



Financial Services Ombudsman
Annual Report 2013



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



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Chairperson's Report



Chairperson's Report

I am pleased to present this, my sixth report as Chairperson of the Financial Services Ombudsman Council, which commenced its initial five year term on the 29th of October, 2008 and reappointed in October 2013 for another two year period.



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

This past year has been a significantly demanding one for Council as it worked its way through to the conclusion of its term of office. That impending deadline necessitated that we carefully plan our work schedule to realise a comprehensive handover of our files in the course of what would be a term of significant change strategy for the Bureau and the consumers who rely upon its services.

We determinedly maintained the focus upon efforts in ensuring that a very high level of essential resources were allocated and directed toward the effective management and reduction of both the current and older unresolved caseload. We carried out a detailed scoping exercise for the proposed legislation to amalgamate the Office of the Pensions Ombudsman and the Bureau and presented our report to the Department of Finance for guidance of the Inter-departmental Steering Group to be established to drive what will necessitate a significant process of structural, resource and legislative change. We have also outlined our concerns regarding the matters of business continuity and succession planning over this very short and critical period of change.

In my previous two reports I referred to Council's concern regarding the cost implications upon infrastructure that will result from the proposed integration. These are currently an unknown and it is therefore critically important that the process of change be initiated so that we may then together determine what will be the effects and costs of such integration in the short, medium and long term for the Bureau, the Office of the Pensions Ombudsman, the levied providers and for the consumers who do and, will in the future, demand our services in what continue to be challenging numbers.

Minister Noonan, in acknowledgement of the existing skill-set and importance that the integrated body be efficiently established, reappointed Council, with the addition of one new member, for a maximum two year term ending in October 2015. Both Council and the Bureau look forward to assisting the Steering Group in bringing the new structure to active, efficient and effective life in close harmony with the Department.

Council has indicated how, along with numerous other legislative provisions, the integration process could be considered an opportunity for the Steering Group to review and evaluate existing provisions in terms of reasonableness, cost, efficiency and demand, albeit in the context of a rapidly approaching deadline bringing with it significant and challenging organisational changes.

Furthermore, with regard to progression and closure, a continuing matter of concern to Council, is the remaining outstanding legislative procedure for final establishment of the Financial Services Ombudsman Bureau Superannuation Schemes. We have highlighted our concerns and our hope for escalation and priority within the Department to complete the process with the diligence and urgency now warranted.

At the time of writing, I have signed the instrument that is the amended Central Bank Act 1942 (Financial Services Ombudsman Council) Complaint Information Regulations 2014, long the wish of this and the former Councils, allowing the Bureau to detail the type and frequency of complaints for specific firms. The initial results have been published in the Ombudsman's bi-annual report. The amendment has the potential to bring real and beneficial change to the financial services complaint landscape by highlighting those providers whose procedures and systems of complaint management are often below the quality, commitment and standard necessitated and practiced by their industry counterparts. Council will maintain a focus throughout the integration process to ensure that structural support will remain and, where necessitated, be enhanced to facilitate delivery of effective, timely engagement and redress where sector providers, their products and their agents continually fail and place consumers in a position of loss and/or disadvantage.

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

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

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

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



Dermott Jewell

Chairperson Financial Services Ombudsman Council

April 2014

The Financial Services Ombudsman Council



Mr Dermott Jewell, Chairperson

Mr Jewell (B.Sc. Mgmt (Law)(Trinity College Dublin), (CIARD.) is Chief Executive of the Consumers' Association of Ireland. His representations include the Consumer Advisory Group of the Central Bank of Ireland, Chairperson/Director of the European Consumer Centre (ECC) Ireland, Director of Investor Compensations Company Limited (ICCL) and member of the National Standards Authority for Ireland (NSAI) Certification Oversight Committee. He is Ireland's representative alternate on the Consumer Consultative Group (ECCG) of the European Commission.

Mr Jewell is a trainer/lecturer on the Management, Leadership and Finance Modules of the European Commission-DG Sanco TRACE Training Projects for consumer organisations.



Mr Michael Connolly

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



Mr Anthony Kerr

Mr Kerr, M.A. (Dub.) LL.M (Lond.) BL (Kings Inns), is a Statutory Lecturer in the School of Law, University College Dublin and Associate Dean for Graduate Studies. He is author of a number of books including The Civil Liability Acts (4th ed. 2011) and is the vice-chair of the Employment Law Association of Ireland.



Mr Paddy Leydon

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

Ms Caitríona Ní Charra

Ms Ní Charra has served since she was appointed as a member of the first Financial Services Ombudsman Council. She has worked with the Money Advice and Budgeting Service (MABS) for 19 years. She has particular interest in debt and poverty issues, as well as financial literacy. She has a degree in Community and Family Studies and has worked as an independent researcher and trainer. Ms Ní Charra formerly worked in Community Welfare Services for the HSE, and the Department of Social Protection. She was a former Director and Company Secretary of Consumer DebtNet, a European umbrella group for money advice services. She was a member of a European working group that published the report 'Debt Collection Practices Across Europe'.



