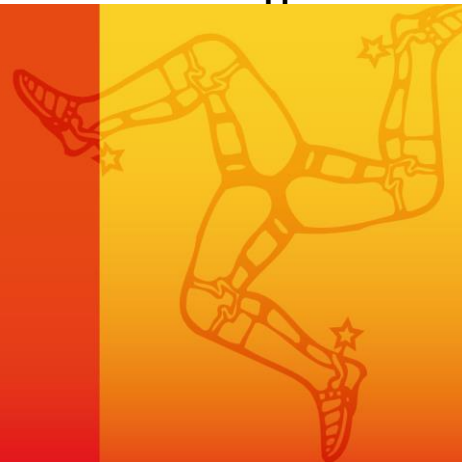


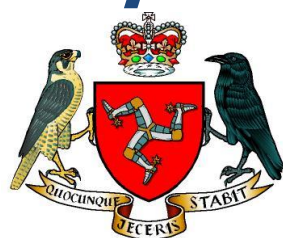
ISLE OF MAN OFFICE OF FAIR TRADING



Isle of Man Office of Fair Trading

**FINANCIAL SERVICES
OMBUDSMAN SCHEME**

**ANNUAL REPORT
2022/2023**



**Isle of Man
Government**

Reiltys Ellan Vannin

VERSION 1.0

Financial Services Ombudsman Scheme Report at 31st March 2023

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1. Introduction

Welcome to the annual review of the Financial Services Ombudsman Scheme ('the Scheme') which covers the period from 1st April 2022 to 31st March 2023.

The Scheme, which is currently free to both consumers and financial providers, is managed by and operates out of the Isle of Man Office of Fair Trading (OFT). It is established under Schedule 4 of the Financial Services Act 2008.

The aim of the Scheme, where possible, is to put the complainant in the position they would have been in had the relevant act or omission not occurred. It is not to seek betterment for the complainant, nor to punish the financial provider.

Where a complaint is found to be within the Scheme remit, case officers provide the first stage of complaint handling, offering a conciliation and mediation service. The involvement of case officers with an impartial viewpoint can help the parties see the complaint in a different light and resolve the matter with mutual agreement. In cases where mediation of a complaint fails, it can be referred to an Adjudicator for formal investigation and determination.

Where, after consideration, a complaint is declined, the reasons why are always explained to complainants and they are given the opportunity to respond if they disagree. Wherever possible we will inform the complainants of any alternatives which may be available to them.

The Isle of Man Appointments Commission nominates and maintains a panel of six Adjudicators who work independently from the OFT. As part of their consideration of the complaint the Adjudicator will take into account the relevant law, statutory regulations, regulators' rules, guidance and standards and codes of practice. If the Adjudicator upholds the complaint, they can make binding awards of up to £150,000.

If either party disagrees with the final determination of an Adjudicator, they can ask for the complaint to be reviewed by the Senior Adjudicator who will consider the complaint and either uphold the original determination or issue their own.

If a complainant is dissatisfied with the determination of an Adjudicator, they cannot take their complaint on to court. Awards made by the Adjudicators are binding on both parties subject only to appeal to the High Court on a point of law.

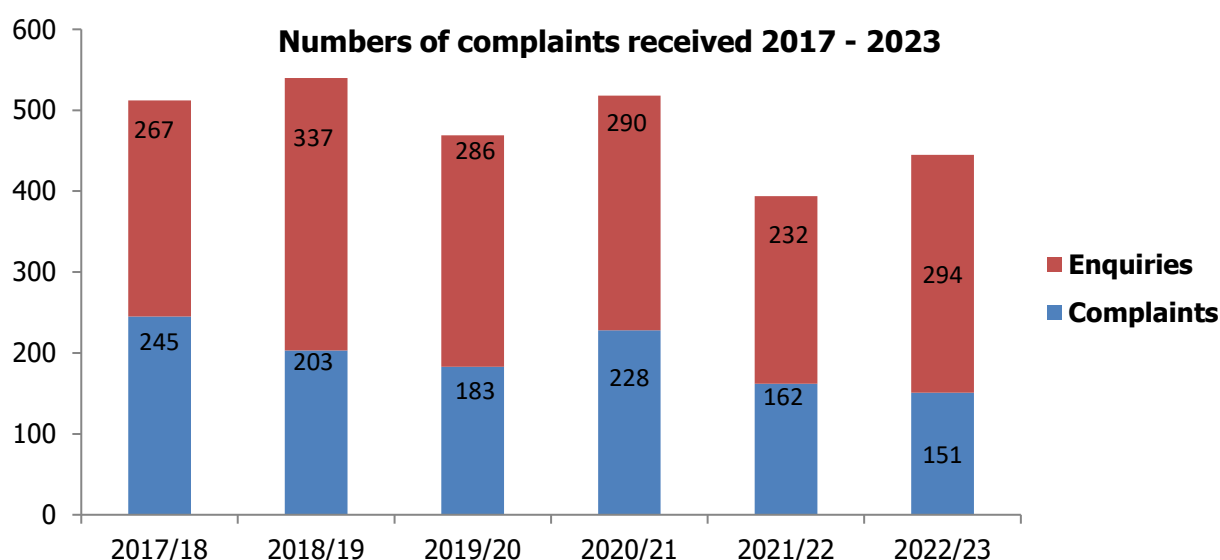
2. Data and analysis of complaints received

