



An tOmbudsman Seirbhísí  
Airgeadais agus Pinsean

Financial Services and  
Pensions Ombudsman

# Financial Services and Pensions Ombudsman **Annual Report 2020**



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# Report to the Ministers

I hereby submit the Annual Report of the Financial Services and Pensions Ombudsman to the Minister for Finance and the Minister for Social Protection pursuant to Section 24(2) of the *Financial Services and Pensions Ombudsman Act 2017*. This is the third annual report submitted in relation to the work of the Financial Services and Pensions Ombudsman since its establishment in 2018 and covers the period from 1 January to 31 December 2020.



**Maeve Dineen**  
*Council Chairperson*

18 November 2021

## Mission Statement

The Financial Services and Pensions Ombudsman, as an independent public body, enhances the financial services and pensions environment, by using its powers to resolve disputes in a way which is fair, transparent and accessible to all.



# Chairperson's Report



To describe the year under review as extraordinary is an understatement. We continue to experience the most remarkable of times, and witness events that none of us could have ever predicted. The World Health Organisation's decision in March 2020 to declare the Covid-19 outbreak a pandemic was a deeply sobering moment for us all.

The FSPO has been on the front foot since the beginning of this pandemic. Following the announcement of the 'work from home' guidance, the Senior Management Team (SMT) swiftly established a business continuity plan to concentrate on the health and safety of our staff and their families. Looking after our people and delivering for our customers was our main focus.

We were fortunate with the reappointment of Ger Deering as Ombudsman and appointment of MaryRose McGovern as Deputy Ombudsman in early 2020. Under their astute leadership, all of the FSPO staff worked tirelessly during the pandemic; adapting to the situation as needed with superb flexibility. On behalf of the Council I want to thank Ger, the Senior Management Team and all of the staff for their adaptability, resilience and commitment during this pandemic. At the same time, I wish to send our deepest sympathies and a message of support to all of those at the FSPO and beyond who have been personally affected by this unprecedented situation.

The continuing pandemic has presented the FSPO with a variety of challenges. How we responded to these challenges speaks to the essence of who we are as an organisation. Thanks in no small part to the hard work of the FSPO staff, 6,193 complaints were closed in 2020, an increase of 35% on complaints closed by the FSPO in 2019. This is a remarkable achievement given the upheaval created by the Covid-19 pandemic.

Furthermore, mindful that the pandemic may lead to a rise in number of complaints received by the office, the SMT put in place a number of measures to ensure the efficient management of these new complaints. This proved to be a prudent decision with a large volume of complainants identifying Covid-19 as an element of their complaint and thereby being dealt with as promptly as possible.

As the Ombudsman has mentioned in his statement, mortgages and indeed tracker mortgage complaints continue to account for a major element of the office's workload and in this regard, some significant and far-reaching decisions were made by the Ombudsman in 2020.

Trust, fairness, accessibility, independence and effectiveness are the values on which the FSPO is founded upon. To that end, the Ombudsman continued to publish his "Overview of Complaints" and Digest of Decisions" on [www.fspo.ie](http://www.fspo.ie). These in-depth publications and database are of great assistance to anyone who is seeking to better understand the powers of the Ombudsman and the services of the FSPO.

During the course of 2020, the Council and the SMT made great progress on our strategic plan "Enhancing the Customer Experience" and as a Council we continued to review the progress of targets set out under the Key Performance Indicators, for the measurement of progress against strategic goals. I am delighted to report that our progress against the plan remains on track with some key initiatives such as the development of a comprehensive ICT strategy taking priority in 2020. We also commenced the creation of our new 2021-2024 Strategic plan which will be launched in 2021.

The role of the Council of reviewing the efficiency and effectiveness of the FSPO continued throughout the year. This included the approval of the budget for 2021. The FSPO continues to be funded through two distinct sources; the management of financial services complaints is funded by a levy on the industry while pension complaints are funded by the Exchequer through the Department of Finance. The management and collection of the financial services levy, set by Council, was overseen by the Council throughout the year. In line with the Code of Practice for the Governance of State Bodies, the Council undertook an assessment of its own performance during 2019. The terms of reference for the Finance and Audit & Risk Committees were also reviewed.

The Council and the Office of the FSPO are committed to enabling and continuing good governance practices. To this end, I am pleased to confirm that fees and expenses paid to Council members in 2020 were fully compliant with the provisions of the Code of Practice for the Governance of State Bodies, including the One Person One Salary (OPOS) principle. The Code of Conduct for Council members was also reviewed and updated during the year. The Council and the Office of the FSPO is committed to diversity in all its forms. As at 31 December 2020 the Council had four (57%) female and three (43%) male members, thereby meeting the Government target of a minimum of 40% representation of each gender in the membership of State Boards.

At the end of 2020, two of our Council members; Elizabeth Walsh and Deborah Reidy retired. I wish to thank Elizabeth and Deborah for their valued contributions and wise counsel during their tenures. It is also with real pleasure and gratitude that I thank my fellow Council members for their continued support and guidance throughout the year. The Council has been absolutely central to the long-term delivery of our strategy.

2020 was a year like no other and our strong mission and values guided our response to the challenges presented by Covid-19. As an organisation we know we will be dealing with the ripples of this pandemic for some time to come. We will respond in the same way we always do; by ensuring we continue to support all our customers who seek the services of the FSPO.



**Maeve Dineen**  
Chairperson

Financial Services and Pensions  
Ombudsman Council

# Role of the Council

In 2020, the Financial Services and Pensions Ombudsman Council consisted of the Chairperson and six members, all of whom were appointed by the Minister for Finance following a recruitment process undertaken by the Public Appointments Service.

Part 4 of the *Financial Services and Pensions Ombudsman Act 2017* sets out the role of the FSPO Council, which has two main areas of responsibility: firstly it is responsible under the legislation for setting the levy to be paid by financial service providers; secondly it has certain oversight responsibilities in relation to the work of the FSPO, including its responsibilities in relation to:

- Approval of the FSPO's annual budget;
- Approval of the FSPO's strategic plan;
- Keeping under review the efficiency and effectiveness of the FSPO.

Biographies of each Council member, along with details of their attendance at meetings and fees and expenses received are outlined on page 31.



Don Gallagher, Valerie Bowens, Deborah Reidy, Ken Murnaghan, Dermott Jewel, Maeve Dineen - Council Chairperson and Elizabeth Walsh

# Ombudsman's Message



I am pleased to report a significant improvement in the number of complaints dealt with and the quality of the service we provided in 2020. This included improvements in the time taken to deal with most complaints and an increase in the overall number of complaints we dealt with.

We set ourselves ambitious targets for 2020 and succeeded in closing 6,193 complaints during the year, the highest number since the Office was established and a 35% increase on 2019. These major improvements were achieved against the backdrop of the global pandemic and the move to remote working, by our staff, in accordance with Government guidelines. I am immensely proud of the remarkable dedication and commitment that our entire team demonstrated in 2020.

This Annual Report, together with my Overview of Complaints, published in March 2021, sets out how we delivered our services and our statutory mandate in 2020. The Overview of Complaints includes a summary of all complaints made to the Office, a review of trends and patterns in the making of complaints; a breakdown of the method by which all complaints made were dealt with; and a summary of the outcome of all complaints concluded or terminated. I would encourage those interested in our work to read the Overview, in conjunction with this Annual Report.

A total of 1,867 complaints received compensation and/or redress or a settlement through our services in 2020. This is an increase of 468 on 2019. The total sum of compensation or settlements that complainants received through mediation, investigation and offers they accepted from providers, at various other stages of our process amounted to €6,340,000 in 2020. This does not include the very significant but unquantifiable benefits, in terms of redress by rectification, secured by complainants.

Nor does it include the very significant benefits that accrued to people who did not

make complaints to my Office, but none the less, benefitted from the application of my decisions to other customers by financial service providers.

Mortgage related complaints, in particular complaints identified as tracker mortgage interest rate related complaints continued to comprise a considerable element of the work of this Office in 2020. We closed 582 tracker mortgage complaints during the year and we received an additional 492 tracker mortgage complaints. At the end of 2020, we had more than 1,200 tracker mortgage complaints on hand.

I continued to publish my legally binding decisions issued to financial service providers during 2020. At the end of 2020, our Database of Decisions contained more than 1,000 decisions in relation to complaints against financial service providers. I also published three Digests of Decisions in 2020, including one dealing specifically with tracker mortgage decisions. These are available on our website.

The impact of the pandemic on both our organisation and our customers was immediate. Our business continuity plan ensured that we exceeded the targets we set for 2020, while ensuring the safety of our staff, customers and suppliers. In making the transition to remote working, we put in place policies and systems to ensure the security of our systems and demonstrate our productivity. Recognising the level of impact the pandemic had on our operations, we conducted an Internal Audit review of our response to Covid-19, which found we had put in place the appropriate risk management, control and governance systems. We invested in supports for our staff, through the provision of home working equipment, ergonomics training and a significant programme of wellbeing initiatives and welcomed a number of new team members to the FSPO, through our first ever remote recruitment and induction programmes.

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 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. We also vigorously defended a challenge by FBD Insurance plc to the jurisdiction of my Office in relation to a complaint arising from an insurance claim for losses caused by business interruption. This matter concluded in February 2021, when the High Court struck out the legal proceedings, noting the agreement of FBD to discharge certain legal costs to this Office and to the complainant.

We continued to have significant engagement with a broad range of stakeholders throughout 2020, mainly through electronic communications. This included engagement with the Department of Finance, members of the Oireachtas, consumer representative bodies and advocates. In addition, we engaged with industry representatives. We continued to work in close cooperation with the Central Bank of Ireland, with a particular focus on tracker mortgage and Covid-19 related issues. As part of a European Commission initiative, FIN NET, we cooperated with other financial services ombudsman schemes in the European Economic Area (EEA) to provide consumers with access to a cross-border complaints resolution service across the EEA. We also continued our participation in the International Network of Financial Services Ombudsman Schemes (INFO Network).

I would like to thank all those who assisted us to make 2020 a productive and successful year for our customers, despite the challenges we faced. I want to thank the Chairperson, Maeve Dineen, and members of the Financial Services and Pensions Ombudsman Council for their support throughout 2020. I am grateful also to the complainants and financial service providers who cooperated with our processes and, in particular, our move to mainly online services. I also want to express my appreciation to the Minister for Finance and his officials for their ongoing support and cooperation.

I want to thank and commend our staff for their extraordinary flexibility, agility, and commitment to serving our customers in 2020. Thanks also to my colleagues on the Senior Management Team, MaryRose McGovern, Deputy Ombudsman, Diarmuid Byrne, Director of Dispute Resolution, Tara McDermott, Director of Customer Operations and Information Management, Áine Carroll, Director of Corporate and Communication Services and Úna Gately, Director of Investigation Services and all the managers and staff, for their continued dedication and commitment to ensuring we provide the best possible service.

Together with the management and staff I remain committed to providing a quality, robust, independent and fair service to resolve complaints.



