working, by our staff, in accordance with Government guidelines.

- €6,340,000 was the total value of the outcomes in 2020, of complaints made to the FSPO, taking account of
 - (i) compensation and/or redress directed by the Ombudsman at the conclusion of a formal investigation
 - (ii) settlements that complainants and providers agreed through an FSPO mediation, and
 - (iii) offers accepted by complainants from providers, at various other stages of our processes
- We closed 582 tracker mortgage complaints during the year, and we received an additional 492 tracker mortgage complaints

In March 2020, we began to receive the first complaints arising from the circumstances surrounding the COVID-19 pandemic and by the end of 2020 we had received 600 complaints where the complainant identified COVID-19 as an element of their complaint. Due to the measures that we put in place to ensure the efficient management of these new complaints and prioritise the progression of complaints concerning business interruption insurance, by the end of the year, 305 of the 600 complaints received, had been concluded.

Our business continuity plan ensured that we exceeded the targets we set for 2020, while ensuring the safety of our staff, customers and suppliers.

Overview of Complaints 2021

Moving on from 2020, earlier this week, I published our [Overview of Complaints](#) for 2021, in accordance with our governing legislation. This publication details the 4,658 complaints we received in 2021 and the outcomes we delivered in 2021, including the conclusion of 5,010 complaints. During 2021, the total sum of compensation or settlements that complainants benefitted from, through the various stages of our services in mediation, formal investigation and on the record offers made by providers, amounted to more than €7 million. This does not include the very significant but unquantifiable benefits, in terms of redress by rectification, secured by complainants.

Some of the key trends in 2021 were:

- 23% of the complaints we received concerned an issue of customer service.
- Banking complaints represented 57% of all the complaints we received, and the conduct most complained of for those banking complaints was customer service.
- Complaints concerning mortgages accounted for 23% of all complaints received in 2021.
- 250 new tracker mortgage complaints were received during 2021, twelve years after the first tracker mortgage complaints were received in 2009 by our predecessor, the Financial Services Ombudsman's Bureau. Over the course of 2021, we reduced the volume of open tracker mortgage interest rate complaints by 7%.
- 27% of complaints we received related to insurance products, most commonly concerning claim handling or the rejection of an insurance claim.
- 8% of complaints (352) received related to investment products, an increase on the previous year.

Investment fraud and cryptocurrency

The Overview of Complaints contains numerous case studies of complaints concluded in 2021, across our services. These case studies highlight a noticeable increase in the number of complaints made to the FSPO in the area of investment fraud and cryptocurrency where the financial and personal impact of these fraud incidents, was very significant.

For example:

- Philippa borrowed €20,000 to make a further investment in what she believed was cryptocurrency and later discovered it was a scam.
- Pavel borrowed €20,000 through an overdraft and an online loan, after a fraudulent investment company told him his investment had grown to €5,000, and he needed to lodge €20,000 to retrieve it.
- Tom lost €60,000 over a period of 3 months, when he instructed his bank to transfer funds to what he believed was an investment platform, but which transpired to be a fraudulent company.
- Noah lost €29,000 when he was tricked into using an incorrect IBAN, for his transfer of funds.

Global advances in technology over the last ten years, have left many consumers at a disadvantage when accessing digital financial products that they may be unfamiliar with. The complaints we have received highlight, in stark terms, the need to be mindful of the risks posed by investing in unregulated activities, such as apparent cryptocurrency trading, which very often carries a higher risk and level of volatility, than regulated product offerings. The widespread availability of financial services online creates opportunities for consumers to gain access to a wide variety of financial products. However, this also carries significant risks. When a consumer purchases an unregulated product, they may not have the benefits afforded by the consumer protection framework and they may not be able to make a complaint to our Office about that unregulated product or service.

It is notable that, earlier this month, the Central Bank of Ireland issued a warning on investing in cryptocurrency. It is clear, through the complaints that we receive, and concerns at a regulatory level, that every opportunity should be taken to highlight the risks for consumers, so that they can make informed decisions.

Customer Service complaints

Our annual Overview of Complaints 2021 provides information on the reasons that complaints are brought to this Office. Almost a quarter, 23%, of the complaints made to the FSPO in 2021, were complaints about poor customer service from financial service providers. Many customers experience frustration at the level of customer service from their provider, and it seems that a more responsive approach from providers could resolve such complaints more quickly, or could indeed avoid many such complaints arising.

In this regard, one of our strategic priorities, “Sharing and Influencing”, recognises that the insights and data that the FSPO shares, can positively influence how financial service providers interact with their customers, including dealing with complaints, and can promote the more adequate resourcing of complaint-handling.

Commitment to our customers

Our current Strategic Plan is titled “[Connecting and Innovating](#)”, and it includes our strategic priority of “Evolving and Innovating” - renewing our commitment to continuing to adapt and evolve our service to both anticipate and respond to the changing needs and expectations of all our customers.

In delivering against this priority, we will shortly publish a new Customer Charter and Customer Action Plan, which have been developed through a consultative process with our internal and external customers.