A 'complaint' is recorded when the Scheme receives a complaint form and the matter is investigated. In the case of an 'enquiry', a completed complaint form is not received, but some discussion may take place with the client regarding their concerns and further communication may be necessary.

2.1 Change in number of enquiries and complaints received over the year

Year	2021/22	2022/23
Complaint forms received	162	151
Enquiries received	232	294

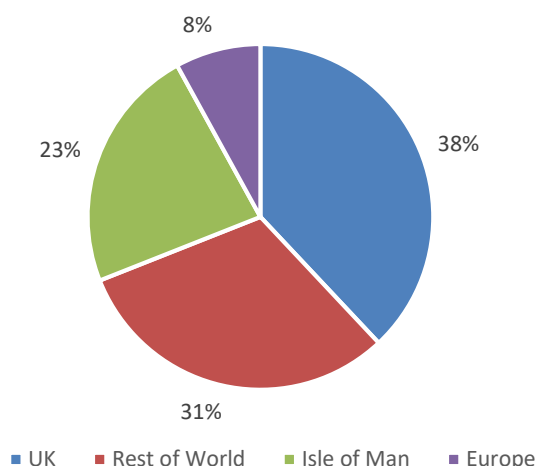
A total of 445 contacts were made to the office, an increase of 13% from 394 the previous year.



2.2 Residence of Complainants (where complaint form received at FSOS)

Where the complainant lives	2021/22		2022/23	
	No.	%	No.	%
UK	73	45	57	38
Rest of World	50	31	47	31
Isle of Man	21	13	35	23
Europe	18	11	12	8
Total	162		151	

Residence of Complainants



The Scheme considers complaints about financial services provided in or from the Isle of Man but can receive complaints from individuals resident anywhere in the world. Of the 151 complaint forms received, 35 (23%) were from complainants resident in the Isle of Man, with 57 (38%) from the UK, 47 (31%) from the rest of the world and 12 (8%) from Europe.

2.3 Provider Type

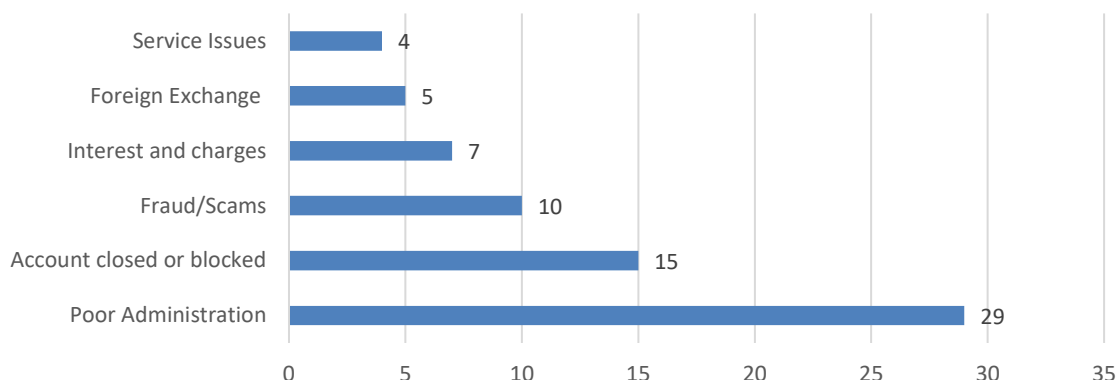
Type of provider complained about	2021/22		2022/23	
	No.	%	No	%
Bank/Building Society	57	35.0	70	47.0
Life Insurance	94	58.0	67	45.0
Insurance Intermediaries	1	0.5	8	5.0
Investment Adviser	5	3.0	2	1.0
General Insurance	1	0.5	2	1.0
Not within definition of a financial service	2	2.0	1	0.5
Moneylenders	1	0.5	1	0.5
Collective Investment Scheme	1	0.5	0	
Total	162		151	

There is little change, compared with previous years, in the ratios of provider types, with banks and life insurance companies being the most complained about providers. Together they comprise 92% of the complaints received. However, within these two categories there has been a shift in the numbers. Compared to the previous year, 13 more complaints were received about the banks but 27 fewer complaints were received against the life companies.

