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# STATES OF JERSEY



## OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN: REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2014

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Presented to the States on 29th May 2015  
by the Minister for Economic Development

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STATES GREFFE



# CHANNEL ISLANDS FINANCIAL OMBUDSMAN

## OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN (JERSEY)

### First Report, for the year ended 31 Dec 2014

#### **Background**

A financial ombudsman helps to underpin confidence in financial services by resolving consumer complaints against financial firms independently, fairly, effectively, promptly, with minimum formality and so as to offer a more accessible alternative to court proceedings.

#### **Initial steps and consultation**

In 2009 the States Assembly approved the drafting of a financial services ombudsman law.

In 2011 the Economic Development Department [the 'ED Department'] consulted on the financial services ombudsman scheme and law drafting began.

In 2012 the ED Department and industry working groups considered the funding of the ombudsman scheme and estimates of complaints volumes.

In 2014 the ED Department consulted on the secondary legislation.

#### **Primary legislation**

The Financial Services Ombudsman (Jersey) Law 2014 [the 'Jersey ombudsman law'] established an Office of the Financial Services Ombudsman for Jersey ['Jersey OFSO'].

Subsequently, the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 established an Office of the Financial Services Ombudsman for Guernsey ['Guernsey OFSO'].

#### **Joint operation with Guernsey**

A Memorandum of Understanding between the Minister for Economic Development [the 'Minister'] in Jersey and the Commerce & Employment Department in Guernsey [the 'CE Department'] agreed that Jersey OFSO and Guernsey OFSO should share resources in order to promote cost-efficiencies and consistency in approach for complainants and financial services providers.

So the Channel Islands Financial Ombudsman [the 'Financial Ombudsman'] is to be a joint operation of Jersey OFSO and Guernsey OFSO – operating from a shared office in Jersey, with the same board, ombudsman and staff.

The Memorandum of Understanding provides for the costs of the Financial Ombudsman to be borne equally by the Jersey financial industry and the Guernsey financial industry for 2 years, until the distribution of business becomes clear.

#### **Report and accounts**

Paragraph 1 of schedule 2 to the Jersey ombudsman law requires:

- Jersey OFSO to submit to the Minister, not later than 4 months after the end of each financial year, accounts for that financial year and a report on its operations during that year; and
- the Minister to lay a copy before the States not later than 2 months after receiving them.

This document contains the report and accounts for the year ended 31 Dec 2014.

The office is expected to open for business during 2015 – once staff have been recruited and systems and premises have been acquired – so there are no actual case-handling operations to report for the year ended 31 Dec 2014.

## **Governance**

Under the Jersey ombudsman law, the Minister appoints the chairman and board members. The board is part-time and non-executive. It is independent of the States. The board is not involved in deciding cases, nor in the day-to-day management of the Financial Ombudsman. Its key roles are to:

- appoint the Principal Ombudsman and help safeguard his/her independence;
- help ensure that the Financial Ombudsman has adequate resources to handle its work;
- oversee the efficiency and effectiveness of the Financial Ombudsman; and
- advise on the strategic direction of the Financial Ombudsman.

## **Appointment of the board**

Following a recruitment exercise conducted jointly by the ED Department and the CE Department (and overseen by the Jersey Appointments Commission) the Minister appointed David Thomas<sup>1</sup> as chairman of Jersey OFSO with effect from 15 Aug 2014. He was also appointed, on a shadow basis, as chairman of Guernsey OFSO by the CE Department.

Following a further recruitment exercise conducted jointly by the ED Department, the CE Department and the chairman (and overseen by the Jersey Appointments Commission) the Minister appointed John Mills<sup>2</sup>, Deborah Guillou<sup>3</sup> and John Curran<sup>4</sup> as board members of Jersey OFSO with effect from 1 Nov 2014. They were also appointed, on a shadow basis, as board members of Guernsey OFSO by the CE Department.

The board's first formal meeting was held on 17 Nov 2014.

## **Financial firms covered**

On 19 Sep 2014, under article 9 of the Jersey ombudsman law, the Minister made the Financial Services Ombudsman (Exempt Business) (Jersey) Order 2014, which sets out which financial firms will (and which will not) be within the jurisdiction of the Financial Ombudsman.

Broadly, the Financial Ombudsman will cover complaints about the following types of financial services: deposit-taking; credit; money services; insurance; investments (excluding managers and other functionaries of funds that are not recognized funds); and pensions.

