

# Business Plan

2013–2014





## Message from the Chief Ombudsman



We operate in a continually changing environment and FOS has experienced changes in the demand for our services. While back in 2011–2012 our dispute numbers increased by 21%, pleasingly, we have seen an overall flattening of dispute numbers during the 2012–2013 financial year.

We know that we need to continue to adapt to the dynamic environment in which we operate, improve our dispute resolution processes and enhance our relationships with our stakeholders.

Last year, our strategic plan set out our clear focus on building excellent service into everything we do. Our Business Plan goals for 2012–2013 were about improving our dispute resolution process supported by better engagement with our stakeholders and enhancing our organisational capabilities.

We have made good progress in each of these areas. We have revised key aspects of our dispute resolution process resulting in improved times to resolve disputes, implemented a formal organisation-wide quality review process, continued to build the expertise of our staff and piloted the electronic exchange of documents with our members.

One activity we completed in mid-2013 was a major piece of stakeholder research. The results highlighted the importance our stakeholders place on the relationship they have with FOS. They also highlighted we need to do better – particularly in continuing our efforts to improve the timeliness and quality of our dispute resolution process.

While we made some good progress last year, we understand we still have much to do to deliver on our goals.

Our Business Plan for 2013–2014 builds on our achievements last year and takes into account the feedback from our stakeholders on the areas we need to improve further.

This year our Business Plan continues our efforts to add specialist expertise to the early stage of our dispute resolution process, eliminate the backlog of cases in our specialist dispute teams and commence the shift to electronic exchange of information as our standard method of information exchange. We will also continue our efforts to build the expertise of FOS staff, enhance our IT and other organisational capacities and continue to actively engage with all our stakeholders.

The challenge over the next two years is to see these efforts translate into the delivery of a clear reduction in the time taken to resolve disputes across all our dispute areas, move to electronic communication as our standard way of exchanging dispute information with financial services providers (FSPs), and continue to enhance the quality of our dispute services for Applicants and FSPs.

As we set out in our Strategic Plan last year, our goals for 2012–2015 remain for FOS 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.

I am confident that we are well on track to achieve these goals and to deliver a better, more timely dispute resolution service over the next two years.

I look forward to continuing to work with our Board, staff, consumers, members and the industry to achieve these goals. This will enhance the work we already do in providing accessible, fair and independent dispute resolution services to all Australians and their financial services providers.

