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About us

We were set up by Parliament under the Financial Services and Markets Act 2000 to resolve individual complaints between financial businesses and their customers – fairly and reasonably, quickly, and with minimal formality. Since 1 April 2019, our remit has included more complaints made by small and medium-sized enterprises (SMEs) about financial businesses, and complaints made by customers of claims management companies (CMCs). The highest amount we can tell a business to pay is updated each year. In 2021/22 it is £355,000, although different limits may apply depending on when the problem happened. Our [website](#) explains the types of compensation we can award and the limits that apply.

If a business and their customer cannot resolve a problem themselves, we can step in to sort things out. Independent and unbiased, we will get to the heart of what has happened and reach an answer that helps both sides move forward. And if someone has been treated unfairly, we will use our powers to make sure things are put right. This could mean telling the business to apologise, to take action or to pay compensation – in a way that reflects the particular circumstances.

In resolving hundreds of thousands of complaints every year, we see the impact on people from all sorts of backgrounds and livelihoods. We are committed to sharing our insight and experience to encourage fairness and confidence in the different sectors we cover.

About this consultation

Each year, we consult our stakeholders on what they think may contribute to complaints trends and volumes we may see in the upcoming financial year. We set these out in the context of our own plans for developing and investing in our service.

This consultation will be open for six weeks and closes on 31 January 2022. We look forward to receiving your response. See [pages 4 - 5](#) for an overview of our 2022/23 plans and budget, our consultation questions, and how to respond.

Overview: Our 2022/23 plans and budget

Our plans

We expect to receive approximately
177,000
complaints

including:

124,200 in banking

32,500 in insurance

17,600 in investments and pensions

1,300 from SMEs

500 about CMCs

200 about funeral plan providers

2,000 about PPI

We expect to resolve approximately
210,500
complaints

including:

141,400 in banking

43,100 in insurance

19,700 in investments and pensions

1,300 from SMEs

600 about CMCs

200 about funeral plan providers

5,500 about PPI

We will reduce waiting times, handle increasing demand, and invest in a change programme based on our [action plan](#) and recommendations from our [Periodic Review](#).

We will invest in digital technology to make it easier for consumers and businesses to contact us and make our processes more efficient. We will step up our productivity and prevention work.

We are consulting on a budget that will enable us to change and improve, deliver a better service and provide financial justice.

Our budget

Our expected cost base will be

£293.8m

(2021/22: £249.4m)

Our compulsory jurisdiction levy will increase by £10m to

£106m

Our voluntary jurisdiction levy will raise

£950k

(2021/22: £950k)

Our individual case fee will remain

£750

Businesses outside our group-account fee arrangement will get

3

free cases (reduced from 25)

Businesses in our group-account fee arrangement will get

15

free cases (reduced from 50)

We will use the income to invest in resource to help reduce our queue, invest in our digital programme, and implement our action plan.

Consultation questions

Trends (see [pages 10 - 15](#))

1. What are your views on trends we may see in our casework, and future complaint volumes we are expecting to receive for:
 - a) Banking and credit, insurance, investments and pensions
 - b) Fraud and scams
 - c) PPI
 - d) Complaints from SMEs and about CMCs
 - e) Funeral plans
2. What is your perspective on complaint volumes from Covid-19, including the impact of the end of government support schemes?
3. Are there any other issues or trends you think we should take into account as we plan for 2022/23?

Our plan to change and improve

(see [pages 16 - 18](#))

4. Do you have any suggestions for how we can further improve our efficiency, and how you could work with us on this?
5. How can we improve sharing insight to prevent complaints and unfairness arising?

Our draft budget (see [pages 19 - 25](#))

6. Do you think our draft budget for 2022/23 seems reasonable, given the changes required at the Financial Ombudsman Service?
7. Do you have any views on our plans to reduce our reserves from six to three months' operating cost?
8. What would you like us to include in the 2023/24 funding consultation we are planning to publish in the first quarter of 2022/23? (See [page 25](#) for what we are currently planning and how it differs from this consultation).

Voluntary jurisdiction (see [pages 22 - 23](#))

For voluntary jurisdiction (VJ) participants, particularly those that joined the Financial Conduct Authority's (FCA) Temporary Permissions Regime (TPR):

9. What are your views on our proposal to raise funds through the VJ levy and to leave the tariff rate for each industry block unchanged?
10. Do you have any comments on our proposal above in relation to the VJ levy for funeral plan providers and intermediaries who apply to become VJ participants?

Funeral plan providers (see [page 23](#))

11. Do you have any comments specifically about our proposal to apply the same case fee rules to funeral plan providers and intermediaries that will become subject to the compulsory jurisdiction (CJ) and/or VJ from July 2022?

How to respond

This consultation is open until 31 January 2022. The easiest way to respond is [online](#).

Alternatively, you can email your response to consultations@financial-ombudsman.org.uk. Please also use this address to contact us if you have any questions about the consultation or responding to it.

We will publish a list of respondents and an anonymised summary of responses as part of our consultation process. If you think there is a reason your name should not be published, please let us know – we will not automatically take a standard email disclaimer as an indication that we should not include your name. Our legal responsibilities around freedom of information mean we cannot guarantee responses can be kept confidential.

The next steps

Consultation opens	15 December 2021
Deadline for responses	31 January 2022
Final plans and budget published by	31 March 2022

Chief Executive and Chief Ombudsman's introduction



Pivotal moment: A year for change and investment

I joined the Financial Ombudsman Service as interim Chief Executive and Chief Ombudsman in mid-May 2021, and I am delighted to be introducing our consultation on our plans and budget for 2022/23.

In our 20th anniversary as the Financial Ombudsman Service, we are at a pivotal moment:

- PPI is finally coming to a close. Having resolved over two million cases, we are now transitioning towards a world beyond it. Not only does this mark a key turning point for our operations, it also has a significant impact on the funding approach that has underpinned the Financial Ombudsman Service since 2014. As we have said previously, we will no longer be able to rely on the economies of scale generated by PPI.
- We have seen significant increases in non-PPI cases since the start of the pandemic. Incoming volumes of around 90,000 more than we expected over that period have resulted in our backlog and waiting times for customers being too long. We have been making a concerted effort to reduce the backlog as part of our plans for this year (2021/22), but are not expecting a decline in cases, which will continue to challenge that effort.
- We have published our [action plan](#), following the Periodic Review which our Board commissioned, and which I initiated in June this year. We need to make significant changes in 2022/23 to remain financially sustainable by the end of 2023/24.

We are therefore consulting on a budget that will allow us to:

- Continue to reduce waiting times for our customers
- Handle continuing increased demand without allowing queues to grow
- Invest in a change programme based on the recommendations from the Periodic Review.

We will also retain our focus on efficiency and cost-effectiveness throughout the organisation.

A changing environment

Financial services continue to change, and the challenges arising from the pandemic, cybercrime, and the retail financial services market are helping accelerate and intensify this change. Fraud and scams are on the rise, and becoming ever more sophisticated. The mix of cases we are receiving is more diverse, reducing our ability to benefit from the economies of scale we once had. We need to continue to invest to ensure we have the skills we need to match our caseload.

The end of furlough and business support schemes, together with higher energy prices and increasing inflation, will result in a challenging economic environment. We anticipate more complaints, especially from vulnerable consumers, as a result.

We have felt the impact of Covid-19 on both the volume and nature of complaints we received in 2020/21 and 2021/22. It has led not only to a significant and unexpected increase in the number of people seeking our help, but also impacted plans to reduce the queue of around 28,000 that existed at the start of 2020/21. We had almost 90,000 complaints waiting to be allocated to an investigator at the start of this financial year, mainly driven by the additional volumes we had received in the previous year.

Fresh thinking was required – both to address the acute short-term operational challenges on the backlog, and to stabilise the Financial Ombudsman Service for the future.

We decided to be more ambitious than the plan for 2021/22 and have taken many steps to do so. Our model has been naturally evolving to a more specialist model, with the creation of specialist pods, and we have streamlined how we allocate and resolve cases. We are working with industry to settle cases in the backlog faster and pragmatically, delivering faster answers to customers, as a result of our Outcome Code consultation.

Having almost already halved our backlog, we will exceed our target for this year. I would like to thank our staff for their openness to change and innovation, and for their commitment and hard work.

Our Periodic Review

Our Board commissioned a Periodic Review of the Financial Ombudsman Service. After a few weeks in role, and from speaking to staff, it was clear to me we needed to make significant improvements. I therefore initiated the review as a means to more deeply investigate the issues we faced to be able to address them fully. We appointed our advisers Oaklin Consulting (Oaklin) to conduct it.