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<sup>1</sup> David Thomas is also a member of the Regulatory Board of the worldwide Association of Chartered Certified Accountants. He was previously: a lawyer in private practice and a member of the Council of the Law Society (England and Wales); Banking Ombudsman (UK); principal ombudsman with the Financial Ombudsman Service (UK); and director of the Legal Ombudsman (England and Wales). He has advised on financial consumer protection in more than 20 countries.

<sup>2</sup> John Mills was formerly: a commissioner at the Jersey Financial Services Commission; director of rural policy in the Department for the Environment, Food and Rural Affairs (England); chief executive (policy and resources) of the States of Jersey; chief executive of Cornwall County Council; director of consumer affairs in the Office of Fair Trading (UK); and a member of the UK Prime Minister's Policy Unit.

<sup>3</sup> Deborah Guillou is a qualified accountant and chief executive of the Medical Specialist Group in Guernsey. She was formerly: head of Generali International; chief financial officer of Generali Worldwide Insurance; a senior finance manager at Investec Asset Management; finance director at Guernsey Electricity; and an accountant with Fairbairn International.

<sup>4</sup> John Curran is chairman of Guernsey Mind (the mental health charity). He was formerly: the chief executive of the Channel Islands Competition & Regulatory Authorities; director general of the Office of Utility Regulation (Guernsey); and manager of the Operations Division of the Commission for Communications Regulation (Ireland).

## **Funding**

The Jersey and Guernsey ombudsman laws both provide for the cost of the Financial Ombudsman to be paid by financial firms, through a combination of levies and case fees. A consultation on the details of the funding by the ED Department<sup>5</sup> and the CE Department closed on 14 Nov 2014.

The consultation by the ED and CE Departments proposed that all financial firms that are within the scope of the Financial Ombudsman and are regulated or registered by the relevant Financial Services Commission (and so whose identities are already known) will pay a yearly levy – to cover the yearly running costs and, in the first year, the set-up costs. But financial firms that do not provide relevant financial services or do not deal with the public can claim an exemption.

The consultation by the ED and CE Departments also proposed that any financial firms about which a case is referred to the Financial Ombudsman will pay a case fee – a lower case fee (possibly £200) for those financial firms that have paid a levy and a higher case fee (possibly £600) for those financial firms that have not paid a levy.

## **Interim funding**

Jersey and Guernsey are each lending money to cover the start-up and initial operating costs of the Financial Ombudsman. The Financial Ombudsman will repay the loans, with interest, from the levy that it collects in due course from the financial industry.

On 11 Dec 2014 Jersey OFSO entered into an agreement with the Minister for Treasury and Resources under which the States agreed to provide a loan facility of £200,000. The first amount drawn under the loan facility was to be in Jan 2015.

## **Appointment of the Principal Ombudsman**

Under the Jersey ombudsman law, the board appoints the Principal Ombudsman (and any other ombudsmen, if needed). In Dec 2014 Jersey OFSO published (in Jersey, Guernsey and the UK) an advert for the post of Principal Ombudsman and Chief Executive, with a closing date in Jan 2015.

## **Significant events after 31 Dec 2014**

On 21 Jan 2015 the States made the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015. Under these, and in the light of the 2014 consultation, the Financial Ombudsman will in due course publish details of the levies and case fees, and how financial firms that do not deal with relevant business or retail customers can claim exemption from the levy.

In Mar 2015, following a recruitment exercise overseen by the Jersey Appointments Commission, the board appointed Douglas Melville as Principal Ombudsman and Chief Executive.<sup>6</sup> He will arrive in Jersey to take up the post from 1 Jun 2015. Some key decisions (including the opening date, detailed process and casework IT) cannot be made until after then.

## **How the Financial Ombudsman will operate**

The Financial Ombudsman will handle enquiries from complainants and financial firms, to help them understand the issues, and (where appropriate) indicate the general approach the Financial

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<sup>5</sup> <http://gov.je/Government/Consultations/Pages/OFSOFunding.aspx>

<sup>6</sup> Douglas Melville is, until May 2015, the Ombudsman and Chief Executive at the Canadian Ombudsman for Banking Services and Investments. He is also chairman of the worldwide International Network of Financial Ombudsmen, and has advised internationally on financial consumer protection for the World Bank and others. He qualified as a lawyer in Ontario and became an ombudsman in 2006. Before that, he held senior roles in the banking, investment and insurance industries. He has also been a board member of various not-for-profit organisations covering healthcare, the environment, anti-poverty policy, financial literacy, international development and performing arts.

