**INFO Network Members' E-Bulletin** **September 2016**

**INFO 2016 CONFERENCE ISSUE**

| From the INFO Network AGM |
| INFO 2016 - a taste of each session |
| INFO 2017 in Australia |



A remarkable program,
highlighting the heart and soul of Armenia

**Rich in content, rich in interaction, rich in culture, rich in hospitality**
Such a memorable conference experience. A big thank you to  Piruz, Hranush and the whole team at Financial System Mediator Armenia. (If your email program hasn't downloaded the image above, please do, as it carries our thanks in Armenian.)

A big thank you also to all of the INFO Network members and guests who attended and those of you who contributed as speakers and facilitators!

**The conference presentations are now available  in the members' intranet.**You can [use this link](http://infonetwork.createsend1.com/t/t-l-hygijk-ilditultj-r/)to reach the INFO 2016 folder. If you can’t find your log-in information, the Secretariat can help: secretariat@networkfso.org

From the 2016 Annual General Meeting
of INFO Network members

**Held on Tuesday 20 September 2016 in Yerevan, Armenia**

On behalf of the Network Committee, INFO Network Chair, Douglas Melville, presented a comprehensive report on activities over the past year. The **Chair's Report** is now available in the members’ intranet with the other AGM papers.

The **2017 Network Committee** was elected as follows:
Chair: **Douglas Melville**, Channel Islands Financial Ombudsman
**Larry Hattix**, Office of the Ombudsman, Comptroller of the Currency, USA
**Clive Pillay**, Ombudsman for Banking Services, South Africa
**Piruz Sargsyan**, Financial System Mediator, Armenia
**Sujatha Sekhar Naik**, Securities Industry Dispute Resolution Center, Malaysia
**Karen Stevens**, Insurance & Financial Services Ombudsman, New Zealand
**Shane Tregillis**, Financial Ombudsman Service, Australia
**Raj Venga**, Credit & Investments Ombudsman, Australia
**Caroline Wayman**, Financial Ombudsman Service, UK

Stepping down, **Irene Luukkonen** (Finnish Financial Ombudsman Bureau) and **Johnny Chang**(Financial Ombudsman Institution, Taiwan) were thanked for their Committee contributions and their scheme's hosting of INFO 2015 and INFO 2013 respectively.

Member preferences for **2017 activities** (gathered through the recent survey) were discussed and will be included in the Committee's planning for next year. The potential for a **data collection project**was canvassed in the AGM and over lunch with a sub-group of interested members and will be progressed. The **scheme start-up manual**will also be progressed. The **guidelines** circulated with the AGM papers for use of information provided by members through INFO Network surveys and in the intranet were approved. The **guidance paper**on how to lobby for the optimal financial services ombudsman model (also circulated) was accepted and will be included in the members' intranet.

**INFO 2016 - a taste of each session**

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| *''to move forward it is importantto clearly understandwhere our limitations lie''* |

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| Globalization of cultures**Did it occur? Can world best practices be universally applicable? Where do we go from here?**In an impressive and inspiring opening address, **Vache Gabrielyan**, Vice Prime Minister and Minister of International Economic Integration and Reforms, Republic of Armenia, drew on five dimensions (institutional set up; national culture; industry structure; financial literacy and financial media) to explore aspects of globalization, with a particular focus on financial services. For those looking to achieve a financial services ombudsman model in emerging economies, he advocated the value of a local champion and being able to demonstrate the cost-effectiveness of the model to industry, government and other key stakeholders. |

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| Cultural particularities influencing Ombudsman schemes**Francis Frizon** (French Insurance Mediation), **Johnny Chang** (Financial Ombudsman Institution, Taiwan), **Sujatha Sekhar Naik** (Securities Industry Dispute Resolution Center, Malaysia) and **Muvhango Lukhaimane**(Pension Funds Adjudicator South Africa) provided fascinating insights into some of the unique circumstances that underpin consumer dispute resolution mechanisms in their part of the world — South Africa's11 languages and a mix of laws from the country's origins; the great diversity within South-East Asia of ethnicities and languages, bringing with it layers of tone and other differences; the rollout across Europe of the ADR Directive; and the consumer culture in Taiwan where people hate to lose, love to mobilise for class action and find forum-shopping a favourable solution. Session chair, **Caroline Mitchell** (Financial Ombudsman Service UK) did a great job of summing the session up, observing the huge challenges posed by language and ethnicity, and the importance of two things in particular: accessibility (including financial literacy) and process (one size does does not fit all). |