The purpose of the Review was to ensure that we can continue to meet the needs of our customers – both complainants and financial businesses – and that we can adapt to demand and emerging issues in a sustainable way.

We are fully supportive of the findings in the review. The findings align with our own thinking and direction of travel, enable us to build on changes we have already started to put in place, and support a programme of work which will transform us over the next few years. This includes refreshing our strategy and developing a digital portal.

There is lots for us to get on with, in addition to the work underway. We will deliver change by working with our talented people and stakeholders to harness the best and most creative ideas available to us. We will be able to go more quickly in some areas, with other areas taking more time and thought. Our action plan sets out what our future looks like, describing how we will change and improve, delivering a better service for all our customers and providing financial justice quickly and fairly.

Read more in our [action plan](#).

Our funding outlook

As well as shaping the complaints we have seen, and are continuing to see, the pandemic also had a bearing on the way we funded our work. For the past two years, to alleviate the burden on firms, we have delayed the increase in our levy and the reduction in free cases for most firms, using more of our reserves instead. We felt that this was the right and fair thing to do in light of the challenging environment at that time.

In our 2021/22 plan, we had committed to three-year price stability. But when we consulted in December 2020, we had not seen the full extent of the increased demand we finally saw in 2020/21. We were anticipating that, with our prevention strategy and working closely with financial firms, we could reduce the volume of cases coming to us.

However, our case volumes rose considerably. And as set out in our [action plan](#), we have a lot to do to change our model for a new context.

The timing of this consultation also means we are seeking stakeholders' views for 2022/23 at the same time as developing our detailed change plans for the coming year. As a result, this draft budget includes provision for the costs of implementing the changes we need to make.

In terms of benefits, we recognise that during a period of change our costs may increase in the short term, but our plans anticipate ending 2022/23 with productivity above the 7% improvement already factored into our base case assumptions. We expect the significant investment in change to be made by the end of 2022/23. Looking beyond that, we expect to return to a more standard budgeting approach where the income and expenditure will be determined in response to the volumes we expect to see. Our overall aim is to significantly improve productivity, which we anticipate could be up to circa 25%, and to deliver the majority of this by the end of 2023/24.

Delay in implementing the change programme would significantly compromise our ability to deliver financial sustainability without a further and more significant funding investment in future years.

In order to deliver our queue reduction targets and invest in the changes required without allowing queues to grow, we need to raise additional income. We are therefore consulting on a budget that generates £244m of income, including the following:

- Increasing our compulsory jurisdiction levy by £10m to £106m.
- Raising an estimated £11m by:
 - Reducing free cases to pre-PPI levels from 25 to 3.
 - Reducing free cases for group firms from 50 to 15.

To ensure value for money, and delivery at pace, we have set up an additional Board sub-committee to oversee delivery of our change programme, including our adherence to the delivery timetable and key performance indicators.

Next steps

Our independent role, as part of the wider regulatory family, is central to a fair financial system in the UK, and we will continue to work together with consumers, industry, regulators and other stakeholders as part of this ecosystem that together helps retail markets work well and can prevent complaints arising.

We would like to hear stakeholders' views on our plans, our budget, and how we can work better together to deliver this. We have already begun conversations with the FCA, businesses and consumer organisations as we implement our action plan. These conversations, and the responses to this consultation, will help us refine our forecasts before we publish our final strategic plans and budget in March 2022.

We will also consult in Q1 2022/23 on broader changes to the detail of our 2023/24 funding model (read more on [page 25](#)). We are keen to hear from stakeholders about what they would like to see covered in that consultation, as well as their input on this one.

I look forward to working with our talented people, and our stakeholders to tackle our common challenges, and to deliver our ambitious plans.



Nausicaa Delfas

Interim Chief Executive and Chief Ombudsman
15 December 2021

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Our 2022/23 plans

This chapter highlights what we expect to see in 2022/23, the trends we anticipate will influence demand for the Financial Ombudsman Service. We are seeking stakeholders' input on what else we may expect to see and must be prepared to handle. We share the figures for complaints we forecast to receive and resolve, and detail on how we will shorten our queues and waiting times.

We will also look at our action plan and the recommendations of the Periodic Review which we carried out in 2021, and how they will work alongside our broader plans to help us change and improve, so we are efficient, sustainable and fit for the future.

New complaints we expect to see in 2022/23

Financial product or service	2020/21 actual	2021/22 budget	2021/22 latest forecast	2022/23 consultation budget	2021/22 latest forecast comparison with 2021/22 budget	2022/23 consultation budget comparison with 2021/22 latest forecast
PPI	42,040	10,000	7,000	2,000	(30%)	(71%)
General casework including	237,106	160,000	165,000	175,000	3%	6%
Banking (including packaged bank accounts and short-term lending)	170,648	106,800	111,200	124,200	4%	12%
Insurance (excluding PPI)	44,487	39,000	37,600	32,500	(4%)	(14%)
Investments and pensions	20,854	13,200	15,300	17,600	16%	15%
Funeral plan providers ¹	-	-	-	200	-	-
Complaints from SMEs ²	1,376	1,300	1,300	1,300	0%	0%
Complaints about CMCs	1,113	1,000	900	500	(10%)	(44%)
Other ³	<4	-	-	-	-	-
Total	279,146	170,000	172,000	177,000	1%	3%

1 We will be handling complaints about pre-paid funeral plans from July 2022.

2 Complaints from SMEs (additional to our micro-enterprise casework) are included within the general casework figures for banking and credit, insurance, and investments and pensions.

3 "Other" includes complaints that had not been categorised at 31 March 2021.

Complaints we expect to resolve in 2022/23

Financial product or service	2020/21 actual	2021/22 budget	2021/22 latest forecast	2022/23 consultation budget	2021/22 latest forecast comparison with 2021/22 budget	2022/23 consultation budget comparison with 2021/22 latest forecast
PPI	85,496	20,000	16,500	5,500	(18%)	(67%)
General casework including	163,648	200,000	210,500	205,000	5%	(3%)
Banking (including packaged bank accounts and short-term lending)	111,356	142,000	151,200	141,400	6%	(6%)
Insurance (excluding PPI)	35,535	39,000	41,700	43,100	7%	3%
Investments and pensions	15,521	17,700	16,400	19,700	(7%)	20%
Funeral plan providers ¹	-	-	-	200	-	-
Complaints from SMEs ²	768	1,300	1,300	1,300	0%	0%
Complaints about CMCs	1,228	1,300	1,200	600	(8%)	(50%)
Other ³	<10	-	-	-	-	-
Total	249,144	220,000	227,000	210,500	3%	(7%)

1 We will be handling complaints about pre-paid funeral plans from July 2022.

2 Complaints from SMEs (additional to our micro-enterprise casework) are included within the general casework figures for banking and credit, insurance, and investments and pensions.

3 "Other" includes complaints that had not been categorised at 31 March 2021.

Our 2022/23 plans: Context and overview

As a demand-led organisation, we need to respond to emerging events with the greatest agility possible. The outlook remains uncertain both in the volumes of complaints we may see over the next 12 months, and their range.

However, here are some of the factors we expect will impact the service we provide:

Fallout from Covid-19

While the immediate shock of the pandemic may have passed, its socio-economic effects will continue for some time – the end of furlough and of business support schemes, combined with wider economic pressures, such as higher energy prices and increasing inflation, will lead to many more people experiencing financial hardship and risk of vulnerability.

Changing case mix

The era of mass claims involving mis-sold PPI is almost over – we are only expecting 2,000 PPI complaints in 2022/23 – and this represents a pivotal moment for the Financial Ombudsman Service.

The mix of our cases is changing. While PPI may be a shrinking proportion of the cases we handle, we nonetheless continue to receive a diversity of non-PPI complaints in high volumes, and expect to continue to do so in 2022/23. We can no longer rely on nor benefit from the economies of scale PPI provided.

Process efficiencies

For us to be able to further reduce waiting times and queues, we need to invest in process change, people, technology and resources that will enable us to get to the heart of these complaints swiftly, and make meaningful progress. We will also retain our focus on efficiency and cost-effectiveness throughout the organisation, allowing the service to end the year on a more stable footing. We are committed to delivering on our action plan.

We will continue to address the backlog we have almost halved this year from 90,000 to just under 50,000 cases. We remain determined to reduce it further, and this will enable us to improve end-to-end resolution times for our customers.

