

## **INFO07 CONFERENCE 27.9.07**

Good morning ladies and gentlemen and distinguished guests.

My name is Christopher Kelly and it is my great good fortune and privilege to be chairman of the board of the UK Financial Ombudsman Service.

So in that capacity I welcome you to London and to this conference. And I thank our sponsors who help to make some of the events possible – Freshfields Bruckhaus Deringer, Swiss Re, the City of London Corporation and the Chartered Institute of Insurers. We are very grateful to all of them.

Some of you may be a bit puzzled as to why an ombudsman has a board at all. I know not all of you have them. Nor indeed does the Parliamentary Ombudsman here.

Walter Merricks will no doubt be ready to tell you privately whether he thinks having a board is a good idea.

For my part I have no doubt that we add value.

We do not get involved in individual decisions, of course. That would be completely inappropriate.

But we do fulfil all the other board functions of setting strategic direction, of holding the executive to account for their performance and use of resources and so on. That seems to me important for a non-elected, non commercial body that is funded in effect by a tax on the industry.

But even more important in my view is our role in safeguarding the independence of the Financial Ombudsman Service. There are a number of people who would like to interfere in the running of the Service. The existence of an independent Board is a key bulwark against that.

A properly constituted board, which of course I believe ours to be, with members with experience both of the financial services industry and of consumer issues ought also to be a factor in maintaining the confidence of stakeholders.

We may have a chance to discuss some of this further at the session on governance on Friday.

I became chairman of the Financial Ombudsman Service a bit over two years ago. At that time we were still growing rapidly in order to cope with an influx of tens of thousands of complaints about the mis-selling of endowment policies as a way of repaying mortgages. At our peak we were dealing with considerably more than 100,000 cases a year. Now we are managing the effects of those complaints declining rapidly.

At one point during our expansion we were taking on staff so rapidly that less than half of them had been with us for more than a year. I am sure you can imagine the challenges that caused for maintaining quality and consistency. Because I saw it at first hand, I am second to none in my admiration for the way in which Walter Merricks and his colleagues rose to these challenges and retained high levels of stakeholder satisfaction even while asking large numbers of complainants to wait longer for a decision than we would have liked. We learnt a great deal about quality assurance during this period and I am delighted that Estelle Clark, who was our Quality Director at the time, is returning to speak in the session about this laid on for us just before the close on Friday.

I am also looking forward to the key note address later today from Kitty Usher, the Economic Secretary to the Treasury and the treasury minister responsible for financial services issues. I worked with a number of her predecessors during my own 25 years as a Treasury official.

Sharing experiences at conferences of this kind are valuable for any professional group. It can be even more valuable for ombudsmen because of the particularly exposed nature of their role. – having to decide cases that at times can be highly charged emotionally with conflicts of evidence and both sides taking up deeply entrenched positions.

So we greatly welcome the opportunity to learn from each other in a supportive atmosphere.

And to talk about some of the problems we face with a candour which would possibly be much more difficult with other audiences.

It is particularly appropriate that this conference should be taking place in London. We did not invent the concept of ombudsmen in the UK, of course. But we have probably taken it further in the private sector than any other country.

And we now probably have more ombudsmen relative to our population than any other country. Government and industry here are in the process of setting up or a range of new or improved ombudsmen services in a variety of areas –legal services, property sales, the utilities and so on. The detail of most of these schemes relies heavily on the successful model established by the Financial Ombudsman Service.

This is not an accident, of course. One of the reasons I enjoy my role so much is my strong belief that Ombudsmen play a vital role in redressing the imbalance of power between the individual and the state or the individual and large corporations; and we provide an alternative access to justice which would otherwise be denied to those without deep pockets.

Government recognises this. So does industry, albeit a bit reluctantly in some cases. The origins of our own service lie in

a number of schemes established voluntarily by different sectors of the financial services industry.

There is also increasing recognition of the role our services can play in increasing the confidence of consumers that they will get a fair deal. A confidence which is especially important to those seeking to sell financial products. The number of complaints we uphold in favour of the consumer suggests that that confidence is sometimes misplaced. But the point is that even so the customer can invest their savings confident in the thought that if things do go wrong we are there as a back up if they are unable to sort things out with the producer. The value of that to the functioning of the market should not be underestimated.

Nor should our industries forget that we provide them with a way of achieving closure with their complainants – some of whom can become very persistent even when their case is a not a strong one.

In a minute Walter Merricks is going to outline the detail of the programme and go over a few bits of housekeeping. We are grateful to all those who will be contributing to the various plenary sessions or workshops. I am confident that the sessions that have been laid on – which cover a very wide range of topics and issues - will provide much food for thought for all of us. They should also provide the opportunity for some really interesting exchanges. I hope that all of you enjoy the next two days as much as I intend to.

So a very warm welcome again to Info07. I know we are going to have a stimulating and enjoyable time.