Ms Elizabeth Walsh

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



Mr Frank Wynn

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



Mr Jim Bardon, Secretary to the Council

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



Function of the Council

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

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

Members of the Council

The Council is appointed by the Minister for Finance. In October 2013, the Minister announced the re-appointment of the Chairperson and members of the Financial Services Ombudsman Council for a period of two years (up to 28 October 2015) or until the merger of the Financial Services Ombudsman with the Pensions Ombudsman has been completed, whichever is the sooner. These appointments arise from the expiry of the term of office of the outgoing Council on 28 October 2013.

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

Mr Jim Bardon is Secretary to the Council.

Council Subcommittees

Audit Committee Members

- Mr Michael Connolly (Chairperson)
- Ms Caitríona Ní Charra
- Mr Noel O'Connell

Finance Committee

- Mr Frank Wynn (Chairperson)
- Mr Dermott Jewell

Governance Committee

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

Meetings

a. **Council:** During 2013, the Council held 7 formal meetings. Attendance was as follows

	Meetings
Mr Dermott Jewell (Chairperson)	7
Mr Michael Connolly	7
Mr Anthony Kerr	7
Mr Paddy Leydon	7
Ms Caitríona Ní Charra	7
Ms Elizabeth Walsh (Joined Council Oct 2013)	1
Mr Frank Wynn	7

b. Council Subcommittees;

- The Audit Committee met on 4 occasions.
- The Finance Committee met on 2 occasions.
- The Governance Committee met on 6 occasions.

Council Remuneration / Expenses

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

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

Mr Paddy Leydon	€2,720.16
Ms Caitríona Ní Charra	€2,573.49
Ms Elizabeth Walsh	€75.79



Ombudsman's Foreword



Ombudsman's Foreword

2013 was a very significant year for the Bureau. It was the first time since the onset of the financial crisis in 2007 that there was a significant decrease in the number of complaints made to the office.



Complaints for the year were down by 5% from 2012. However, in the second half of 2013 there was a significant decrease in the number of complaints made to the office. 3,042 complaints were made to the office in the second half of 2013, compared to 4,680 complaints made to the office in the first half of 2013 – a decrease of 35%.

We believe the change in the numbers of complaints is directly attributable to changes made in the way the Bureau conducts business – changes brought in on 1 September 2013.

Firstly, the office acquired the ability to report on the complaint record of individual Financial Service Providers (FSPs). This report, released in February 2014 in relation to complaints made and adjudicated upon in the second half of 2013, was the first opportunity to publish that information. It has been our experience that after the Bureau acquired these additional reporting powers, many FSPs have sought to more actively manage their complaints handling. This is a positive outcome for consumers and is to be welcomed.

Secondly, also on 1 September, this office introduced a new procedure, well flagged to all stakeholders in advance, of accepting a complaint only where there is evidence that the Complainant has already communicated the substance of the complaint to the FSP and that the FSP has been given a reasonable opportunity to respond. This change in our internal procedures was driven by a need to ensure that the best possible use be made of resources of the office in circumstances where the number of complaints being made to the office continued to increase. This approach is consistent with our statutory framework and the overall philosophy of the office to do everything it can to facilitate the resolution of complaints by the intensive engagement of the FSPs in the complaints handling process. This new approach encourages effective engagement between a consumer and the FSP at an early stage, before a complaint is submitted to this office. As a result, there is some limit on the number of consumers who progress to being 'complainants'.

It is our view that the principal reason for the reduction in the total number of complaints made to this office in the second half of this year is as a result of the second change as outlined above. As stated above, complaints reduced by 35% in the second half of the year compared to the first half of 2013. For the year ended 2013 overall, complaints are down by 5% from 2012.

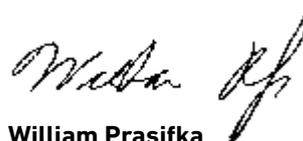
Following full formal investigation of complaints, in 2013 this office issued 2,983 Findings in total. Complaints upheld were 7%, 16% were partly upheld and 77% were not upheld. The % of Findings not upheld increased from 76% to 78% between the two periods. The most significant improvement occurred in the Banking sector where the % of Findings not upheld increased from 69% to 76%. It is our view that a significant driver in the improvement of performance of FSPs in relation to Findings in the second half of the year was as a result of the introduction of the new legislation to provide the office with the ability to report on the complaint record of individual FSPs.

The two major challenges facing this office in 2013 were issues relating to the Mortgages Arrears Resolution Process (MARP) and mis-selling of Payment Protection Insurance (PPI). In the Banking sector, mortgage related complaints comprised 50% of the total complaints received for the year. We expect complaints in this area will continue to be a major challenge to this office for the foreseeable future. The second largest source of complaints in the Banking sector concerned issues in relation to the management of Accounts, amounting to 28% of complaints received in this sector.