New ways of working

With the impending conclusion of PPI, it was the right time to review our operating model, and following the Periodic Review, we will move to a simpler, more empowered and accountable casework operating model, improving the way we handle complaints from entry point to case resolution. In particular, we will consider how we can consolidate the existing teams into a simpler and clearer structure aligned to industry-specific areas. We have already started to adapt to the changing market environment, for example, by moving to specialist teams for certain products. This will create a home for specialist knowledge and experience, and simplify and improve our working processes. We will empower our casework leaders to engage with industry, and improve how cases are routed and triaged to ensure efficiency. We are building on pilots in our casework teams to consider how to remove significant volumes of phone calls, to free up their time and capacity

and reduce the administrative burden. We will also reshape the management of performance in our casework operations to create clear accountability for attaining targets, and maintain the flexibility needed to deal with changes in demand. Read more about changes to our operating model on [page 17](#).

We are working with industry to settle cases in the backlog faster and pragmatically, delivering faster answers to customers, as a result of our Outcome Code consultation in October 2021. [Read more](#) about the consultation, feedback and decision.

We have set up a change programme, and in 2022/23, intend to deliver on our bold and ambitious [action plan](#).

Trends in 2022/23

Here we highlight issues and challenges we expect to see in our casework as we look ahead to 2022/23. [Pages 9 - 10](#) include our forecasts for complaints we expect to receive and resolve in 2022/23.

We forecast that we will receive around 177,000 new complaints. Here are some of the issues we – along with stakeholders who have helped inform our thinking so far – believe are going to be driving these. We welcome stakeholders' perspectives on these and any additional insights into demand for our service and causes of complaints.

Trends that may influence demand in 2022/23

Although the UK economy is gradually returning to its pre-pandemic state, the environment is still uncertain, and people across the country are still dealing with the impact of Covid-19 and its restrictions.

Early conversations with stakeholders have helped identify some of the future trends that may influence demand in 2022/23:

- Furlough came to an end in September 2021, following the end of mortgage payment holidays in July 2021. Without these temporary support measures, many people are experiencing increased financial hardship – exacerbated by inflation and higher energy prices. There will be more people affected by debt, looking for debt support, and more complaints from people at risk of vulnerability. This is also an important reason why we must be able to resolve complaints more quickly.

- Vulnerability is also a factor in the increasing number of fraud and scams complaints we continue to receive. Fraud and scams are reaching a wider demographic, and fraudsters have capitalised on Covid-19 and a rapidly-evolving digital landscape, for example in cryptocurrencies, where fraud is harder to detect and complaints more complex. Cryptocurrencies may feature in new complaints – although most related activities are not in our jurisdiction.
- Fraud and scams complaints – especially those involving authorised push payment – tend to be hard-fought. While the industry works on preventing fraud and applying the Contingent Reimbursement Model (CRM) code, in the meantime it is likely we will continue to see spikes in such complaints, and related complaints about issues such as account access.
- Supply chain problems, increased costs, and skills shortages have caused problems for small businesses, many of whom are also dealing with the end of government-backed business loans and indebtedness, and may need extra help from financial services firms.
- The operational problems experienced by banks in the earlier months of the pandemic may have abated, but stakeholders highlight that access to cash, digital exclusion and reasonable adjustments may be a feature of complaints in 2022/23.
- Concern has been expressed that the new consumer duty being consulted on by the FCA could result in complaints against firms, and, therefore, increased complaints to us. We will work together with the FCA and other stakeholders to identify examples that can help firms understand and apply the new duty, and work with the FCA closely on issues we identify through our casework where the duty may be particularly relevant.
- The introduction of more friction in the digital payment system, such as single customer authentication and the Payment Services Directive (PSD2) – legislation to force payment service providers to improve customer authentication – could lead to problems with compliance, declined transactions, service complaints and accessibility by vulnerable customers.
- There are also concerns about speculative CMC activity, as they move on from PPI. Some stakeholders say CMCs ‘weaponise’ our case fee to secure settlements.

As ever, the insight stakeholders can share with us helps us build a richer picture of how current trends may translate into future complaints. As we develop our prevention strategy, these relationships will be fundamental, and we value working together on this shared goal.

Trends our casework teams are seeing and expect to see

Banking and credit

- Fraud and scams complaints continue to dominate complaints in banking.
- We have seen big increases in e-money complaints, especially driven by e-money providers. People spent more money online in the pandemic, and online shopping caused an increase in complaints about goods not received or not as described.
- Complaints about administration and customer service continue to be high.
- Complaints about current accounts overall have decreased.
- We are seeing more complaints about the new rules on persistent debt in credit cards, and may see complaints about the potential threat of firms removing the credit facility if people do not take steps to start paying off their credit card and store card debts more quickly.

Insurance

- Travel-related Covid-19 complaints are stabilising, and the industry has recognised the prevention work we have done.
- Increased pet ownership during the pandemic has resulted in an increase in pet insurance complaints.
- We have seen more motor insurance complaints than last year, since the Covid-19 rules were relaxed.
- FCA proposals to tackle concerns about general insurance pricing are anticipated to result in increased motor and property-related complaints.
- Rule changes by the FCA to 'Whole of Life' policies will require a change in our approach and may result in more complaints from consumers and CMCs in the early part of the year.

Investments and pensions

- In high-risk investments, we continue to see complaints about crowdfunding and peer-to-peer lending. The FCA will soon consult on high-risk investments, and may propose banning inducements (such as "refer a friend" bonuses) and strengthening appropriateness tests.
- Cryptocurrency assets are likely to come into regulation, although most related activities are currently not in our jurisdiction.
- More people are more likely to be attracted to investment schemes following the pandemic, and this includes younger people and those who are likely to be vulnerable.

CMCs

- With the end of PPI, we are seeing a decline in complaints about CMCs' handling of such matters. The bulk of complaints our CMC team receives are about PPI debt recovery; the remainder include accident management cases, but these mainly fall outside our jurisdiction. We may see more complaints about investment, but generally expect few cases next year.

SMEs

- As government business support loan scheme repayments fall due, we expect to see more complaints about recoveries. Banks may show more forbearance with borrowers, as we know many will be struggling with payments. We think related complaints will increase in the latter part of 2022/23, and we may also see complaints from people who think they were mis-sold bounceback loans.

Trends in our performance in 2021/22 so far

At the time of writing (December 2021), we are making good progress and exceeding our cost-efficiency and cost savings targets. In our casework, additional efficiency is being driven by maintaining a stable operation, distilling our casework processes, working cases in bulk to achieve economies of scale, and working with businesses to encourage pragmatic settlements.

- Resolutions are ahead of budget so far, and this is delivering a saving of £7.2m, and an increase in revenue of £2.1m ahead of our plans.
- Around 16,000 cases against Amigo Loans are affected by a proposed Scheme of Arrangement and may be delayed to 2022/23.
- In our non-casework areas, we have delivered £0.5m savings on top of the targets in our budget. We have seen savings above those we had planned in property, and will know more about our property savings by the end of the financial year.
- Although we have fewer investigators than anticipated, our recruitment plans are on track for the remainder of the year to recover the shortfall in the first half.
- We continue to run with a planned operating deficit, and our reforecast says we will end this financial year with £102.1m in reserves – £13.3m ahead of budget and equating to five months' operational costs (excluding restructure).
- However, our timeliness is below target. This means that the median time from converting a case to closing it is currently six months instead of four. Our focus this year has been on clearing

the oldest cases, which inevitably affects the average timeliness. This is affecting our consumer satisfaction score, which is also below target. This measure looks at our performance for non-upheld cases, where we are below our target by four percentage points.

- Customer satisfaction rates for upheld cases is currently 88% against a target of 90%. We know we need to do better for our customers.

How quickly we are resolving complaints

Time	2021/22 (as at 19/11/21)	2020/21	2019/20	2018/19
Resolved in 3 months (all)	21%	40%	56%	60%
Resolved in 6 months (all)	48%	69%	74%	80%
Resolved in 9 months (all)	73%	82%	84%	87%
Resolved in 12 months (all)	86%	89%	90%	90%

Case volumes and resolutions

At the time of writing, we have seen steady improvement in productivity in casework, as our case-handlers grow in experience and process improvements are embedded. In mass claims (PPI, short-term lending, and packaged bank accounts), there is a downward trajectory of new cases, although experience shows that there will continue to be a steady, if smaller, flow of new cases in these areas for a number of years to come. These areas of casework will be part of our high-volume area.

- **Case volumes:** PPI cases have continued to decline steeply. The current economic environment may mean that volumes of new non-PPI cases will not decline in the second half of the year, but stabilise or even increase slightly. We have increased our forecast for total new case volumes for the year as a result.
- **Case resolutions:** Given our performance so far this year, we now anticipate resolving more cases than we had outlined in our budget, and propose to increase our non-PPI forecast for the year end to 210,500 cases. This equates to almost one-third more resolutions compared to the previous year.