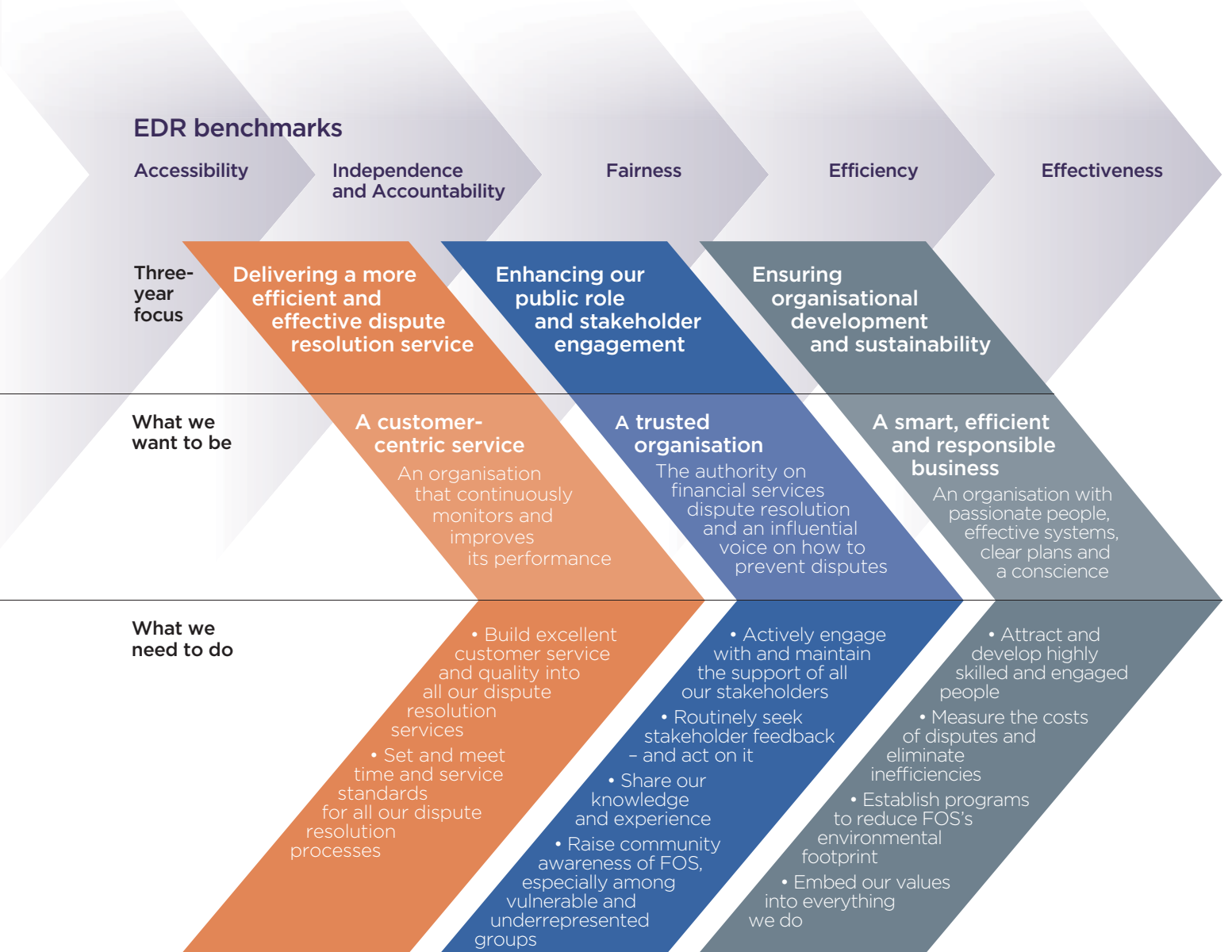
**Shane Tregillis**  
Chief Ombudsman



# Strategic plan 2012–2015

In 2012, we developed a three-year Strategic Plan. Our vision for this period is to build excellent service into everything we do.

The following diagram illustrates how our Strategic Plan underpins all our efforts to improve what we do in providing an accessible, fair and independent dispute resolution service in which people can place their trust.





# Our performance in 2012–2013

## Delivering a more efficient and effective dispute resolution service

Our 2012–2013 plan	What we achieved
<p><b>Enhance our dispute resolution operating system to ensure our case-work efficiency.</b></p>	<p>Key improvements in our case-work systems included:</p> <ul style="list-style-type: none"> <li>➤ Improved volume forecasting to support work projection and planning.</li> <li>➤ A skills matrix to assist managers allocate disputes based on a team member’s expertise.</li> <li>➤ Ongoing age profiling of disputes and direct applicant feedback via survey about dispute processes to enhance our service delivery.</li> </ul> <p>Established a FOS-wide quality framework to ensure consistency, quality and continuous improvement.</p> <ul style="list-style-type: none"> <li>➤ Completed extensive Quality Reviews of case handling on closed disputes.</li> <li>➤ Implemented Quality Assurance training for all FOS staff.</li> </ul>
<p><b>Streamline our early dispute resolution processes (registration and acceptance) to provide early warning of an increase in case loads.</b></p>	<p>Revised our dispute processes and supporting systems to reduce backlogs and time taken to resolve disputes.</p> <p>Major initiatives included:</p> <ul style="list-style-type: none"> <li>➤ Implemented triage function in both general and specialist teams to better allocate cases to the most appropriate staff member based on their expertise and the complexity of the case.</li> <li>➤ Implemented three-way telephone conference for all parties to define and agree on the issues earlier in the dispute resolution process: clarify and limit the number of document exchanges; and agree on timeframes (part of the Key Process Review).</li> </ul>
<p><b>Produce a comprehensive significant event plan that enables us to respond rapidly and effectively to events that create spikes in demand for our service (such as natural disasters, financial crises, or other significant events).</b></p>	<p>Implemented a Significant Event Response Plan. This plan helps us manage potential spikes in disputes during crucial events and outlines how we will communicate with stakeholders and ensure effective coordination of all activities associated with any such significant event.</p> <ul style="list-style-type: none"> <li>➤ The plan was used for the Tasmania and New South Wales bushfires in January 2013. It was also triggered for the collapses of Banksia Securities and Gippsland Secured Investments in 2013.</li> </ul>
<p><b>Further develop the Systemic Issues and Serious Misconduct function.</b></p>	<p>Revised Systemic Issues investigation processes.</p> <ul style="list-style-type: none"> <li>➤ 1250 referrals from case handling staff to the Systemic Issues team.</li> <li>➤ Identified 128 possible systemic issues. This financial year a total of 37 systemic issues were resolved.</li> </ul>



