

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR**

ANSWER TO BE TABLED ON TUESDAY 3rd JULY 2007

Question

Would the Minister advise when he will be presenting a consultation paper ('Green Paper') outlining the various options in respect of establishing an office of Financial Services Ombudsman, has he considered how such an Ombudsman would be funded and if so, would a levy on the industry be an option?

Answer

As the Deputy is aware this is a subject of much recent debate including his own question and my answer only a fortnight ago.

The Chairman of the Consumer Council also, last week, wrote to me on the subject.

It might be helpful to restate some of the background to this:

- Since it was first raised by the Edwards report in 1998, a Financial Services Ombudsman Scheme has been considered in 1999, 2000, 2002, 2004, 2005 and again when the last report was presented on June 6th last year.
- On each and every occasion this matter has been looked at, the conclusion has been the same:

Whilst everyone accepts having an Ombudsman would be attractive it is uneconomic to set one up in the form typically found in large developed economies. This was the conclusion of my 2006 report.

So where do we go from here?

It is important that Members understand the economics of a levy on industry. I urge Members to revisit the 2006 report (R.51/2006 refers). As I have already mentioned, whilst everyone agrees that having an Ombudsman would on the face of it be attractive, we have to weigh carefully the costs and benefits for the consumer, the finance industry and the Island. In a small economy an industry levy, especially one that is weighted by complaint levels has the possibility of placing a disproportionate burden on operators critical to the local market.

We need to be clear that once an Ombudsman is created it might be very difficult to contain the running costs if complaints were to soar.

In the light of the Deputy's question and having taken soundings with Members, I propose that we set up a roundtable steering group to commission an independent review of this matter, ruling nothing in and ruling nothing out, and seeing the process through to conclusion. I am happy to agree the constitution of this committee with other stakeholders and would aim to have it established along with terms of reference agreed and ready to start work in January 2008.

If we are to look again at this matter we need to allocate the necessary resources to ensure we do it properly and I will be including the required resources in my budget for 2008.