Responding to changes in the financial services sector and in demand for our service

The financial services sector is evolving at speed: products in fintech, cryptocurrencies, and buy-now-pay-later schemes (although not currently in our jurisdiction) can require us to upskill and reallocate resource at pace.

We will be handling complaints about pre-paid funeral plans from July 2022, when they come under FCA regulation. Based on early engagement with industry bodies and the FCA, we expect to see around 200 complaints in 2022/23 about funeral plan providers and/or intermediaries. We will have a single team trained to deal with these, in our Coventry office.

Demand in non-PPI areas remains high, and we need to be able to demonstrate that we are able to cope both with current and likely future trends, and changes in regulation. Below you can see how the percentage of non-PPI complaints we have received over the past few years has increased as a proportion of overall complaints.

Period	2018/19 Q1	2018/19 Q2	2018/19 Q3	2018/19 Q4	2019/20 Q1	2019/20 Q2	2019/20 Q3	2019/20 Q4
Total complaints received	107,827	98,346	92,903	89,316	70,187	57,320	83,754	60,039
Percentage non-PPI	49%	56%	56%	54%	56%	58%	50%	57%

Period	2020/21 Q1	2020/21 Q2	2020/21 Q3	2020/21 Q4	2021/22 Q1	2021/22 Q2
Total complaints received	57,378	68,599	72,339	78,610	50,765	40,443
Percentage non-PPI	72%	81%	91%	91%	94%	97%

Questions on trends in 2022/23

1. What are your views on trends we may see in our casework, and future complaint volumes we are expecting to receive for:
 - a) Banking and credit, insurance, investments and pensions
 - b) Fraud and scams
 - c) PPI
 - d) Complaints from SMEs and about CMCs
 - e) Funeral plans
2. What is your perspective on complaint volumes from Covid-19, including the impact of the end of government support schemes?
3. Are there any other issues or trends you think we should take into account as we plan for 2022/23?

Our plan to change and improve in 2022/23

Our priorities for 2022/23 are centred around improving productivity and prevention, to remain sustainable, reduce waiting times, and address our backlog.

Productivity and prevention

Our plans are aimed at achieving an increase of circa 25% in **productivity** by the end of 2023/24. Details of how we will do this are set out in our action plan, and we are developing and refining our plans through our change programme.

With regard to **prevention**, in 2022/23 we will be stepping up our engagement and insight-sharing. The faster we can resolve complaints, the faster we can share timely insights into the issues behind them.

We are in a unique position to understand the interactions and issues between financial services firms and their customers – and will ensure we highlight issues to consumers, small businesses and industry to help prevent further harm.

However, this ambition cannot be ours alone. We need to work closely with financial businesses, the wider financial services industry, members of the regulatory family and others to prevent consumer detriment from occurring, and using insight to enable prompt response where problems arise.

We welcome stakeholders' perspectives on our prevention work, especially as we look to step it up as part of a wider cross-industry prevention agenda.

Resourcing and delivering our service

Revising our strategy

Our current strategy to 2025 aims to ensure that the Financial Ombudsman Service plays a meaningful role in contributing to a fairer financial world.

As part of this, we have three strategic priorities to drive the outcomes we are seeking:

- **enhancing our service** – so we are modern, accessible, efficient and cost-effective;
- **preventing complaints and unfairness arising** – where we work collaboratively with others to achieve better outcomes and where we harness and share our insight from the work we do; and
- **building capabilities** – where we use our strength as a diverse, values-based organisation and identify, develop and secure the skills, experience and capabilities we need in the future.

We will build on this strategy to further address how to:

- drive prevention with industry, the FCA, and other stakeholders;
- measure and improve productivity and reduce the cost per case;
- continue to build expertise across the organisation;
- achieve and sustain steady state operation; and
- reduce attrition and make us an even better place to work.

As part of this, we will include objectives, operational plans and key performance indicators (KPIs). We have already renewed our emphasis on preventing complaints, and are working to reinvigorate the Wider Implications process with other members of the regulatory family. This sets out a structure for members to collaborate on matters of common interest to achieve a better outcome for consumers, SMEs and the financial services industry. This is in addition to our regular collaboration and insight-sharing.

While we look at how we use the recommendations of the Periodic Review to reinforce and refocus areas of our strategy, we remain nonetheless committed to our overarching strategic priorities of reducing queues and waiting times throughout the customer journey and ensuring quality and consistency in decision-making.

Our operating model

We will change our operating model for our new context. In doing so, we will unlock capacity and capability throughout the organisation, and ensure we are able to adapt to the changing financial services landscape.

The current model, introduced in 2015, was based on the assumption that complaints would reduce in number, but this scenario did not materialise. Investigators have been expected to deal with all types of complaints which, with the varied mix of cases received, proved to be challenging. And with increased management and administrative responsibilities, it meant that we were not able to realise our productivity ambitions.

To help improve our timeliness, we will improve the way we handle complaints, from entry point to case resolution. This will include working with customers to resolve cases together where possible, and more effective triage to ensure a swifter resolution with the right specialist expertise.

We will explore how to get the best out of our regional office in Coventry and whether there are opportunities for further expansion. We welcome stakeholders' further suggestions about how we can use our resources most effectively.

Our people and ways of working

Remote working became the norm during 2020/21 and 2021/22, and the work we had done on rolling out smarter and more flexible working stood us in good stead. But as we implement our hybrid model from January 2022, aligned with our flexible property strategy, we continue to review our requirements for workspaces, technology, ways of working, and recruitment. We want to make sure we are an attractive employer, and a great place to work. We know that current and potential employees value the flexibility we offer. We must also be able to attract and retain people with the right capabilities and experience – balanced against our strategic priorities and delivering what our customers need.

As hybrid working has expanded opportunities for current and potential staff, we are widening our approach to finding new talent, and looking into 'hubs' for face-to-face collaboration. We are mindful of the impact of this approach on our property estate, and opportunities that might be presented for keeping our property costs efficient.

Regardless of work location, our people's wellbeing is important to us. We want our people to feel engaged and motivated by our work and our values, and have the learning and development opportunities and support they need to perform at their best. Building on the progress we have made in our diversity, we will work to remain a diverse and inclusive employer, and will report on progress against our action plan in our diversity, inclusion and wellbeing report in the last quarter of 2021/22.

Our technology

Our technology and data strategy aligns with our three strategic priorities. It helps us to enhance our service, by improving the customer journey and automating processes. It helps us understand data and improve our insights, which we can use to prevent detriment. And through improved systems, services, and ways of working, it allows us to build an organisation with the capabilities we need for the future.

Our Periodic Review endorsed this strategy, and recommended we move at pace to invest in new and existing technological capabilities, including enhancing our case management system and exploring intelligent automation tools to make processes quicker, more efficient and user-friendly. We will drive forward our investment in software to support collaboration and personal productivity.

For major investments, we use regulated tenders to ensure we get the services we require, and value for money. We used this approach for our investment in our human resources and finance system Workday, which went live in November 2021. Workday will improve many internal processes, and help support teams to become more efficient. For our finance team, it will simplify a complex estate of systems, reducing administration time, improving our control framework and making reporting easier. For our HR team, it will help manage recruitment, selection, and managing a remote workforce. Our people will benefit from increased efficiency, better data quality, immediate access to information, improved compliance and more transparent reporting, and improved processes and data.

We are also in the process of selecting, by regulated tender, our digital partner to deliver and support our online portals for businesses and consumers. In parallel to our procurement process, we are completing our design and finalising our initial scope for delivery based on recommendations from external

partners. We plan to deliver our first customer journey with our partners in the second quarter of the year. These will provide an additional channel for customers and businesses to reach us, enabling them to self-serve for routine queries, and access us out-of-hours. By the end of 2022/23, we expect some customers to reach us through our digital portals and will therefore have a reduction in the volume of phone calls, post, and emails we receive – enabling colleagues to focus less on administration and more on customer service.

We are using artificial intelligence software to explore ‘intelligent automation’ (IA). This involves using machine learning and digital process automation to improve casework processes such as verification, submission, categorisation and data population, with a view to shortening our queues. We are also looking at which operational areas IA might add most value to, such as enriching our data, routing cases, and gauging case urgency. We will work with a data science partner this year.

This is part of our digitisation journey, which involves improving our digital platforms, improving the ways people share information with us, our data and the insights we gain from it. We’ll continue to leverage this to help us better understand our casework, to support both our operational planning and our complaints prevention.

The investments we have made and the progress with our current plans mean that we have made headway into adopting cloud-based technology services. This allows us to be responsive and remain up-to-date with technical and process improvements in our core systems. We also plan to exit our data centres by the end of 2022.

