



An tOmbudsman Seirbhísí
Airgeadais agus Pinsean

Financial Services and
Pensions Ombudsman

Financial Services and Pensions Ombudsman Annual Report 2019

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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 second 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 01 January to 31 December 2019.



Maeve Dineen
Council Chairperson

30 November 2020

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



The concept of transparency is difficult to capture in a single sentence but most of us know it when we see it. Transparency is about sharing all the information the receiver wants or needs; not just the information the sender is willing to share. It is about putting all the facts on the table; even when some of those facts are uncomfortable. It is about being honest and open about what actions are taken, by whom and on what grounds. It is also about empowering people to have conversations where questions can be asked and answered in open and honest ways; creating mutual understanding and removing any barriers that hinder people from accessing the information they may require.

What is easy to explain is how transparency and trust go hand-in-hand. The combination creates an impression of fairness and openness that makes it easier to deal with disputes and arguments. Transparency and trust can fundamentally reshape the way customers understand, perceive and engage with the organisations that serve them.

Transparency is at the heart of the FSPO's mission which aims to provide a financial services and pension environment where the relationship between parties is built on mutual trust, fairness and transparency.

In 2019, the Ombudsman clearly signalled his commitment to the FSPO's mission by publishing for the first time 228 legally binding decisions arising from 234 formal investigations he carried out in 2018, and a fully detailed overview of complaints received by the office in 2018.

Today, the majority of FSPO's complaints are resolved through informal mediation, proving that the thoughtful application of transparency can create value even in settings such as financial services where privacy is traditionally prized. However, a substantial number of complaints still require formal investigation and a legally binding decision.

These decisions were published in full so the public could see first-hand the types of complaints received by the office, the decisions made, the basis for these decisions and any rectification or compensation directed.

I am proud to chair an organisation that willingly communicates this level of information with the public and I hope it helps guide all our stakeholders in their interactions with the FSPO by offering a clear understanding of the workings of the organisation.

The year under review also marked the second year of our ambitious four-year strategic plan called "Enhancing the Customer Experience". I am delighted to report that our progress against the plan remains on track. This was helped in no small way when the Minister for Finance, Paschal Donohoe, sanctioned an additional 35 positions, following the submission of a Workforce Plan by the FSPO, which the Council fully supported.

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 2020. We also supported the development of Key Performance Indicators for the measurement of progress against strategic goals as we continue to execute our strategic plan. 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 pensions 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 reviewed and updated.

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 2019 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.

I would like to take this opportunity to thank Ger, his senior management team, and all staff at the FSPO for their continued hard work and commitment in 2019. 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.

The year under review was a busy and successful year for the FSPO, but in retrospect it was the calm before the storm. Nobody could have foreseen the societal and economic challenges that would be posed by the coronavirus in the early months of 2020. While the aftershocks of the coronavirus will be felt for many years, it is my hope that the extra information we have begun to make public in 2019 will play a role in ensuring that the financial services and pensions sectors remains relevant and trusted in the uncertain days ahead.



Maeve Dineen

Chairperson

Financial Services and Pensions
Ombudsman Council

Role of the Council

In 2019, 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 32-35.



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

Ombudsman's Message



I am happy to present to Council this Annual Report for 2019. Following the successful establishment of the FSPO in 2018, our second year of operation proved to be an important year of growth for the organisation as we made significant and important progress towards achieving the goals in our Strategic Plan.

In 2018, we prepared a Workforce Plan that identified the additional staff resources required to deliver the objectives in our Strategic Plan. That Workforce Plan was approved by the Minister for Finance who gave sanction for the recruitment of 35 additional staff. Implementation of that Plan and recruitment was a major focus throughout 2019. By the end of 2019, we had 63 staff members, with a significant number of additional new staff scheduled to join the organisation in early 2020.

Since the FSPO was established, the drive for efficiency and effectiveness has been a core priority as we work towards improving the quality of our service and reducing waiting times. In 2019, we received 4,969 eligible complaints and closed 4,569 complaints. The recruitment and continuous professional development of our people, together with the ongoing refinement of our processes, was central to the organisation reaching an important milestone in November 2019, when, for the first time since the establishment of the FSPO, we closed more complaints than we received in the month. This was a key target for us, and the fact that this trend continued through December and into 2020 is an indicator of the progress we have made towards clearing legacy complaints and providing a faster and better service. It also demonstrates the strong progress we have made in improving our business processes and quality assurance initiatives. This progress also enabled the development of Key Performance Indicators in 2019, which became operational from Jan 2020.

These Key Performance Indicators create specific, measurable and time-bound measures by which our services will be measured. In addition, in 2019 we embarked upon a project to develop the FSPO's first ICT Strategy which will underpin the development of the FSPO for years to come and deliver our strategic objectives.

Tracker mortgage complaints continued to be a major component of our work in 2019 and during the year we received almost 500 complaints in relation to tracker mortgage interest rates. This was in addition to the 600 tracker mortgage complaints on hand when we were established, and 700 such complaints received during 2018. In 2019, I am happy to report that we made significant progress and closed 516 complaints related to tracker mortgage interest rates.

In February 2020, I published legally binding decisions made relating to complaints against financial service providers during 2019, including decisions relating to tracker mortgage interest rates. This brought the number of legally binding decisions in our Database of Decisions to almost 650. In association with the publication of the full text of the decisions, I published two Digests of Decisions, one dealing solely with tracker mortgage related decisions. I also published an Overview of Complaints for 2019 setting out a detailed overview of the activities of my Office for 2019. These are all available on [fspo.ie](https://www.fspo.ie).

I would like to thank all our customers and our stakeholders, including members of the Oireachtas, consumer representative bodies and advocates and the financial services providers and pension providers that engage with our services. The delivery of positive outcomes in the management of complaints is facilitated by the cooperation and positive engagement of all parties to a complaint.

I would like to pay tribute to the Management Team and Staff of the FSPO for their commitment to our customers throughout 2019. Their drive towards achieving our strategic goals is resolute. I very much appreciate the ongoing dedication and commitment of our team.

I would like to thank the Chairperson, Maeve Dineen, and members of the Financial Services and Pensions Ombudsman Council for their support, guidance and assistance throughout 2019. Finally, I want to express my appreciation to the Minister for Finance and his officials for their ongoing support and cooperation as we deliver against our statutory functions and work to play our part in enhancing the overall consumer protection framework in Ireland.



Ger Deering

Financial Services and Pensions Ombudsman

The Financial Services and Pensions Ombudsman

The Financial Services and Pensions Ombudsman (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 in relation to pension decisions (not the full decision), nor can he 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. For this reason documentary and audio evidence and other material, together with submissions from the parties, is gathered by the FSPO from those involved in the dispute, and exchanged between the 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. Over 600 decisions issued from 1 January 2018 to 31 December 2019 relating to complaints against financial service providers are available on our database of decisions on www.fspo.ie.

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 2020’, 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. Eighteen months into 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 2019, 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.



“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

Overview of our Strategic Framework



1

Delivering for Our Public



Our first strategic priority's objective is to improve services for our customers, not only through the implementation of programmes to speed up our complaints process, but also through refinement of our business processes across the organisation 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 2019 to improve and maintain a welcoming and accessible environment. Significant focus was placed on publishing decisions and case studies of complaints in order to enhance transparency and understanding of our decision-making processes for both consumers and providers.