**Ger Deering**  
Financial Services and Pensions Ombudsman

# The Financial Services and Pensions Ombudsman

**The FSPO was established in January 2018 by the Financial Services and Pensions Ombudsman Act 2017. The role of the FSPO is to resolve complaints from consumers, including small businesses and other organisations, against financial service providers and pension providers.**

We provide an independent, fair, impartial, confidential and free service to resolve complaints through either informal mediation, leading to a potential settlement agreed between the parties, or formal investigation and adjudication, leading to a legally binding decision.

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 the FSPO.

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. Much of this informal engagement takes place by telephone.

Where these early interventions do not resolve the dispute, the FSPO formally investigates the complaint and issues a decision that is legally binding on both parties, subject only to an appeal to the High Court.

The Ombudsman has wide-ranging powers to deal with complaints against financial service providers. He can direct a provider to rectify the conduct that is the subject of the complaint. There is no limit to the value of the rectification he can direct. He can also direct a provider to pay compensation to a complainant of up to €500,000. In addition, he can publish anonymised decisions and he can also publish the names of any financial service provider that has had at least three complaints against it upheld, substantially upheld, or partially upheld in a year.

In terms of dealing with complaints against pension providers the Ombudsman's powers are more limited. While he can direct rectification, the legislation governing the FSPO sets out that such rectification shall not exceed any actual loss of benefit under the pension scheme concerned.

Furthermore, he cannot direct a pension provider to pay compensation. He can only publish case studies, rather than full decisions, in relation to pension decisions, and he cannot publish the names of any pension provider irrespective of the number of complaints it may have had upheld, substantially upheld, or partially upheld against it in a year.

Formal investigation of a complaint by the FSPO is a detailed, fair and impartial process carried out in accordance with fair procedures. We ask for certain documents and relevant audio evidence and we make sure that both the complainant and the provider receive a copy of all information submitted by both parties.

Unless a decision is appealed to the High Court, the financial service provider or pension provider must implement any direction given by the Ombudsman in his legally binding decision. Decisions appealed to the High Court are not published while they are the subject of an appeal.

# Strategic Framework

We launched our first Strategic Plan, *Enhancing the Customer Service Experience*, in June 2018. Our strategic priorities outlined in the Strategic Plan are purposefully aligned with the Government's policy framework 'Our Public Service 2018', the overarching goals of which are to deliver better outcomes for the public and to build public service organisations that are both resilient and agile. During the lifetime of our current Strategic Plan, the FSPO has experienced great demand for our services.

In our Strategic Plan, we commit to improving the quality and efficiency of services, making better use of information technology and providing new and easier ways for our customers to interact with the FSPO. Over the course of 2020, we focused on delivering initiatives to meet these priorities and we have successfully reduced our waiting times and delivered a better service for our customers, despite a most challenging year due to the Covid-19 pandemic.



**“The role of the Ombudsman is central in underpinning consumer confidence. With the ever changing environment in financial regulation the Ombudsman supports and complements the role of the Central Bank in safeguarding consumer interest”.**

*Minister for Finance,  
Paschal Donohoe T.D.*

*Minister for Finance, Paschal Donohoe T.D. and Maeve Dineen, Council Chairperson*

Strategic  
Priority

# 1 Delivering for Our Public



Our first strategic priority is to deliver for our public. We do this by improving our services, implementing programmes to speed up our complaints process and by refining our business processes to drive efficiency and effectiveness. Accessibility of our services is also a key element of this strategic priority and a number of initiatives were implemented during 2020 to improve and maintain a welcoming and accessible environment. Our publications, such as the Overview of Complaints and the Ombudsman's Digests of Decisions, aim to bring greater transparency to our work and promote a greater understanding of how we deal with complaints against financial services providers and pension providers.

Strategic  
Objective

## Improve Services for our Customers

### Key Performance Indicators

In 2020, the FSPO established a new framework of Key Performance Indicators (KPIs) across the key points of the customer journey with the aim of improving the overall service provision and shortening the complaint journey time.

In achieving our KPIs, we achieved a decrease in the average complaint journey time and an increase in the number of complaints closed. The framework resulted in a 35% increase year-on-year in the number of complaints concluded by the FSPO. In addition, we achieved reductions in processing time across key processes:

Process	Average time 2019	Average time 2020
Registration and Assessment	15 weeks	6.7 weeks
From referral to Dispute Resolution Service, to Dispute Resolution Officer being assigned	12 weeks	5.5 weeks
From assigning an Investigation Officer, to launching of the formal investigation	11 weeks	5.8 weeks
From referral for adjudication, to issuing of the preliminary decision	25 weeks	28.7 weeks

## Initiation of Customer Experience Development Strategy

In 2020, we began the process of refining our FSPO Customer Charter and putting in place an FSPO Customer Action Plan.

We reviewed our Customer Charter and developed a Customer Action Plan, reflecting our commitment to improving the customer experience and our obligations under the Code of Practice for the Governance of State Bodies. Internal and external consultation on these important documents will take place in 2021, together with consultation on a Customer Engagement Policy.

## Customer Engagement

In 2020, the Registry and Assessment Unit refined the intake and initial assessment of complaints to ensure the customer journey is easily navigated and effective. The Unit assesses complaints as soon as practicable and communicates with complainants to ensure that the necessary information is gathered to allow complaints to progress. Registry and Assessment has reduced waiting times, made it easier for complainants to understand what is required to progress their complaint, and helped complainants to engage with providers earlier and more effectively. The early identification of outstanding documentation has made the process more efficient.

Registry and Assessment provides information to our customers on how to engage with their financial service provider or pension provider to make a complaint to their provider, if they have not already done so. Information is also given on how to submit a complaint to the FSPO and how it will be dealt with by the FSPO.

This sometimes involves the FSPO dealing directly with a financial service provider or pension provider, in order to secure a final response to the complaint for the consumer. This may be necessary when the provider has not engaged sufficiently with the complainant. In many cases, this preliminary work allows the complaint to close if the complainants are satisfied with their provider's final response.

Registry and Assessment staff assess the complaint submitted, seek relevant documentation such as policy schedules, loan documentation or legal documents. They engage with the complainant and providers to clarify the conduct complained of, the appropriate responsible provider and to ensure the provider's Internal Dispute Resolution (IDR) has been exhausted prior to preparing and then progressing the complaint.

Fig. 1 – Complaints received and closed - annual comparison



Telephone Enquiries:

**16,480**

**58%**

of complaints were received online



## Early Jurisdictional Assessment

In February 2020, a new Early Jurisdictional Assessment (EJA) service, was set up within Customer Operations and Information Management to assist in informing complainants earlier in the complaints process, where all or some of their complaint fell outside the remit of the FSPO due to jurisdictional issues.

This early jurisdictional assessment service has enabled the FSPO to use available resources in the most efficient manner. Importantly, this service has enabled the FSPO to provide a greatly improved customer service, ensuring the complainant is informed early on in the process if their complaint falls outside the FSPO's remit. In 2020, EJA dealt with 583 complaints.

Since the commencement of EJA in the first quarter of 2020, it has continued to develop as a key process in the overall FSPO journey. The identification of jurisdictional issues under the governing legislation, at the earliest possible stage, allows the FSPO to address issues with the complainant, so that they are fully informed and aware of what the FSPO can and cannot investigate.

The most common issues that are identified relate to time limitations, allegations of fraud, where a complaint has been, or is the subject of legal proceedings, conduct that relates solely to commercial discretion of the provider, such as the cost of a particular product, and complaints that more suitable for another forum such as the Courts, Data Protection Commission or Workplace Relations Commission.

As part of the FSPO Strategic Plan 2018 – 2021, *Enhancing the Customer Experience* was set out as the key strategic theme. By providing clarity on the remit of the FSPO to investigate a complaint at the earliest possible stage, it helps to manage the expectation of the complainants and therefore enhance their experience of dealing with the FSPO. This focus and high-quality customer engagement will continue throughout and beyond 2021.

## Quality Assurance Review Process

Following the publication of our Strategic Plan 2018-2021, *Enhancing the Customer Experience*, the FSPO as an organisation, commenced a review of our complaints process, which included examining how we could engage with our consumers at the earliest possible opportunity. In 2020, we undertook a Quality Assurance Review (QAR) of our complaints process.

The QAR process had at the heart of its review the three strategic priorities of the Strategic Plan – (i) Delivering for our Public (ii) Innovating for our Future (iii) Developing our People and our Organisation. The QAR was set up to identify any jurisdictional issues that needed to be addressed in advance of formal investigation. The process successfully clarified complaints through review and engagement with the parties to the complaint. The learning gained from the QAR process fed directly into the ongoing improvement of the FSPO process and ultimately the decision to establish the Early Jurisdictional Assessment process at the earliest point of the customer journey. This ensured that any impediments to progression to formal investigation were dealt with up-front and the expectations of customers were clearly set.

The QAR process continued to operate throughout 2020, working through files which required a specific review in advance of progress to formal investigation, legal review, or closure.

## Business Intelligence

During 2020, our business intelligence tool was rolled out to the wider staff. This has helped staff to prioritise and progress their workloads in an efficient and timely manner. The tool gives a comprehensive overview of complaints based on their age in the FSPO and under its directorates.



## Accessibility Initiatives

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Under our corporate values of fairness and accessibility, the FSPO strives to deliver a customer-centric service in a manner that is driven by the customer's expressed needs.

Where a customer requires additional assistance in accessing our services, we will work with the customers to facilitate their complaint submission and management, in a way which works for them.

2020 accessibility initiatives include:

- We continued to have an Accessibility Officer and promoted the availability of assistance for our customers.
- The pilot of new procedures, modified to accommodate Covid-19 restrictions, for providing services to customers who have indicated that they require assistance to complete a complaint form.
- Review of the Customer Charter and Customer Action Plan with a strong focus on accessibility.
- Simplification of outgoing correspondence to customers and financial services and pension providers.
- A review of our complaint form during 2020, taking into account design, functionality and comprehension of the user. The outcome of the review was simplification of the text, the introduction of new questions and a redesign of the form, to improve the user experience.
- Providing one to one assistance for individual customers, including providing assistance with completing forms and providing information and explanations verbally, by phone, rather than in writing.

## Overview of Complaints 2020

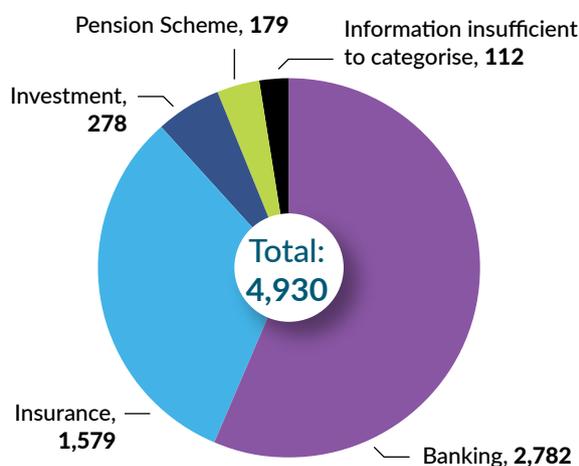
In March 2020, and in accordance with Section 25(2) of the *Financial Services and Pensions Ombudsman Act 2017*, we produced our second *Overview of Complaints*, which included a summary of all complaints made to the FSPO during 2020, a review of trends and patterns in complaints made to the FSPO, a breakdown of the method by which complaints were dealt with, a summary of the outcome of all complaints concluded, case studies for our Dispute Resolution, Investigation and Legal Services, as well as a report on named financial service providers which had at least three complaints against it upheld, substantially upheld, or partially upheld.

