

4.10 Deputy G.P. Southern of the Minister for Economic Development regarding the ability of local residents to pursue potential claims in respect of locally mis-sold Payment Protection Insurance:

I will try and keep it a short question. Will the Minister update Members on the ability of local residents to pursue potential claims in respect of P.P.I. (Payment Protection Insurance), mis-sold on loans taken out through Island-based financial services companies?

Senator A.J.H. Maclean (The Minister for Economic Development):

The first step that any local resident should take is to pursue the complaints mechanism of their financial services provider.

[12:15]

This is the first requirement of any ombudsman scheme in any event. The overwhelming majority of complaints are resolved this way. Most of the Jersey-based financial services companies resolve complaints regarding allegations of mis-selling of P.P.I. locally using the same criteria employed in the United Kingdom. Yesterday, I lodged the Draft Financial Services Ombudsman (Jersey) Law which establishes an ombudsman scheme covering financial services in or from Jersey. Once operational this year, the ombudsman has the power to determine complaints against various providers of financial services that remain unresolved once the provider's complaints procedure has been exhausted. I would add that the lodging of the Financial Services Ombudsman Law is, in my view, a major step in enhancing consumer protection.

4.10.1 Deputy G.P. Southern:

Can the Minister firstly indicate to Members when he thinks the financial ombudsman will be in place and operating? How long will it take?

Senator A.J.H. Maclean:

As I have mentioned to Members previously, the intention is for a Channel Islands ombudsman service. I am pleased to say, as Members probably are aware, that Guernsey approved the progress of that particular model, the Channel Islands ombudsman, in their Assembly in November of last year. The intention is that the Channel Islands ombudsman will be operational by the summer of this year.

4.10.2 Senator S.C. Ferguson:

Is the Minister aware that certain organisations have been sheltering behind the fact that they are subsidiaries and not branches of U.K. organisations and therefore the U.K. ruling on P.P.I. does not apply to them?

Senator A.J.H. Maclean:

The Senator raises an interesting point. What I am not aware of, and what I do not have is any evidence of local companies, that may be branches or acting in whatever other capacity within Jersey, not pursuing the role and determination process and criteria that is followed in the U.K. I have no evidence to that effect at all.

4.10.3 Senator A. Breckon:

Is the Minister aware that Jersey residents can use the services of the U.K. financial ombudsman service when such disputes occur and they are treated similarly by some organisations as if they were U.K. residents?

Senator A.J.H. Maclean:

I do understand that is the case and has been done by a number of residents.

4.10.4 Deputy G.P. Southern:

The Minister in his written answer to question 6 says: "I am not aware that there is a widespread problem." Will the Minister investigate the size of the problem of claiming alleged P.P.I. mis-selling from local companies and will he return to the House informing Members what number of companies this affects and which are ducking their responsibilities, and how many cases there are so that we can be confident before the ombudsman arrives that the Minister knows the size of the problem?

Senator A.J.H. Maclean:

No, I will not undertake that, or would not suggest it is prudent to do so. We will have an ombudsman in place this year, as I have already stated. The ombudsman is tooled-up and we are confident that where there are complaints and where there are complainants that have been waiting for some time for this ombudsman to be put in place, that is when we will find out the extent of the problem and the ombudsman has the capability to deal with it. It is at that point that we will be able to answer the Deputy's question rather than wasting money doing research that is difficult to determine beforehand. I have already answered questions in this area. We know, for example, Trading Standards in the last 5 years have had 20 complaints. The Jersey Financial Services Commission does not record the number of complaints, but they have described them as low. There is no other easy way to determine the level, apart from when the ombudsman is in place later in the year, then we will know the facts.

4.10.5 Deputy G.P. Southern:

Does the Minister not consider that he is abrogating his responsibility?

Senator A.J.H. Maclean:

No, I do not, because as far as a complainant is concerned, once the ombudsman is operational, it can determine, and will determine, cases going back to 1st January 2010 and in some cases it will be prior to that, depending on the individual case.