Strategic Objective

Improve Services for our Customers

Customer Service

In 2019, the FSPO further refined and defined its customer service complaints process, developing a robust Customer Service Complaints Procedure with a dedicated email to receive complaints and assigning a dedicated resource to receive and action complaints. The FSPO's customer service complaints procedure was reviewed as part of an internal audit in 2019.

To further support improved customer service, the FSPO issues an auto-generated survey to offer complainants the opportunity to provide feedback on their experience of our service where the file closes in the early stages of the complaints process.

Feedback from our customers provides valuable insights into the experience of our service, which in turn is used to improve our process and communication standards. Customer service complaint data is a standing report to the Financial Services and Pensions Ombudsman Council with an overview report presented in September 2019.

Refinement of business process

During 2019, a comprehensive refinement of business processes was undertaken, focusing on the early stages of the complaint journey. As a result, considerably more direct interaction with both complainants and providers is taken from the outset, in order to deliver a faster, more efficient and effective service that puts the needs of service users at its core. The key change has been the introduction of a dedicated Registration and Assessment service. Complaints are now initially examined to ensure that they fall within our legislative jurisdiction, that the FSPO is the appropriate body to deal with the complaint and that we have sufficient information to progress the complaint. The process for progression of validated complaints was simplified and we introduced same-day registration of new complaints for improved customer communications.

The business process refinement programme successfully streamlined the collection of required documentation to progress a complaint and improved the customer journey through our Registration and Assessment service.

Customer Engagement

During the Registration and Assessment phase of a complaint, we provide information to our customers on how to engage with their financial service provider or pension provider, to make their provider aware of their complaint. We also explain how to submit a complaint to the FSPO and how we deal with complaints.

Before progressing a complaint, the FSPO requires the provider to seek to resolve the complaint through its internal dispute resolution process (IDR) and issue its final response to the complainant. This final response should set out what the provider has done to investigate the complaint through its complaint handling process. In circumstances where that provider has not engaged sufficiently with the complainant, the FSPO will deal directly with a financial service provider in order to secure a “final response” to the complaint.

Customer Engagement

Our Registration and Assessment team responded to 19,888 telephone enquiries in 2019.

Telephone Enquiries:

19,888



We dealt with 12,800 general, informal email queries in 2019

Email Queries:

12,800



Visits to www.fspo.ie

131,244

Complaints

5,275

of which 50% were received online



Quality Assurance Review Process

In 2019 the FSPO continued its programme of targeted quality assurance process reviews to identify opportunities to effect service improvements and efficiencies. The review of the processes for the receipt and progression of files to Dispute Resolution Service, resulted in a restructuring of the function into Customer Operations and Information Management and improved service timelines, quality and communications.

Key Performance Indicators

The combined impact of business process improvement, quality assurance review initiatives and additional resources resulted, in November 2019, in the FSPO reaching an operational milestone of closing more complaints than were received in the same period, an achievement that continued through 2019 and into 2020. The increased operational visibility offered by real-time management information facilitated the development of specific, measurable and time-bound key performance indicators across the FSPO's processes.

Make our services as accessible as possible to all

Interactions with our customers through digital channels continued to increase in 2019. However, some of the FSPO's customers do not have access to online channels, or prefer to use more traditional methods of communications. As a result, and throughout 2019, we have undertaken comprehensive training with our front line staff to ensure that our telephone service provides the highest possible levels of customer service.

Customers can also access our services through both Irish and English, and where appropriate, we provided additional translation and interpretation services to users of other languages.

A new reception area was created within the FSPO offices to allow better accessibility to our services for customers and stakeholders, allowing us to deliver our services for customers who may prefer not to use digital or telephone services or those who may have specific needs.

Improving communications

Effective communication by the FSPO plays an important role in providing enhanced protection for consumers, as awareness and understanding of the Ombudsman's decisions are of assistance to consumers and their advocates and to financial service providers, in both avoiding and resolving disputes.

In 2019, the FSPO published a comprehensive suite of reports and documents to communicate the role and services of the FSPO to our stakeholders.

The publication of these documents, and a focus on communicating through the media, provided opportunities for the FSPO to raise awareness of the powers of the Ombudsman and the services the FSPO provides. The publication of decisions on the FSPO website created further transparency in relation to the Ombudsman's decisions and provides a valuable resource.

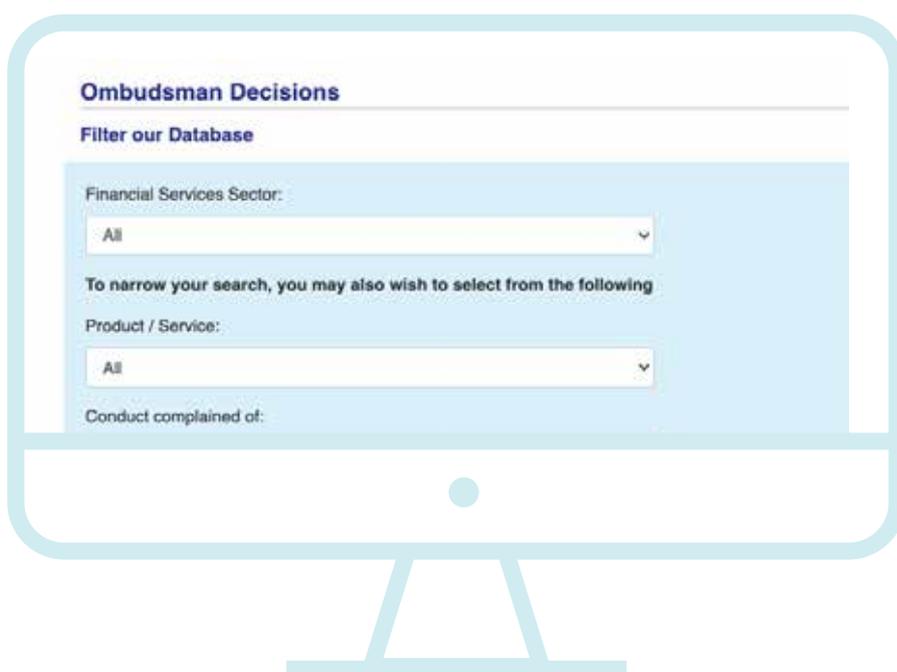
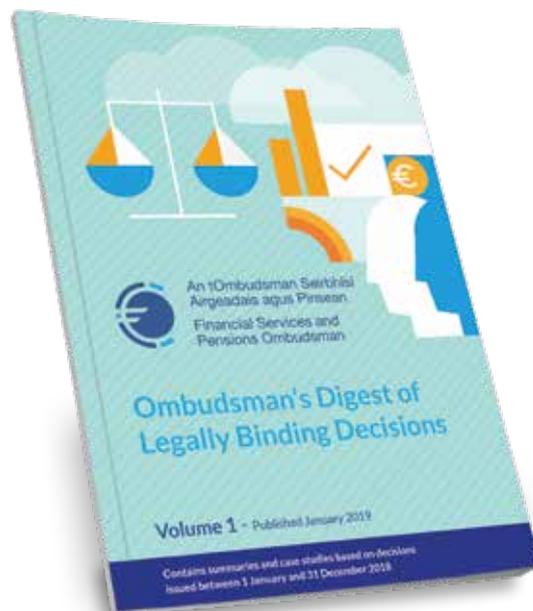
Ombudsman's Digest of Legally Binding Decisions

In 2019, the Ombudsman published his legally binding decisions for the first time. The power to publish legally binding decisions concerning complaints against financial service providers, is prescribed by Section 62 of the Financial Services and Pensions Ombudsman Act 2017. The legislation provides 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. 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.