# Our performance in 2012–2013

## Enhancing our public role and stakeholder engagement

Our 2012–2013 plan	What we achieved
<p><b>Conduct active and robust engagement with the consumer sector, including better consultation, collaborative projects and educative programs.</b></p>	<p>Launched a new consumer engagement strategy.</p> <p>Major initiatives included:</p> <ul style="list-style-type: none"> <li>➤ Formed a Consumer Liaison Group (CLG) comprised of 10 consumer representatives from around Australia to help ensure we understand the issues that vulnerable and disadvantaged groups experience in accessing our service.</li> <li>➤ Launched an online portal for sharing ideas and information with the Consumer Liaison Group.</li> <li>➤ Held two consumer forums in New South Wales and Queensland.</li> <li>➤ Commenced development of an e-learning module for financial counsellors and community lawyers.</li> </ul>
<p><b>Develop a new targeted and enhanced member engagement strategy that tailors our communication, education and dispute analytics information to enhance our relationships with the ultimate aim of reducing dispute flows.</b></p>	<p>Continued our member engagement which included:</p> <ul style="list-style-type: none"> <li>➤ Hosted eight General Insurance open forums in Adelaide, Perth, Sydney, Brisbane and Melbourne. These forums brought industry participants together to discuss FOS decisions and insights.</li> <li>➤ Participated in banking and finance industry meetings, professional indemnity (PI) insurers' meetings, upgraded the Secure Services portal on the FOS website to give members dashboard reporting.</li> <li>➤ Organised four internal dispute resolution training programs in Perth, Melbourne, Sydney and Brisbane.</li> <li>➤ Developed a new member engagement strategy with key initiatives to be rolled out in 2013–2014.</li> </ul>
<p><b>Measure and benchmark stakeholder perceptions of FOS and our service to identify areas to improve our overall service delivery.</b></p>	<p>Completed a significant piece of qualitative and quantitative stakeholder research.</p>
<p><b>Further develop the Code Monitoring function.</b></p>	<p>Developed the Code function within FOS to achieve the Code Monitoring objectives.</p> <ul style="list-style-type: none"> <li>➤ A total of 699 financial services providers subscribed to the four codes in 2012–2013. 568 financial services providers were asked to respond to an Annual Compliance Statement relevant to their code's obligations.</li> <li>➤ Conducted 191 investigations into allegations that a financial services provider had breached one or more code obligations. There were 116 confirmed breaches across the four codes identified as a result of our investigations.</li> </ul>



## Our performance in 2012–2013

### Ensuring organisational development and sustainability

Our 2012–2013 plan	What we achieved
<b>Develop a robust internal risk function, compliant with industry risk management practices.</b>	<p>Implemented a formal risk management framework across the organisation.</p> <p>Major initiatives included:</p> <ul style="list-style-type: none"><li>➤ Reviewed risk frameworks for Occupational Health &amp; Safety (OH&amp;S) and Information Technology (IT).</li><li>➤ Audited 300 policies, procedures and projects to ensure the risk management approach is applied to existing initiatives.</li><li>➤ Developed a FOS-wide policy framework for all new FOS policies.</li><li>➤ Conducted risk training sessions for all managers across FOS.</li><li>➤ Formed an operational risk management committee.</li><li>➤ Appointed an internal audit service to review our framework.</li></ul>
<b>Further develop our IT structures and capabilities to support FOS's three-year strategic plan and beyond.</b>	<p>Introduced a more robust and capable IT infrastructure platform to better support future initiatives.</p> <ul style="list-style-type: none"><li>➤ Piloted electronic document exchange through the Secure Services portal on the FOS website. This will be rolled out widely in 2013–2014.</li><li>➤ Upgraded all system databases to keep FOS in line with IT Best Practice.</li><li>➤ Improved our internal network system security.</li></ul>
<b>Continue to invest in our people's professional learning to ensure that our expertise remains comprehensive and up-to-date at an organisational and industry level.</b>	<p>Implemented a staff learning program to further develop our people's knowledge and expertise in the dispute resolution process.</p> <ul style="list-style-type: none"><li>➤ Conducted over 250 training sessions that focused on key areas of our service including specialist knowledge, innovation and continuous improvement, personal awareness and effectiveness, sustainable relationships and professional communication.</li></ul>



## Our plans in 2013–2014

This year our Business Plan continues our efforts to simplify and add specialist expertise to the early stages of our dispute process, eliminate the backlog of cases in our specialist dispute teams and continue the shift to electronic communication as our standard method of information exchange.