Remaining efficient and sustainable

Our commitment to being efficient and cost-effective extends across our plans – and affects our ways of working, systems, processes, people, and property. We remain committed to our five-year aim to reduce our carbon footprint by 45% by 2022, in line with the plan we developed with the Carbon Trust. Beyond that, we are working to appoint a partner to work with us on meeting our longer-term goal of achieving net zero carbon emissions.

With fewer people in our offices in 2021/22, our electricity usage and waste are both reduced but as we move to a hybrid model, we will look to sustain this trajectory by encouraging people to recycle and reduce consumption, and by implementing energy-efficient devices and processes wherever we can. We will continue to realise other carbon reductions from smarter working tools and technology, using fewer screens, and telephone software rather than physical phones.

We will learn from sustainability benefits we have achieved from investment in Workday – whether from efficiencies in processing, reporting, forecasting and billing, all of which reduce paper.

As a demand-led organisation, we have always needed a flexible property solution, realised through multiple leases, differing lease terms, multiple lease breaks and commercially-attractive rent deals. We regularly review our property leases to ensure we remain sustainable. We have reduced our office space in London by around one-third, and reinvested some of the savings into our smarter working agenda, delivering a more cost-efficient and flexible service.

Questions on our plan to change and improve in 2022/23

4. Do you have any suggestions for how we can further improve our efficiency, and how you could work with us on this?
5. How can we improve sharing insight to prevent complaints and unfairness arising?

2

Our 2022/23 budget

Here we discuss our consultation budget and proposed funding arrangements for 2022/23, in the context of the environment we have detailed in the previous chapter. We explain why we think these funding arrangements will allow us to deliver what people need from us, while creating certainty and stability for the firms that fund us.

Context and recap of funding changes

In response to the impact of Covid-19, over the past two years we have sought to minimise the impact of changes on smaller businesses, by delaying the reduction in free cases for non-group account firms and leaving the minimum levy unchanged.

Read more in our [2020/21 plans and budget](#), published in March 2020.

At the time of agreeing the budget for 2021/22, we expected to see a reduction in case volumes in the medium to long term. We planned that a reduction in cases, together with our programme of increased efficiencies and cost savings, would result in a smaller organisation and allow us to retain price stability for three years – and by releasing our reserves down to three months, we planned to fund our transition to break even by 2024/25.

However, since we made these forecasts, our circumstances have changed. Complaints volumes

are much higher, resulting in customers having to wait far too long for a resolution. Incoming non-PPI case volumes last year were 92,000 higher than budget and 57,000 higher than forecasted for the year in December 2020. Non-PPI volumes in 2021/22 are currently 5,000 higher than this year’s budget assumptions, and our 2022/23 projections a further 10,000 higher than this year, with increases across most products partially offset by 5,000 fewer short term lending and package bank account cases.

So with more cases than expected last year, we need to reduce our queues more quickly than we had allowed for, and urgently respond to the new cases we are forecasting to receive, as well as take forward the recommendations from our Periodic Review to set us up for the future. To do all this requires investment. Unless we take this opportunity, we will not be financially sustainable by 2024/25.

Financial summary	2020/21 actual £m	2021/22 budget £m	2021/22 latest forecast £m	2022/23 draft budget £m	2022/23 draft budget against latest forecast £m
Operating income	245.1	214.8	217.3	243.5	26.2
Operating expenditure	259.9	246.2	247.4	275.8	(28.4)
Financial deficit excluding restructuring	(14.9)	(31.4)	(30.1)	(32.3)	(2.3)
Restructuring and transformation	4.7	14.0	2.0	18.0	(16.0)
Financial deficit	(19.6)	(45.4)	(32.1)	(50.3)	(18.3)

Our draft budget for 2022/23

2022/23 is going to be a transitional year for the Financial Ombudsman Service. While we continue with our existing strategy of productivity improvement and cost-efficiencies, there are multiple challenges that we need this budget to address to ensure we end the year on a more stable footing. These are:

- Continuing to reduce waiting times for our customers
- Handling continuing increased demand without allowing queues to grow
- Investing in a change programme based on the recommendations from the Periodic Review
- Retaining our focus on efficiency and cost-effectiveness throughout the organisation

We propose to consult on a budget that requires additional income through amendments to our funding approach. The 2022/23 budget cycle is the best opportunity for us to seek additional funding not only to further invest in reducing our queues, but also to deliver the change agenda in our action plan, following the Periodic Review. We are developing our more detailed change plans currently, and will provide as much information as we can in the final plan and budget which will be published by April 2022, which will also reflect feedback from the consultation process. We will provide an update on our plans for implementing the changes from the Periodic Review.

To provide an additional £21m of income for 2022/23, we propose to:

- increase our compulsory jurisdiction levy by £10m to £106m;
- reduce free cases to pre-PPI levels from 25 to 3; and
- reduce free cases for group firms from 50 to 15.

From this, we will be investing in additional case-handling resource, so that we can deliver our aim of reducing our queue by the end of 2022/23 – as well as providing some additional bad debt provision. We are deferring an element of the restructuring budget from 2021/22 to 2022/23, but planning to supplement this with the additional £10m from the levy increase, and we currently expect this to be sufficient to deliver the changes envisaged in implementing our action plan.

The additional funding will still result in the Financial Ombudsman ending another year with a planned deficit of £50.3m, which remains in line with our financial and funding approach, as we conclude PPI. We anticipate finishing 2022/23 with reserves of £52m, which represents approximately 2.2 months' operating costs (against a policy of three months), excluding restructure.

The additional funding will enable the Financial Ombudsman Service to undertake the changes outlined above. In the event of the funding not being approved, we would have to reconsider the programme and defer investment. Delay in implementing the change programme would significantly risk compromising our ability to deliver financial sustainability without a further and more significant funding investment in future years.

We are mindful of the impact on smaller financial businesses. Based on 2020/21 data, we estimate that even after the reduction in free cases, around 69% of firms will still not pay a case fee. The FCA will also consider the distribution of the revised levy, typically in April.

Financial summary

	2020/21 actual £m	2021/22 actual £m	2021/22 latest forecast £m	2022/23 draft budget £m	2022/23 draft budget vs 2021/22 latest forecast £m
Income					
Case fees	71.0	64.5	67.5	85.9	18.4
Group fees	89.0	52.9	52.5	50.3	(2.2)
Levies and other income	85.0	97.4	97.3	107.4	10.0
Total income	245.1	214.8	217.3	243.5	26.2
Expenditure					
Staff and staff-related costs	161.3	158.1	156.4	161.1	(4.7)
Contractor staff	48.0	34.1	36.9	51.6	(14.7)
IT costs	10.8	15.2	15.2	18.8	(3.6)
Premises and facilities	13.1	11.2	10.8	11.2	(0.4)
Depreciation	12.1	10.0	10.9	11.1	(0.2)
Other costs	14.0	10.6	11.9	15.0	(3.2)
Bad-debt write-off	0.6	3.0	3.0	3.0	0.0
Contingencies	0.0	4.0	2.4	4.0	(1.6)
Total expenditure	259.9	246.2	247.4	275.8	(28.4)
Restructuring costs	4.7	14.0	2.0	18.0	(16.0)
Financial surplus/(deficit)	(19.6)	(45.4)	(32.1)	(50.3)	(18.3)
Reserves and deferred income	134.2	88.8	102.1	51.8	(50.3)
Closing FTE	3,310	2,927	3,021	3,193	172
Total new cases	279,146	170,000	172,000	177,000	5,000
Total case resolutions	249,144	220,000	227,000	210,500	(16,500)
Underlying cost per case resolution*	£1,041	£1,105	£1,077	£1,296	(£220)

* Provident has entered into a Scheme of Arrangement, so its cases with us have been closed. Amigo Loans is pursuing a Scheme of Arrangement and so its complaints with us are currently on hold. This has affected 34,500 case resolutions in 2021/22. Because we only expect to recover a very small fraction of our case fees from these, and work them in a different way to other cases, the impact on our cost per case is significant. Without the impact of Amigo Loans and Provident in 2021/22, our cost per case would have been £1,270 and so 2022/23 would see a £27 increase (2%).

The rest of this section gives more details about the individual elements of our funding arrangements, and the potential advantages and disadvantages of adjusting these. The draft FEES instrument for 2022/23 is at Appendix A.

Compulsory jurisdiction (CJ) levy and case fees

We are consulting on a CJ levy of £106m, which will be collected on our behalf by the FCA. This will result in our proposed budget for 2022/23 splitting the case fee and levy 56:44, and still result in a planned deficit of £50m. We maintain our view that a split of approximately 50:50 between our levy and case fee income represents a good balance between the need to keep the Financial Ombudsman Service resilient and sustainable, and the need to link businesses' contributions to our funding to the casework they generate for us.