Ombudsman would take. This can help parties to resolve issues between themselves, and head off cases based on misunderstandings.

If the complainant has not already complained to the financial firm, the Financial Ombudsman will first pass the complaint to the financial firm. If the matter is something that is outside the Financial Ombudsman's jurisdiction, it will signpost the complainant to any agency that can help. Based on experience elsewhere, there may be four to eight times as many enquiries as cases.

If the complainant remains dissatisfied with the financial firm's final response to a complaint (or with the lack of a timely response) the Financial Ombudsman will look at the case. Many cases may be resolved by mediation. As an independent third party, with relevant sector knowledge, the Financial Ombudsman can help the parties 'see sense' and come to a mutually-agreed and fair solution.

If a case cannot be resolved by mediation, and following any necessary investigation, a provisional decision will tell the parties what the Financial Ombudsman is minded to decide. The parties can accept or reject this. Experience elsewhere suggests that 65% to 90% will be accepted by both parties.

If either party rejects the provisional decision, the ombudsman will consider any further representations from the parties and then issue a final decision. Under the Jersey ombudsman law, an ombudsman's decision:

- can award compensation (up to £150,000 per case) and/or require the financial firm to take specified steps in relation to that complainant; and
- if accepted by the complainant, binds both parties – so that neither can later bring court proceedings on the same issue.

Dated 30<sup>th</sup> April 2015



Chairman  
Office of the Financial Services Ombudsman (Jersey)

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**OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2014**

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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OMBUDSMAN INFORMATION

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**Directors**

David Thomas - Chairman  
John Curran  
Deborah Guillou  
John Mills

**Administration office**

Channel Islands Financial Ombudsman  
PO Box 114  
Jersey  
JE4 9QG

**Independent auditors**

KPMG Channel Islands Limited  
37 Esplanade  
St. Helier  
Jersey  
JE4 8WQ

**Accountants**

Grant Thornton Limited  
Kensington Chambers  
46/50 Kensington Place  
St. Helier  
Jersey  
JE1 1ET

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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CHAIRMAN'S STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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The chairman presents his statement for the period.

The Channel Islands Financial Ombudsman (CIFO) is the joint operation of the Office of the Financial Services Ombudsman established by law in Jersey and the Office of the Financial Services Ombudsman established by law in the Bailiwick of Guernsey.

The Office of the Financial Services Ombudsman (OFSO) is a body corporate established in Jersey by the Financial Services Ombudsman (Jersey) Law 2014 (the "Jersey Law") and separately in Guernsey, Alderney and Sark by the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 (the "Guernsey Law"). The Financial Services Ombudsman (Jersey) Law 2014 was registered on 25 July 2014, bringing only the administrative provisions into effect, in Jersey. The Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 mirrors Jersey's Law as far as possible and its administrative provisions were brought into force on 30th January 2015. The Board will decide the opening date, which will be once all the necessary legislation is in place and the operations are established. An appointed day act in Jersey and ordinance in Guernsey is required to bring the operational provisions into force and then the Channel Islands Financial Ombudsman can start its primary function of resolving financial complaints.

A memorandum of understanding between the Department of Commerce & Employment in Guernsey and the Minister for Economic Development in Jersey has been signed, which puts in place the joint arrangements. The Financial Ombudsman will be based in Jersey with shared staff, resources and premises; funded by the financial services industries in both jurisdictions with interim loans from the States of Jersey and States of Guernsey to enable the establishment. The costs of the Financial Ombudsman will be borne equally by the Jersey financial industry and the Guernsey financial industry for 2 years, until the distribution of business becomes clear.

At present the Financial Ombudsman is in the process of being established. Its primary function will be to secure that complaints about financial services in the Channel Islands are resolved:

- (a) independently, and in a fair and reasonable manner;
- (b) effectively, quickly, with minimum formality, and so as to offer an alternative to court proceedings that is more accessible for complainants; and
- (c) by the most appropriate means, whether by mediation, referral to another forum, determination by an Ombudsman or in any other manner.