We will also continue our efforts to build the expertise of FOS staff, enhance our IT and other organisational capacities and continue to actively engage with all our stakeholders.

Our plans take into account the feedback we have received from stakeholders on where we need to further improve.

### Delivering a more efficient and effective dispute resolution service

#### Reduce our dispute backlogs and improve the timeliness of dispute resolution.

- Continue to implement key process changes to reduce the number of document exchanges, increase the use of telephone contact to clarify issues and expectations at an early stage, better focused investigation plans and streamlined decisions.
- Implement a revised dispute process to address the backlog of disputes including:
  - Add specialised staff to deal with disputes at the early part of our dispute resolution process.
  - Simplify our process to reduce touch points to resolve disputes more quickly.
  - Expedite disputes for decision based on their profiles and appropriate criteria.

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.

Implement electronic document exchange with financial services providers to improve the dispute workflow process.

Provide financial services providers who have large dispute numbers with enhanced dispute analytics across a wide range of metrics and benchmark reporting.





## Our plans in 2013–2014

### Enhancing our public role and stakeholder engagement

#### **Deliver enhanced member engagement.**

- Organise targeted training and education.
- Improve dispute analytics via the member Secure Services portal.
- Work collaboratively with our larger members.
- Provide tailored assistance for financial services providers who interact with us less frequently.

#### **Continue to actively engage with the consumer sector.**

- Deliver an e-learning module for financial counsellors and community lawyers.
- Deliver FOS forums across Australia.
- Launch an Auslan video about our dispute resolution process.
- Continue Consumer Liaison Group activities.

#### **Develop and relaunch the FOS website so it is more accessible.**

- Improve search functionality on the website.
- Assign dedicated member, consumer and community web page sections.
- Provide enhanced content to assist all our stakeholders to resolve disputes at an earlier stage.

**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.**



## Our plans in 2013–2014

### Ensuring organisational development and sustainability

**Deliver major IT initiatives to improve the way we store, exchange and use information with our stakeholders.**

- Implement the first phase of the FOS Document Management System.

**Enhance the expertise of FOS staff.**

- Implement targeted professional development programs for FOS staff to improve our dispute resolution expertise across all areas of our service.
- Carry out training for team leaders in change management to support our process improvement efforts.
- Implement tailored management training program.

**Strengthen our internal governance and resource management processes to support the way we operate our business.**

- Consult with members and implement a revised funding model.
- Improve our internal governance practices and procedures.
- Implement the FOS Disaster Recovery and Business Continuity programs.

**Commission an independent review in accordance with the requirements of ASIC RG-139.**





## Strategic measures 2013–2014

Strategic focus	Success measures	Description	Targets
Delivering a more efficient and effective dispute resolution service	<b>Applicant satisfaction</b>	Percentage of Applicants reporting a satisfactory or better experience at FOS during their dispute resolution experience via survey.	<b>Establish baseline in Q1 and improve each subsequent quarter</b>
	<b>Clearance ratio</b>	A retrospective indicator that compares how many disputes we closed versus how many we received. For 2013–2014, we want to close more than 100% of what we receive so we can reduce backlogs.	<b>≥ 100%</b>
	<b>Projected overload</b>	A forward-looking indicator which projects the number of current open cases that will not be closed within our 6, 12 and 24 month time standards.	<b>≤ 0</b>
	<b>Age profile of open disputes</b>	Percentage of open disputes that are less than or equal to 365 days old.	<b>≥ 92%</b>
	<b>Time to close recent disputes</b>	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.	<b>80% ≤ 180 days</b> <b>95% ≤ 365 days</b>
	<b>Finalisation of old disputes</b>	Percentage of those disputes received before 1 July 2012 that are closed (the backlog at the start of the year). We are aiming for all these files to be closed by the end of this year.	<b>100%</b>
	<b>Disputes closed per quarter per dispute FTE</b>	This provides a measure for the efficiency of dispute handling processes in FOS. It does not account for changes in product type or dispute complexity.	<b>≥ 26</b>
Enhancing our public role and stakeholder engagement	<b>Stakeholder engagement survey responses</b>	Survey responses measuring the overall satisfaction that FOS is meeting the needs of all financial services providers (target for 2013–2014).	<b>≥ 6.5</b> on a scale of 0 (extremely dissatisfied) to 10 (extremely satisfied)
Ensuring organisational development and sustainability	<b>Staff engagement score</b>	Survey responses measuring the level of engagement by staff with FOS and alignment with our values and behaviours.	<b>≥ 10%</b> increase in the number of FOS staff who report feeling engaged in the workplace
	<b>Environment audit rating</b>	The National Australian Built Environment Rating System (NABERS) is a nationally-managed, performance-based rating system that is based on a measurement of an organisation's impact on the environment.	<b>≥ 4.5</b> star rating
	<b>Corporate Full Time Equivalent (FTE) to total FTE</b>	The percentage of support staff (corporate) to staff directly involved in dispute resolution as a measure of overhead cost.	<b>≤ 15%</b>