We know many stakeholders feel strongly that our funding arrangements should support the idea of 'polluter pays', and our case fee has an important role in this. It also helps contribute towards our priority of preventing complaints.

We increased the case fee for 2020/21 to £650 after keeping it flat for many years, despite inflation, and then again in 2021/22 to £750. We consider keeping it unchanged for 2022/23 is appropriate. We propose reducing free cases to pre-PPI levels from 25 to 3.

Group-account fee arrangement and free cases

Since April 2013, we have run a group-account fee arrangement for the largest business groups, under which they pay quarterly in advance based on expected volumes of complaints. If the numbers turn out to be significantly different, there may be some adjustment at the end of the year. Because large volumes of complaints are involved, this arrangement results in lower administrative costs, increased efficiency and a steadier cash flow.

Whatever funding arrangements we take forward, we do not propose to extend the group-account fee arrangement to more business groups in 2022/23 – but we plan to reduce the number of free cases for each group from 50 to 15. Each business group is made up of several firms, and the higher allowance of free cases compared with non-group-account fee firms is designed to reflect this. The allowance

is lower than the total of all the free cases that the firms making up the groups would otherwise get individually. Free cases for groups were previously reduced from 125 to 50 in 2020/21.

We are also proposing to remove the elements in the FEES instrument that deal with PPI. The volume of cases from PPI is expected to be very low and therefore we believe these provisions are no longer required.

Voluntary jurisdiction (VJ) levy and case fees

Our VJ covers businesses that volunteer to join it for activities specified in rules made by our service with the FCA's approval, including for services directed at the UK from the European Economic Area (EEA). The levy is set by us and approved by the FCA.

We propose that in the financial year 2022/23, our VJ levy be £950k, consistent with 2021/22. We will set the case fee for our VJ in line with the CJ, and the number of free cases at three, which is back to where they were pre-PPI. As with the case fee for the CJ, the case fee will remain at £750. We anticipate keeping the tariff rates the same as last year. However, as this is based on anticipated VJ participant numbers for each industry block and estimated tariff data, the final tariff rates for 2022/23 could vary from those in this consultation depending on actual tariff data received before then.

The VJ levy for funeral plan providers and intermediaries who wish to join the VJ

In paragraph 6.18 of Policy Statement PS21/8 (Regulation of funeral plans: Feedback to CP21/4 and final rules), we confirmed that we would be expanding the scope of the VJ with effect from 29 July 2022 to cover complaints about funeral plan providers and intermediaries in the way set out therein. It would be up to individual funeral plan providers and intermediaries to decide whether they wished to apply to become VJ participants and hence offer this coverage to their customers from July 2022.

In PS21/8, we also noted that we would be consulting separately in our 2022/23 budget consultation about the VJ levy which we would charge to funeral plan providers and intermediaries who did become VJ participants.

In this regard, we consider it appropriate to create a new industry block for VJ participants that are going to be carrying out funeral plan activities covered by the VJ.

As set out in the draft instrument at Appendix A to this consultation, we propose to introduce new industry block 16V in the table at FEES 5 Annex 2R for this purpose.

At present, and given uncertainty around how many funeral plan providers and intermediaries will choose to join the VJ and the volumes of complaints that we will receive in relation to their activities, we consider it appropriate to only charge a minimum annual levy of £75 for each funeral plan provider joining the VJ.

We intend to keep the VJ levy for funeral plan providers under review depending on the numbers of funeral plan providers and intermediaries that do become VJ participants and the volumes of complaints we receive from them.

Case fees for funeral plan providers and intermediaries that are subject to the CJ and the VJ

In Policy Statement PS21/8 (Regulation of funeral plans: Feedback to CP21/4 and final rules), we noted that we would be consulting separately in our 2022/23 budget consultation about the case fees we would charge to funeral plan providers and intermediaries that become subject to our CJ (and/or VJ) from July 2022. We indicated that we anticipated applying the same case fee rules as apply to other businesses that are subject to our CJ and VJ.

We confirm that we intend to apply the same case fee rules in FEES 5.5 and FEES 5 Annex 3R to funeral plan providers and intermediaries. In summary, this means that funeral plan providers and intermediaries that are subject to the CJ and/or the VJ:

- (i) will be charged a case fee of £750 for each complaint that is referred to the Financial Ombudsman;
- (ii) will get three free cases if they are businesses outside our group-account fee arrangement; and
- (iii) will get 15 free cases if they are businesses in our group-account fee arrangement.

[Read more](#) on our website about joining our voluntary jurisdiction.

Temporary permissions regime (TPR)

We anticipate that the FCA's Temporary Permissions Regime (TPR), which came into force at 11.00pm on 31 December 2020, is likely to lead to us dealing with fewer complaints under the VJ in 2022/23 and lead to us raising a lower overall VJ levy in 2022/23.

As noted in our 2021/22 plans and budget consultation, some VJ participants that previously provided their services into the UK through EU law-based passporting rights will have joined the TPR in order to be able to continue with these activities after 11.00pm on 31 December 2020. By doing so, such VJ participants will have also become subject to our compulsory jurisdiction (the CJ) with respect to complaints about services provided into the UK after this time. Accordingly, this means that complaints about such services will be dealt with under the CJ, where they previously would have been dealt with under the VJ.

The full extent of the impact of the TPR on the VJ will depend on a number of factors, and we will continue to monitor this situation. But such VJ participants should note that even if they joined the TPR and became subject to the CJ going forward, they will continue to be subject to the VJ unless they follow the process for leaving set out in DISP 4. This means they will remain subject to the VJ for complaints about acts or omissions that are otherwise covered by the VJ, and will continue to be liable to pay the annual VJ levy.

Our reserves

We are focused on ensuring we are financially sustainable going forward and we are committed to becoming more productive, more efficient and more cost-effective.

We are proposing to amend our reserves policy from six to three months' operating cost. Freeing up this funding will enable us to contribute to the cost of the investments we need to make, easing the call on industry for additional funds in-year.

As noted above, in 2021/22, we will defer £12m of restructuring provision into 2022/23, which means we expect to end the current financial year with £102.1m in reserves – £13.3m ahead of budget (£1.3m excluding the provision deferred into 2022/23) and equating to five months' operational costs (excluding restructure).

In 2022/23, our budgeted deficit of £50.3m will further reduce our reserves to 2.2 months' operating costs (excluding restructure), which is below our proposed policy of three months. As we develop our plans following the Periodic Review over the coming months, we will continue to monitor their impact on our reserves and our goal of maintaining three months' operating costs.

As we conclude PPI, and looking to the longer term, we want to seek stakeholders' views on the level of reserves we should hold, and their role in maintaining stability. Informed by the feedback we receive, we will review our proposed reserves policy to ensure it remains appropriate.

Our unit cost

Our unit cost, or cost per case, is the cost of resolving a complaint (but is not the same as the case fee). In 2022/23, we anticipate this will rise to £1,296 as we invest in resources to manage our queues and our digital programme. This cost reflects the work we are doing to bring down waiting times, tackle our backlog and invest in our change programme – while aiming to resolve the higher volume of cases we expect to receive next year, in year. We forecast it to be £1,077 for 2021/22.

However, the 2021/22 calculation also includes 34,500 cases affected by Schemes of Arrangement (such as Provident) which distorts the unit cost, as these cases do not get worked in the same way and we do not receive income from them. Excluding these cases, the unit cost in 2021/22 would have been £1,270 and so 2022/23 would see a £27 increase (2%).

We calculate the unit cost by dividing our total running costs (less bad debts and major one-off costs, such as those relating to restructuring) by the total number of complaints we resolve in the year. It can be a way to measure efficiency, but in itself is not sufficient, as it can be affected by factors outside our control, such as how complex a complaint is. As part of our work on our future strategy, we are exploring different indicators that would better capture our performance and value.

Budget – overall recommendations and improvements

Our recommendations for our 2022/23 budget are:

- Consulting on a CJ levy of £106m – an increase of £10m on the existing levy. This would increase the levy to the level previously consulted on in both the 2020/21 and 2021/22 budget cycle, which were not implemented due to the wider financial risks for firms, because of the pandemic.
- Decreasing the number of free cases from 25 to 3, and reducing the number of free cases for group firms from 50 to 15. Around 7 in 10 firms will pay no case fees (9 in 10 today). We anticipate an additional £11m of income associated with that change, with around 850 more firms expected to pay a case fee in comparison to 2020/21.

In addition, we propose to remove the PPI special case fee provisions in our FEES instrument (see Appendix A), so that all cases are subject to the standard casework case fee provisions.