The Insurance sector was dominated by PPI mis-selling complaints which made up 45% of all Insurance Complaints. Here, complaints received in the second half were down by 31% from the first half of the year. Again, it remains to be seen whether the overall numbers of complaints to be received by this office in relation to PPI will continue to decrease in the coming period.

In 2013, a decision was made to amalgamate the Bureau with the Pensions Ombudsman. The implementation of the amalgamation will require primary legislation. The Bureau is committed to doing everything it can to make the amalgamation successful.

Finally, I wish to pay tribute to the staff of the Bureau. They have successfully implemented a number of changes to the operations of the Bureau and have seen firsthand the fruits of their labours. To them we owe the continued success of the office.



William Prasifka
Financial Services Ombudsman

April 2014

Organisation / Staff Structure

Management

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

Investigation Unit

Name	Title
Michael Brennan	Principal Investigator
Úna Gately	Assistant Head of Investigation
Sinead Brennan	Senior Investigator
Conor Cashman	Senior Investigator
Joanne Cronin	Senior Investigator
Sophie Hart	Senior Investigator
Anthony O'Riordan	Senior Investigator
Kathleen O'Sullivan	Senior Investigator
Des Butler	Investigator
Iseult Doherty	Investigator
Alison Gillett	Investigator
Rachel Hickey	Investigator
Dermot McCole	Investigator
Simon Noone	Investigator
Colette O'Beirne	Investigator

Pre-Investigation Unit

Name	Title
Meagan Gill	Principal Case Manager
Marta Piekarz	Senior Case Manager
Tomás Murray	Senior Case Manager
Paul Heffernan	Case Officer
Lorraine Maher	Case Officer
Paul O'Connor	Case Officer
Linda Kavanagh	Complaint Officer
Stephanie McConnell	Complaint Officer
Shane McKiernan	Complaint Officer
Rachel O'Regan	Complaint Officer
Alan O'Sullivan	Case Administrator

Finance Department

Name	Title
Evelyn Moore	Financial Accountant

HR Department

Name	Title
Patricia Heffernan	HR Administrator

Support Staff

Name	Title
Sylvia Costello	PA to Ombudsman
Joan McGuinness	Investigation Administrator

Administration Unit

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



01 | Complaints

Complaints

Our Role

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

Complaints Overview

The overview comprises a summary of the work conducted by the Bureau for 2013. A comprehensive breakdown of the Complaint type, Product type and Findings issued by Sector can be found in our Bi-Annual Reviews for 2013, issued for the periods January to June 2013 and July to December 2013, on our website www.financialombudsman.ie.

During 2013:

- 7,722 new complaints were received;
- 3,835 complaints were received in relation to the Insurance Sector, 770 in relation to the Investment Sector, 2,925 in relation to the Banking Sector and 192 in relation to non-Financial Service Providers. [Note: non-Financial Services Provider relates to complaints sent to this office regarding airlines, hired cars, garages, mobile phone companies etc.; these complaints are referred to the relevant body for action.]
- 8,641 cases were concluded during 2013; of which 2,983 Findings following full formal investigation were issued.
- With every complaint, mediation is offered prior to any formal investigation taking place. During 2013, ten formal mediations were facilitated, of which six were resolved during this process.

Summary of work throughput for 2013

Summary of Complaints Received and Complaints Closed 2013

Complaints on hand 1st January 2013	*4073
New Complaints Received	7722
Complaints Closed	
Complaints Closed prior to Investigation	5652
Complaints Closed by way of Finding	2983
Complaints Closed by way of mediation	6
Total Closed	8641
Complaints on hand 31st December 2013	3154

* Please note that this figure changes over a period of time due to the reopening of complaints closed in the previous period. It is an active figure.



02 | Legal Matters



Legal Matters

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

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

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

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

High Court Appeals/Judicial Review

Findings of the Ombudsman are subject to appeal and/or judicial review to the High Court. In the course of 2013 a number of appeals were decided upon by the High Court with a number of ex tempore and written Judgments delivered. Copies of approved Judgments to date are available on the Bureau's website.

Of the 16 appeals heard before the High Court in 2013, 14 appeals were dismissed and 2 appeals were allowed. As of 31st December 2013, there were 33 High Court appeals, 1 Judicial Review and 5 Supreme Court appeals on hand i.e., Court proceedings were in being and either were awaiting hearing or had been heard and were awaiting Judgment.

Appeals are brought by both Complainants and Financial Service Providers depending on the issues arising from the Finding under appeal. In 2013 of the 30 new appeals received, 2 were received from Financial Service Providers and 28 were received from Complainants, of which 13 were received from lay litigants. Virtually all appeals tend to be in respect of the merits of the Finding rather than Judicial Reviews. An appeal on the merits does not involve a complete de novo, re-hearing of all issues by the High Court, rather, for an appeal to succeed, an appellant must show a significant error or series of errors by the Ombudsman in arriving at his Finding. A number of appeals are settled prior to hearing, which may include the Bureau agreeing to have a case remitted to the Ombudsman for re-consideration. In the course of 2013, 18 appeals were withdrawn by appellants prior to hearing.