## Stakeholder research overview

### **In the first half of 2013, we conducted a major piece of stakeholder research.**

For the qualitative component, our external researchers interviewed 60 organisations, holding 70 discussions with 113 individuals. For the quantitative component, we sent out 14,000 surveys. We would like to thank everyone who took time out of their busy schedules to participate in the survey.

The results indicate that FOS staff are generally well-regarded by our stakeholders. We were considered knowledgeable and approachable, with friendly staff. We also rated well on our interactions with stakeholders through our meetings, training and presentations. Our stakeholders told us they consider their relationship with FOS to be important. FOS was also seen to demonstrate authority in dispute resolution and was generally rated well in terms of being perceived as a trusted organisation. There were, however, a number of respondents who expressed strong views of dissatisfaction on this and other aspects of FOS.

In general, consumer representatives, consumer organisations and industry associations rated FOS more positively than financial services providers (FSPs).

Though there were differing views among FSPs for many reasons (such as different industry sectors and the extent of individual companies' dealings with FOS), there were also some clear and common concerns about the FOS dispute resolution process.

Our Business Plan for 2013–2014 will continue to focus on addressing these issues, which include:

- The overall time taken to resolve disputes.
- The multiple touch points and stages in our current dispute resolution process.
- The volume of unallocated disputes and the period of time those disputes remain unallocated.
- The desire to have more specialised staff dealing with disputes during the earlier part of our dispute resolution process.

We have already taken a number of steps in response to the survey and other feedback. We have launched a significant project to be completed during the coming year to reduce the backlog of disputes at the Recommendation stage for credit, deposit-taking and payment system disputes in the Specialist Resolution Group. As part of this project, we have included more experienced case managers in the earlier stages of our process and reduced the number of steps in the process. We intend to use this project as a pilot, and if successful, it will be implemented more broadly.

We have also taken note of the clear desire to move more quickly to the electronic exchange of all dispute information through the Secure Services portal on our website, and to provide better information about dispute flows and outcomes to our stakeholders. This is a key focus of our Business Plan efforts in the coming year.





# Stakeholder research results

## Stakeholder research results

The research had two phases, qualitative and quantitative, with a focus on understanding the perceptions of our key stakeholder groups comprising: members; consumer representatives; consumer organisations; and industry associations. We were interested in five key areas that looked at stakeholder satisfaction levels of FOS – handling of disputes, the dispute resolution process, general communications and interactions (via training and information sessions) and relationship with FOS. In mid-2014, we will undertake an update of the stakeholder survey focusing on FOS’s dispute resolution process so we can track our performance and any improvements over time.

### Financial Services Providers (FSPs) – Members

Overall satisfaction ratings (Mean score out of 10)



### Consumer representatives and organisations

Overall satisfaction ratings (Mean score out of 10)