How we plan to invest in our service and improvements we currently expect

- **Productivity in casework:** Our investigators are becoming more experienced and productive, and we have built a 7% increase in productivity into our proposals. We will give greater accountability to leaders, and are freeing investigators' time by reducing the hours they spend on the phone, and initiatives such as our Outcome Codes consultation are making a difference to our backlog. We propose to retain our high-volume area.
- **Our contingent workforce:** We are continuing to use our contingent workforce, in line with current plans, and specialist support in particular in our pensions and SME areas.
- **Investment in IT:** We continue our investment in technology and digital in line with the IT strategy – with a focus in the coming year on completing the existing portfolio of change and delivering on our

digital strategy. IT costs will increase in 2022/23 as we have more tools and services, we will see depreciation costs from capital investments, and some dual running costs during project transitions. Replacement systems (such as our new HR and finance system Workday) are paid for via an annual subscription and will have an ongoing annual cost.

- **Our property strategy:** Our property costs reflect that we have released a café in our Tower Hamlets headquarters, which drives a £0.3m saving. There are no other lease break options available until October 2022, when we will review our strategy and plans.
- **Bad debt provision:** In line with budget assumptions, we have included a provision of £3m for bad debts and £4m for contingency costs, which is at the same level as our 2021/22 budget, but lower than the amount held in previous years.
- **Restructuring costs:** We have deferred £12m of the existing provision of £14m into 2022/23 and provided for an additional £6m to invest in proposed changes arising from the Periodic Review.

Our funding consultation in Q1 2022/23

As a non-profit organisation, we have a long-term goal of seeking to raise sufficient income to cover our costs. Over the last few years, we have taken a longer-term view of our financial strategy, seeking to move to a world beyond PPI where we are appropriately structured and funded. However, the current longer-term outlook does not deliver a break-even position and depletes our reserves to zero. The Periodic Review gives us a chance to not only consider the future operations of the Financial Ombudsman Service, but opportunities for different long-term funding approaches.

These may include options to incentivise good firm behaviour, more transparency in our funding, or differential pricing for either the stage of closure or the complexity of the case. We aim to consult on the detail of our funding model in Q1 2022/23, including on the structure of the voluntary jurisdiction and the impact of the Temporary Permissions Regime (TPR). That consultation will be separate from this one.

We are keen to hear from stakeholders on what they would like to see covered in that consultation, as well as their responses to the other questions we set out below and above.

Questions on our draft budget for 2022/23

6. Do you think our draft budget for 2022/23 seems reasonable, given the changes required at the Financial Ombudsman Service?
7. Do you have any views on our plans to reduce our reserves from six to three months' operating cost?
8. What would you like us to include in the 2023/24 funding consultation we are planning to publish in the first quarter of 2022/23?

Questions on our voluntary jurisdiction

For voluntary jurisdiction (VJ) participants, particularly those that joined the Financial Conduct Authority's (FCA) Temporary Permissions Regime (TPR):

9. What are your views on our proposal to raise funds through the VJ levy and to leave the tariff rate for each industry block unchanged?
10. Do you have any comments on our proposal above in relation to the VJ levy for funeral plan providers and intermediaries who apply to become VJ participants?

Question on funeral plan providers

11. Do you have any comments specifically about our proposal to apply the same case fee rules to funeral plan providers and intermediaries that will become subject to the compulsory jurisdiction (CJ) and/or VJ from July 2022?

Appendix A

FOS 2022/X

FEES MANUAL (FINANCIAL OMBUDSMAN SERVICE CASE FEES 2022/2023) INSTRUMENT 2022

Powers exercised by the Financial Ombudsman Service Limited

A. The Financial Ombudsman Service Limited:

- (1) makes and amends the scheme rules relating to the payment of fees under the Compulsory Jurisdiction,
- (2) makes and amends the rules and guidance for the Voluntary Jurisdiction; and
- (3) fixes and varies the standard terms for Voluntary Jurisdiction participants,

as set out in Annex A and Annex B to this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000:

- (a) section 227 (Voluntary jurisdiction);
- (b) paragraph 8 (Information, advice and guidance) of Schedule 17;
- (c) paragraph 14 (The scheme operator's rules) of Schedule 17;
- (d) paragraph 15 (Fees) of Schedule 17;
- (e) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
- (f) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.

B. The making and amendment of the rules and guidance and the fixing and varying of the standard terms by the Financial Ombudsman Service Limited, as set out in paragraph A above, is subject to the consent and approval of the Financial Conduct Authority.

Approval by the Financial Conduct Authority

C. The Financial Conduct Authority consents to and approves the rules and guidance made and amended and the standard terms fixed and varied by the Financial Ombudsman Service Limited, as set out at Annex A and Annex B.

Commencement

D. This instrument comes into force on 1 April 2022 except for Part 2 of Annex B, which comes into force on 29 July 2022.

Amendments to the Handbook

E. The Glossary of definitions is amended by the Board of the Financial Ombudsman Service Limited in accordance with Annex A to this Instrument.

F. The Fees manual (FEES) is amended by the Board of the Financial Ombudsman Service Limited in accordance with Annex B to this Instrument.

Notes

G. In Annex B to this instrument, the "note" (indicated by "Editor's note:") is included for the convenience of readers but does not form part of the legislative text.

Citation

H. This instrument may be cited as the Fees Manual (Financial Ombudsman Service Case Fees 2022/2023) Instrument 2022.

By order of the Board of the Financial Ombudsman Service Limited
[] 2022

By order of the Board of the Financial Conduct Authority
[] 2022

Annex A

Amendments to the Glossary of definitions

In this Annex, striking through indicates deleted text.

Delete the following definitions.

<i>chargeable case (general)</i>	a chargeable case that is not a chargeable case (PPI).
<i>chargeable case (PPI)</i>	a chargeable case that, in the Ombudsman's opinion, falls wholly or partly within the scope of DISP App 3 (Handling Payment Protection Insurance Complaints).

Annex B

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force 1 April 2022

5	Financial Ombudsman Service Funding	
...		
5.5B	Case fees	
...		
	Standard case fee	
...		
5.5B.14	R	But a <i>respondent</i> will only be liable for, and the <i>FOS Ltd</i> will only invoice for, the standard case fee in respect of the 26th <u>4th</u> and subsequent <i>chargeable cases</i> which are closed by the <i>Financial Ombudsman Service</i> in any <i>financial year</i> .
5.5B.15	G	Until 31 March 2004 a standard case fee was payable for every <i>chargeable case</i> . From 1 April 2004 to 31 March 2005 the standard case fee was payable for the third and subsequent <i>chargeable cases</i> . From 1 April 2005 to 31 March 2013 the standard case fee was payable for the fourth and subsequent <i>chargeable cases</i> . <u>From 1 April 2013 to 31 March 2022 the standard case fee was payable for the twenty-sixth and subsequent <i>chargeable cases</i>. <i>FEES</i> 5.5B.12 R does not apply retrospectively to <i>financial years</i> before 1 April 2013.</u>
...		
		Supplementary Case fee [deleted]
5.5B.17	R	[deleted] <i>A respondent</i> must pay to the <i>FOS Ltd</i> the supplementary case fee specified in <i>FEES 5 Annex 3R Part 2</i> in respect of each <i>chargeable case (PPI)</i> relating to that <i>respondent</i> which is referred to the <i>Financial Ombudsman Service</i> , as well as any standard case fee under <i>FEES 5.5B.12 R</i> , unless the <i>respondent</i> is identified as part of a <i>charging group</i> as defined in <i>FEES 5 Annex 3R Part 3</i> .
5.5B.18	R	[deleted] The exclusion of <i>respondents</i> that are identified as part of a <i>charging group</i> as defined in <i>FEES 5 Annex 3R Part 3</i> applies only from 1 April 2013. Those <i>respondents</i> continue to be liable for the supplementary case fee under <i>FEES 5.5B.17 R</i> in respect of <i>chargeable cases (PPI)</i> referred to the <i>Financial Ombudsman Service</i> before 1 April 2013.

5.5B.19	R	[deleted] Notwithstanding the above, a respondent will only be liable for, and the <i>FOS Ltd</i> will only invoice for the supplementary case fee in respect of the 26th and subsequent cases relating to that <i>respondent</i> that fall within FEES 5.5B.17 R in any <i>financial year</i> .
		Special case fee
5.5B.20	R	If the <i>respondent</i> is identified as part of a <i>charging group</i> as defined in <i>FEES 5 Annex 3R Part 3</i> , the <i>charging group</i> must pay the special case fee calculated under <i>FEES 5 Annex 3R Part 4</i> (from 1 April 2013) instead of the <i>respondent</i> paying the standard case fee or the supplementary case fee.

...

5 Annex 2R	Annual Levy Payable in Relation to the Voluntary Jurisdiction 2021/22 2022/23
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...