In 2019, we also published the first [Ombudsman's Digest of Legally Binding Decisions](#), which includes summaries of decisions in relation to complaints against financial service providers and case studies on three decisions in relation to complaints against pension providers.

The publication of the Ombudsman's decisions and the Digest of Decisions was an important step in enhancing understanding of the FSPO's services and the powers of the Ombudsman.

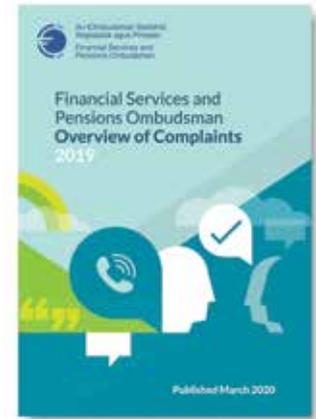


Overview of Complaints

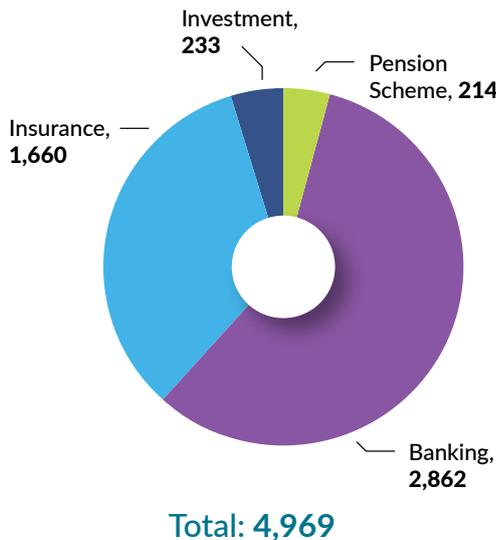
In March 2019 and in accordance with Section 25(2) of the Financial Services and Pensions Ombudsman Act 2017, we produced our first [Overview of Complaints](#), which included a summary of all complaints made to the FSPO during 2018, a review of trends and patterns in complaints made to the FSPO, a breakdown of the method by which complaints were dealt with, a summary of the outcome of all complaints concluded, sixteen mediation case studies and a detailed legal overview.

The [legal overview](#) contains information on the application of time limits when bringing a complaint to the FSPO, four case studies of jurisdictional assessments of time limits, information on complaints with related legal proceedings and appeals to the High Court.

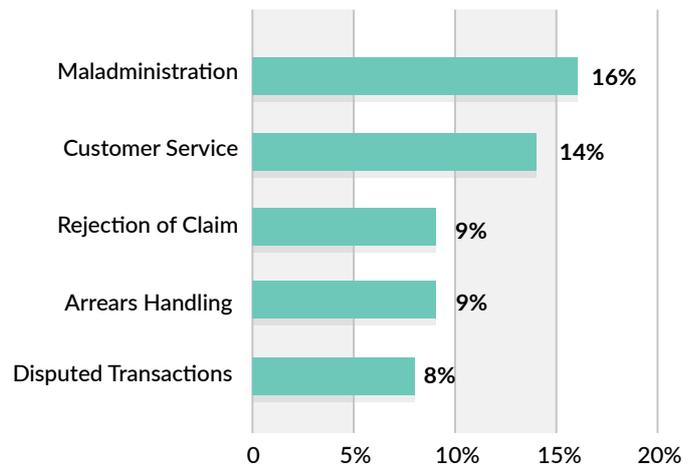
The FSPO published its second [Overview of Complaints](#) in early 2020 which analyses trends and themes from the FSPO's second year of operation. This Overview of Complaints 2019 provides a summary of the 5,275 complaints made to the FSPO in 2019 and details the complaints record of individual financial service providers against which three or more complaints were upheld, substantially upheld or partially upheld.



Complaints by sector

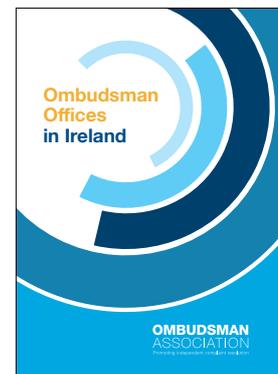


Top 5 conducts complained of:

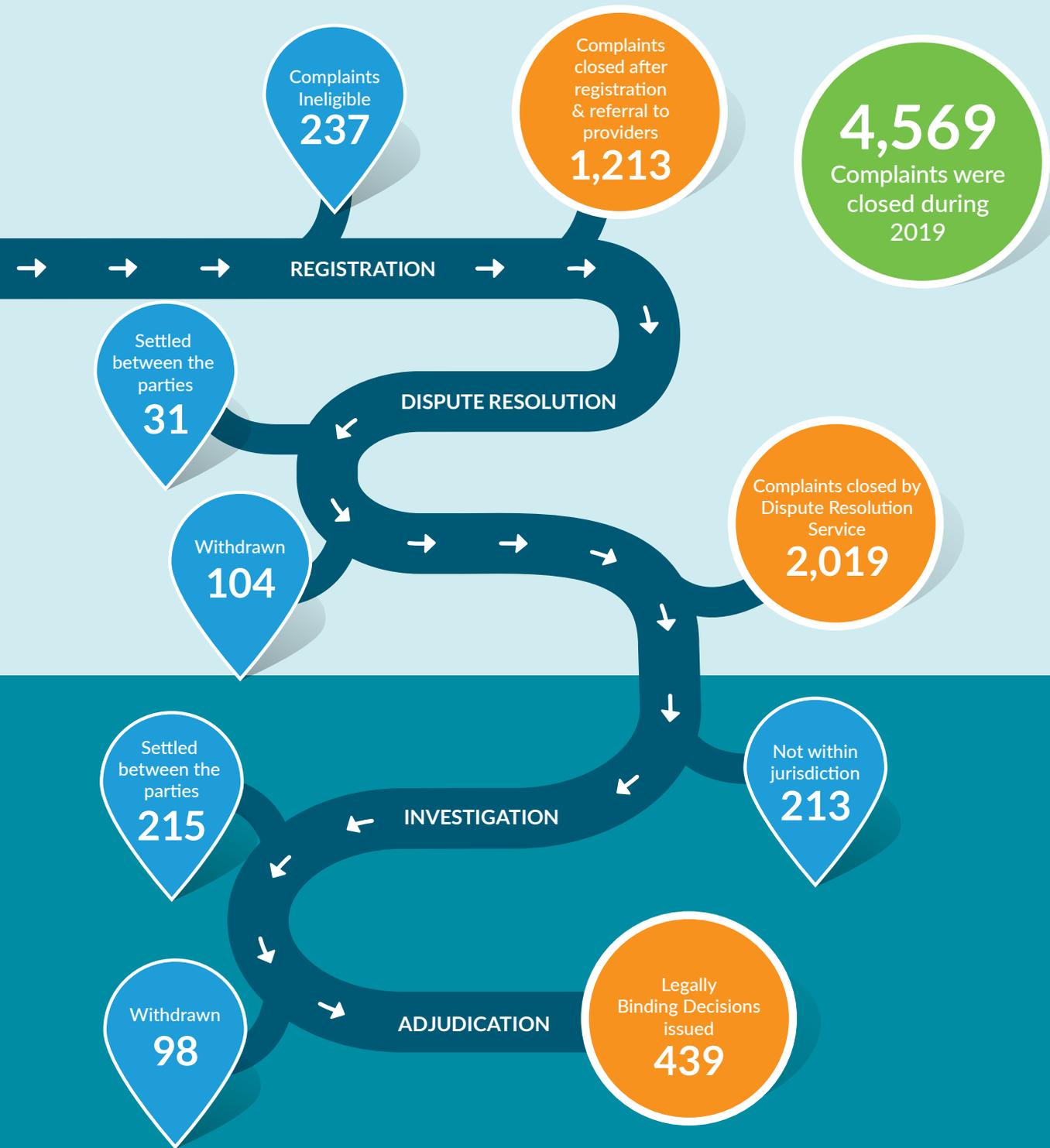


Ombudsman Offices in Ireland

In 2019, we worked with our colleagues in other Ombudsman Offices to produce a publication entitled '[Ombudsman Offices in Ireland](#)'. This collaborative information project explained the role of each office and provided helpful contact information to the public.



Key statistics for 2019



Formal Informal

2

Innovating for the Future

At the end of a decade of rapidly evolving global digital advancement, the FSPO continues to meet the challenge of delivering our service in an increasingly complex market. The initiatives implemented under this strategic priority support innovation and collaboration in how we operate, to improve our skills and expertise, enabling us to recognise and address areas of improvement in our service. Our participation in public sector networks and international ombudsman fora assists us in continuing to develop a culture of evidence and evaluation in complaint handling.

Strategic Objective

Accelerate digital delivery of services

Improved Data Analytics

A significant priority for the FSPO was to improve our data analytics over the course of 2019. A key step in developing our analytics capabilities was the development and implementation of a suite of operational real-time management information reports which have been central to our ability to generate more informed and more complex reporting, which in turn enables us to improve our services. For example, the preparation of more comprehensive feedback reports for providers has contributed to learning and improvement of provider internal dispute resolution services.

Improved data analytics also provides us with the increased granularity required to successfully inform strategic and operational management.

Access to live analytics was further cascaded to all FSPO staff in 2019, providing immediate insights into personal and team workloads, resulting in increased visibility and agility of teams. This has resulted in improved resilience and ability to react to complaint volumes and trends

Strategic Objective

Promote a culture of innovation

Innovation and Knowledge Sharing

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

In December 2019 the Ombudsman was appointed chair of the International Network of Financial Services Ombudsman Schemes ([INFO Network](#)) for a two year term. 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.

In June, at the request of the offices of the Ombudsman for Financial Services Malaysia, the Ombudsman shared his experiences and knowledge, and learning of best practice in methodologies for complaint handling.

Stakeholder Engagement

The outreach programme pursued in 2019 included engagements with the following stakeholders and events:

- Association of Chief Executives of State Agencies (ACESA)
- Banking Payments Federation of Ireland
- Brokers Ireland
- Central Bank of Ireland
- Court Services of Ireland
- Credit Union Managers' Association (CUMA)
- Department of Finance
- FIN-NET
- Financial Systems Mediator, Armenia
- Free Legal Advice Centres (FLAC)
- Institute of Banking
- Insurance Institute
- Insurance Ireland
- International Network of Financial Services Ombudsman Schemes (INFO Network)
- Irish Banking Culture Board
- Irish Business and Employers Confederation (IBEC)
- Irish Ombudsman Forum
- Law Society of Ireland
- Legal Services Regulatory Authority
- LIA
- Oireachtas Committees
- Oireachtas members
- Ombudsman Association
- Ombudsman for Children
- Ombudsman for Financial Services, Malaysia
- Pensions Authority
- Press Ombudsman
- Public Sector Innovation Network
- Quality Customer Service Network
- Securities Industry Dispute Resolution Centre, Malaysia
- University College Dublin
- University of Oxford

Strategic Objective

Embed a culture of evidence and evaluation

The FSPO is staffed by public servants who are bound by 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 31 and our Statement of Internal Control on page 38 of this report.

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.

December 2019 marked a year and 7 months since the General Data Protection Regulation came into force. Our work in 2019 focused on assessing the progress made in our processes since 2018 and continuing to define priorities for the protection of privacy in all our services.

The FSPO processes complainants' data, including special category data, only insofar as it is necessary and proportionate in order to adequately investigate and resolve disputes. This includes all personal data collected, processed and stored in relation to the FSPO's employees, third party service providers and in the performance of its functions as an official body. In collecting, processing, and storing personal data, the FSPO employs the use of suitable and specific measures to ensure that it is safely processed.

The FSPO's 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 2019.

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 2019, the FSPO's energy usage comprised 153,468kWh. The average energy use per staff member stands at 2,057kWh based on 63.6 staff members and 11 external contractors at 31 December 2019. Energy efficiencies were gained through replacement of two multi-functional printers with newer, more energy-efficient models.

Energy Type	Level of Consumption
Electricity	23,801kWh
Fossil Fuels (gas consumption)	129,667kWh
TOTAL	153,468kWh

To date, the organisation (and its predecessors) has improved energy efficiency by 52.8% since 2009.

Overview of Environmental Improvements

During 2019, the FSPO ceased the purchase and use of Single Use Plastics (SUP). We also implemented a new waste management strategy to encourage recycling and reduce our general waste.

Freedom of Information Act 2014

The Freedom of Information Act 2014 (the Act) provides for a right of 'access only' to records which already exist. In addition, the Act does not provide for a right of access to a record which ought to exist. With the exception of certain electronic records, the Act does not require the creation of records in order to grant a request. In 2019, the FSPO received three requests 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 these requests were refused, the FSPO in support of the Act's principles of openness, transparency and accountability sought, where possible, to create the relevant records, or in the absence of records, supplied clarification.

FOI Requests 2019

Granted	1
Part Granted	1
Refused	3
TOTAL	5

Types of FOI Requests

Member of the public	4
Business	1

3

Developing Our People and Our Organisation

A range of training and professional development courses were made available to staff over the course of the year. 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 also take seriously our responsibility to embed a culture of equality, diversity and inclusion across our organisation and actively promote staff wellbeing.

Strategic Objective

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

Recruitment

In late 2018, the FSPO submitted its work force plan to the Minister for Finance for approval. A sanction was received from the Minister for Finance on the 26 March 2019 for the recruitment of an additional 35 staff members. The Workforce Plan aims to address the large existing caseload which the FSPO inherited on 01 January 2018, along with the sustained demand for the FSPO's services.

In 2019, the FSPO conducted an extensive recruitment campaign employing an additional 40 people, which included the filling of existing vacancies as well as the appointment of new staff.

Human Resources Management System

One of the key initiatives under our third strategic priority was to develop and implement a combined Time and Attendance and comprehensive Human Resources Management System.

The new software introduced in October 2019 was successful in providing improved reporting capabilities for the assessment and analysis of human resources issues which have fed into strategic insights and guided the human resources strategy of the FSPO. It has significantly reduced the administrative burden attached to the processing of human resources activities.