In 2020, the FSPO received 5,395\* complaints, a slight increase on the number of complaints received in 2019. The FSPO set an ambitious target to manage and close significantly higher volumes of complaints than in previous years, and in 2020, closed 6,193 complaints. This was an increase of 35% on the number of complaints closed in 2019.

\*When complaints received in 2020 and later found to be ineligible were deducted, 4,930 complaints were received.



## Complaints by sector



## Top 6 conducts complained of:

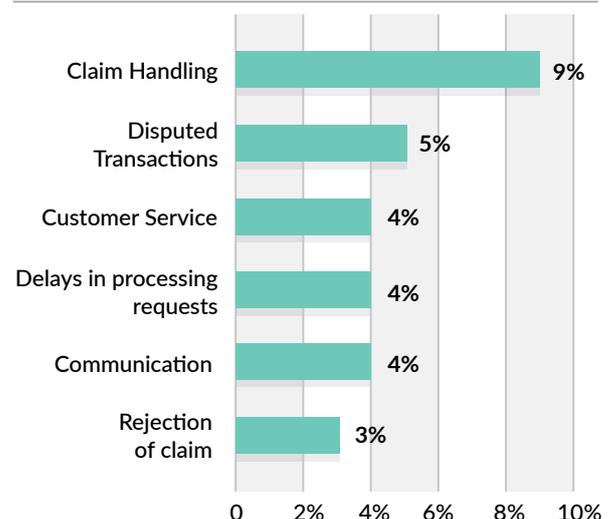


Fig. 2 – How we managed complaints in 2020

Total number of complaints closed and how and why they were closed in 2020 **6,193** 



## Ombudsman's Digest of Decisions

The FSPO has the power to publish legally binding decisions in relation to complaints concerning financial service providers under Section 62 of the *Financial Services and Pensions Ombudsman Act 2017*.

The legislation requires that decisions should be published in a manner that ensures that a complainant is not identified by name, address or otherwise and a provider is not identified by name or address. Publication must also comply with data protection legislation and regulations. Decisions appealed to the High Court are not published while they are the subject of legal proceedings. The legislation also provides the FSPO with the power to publish case studies of decisions relating to pension providers, but not the full decision.

The Ombudsman's decisions are published to an online database at [www.fspo.ie/decisions](http://www.fspo.ie/decisions), which contains more than 1,000 legally binding decisions that have issued since the FSPO was established in January 2018.

In 2020, we published three Digests of Decisions. Volume 2 and Volume 4 commented on a variety of decisions issued while Volume 3 focussed on tracker mortgage complaint decisions. The publication of the Ombudsman's decisions greatly helps to broaden the awareness of the role of the FSPO and promotes a greater understanding of how we deal with complaints against financial services providers and pension providers.

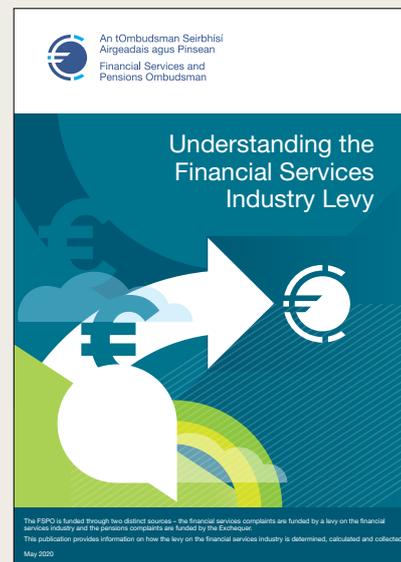


## Stakeholder communications: Financial Services Industry Levy

The FSPO Council approves the FSPO's annual budget which is linked to the organisation's Strategic Plan. This annual budget is then funded through two distinct sources; the financial services complaints are funded by a levy on the financial services industry and the pensions complaints are funded by the Exchequer, through the Department of Finance.

Following a public consultation in 2018, the FSPO Council agreed a number of changes to the financial services industry levy, which have been applied since 2019.

In 2020, we developed and published a document, 'Understanding the Financial Services Levy', which sets out the legislative basis for the setting of the levy and provides an in-depth explanation of how the levy applicable to each category reflects the recent complaint handling experience.



Strategic  
Priority

# 2 Innovating for the Future



Against the backdrop of the pandemic, the FSPO accelerated the pace of its digital transformation, urgently transitioning to remote working, investing in the necessary IT systems and security to facilitate this transition. We implemented initiatives to enhance management information, which assisted us in tracking and registering complaints related to the pandemic and enhance our knowledge-sharing capabilities. We continued to participate in public sector networks and international ombudsman fora, identifying best practice for implementation.

Strategic  
Objective

## Accelerate digital delivery of services

### Digital response to Covid-19

The Covid-19 pandemic necessitated an urgent move to remote working for all but a very limited number of FSPO staff. The FSPO met this demand swiftly and smoothly, providing staff with secure laptops and collaborative software, thereby facilitating staff to work from home and to provide continuity of service during an unprecedented time.

The Covid-19 response drove a number of organisational efficiencies and allowed the organisation to pilot a number of new measures that have laid the groundwork for the provision and oversight of service for any future hybrid or “blended” remote-working models. Such measures included the provision of modern, reliable IT hardware, software and security infrastructure and a move towards digital platforms for all processes.

Consequently, our service delivery has been adapted to facilitate greater digital engagement with customers. Improvements in the provision of management information allowed for easier and more efficient remote management of processes and teams, and for data-driven decision-making. This was particularly important in the context of Covid-19, as it allowed us to track and measure the registration of complaints related to the pandemic.

The introduction of new remote-working policies leveraged our digital systems to provide assurance relating to staff productivity and the accountability of the FSPO.

## Improvements to online complaint form

During 2020, the FSPO experienced a rise in complainants using our online complaint form. In order to make this process more accessible, we reviewed the content and functionality of the online complaint form, with a view to simplifying the process of submitting a complaint online. This was particularly important given the restrictions experienced during the pandemic, which necessitated a greater reliance on online services.



## ICT Improvements

During 2020, the FSPO enabled remote working, which included the provision of IT equipment to 100 users and the roll-out of software to provide video conferencing, instant messaging and collaborative capabilities to all staff.

A file sharing system was also introduced to allow for easier collaboration while working remotely.

Procurement of a managed IT service provider was completed during 2020 and will augment our internal IT unit and provide resilience to the organisation. We also upgraded our software platforms to leverage enhanced cloud collaboration, business continuity and security.

Additionally, a new managed print system was introduced, enhancing our document management capabilities.

Strategic  
Objective

## Promote a culture of innovation

### Innovation and Knowledge Sharing

We improved our knowledge-sharing mechanisms in order to facilitate the provision of timely and accurate insights to our key stakeholders. This included providing complaint pipeline information to financial service providers and information on complaints in relation to specific product types to the Central Bank of Ireland including, for example, average complaint stage, timeframe indications to complainants and improved efficiency in reporting provisions to the senior management team.

We utilised management reporting software for real time reporting and improved the efficiency of our internal reporting systems. Reporting systems were used to track specific complaints such as Covid-19 and tracker mortgage complaints, as well as for specific-purpose reports.

We developed and implemented a new Covid-19 complaint management strategy with ancillary reporting, which was operational within weeks of receiving the first Covid-19 related complaints. We put in place a process which allowed us to identify any Covid-19 related complaints which would have been considered a high priority. The FSPO tracked Covid-19 complaints on a daily basis, with the Senior Management Team discussing the number of Covid-19 complaints and their status on a regular basis within the FSPO complaints process.

Development and implementation of Remote Working Logs and ancillary reporting to provide assurance and enable oversight of new remote-working environment.

Greater leveraging of shared intranet platform in order to foster a more collaborative and collegiate remote working environment.

To support our commitment to continuous innovation, improvement and customer service, we looked to best practice methodologies nationally and internationally.

The Ombudsman completed his first year of a 2-year term as chair of the International Network of Financial Services Ombudsman Schemes (INFO Network). INFO Network is a worldwide association for financial services ombudsman schemes and other independent offices operating as out-of-court dispute resolution mechanisms in the financial sector.

As part of a European Commission initiative, FIN-NET, we proactively cooperated with other financial services ombudsman schemes in the European Economic Area (EEA) to provide consumers with easy access to out of-court complaint procedures in cross border complaints across the EEA. The Ombudsman is a member of the FIN-NET Steering Committee.

## Stakeholder Engagement

We continued to prioritise stakeholder engagement, ensuring that meetings with our stakeholders continued to be held by electronic means.

### Stakeholder List

- > Association of Chief Executives of State Agencies ACESA
- > Banking Payments Federation of Ireland
- > Brokers Ireland
- > Central Bank of Ireland
- > Credit Review Office
- > FIN-NET
- > International Association of Legal Regulators
- > International Network of Financial Ombudsman (INFO)
- > Irish Banking Culture Board
- > Irish Ombudsman Forum
- > LIA
- > University College Dublin (UCD)
- > University of Minnesota Law

The FSPO is staffed by public servants who adhere to a Code of Standards and Behaviours, as well as corporate policies, procedures, circulars and office notices. As a public body, the FSPO is subject to a range of legislative obligations including the Code of Practice for the Governance of State Bodies, Protected Disclosures, Freedom of Information and Data Protection.

The Financial Services and Pensions Ombudsman Council has two committees, a Finance Committee and an Audit and Risk Committee, the roles of which, respectively, are: to advise the Council on the setting of the financial services levy and any issues in relation to its collection and the ongoing financial position of the organisation; to advise the Council on the strategic processes in place for risk, internal control and governance.

The FSPO has put in place the appropriate corporate governance structures to ensure strategic leadership and management of the organisation and an effective system of

internal control. The FSPO operates a robust risk management system and an internal audit function and is subject to audit by the Comptroller and Auditor General and scrutiny by the Houses of the Oireachtas. This is outlined in greater detail in our Governance Statement on page 30 and our Statement of Internal Control on page 38 of this report.

The following internal audit reviews were carried out in 2020:

- HR Management and Succession Planning
- Measuring Efficiency
- Quality Assurance
- Covid-19 business response
- Internal Financial Controls
- A follow-up review in respect of the recommendations made in 2019 internal audit reviews.

Progress on the implementation of associated recommendations was also reported to the Audit and Risk Committee throughout the year.

## Overview of Energy Usage

In accordance with Statutory Instrument 426 of 2014, all public sector bodies are required to report annually on their energy usage and any actions taken to reduce consumption. In 2020, the FSPO's energy usage comprised 230,249kWh. The average energy use per staff member stands at 2,552kWh based on 90.2 staff members at 31 December 2020.

