



2014-2015 Business Plan

Message from the Chief Ombudsman

Improving the way we work



"We are increasing the pace of our efforts to significantly reduce our dispute backlog by the end of 2014 and embarking on a number of major initiatives to further streamline our dispute process."

The past financial year was another big year at FOS. We delivered strongly against our 2013-2014 Business Plan and started implementing further changes to our processes in response to the recommendations in the independent review of FOS.

We moved quickly to address the independent review's findings, by increasing the pace of our efforts to significantly reduce our dispute backlog by the end of 2014 and embarking on a number of major initiatives to further streamline our dispute process.

Our 2014-2015 Business Plan reflects these priorities, and we are already making good progress on many of these initiatives:

- » We have reduced our dispute queues across all areas and we are on track to significantly reduce our backlog by 31 December 2014.
- » A pilot Fast Track Process commenced on 2 June 2014 focusing on simpler, lower-value disputes in the Banking and Finance area.
- » We have implemented a new way of writing our Recommendations and Determinations to make them easier to understand.
- » We have consulted on proposed improvements to our registration and referral process.

- » We have released a consultation paper with the proposed changes to our Terms of Reference to support the improvements we are making.
- » We will run a small-scale pilot in August 2014 on a new approach that will streamline how we manage financial difficulty disputes.

FOS's many achievements and the changes we are making to improve what we do have been made possible through the commitment and dedication of FOS staff and the support of FOS stakeholders.

I would like to particularly thank all FOS staff for their efforts over the past 12 months and for their clear commitment to making a real difference to the community through the work we do at FOS.

I look forward to working with the FOS Board, FOS staff, and all our stakeholders in the year ahead as we implement changes to improve the independent and impartial dispute service we provide to the Australian community.

Shane Tregillis
Chief Ombudsman



2013-2014 at a glance

Total disputes received
(down 2% from previous year)

31,680

Total disputes closed
(down 1% from previous year)

33,450

Financial difficulty disputes accepted
(down 9% from previous year)

4,705

Systemic issues resolved

54

Number of investigations of alleged
breaches of industry codes of practice,
with 58 confirmed breaches

232

Number of members
(down 5% from previous year)

15,234

Phone calls handled by our contact team
(down 5% from previous year)

221,900

Visits to our website
(up 7% from previous year)

586,777

Mission

Our mission is to fulfil an important community role by providing an independent dispute resolution service in which people can place their confidence and trust. This involves understanding all sides of a dispute and resolving it fairly and efficiently.

We aim to be:

- Respectful
- Efficient
- Trustworthy
- Forward thinking



Our 2012-2015 Strategic Plan



Our Strategic Plan aims to meet the six external dispute resolution (EDR) benchmarks prescribed by the Australian Securities and Investments Commission (ASIC).

Our three-year focus is about delivering an efficient and effective dispute resolution service, successfully managing our public role and stakeholder engagement, and further developing FOS's capability and infrastructure.

EDR BENCHMARKS



ACCESSIBILITY



INDEPENDENCE



FAIRNESS



ACCOUNTABILITY



EFFICIENCY



EFFECTIVENESS

THREE-YEAR FOCUS



Delivering a more efficient and effective dispute resolution service



Enhancing our public role and stakeholder engagement



Ensuring organisational development and sustainability

WHAT WE WANT TO BE

A customer-centric service

An organisation that continuously monitors and improves its performance.

A trusted organisation

The authority on financial services dispute resolution and an influential voice on how to prevent disputes.

A smart, efficient and responsible business

An organisation with passionate people, effective systems, clear plans and a conscience.

WHAT WE NEED TO DO

- » Build excellent customer service and quality into all our dispute resolution services.
- » Set and meet time and service standards for all our dispute resolution processes.

- » Actively engage with and maintain the support of all our stakeholders.
- » Routinely seek stakeholder feedback – and act on it.
- » Share our knowledge, experience and insights.
- » Raise community awareness of FOS, especially among vulnerable and under-represented groups.