Strategic Objective

Continuous and responsive professional development

Training

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, insurance, suicide awareness, protected disclosures, management training, customer service and the use of technology.

In order to further support staff development, additional individual or group training was provided in the areas of project management, data protection, Freedom of Information, Qualified Financial Advisor, compliance, procurement, law and human rights. 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.

Human Rights

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 2019 which indicated that, at 7.94%, 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 aware of our obligations under the Irish Human Rights and Equality Act 2014. 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 2019, the gender balance among our senior management team was 50:50, and the balance between female and male employees on the overall staff was 59% female, 41% 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 31/12/2019	
Ombudsman	1
Deputy Ombudsman	0
Principal Officer	3
Assistant Principal	6
Higher Executive Officer	23
Executive Officer	24.6
Clerical Officer	6
TOTAL	63.6

Senior Management Team
Ger Deering , Financial Services and Pensions Ombudsman
Elaine Cassidy , Deputy Financial Services and Pensions Ombudsman. (Resigned March 2019)
MaryRose McGovern , Director of Investigation, Adjudication and Legal Services
Diarmuid Byrne , Director of Dispute Resolution Service
Tara McDermott , Director of Customer Operations and Information Management
Kevin De Barra , Director of Corporate and Communication Services. (Resigned Sept 2019)

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 1st January 2019 to 31st December 2019.

Strategic Objective

Increase Employee Engagement

Employee Engagement

We continued with our Well@Work programme in 2019, which was launched by the Ombudsman to support staff in maintaining a healthy lifestyle and was based around the Five Pillars of Mental Health: Connect, Be Active, Take Notice, Keep Learning and Give.

We were awarded the Gold Active@Work Award in November 2019 by the Irish Heart Foundation and our efforts included staff

walking over 10 million steps in a four week period, several staff completing the Ring of Kerry Cycle, the Dublin City Marathon and a charity abseil. Local history walks took place and lunchtime theatre visits were attended by a number of staff. We also raised funds from a number of events for charity, including organising a bake off and a Fruit Friday event.



Active@Work Award at the Irish Heart Foundation. Karl Henry, Fitness Expert & Personal Trainer, Fionnuala McNamee and Frederica Doyle, members of the FSPO Well@Work Committee, Tim Collins, CEO Irish Heart Foundation.



Financial Statements

for the year ended 31 December 2019



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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 2019 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 2019 and of its income and expenditure for 2019 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 10 to the financial statements, Superannuation – Staff and Ombudsman/Deputy Ombudsman superannuation schemes.

The recognition of a deferred pension funding asset of €807,000 in respect of the Single Public Service Pension Scheme reflects a statutory provision relating to the funding of that scheme.

The Financial Services Ombudsman Bureau Staff and Ombudsman/Deputy Ombudsman superannuation schemes were approved by statutory instrument in April 2016. Discussions are ongoing between the Office of the Financial Services and Pensions Ombudsman and the Department of Finance in relation to the funding arrangements in respect of the liabilities under these schemes. Pending the resolution of these discussions, the financial statements disclose the accrued pension liability for the relevant schemes only by way of note.

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.

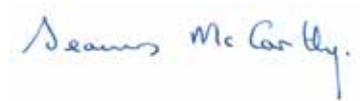
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

A handwritten signature in blue ink that reads "Seamus McCarthy". The signature is written in a cursive style with a long tail on the final letter of the last name.

Seamus McCarthy
Comptroller and Auditor General
12 November 2020

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.

Information

Financial Services & Pensions Ombudsman

Ger Deering

Members of the Financial Services and Pensions Ombudsman Council

Maeve Dineen – *Chairperson*

Valerie Bowens

Don Gallagher

Dermott Jewell

Ken Murnaghan

Deborah Reidy

Elizabeth Walsh

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

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"). 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 or the Pensions Ombudsman to the FSPO with effect from 01 January 2018.

The role of the Financial Services and Pensions Ombudsman 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 Financial Services and Pensions Ombudsman 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 Financial Services and Pensions Ombudsman.

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 judgments 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 Financial Services and Pensions Ombudsman give a true and fair view of the financial performance and the financial position of the Financial Services and Pensions Ombudsman at 31 December 2019.

Council Structure

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 6 times in 2019.

The table below details the appointment period of current members:

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
Dermott Jewell	Member	09 January 2017 (Re-appointment)
Don Gallagher	Member	09 January 2017
Elizabeth Walsh	Member	09 January 2017 (Re-appointment)

The Council will undertake a self-assessment evaluation in Q2 2020 in respect of the financial year January to December 2019.



Ms. Maeve Dineen – Chairperson

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

Ms. Bowens (BComm, Master of Business Studies, Diploma in Financial Services Law, and Post-Graduate Certificate in Innovation, Entrepreneurship and Enterprise, (all from UCD) and Institute of Directors' qualification) has extensive senior compliance, risk, governance and regulatory experience. 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 a range of Audit, Risk and Governance Committees. 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 and the Association of Compliance Officers in Ireland.



Mr. Don Gallagher

Mr. Gallagher is Chief Executive of the Health Insurance Authority. Mr. Gallagher holds a M.Sc. in Management from Trinity College, Dublin and is a Chartered Director with the UK Institute of Directors. He is an experienced international Chief Executive who has managed and served on the board of national and international insurance and wealth management companies. Most recently, Mr. Gallagher was CEO and Executive Director of the European subsidiary of a leading global life insurer. Previously Mr. Gallagher had been Senior Vice President and Managing Director with a major Canadian life insurer in both Ireland and Canada.



Mr. Dermott Jewell

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

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

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

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 2019, the two established committees, comprised of 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 advise the 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 2019 is set out below, including the fees and expenses received by each member:

	Council	Audit & Risk Committee	Finance Committee	Fees 2019 €	Expenses 2019 €
Number of Meetings	6	2	3		
Maeve Dineen	6 of 6			21,600	-
Valerie Bowens	5 of 6	2 of 2		12,600	-
Dermott Jewell	6 of 6	2 of 2		12,600	-
Ken Murnaghan	6 of 6	2 of 2		12,600	-
Deborah Reidy	6 of 6		3 of 3	12,600	479
Elizabeth Walsh	6 of 6		3 of 3	12,600	264
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

The Deputy Ombudsman resigned from her position in March 2019. The Director of Corporate and Communication Services resigned from his position in September 2019. As at the 31 December 2019, both positions remained vacant.

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	2019	2018
€60,000	-	€69,999	5	1
€70,000	-	€79,999	1	3
€80,000	-	€89,999	2	2
€90,000	-	€99,999	-	-
€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	1
€160,000	-	€169,999	-	-

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.

	2019 €	2018 €
Legal advice	220,745	246,424
Investigations	-	25,369
FSPO Code of Ethics and Practice	-	2,122
Other Consultancy	31,053	2,850
Total consultancy costs	251,798	276,765
Consultancy costs capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	251,798	276,765
Total	251,798	276,765

Legal Costs and Settlements

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.

	2019 €	2018 €
Legal fees - legal proceedings	62,358	89,974
Conciliation and arbitration payments	-	-
Settlements	-	-
Total	62,358	89,974

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2019 €	2018 €
Domestic		
- Council	743	431
- Employees	1,018	3,503
International		
- Council	-	-
- Employees	3,085	6,110
Total	4,846	10,044

Hospitality Expenditure

There was €538 of Council hospitality incurred in the year (2018: nil).