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| *"financial literacyis not tied to having money''* |

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| *''the concept of fairness is very wide and permits reasonable people to disagree''* |

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| Case discussion:Finding fairness**Raj Venga** (Credit & Investments Ombudsman Australia) opened the session with observations on the concept of fairness (including a great video clip which showed that being 'hard-wired' to expect fairness is not restricted to humans!). Delegates then had the opportunity for small group discussion of a case study, highlighting some of the tensions of Ombudsman work. The discussion which followed revealed a diversity of views around fairness of process vs fairness of outcome; fairness to which parties; procedural fairness vs objective truth; and the origins of standards of fairness. **Hranush Aghayan**, from the office of the Financial System Mediator Armenia (FSM), concluded the session with an explanation of how FSM had resolved a similar dispute.  |

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| Mediation as a dispute resolution technique**Corrado Mora**, a civil and commercial mediator in Italy, shared his experience as a facilitative mediator working in the context of that country's mandatory requirement for parties to consider mediation as a first step. He explored the use of mediation in Ombudsman processes, including whether the Ombudsman should seek to mediate even where there is binding decision power. |

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| *"lends itselfto creativityof resolution''* |

Breakout sessions for industry sectors

**An opportunity for Ombudsmen who deal with complaints about the same industry sectors to talk about common, current and emerging issues.**

The **Banking/Credit stream** was led by **Jeremy Lee** of the Financial Services Ombudsman, Malaysia, with three panellists — **Clive Pillay**(Ombudsman for Banking Services South Africa), **Marco Franchetti** (Swiss Banking Ombudsman) and **Kristina Westerstahl** of the Swedish Consumers' Banking and Finance Bureau. Issues highlighted in the presentations included over-indebtedness and home repossessions as a result of extension of credit to people who can't afford it; cell phone banking fraud (smishing); treatment of dormant assets; passing on to customers of costs and fines paid by banks in tax matters; and how consumers who prefer to use cash and traditional banking services may face exclusion as digitization and use of cards increases.

The **Investments/Pensions stream** was led by **Sarah Bradley** (Ombudsman for Banking & Investment Services Canada), with three panellists — **Caroline Mitchell**(Financial Ombudsman Service UK), **Douglas Melville** (Channel Islands Financial Ombudsman) and **Sujatha Sekhar Naik** (Securities Industry Dispute Resolution Center Malaysia). Issues highlighted included the pros and cons of pension withdrawal schemes that allow people to unlock their savings early; unregulated collective 'exotic' investment schemes; self-invested personal pension plans (SIPPs); investors seeking to combat low interest rates through taking up riskier investments; mis-selling of insurance policies as investment vehicles; oversight of sales channels to ensure consistency of sales practice standards; the scope of the principal/agent relationship; and the impact of Fintech and increased accessibility to and by investors.

The Insurance stream was led by **Karen Stevens** (Insurance & Financial Services Ombudsman New Zealand), with three panellists — **Brian Maltman**(General Insurance OmbudService Canada), **Deanne Wood**(Ombudsman for Short Term Insurance South Africa) and **Anna-Karin Baltzari Danfors**(Swedish Consumers' Insurance Bureau). Issues highlighted included insurance claims settlement and delay; loss of trust due to poor treatment of consumers; the pros and cons of simplified claims handling processes; and the links between insurance claims, crime and policing.