Energy Type	Level of Consumption
Electricity	57,158kWh
Fossil Fuels (gas consumption)	173,091kWh
<b>TOTAL</b>	<b>230,249KWH</b>



## Freedom of Information Act 2014

The Freedom of Information Act 2014 asserts the right of members of the public to obtain access to official information to the greatest extent possible, consistent with the public interest and the right to privacy of individuals. The FSPO fully supports the Act's principles of openness, transparency and accountability and will supply, where possible, the records for the purpose of a request.

In 2020, the FSPO received one request where the requester sought records which did not exist, or could not be found after all reasonable steps to ascertain its whereabouts had been taken. While this request was refused, the FSPO, in support of the Act's principles of openness, transparency and accountability supplied the information where it could be produced.

FOI Requests	
Granted	4
Part-granted	4
Refused	3
Withdrawn	2
<b>TOTAL</b>	<b>13</b>

Types of FOI Requests	
Member of the Public	2
Journalist	2
Personal	9

## Data Protection

The FSPO is guided by the fundamental principles of data protection and is committed to protecting the rights and data privacy of individuals.

The manner in which the FSPO worked changed dramatically in 2020, with staff working remotely during the coronavirus outbreak. The FSPO put in place guidance to work remotely, securely and safely at home and issued regular awareness emails to all staff to remind them of their obligations with respect to protecting our service users' privacy. It was of vital importance to the FSPO that it continued to take steps to protect the personal data entrusted to it, just as staff do when working from the office.

FSPO staff members regularly attended data protection public service networks to keep abreast of developments in the area. The FSPO has ensured that high standards of protection continue to be met by providing dedicated training to staff throughout 2020.

## Ongoing Quality Assurance

Following on from the FSPO's Quality Assurance Review of 2019/2020 and the changes that have resulted to make the FSPO's complaints process more streamlined, the FSPO has placed significant emphasis on continuous development and quality assurance. This includes continuous training and development of staff, learning from external audits and having a feedback loop between the various directorates.

## Structured training and feedback loop

Throughout 2020, we also established a forum in which feedback was passed between each directorate. These learnings allowed us to identify areas in which we could improve, to become more efficient, and if necessary, to provide more training to staff. In 2020, we rolled out weekly training sessions to staff that cover topics applicable for the effective functioning of the FSPO's complaints process. We also initiated a weekly knowledge sharing session for Registry and Assessment staff.

Strategic  
Priority

# 3

## Developing Our People and Our Organisation



Recruitment continued to be a priority in 2020 and over the course of the year, training and professional development courses were made available to staff. Continuous professional development is one of our core priorities and ensures that knowledge and skills within the FSPO continuously grows and matures in line with best practice. We worked to embed a culture of equality, diversity and inclusion across our organisation and actively promoted staff wellbeing, which was particularly important in the context of the ongoing pandemic.

Strategic  
Objective

To be a high performing organisation with a continuous focus on developing the knowledge and skills of the staff

### Recruitment campaigns

The FSPO prides itself in the quality, experience, knowledge and dedication of its staff. Our recruitment campaigns seek suitably qualified candidates, with the skills and experience to meet the demands of a busy office with a large caseload.

To help us meet these aims we undertook 7 recruitment campaigns during 2020, to fill a variety of roles; Director of Investigations Services, Head of Legal Services, Senior Manager HR & Governance, Higher Executive Officer, Executive Officer, Assistant Principal Officer (Internal) and Senior IT Specialist.

At the end of 2020, we had successfully recruited 36 candidates to a variety of roles within the FSPO.

Additionally, MaryRose McGovern, was appointed Deputy Financial Services and Pensions Ombudsman by the Minister for Finance, in consultation with the Minister for Social Protection, following a competition by the Public Appointment Service.



### Training and development opportunities

One of the core elements of our Strategic Plan is to enhance the overall level of core workplace skills and in turn, the performance of the organisation. To this end, the FSPO provided staff training in key areas such as pensions, suicide awareness, protected disclosures, management training, customer service, ergonomics, mediation, resilience, grade specific programmes, and the use of technology.

In order to further support staff development, additional individual or group training was provided in the areas of IT, risk management, Qualified Financial Advisor, compliance, procurement and HR management.

Upskilling of our staff is an essential aspect to developing the knowledge available within our organisation and ensuring we have the necessary skills and competencies to meet our objectives.

### Irish Human Rights and Equality Commission Act

Under Part 5 of the Disability Act 2005, public sector bodies are required to report on their level of employment of people with disabilities. A staff census was undertaken in 2020 which indicated that, at 8.23%, the FSPO met the minimum of 3% for employment of people with disabilities. It also demonstrates that our recruitment policies have been effective in reaching the targets set out in the Comprehensive Employment Strategy for Persons with Disabilities.

As a public body, we are committed to achieving and applying an equality and human rights approach to how we implement our functions and how we go about our daily work.

Our principal function is to investigate complaints against financial service providers or pension providers in a manner proportionate to the nature of the complaint. We also have a role as an employer, a contributor to public policy and a procurer of services.

At the end of 2020, the gender balance among our senior management team was 2:1 female to male, and the balance between female and male employees on the overall staff was 56% female, 44% male. Through the performance of our functions, and through our recruitment strategies, we will continue to assess any gender equality issues in line with the National Strategy for Women and Girls 2017-2020.

Number of staff by grade 31 December 2020	
Ombudsman	1
Deputy Ombudsman	1
Principal Officer	4
Assistant Principal	10
Higher Executive Officer	19
Executive Officer	38
Clerical Officer	12
<b>TOTAL</b>	<b>85</b>

Senior Management Team	
Financial Services and Pensions Ombudsman	<b>Ger Deering</b>
Deputy Financial Services and Pensions Ombudsman	<b>MaryRose McGovern</b>
Director of Dispute Resolution	<b>Diarmuid Byrne</b>
Director of Customer Operations and Information Management	<b>Tara McDermott</b>
Director of Corporate and Communication Services	<b>Áine Carroll</b>
Director of Investigation Services	<b>Úna Gately</b>



*Diarmuid Byrne, Director of Dispute Resolution, MaryRose McGovern, Deputy Financial Services and Pensions Ombudsman, Ger Deering, Financial Services and Pensions Ombudsman, Úna Gately, Director of Investigation Services, Tara McDermott, Director of Customer Operations and Information Management, Áine Carroll, Director of Corporate and Communication Services.*

## Protected Disclosures

The Financial Services and Pensions Ombudsman (FSPO) has put in place policy and procedures for the making of Protected Disclosures, which have been developed in line with the Protected Disclosures Act, 2014. This sets out the process by which a 'worker' of the FSPO can make a protected disclosure, what will happen when a disclosure is made and what the FSPO will do to protect the discloser.

Information and training for staff on Protected Disclosures is made available through an external provider. The FSPO also provides a facility for staff to make a disclosure to an independent third party.

Section 22 of the *Protected Disclosures Act 2014* requires the publication of an Annual Report each year relating to the number of protected disclosures made in the preceding year and any actions taken in response to such disclosures.

Pursuant to this requirement, the FSPO confirms that no protected disclosures were received in accordance with the provisions of the Protected Disclosures Act, 2014 for the financial year from 1 January 2020 to 31 December 2020.

Strategic  
Objective

## Increase Employee Engagement

### Report from the Wellbeing Committee

Our FSPO Wellbeing Committee was very active in 2020, with a particular focus on new initiatives, which would support the wellbeing of our staff in a remote setting, due to the necessity to move to remote working as a result of the Covid-19 pandemic. Committee members developed a dedicated wellbeing programme which was rolled out to all staff members. The programme launched a range of accessible initiatives aimed at encouraging and supporting physical activity and a healthy diet. Initiatives also focused on fostering a sense of connectedness and community among colleagues who had not seen one another in person, for many months.

Our Activity Challenge encouraged staff to look after their physical wellbeing. We launched a Book Club and a Movie Club which meets remotely over lunchtime. We ran the organisation's first remote quiz night. Our FSPO Foodies group shared recipes for at-home lunches and more. We established a Craft Corner for those interested in creative endeavours.

Our monthly Walking Together Apart events involved colleagues leaving the house at the same time on a Saturday morning and taking a photograph on their travels, to be shared with their colleagues on Monday morning.

Finally, we organised a virtual Christmas event for those colleagues with young children who wanted a remote visit from Santa Claus!

We had a phenomenal uptake and response from staff and the FSPO is proud to have a Wellbeing Committee who took to our change in working circumstances with such imagination and enthusiasm.

# Financial Statements

for the year ended 31 December 2020



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# Information

## Financial Services & Pensions Ombudsman

Ger Deering

## Deputy Financial Services & Pensions Ombudsman

MaryRose McGovern

## Members of the Financial Services and Pensions Ombudsman Council

Maeve Dineen – *Chairperson*

Valerie Bowens

Ann Duffy (*appointed Jan 2021*)

Don Gallagher

Dermott Jewell

Mick McAteer (*appointed Jan 2021*)

Ken Murnaghan

Deborah Reidy (*term ended Dec 2020*)

Elizabeth Walsh (*term ended Dec 2020*)

## Address

Lincoln House

Lincoln Place

Dublin 2

D02 VH29

## Accountants

Crowleys DFK

16/17 College Green

Dublin 2

## Auditors

The Comptroller and Auditor General

3A Mayor Street Upper

Dublin 1

## Web Site

[www.fspo.ie](http://www.fspo.ie)

# Governance Statement and Ombudsman's Report

## Governance

The Office of the Financial Services and Pensions Ombudsman (FSPO) was established on 01 January 2018 by Section 7 of the Financial Services and Pensions Ombudsman Act 2017 ("the FSPO Act 2017").

The role of the FSPO is to resolve complaints from consumers, including small businesses and other organisations, against financial service or pension providers.

The Ombudsman and the senior management team are responsible for ensuring good governance and perform this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the FSPO is also the responsibility of the Ombudsman and the senior management team. The Ombudsman and the senior management team follow the strategic direction agreed and ensure that all Council members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The Ombudsman and Deputy Ombudsman act as a direct liaison between the Council and the management team of the FSPO.

## Statement of Responsibilities

### Council Responsibilities

The statutory functions of the Council are set out in Part 4, Section 40 of the Financial Services and Pensions Ombudsman Act 2017. These functions are:

- To determine and prescribe by regulation, in accordance with section 43, the financial services industry levy,
- To keep under review the efficiency and effectiveness of the Ombudsman and advise the Minister, either at the Minister's request or on its own initiative, on any matter relevant to the performance of the functions of the Ombudsman,

- To advise the Ombudsman on any matter on which the Ombudsman seeks advice (including advice in relation to the development and publication of guidelines and procedures in relation to the complaints process and investigations under the Act), and
- To carry out such other functions as are conferred on it by this Act.

Section 40 states that the Council shall have no role in the manner in which the Ombudsman deals with a particular complaint.