Statement of Compliance

The Financial Services and Pensions Ombudsman has adopted the Code of Practice for the Governance of State Bodies (2016), where applicable, and put procedures in place to ensure compliance with the Code. The Financial Services and Pensions Ombudsman was in compliance, as appropriate, with the Code of Practice for the Governance of State Bodies for 2019.



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 2019.

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 two times in 2019.

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 details 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

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.

Procurement

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

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, conducted an annual review of the effectiveness of the internal controls for 2019.

Internal Control Issues

Non-Compliant Procurement

In 2019, 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:

- One supply arrangement to the value of €189,865 where a pre-existing contract for ICT operations, support and maintenance was concluded in 2019.
- An instance with expenditure of €79,134 where the rapid expansion in staff numbers necessitated immediate reconfiguration of the physical office space to accommodate additional staff numbers while at the same time improving accessibility for customers. The services of the existing general maintenance contractor were employed.
- Given ongoing office reconfiguration, pre-existing contract for cleaning services of €24,593 was continued.
- An instance with expenditure of €25,167 whereby a contract for business support services was continued in order to ensure that relevant experience was retained in a number of areas pending recruitment of roles in these areas.



Ger Deering

Financial Services and Pensions Ombudsman

Date: 4 November 2020

Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December 2019

	Note	2019 €	2018 €
INCOME			
Levy Income	2a	7,708,173	4,639,490
Exchequer Funding	2b	691,889	950,000
Total Income		8,400,062	5,589,490
EXPENDITURE			
Administration	4	6,557,794	5,370,394
Retirement benefit costs – Staff & Ombudsman Scheme	4d	340,339	373,728
Retirement benefit costs – Single Scheme	10a	186,481	128,036
Depreciation	5	311,908	297,874
Total Expenditure		7,369,522	6,170,032
Surplus / (Deficit) for the Year Before Appropriation		1,003,540	(580,542)
Transfer from Capital Account	3	27,832	55,215
Surplus / (Deficit) for the Year After Appropriation		1,031,372	(525,327)
Reserves transferred from legacy bodies		-	1,036,221
Balance brought forward at 1 January		510,894	-
Balance Carried Forward at 31 December		1,542,266	510,894

The Statement of Cash Flows and Notes 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: 4 November 2020

Statement of Comprehensive Income

for the year ended 31 December 2019

	Notes	2019 €	2018 €
(SURPLUS/DEFICIT) AFTER APPROPRIATIONS		1,031,372	(525,327)
Experience (losses)/gains on retirement benefit obligations	10b	12,000	-
Changes in assumptions underlying the present value of retirement benefit obligations		(152,000)	31,000
Total actuarial gains/(losses) in the year		(140,000)	31,000
Adjustment to deferred retirement benefits funding		140,000	(31,000)
Other Comprehensive (Loss)/Income for the year		1,031,372	(525,327)

The Statement of Cash Flows and Notes 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: 4 November 2020

Statement of Financial Position

as at 31 December 2019

	Note	As at 31 December 2019	As at 31 December 2018
		€	€
FIXED ASSETS			
Property, plant & equipment	5	673,602	701,434
CURRENT ASSETS			
Cash and cash equivalents	6	7,885,642	6,517,146
Receivables	7	336,543	515,500
		8,222,185	7,032,646
CURRENT LIABILITIES (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Payables	8	(6,139,254)	(5,993,497)
Provision for Legal Services	9	(540,665)	(528,255)
		(6,679,919)	(6,521,752)
NET CURRENT ASSETS		1,542,266	510,894
RETIREMENT BENEFITS			
Retirement benefit obligations	10d	(807,000)	(454,000)
Deferred retirement benefit funding asset	10c	807,000	454,000
TOTAL NET ASSEST / (LIABILITIES)		2,215,868	1,212,328
REPRESENTING			
Capital Account	3	673,602	701,434
Retained revenue reserves		1,542,266	510,894
		2,215,868	1,212,328

The Statement of Cash Flows and Notes 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: 4 November 2020

Statement of Cash Flows

for the year ended 31 December 2019

	Note	2019 €	2018 €
NET CASH FLOW FROM OPERATING ACTIVITIES			
Excess/(Shortfall) in income over expenditure		1,031,372	(525,327)
Depreciation charge		311,908	297,874
Decrease/(Increase) in receivables		178,956	(515,500)
Increase in payables		158,167	6,521,752
Interest received		-	-
Transfer to capital account		(27,832)	(55,215)
Net cash inflow from Operating Activities		1,652,571	5,723,584
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		-	-
Capital disposal		-	-
Capital expenditure		(284,075)	(242,659)
Net cash flows from Investing Activities		(284,075)	(242,659)
CASH FLOW FROM FINANCING ACTIVITIES			
Bank interest received		-	-
Reserves transferred from legacy bodies		-	1,036,221
Net cash flows from Financing Activities		-	1,036,221
Cash and cash equivalents at the start of the year		6,517,146	-
Net Increase in cash and cash equivalents		1,368,496	6,517,146
Cash and cash equivalents at the end of the year		7,885,642	6,517,146

Notes to the Financial Statements

for the year ended 31 December 2019

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.

The FSPO Act 2017 sets out a range of transfer provisions which include inter alia, the transfer to the FSPO of all land and property which, immediately before that date was vested in or owned by the Bureau and OPO. All rights and liabilities of the Bureau and OPO arising by virtue of any contract or commitment entered into before that date stand transferred to the Financial Services and Pensions Ombudsman. The Act also contains provisions regarding the preservation of contracts, agreements or other arrangements made by the Bureau and OPO before its dissolution.

The following is a summary of the assets and liabilities that transferred to the Financial Services and Pensions Ombudsman.

	OPO €	FSOB €	Total €
Fixed assets	38,482	718,167	756,649
Cash at bank	852	7,665,491	7,666,343
Receivables	7,339	30,914	38,253
Current liabilities	(19,365)	(5,924,765)	(5,944,130)
Retirement benefit liability	(330,000)	(317,000)	(647,000)
Deferred retirement benefit funding	330,000	317,000	647,000
Provision for legal services	-	(724,245)	(724,245)
Value of assets transferred to Financial Services and Pensions Ombudsman	27,308	1,765,562	1,792,870
Capital and Reserves	38,482	718,167	756,649
Capital accounts	(11,174)	1,047,395	1,036,221
Retained revenue reserves	27,308	1,765,562	1,792,870

Pending a decision by the Department of Finance in relation to the funding arrangements for the pension scheme (see accounting policy h) the bank figure above includes €5.25 million representing employer and employee superannuation contributions being held for payment to the Department. The payables figure above includes the corresponding liability. In respect of both the staff and Ombudsman/Deputy Ombudsman schemes the actuarial retirement benefit liability at 31 December 2017 was €7.5 million. This liability is not included in the above figures.

Council and Financial Services and Pensions Ombudsman Expenses

The expenses of the Council are met from Financial Services and Pensions Ombudsman Funds (see note 15).

B) Statement of Compliance

The financial statements of the Financial Services and Pensions Ombudsman for the year ended 31 December 2019 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 were members of the Financial Services Ombudsman Bureau Staff Superannuation Scheme and the Financial Services Ombudsman was a member of the Financial Services Ombudsman Bureau Ombudsman & Deputy Ombudsman Superannuation Scheme.