Another noticeable change is the increase from just one complaint against an insurance intermediary firm last year to eight in this year. Seven of these complaints referred to instances where ultimate insurers, based and regulated in the UK, had refused claims made against the policies. Our case officers found that Isle of Man based intermediaries had correctly sold the policies to the complainants, but as the complaints referred to decisions by the various UK insurers to decline the claims, the complainants were ultimately referred to the UK Financial Ombudsman Service.

2.3.1 Banks

Subject matter of complaints against Banks



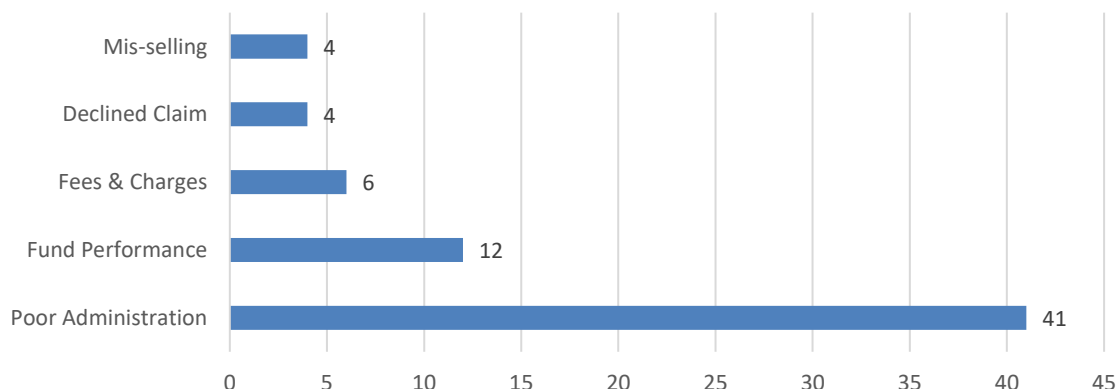
Poor administration was the main reason for almost half of the complaints received against the banks. Administrative errors, delays in processing transactions, misplacing documents and slow response times were some of the issues raised under this heading which had caused a financial loss to the complainant.

Accounts being closed or blocked by the banks were the subject of 15 complaints to the Scheme and a further 10 complaints referred to instances where the account holder had been the victim of a scam. In a number of cases referred to the Scheme the fraudsters had built relationships with their victims through a false online persona. They were then able to create the illusion of a close or romantic relationship through which they manipulated the individual into transferring a significant amount of money.

Complaints about interest and charges, disputes around the rates received when making foreign exchange payments, and service issues made up the remaining numbers.

2.3.2 Life Insurance

Subject matter of complaints against Life Companies



The most common reason for complaints to the Scheme about life insurance companies was poor administration, accounting for just over 60% of those complaints. The issues raised in this area included delays in carrying out instructions causing financial loss, providing incorrect information or not responding to client enquiries. Although it was the second most complained about area, there were significantly fewer complaints about poor fund performance which was the subject of 12 complaints.

The introduction of the Insurance (Conduct of Business) (Long Term Business) Code which came fully effective from July 2019 sought to improve the information available at the point of sale, requiring that a Key Information Document ('KID') is provided before a policy is issued. The intention of the KID is to provide policyholders with clear information at the point of sale to allow them to understand the nature, risks and cost of the product. Now four years since the introduction of this Code we are seeing the effects as the numbers of complaints regarding fees and charges and alleged mis-selling have decreased dramatically compared to previous years.