- » Attract and develop highly skilled and engaged people.
- » Measure the costs of disputes and eliminate inefficiencies.
- » Establish programs to reduce FOS's environmental footprint.
- » Embed our values into everything we do.

Our performance in 2013-2014



Delivering a more efficient and effective dispute resolution service

Our 2013-2014 plans	What we achieved
<p>Reduce our dispute backlog and improve the timeliness of dispute resolution.</p> 	<ul style="list-style-type: none">» Implemented Project 500 in August 2013 with the aim of reducing our Banking and Finance dispute backlog by 500 disputes. We completed the project on 30 June 2014 and reduced our backlog by 536 disputes. Similar processes reduced the dispute backlog in General Insurance (GI) and Investments, Life Insurance and Superannuation (ILIS). As part of these projects, we reduced the number of touch points and introduced specialist expertise earlier in the dispute resolution process.» Introduced a new style of written decision that more effectively communicates the outcomes of disputes to both applicants and financial services providers.
<p>Continue to implement and strengthen our quality framework to enhance consistency, continuously improve the way we manage disputes and ensure we meet stakeholder expectations at all stages of our dispute process.</p> 	<ul style="list-style-type: none">» Conducted quarterly quality assurance reviews that monitored the quality of dispute investigations and outcomes and improved the way we manage disputes.» Carried out quarterly surveys of applicants to track their satisfaction and highlight opportunities for process improvement.
<p>Implement electronic document exchange with financial services providers to improve the dispute workflow process.</p> 	<ul style="list-style-type: none">» Introduced electronic document exchange with financial services providers in December 2013. From 1 January 2014 to 30 June 2014 we received 6,790 electronic submissions from financial services providers.
<p>Provide financial services providers that have large dispute numbers with enhanced dispute analytics across a wide range of metrics and benchmark reporting.</p> 	<ul style="list-style-type: none">» Provided quarterly benchmarking reports to financial services providers with large dispute numbers.» Improved the way we collect information and report systemic issues.<ul style="list-style-type: none">» Case handling staff referred 1903 cases to the Systemic Issues team.» Identified 62 possible systemic issues and resolved 54 systemic issues.

Our performance in 2013-2014



Enhancing our public role and stakeholder engagement

Our 2013-2014 plans	What we achieved
<p>Deliver enhanced member engagement.</p> 	<ul style="list-style-type: none">» Organised training and education about FOS's dispute resolution process.» Hosted 10 open forums across 5 locations in Australia that brought industry participants together to discuss FOS decisions and insights.» Hosted two webinars for financial services providers on topics relevant to Banking and Finance and Investments, Life Insurance and Superannuation.» Participated in conferences, panel discussions, seminars, training and workshops for industry associations, members and specialist financial services groups.» Enhanced the Secure Services member-only area on our website and improved dispute information reporting for financial services providers.» Held regular one-on-one meetings with our larger members to discuss issues and opportunities for improvement.» Developed tailored information including infographics, frequently asked questions and fact sheets for financial services providers that communicate with us infrequently.
<p>Continue to actively engage with the consumer sector.</p> 	<ul style="list-style-type: none">» Launched a free online learning module for consumer advocates about FOS's dispute resolution process. The show reel is publicly hosted on YouTube.» Organised FOS forums in the Northern Territory, Western Australia and Victoria.» Produced an Auslan video introducing FOS to the deaf and hard-of-hearing community in Australia. The video was launched nationally online (live stream) in collaboration with VicDeaf.