### Financial Services and Pensions Ombudsman Responsibilities

Part 2, Section 20, of the Financial Services and Pensions Ombudsman Act 2017 requires the Ombudsman to keep in such form as may be approved by the Minister, all proper and usual accounts of all monies received or expended by the Ombudsman in performing functions under the Act, including an income and expenditure account and balance sheet, and in particular, shall keep all such special accounts as the Minister may direct from time to time.

The Ombudsman is also responsible for keeping, in such form as the Minister may approve, all proper and usual accounts and records of all monies received or expended by him or her. Within four months after the end of each financial year the Ombudsman is responsible for arranging the preparation and submission, to the Comptroller and Auditor General, of a statement of accounts for the financial year.

In preparing the statement of accounts, the Ombudsman is required to:

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

The Ombudsman is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enable him to ensure that the financial statements comply with Section 20 of the Financial Services and Pensions Ombudsman Act 2017.

Part 2, Section 19, of the Financial Services and Pensions Ombudsman Act 2017 requires the Ombudsman to arrange the preparation of a statement setting out estimates of the income and expenditure relating to the FSPO and the submission of the statement to the Council for approval.

Under Part 2, Section 26 of the Act, the Ombudsman is responsible for preparing a strategic plan for a three- year period and submitting it to the Council for approval. The Council is responsible for delivering the plan to the Minister for Finance, once it has approved the plan.

The Ombudsman is also responsible for safeguarding the assets of the FSPO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Ombudsman considers that the financial statements of the FSPO give a true and fair view of the financial performance and the financial position of the Financial Services and Pensions Ombudsman at 31 December 2020.

**Council Structure**

In 2020, the Council consisted of a Chairperson and six members, all of whom were appointed by the Minister for Finance following a recruitment process by the Public Appointments Service. The members of the Council were appointed for a period not exceeding five years and met eight times in 2020.

The table below details the appointment period of the Council's members in 2020:

Council Member	Role	Date Appointed
Maeve Dineen	Chairperson	09 January 2017
Valerie Bowens	Member	20 January 2016
Ken Murnaghan	Member	20 January 2016
Deborah Reidy	Member	20 January 2016. Term ended Dec 2020.
Dermott Jewell	Member	09 January 2017 (Re-appointment)
Don Gallagher	Member	09 January 2017
Elizabeth Walsh	Member	09 January 2017 (Re-appointment). Term ended Dec 2020.

The Council conducted a self-assessment evaluation in 2020.



### **Ms. Maeve Dineen – Chairperson**

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Ms. Dineen is a strategic communications consultant and works with a number of Ireland's most respected publicly listed companies. She holds an Agricultural Science degree from UCD and a Masters in Communications from Queens University/DCU. She attended Harvard University, Boston to complete its prestigious 'Women on Boards' executive programme. A former journalist, Maeve has spent a significant part of her career in the media and was Business Editor of the Irish Independent newspaper from 2008-2014.



### **Ms. Valerie Bowens**

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Ms Bowens (BComm, Master of Business Studies, Diploma in Financial Services Law (all from UCD), and Institute of Directors' qualification) has extensive senior compliance, risk, governance and regulatory experience, mainly in the financial sector. Currently a member of the Board of the National Standards Authority of Ireland (NSAI), and Chairperson of its US subsidiary, NSAI Inc. She is also a Director of the Investor Compensation Company DAC, as well as being a member of Audit, Risk, Governance, Disciplinary and Complaints Committees for a range of organisations. Executive experience includes Managing Director and Country Head of Compliance at BNY Mellon, Director of Regulatory Compliance at Dillon Eustace Solicitors, Senior Manager at AIB, and Senior Regulator at the Central Bank. Current member of the Institute of Directors, the Institute of Bankers, and the Association of Compliance Officers in Ireland.



### **Mr. Don Gallagher**

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Mr. Gallagher is an experienced international Chief Executive who has managed and served on the boards of national and international insurance and wealth management companies. Until December 2020, he was Chief Executive of the Health Insurance Authority. Previous roles included Senior Vice-President and Managing Director of Canada Life Financial Corporation's operations in Canada and Ireland/Germany and was, subsequently, CEO of MetLife Europe DAC. Mr. Gallagher holds a M.Sc. in Management from Trinity College, Dublin and a B.Sc. (Honours) Mathematics degree from the Open University. He is also a Chartered Director with the UK Institute of Directors.



### **Mr. Dermott Jewell**

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Mr. Jewell (B.Sc. (Mgmt.) Law (TCD)) 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) at the Central Bank of Ireland and member the Banking Stakeholder Group of the European Banking Authority (EBA). Mr Jewell holds accreditations in Employment Investigation and Mediation and the IPA-UCD Professional Certificate in Governance. He is a Member of the Mediators' Institute of Ireland (MII) and the Institute of Directors (IoD).



### **Mr. Ken Murnaghan**

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Mr. Murnaghan is a member of the management board of Finance Ireland, a privately owned financial services group specialising in property, motor, SME, and agri-finance. Previous roles include Head of Business Banking at Ulster Bank Group, and a number of other positions in France, Ireland, and Hong Kong with AIB, PWC, and EY. Mr. Murnaghan is a business graduate of University College Dublin, a fellow of Chartered Accountants Ireland, and a fellow of the Institute of Banking.



### **Ms. Deborah Reidy**

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Ms. Reidy has over 35 years' experience in the investment management and consulting industries in New York and Ireland. Most recently she led the Investment Consulting practice at Aon Hewitt Ireland and was previously Head of Investment Manager Selection and Monitoring at the NTMA for the National Pensions Reserve Fund. She has substantial Board experience as an Executive Director of an Irish Limited Company, Independent Chairperson of a MIFID company, an INED Director on several Fund Boards as well as serving on The Financial Services and Pensions Ombudsman Council. Ms. Reidy obtained a Bachelor of Science degree from New York University in 1985 and an MBA from Fordham University in 1990.



### **Ms. Elizabeth Walsh**

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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.

In 2020, the two established committees, comprised the following:

1. **Audit and Risk Committee** comprised three Council members [Ken Murnaghan (Chair); Valerie Bowens, Dermott Jewell]. The role of the Audit and Risk Committee (ARC) is to support Council's statutory role to keep under review the efficiency and effectiveness of the FSPO, advising Council on the strategic processes in place for risk, internal control and governance. The ARC reported to the Council after each meeting and formally in writing annually.
2. **Finance Committee** comprised three Council members [Deborah Reidy (Chair); Don Gallagher; Elizabeth Walsh]. The role of the Finance Committee is to advise the Council on the setting of the financial services levy and any issues in relation to its collection, and the ongoing financial position of the organisation. The Finance Committee reported to the Council after each meeting and formally in writing annually.

### Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Council and Committee meetings for 2020 is set out below, including the fees and expenses received by each member:

	Council	Audit & Risk Committee	Finance Committee	Fees 2020 €	Expenses 2020 €
Number of Meetings	6	3	3		
Maeve Dineen	6 of 6			21,600	-
Valerie Bowens	5 of 6	3 of 3		12,600	94
Dermott Jewell	6 of 6	3 of 3		12,600	-
Ken Murnaghan	6 of 6	3 of 3		12,600	-
Deborah Reidy	6 of 6		3 of 3	12,600	-
Elizabeth Walsh	6 of 6		3 of 3	12,600	-
Don Gallagher	6 of 6		3 of 3	0*	-

\*One Council member, Don Gallagher, did not receive a fee under the One Person One Salary (OPOS) principle.

### Key Personnel Changes

Ms. MaryRose McGovern was appointed Deputy Financial Services and Pensions Ombudsman in April 2020. A Director of Corporate and Communication Services was appointed in January 2020 and a Director of Investigation Services was appointed in June 2020.

### Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

The Ombudsman is responsible for ensuring that the Financial Services and Pensions Ombudsman has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

## Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Range			Number of employees	
From		To	2020	2019
€60,000	-	€69,999	1	5
€70,000	-	€79,999	2	1
€80,000	-	€89,999	3	2
€90,000	-	€99,999	1	-
€100,000	-	€109,999	1	-
€110,000	-	€119,999	2	2
€120,000	-	€129,999	-	-
€130,000	-	€139,999	-	-
€140,000	-	€149,999	-	-
€150,000	-	€159,999	-	1
€160,000	-	€169,999	1	-

*Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but excluding employer's PRSI.*

## Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2020 €	2019 €
Legal advice	204,487	220,745
Other Consultancy	18,663	31,053
<b>Total consultancy costs</b>	<b>223,150</b>	<b>251,798</b>
Consultancy costs capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	223,150	251,798
<b>Total</b>	<b>223,150</b>	<b>251,798</b>

## Legal Costs and Settlements

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The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation, and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Financial Services and Pensions Ombudsman which is disclosed in Consultancy costs above.

	2020 €	2019 €
Legal fees - legal proceedings	43,824	62,358
Conciliation and arbitration payments	-	-
Settlements	20,000	-
<b>Total</b>	<b>63,824</b>	<b>62,358</b>

## Travel and Subsistence Expenditure

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Travel and subsistence expenditure is categorised as follows:

	2020 €	2019 €
Domestic		
- Council	94	743
- Employees	3,772	1,018
International		
- Council	-	-
- Employees	501	3,085
<b>Total</b>	<b>4,367</b>	<b>4,846</b>

## Hospitality Expenditure

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There was €0 of Council hospitality incurred in the year 2020 (2019: €538).

## Statement of Compliance

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The Financial Services and Pensions Ombudsman has adopted the Code of Practice for the Governance of State Bodies (2016) and put procedures in place to ensure compliance with the Code.

The Code of Practice for the Governance of State Bodies provides that State bodies may be exempted to comply with requirements that conflict with the legislative provisions as set out in their establishment Act. In this instance, the power, roles and responsibilities of the Ombudsman and the Council as set out in the Financial Services and Pensions Ombudsman Act 2017 are atypical to that of a traditional board of a State Body.

The Financial Services and Pensions Ombudsman Act 2017 provides that the Ombudsman undertakes the collective role of a Board and of an Accounting Officer. The Council is responsible for setting the levy to be paid by financial services providers and for certain oversight responsibilities in relation to the work of the Office.

Other than in relation to the matters addressed above, the Financial Services and Pensions Ombudsman was in compliance with the Code of Practice for the Governance of State Bodies in 2020.



**Ger Deering**  
Financial Services and Pensions Ombudsman

# Statement on Internal Control

## Scope of Responsibility

On behalf of the Financial Services and Pensions Ombudsman, I acknowledge my responsibility as Ombudsman for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

## Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system therefore can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accorded with guidance issued by the Department of Public Expenditure and Reform, is in place in the Financial Services and Pensions Ombudsman for the year ended 31 December 2020.

## Capacity to Handle Risk

The Council has an Audit & Risk Committee (ARC), comprising three Council members, with financial and audit experience, one of whom is the Chair. The Committee met three times in 2020.

The Financial Services and Pensions Ombudsman has also established an internal audit function which is adequately resourced and conducted a programme of work agreed with the Executive and the Council.