The Financial Ombudsman's Board is composed of a Chairman and 3 other board members, all are part-time non-executive directors. Under the memorandum of understanding between the Departments of Economic Development in Jersey and Commerce & Employment in Guernsey, the same individuals are appointed to Board roles in each island. The Chairman, David Thomas, was appointed in August 2014 and John Curran, Deborah Guillou and John Mills were appointed as Board members from 1 November 2014. The primary role of the Board is to ensure that OFSO is effectively resourced and able to operate independently. Board members do not have any role in the handling, investigation or determination of complaints. In Dec 2014 Jersey OFSO advertised for the post of Principal Ombudsman and Chief Executive. Douglas Melville will take up the post on 1st June 2015.

Name David Thomas  
Chairman

Date 21 April 2015

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## OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

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The directors present their report and the financial statements for the period 25 July 2014 to 31 December 2014.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and generally accepted accounting practice. The Directors have elected to prepare the financial statements in accordance with Financial Reporting Standards for Smaller Entities (Effective April 2008) ("UK Accounting Standards applicable for Smaller Entities").

Financial Services Ombudsman (Jersey) Law 2014 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Office of the Financial Services Ombudsman at the end of the period. In preparing these financial statements, the Office of the Financial Services Ombudsman is required to:

- keep proper accounts and proper records in relation to the accounts;
- prepare accounts in respect of each financial year and a report on its operations during that year; and
- submit the accounts and report to the Minister not later than 4 months after the end of each financial year.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Office of the Financial Services Ombudsman's transactions and disclose with reasonable accuracy at any time the financial position of the Office of the Financial Services Ombudsman and enable them to ensure that the financial statements comply with the Financial Services Ombudsman (Jersey) Law 2014. They are also responsible for safeguarding the assets of the Office of the Financial Services Ombudsman and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activities**

The Office of the Financial Services Ombudsman came into existence on 25 July 2014, however it has not yet commenced full activities, only the administrative provisions of the law and those provisions allowing the Office of the Financial Services Ombudsman to raise funding are in effect. The primary function of resolving financial complaints has not commenced.

#### **Results**

The Income and Expenditure Account for the period is set out on page 6.

#### **Directors**

The directors who served during the period were:

David Thomas - Chairman  
John Curran  
Deborah Guillou  
John Mills

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Office of the Financial Services Ombudsman's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Office of the Financial Services Ombudsman's auditors are aware of that information.

**Auditors**

The auditors, KPMG Channel Islands Limited were appointed on 12 March 2015 and will be proposed for reappointment in accordance with the Financial Services Ombudsman (Jersey) Law 2014.

This report was approved by the board on *21 April 2015* and signed on its behalf.

*John F. Hills*

Director



**KPMG Channel Islands Limited**  
37 Esplanade  
St Helier  
Jersey JE4 8WQ  
Channel Islands

## **Independent auditor's report to the Minister for Economic Development of the States of Jersey (the 'Minister')**

We have audited the financial statements of the Office of the Financial Services Ombudsman - Jersey (the "Body Corporate") for the period 25 July 2014 to 31 December 2014 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) ("UK Accounting Standards applicable to Smaller Entities").

This report is made solely to the Minister in accordance with Schedule 2 Article 2(4)(1)(5)(a) of the Financial Services Ombudsman (Jersey) Law 2014. Our audit work has been undertaken so that we might state to the Minister those matters we are required to state to the Minister in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Minister as for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Body Corporate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditor's report to the Minister for Economic Development of the States of Jersey (the 'Minister') (continued)**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Body Corporate's affairs as at 31 December 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Accounting Standards applicable to Smaller Entities; and
- have been prepared in accordance with the Financial Services Ombudsman (Jersey) Law 2014.



Lesley Averell

for and on behalf of KPMG Channel Islands Limited  
*Chartered Accountants*

30 April 2015

- The maintenance and integrity of the Office of the Financial Services Ombudsman's website on which the financial statements are published is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, KPMG Channel Islands Limited accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website.
- Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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	Note	25 July 2014 to 31 December 2014 £
Administrative expenses		(38,161)
<b>Deficit on ordinary activities before taxation</b>		<b>(38,161)</b>
Tax on deficit on ordinary activities		-
<b>Deficit for the financial period</b>	3	<b>(38,161)</b>

There is no difference between the deficit for the period as stated above and its historical cost equivalent.

All items dealt with in arriving at the Office of the Financial Services Ombudsman's deficit for the period ended 31 December 2014 relate to continuing operations.

The notes on pages 8 to 10 form part of these financial statements.