# Stakeholder research results

## Financial Services Providers (FSPs) – Members

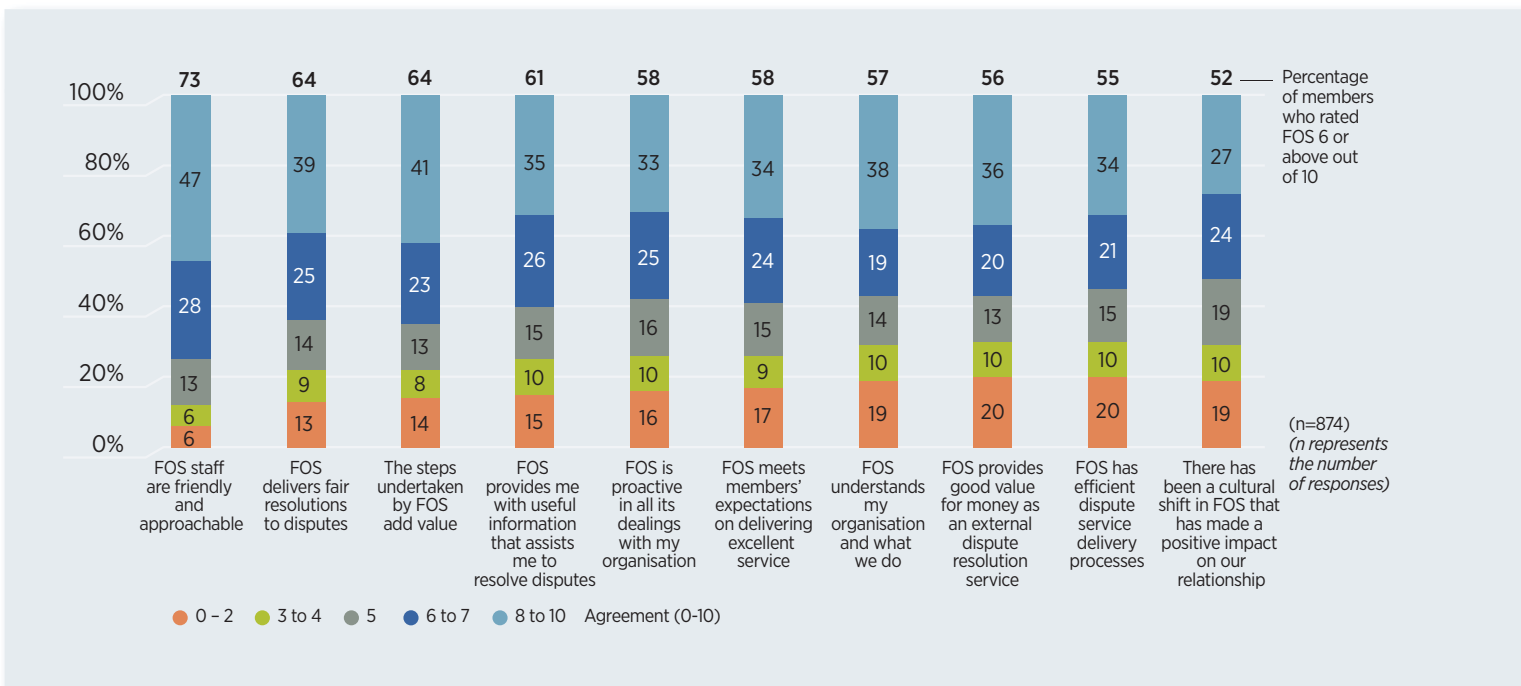
