

Joining Up

Session 3C

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Introduction/scope

Three different experiences of joining insurance, banking and investment ombudsman schemes and the lessons learned were explored.

The Financial Services Ombudsman in Ireland is a statutory body set up under the Central Bank and Financial Services Authority of Ireland Act 2004. It comprises of a merger of several smaller existing schemes.

As a result of the Financial Services and Markets Act 2000, the Financial Ombudsman Service was created by joining up banking, insurance, investment, building society and other schemes.

In the Netherlands, existing ADR schemes merged into one dispute institution, The Financial Services Complaints Tribunal (KiFiD), in April 2007.

Apparent benefits for management

- Opportunity to pick the best practices, processes and procedures from each of the smaller schemes during the merger period
- Higher quality senior management are often attracted to larger organisations
- Professional HR, training, finance, quality, legal and communications departments that did not exist in the smaller schemes
- Operations management and improved management information to aid consistency
- More sophisticated telephony systems
- Good premises
- Economies of scale

Apparent benefits for staff

- Career development and promotion
- Better training
- Wider experience of different products
- Better systems to work with
- Better management support

Hidden benefits

- Flexibility to move staff to different areas to deal with peaks and troughs of work
- Retraining in different product areas was not as difficult as envisaged (the core skill is dispute resolution)
- Ability to invest in knowledge management, research and quality systems
- Higher profile organisations attract better quality staff
- Reduction in overall time spent on governance
- A more effective voice with the regulator and with government
- A robust organisation capable of withstanding serious surges of work
- In Ireland the remit of the new scheme expanded to every regulated financial services provider
- In Holland, it was particularly noticeable that certain issues became less important. For example the question of whether a financial product is an investment product or an insurance policy is less significant if the complaint can be submitted to one scheme regardless of the nature of the product.

Hidden difficulties

- Careful planning is essential, particularly when moving staff from various different locations to one building
- Managing quality
- Merging smaller schemes into one larger scheme might mean increased management layers and bureaucratic processes
- An efficient system means divided case ownership and could be viewed by some as lack of personal care (smaller schemes can provide a more intimate service to customers but are more costly)
- Standard letters are sometimes too easily relied on
- Maintaining the values and the culture of the organisation
- A larger more visible organisation raises expectations, so its reputation is therefore more difficult to protect. In Ireland publishing decisions and press releases added credibility to the newly established scheme

Learning from experience

- Good communication with senior management and staff is very important. Joining up may mean completely new processes, procedures, grading and salary schemes for staff and it is important to keep all employees informed and as happy as possible
- It may be beneficial to issue short term contracts to staff initially. This reduces future issues the scheme may face if the number of new complaints received after the merger differs from the forecasted number of complaints
- It was difficult to separate the “joining up” benefits from the surge experience in the UK. If the various schemes had not joined up, some of the smaller schemes would have collapsed and would have had to be rescued
- Joining up small organisations costs money – stakeholders should be aware that economies of scale are not realised for two to three years
- Investment in systems and support departments pays off
- The techniques of operations management are just as applicable to “justice” work as to any other
- A larger more public organisation presents a bigger, more exciting target for those who are dissatisfied – careful handling of stakeholders through the media and other communication channels is vital