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| *"your reputation matters – it took time to build!''* |

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| Media relations strategy in difficult situations**Caroline Mitchell**(Financial Ombudsman Service UK) set the scene with a discussion of how, in a fast-moving, media-driven, electronically-connected world, it can be too easy to lose a good reputation that has taken time and effort to build. Delegates considered an entertaining 'case study' on the reputational damage caused to an Ombudsman by a well-known public figure and blogger with over 200,000 followers on Facebook and Twitter, whose sensitive complaint was not handled so well. |

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| Surviving social media attacks and trollingIn the next session, a panel of Armenian media experts (TV host **Narek Margaryan**, political satirist **Sergey Sargsyan**, head of TV news **Artak Aleksanyan**and journalist/lecturer**Maria Titizian**) continued the social media focus with advice on how to deal with trolls, campaigns to discredit, fake information and other forms of social media attack. Media literacy and having a social media team are considered essential tools. As to how to handle trolls, the pros and cons of options such as humour, listening and correcting, ignoring and banning were canvassed. |

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| *"understand who is delivering the message and what they are trying to do''* |

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| Case study of Ireland and discussion**Mary-Rose McGovern**from theFinancial Services Ombudsman (FSO) Bureau Ireland tracked that scheme's experience (since its establishment in 2004) of decisions being legally binding on both financial services providers and consumers, and appealable only to the high court. Despite the FSO being founded on the principle of informality, legal formality and use of oral hearings increased over time. By 2015, FSO found itself in quite a legal space, with financial services providers refusing to engage in mediation. Among consumers, this raised concerns about process automation, response pre-formulation, poor listening and communication, and providers dealing with complaints at arms-length by email. Since February 2016, informality has been re-emphasised and mediation/dispute resolution is now the FSO's default position, with the parties having more control and choice over the outcome. Formal investigation and adjudication is still used if necessary.**Jennifer Preiss**from theOmbudsman for Long-term Insurance South Africa explained that her scheme started out as non-binding, but moved to binding decisions when insurers didn't comply. It now issues decisions which usually bind financial services providers only. **Holly Nicholson**(OmbudService for Life & Health Insurance Canada) advocated for her scheme's non-binding process, while noting that it still requires a level of formality, and can be supplemented by the scheme's 'naming and shaming' power as necessary. |

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| *"binding decision power – more effective or too formal?''* |

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| *"it's notenough to be confidential and transparent, and get a balance,it has tofeel right to all stakeholders''* |

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| Balancing transparency and confidentiality**Douglas Melville**(Channel Islands Financial Ombudsman) set the scene with an overview of how transparency and confidentiality serve to build trust in a scheme, give parties the confidence to engage, enhance the legitimacy of outcomes, and build our credibility as a valuable piece of the financial consumer protection framework. Three speakers followed with perspectives on balancing transparency and confidentiality that drew from the experience of their offices.**David Millington** from the Financial Ombudsman Service (FOS) UK discussed why transparency is important and how FOS UK puts it into practice. He drew on Stephen Cover's best-seller 'The 7 Habits of Highly Effective People' to highlight value of looking for a 'win-win', rather than an 'either-or'. **Karen Stevens**(Insurance & Financial Services Ombudsman New Zealand) explained that while her scheme does not have an obligation of transparency, procedural fairness requires decisions made by the Ombudsman to be fair and to be seen to be fair. She canvassed some of the challenges to confidentially from social media. She also made the point that transparency and confidentiality are not mutually exclusive, but having them co-exist  depends on the robustness of the office's processes. **Marielle Cohen-Branche** (French Financial Ombudsman) addressed the pros and cons of confidentiality (to whom? how far? where does it stop?) in the context of France having some of the most severe rules on confidentiality in the world. |

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| Jurisdictional limits and boundaries for the OmbudsmanThis panel session posed five questions — Should the Ombudsman be limited by the merit of the complaint or go beyond it? What is compensation? Should the Ombudsman advise the customer in the process of mediation/adjudication? What if the rights of a third-party are affected by the Ombudsman's decision? How far should the Ombudsman go?It was led by **Larry Hattix**(Office of the Ombudsman, Office of the Comptroller of the Currency, USA) who canvassed the views of three panellists:**Shane Tregillis**(Financial Ombudsman Service Australia), **Sarah Bradley**(Ombudsman for Banking Services & Investments, Canada) and **Mary-Rose McGovern** (Financial Services Ombudsman's Bureau Ireland). Among other things, the discussion touched on the Ombudsman's unique perspective of the financial sector and its points of highest friction; imbalances of knowledge and power; and the Ombudsman's role in considering the broader (systemic) implications of individual disputes. |

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| *"our challenge is to find the appropriate balance between ensuring procedural fairness and natural justice and timely, effective delivery of services"* |

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| *''think differently;don'tautomatically jump to the obvious;begin with the end in mind''* |