While most of the Court Judgments have no wider application beyond the individual appeals themselves, the Court's continued recognition and consideration of the Ombudsman's unique statutory function continues to be a recurring theme in Court Judgments. In particular, an aspect of the Ombudsman's jurisdiction which arose in many of the appeals in which judgments were issued in 2013 dealt with the Ombudsman's discretion as to whether to hold an oral hearing in the course of an investigation.

In the course of 2013 that issue was considered by the High Court in the majority of the 16 cases heard by the Court (of which 14 appeals were dismissed). Whilst individual appeals clearly differ on their specific facts and circumstances, the Judgments issued in 2013 indicate that there is a growing body of case law supportive of the view that the Ombudsman has a broad discretion as to procedures, including whether or not oral evidence is required. The judgments indicate that there are limited circumstances in which the Courts will set aside a Finding on the grounds that an oral hearing was not held and that not every material conflict of fact between parties to a dispute before the Ombudsman can necessarily be resolved by an oral hearing.

Supreme Court Appeals

As of the 31st December 2013 there were 5 appeals pending before the Supreme Court awaiting a hearing date. The issue regarding the application of fair procedures, the holding of oral hearings and the scope of the FSO's jurisdiction is currently the subject of an appeal by the FSO to the Supreme Court.

Legal Costs

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

Enforcement Cases

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

Appeal/Judicial Review Statistics 2013

High Court Appeals On Hand at 1 January 2013	41
Judicial Reviews On Hand at 1 January 2013	1
Supreme Court Appeals On Hand at 1 January 2013	4
New High Court Appeals received in 2013	30
of which:	
28 received from Complainants	
2 received from financial services providers	
New Judicial Reviews received in 2013	2
New Supreme Court Appeals received in 2013	3
High Court Appeals Resolved in 2013	38
Appeals Heard of which :	16
Appeals Dismissed	14
[of which appealed to Supreme Court]	[3]
Appeals Allowed (remitted by Court)	2
High Court Appeals withdrawn pre-hearing	18
High Court Appeals remitted on consent	2
High Court Appeals closed for other reasons	2
Judicial Review Cases Resolved in 2013	2
1 withdrawn by applicant, 1 remitted on consent	
Supreme Court Appeals Resolved in 2013	2
2 withdrawn by appellants	
High Court Appeals on hand at 31 Dec 2013	33
Judicial Reviews On Hand at 31 Dec 2013	1
Supreme Court Appeals On Hand at 31 Dec 2013	5

03 | External Relations



External Relations

Co-operation with Pensions Ombudsman, Central Bank

The Financial Services Ombudsman is an arbiter of disputes between customers and institutions, but is not a regulator. There is a Memorandum of Understanding between the Financial Services Ombudsman's Bureau, the Central Bank and the Pensions Ombudsman. If a matter arises during an investigation by the Financial Services Ombudsman which he feels is indicative of some kind of pattern, he will inform the Central Bank so that appropriate regulatory action may be taken. He also co-operates with the Pensions Ombudsman so as to avoid unnecessary overlap in pensions' area. Quite apart from the Memorandum, the three offices have enjoyed, and continue to enjoy, close co-operation. Meetings between the three parties were held regularly and when deemed necessary in 2013.

FIN-NET / Cross Border Co-operation

The Office is a member of FIN-NET, a financial dispute resolution network of national out-of-court complaint schemes in the European Economic Area countries responsible for handling disputes between consumers and Financial Service Providers. The Network was launched by the European Commission in 2001.

Within FIN-NET, the schemes co-operate to provide consumers with easy access to out-of-court complaint procedures in cross-border cases. If a consumer in one country has a dispute with a Financial Service Provider in another country, this Office's role is to put the consumer in touch with the relevant out-of-court complaint scheme and provide the necessary information about it.

Presentations

- Sales Institute Cork
- Association of Chartered Certified Accountants (ACCA)
- Trinity College
- Lloyds of London
- Mc Dowell Purcell / La Touche Training
- University College Cork
- Association of Compliance Officers Ireland
- University College Dublin
- British & Irish Ombudsman Association Conference

- Life Insurance Association, Limerick
- International Network of Financial Ombudsman Schemes - Taiwan
- Irish Bankers Federation
- Armenian Financial Services Conference

Meetings / Conferences

- Central Bank
- Department of Finance
- National Consumer Agency
- Pensions Ombudsman
- British & Irish Ombudsman Association Executive Committee
- Professional Insurance Brokers Association (PIBA)
- European Consumer Centre – Alternative Dispute Resolution (ADR) conference
- Insurance Ireland
- Irish Bankers Federation
- Insurance Institute of Ireland
- Certified Public Accountants of Ireland
- Law Society
- Irish Brokers Association (IBA)
- Fin-Net meetings & conference
- Consumer Credit Campaign Launch
- International Network of Financial Ombudsman Schemes - Taiwan
- Ombudsman Forum – Ireland

Visits to the office

- Financial Ombudsman Services, United Kingdom
- Irish Payments Services Organisation
- Central Bank of Ireland – SEPA Project
- Irish Bankers Federation
- All main providers – Banking & Insurance
- Irish Bankers Federation
- Insurance Ireland

Other

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

04 | Organisational Matters



Organisational Matters

Risk Strategy

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

Strategy Statement

The Strategy Statement for 2013 was approved by the Financial Services Council and published on our website. Its targets and objectives are under constant review by the Management Team.