Our performance in 2013-2014



Enhancing our public role and stakeholder engagement

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Our 2013-2014 plans	What we achieved
<p>Develop and relaunch the FOS website so it is more accessible.</p> 	<ul style="list-style-type: none">» Relaunched our website to benefit all users, including those with disabilities, older users, people from diverse cultural backgrounds and consumers browsing from a mobile device. We complied with current Web Content Accessibility Guidelines and also redeveloped the website with some pages translated into 10 community languages.» Assigned dedicated pages for members, consumers and community organisations to help users easily find information that is relevant to them.
<p>Continue to increase public and consumer awareness of our service by building partnerships with key organisations, such as community legal centres and financial counsellors, to increase the accessibility of our service for vulnerable and disadvantaged Australians.</p>  	<ul style="list-style-type: none">» Produced a kit to help Members of Parliament assist their constituents with FOS's dispute process. Promoted our services on SBS radio in six community languages.» Published several FOS Approach documents to help all stakeholders understand how we consider disputes about particular issues.» Produced several public submissions outlining FOS's views on key issues, including a response to the Murray Financial System Inquiry.
<p>Continue to develop the Code monitoring function.</p>  	<ul style="list-style-type: none">» In 2013-2014, 617 financial services providers subscribed to the four codes of practice that FOS administers. In this period, the FOS Code Compliance and Monitoring team:<ul style="list-style-type: none">» reviewed 589 annual compliance submissions from financial services providers, and» conducted 232 investigations into allegations that a financial services provider had breached one or more code obligations. There were 58 confirmed breaches across the four codes identified as a result of our investigations.

Our performance in 2013-2014



Ensuring organisational development and sustainability

Our 2013-2014 plans	What we achieved
<p>Deliver major IT initiatives to improve the way we store, exchange and use information from our stakeholders.</p> 	<ul style="list-style-type: none">» Implemented an online case management service to improve the use, consistency and effectiveness of dispute information received from financial services providers.
<p>Enhance the expertise of FOS staff.</p> 	<ul style="list-style-type: none">» Delivered professional development programs for staff to improve dispute resolution expertise.<ul style="list-style-type: none">» Conducted more than 270 training sessions that focused on key areas of our service including professional communication, specialist knowledge, sustainable relationships, innovation and continuous improvement.» Provided 37 current managers and aspiring leaders with the opportunity to build on their skills and help them manage and lead their teams.
<p>Strengthen our internal governance and resource management processes to support the way we operate our business.</p> 	<ul style="list-style-type: none">» Developed a suite of management reports to better monitor, manage and improve dispute resolution performance.» Implemented an outsourced internal audit function.
<p>Commission an independent review in accordance with the requirements of ASIC RG-139.</p> 	<ul style="list-style-type: none">» Underwent a major independent review.» Communicated to stakeholders the results of the review and FOS's response to it.» Developed a strategy to improve our dispute process in response to stakeholder feedback and the independent review recommendations.

Our strategic measures

Our 2013-2014 performance and our 2014-2015 targets

Strategic focus	Success measures	2013-2014 targets
 <p>Delivering a more efficient and effective dispute resolution service</p>	<p>Applicant satisfaction</p> <p>Percentage of applicants who report a satisfactory or better dispute resolution experience at FOS.</p>	Establish baseline in Q1 and improve each subsequent quarter
	<p>Clearance ratio</p> <p>A retrospective indicator that compares how many disputes we closed with how many received. For 2013-2014, we wanted to close more than 100% of what we received so we could reduce backlogs.</p>	≥ 100%
	<p>Projected overload</p> <p>An indicator that estimates how many currently open cases will not be closed within our 6, 12 and 24 month standards.</p>	≤ 0
	<p>Age profile of open disputes</p> <p>Percentage of open disputes that are less than or equal to 365 days old.</p>	≥ 92%
	<p>Time to close disputes</p> <p>2013-2014 This measures the age profile of closed disputes. It tracks disputes received since 1 July 2012. It excludes disputes that were older than 365 days at the start of the year (1 July 2013). This allows us to measure backlog separately.</p> <p>2014-2015 This measures the age profile of closed disputes.</p>	80% ≤ 180 days 95% ≤ 365 days
	<p>Finalisation of old disputes</p> <p>Percentage of those disputes received before 1 July (the previous year) that are closed (the backlog at the start of the year).</p>	100%
	<p>Disputes closed per quarter per dispute FTE</p> <p>This provides a measure of the dispute handling process at FOS. It does not account for changes in product type or dispute complexity.</p>	≥ 26
 <p>Enhancing our public role and stakeholder engagement</p>	<p>Stakeholder engagement survey responses</p> <p>2013-2014 Measure overall satisfaction that FOS is meeting the needs of all financial services providers.</p> <p>2014-2015 Qualitative assessment of stakeholder satisfaction with level and quality of engagement in the Dispute Process Reform program implementation.</p>	≥ 6.5 on a scale of 0 (extremely dissatisfied) to 10 (extremely satisfied)
 <p>Ensuring organisational development and sustainability</p>	<p>Staff engagement score</p> <p>Survey responses measuring the level of staff engagement and alignment with our values and behaviours.</p>	≥ 10% increase in the number of FOS staff who report feeling engaged in the workplace
	<p>Environment audit rating</p> <p>The National Australian Built Environment Rating System (NABERS) is a nationally managed, performance-based rating system that measures an organisation's impact on the environment.</p>	≥ 4.5 star rating
	<p>Corporate Full Time Equivalent (FTE) to total FTE</p> <p>The percentage of support staff (corporate) to staff directly involved in dispute resolution.</p>	≤ 15%



