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Citi Private Bank

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Darren Scott - Strategy Manager
States of Jersey
Economic Development Department
3rd Floor, Liberation Place
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Dear Sirs

Financial Services Ombudsman Scheme – Consultation

I am writing in response to the above consultation to which you sought industry feedback.

In this respect, please find below my comments that I trust will be taken into account as you begin to structure the scheme.

1. In practical terms, there is a concern as to how the scheme will work for unregulated firms, and how the authorities will really know the upfront size of the population and whether the regulated will, in effect, be subsidizing the unregulated firms for the administration costs of the scheme.
2. In respect of the above, under 15.1.2 the start-up budget will be raised by an initial levy on financial services providers. How will the authorities ascertain the population of unregulated firms that fall within the scope of this levy? I note that all firms in-scope must register, but surely by the time these firms register, the infrastructure to support the ombudsman scheme will already be in place? I do note in para 15.1.2 that any surplus at year-end could be put into reserves or used to lower future funding costs.
3. I would recommend that in this cost cutting environment how the funding model is developed needs to be closely monitored [see para 15, in particular 15.2.8 and 15.2.9].
4. I note in a number of places references to the UK scheme. As this scheme is tried & tested it makes sense to leverage off aspects that have been proven to work best. My question would be whether there are any material differences between these two schemes either in areas not covered by the UK or fundamental differences in approach to the UK scheme. If yes it would be of interest to understand why the authors chose a different path?

Finally, within the Citi Jersey franchise, we have our own trust company. I am surprised, and even shocked, that there is a proposal to extend the Scheme to the trust industry. This is likely to have very serious, long-term implications for the trust industry.

I hope that the above comments are helpful in allowing the States of Jersey to come to an informed conclusion to the structure of the proposed Ombudsman Scheme.

Yours sincerely

A handwritten signature in black ink, appearing to read "Philip Hooper", written over a white background.

Philip Hooper
Citi Country Officer & Managing Director