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| Analysing business processes for optimisationIn setting the scheme for this session, **David Millington**(Financial Ombudsman Service UK) advocated that we take another leaf from Stephen Covey's book and 'plan with the end in mind'. He canvassed what efficiency looks like, who cares about it and how it can be measured. His tips for delivering it included empowering case handlers, breaking down product silos, and delivering answers in hours and days rather than weeks and months.Commentators **Douglas Melville**(Channel Island Financial Ombudsman), **Nicola Sladden** and**Sarah Parker**(Banking Ombudsman Scheme New Zealand) addressed the value of lean process optimisation; trying to do what you do consistently every time; aligning structure with strategy; simplified rules for greater flexibility of process; and systems that are scale-appropriate.  |

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| Financing models. Best practices and main principles.This innovative small group session enabled **Piruz Sargsyan**, Financial System Mediator (FSM) Armenia, to gather the views of her INFO Network colleagues on options for the optimal financing model for her scheme, taking account of the country's local specifics.Session Chair, **David Thomas** (Financial Ombudsman Service UK) set the scene by drawing on the Network's *'Effective approaches to fundamental principles'*guidelines — specifically parts 4.1.1 (the scheme is free of charge to complainants), 5.9 (adequate funding), 7.2 (consultation on business plans and budgets) and 7.8 (published annual accounts and financial controls).Small groups were then set to work on the task. The feedback from the groups highlighted the fundamentals of certainty; appropriate balance of fairness to industry and flexibility to the scheme; law that is flexible enough to be able to adjust going forward; a budget based on working assumptions tested with financial services providers against caseload projections; and a range of options for ways of splitting charges. |

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| *''coming up with an optimal financing model for the Armenian scheme, reflecting best practices and main principles''* |

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| *''make your scheme as accessible as possible so there is no need for any representation''*  |

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| Intermediaries. Good or bad?The last content session of the conference addressed the rise, role, pros and cons of the wide array of intermediaries who approach the Ombudsman on behalf of customers — some of them on a fee-for-service basis.**Shane Tregillis**(Financial Ombudsman Service Australia) advised that FOS does not prevent a consumer's use of an intermediary, since there is particular value when the consumer is vulnerable or requires assistance. FOS data shows that, in 2015-16, 18% of all disputes were lodged by intermediaries. However, recent changes to the FOS terms of reference also allow it to decline to accept a dispute where an intermediary is not acting in the best interests of the consumer. **Lucas Vacek**, from the Financial Arbitrator for the Czech Republic, provided the positive and negative experiences of his scheme. In particular he addressed the rise of claims management companies, which serve to confuse consumers about the free and independent role of the Financial Arbitrator, and legal representatives whose judicial experience tends to complicate cases. **Caroline Mitchell**(Financial Ombudsman Service UK) spoke to that scheme's experience, especially with PPI complaints where claims management companies have been particularly active in driving 'mass claims'. She also acknowledged the work of helpful intermediaries such as free consumer advice agencies. Her tips for dealing with intermediaries were to keep ahead of the game in mass claims; relationship-manage the large CMCs as you would a financial services business; liaise with their regulator; provide training for consumer advisers; and work with them to ensure they send the 'right' complaints. |

LOOKING AHEAD TO INFO 2017

**The Financial Ombudsman Service Australia will host INFO 2017.**

The conference will be in Melbourne, Victoria, from 24 – 27 September 2017. Please mark your diaries. We will provide more information over the coming months!

IF YOU ARE INTERESTED IN PHOTOS

Brian Maltman has provided a link to a share site for the photos he took during the conference: [https://briansyerevan.shutterfly.com/](http://infonetwork.createsend1.com/t/t-l-hygijk-ilditultj-y/)  If there is a photo you would prefer to have removed, please contact Brian directly at bmaltman@giocanada.org

The Secretariat will also include some photos in the members' intranet soon(ish).

NEXT MONTH

In October we will be back to our usual e-bulletin format. Please  consider sending some news from your scheme. It doesn't have to be long — just interesting and/or useful for your Ombudsman colleagues. Requested with a reminder that this e-bulletin is distributed to INFO Network members and associates only.

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INFO Network Secretariat: secretariat@networkfso.org

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