

STATES OF JERSEY



STATES RESOURCE PLAN 2005 TO 2009 (P.135/2004): SECOND AMENDMENT

**Presented to the States on 14th September 2004
by Deputy A. Breckon of St. Saviour**

STATES GREFFE

STATES RESOURCE PLAN 2005 TO 2009 (P.135/2004): SECOND AMENDMENT

In Appendix 11 referred to in paragraph (c) of the proposition insert the following item into the Legislation Programme for 2005 –

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FINANCIAL SERVICES OMBUDSMAN (JERSEY) LAW – NEW LAW (15 days)	ECONOMIC DEVELOPMENT COMMITTEE	None identified	None identified
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DEPUTY A. BRECKON OF ST. SAVIOUR

REPORT

Ombudsman services were first established in Sweden in 1809 to “investigate citizens complaints against public officials”.

Since then many basic systems have developed to enable ordinary people to air their complaint or grievance, (at no (or low) cost), about a specific area of public administration or trade/industry, e.g. financial services etc.

Balance of power

Areas of public administration or large, and to some extent small businesses, maybe seen to have a considerable advantage over the individual consumer, however, the Ombudsman can balance that power by being able to seek information and remedy for the “underdog” in an efficient, transparent and user friendly manner.

The Jersey Financial Services Commission is responsible for the regulation, supervision and development of the financial services industry in the Island; key features of this are:

- (a) reducing risk to the public of financial loss,
- (b) protecting and enhancing the Island’s reputation and integrity in commercial and financial matters, and
- (c) safeguarding the Island’s best economic interests.

I believe this should include an Ombudsman Scheme, giving access to local and overseas individuals who may wish to seek cost effective remedy without a costly legal process. Examples of this would be mis-sold endowment policies, hidden charges and costs, linked insurance of other products. Jersey Financial Services Commission licences many businesses, however individuals cannot easily challenge their business practices.

Conclusion

A recommendation was contained in the “Edwards Report” (Published on 19th November 1998, “Review of Financial Regulation in the Crown Dependencies”) which said that Jersey’s Financial Services businesses should have a statutory Ombudsman scheme, “which will provide an efficient and cost-effective mechanism for the resolution of disputes between financial services businesses and their customers”. The “Task Force” that was established in Jersey to respond to “Edwards” agreed with that recommendation and the Financial Services Commission was asked to consult with interested parties and to prepare law drafting instructions for which law drafting time was allocated to enable a scheme to be introduced as soon as possible.

An Ombudsman Working Party was set up by the Financial Services Commission with a brief to prepare law drafting instructions for a Financial Services Ombudsman Scheme. The Working Party included a good cross-section of the various strands of the finance industry and concluded its work in September 2002 and passed information to the Finance and Economics Committee for approval - nothing happened.

This amendment seeks to generate some positive activity for the benefit of the individual and the finance industry.

There are no financial or manpower implications for the States arising from this amendment.