The Executive has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the Financial Services and Pensions Ombudsman's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

## Risk and Control Framework

The Financial Services and Pensions Ombudsman has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Financial Services and Pensions Ombudsman and these are identified, evaluated and graded according to their significance. The register is reviewed and updated by the Executive regularly and is subsequently reviewed by the ARC. The outcome of these assessments is used to plan and allocate resources to ensure risks were managed to an acceptable level.

The risk register detailed the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes are documented;
- Financial responsibilities are assigned at management level with corresponding accountability;
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management and Council/ Finance Committee;
- There are systems aimed at ensuring the security of the information and communication technology systems;
- There are systems in place to safeguard all assets.

## Ongoing Monitoring and Review

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Formal procedures are established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, and the Audit & Risk Committee and Council, where relevant, in a timely manner. I confirm that the following ongoing monitoring systems are in place:

- Key risks and related controls are identified and processes are in place to monitor the operation of those key controls and report any identified deficiencies;
- Reporting arrangements are established at all levels where responsibility for financial management has been assigned; and,
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/ forecasts.

## Impact of Covid-19 pandemic to the Control Environment

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The onset of the Covid-19 pandemic in early 2020, and the resulting public health advice and safety measures, rapidly and fundamentally changed the working practices of the FSPO with remote and virtual working becoming the norm for most FSPO staff.

The FSPO monitored developments closely, mitigating the risks that may affect the FSPO's business operations, staff and stakeholders. Actions taken by the FSPO include:

- Initiated the FSPO's Business as Usual (BAU) model and transitioned the FSPO's business operations to a remote working environment where most business processes can continue as normal.
- Ensured that the FSPO's business response to the pandemic was steered and guided by the FSPO's Senior Management Team, comprising the Ombudsman, Deputy Ombudsman and Directors.
- Continual assessment of significant risks pertaining to the Covid-19 pandemic and the agility of FSPO to respond effectively, including in the management of new complaints arising from the pandemic.

- Ensuring robust segregation of duties remains and adequate cover is in place should specific approving authorities be unavailable.
- Ensuring all existing data protection and records management policies and procedures continue to apply in the remote working environment and are monitored and reported on as normal.
- Ensuring that staff members access FSPO's network using FSPO's approved ICT equipment and that all staff members working remotely have been equipped with the necessary ICT equipment.
- Assessing potential for weaknesses in internal controls resulting from Covid-19 and taking measures to monitor and update internal controls where necessary.
- Undertook an Internal Audit on FSPO's business response to Covid-19 in 2020. The Internal Audit found that the risk management, control and governance systems in place in relation to FSPO's response to the Covid-19 pandemic provided satisfactory assurance regarding the effective and efficient achievement of FSPO's objectives.

## Procurement

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I confirm that the Financial Services and Pensions Ombudsman has procedures in place to ensure compliance with current rules and guidelines. Matters arising regarding controls over procurement are highlighted under control issues below.

## Review of Effectiveness

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I confirm that the Financial Services and Pensions Ombudsman has procedures to monitor the effectiveness of its risk management and control procedures. The Financial Services and Pensions Ombudsman's monitoring and review of the system of internal financial controls is informed by the work of the internal and external auditors, the Audit & Risk Committee, and the senior management within the Financial Services and Pensions Ombudsman responsible for the development and maintenance of the internal financial control framework.

I confirm that I, as Ombudsman, have conducted an annual review of the effectiveness of the internal controls for 2020.

## Internal Control Issues

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### Non-Compliant Procurement

In 2020, I ensured that there was an appropriate focus on good practice in procurement and purchasing and that procedures were in place to ensure compliance with all relevant guidelines. The FSPO complied with the guidelines with the below exceptions:

- The FSPO's statutory role requires the provision of external drafting services, which is required to enable adjudication on complaints against financial service providers and pension providers. Given the requirement for ongoing services in the fulfilment of the FSPO's statutory role, expenditure of €48,330 and €42,879 was incurred in 2020. The FSPO commenced a procurement process to establish a new framework agreement in December 2020, with the new framework to be established in March 2021.
- Expenditure of €73,087 for the purchase of IT equipment during 2020. This expenditure includes €52,926 required to enable the FSPO's emergency transition to remote working, in compliance with Government policy arising from the Covid-19 pandemic. The FSPO attempted to utilise the available OGP frameworks to purchase the required equipment, however, equipment was not available in the required timeline. In order to ensure that the FSPO could continue to operate, three quotes were sought from alternative suppliers.
- The FSPO completed a works project in 2020, required to provide additional office accommodation in the context of increasing staff numbers. Due to additional requirements arising from the Covid-19 pandemic, which were not known at the time of procurement, which was completed pre-Covid-19, the expenditure exceeded the contract value by €29,469.



**Ger Deering**

Financial Services and Pensions Ombudsman

Date: 5 October 2021



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Office of the Financial Services and Pensions Ombudsman

#### Opinion on the financial statements

I have audited the financial statements of the Office of the Financial Services and Pensions Ombudsman for the year ended 31 December 2020 as required under the provisions of section 20 of the Financial Services and Pensions Ombudsman Act 2017. 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, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Office of the Financial Services and Pensions Ombudsman at 31 December 2020 and of its income and expenditure for 2020 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### *Emphasis of matter - pension liabilities*

I draw attention to note 9 to the financial statements, which deals with the superannuation arrangements for the staff of the Office of the Financial Services and Pensions Ombudsman. The staff and Ombudsman/Deputy Ombudsman superannuation schemes relate to employees appointed prior to 2013, and were approved by statutory instrument in April 2016. Discussions are ongoing between the Office and the Department of Finance about the funding arrangements in respect of the liabilities under these schemes. Pending the resolution of these discussions, the retirement benefit costs charged to expenditure comprise the employer superannuation contribution in the year. No liability is recognised for accrued retirement benefits.

My opinion is not modified in respect of this matter.

#### *Basis of opinion*

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Office of the Financial Services and Pensions Ombudsman and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Report of the C&AG (continued)

### Report on information other than the financial statements, and on other matters

The Office of the Financial Services and Pensions Ombudsman has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



**Seamus McCarthy**  
**Comptroller and Auditor General**  
**13 October 2021**

## Appendix to the report

### Responsibilities of the Financial Services and Pensions Ombudsman

As set out in the governance statement, the Financial Services and Pensions Ombudsman is responsible for

- the preparation of financial statements in the form prescribed under section 20 of the Financial Services and Pensions Ombudsman Act 2017
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 20 of the Financial Services and Pensions Ombudsman Act 2017 to audit the financial statements of the Office of the Financial Services and Pensions Ombudsman and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Financial Services and Pensions Ombudsman's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Office of the Financial Services and Pensions Ombudsman's to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### *Information other than the financial statements*

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

#### *Reporting on other matters*

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

# Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December 2020

	Note	2020 €	2019 €
<b>INCOME</b>			
Levy Income	2a	8,753,291	7,708,173
Exchequer Funding	2b	768,000	691,889
<b>Total Income</b>		<b>9,521,291</b>	<b>8,400,062</b>
<b>EXPENDITURE</b>			
Administration	3	8,327,271	6,557,794
Retirement benefit costs – Staff & Ombudsman Scheme	9a(ii)	340,037	340,339
Retirement benefit costs – Single Scheme	9b(ii)	264,945	186,481
Depreciation	4	390,654	311,908
<b>Total Expenditure</b>		<b>9,322,907</b>	<b>7,396,522</b>
<b>Surplus / (Deficit) for the Year Before Appropriation</b>		<b>198,384</b>	<b>1,003,540</b>
Transfer (to) / from Capital Account	16	(144,189)	27,832
<b>Surplus / (Deficit) for the Year After Appropriation</b>		<b>54,195</b>	<b>1,031,372</b>
Balance brought forward at 1 January		1,542,266	510,894
Transfer to Designated Legal Reserve	16	(907,448)	-
<b>Balance Carried Forward at 31 December</b>		<b>689,013</b>	<b>1,542,266</b>

The Statement of Cash Flows and Notes 1 – 18 form an integral part of these Financial Statements.  
On behalf of the Financial Services and Pensions Ombudsman:



**Ger Deering**  
Financial Services and Pensions Ombudsman

Date: 5 October 2021

# Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020 €	2019 €
<b>(SURPLUS/DEFICIT) AFTER APPROPRIATIONS</b>		54,195	1,031,372
Experience (losses)/gains on retirement benefit obligations	<b>9b(iii)</b>	13,000	12,000
Changes in assumptions underlying the present value of retirement benefit obligations		(107,000)	(152,000)
<b>Total actuarial gains/(losses) in the year</b>		<b>(94,000)</b>	<b>(140,000)</b>
Adjustment to deferred retirement benefits funding		94,000	140,000
<b>Other Comprehensive (Loss)/Income for the year</b>		<b>54,195</b>	<b>1,031,372</b>

The Statement of Cash Flows and Notes 1 – 18 form an integral part of these Financial Statements.

On behalf of the Financial Services and Pensions Ombudsman:



**Ger Deering**

Financial Services and Pensions Ombudsman

Date: 5 October 2021

# Statement of Financial Position

as at 31 December 2020

	Note	As at 31 December 2020 €	As at 31 December 2019 €
<b>FIXED ASSETS</b>			
Property, plant & equipment	4	817,791	673,602
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	7,612,138	7,885,642
Receivables	6	817,094	336,543
		<u>8,429,232</u>	<u>8,222,185</u>
<b>CURRENT LIABILITIES (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>			
Payables	7	(6,240,219)	(6,139,254)
Provision for Legal Services	8	(592,552)	(540,665)
		<u>(6,832,771)</u>	<u>(6,679,919)</u>
<b>NET CURRENT ASSETS</b>		<b>1,596,461</b>	<b>1,542,266</b>
<b>RETIREMENT BENEFITS</b>			
Retirement benefit obligations	9b(iii)	(1,347,000)	(807,000)
Deferred retirement benefit funding asset	9b(iv)	1,347,000	807,000
<b>TOTAL NET ASSETS / (LIABILITIES)</b>		<b><u>2,414,252</u></b>	<b><u>2,215,868</u></b>
<b>REPRESENTING</b>			
Capital Account	16	817,791	673,602
Retained revenue reserves	16	689,013	1,542,266
Designated reserves	16	907,448	-
		<u>2,414,252</u>	<u>2,215,868</u>

The Statement of Cash Flows and Notes 1 – 18 form an integral part of these Financial Statements.  
On behalf of the Financial Services and Pensions Ombudsman:



**Ger Deering**  
Financial Services and Pensions Ombudsman

Date: 5 October 2021

# Statement of Cash Flows

for the year ended 31 December 2020

	Note	2020 €	2019 €
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
Excess/(Shortfall) in income over expenditure		54,195	1,031,372
Depreciation charge		390,654	311,908
(Increase)/decrease in receivables		(480,551)	178,956
Increase in payables		152,852	158,167
Interest received		-	-
Transfer to / (from) capital account		144,189	(27,832)
<b>Net cash inflow from Operating Activities</b>		<b>261,339</b>	<b>1,652,571</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Bank interest received		-	-
Capital disposal		-	-
Capital expenditure		(534,843)	(284,075)
<b>Net cash flows from Investing Activities</b>		<b>(534,843)</b>	<b>(284,075)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank interest received		-	-
<b>Net cash flows from Financing Activities</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the start of the year		7,885,642	6,517,146
<b>Net (Decrease) in cash and cash equivalents</b>		<b>(273,504)</b>	<b>1,368,496</b>
Cash and cash equivalents at the end of the year		<b>7,612,138</b>	<b>7,885,642</b>

# Notes to the Financial Statements

for the year ended 31 December 2020

## 1. Accounting Policies

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

### A) General Information

The Financial Services and Pensions Ombudsman (FSPO) was established on 01 January 2018 by Section 7 of the Financial Services and Pensions Ombudsman Act 2017 (“the FSPO Act 2017”). Section 27 of the FSPO Act 2017 dissolved the Financial Services Ombudsman Bureau, the Financial Services Ombudsman Council and the Office of the Pensions Ombudsman. Section 28 of the FSPO Act 2017 transferred all functions which were previously vested in the Financial Services Ombudsman Bureau or the Pensions Ombudsman to the FSPO with effect from 01 January 2018.