Environmental Policy Statement

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

Energy consumption by the Bureau, as a whole, can be primarily attributed to the running of the office. Last year there was an expansion in the floor space of the office which means that, as well as the third floor, the Bureau now occupies a portion of the fourth floor of the five storey Lincoln House building. The addition of this extra space has resulted in an anticipated increase in energy use.

In 2013, 148,373 KWh of energy was consumed consisting of:

- 85,278 KWh of Electricity
- 63,095 KWh of Fossil Fuels (Gas Heating)

This equates to an overall increase in energy usage of 6.9% on 2012 figures, however, it should be noted that the office area has increased in size by approximately 25%.

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

- Continued promotion of the increased use of digital correspondence by staff.
- The introduction of night-time and weekend monitoring of electric energy usage in order to identify further savings.
- The installation of LED lighting in the new office space on the fourth floor of the Lincoln House building which has considerably reduced the impact that the new area has had on electricity use.
- The further introduction of socket timers on various high output electronic devices resulting in the automatic shutdown of these units at night time.

The continued efforts taken by the Bureau to reduce our overall energy consumption, together with the measured reduction in the energy footprint per staff member over the last four years, highlights the Bureau's commitment to meeting its responsibilities in relation to the European Union's climate change mitigation targets. It is hoped that this downward trend in energy consumption per staff member will continue to be reflected over the years to come based on these efforts.

Staff Training

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

Performance Management and Development Systems (PMDS)

Staff members' performances for 2013 were reviewed by individual managers and suitable training and development plans agreed.

Finance

Legislation under which the Bureau operates provides that levies are payable by the Financial Service Provider to enable the Bureau carry out its statutory function. The levy amounts are prescribed by the Council with the consent of the Minister for Finance.

Compliance with Legislation

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

- Ethics in Public Office Acts, 1995 – 2001;
- The Office complies with the provision of the Acts and to the Standards in the Public Office Commission's Guidelines for Office Holders;
- Official Language Act, 2003, standard letters and documents are translated into Irish and the website has an Irish section also;
- Data Protection Acts, 1998 and 2003;
- Prompt Payments of Accounts Act, 1997.

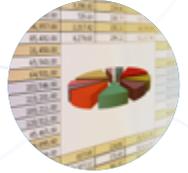
Oral Hearings

Oral Hearings are called when the Ombudsman decides it is necessary to resolve the dispute between the parties to the complaint. During 2013, 30 oral hearings took place at a total cost of €71,275 to the Financial Services Ombudsman's Bureau. Costs associated with holding an Oral Hearing are Stenography Services, Room Hire, Registrar Fees and, on occasion, the services of an interpreter. There is no cost to the provider or complainant for this service. Oral hearings are held at the discretion of the Ombudsman.

Sponsorships

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

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



05 | Financial Statements



Financial Statements



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Financial Services Ombudsman's Bureau

I have audited the financial statements of the Financial Services Ombudsman's Bureau for the year ended 31 December 2013 under the Central Bank Act 1942 as amended by the Central Bank and Financial Services Authority of Ireland Act 2004. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 57 of the Central Bank Act 1942 as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act 2004, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Ombudsman

The Ombudsman is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of affairs of the Financial Services Ombudsman's Bureau and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

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

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

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

Scope of audit of the financial statements

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

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

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

In addition, I read the Bureau's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of affairs of the Financial Services Ombudsman's Bureau at 31 December 2013 and of its income and expenditure for 2013.

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

Without qualifying my opinion I draw attention to note 9 of the financial statements which outlines the uncertainty regarding the ultimate financing and recognition of the pension liability.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the annual report of the Financial Services Ombudsman's Bureau is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Financial Services Ombudsman's Bureau compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