2.4 Closed enquiries (where complaint form not received)

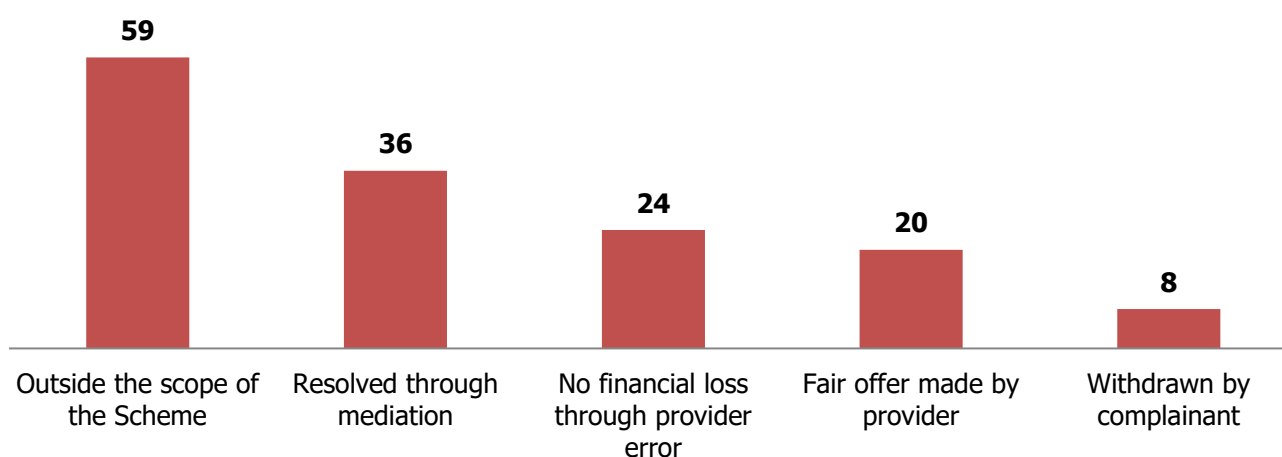
Reason Enquiries closed 2022/23	No.	%
Advice and assistance provided to complainant on initial contact with no further action required.	166	58%
Found to be outside the remit of the Scheme.	107	38%
Resolved through Scheme intervention. The case worker has contacted the provider on behalf of the client and the complaint has been resolved without the need for a complaint form.	12	4%
Total	285	

2.5 Closed complaints (where complaint form received)

Outcome of Closed Complaints 2022/23	No.	%
Outside scope of the Scheme.	59	40%
Resolved through mediation.	36	24%
No financial loss through provider error.	24	16%
Fair offer made by provider.	20	14%
Withdrawn by complainant.	8	6%
Total	147	

Outcome of closed complaints 2022/23 (in numbers)

(where complaint form received)



2.5.1 Reasons why complaints were outside the scope of the Scheme

The Scheme, after initial enquiries and investigations, declined, in accordance with the legislation, to give further consideration to 59 of the complaints received. A breakdown of the reasons for decline is shown in the following table.

Reason Complaints declined 2021/22	No.	%
Commercial judgement: A reasonable assessment has been made by the financial services provider of risk, or of financial or commercial criteria or of character.	27	46%
Out of time: Complaint is received more than two years after the act or omission giving rise to it came, or ought reasonably have come, to the knowledge of the complainant; and in any case, more than six years after that act or omission.	13	23%
No financial service provided: The service provided is not covered by the Scheme.	6	10%
Not an Isle of Man provider: The financial provider is not operating in or from the Isle of Man.	6	10%
Better dealt with in court or already decided in court: The dispute would be more suitably dealt with by a court or has already been decided in court.	5	9%
Not an individual: The Scheme is unable to consider complaints received on behalf of a body corporate except where that body is the trustee of a Self-Invested Personal Pension.	1	1%
Investment Performance: Movements on the financial markets have affected the value of an investment rather than the actions of the supplier.	1	1%
Total	59	

2.6 Work in Progress –

There were 81 active complaints and enquiries open at 1st April 2023

Awaiting response from complainant	29
Under investigation	34
Awaiting response from provider	18

3. Cases referred to Adjudicators

During 2022/23 two cases were referred to adjudicators for determination and, when finalised, decisions on these cases will be published along with existing determinations on the FSOS section of the OFT website at www.gov.im/oft.

4. Scheme update

Review of the Financial Services Act 2008

In previous reports we have indicated that the Financial Services Authority has approached the Attorney General Chambers to make amendments to the Financial Services Act 2008. The governing legislation for the Scheme is contained within Schedule 4 of this Act and the OFT has requested some minor changes to the Scheme within this. We are hopeful the progress will be made in the next year.

The proposed amendments will be consulted upon before any permanent changes are made.

5. Contact details

If you have any questions about the operation of the Scheme, a specific issue, or feedback on this report, please contact us using the details below.

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