Both superannuation schemes were 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 was 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 continued through 2019.

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 10).

For employees appointed on/after 1 January 2013:

Employees appointed on/after 1 January 2013 were 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 Bureau was designated as a Relevant Authority under S.I. 581 of 2012, for the purposes of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 (No. 37 of 2012).

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 were calculated as a multiple of the employee contribution and were being retained by the FSPO pending a decision by the Department of Finance on the funding arrangements of the staff and Ombudsman/Deputy Ombudsman superannuation schemes.

Since the dissolution of the Financial Services Ombudsman Bureau, the employee and employer superannuation contributions to date, including years 2013 – 2017 inclusive, were paid over to the Department of Public Expenditure and Reform, per Section 16(6) of the Public Services Pensions (Single Scheme and Other Provisions) Act 2012.

Pension costs of the Single Scheme employees reflect pension benefits earned by them and are shown net of staff pension contributions which are being retained by the FSPO pending a decision by the Department of Finance on the proposed funding arrangements of the FSPO’s staff and Ombudsman and Deputy Ombudsman superannuation schemes.

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 any related funding and recognises the costs of providing pension benefits in the accounting periods in which they are earned by these employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

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 4d). 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 Financial Services and Pensions Ombudsman 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) Critical Accounting Judgments and Estimates

The preparation of the financial statements requires management to make judgments, 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 judgments 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 10).

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 2019 is set out in the Financial Services and Pensions Ombudsman Act 2017 [Financial Services and Pensions Ombudsman Council] Financial Services Industry Levy Regulations 2018 (Statutory Instrument 214 of 2019).

Income for the period is as follows:

	2019 €	2018 €
LEVY INCOME		
Insurance Undertaking	2,797,769	2,562,871
Credit Institutions	3,707,542	989,270
Credit Unions	93,750	440,725
Retail Intermediaries and Debt Management Firms	701,142	507,424
Investment Firms	348,870	122,539
All other categories	59,100	16,661
Total	7,708,173	4,639,490

B) Exchequer Funding

Oireachtas funding of €691,889 (2018: €950,000) was received in 2019 from Vote 7 – Office of the Minister for Finance sub-head B5.

3. Capital Account

	2019 €	2018 €
Balance at 01 January	701,434	756,649
Funds allocated to acquire fixed assets	284,076	242,659
Amortisation in line with depreciation	(311,908)	(297,874)
Transfer from/(to) Income and Expenditure account	(27,832)	(55,215)
Balance at 31 December	673,602	701,434

4. Administration Costs

	Note	2019 €	2018 €
Salaries and Staff Costs	4a	3,116,995	2,905,315
Contractors		334,380	288,416
Legal Fees	4c	1,451,901	768,739
Rent		340,190	264,978
Other Administration Costs	4e	209,006	140,270
Membership Fees & Subs & Communication		88,266	73,514
Council Remuneration		84,600	84,600
External Mediators		103,025	63,552
Bad Debts Provision		(42,348)	11,476
Bad Debts Written Off		17,352	1,175
Accounting fees		130,213	155,775
Professional Fees		48,392	43,932
Staff Training		51,487	27,828
Maintenance		39,721	69,598
Information Activities		110,058	83,505
External Support		4,428	16,493
Stationery Costs		49,288	66,414
Insurance		34,586	28,876
Cleaning		30,462	25,208
Council Legal & Consultancy		5,812	3,690
Recruitment		47,849	28,112
Travel and Subsistence and Meeting Room Hire		6,078	17,754
International Network of Financial Services Ombudsman Schemes (INFO Network Conference)		-	27,322
Other Staff Related Costs	4f	30,703	19,403
External Audit		17,000	17,000
Oral Hearing		6,474	6,342
Internal Audit		16,440	23,385
Council Expenses		1,784	4,006
External Case Handlers		223,652	103,716
		6,557,794	5,370,394

a) Salaries and Staff Costs

	2019 €	2018 €
Salary	2,844,063	2,652,896
Employer PRSI Costs	272,932	252,419
	3,116,995	2,905,315

Staff Numbers

The number of Whole Time Equivalent (WTE) employed as at 31 December 2019 was 63.6 (2018: 49.2).

Additional Superannuation Contribution (ASC)

€89,543 pension levy has been deducted from staff members (2018: €107,739).

b) Salary Costs of the Ombudsman and Deputy Ombudsman

OMBUDSMAN COMMENCED 20-04-15		
	2019 €	2018 €
Salary	157,148	154,202
Pension Contributions	47,144	38,550
Pension Contributions - Arrears (2015 to 2018) *	-	29,441
	204,292	222,193

DEPUTY OMBUDSMAN COMMENCED 22-01-16 (RESIGNED MARCH 2019)		
	2019 €	2018 €
Salary	29,211	120,585
Pension Contributions	6,597	25,769
	35,808	146,354

Additional Payments

The above salary payments represent the total remuneration received by the Ombudsman and Deputy Ombudsman, no other payments were received by them. The Ombudsman is a member of the Financial Services and Pensions Ombudsman, Ombudsman and Deputy Ombudsman Scheme 2016. See note 10. As the Deputy Ombudsman was on secondment from the Department of Business, Enterprise & Innovation, she remained a member of her parent Department's Superannuation Scheme.

* Following a payroll review conducted in 2019, it was established that the Ombudsman's superannuation contributions had been calculated on an incorrect PRSI Class which resulted in underpayment of superannuation contributions. Employer contributions for the period 2015 to 2018 were underpaid by €29,441. Necessary arrangements have been put in place to collect the underpayments and regularise matters following the review.

The key management personnel comprises:

- › Ger Deering, Financial Services and Pensions Ombudsman
- › Elaine Cassidy, Deputy Financial Services and Pensions Ombudsman (Resigned March 2019)
- › MaryRose McGovern, Director of Investigation, Adjudication and Legal Services
- › Diarmuid Byrne, Director of Dispute Resolution Service
- › Tara McDermott, Director of Customer Operations and Information Management
- › Kevin De Barra, Director of Corporate and Communication Services (Resigned September 2019)

The total remuneration paid to key management personnel was €559,366 (2018: €664,777).

Termination Payments

Termination payments of €9,791 were made in the year.

c) Legal Fees

Legal costs recovered included in legal fees were €42,238 (2018: 24,906).

d) Retirement Benefit Costs

As outlined in accounting policy 1(h) the Financial Services and Pension Ombudsman does not recognise the retirement benefit liability in respect of the defined benefit schemes for staff and for the Ombudsman. The table below sets out the liability in relation to the necessary costs associated with funding the pension schemes:

	2019 €	2018 €
Employer Contribution Staff Superannuation Scheme	332,431	362,925
Staff Pension Costs Defined Contribution Scheme	7,908	10,803
	340,339	373,728

e) Other Administration Costs

	2019 €	2018 €
Service Charge	87,436	67,346
Storage Charges	23,635	44,974
IT Purchases	85,449	21,323
Courier	1,344	1,880
Bank Charges	11,142	4,747
	209,006	140,270

f) Other Staff Related Costs

The related expense of providing canteen supplies (€17,007) and staff welfare (€13,696) are included in Other Staff Related Costs.