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

Patricia Sheehan

Patricia Sheehan

For and on behalf of the
Comptroller and Auditor General

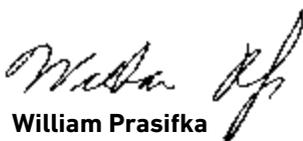
30 June 2014

Statement of Responsibilities of the Financial Services Ombudsman

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

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

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



William Prasifka

Financial Services Ombudsman

11 June 2014

Statement on Internal Financial Control

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

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

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

- As provided for in Section 54B of the Central Bank Act, 1942 as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act, 2004 the Ombudsman is responsible for carrying on, managing and controlling generally the administration and business of the Bureau. The Ombudsman reports to the Financial Services Ombudsman Council (Council) at their meetings which are generally held on a bi-monthly basis.
- The Council and the Bureau have adopted and implemented a "Code of Practice for the Governance of the Financial Services Ombudsman Bureau" based on the Department of Finance "Code of Practice for Governance of State Bodies".
- The Ombudsman and Council review bi-monthly income and expenditure statements with analysis of major income and expenditure categories.
- The Ombudsman via the Finance Committee reviews the annual budget through a comprehensive budgeting system.
- The work of Internal Audit is informed by the analysis of the risks to which the Bureau is exposed and the Internal Audit plan is based on this analysis. Action was taken to ensure that the identified potential risks were being managed in an appropriate manner. A detailed internal audit programme of work was agreed and completed in 2013. The Audit Committee reports to the Ombudsman and Council. The Committee met on four occasions in 2013. The Ombudsman monitors and reviews the efficiency of the system of its internal procedure

Review of Internal Controls

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

I also note that an internal audit programme of work has been agreed for 2014 and I will implement any necessary improvements to correct any deficiencies it may bring to light.



William Prasifka
Financial Services Ombudsman
11 June 2014

Statement of Accounting Policies

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

Basis of Accounting

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

Levy Income

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

Expenditure Recognition

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

Tangible Fixed Assets

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

Capital Account

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

Superannuation

For certain staff members the Bureau is in discussion with the Department of Finance and the Department of Public Expenditure and Reform regarding the future financing and management of a defined benefit superannuation scheme. Pending a decision on the matter a provision calculated as a percentage of relevant salaries has been made. (See note 9) Pending finalisation of the proposed pension arrangements, pension and lump sums are not charged as expenditure but are set against the pension credit balance.

For other staff members the Bureau makes contributions to a defined contribution scheme. (See note 9). These amounts are charged to the Income and Expenditure Account as they fall due.

Income and Expenditure Account

For the year ended 31 December 2013

	Notes	2013 €	2012 €
Income Receivable	2	5,493,068	5,414,976
Transfer (to)/from Capital Account	3	(23,252)	32,251
		5,469,816	5,447,227
Administration Costs	4	(5,417,804)	(5,667,886)
Surplus/(Deficit) for the year		52,012	(220,659)
Balance at 1st January		704,459	925,118
Balance at 31st December		756,471	704,459

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

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



William Prasifka

Financial Services Ombudsman

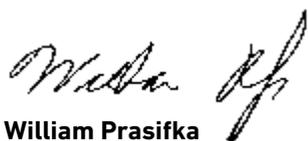
11 June 2014

Balance Sheet

As at 31 December 2013

	Notes	2013 €	2012 €
Fixed assets			
Tangible assets	5	417,169	393,917
Current assets			
Bank and Cash		311,656	497,308
Bank Deposit Accounts		5,842,964	4,946,532
Debtors and Prepayments	6	98,596	76,429
Creditors (amounts falling due within one year)			
Creditors and accruals	7	3,976,198	3,499,065
Provision for Legal Services	8	1,520,547	1,316,745
		5,496,745	4,815,810
Net current assets		756,471	704,459
Creditors (amounts falling due after one year)		-	-
Net assets		1,173,640	1,098,376
Represented by			
Capital Account	3	417,169	393,917
Accumulated surplus at 31 December 2013		756,471	704,459
		1,173,640	1,098,376

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



William Prasifka
Financial Services Ombudsman

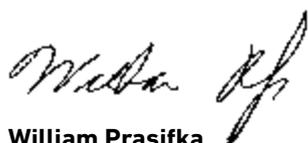
11 June 2014

Cashflow Statement

For the year ended 31 December 2013

	2013 €	2012 €
Reconciliation of deficit to net cash inflow from operating activities		
Surplus/(Deficit) for the year	52,012	(220,659)
Transfer to capital account	23,252	(32,251)
Depreciation charge	125,088	76,341
Interest received	(36,899)	(56,666)
(Increase)/decrease in debtors	(22,167)	(8,700)
Increase/(decrease) in creditors	680,935	965,488
Net Cash Outflow from Operating Activities	822,221	723,553
Cash Flow Statement		
Net cash flow from operating activities	822,221	723,553
Return on Investments and Servicing of Finance		
Interest received	36,899	56,666
Interest paid	-	-
Capital expenditure	(148,340)	(44,090)
Financing	-	-
Increase/(Decrease) in cash	710,780	736,129
Reconciliation of Net Cash Flows to Movement in Net Funds		
Increase/(Decrease) in cash in the year	710,780	736,129
Changes in net funds resulting from cash flow		
Net funds at beginning of the year	5,443,840	4,707,711
Net funds at the end of the year	6,154,620	5,443,840

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



William Prasifka
Financial Services Ombudsman
11 June 2014

Notes

(Forming part of the financial statements)

1. Establishment of the Council and Bureau

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

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

- appoint the Ombudsman and the Deputy Ombudsman;
- prescribe guidelines under which the Ombudsman is to operate;
- determine the levies and charges payable for the performance of services provided by the Ombudsman;
- approve the annual estimate of income and expenditure as prepared by the Ombudsman;
- keep under review the efficiency and effectiveness of the Bureau and to advise the Minister for Finance on any matter relevant to the operation of the Bureau;
- Advise the Ombudsman on any matter on which the Ombudsman seeks advice.