### Council and Financial Services and Pensions Ombudsman Expenses

The expenses of the Council are met from Financial Services and Pensions Ombudsman Funds (see note 14).

### B) Statement of Compliance

The financial statements of the Financial Services and Pensions Ombudsman for the year ended 31 December 2020 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 except for the treatment of the pension liability (see accounting policy H).

### C) 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 Minister for Finance with the concurrence of the Minister for Public Expenditure and Reform. The Financial Statements are prepared in Euro which is the functional currency of the FSPO.

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

### D) Levy Income

Council regulations made under the Financial Services and Pensions Ombudsman Act 2017, 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 levied on providers identified by the Ombudsman and information supplied to it. Bad debts are written off where deemed irrecoverable.

### E) Expenditure Recognition

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

## F) 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 (major refurbishment works on commencement of 20-year lease)	5% per annum
ii.	Leasehold Improvement category 2 (general improvements to office layout)	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 estimated 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.

## G) Capital Account

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

## H) 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

The Ombudsman operated the following defined benefit pension schemes in respect of its employees:

#### For employees appointed prior to 1 January 2013:

Staff appointed prior to 1 January 2013 are members of the Financial Services Ombudsman Bureau Staff Superannuation Scheme and the Financial Services Ombudsman and the Deputy Financial Services Ombudsman are members of the Financial Services Ombudsman Bureau Ombudsman & Deputy Ombudsman Superannuation Scheme. Both superannuation schemes are based on the Department of Public Expenditure and Reform (pre-single scheme) Model Public Sector Scheme (the "Model scheme") and were approved by statutory instruments on 28 April 2016.

In respect of both schemes, the Bureau proposed to the Department of Finance that the liability for retirement benefits paid under the Schemes should be assumed by the State in return for payment annually of a percentage of the salaries of the Schemes' members. The proposal is based on the premise that the employer and employee superannuation contributions would be at a level where the Exchequer would not be exposed to liabilities in excess of the revenues accruing over the years to the Exchequer. A legislative amendment was made in the Central Bank (Supervision and Enforcement) Act 2013 which provides for Oireachtas funding to be provided for these schemes. Discussions with the Department of Finance were continuing at the end of 2020 regarding the proposal.

Pending a decision by the Department of Finance regarding the proposed pension funding arrangements, the retirement benefit costs charge in the Statement of Income and Expenditure and Retained Revenue Reserves comprises the employer superannuation contributions in the year. The employer superannuation contributions are calculated as a percentage of relevant salaries and are being retained by the FSPO along with the employee superannuation contributions. The retirement benefits and lump sum payments of the schemes are set against the cumulative retained employer and employee superannuation contributions (see note 9A (iv)).

#### **For employees appointed on/after 1 January 2013:**

Employees appointed on/after 1 January 2013 are members of the Single Public Service Pension Scheme, which provides consumer price index-linked defined benefit pensions based on career-average pay (the "Single scheme").

The Single Scheme is an unfunded scheme with pension benefits payable by the Exchequer. The contributions for the Single Scheme comprise an employee and employer element. The employer superannuation contributions are calculated as a multiple of the employee contribution and are remitted along with the employee contributions 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 employee pension contributions remitted to DPER. This is offset by the deferred pension funding. The net charge to the statement of income and expenditure is the employer contributions that are payable to DPER for the year of account. Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income, and a corresponding adjustment is recognised in the deferred retirement funding asset in the Statement of Financial Position.

The financial statements reflect, at fair value, the assets and liabilities arising from Financial Services Ombudsman's pension obligations in respect of the Single Scheme staff and the related deferred Exchequer 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.

#### **Defined contribution pension scheme**

There were two staff members who were members of a defined contribution private pension scheme. The FSPO made employer superannuation contributions in respect of this scheme. These amounts were charged to the Statement of Income and Expenditure and Retained Revenue Reserves as they fell due (see note 9A). Once employer contributions were paid over, the FSPO had no further liability in respect of this scheme.

#### **I) 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 FSPO 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.

#### **J) 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.

## K) Designated Reserves

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The Council has determined that it may at its discretion set aside unrestricted funds for designated future purposes. Where such funds are no longer required for the intended purpose, they will be released to the General Reserve.

## L) Critical Accounting Judgments and Estimates

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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 Statement of Financial Position 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.

### i. 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.

### ii. Depreciation and Residual Values

The Ombudsman has 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.

### iii. Provisions

The Ombudsman has reviewed 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.

### iv. Retirement Benefits

In respect of both of the aforementioned retirement benefit schemes, the Financial Services and Pensions Ombudsman proposed to the Department of Finance that the liability for retirement benefits paid under the Schemes should be assumed by the State in return for payment annually of a percentage of the salaries of the Schemes' members. Until such time that the liability is transferred to the State, the FSPO recognised this liability in its Statement of Financial Position (see note 9).

## 2. Income Receivable

### A) Levy Income

Section 43(4) of the Financial Services and Pensions Ombudsman Act 2017 provides for the payment of an income levy by financial service providers to the Financial Services and Pensions Ombudsman on terms determined by the Financial Services Ombudsman Council with the consent of the Minister for Finance. The actual rate for the year ending 31 December 2020 is set out in the Financial Services and Pensions Ombudsman Act 2017 [Financial Services and Pensions Ombudsman Council] Financial Services Industry Levy Regulations 2020 (Statutory Instrument 89 of 2020).

Income for the period is as follows:

	2020 €	2019 €
<b>LEVY INCOME</b>		
Insurance Undertaking	3,138,913	2,797,769
Credit Institutions	4,274,505	3,707,542
Credit Unions	96,375	93,750
Retail Intermediaries and Debt Management Firms	692,121	701,142
Investment Firms	481,797	348,870
All other categories	69,580	59,100
<b>Total</b>	<b>8,753,291</b>	<b>7,708,173</b>

### B) Exchequer Funding

Oireachtas funding of €768,000 (2019 - €691,889) was received in 2020 from Vote 7 - Office of the Minister for Finance sub-head B5.

### 3. Administration Costs

	Note	2020 €	2019 €
Salaries and Staff Costs	3a	3,906,318	3,116,995
Contractors		234,966	334,380
Legal Fees	3c	1,820,089	1,451,901
Rent		411,939	340,190
Other Administration Costs	3d	205,328	209,006
Membership Fees & Subs & Communication		73,651	88,266
Council Remuneration		84,600	84,600
External Mediators		534,204	103,025
Bad Debts Provision		68,960	(42,348)
Bad Debts Written Off		-	17,352
Accounting and Levy Administration Fees		266,387	130,213
Professional Fees		64,423	48,392
Staff Training		51,887	51,487
Maintenance		44,596	39,721
Repairs and Servicing		3,063	-
Information Activities		82,790	110,058
External Support		-	4,428
Stationery Costs		25,228	49,288
Insurance		36,161	34,586
Cleaning		12,285	30,462
Council Legal & Consultancy		18,663	5,812
Recruitment		60,738	47,849
Travel and Subsistence and Meeting Room Hire		4,273	6,078
Other Staff Related Costs	3e	11,292	30,703
External Audit		17,000	17,000
Oral Hearing		5,119	6,474
Internal Audit		27,030	16,440
Council Expenses		94	1,784
External Case Handlers		256,186	223,652
		<b>8,327,270</b>	<b>6,557,794</b>

## a) Salaries and Staff Costs

	2020 €	2019 €
Salary	3,557,737	2,844,063
Employer PRSI Costs	348,581	272,932
	<b>3,906,318</b>	<b>3,116,995</b>

### Staff Numbers

The number of Whole Time Equivalents (WTE) employed as at 31 December 2020 was 85 (2019: 63.6).

### Additional Superannuation Contribution (ASC)

€84,629 ASC has been deducted from staff members (2019: €89,543).

## b) Salary Costs of the Ombudsman and Deputy Ombudsman

	2020 €	2019 €
<b>OMBUDSMAN COMMENCED 20-04-15</b>		
Salary	160,643	157,148
Pension Contributions	48,193	47,144
	<b>208,836</b>	<b>204,292</b>

	2020 €	2019 €
<b>INCOMING DEPUTY OMBUDSMAN COMMENCED 20-04-20</b>		
Salary	79,855	-
Pension Contributions	29,583	-
	<b>109,438</b>	-

	2020 €	2019 €
<b>OUTGOING DEPUTY OMBUDSMAN COMMENCED 22-01-16 (RESIGNED MARCH 2019)</b>		
Salary	-	29,211
Pension Contributions	-	6,597
	-	<b>35,808</b>

The above salary payments represent the total remuneration received by the Ombudsman and Deputy Ombudsman, no other payments were received by them. The Ombudsman and Deputy Ombudsman are members of the Financial Services and Pensions Ombudsman, Ombudsman and Deputy Ombudsman Scheme 2016. See note 9.

#### The key management personnel comprises:

- > Ger Deering, Financial Services and Pensions Ombudsman
- > MaryRose McGovern, Deputy Financial Services and Pensions Ombudsman
- > Diarmuid Byrne, Director of Dispute Resolution Service
- > Tara McDermott, Director of Customer Operations and Information Management
- > Áine Carroll, Director of Corporate and Communication Services
- > Úna Gately, Director of Investigation Services

The total remuneration paid to key management personnel was €677,017 (2019: €559,366).

#### Termination Payments

Termination payments of €0 were made in the year.

#### c) Legal Fees

Legal costs recovered included in legal fees were €0 (2019: €42,238).

#### d) Other Administration Costs

	2020 €	2019 €
Service Charge	90,354	87,436
Storage Charges	32,354	23,635
IT Purchases	52,039	85,449
Courier	2,046	1,344
Bank Charges	28,535	11,142
	<b>205,328</b>	<b>209,006</b>

#### e) Other Staff Related Costs

The related expense of providing canteen supplies (€6,789) and staff welfare (€4,890) are included in Other Staff Related Costs.