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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BALANCE SHEET  
AS AT 31 DECEMBER 2014

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	Note	£	2014 £
<b>Creditors:</b> amounts falling due within one year	2		<u>(38,161)</u>
<b>Net Current liabilities</b>			<u><u>(38,161)</u></u>
<b>Capital and reserves</b>			
Income and expenditure account	3		<u>(38,161)</u>
			<u><u>(38,161)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30/4/15

*John F Mills*

Director

The notes on pages 8 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the financial reporting standards for smaller entities (April 2008) (UK Accounting Standards for Smaller Entities).

**1.2 Going concern**

The financial statements have been prepared on a going concern basis. The Economic Development Department in Jersey and Commerce and Employment department in Guernsey met the expenses in 2014 until Office of the Financial Services Ombudsman took responsibility for its finances but on the basis that these were to be refunded by Office of the Financial Services Ombudsman (except for pre 25 July 2014 expenses which the Economic Development Department have agreed to cover). There are interim loans from both the States of Jersey and the States of Guernsey until the Office of the Financial Services Ombudsman gets its funding organised but the principle is that the Office of the Financial Services Ombudsman is to be funded by industry.

The Office of the Financial Services Ombudsman is developing its plans and processes for setting and collecting its funding through levies and case fees payable by the Financial Services industry. An Ombudsman will be appointed later in 2015 to lead the Office of the Financial Services Ombudsman into opening.

The Office of the Financial Services Ombudsman is responsible for the repayment of the loan to the States of Jersey.

**1.3 Expenses**

Expenses are accounted for on an accruals basis.

**1.4 Taxation**

The income of the Office of the Financial Services Ombudsman is not liable to Income Tax under the Income Tax (Jersey) Law 1961.

**2. Creditors:  
Amounts falling due within one year**

	<b>2014</b>
	<b>£</b>
Other creditors	<b>38,161</b>
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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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**3. Reserves**

	<b>Income and expenditure account £</b>
Deficit for the financial period	<b>(38,161)</b>
At 31 December 2014	<b>(38,161)</b>

**4. Related party transactions**

During the year board remuneration of £6,750 was paid to David Thomas, the chairman and £1,875 was paid to the non-executive directors. Amounts outstanding at the year end of £ 8,625 are included in creditors.

Expenses amounting to £16,041 were paid during the year by the States of Jersey Economic Department on behalf of the OFSO. These amounts are included in creditors at the Balance Sheet date.

Expenses amounting to £7,218 were paid during the year by the States of Guernsey Commerce and Employment on behalf of the OFSO. These amounts are included in creditors at the Balance Sheet date.

**5. Post balance sheet events**

On 21 Jan 2015 the States made the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015. Under these, and in the light of the 2014 consultation, the Financial Ombudsman will in due course publish details of the levies and case fees, and how financial firms that do not deal with relevant business or retail customers can claim exemption from the levy.

On 30 January 2015 an amount of £ 100,000 was drawdown by the OFSO with respect to the loan agreement entered with the States of Jersey Economic Department as per Note 6.

In Mar 2015, following a recruitment exercise overseen by the Jersey Appointments Commission, the board appointed Douglas Melville as Principal Ombudsman and Chief Executive. He will arrive in Jersey to take up the post from 1 Jun 2015. Some key decisions (including the opening date, detailed process and casework IT) cannot be made until after then.

**6. Loan account**

A loan agreement was signed between the Office of the Financial Services Ombudsman and the Minister of Treasury and Resources on behalf of The States of Jersey on 11 December 2014. The loan incurs interest at a rate of 4% per annum. It is unsecured and repayable no later than March 2016. As at 31 December 2014 no amounts had been drawn down on the loan.

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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**7. Expenses**

Expenditure incurred during the period has not yet been paid and is shown in the financial statements as a creditor.

**8. Pre incorporation expenses**

The Office of the Financial Services Ombudsman can only be responsible for expenses from 25 July 2014, so any expenses relevant to the establishment of the Financial Ombudsman before then have been met by Economic Development Department. . The total value of the expenses prior to existence was £21,332.

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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	Page	2014 £
Administration expenses	12	(38,161)
<b>Deficit for the period</b>		<u>(38,161)</u>

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OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN - JERSEY

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SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014

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	2014 £
<b>Administration expenses</b>	
Board remuneration	8,625
Hotels, travel and subsistence	871
Consultancy	17,000
Legal and professional fees	5,525
Recruitment	5,812
Administration	328
	<hr/>
	<b>38,161</b> <hr/> <hr/>