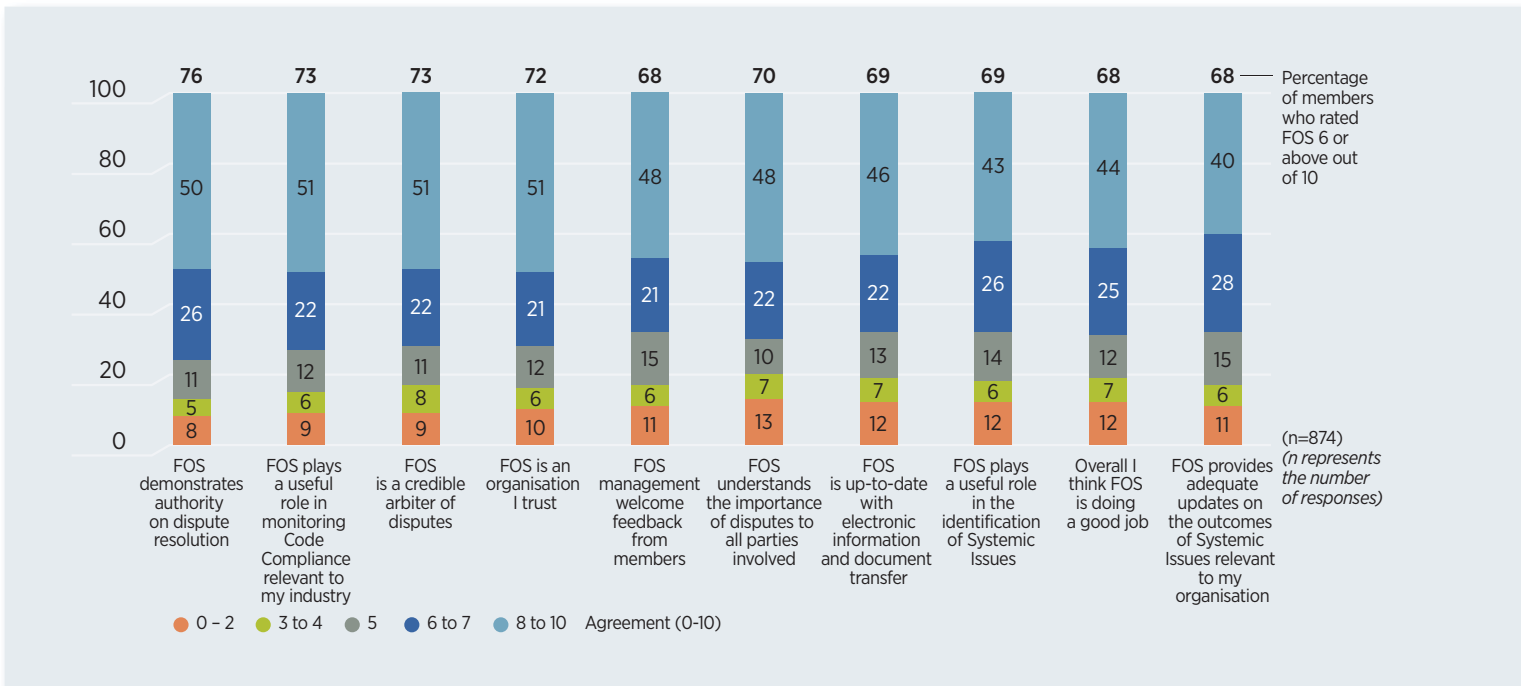
Overall satisfaction ratings (Mean score out of 10)

