

Our Ref:
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Dear Sirs

Financial Services Ombudsman Scheme for Jersey and Guernsey – Consultation document

This is a collective response on behalf of RBS International (including NatWest and RBS Coutts) and referred hereafter as “the Bank”.

The Bank has noted the contents of the consultation document and would outline that it is broadly supportive, not least for Jersey’s membership of the Single Euro Payments Area.

Below you will find our comments in response to the specific questions asked however we do have a number of general points we would like to raise.

We agree that the proposal for a joint ombudsman scheme covering both Jersey and Guernsey appears to be a sensible approach. However, we would see the scheme becoming effective in both islands at the same time to avoid a two tier approach to internal processes and procedures and what could be significant costs for the Bank in amendments to literature. The Bank operates in the Isle of Man where processes are already in place for the existing ombudsman scheme.

It is felt, quite strongly, that the scheme should replicate our peer group rather than that of the UK and be more focussed on the “common man” and simpler end of the financial market.

We agree that the ombudsman should be independent of the industry but would need to understand in greater detail the resource, process and cost involved with the opportunity for providing further feedback. When considering such a scheme, it is important that administrative matters are considered appropriately and it is felt that the infrastructure being currently proposed would create higher costs than perhaps necessary.

The scheme appears to propose giving the ombudsman unchallengeable rights which goes beyond the UK scheme. Such rights remove the Common Law rights of any defendant institution who should be able to challenge a decision through the courts.

Consultation questions

Comments are invited on whether there should be a limit on the size of trust/foundation whose trustees or council members can bring a complaint to the ombudsman scheme, and if so, what



the limit should be.

No specific comment.

Comments are invited on the proposed categories of complainants able to use the scheme.

The Bank has no comment around the complainant categories however feel that a value cap should be introduced. The Isle of Man Scheme will only review complaints that do not exceed £100k of potential loss; those above that amount are not assessed and referred to the courts.

Respondents are invited to comment on whether all the proposed relationships between complainants and financial services providers are applicable to Jersey or if there are any others that should be included.

No specific comment.

A decision will need to be made about whether to use 6 or 10 years as the general time limit within which to bring a complaint. Comments would be welcomed on the most suitable time limit to be used.

The Bank's preference would be 6 years to run alongside existing processes and procedures.

A 3 month time limit on financial services providers is proposed (to issue a final response to a complaint), do respondents agree?

The paper details a limit for the UK scheme of 8 weeks and the Isle of Man as 12 weeks. The Bank would prefer it to be consistent with the Isle of Man time line and terminology; 12 weeks rather than 3 months.

A starting date of 1st January 2010 is suggested. Comments would be welcomed on the suitability of this date.

The start date should be when the Ombudsman Scheme becomes effective. The Bank does not feel the scheme should be retrospective.

What would be your favoured percentage split between income from annual levies and case fees?

The Isle of Man does not levy fees for their scheme. We do not believe that the financial institutions profit and loss is the appropriate method to levy fees. The Bank would require further information around the level of annual levies in order to comment on the way forward.

Do you agree with the approach of not charging fees on the first few complaints per year?

As a larger organisation, the number of complaints received will no doubt exceed the amount received for a smaller firm. However, this does not mean that the complaint will be upheld due to the stringent processes and procedures the Bank has in place. Therefore placing a £500 fee on the 4th and subsequent complaint 'regardless of outcome' does not appear to be a fair process for a larger organisation.

Do you agree there should be flat fees for financial services providers that deal with consumers, except in certain areas where it should be graded? Should these graded areas include banking, life insurance, insurance mediation and financial advice? Do you agree the data to inform these graded areas should be measures of the size on consumer business or could more basic data such as number of employees be used?

We do recognise that some financial providers would deal in more complex business than others and complaints received may require more in depth investigation. However we would require further information on the fees to comment further. Levies based on size of consumer business or number of



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employees would indicate that larger organisations would pay more and should therefore be capped.

We would welcome the additional information indicated above and be open for further discussions, perhaps via a working party of those affected across the industry.

Yours faithfully

Tim Smith
Head of Regulatory Risk & Capital Management

cc Secretary of the Jersey Bankers Association