Our 2013-2014 performance	2014-2015 targets
<p>The baseline has improved since it was established in the first quarter of 2013-2014. In 2013-2014:</p> <ul style="list-style-type: none"> » 94% of applicants with a registered dispute were satisfied with their dispute resolution experience. » 67% of applicants who have disputes closed were satisfied with their dispute resolution experience. » 48% of applicants with a discontinued dispute were satisfied with their dispute resolution experience. 	<p>Applicant satisfaction level:</p> <p>Registered complaints: 95% applicants satisfied</p> <p>Closed disputes: 75% applicants satisfied</p> <p>Discontinued disputes: 70% applicants satisfied</p>
<p>Target exceeded.</p> <p>We closed 107% of the disputes we received and have reduced our dispute backlog.</p>	<p>≥ 103%</p>
<p>Target achieved.</p>	<p>≤ 0</p>
<p>Slightly below target.</p> <p>91% of all open disputes are less than or equal to 365 days old, due to a number of disputes that have been placed on hold awaiting the outcomes of legal proceedings.</p>	<p>≥ 95%</p>
<p>Targets exceeded.</p> <p>84% ≤ 180 days</p> <p>97% ≤ 365 days</p>	<p>80% ≤ 180 days</p> <p>95% ≤ 365 days</p>
<p>Target achieved.</p>	<p>Given the above measure, this specific measure will be discontinued.</p>
<p>Target exceeded.</p> <p>26.84 disputes closed on average per FTE.</p>	<p>≥ 26</p>
<p>Slightly below target.</p> <p>We achieved an overall satisfaction level of 6.2%.</p>	<p>Stakeholders indicate they are satisfied with the level and quality of FOS engagement with them as part of the Dispute Process Reform program.</p>
<p>Target not achieved.</p> <p>We have included a number of initiatives in our 2014-2015 Business Plan to enhance the level of staff engagement during a period of significant change at FOS.</p>	<p>≥ 10% increase in the number of FOS staff who report feeling engaged in the workplace.</p>
<p>Target exceeded.</p> <p>Our rating is now 5 star.</p>	<p>≥ 5 star rating</p>
<p>Slightly below target at 16%.</p>	<p>≤ 15%</p>

Our plans for 2014-2015

Our approach to dispute resolution focuses on the issues and opportunities most relevant to applicants and financial services providers.

Our plans for 2014-2015 build on last year's achievements and focus on initiatives to improve our dispute process (as described in our response to the independent review).



Delivering a more efficient and effective dispute resolution service

Eliminate dispute backlog by 31 December 2014.

- » Use the enhanced processes developed through the Project 500 backlog strategy to eliminate the backlog in all dispute areas.
- » Continue to deliver more effective decisions that are faster to produce and clearly communicate the outcomes of disputes to both applicants and financial services providers.

Redesign our dispute process to resolve disputes in a more timely, efficient and fair manner.