Satisfaction with FOS meeting needs

6.2

The charts below illustrate how our financial services providers (FSPs) perceive FOS as an organisation. There were 874 responses to the survey.

### Perception of FOS statements – All FSPs

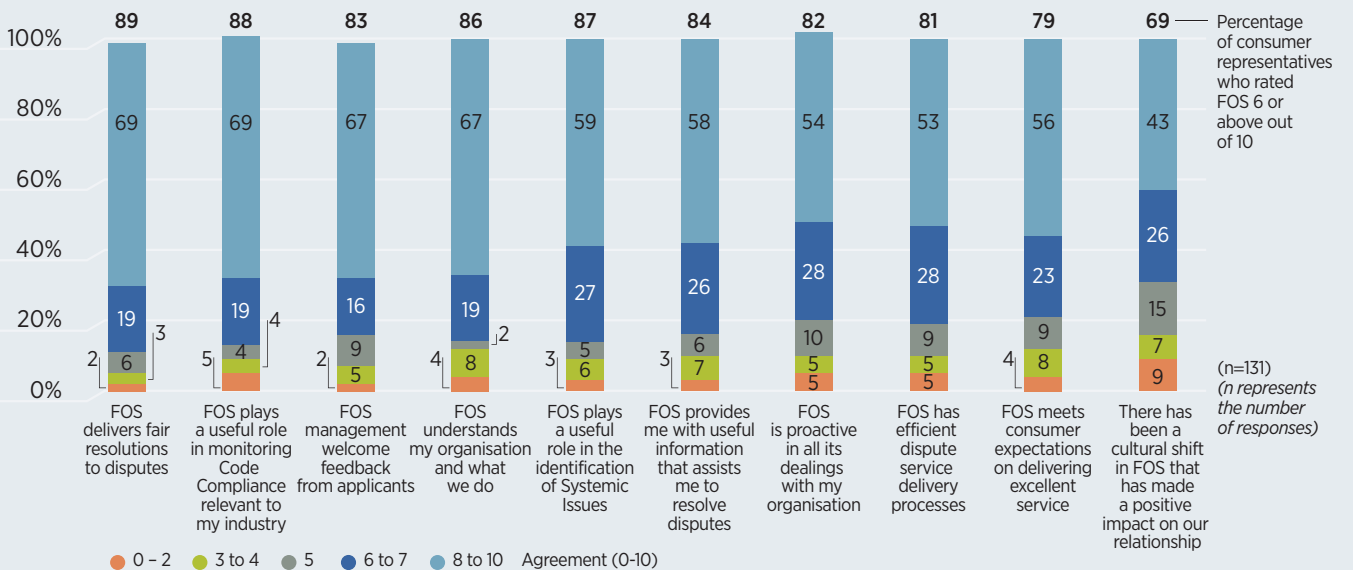
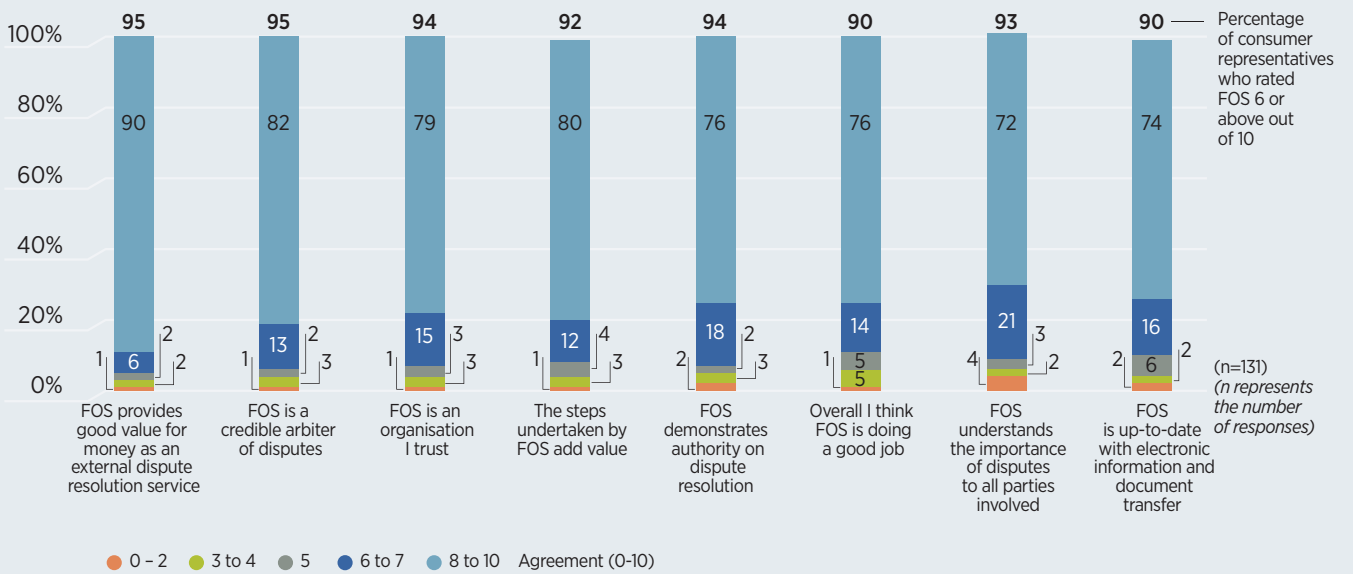


**Consumer representatives and organisations**  
Overall satisfaction ratings (Mean score out of 10)

**Satisfaction with FOS meeting needs** 7.7

The charts below outline how consumer representatives and organisations perceive FOS as an organisation. There were 131 responses to the survey.

**Perception of FOS statements – Consumer representatives and organisations**



The Financial Ombudsman Service (FOS) is an industry-based external dispute resolution scheme that was developed to provide the Australian community with a cheaper, quicker and less formal alternative to the courts to resolve certain types of customer disputes in the financial sector.

Reforms to the financial sector regulation over many years have recognised the importance of Australian consumers having access to a low-cost means to resolve disputes with financial firms. ASIC's regulatory framework sets the standards under which we operate including our independence and accountability.

FOS provides a valuable community service by resolving disputes between customers and financial services providers in a way that people can trust. The ability of Australians to access an independent, third party review of a complaint supports consumer confidence in the financial services sector in Australia.



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SERVICE

### 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](http://www.fos.org.au)

Phone **1300 78 08 08\***

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Mail **GPO Box 3 Melbourne VIC 3001**

\* 9am-5pm AEST/EDT. Calls will be charged for the cost of a local call from landlines. Calls from mobile phones will be charged at the applicable rate from your carrier.