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Caroline Lucas MP  
House of Commons  
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**19 July 2019**

**To ask the Chancellor of the Exchequer, how many complaints have been submitted to the Financial Ombudsman Service in each of the last three years; what the average wait was for a final decision in each of those years; how many complaints are currently outstanding; and what the current average waiting time is for a final decision. (272805)**

Dear Caroline

I am writing in response to your recent parliamentary question. As the Financial Ombudsman Service is operationally independent of government, HM Treasury has passed on your question to us to provide a response.

Before I go into the detail of our response, I hope you don't mind if I first provide some background on the ombudsman service and how we work. We were set up by Parliament under the Financial Services and Markets Act 2000 to resolve individual complaints between financial businesses and their customers – fairly, reasonably and as informally as possible. If a business and their customer can't resolve a problem themselves, we can step in to sort things out. Independent and unbiased, we'll get to the heart of what's happened and reach an answer that helps both sides move on. And if someone's been treated unfairly, we'll use our powers to make sure things are put right. This could mean telling the business to apologise, to take action or to pay compensation in a way that reflects the particular circumstances.

Once we have received the information that we need from both the consumer and the business to look at a complaint, one of our investigators will consider the evidence and form an opinion. This initial assessment will be provided to both parties and they will

both have the opportunity to agree or disagree with the outcome. It is important to note that most of the complaints end their journey at this stage, as both parties typically accept the view provided by an investigator.

However, if either of the parties disagrees with the view, then the case is passed to an ombudsman who will review all of the information afresh, and also any new information either party think needs to be considered. This allows for the ombudsman to respond to further points each party to the complaint may have raised. The ombudsmen who review these cases are the most senior and experienced decision makers at our service. In the last financial year just under 10% of complaints were resolved by an ombudsman’s final decision, as can be seen in the figures below for the last three financial years.

|  | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> |
|--|----------------|----------------|----------------|
| <b>Total new complaints</b>                | 321,283        | 339,967        | 388,392        |
| <b>Total resolved</b>                      | 336,381        | 400,658        | 376,352        |
| <b>Resolved by an ombudsman’s decision</b> | 38,619         | 32,780         | 36,954         |

I have provided a table of the percentage of all cases we resolve broken down into specific time periods below. In these three years, around half of all the complaints that we have seen have been about PPI. There have been some distinct issues which have led to different challenges in progressing these cases. The most important of these has been the need to wait for and consider new guidance from the regulator following a Supreme Court decision in the case of *Plevin vs Paragon Personal Finance* that affected many of these complaints. And while we have worked with businesses and CMCs to spread awareness of our approach to looking at these cases, we have also experienced some challenges with claims management companies not accepting our approach. So the data below is broken down to include and exclude PPI to provide a full picture.

| <b>Financial Year</b>        | <b>Resolved within 3 months</b> | <b>Resolved within 6 months</b> | <b>Resolved within 9 months</b> | <b>Resolved within 12 months</b> |
|------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
| <b>2018/19 all cases</b>     | 60%                             | 80%                             | 87%                             | 90%                              |
| <b>2018/19 excluding PPI</b> | 53%                             | 82%                             | 93%                             | 96%                              |
| <b>2017/18 all cases</b>     | 50%                             | 65%                             | 70%                             | 74%                              |
| <b>2017/18 excluding PPI</b> | 72%                             | 92%                             | 97%                             | 99%                              |
| <b>2016/17 all cases</b>     | 65%                             | 79%                             | 84%                             | 87%                              |
| <b>2016/17 excluding PPI</b> | 83%                             | 96%                             | 98%                             | 99%                              |

You also asked how many complaints about financial businesses are with the ombudsman service at the moment. We currently have 70,410 complaints ongoing (this number excludes PPI complaints and other mass claims issues – packaged bank accounts and short-term lending – due to the distinct issues that have affected their progression). Of the total, 38% of the complaints we are currently dealing with have been with the service for less than three months, 23% have been with us from three to six months and 25% six to twelve months, and the remaining 15% more than twelve months.

If you include those mass claim issues, of the 147,799 total cases currently with the service, 33% have been with the service for less than three months, 18% have been with us from three to six months, 22% six to twelve months, and 26% more than twelve months.<sup>1</sup> Along with this information, below I have included the average waiting time for a final decision from an ombudsman. The average wait for a consumer to receive a final decision was 159 days in the most recent financial year. I have broken down the average waiting time for a final decision for the last three financial years below.

|  | <b>2016/17</b> | <b>2017/18</b> | <b>2018/2019</b> |
|--|----------------|----------------|------------------|
| <b>Average wait time for an ombudsman’s final decision</b> | 114 days       | 102 days       | 159 days         |

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<sup>1</sup> The percentages in these two paragraphs don’t sum to exactly 100% due to rounding.

We are working hard to try and shorten these timescales; however some of the cases that go to final decision are amongst the most hard fought and complex that come to the ombudsman service, and with that in mind it is appropriate that the investigation of the circumstances of the case is very detailed and both sides are given time to make full representations and respond to the evidence. We also try and prioritise cases where we are aware that the consumer is in a situation which has left them vulnerable, such as if they are in financial difficulty or facing an imminent home repossession. Cases that are prioritised are worked more swiftly, and we ask the business to cooperate with us on these cases to make the process easier for the customer.

I hope this information is helpful. I would be very happy to meet with you to discuss this and the wider work of the Financial Ombudsman Service further, and will arrange for my office to get in contact to see if we can arrange a time. A copy of this letter will be laid in the library of the House of Commons.

Yours sincerely

A handwritten signature in black ink, appearing to read 'CW', followed by a horizontal line.

Caroline Wayman  
chief ombudsman and chief executive