- » Redesign our process to reduce the current multiple touch points, dispute stages and timeframes. This will enable us to provide earlier guidance on the merits of a dispute and to provide earlier dispute assessments.
 - » Replace our current two-step dispute lodgement process with a one-step process.
 - » Fast track decisions for simpler and lower-value disputes.
 - » Streamline our processes and approach in order to achieve more timely outcomes and earlier assessments in financial difficulty disputes.
- » Review and amend our Terms of Reference to support our new processes and jurisdiction, and respond to recommendations from the independent review.

Align the Systemic Issues function with improvements in dispute resolution process and approaches.

- » Streamline our current systemic issues process to enable the prompt conclusion of investigations.
- » Enhance the way we refer serious misconduct to ASIC.

Code: Enhance the Code monitoring function and processes.

- » Develop a risk-based assessment model to align our monitoring activities with the level of risk.
- » Develop and implement electronic document exchange between the FOS Code Compliance and Monitoring team and financial services providers.

Our plans for 2014-2015



Enhancing our public role and stakeholder engagement

Review and enhance our stakeholder engagement strategy.

- » Refine our current member and consumer engagement strategies and continue to actively engage with our stakeholders.
- » Develop more channels for stakeholder feedback as we work on changing our dispute process.
- » Continue to develop the FOS Approach documents to promote stakeholder understanding of our dispute process and the way we consider certain types of disputes.

Improve the accessibility of FOS for consumers.

- » Ensure our new dispute process is accessible for vulnerable and disadvantaged consumers.
- » Review and continue to improve the way we present information on the FOS website.
- » Continue to increase awareness of our service through outreach activities and by building partnerships with key organisations such as community legal centres and financial counsellors.

Promote financial services providers' understanding of systemic issues obligations and functions.

- » Deliver training and information sessions to financial services providers.

Code: Promote stakeholder understanding of Code Compliance.

- » Assist existing Code subscribers to successfully transition to their new industry Codes.
- » Align secretariat operations with new Code governance framework.

Our plans for 2014-2015



Ensuring organisational development and sustainability

Continue to develop our people's engagement and expertise to support the reform of our dispute resolution process.

- » Develop and implement a workforce plan that supports the new dispute process and our organisational objectives.
- » Carry out change management training for our staff and continue to deliver management development programs.
- » Implement a central learning management system for FOS staff to ensure expertise in the new dispute resolution process.

Continue to strengthen our internal governance and resource management processes to support the way we operate our business.

- » Develop and publish the next FOS three-year strategic plan.
- » Review and amend our internal governance practices and procedures to support the new dispute resolution process.
- » Consult with our members and implement a revised funding model in July 2015.

Deliver IT initiatives to support the new dispute resolution process.

- » Continue to facilitate and enhance electronic document exchange with financial services providers.
- » Review and improve our information management practices and current IT infrastructure to support the new dispute resolution process.

Code: Coordinate the Code governance and operational processes alignment.

- » Refine the secretariat function to ensure effective delivery of Code liaison activities.
- » Implement a quality assurance process to ensure consistency, quality and continuous improvement of the Code function.



About the Business Plan

The Business Plan covers our performance in 2013-2014 and our plans for 2014-2015.

The plan is available on the FOS website at www.fos.org.au/businessplan. To order printed copies, please email publications@fos.org.au.

All the data in this plan was correct at the time of reporting.

About the Financial Ombudsman Service

The Financial Ombudsman Service (FOS) is an external dispute resolution service approved by the Australian Securities and Investments Commission (ASIC). Our service is free to consumers who are unable to resolve complaints with businesses that provide financial services.

FOS is an independent dispute resolution service. A not-for-profit and non-government organisation, FOS is funded by its members.

FOS resolves disputes between consumers (including some small businesses) and financial services providers. Our members include all major banks, insurers, financial planners and over 11,000 credit representatives across Australia.



Contact us

Our website contains comprehensive information about our services. You can also contact us by phone, email or mail.

Website www.fos.org.au

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*9am - 5pm AEST/AEDT. Calls are charged at the cost of a local call from landlines. Calls from mobile phones are charged at the applicable rate from your carrier.

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