## 4. Property, Plant and Equipment

	Computer Equipment	Office Fitting, Furniture & Equipment	Leasehold Improvements	Total
	€	€	€	€
<b>COST</b>				
At 1 January 2020	312,019	359,100	1,545,519	2,216,638
Additions during period	178,421	78,692	277,730	534,843
Disposals during period	-	-	-	-
	<b>490,440</b>	<b>437,792</b>	<b>1,823,249</b>	<b>2,751,481</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2020	230,206	254,500	1,058,330	1,543,036
Charge for period	104,290	39,322	247,042	390,654
Disposals during period	-	-	-	-
At 31 December 2020	<b>334,496</b>	<b>293,822</b>	<b>1,305,372</b>	<b>1,933,690</b>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<b>155,944</b>	<b>143,970</b>	<b>517,877</b>	<b>817,791</b>
At 31 December 2019	<b>81,813</b>	<b>104,600</b>	<b>487,189</b>	<b>673,602</b>

Leasehold improvements were carried out to facilitate, inter alia, the amalgamation with the Office of the Pensions Ombudsman.

## 5. Cash at Bank

	2020 €	2019 €
Current Account	1,877,474	2,912,199
No.2 Pension Account	5,733,364	4,972,175
Demand Deposit Account	444	446
Platinum 3 Months Deposit Account	997	997
Petty Cash	6	6
Credit Cards	(147)	(181)
	<b>7,612,138</b>	<b>7,885,642</b>

## 6. Prepayments and Accrued Income

	2020 €	2019 €
Debtors	643,281	313,304
Bad Debt Provision	(121,699)	(52,739)
Prepayments	295,512	75,978
	<b>817,094</b>	<b>336,543</b>

## 7. Current Liabilities

	2020 €	2019 €
<b>Amounts falling due within one year:</b>		
Creditors	151,237	151,042
Accrued Expenses	152,039	152,687
PAYE	109,157	88,545
Payroll Deductions	86	181,541
Professional Services Withholding Tax	68,649	92,887
Pension Contributions Retained	5,726,529	5,449,646
DPER Single Scheme	32,522	22,906
	<b>6,240,219</b>	<b>6,139,254</b>

## 8. Provision for Legal Services

	2020 €	2019 €
<b>PROVISION</b>		
<b>Legal Costs Provision</b>		
Amount at the start of the year	540,665	528,255
Additions to provision for Legal Costs	51,887	91,500
Amounts charged against the provision	-	(79,090)
Amount at the end of the year	<b>592,552</b>	<b>540,665</b>

## 9. (A) Superannuation – Staff and Ombudsman / Deputy Ombudsman Superannuation Schemes

- (i) In respect of both the staff and Ombudsman/Deputy Ombudsman superannuation schemes, the Financial Services and Pension Ombudsman proposed to the Department of Finance that the liability for retirement benefits paid under the schemes should be assumed by the State in return for payment annually of a percentage of the salaries of the schemes' members. The proposal is based on the principle that the employer and employee superannuation contributions would be at a level where the Exchequer would not be exposed to liabilities in excess of the revenues accruing over the years to the Exchequer. A legislative amendment, enacted and signed into law on 11 July 2013, was made in the Central Bank (Supervision and Enforcement) Act 2013 which provides for Oireachtas funding to be provided for these two schemes. In 2018, the Financial Services and Pensions Ombudsman made a formal request to the Department of Finance to consider a transfer of liabilities for both Schemes. The Department responded with requests for further information which the FSPO provided. Discussions with the Department of Finance are continuing in regard to the aforementioned proposal.

Pending the decision of the Department of Finance, the employer and employee superannuation contributions and amounts received in respect of entitlements surrendered by transferred employees for these superannuation schemes are being retained by the Financial Services and Pension Ombudsman. The retirement benefits and lump sum payments of the schemes are set against the cumulative retained employer and employee superannuation contributions. The cumulative net retention at December 2020 was €5,726,529 which is recorded as a current liability (see note 7).

### (ii) Retirement Benefit Costs

	2020 €	2019 €
Employer Contribution Staff Superannuation Scheme	331,189	332,431
Staff Pension Costs Defined Contribution Scheme	8,374	7,908
Other Costs	474	-
	<b>340,037</b>	<b>340,339</b>

### (iii) Creditor Pension Account

	2020 €	2019 €
Opening Balance at 1 January	5,449,648	5,312,272
Employee Contributions	98,617	96,583
Employer Contributions	331,068	319,366
Bank interest	-	-
less: pensions paid	(152,804)	(152,491)
less: transfer out	-	(126,082)
Closing Balance at 31 December	<b>5,726,529</b>	<b>5,449,648</b>

- (iv) The pension liability for the staff and Ombudsman/Deputy Ombudsman superannuation schemes at 31 December 2020 is €15,523,000 (2019: €13,806,000). This liability is not reflected in these financial statements. It is based on an actuarial valuation carried out by a qualified actuary using the financial assumptions below for the purpose of FRS 102.

The main financial assumptions used were:

	31-Dec-20	31-Dec-19
Discount rate	1.00%	1.35%
Rate of increase in salaries	2.90%	3.00%
Rate of increase in pension	2.40%	2.50%
Inflation	1.00%	1.50%

## 9 (B) Superannuation - Single Scheme Staff

- (i) The Minister for Public Expenditure and Reform, based on actuarial considerations and pursuant to section 16 (4) of the Public Service Pension (Single Scheme and Other Provisions) Act 2012 has decided that:

- an employer contribution is to be paid in respect of certain members of the Single Public Sector Pension scheme and
- The rate of that Employer contribution is equal to three times the employee contribution paid by the single scheme member.

Employer contributions must be paid by public service bodies who are financed “wholly or mainly from sources other than directly or indirectly out of the Central Fund”. As a self-financing public body, the sum of €264,945 represents the FSPO’s liability for employer contributions to the Single Public Service Pensions scheme.

- (ii) Retirement Benefit Cost

	2020 €	2019 €
Total Employer Contributions	264,945	186,481
Current Service Costs*	429,000	200,000
Interest Costs	17,000	14,000
Benefits paid	-	(1,000)
Adjustments to Deferred Exchequer Pension Funding	(446,000)	(213,000)
Total charged to Statement of Income & Expenditure & Retained Revenue Reserves	<b>264,945</b>	<b>186,481</b>

\*Employee contributions have been included in the calculation of the current service costs figure.

(iii) Movement in net retirement benefit obligations (SPSPS) during the financial year

	2020 €	2019 €
Net Pension Liability at 1 January	807,000	454,000
Current Service Costs	429,000	200,000
Interest Costs	17,000	14,000
Experience losses/(gains) on scheme liabilities	(13,000)	(12,000)
Changes in assumptions	107,000	152,000
Benefits Paid	-	(1,000)
Net Pension Liability at 31 December	<b>1,347,000</b>	<b>807,000</b>

(iv) Deferred funding for retirement benefits

The Financial Services and Pension Ombudsman recognises as an asset, an amount corresponding to the above unfunded liability, as an asset on the basis of the provisions of Section 44 of the Public Sector Pensions (Single Scheme and other provisions) Act 2012.

(v) DPER Creditor Balance

	2020 €	2019 €
Opening Balance at 1 January	22,906	29,003
Employee Contributions	88,324	58,430
Employer Contributions	264,945	176,012
Payments to DPER	(343,653)	(240,539)
Closing Balance at 31 December	<b>32,522</b>	<b>22,906</b>

## 10. Financial Commitments

There are no capital commitments for capital expenditure at 31 December 2020.

## 11. Contingent Liabilities / Legal Actions

Decisions of the Ombudsman are legally binding upon the parties to a complaint but can be appealed to the High Court by either the complainant or the respondent financial service provider or pension provider. A decision may also be challenged in the High Court by way of Judicial Review. The FSPO has provided for expected costs in respect of all appeals notified to it, as at 31 December 2020 (see Note 9). The FSPO has not provided for any further appeals or Judicial Review proceedings that may be notified to it in the future, in respect of decisions issued up to 31 December 2020. It is not possible to reliably estimate the expected level of such court proceedings or the related legal costs.

## 12. Council Members – Disclosure of Interests

The Council adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform 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. Lease Commitment

	2020 €	2019 €
<b>Lease Commitment</b>		
Payable within one year	464,435	355,940
Payable within two to five years	1,769,740	1,335,760
Payable after five years	424,094	424,094
	<b>2,658,269</b>	<b>2,115,794</b>

### Accommodation

The Financial Services and Pension Ombudsman operated from two premises in 2020.

The first premises is located on the ground, 3rd and 4th floor of Lincoln House, Lincoln Place, Dublin 2. The office space on the 3rd floor has a 20-year lease (commenced 2006). The current office space on the 4th floor has 11 years 1 month and 15 day lease (commenced March 2015). In July 2020, the FSPO entered into a license agreement permitting its use of the ground floor until March 2025.

The second premises is located on the basement floor, 6 Clare Street, Dublin 2 (commenced November 2019).

The annual cost of the leases excluding service charge is €442,435 for the premises located at Lincoln House, Lincoln Place, Dublin 2.

The annual cost of the leases excluding service charge is €22,000 for the premise located at 6 Clare Street, Dublin 2.

## 14. Council Remuneration

		2020 €	2019 €
Maeve Dineen	Chairperson	21,600	21,600
Dermott Jewell	Council Member	12,600	12,600
Elizabeth Walsh	Council Member	12,600	12,600
Ken Murnaghan	Council Member	12,600	12,600
Deborah Reidy	Council Member	12,600	12,600
Valerie Bowens	Council Member	12,600	12,600
		<b>84,600</b>	<b>84,600</b>

## 14(a) COUNCIL TRAVEL AND EXPENSES

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

	2020 €	2019 €
Travel Expenses	94	743
Meeting Expenses	-	1,041
	<b>94</b>	<b>1,784</b>

## 15. Related Party Transactions

No related party transactions were noted during the year under review.

## 16. Reserves

	Retained Revenue Reserve €	Designated Reserve €	Capital Account €	Total €
Opening Reserves	1,542,266	-	673,602	2,215,868
Surplus for the year	198,384	-	-	198,384
Transfer to / from Capital Account	(144,189)	-	144,189	-
Transfer to /from Designated Reserve	(907,448)	907,448	-	-
Closing Reserves	<b>689,013</b>	<b>907,448</b>	<b>817,791</b>	<b>2,414,252</b>

In accordance with the Council's financial strategy the designated reserves have been established as a contingency reserve to cover any significant costs arising from legal challenge to any part of the Ombudsman's rulings. The reserve has been set at €1.5m represented by the €907,448 above and the value of the legal provision of €592,552. In accordance with the FSPO's accounting policy where such funds are no longer required they will be released back to the General Reserve.

## 17. Events after Reporting Period

There are no events between the reporting date and the date of approval of these financial statements for issue that require adjustment to the financial statements.

## 17. Approval of Financial Statements

The financial statements were approved by the Financial Services and Pensions Ombudsman on 5 October 2021.





An tOmbudsman Seirbhísí  
Airgeadais agus Pinsean

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