The Council has no role whatsoever regarding complaints resolutions.

Council and Bureau Expenses

The expenses of the Council are met from Bureau Funds (see note 14).

2. Income Receivable

Income Levy

Section 57 BD of the Central Bank Act, 1942 as inserted by the Central Bank and Financial Services Authority of Ireland Act, 2004 provides for the payment of an income levy by Financial Service Providers to the Bureau on terms determined by the Financial Services Ombudsman's Council. The Central Bank Act, 1942 (Financial Services Ombudsman Council) Regulations, 2012 set the actual rate for the year ending 31 December 2013.

Bank Interest

Bank interest is the amount received and accrued by the Bureau on the deposit accounts. Interest earned on the pension bank accounts is not treated as Bureau income (see note 9).

Income for the period is as follows:

	2013	2012
	€	€
Insurance Firms	3,175,749	3,027,725
Banks	1,181,900	1,228,669
Credit Unions	532,429	533,756
Intermediaries	385,548	401,942
Stockbrokers	160,809	144,727
Bank Interest	36,899	56,666
Other	19,734	21,491
Total	5,493,068	5,414,976

3. Capital Account

	2013	2012
	€	€
Opening balance	393,917	426,168
Funds allocated to acquire fixed assets	148,340	44,090
Amortisation in line with depreciation	(125,088)	(76,341)
Transfer from/(to) Income and Expenditure account	23,252	(32,251)
Balance at 31 December	417,169	393,917

4. Administration Costs

	2013	2012
	€	€
Salaries and Staff Costs ¹	2,032,958	2,000,147
Legal Fees ²	1,018,990	1,440,709
External Case Handlers	994,533	924,018
Staff Pension Costs	435,033	426,485
Rent	199,334	170,600
Depreciation	125,088	76,341
Council Remuneration (Note 14)	87,750	84,600
Information Activities	78,991	85,003
Other Administration Costs ³	72,425	69,949
Stationery Costs	61,880	64,867
Memberships, Subscriptions and Communications	46,248	49,975
Maintenance	39,457	31,724
Contractors	39,070	38,629
Insurance	32,018	31,589
Staff Training	26,410	26,344
Recruitment	24,155	35,519
Cleaning	23,774	21,891
Conference and Travel	22,831	11,700
Other Staff Related Costs ⁴	17,478	17,861
External Audit	13,300	14,476
Internal Audit	10,406	10,427
Council Expenses	8,400	5,108
Bad Debts	7,275	23,251
Council Legal & Consultancy	-	6,673
Total	5,417,804	5,667,886

¹Salaries and Staff Costs

Ombudsman	2013	2012
	€	€
Salary	159,378	176,800
Pension Contributions	39,921	44,200
	199,299	221,000
Incoming Deputy Ombudsman (23rd August 2013)	2013	2012
	€	€
Salary	38,333	-
Pension Contributions	9,694	-
	48,027	-
Outgoing Deputy Ombudsman (18th December 2012)	2013	2012
	€	€
Salary	-	113,107
	-	113,107

Additional Payments

The above payments represent the total remuneration received by the Ombudsman and Deputy Ombudsman; no other payments were received by them.

²Legal Fees

Legal Costs recovered included in legal fees were €23,705 (2012: €37,248).

³Other Administration Costs include

	2013	2012
	€	€
Service Charge	42,106	41,358
Storage Charges	20,060	18,877
IT Purchases	7,861	7,416
Courier	1,153	1,208
Bank Charges	1,008	804
Miscellaneous	237	286
	72,425	69,949

4 Other Staff Related Costs

The related expense of providing canteen supplies (€4,728), an Employee Assistance Program (€3,075), food and drinks for various staff celebrations (€1,317) part funding the Christmas party (€1,154) and contributions towards social club events (€1,073) are included in Other Staff Related Costs.

Staff Numbers

The number of persons employed (permanent) as at 31 December 2013 was 39 (33 in 2012).

Pension Related Deductions

€120,907 (2012: €97,512) pension levy has been deducted from staff members and paid over to the Department of Finance.