5. Property, Plant and Equipment

	Computer Equipment Improvements	Office Fitting, Furniture & Equipment	Leasehold	Total
	€	€	€	€
COST				
At 1 January 2019	248,056	268,630	1,418,971	1,935,657
Additions during period	67,057	90,471	126,548	284,076
Disposals during period	(3,094)	-	-	(3,094)
At 31 December 2019	312,019	359,101	1,545,519	2,216,639
ACCUMULATED DEPRECIATION				
At 1 January 2019	188,360	229,388	816,475	1,234,223
Charge for period	44,940	25,112	241,856	311,908
Disposals during period	(3,094)	-	-	(3,094)
At 31 December 2019	230,206	254,500	1,058,331	1,543,037
NET BOOK VALUE				
At 31 December 2019	81,813	104,601	487,188	673,602
At 31 December 2018	59,696	39,242	602,496	701,434

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

6. Cash at Bank

	2019 €	2018 €
Current Account	2,912,199	1,207,103
No.2 Pension Account	4,972,175	4,972,175
Demand Deposit Account	446	38,506
Platinum 3 Months Deposit Account	997	300,997
Petty Cash	6	6
Credit Cards	(181)	(1,641)
	7,885,642	6,517,146

7. Prepayments and Accrued Income

	2019 €	2018 €
Debtors	313,304	491,428
Bad Debt Provision	(52,739)	(95,087)
Prepayments	75,978	119,159
	336,543	515,500

8. Current Liabilities

Amounts falling due within one year:	2019 €	2018 €
Creditors	151,042	341
Accrued Expenses	152,678	412,842
PAYE	88,545	80,183
Payroll Deductions	181,541	105,364
Professional Services Withholding Tax	92,887	53,493
Pension Contributions	5,472,552	5,341,274
	6,139,254	5,993,497

9. Provision for Legal Services

PROVISION	2019 €	2018 €
Legal Costs		
Amount at the start of the year	528,255	-
Provision transferred from legacy bodies	-	724,245
Additions to provision	91,500	25,826
Amounts charged against the provision	(79,090)	(102,610)
Adjustment to transferred provision	-	(119,206)
Amount at the end of the year	540,665	528,255

10. Superannuation – Staff and Ombudsman / Deputy Ombudsman Superannuation Schemes

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 a decision by the Department of Finance in regard to the proposed pension funding arrangements, the retirement benefit costs in the Statement of Income and Expenditure and Retained Revenue Reserves comprise the employer's superannuation contributions in the year. The employer's superannuation contributions are calculated as a percentage of relevant salaries, an amount of €308,898 (2018: €333,484).

The pension liability for these two schemes at 31 December 2019 is €13,806,000 (2018: €7,673,000). The pension liability for these schemes is not reflected in these financial statements. An estimate of the liability is provided below. This 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-19	31-Dec-18
Discount rate	1.35%	2.20%
Rate of increase in salaries	3.00%	3.20%
Rate of increase in pension	2.50%	2.70%
Inflation	1.50%	1.70%

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 pending a decision by the Department of Finance on the funding arrangements of the schemes. The retirement benefits and lump sum payments of the schemes are set against the cumulative retained employer and employee superannuation contributions. The cumulative amount of retained superannuation contributions less pension benefits and lump sum payments at the end of December 2019 was €5,472,554 which is recorded as a current liability (see note 8).

Creditor Pension Account

Pending a decision by the Department of Finance in relation to funding arrangements as outlined above, amounts being held for payment to the Department of Finance are analysed as below
Payments in respect of SPSPS staff have been made to DPER:

	2019 €	2018 €
Transfer from legacy body	5,341,274	5,257,119
Employee Contributions	155,013	152,091
Employer Contributions	495,379	506,975
Bank interest	-	-
less: pensions paid	(152,491)	(152,058)
less: transfer out	(126,082)	(74,794)
less: DPER payments - SPSPS	(240,539)	(348,059)
	5,472,554	5,341,274

10a Superannuation - Single Scheme Staff

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

Single Pension Scheme	2019 €	2018 €
Total Employer Contributions	186,481	128,036
Current Service Costs*	200,000	158,000
Interest Costs	14,000	10,000
Benefits paid	(1,000)	-
Adjustments to Deferred Exchequer Pension Funding	(213,000)	(168,000)
Total charged to Statement of Income & Expenditure & Retained Revenue Reserves	186,481	128,036

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

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 €186,481 represents the FSPO’s liability for employer contributions to the Single Public Service Pensions scheme. The amount due has not yet been paid over to DPER and is included in payables (Note 8).

10b Movement in net retirement benefit obligations (SPSPS) during the financial year

	2019 €	2018 €
Net Pension Liability at 1 January	454,000	317,000
Current Service Costs	200,000	158,000
Interest Costs	14,000	10,000
Experience losses/(gains) on scheme liabilities	(12,000)	-
Changes in assumptions	152,000	(31,000)
Benefits Paid	(1,000)	-
Net Pension Liability at 31 December	807,000	454,000

10c Deferred funding for retirement benefits

The Financial Services and Pension Ombudsman recognises these amounts as an asset corresponding to the unfunded deferred liability for retirement benefits on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process.

10d Defined benefit obligations (SPSPS)

	2019 €	2018 €
Defined benefit obligations	807,000	454,000

11. Financial Commitments

There are no capital commitments for capital expenditure at 31 December 2019.

12. 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 Council has provided for expected costs in respect of all appeals notified to it, as at 31 December 2019 (see Note 9). The Council 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 2019. It is not possible to reliably estimate the expected level of such court proceedings or the related legal costs.

13. 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.

14. Lease Commitment

Lease Commitment	2019 €	2018 €
Payable within one year	355,940	333,940
Payable within two to five years	1,335,760	1,335,760
Payable after five years	424,094	758,034
	2,115,794	2,427,734

Accommodation

The Financial Services and Pension Ombudsman operated from two premises in 2019.

The first premise is located on the 3rd and 4th floor (from March 2013) 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 an 11 years 1 month and 15 day lease (commenced March 2015).

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

The annual cost of the leases excluding service charge is €333,940 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.

15. Council Remuneration

		2019 €	2018 €
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
Don Gallagher	Council Member	-	-
		84,600	84,600

15(a) COUNCIL TRAVEL AND EXPENSES

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

	2019	2018
	€	€
Travel Expenses	743	431
Meeting Expenses	1,041	3,575
	1,784	4,006

16. Related Party Transactions

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

17. Events after the Reporting Date

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.

The Council recognises that the Covid-19 pandemic is a significant event which has occurred since the reporting date. The Council is taking the situation seriously and is monitoring the situation, in conjunction with management, on an ongoing basis. The business continues to operate with measures in place to protect staff and FSPO clients. Staff are working remotely and services continue to be provided. To date, the operations and most of the FSPO's activities are being maintained while adjusting to the different way in which the business is being delivered. The FSPO's industry levy is collected on a statutory basis and the performance and operations of the FSPO are being monitored closely and regular cash flow forecasts are provided to the Council.

Going concern - The Council considers that, as 2020 levy receipts as provided for in Statutory Instrument 89/2020 are being collected in line with projections, it is appropriate to prepare these financial statements on a going concern basis.

18. Approval of Financial Statements

The financial statements were approved by the Financial Services and Pensions Ombudsman on 4 November 2020.



An tOmbudsman Seirbhísí
Airgeadais agus Pinsean

Financial Services and
Pensions Ombudsman

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