



# Treasury Committee

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Andrew Bailey  
Chief Executive  
Financial Conduct Authority  
25 The North Colonnade  
London  
E14 SHS

23 July 2018

*Dear Andrew*

As I am sure you are aware we took evidence from the Financial Ombudsman Service (FOS) regarding the findings from the Independent Review on 18 July 2018.

In light of this I wanted to express to you the Committee's doubt as to whether the FOS is ready for an increase to its remit to cover the dispute resolution for small and medium sized enterprises (SMEs) within the ambitious timeline set by the FCA.

The Committee is concerned that these changes should not be pursued at the expense of sound decision making and appropriate training and recruitment at the FOS. Public confidence in the FOS has already been damaged, and it will be damaged further if these changes are rushed through, to poor result.

From your recent evidence to us I know that the FCA is due to publish its Policy Statement on the matter shortly. I hope that you will consider the findings from the Independent Review of the FOS and Mr Lloyd's evidence to the Committee carefully before coming to a final decision.

I am copying this letter to Caroline Wayman, Chief Executive of the FOS. I will be placing this letter, and your reply, in the public domain.

*Yours sincerely*  
*Nicky Morgan*

Rt Hon Nicky Morgan MP  
Chair of the Treasury Committee