5. Tangible Fixed Assets

	Computer Equipment	Office Fitting, Furniture & Equipment	Leasehold Improvements	Total
Cost	€	€	€	€
At 1 January 2013	342,029	231,193	512,593	1,085,815
Additions during period	40,496	18,107	89,737	148,340
Disposals during period	(3,952)	(560)	-	(4,512)
At 31 December 2013	378,573	248,740	602,330	1,229,643
Accumulated Depreciation				
At 1 January 2013	304,910	213,098	173,890	691,898
Charge for period	38,937	16,013	70,138	125,088
Disposals during period	(3,952)	(560)	-	(4,512)
At 31 December 2013	339,895	228,551	244,028	812,474
Net Book Value				
At 31 December 2013	38,678	20,189	358,302	417,169
At 31 December 2012	37,119	18,095	338,703	393,917

6. Prepayments and Accrued Income

	2013	2012
	€	€
Debtors	6,410	13,655
Prepayments	92,186	62,774
	98,596	76,429

7. Creditors (Amounts falling due within one year)

	2013	2012
	€	€
Trade creditors and accruals	125,493	105,552
Pension Contributions	3,850,705	3,393,513
	3,976,198	3,499,065

8. Provision for Legal Services

	2013	2012
	€	€
Opening Provision	1,316,745	677,980
Additional provision during period	892,137	1,275,486
Paid during period	(688,335)	(636,721)
Closing Provision	1,520,547	1,316,745

9. Superannuation

In accordance with Section 57BN of the Central Bank Act 1942, as inserted by Section 16 of the Central Bank and Financial Services Authority of Ireland Act 2004, the Council have submitted a pension scheme for the approval of the Minister for Finance and the draft scheme is being revised in light of comments made by the Department of Finance and the Department of Public Expenditure and Reform'. The scheme is a contributory defined benefit superannuation scheme based on the Department of Public Expenditure & Reform (pre Single Scheme) Model Public Sector Scheme. Pending legislative confirmation of the pension finance arrangements, we present this information required by FRS 17 by way of a note only. The scheme is being operated on an administrative basis with the consent of the Minister.

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

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

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

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

The Pension liability at 31 December 2013 is €4,700,000 (€4,900,000:2012). This is based on an actuarial valuation carried out by a qualified independent actuary using the financial assumptions below for the purpose of FRS 17 in respect of Bureau staff as at December 2013. Under the proposed pension funding arrangements this liability would be reimbursed in full, as and when these liabilities fall due for payment.

The main financial assumptions used were:

	31-Dec-13	31-Dec-12
Discount rate	5.5%	5.5%
Rate of increase in salaries	4.0%	4.0%
Rate of increase in pension	4.0%	4.0%
Inflation	2.0%	2.0%

Creditor Pension Account

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

	2013	2012
	€	€
Opening Balance	3,393,513	2,948,740
Employee Contributions	117,257	122,615
Employer Contributions	413,746	406,713
Bank Interest (Pension Account)	50,102	53,919
less: pensions paid	(123,913)	(138,477)
	3,850,705	3,393,513

10. Financial Commitments

There are no capital commitments for capital expenditure at 31 December 2013.

11. Contingent Liabilities / Legal Actions

Findings of the Ombudsman are regularly appealed to the High Court or, more rarely, are the subject of a Judicial Review. The FSO defends all such appeals or Judicial Reviews and these are dealt with either by a Judgment of the High Court, by settlement between the parties, remittal on consent or withdrawal of the appeal. The number of such appeals varies but during 2013 the usual number of ongoing appeals was 33-41, with 33 High Court appeals and 5 Supreme Court appeals on hand at year end. A provision totalling €892,137 has been provided for at year end to allow for the estimated outlay of the above legal actions.

12. Council Members – disclosure of interests

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

13. Operating Leases

Accommodation

The Bureau operates from single premises on the 3rd and 4th floor of Lincoln House, Lincoln Place, Dublin 2. The office space on the 3rd floor has a 20 year lease (commenced 2006). The office space on the 4th floor does not have a lease in place however, rental costs of €28,734 are accrued in respect of 2013.

The annual cost of the lease excluding service charge is €165,100 (2012:€165,100)

14. Council Remuneration

		2013	2012
		€	€
Dermott Jewell	Chairman	21,600	21,600
Anthony Kerr	Council Member	12,600	12,600
Caitríona Ní Charra	Council Member	12,600	12,600
Frank Wynn	Council Member	12,600	12,600
Michael Connolly	Council Member	12,600	12,600
Paddy Leydon	Council Member	12,600	12,600
Elizabeth Walsh	Council Member (commenced October 2013)	3,150	-
		87,750	84,600

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

	2013	2012
	€	€
Travel Expenses	7,014	3,824
Meeting Expenses	1,386	1,284
	8,400	5,108

15. Approval of Financial Statements

In 2013 a decision was made to amalgamate the Bureau with the Pensions Ombudsman. The implementation of the amalgamation will require primary legislation. The Bureau does not consider any material adjustment to the financial statements is needed to take account of the decision and therefore the financial statements continue to be prepared on a going concern basis.

16. Approval of Financial Statements

The Financial Statements were approved by the Financial Services Ombudsman on 11 June 2014.



Financial Services Ombudsman

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