I recognise that the customer experience of our own service users, is a continuation of a consumer’s journey in seeking to resolve their financial service or pension complaint, and that the provision of good customer service is not something that we can only hold financial service providers and pension providers accountable for.

This Office continues to work to place the consumer at the heart of our processes and to contribute to making their complaint journey a fair, efficient and effective one, regardless of the eventual outcome.

To this end, our new Customer Charter and Customer Action Plan will strengthen our existing commitments by going further than ever before, to enhance our service quality, accessibility and choice, along with broadening our information-sharing and stakeholder engagement activities.

The Customer Charter introduces further commitments in areas such as service evaluation and sustainability, which will increase our transparency, demonstrate our accountability and underpin our commitment as an environmentally-conscious, public sector body.

Most especially, the Customer Action Plan will also ardently reflect our commitment under our Strategic Plan, to Equality and Human Rights, as well as our Public Sector Duty, and will espouse our values of fairness and integrity by positively influencing access to our services, for all of our customers equally, promoting fairness and welcoming diversity.

Sharing insights and data

The Oireachtas has granted this Office the power to publish anonymised legally binding decisions in relation to complaints against financial service providers. To date, over 1,500 such decisions have been published and are available online through our website. In addition, our governing legislation allows for the publication of case studies of pension complaints. I believe that publication of FSPO decisions and case studies greatly helps to broaden the awareness of the role of this Office and promotes a greater understanding of how we deal with complaints against financial service providers and pension providers.

To date, we have published seven Digests of Decisions, which include short summaries or case studies of a selection of legally binding decisions. These Digests enable us to highlight particular categories of complaints, and most recently, our [Digest of Travel Insurance complaints](#), published in February 2022, highlighted important factors for consumers to consider if buying travel insurance and identified examples of where complaints were upheld because of a failure by the insurer.

In 2021, we published a [Digest of Decisions relating to complaints from businesses](#), which included summaries of 12 decisions relating to declined business interruption insurance claims, arising from the COVID-19 pandemic. During 2021, we continued to receive complaints where the complainant introduced COVID-19 as an element of their complaint. In addition to 600 complaints received in

2020, a further 275 new complaints of this nature were received in 2021, and we continued to prioritise complaints concerning business interruption insurance, in recognition of the importance to policyholders of achieving a swift understanding as to whether they were entitled to policy benefit payments.

In addition to publicly sharing our decisions, case studies and publications, the Act facilitates the sharing of information by the FSPO with the regulatory authorities (the Central Bank of Ireland, the Competition and Consumer Protection Commission, and the Pensions Authority) in a way that contributes to promoting the best interests of consumers and actual or potential beneficiaries of financial or pension services, and to the efficient and effective handling of complaints.

Sharing information is a crucial part of ensuring the effective operation of the consumer protection framework, alerting regulatory authorities to potentially systemic issues which may warrant further consideration by those authorities. Our relationships with the regulatory authorities are marked by close cooperation, and positive interaction, recognising our individual roles in the consumer protection framework.

During 2021, in addition to the two legally binding decisions we referred to the Pensions Authority and the thirteen legally binding decisions that were referred by this Office to the Central Bank of Ireland, we also shared a copy of every legally binding decision issued, concerning a complaint about a tracker mortgage interest rate with the Central Bank of Ireland. The same approach was adopted for legally binding decisions issued in complaints concerning declined insurance claims for business interruption losses.

Connecting and Engaging

In addition to sharing our data and insights with the regulatory authorities, providers and their representative bodies, the FSPO recognises the value of our information for consumers. Our Strategic Plan establishes “Connecting and Engaging” as a strategic priority for the FSPO in the coming period.

Since 2021, we have worked to enhance our website, focussing on providing information on our services in an accessible way. This has included the creation and promotion of a series of online animated videos, designed to communicate with our customers, and prospective customers, how our processes work. These videos use clear language and subtitles, to ensure accessibility to all our customers.

In delivering against this strategic priority, the FSPO has also begun to utilise social media as a communications tool, in addition to more traditional communications channels. We are growing our audience online so that those, who may have less familiarity with our services, can find us when they need us and learn more about our role.

It is interesting to note that 74% of complaints to the FSPO in 2021 were received online, in comparison to 50% in 2019. There is no doubt that the pandemic has further accelerated the transition to digital engagement for many people. However, we are very conscious of the risk of digital exclusion, and in that regard, we are currently developing our communications strategy which will include actions to engage across the country, including with groups of consumers who may have lower levels of awareness of our services, and working with stakeholders to do so.

Conclusion

Chairman and Committee Members, I wish to thank you for the opportunity to engage with you today. This Office plays a key role in Ireland's consumer protection framework and we perform our statutory role, guided by our values of fairness, integrity, independence, accessibility and effectiveness. We are committed to delivering for our customers and continuing to improve the quality of our service. As for all organisations, the impact of COVID-19 has continued over the last two years, and I want to pay tribute to our staff whose dedication to our work and our customers continues, in spite of the personal challenges posed over that period.

We are happy to answer any questions you have.

MaryRose McGovern
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