5 Annex 3R	Case Fees Payable for 2021/22 2022/23
Part 1 – Standard case fees	
...	
Notes	
1	The definition of standard case fee is in <i>FEES 5.5B</i> (Case fees). The definition of <i>chargeable case</i> is in the Glossary to the <i>Handbook</i> .
2	The standard case fee will be invoiced by the <i>FOS Ltd</i> on or after the date the case is closed.
3	A <i>respondent</i> will only be invoiced a case fee for the 26th 4th and subsequent <i>chargeable case</i> in each <i>financial year</i> .
4	The definition of <i>not-for-profit debt advice body</i> is in the Glossary to the <i>Handbook</i> .
5	The definition of <i>limited permission</i> is in the Glossary to the <i>Handbook</i> .

Part 2 –Supplementary case fees [deleted]

		Supplementary case fee
In the: compulsory jurisdiction and voluntary jurisdiction	For the 26th and subsequent <i>chargeable cases (PPI)</i>	£0

Notes	
1	The definition of supplementary case fee is in <i>FEES 5.5B</i> (Case fees). The definition of <i>chargeable case (PPI)</i> is in the Glossary to the <i>Handbook</i> .
2	The supplementary case fee when payable will be invoiced by the <i>FOS Ltd</i> on or after the date the case is referred to the <i>Financial Ombudsman Service</i> .
3	The supplementary case fee when payable will be invoiced for the 26th and subsequent <i>chargeable cases (PPI)</i> against any <i>respondent</i> referred to the <i>Financial Ombudsman Service</i> in each <i>financial year</i> .

...

[*Editor's note:* the entities listed below for each charging group have been arranged into alphabetical order.]

Part 3 - Charging groups
The <i>charging groups</i> , and their constituent <i>group respondents</i> , are listed below. They are based on the position at 31 December immediately preceding the <i>financial year</i> . For the purposes of calculating, charging, paying and collecting the special case fee, they are not affected by any subsequent change of ownership.

1	<p>Barclays Group, comprising the following <i>firms</i>:</p> <p>Barclays Asset Management Limited</p> <p>Barclays Bank Plc</p> <p>Barclays Bank UK Plc</p> <p>Barclays Capital Securities Limited</p> <p>Barclays Insurance Services Company Limited</p> <p>Barclays Investment Solutions Limited</p> <p>Barclays Mercantile Business Finance Limited</p> <p>Barclays Private Clients International Limited</p> <p>Barclays Security Trustee Limited</p> <p>Barclays Sharedealing</p> <p>Barclays Stockbrokers Limited</p> <p>Clydesdale Financial Services Limited</p> <p>Firstplus Financial Group Plc</p> <p>Gerrard Financial Planning Ltd</p> <p>Monument Trinity A Designated Activity Company</p> <p>Oak Pension Asset Management Limited</p> <p>Solution Personal Finance Limited</p> <p>Standard Life Bank Plc</p> <p>Woolwich Plan Managers Limited</p> <p>Zedra Trust Company (UK) Limited</p>
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2	<p>HSBC Group, comprising the following <i>firms</i>:</p> <ul style="list-style-type: none">B & Q Financial Services LimitedHFC Bank LimitedHSBC Alternative Investments LimitedHSBC Bank Malta plcHSBC Bank plcHSBC Bank USA NA, London BranchHSBC Continental EuropeHSBC Equipment Finance (UK) LimitedHSBC Finance LimitedHSBC Global Asset Management (France)HSBC Global Asset Management (UK) LimitedHSBC International Financial Advisers (UK) LimitedHSBC Investment FundsHSBC Life (UK) LimitedHSBC Private Bank (Luxembourg) S.A.HSBC Private Bank (UK) LimitedHSBC Securities (USA) IncHSBC Trinkaus & Burkhardt AGHSBC Trust Company (UK) LtdHSBC UK Bank plcJohn Lewis Financial Services LimitedMarks & Spencer Financial Services plcMarks & Spencer Savings and Investments LtdMarks & Spencer Unit Trust Management LimitedThe Hongkong and Shanghai Banking Corporation Limited
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3	<p>Lloyds Banking Group, comprising the following <i>firms</i>:</p> <p>AMC Bank Ltd</p> <p>Bank of Scotland (Ireland) Limited</p> <p>Bank of Scotland Plc</p> <p>Black Horse Limited</p> <p>BOS Personal Lending Limited</p> <p>Cheltenham & Gloucester plc</p> <p>Clerical Medical Financial Services Limited</p> <p>Clerical Medical Investment Fund Managers Ltd</p> <p>Clerical Medical Managed Funds Limited</p> <p>Halifax Financial Brokers Limited</p> <p>Halifax General Insurance Services Limited</p> <p>Halifax Insurance Ireland Ltd</p> <p>Halifax Investment Services Ltd</p> <p>Halifax Life Limited</p> <p>Halifax Share Dealing Limited</p> <p>HBOS Investment Fund Managers Limited</p> <p>Housing Growth Partnership Manager Limited</p> <p>HVF Limited</p> <p>Hyundai Car Finance Limited</p> <p>International Motors Finance Limited</p> <p>IWeb (UK) Limited</p> <p>LDC (Managers) Limited</p> <p>Legacy Renewal Company Limited</p> <p>Lex Autolease Ltd</p> <p>Lex Autolease Carselect Limited</p> <p>Lex Vehicle Leasing Ltd</p> <p>Lloyds Bank Corporate Markets Plc</p> <p><u>Lloyds Bank General Insurance Limited</u></p> <p><u>Lloyds Bank Insurance Services Limited</u></p> <p><u>Lloyds Bank Plc</u></p> <p><u>Lloyds Bank Private Banking Limited</u></p> <p>Lloyds Development Capital (Holdings) Limited</p> <p>Lloyds Bank Plc</p> <p>Lloyds TSB Financial Advisers Limited</p> <p>Lloyds Bank General Insurance Limited</p> <p>Lloyds Bank Insurance Services Limited</p>
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<p>Lloyds Bank Private Banking Limited</p> <p>Loans.co.uk Limited</p> <p><u>MBNA Limited</u></p> <p>NFU Mutual Finance Limited</p> <p>Pensions Management (SWF) Limited</p> <p>Scottish Widows Administration Services Limited</p> <p>Scottish Widows Annuities Limited</p> <p>Scottish Widows Bank Plc</p> <p>Scottish Widows Fund Management Limited</p> <p>Scottish Widows Limited</p> <p>Scottish Widows Unit Funds Limited</p> <p>Scottish Widows Unit Trust Managers Limited</p> <p>Shogun Finance Limited</p> <p>St Andrew's Insurance plc</p> <p>St Andrew's Life Assurance Plc</p> <p>Suzuki Financial Services Limited</p> <p>SW Funding plc</p> <p>The Mortgage Business Plc</p> <p><u>MBNA Limited</u></p> <p>United Dominions Trust Limited</p>
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4	<p>RBS/NatWest Group, comprising the following <i>firms</i>:</p> <p>Adam & Company Investment Management Ltd</p> <p>Adam & Company Plc</p> <p>Coutts & Company</p> <p>Coutts Finance Company</p> <p>Lombard Finance Ltd</p> <p>Lombard North Central Plc</p> <p>National Westminster Bank Plc</p> <p>National Westminster Home Loans Limited</p> <p>NatWest Markets N.V.</p> <p>NatWest Markets Plc</p> <p>RBOS (UK) Limited</p> <p>RBS Asset Management (ACD) Ltd</p> <p>RBS Asset Management Ltd</p> <p>RBS Collective Investment Funds Limited</p> <p>RBS Equities (UK) Limited</p> <p>RBS Investment Executive Limited</p> <p>The Royal Bank of Scotland Group Independent Financial Services Limited</p> <p>The Royal Bank of Scotland N.V.</p> <p>The Royal Bank of Scotland Plc</p> <p>Ulster Bank Ireland Limited</p> <p>Ulster Bank Ltd</p>
5	<p>Aviva Group, comprising the following <i>firms</i>:</p> <p>Aviva Administration Limited</p> <p>Aviva Annuity UK Limited</p> <p>Aviva Equity Release UK Limited</p> <p>Aviva Health UK Limited</p> <p>Aviva Insurance Limited</p> <p>Aviva Insurance Services UK Limited</p> <p>Aviva Insurance UK Limited</p> <p>Aviva International Insurance Limited</p> <p>Aviva Investment Solutions UK Limited</p> <p>Aviva Investors Global Services Limited</p> <p>Aviva Investors Pensions Limited</p> <p><u>Aviva Investors UK Funds Limited</u></p> <p>Aviva Investors UK Fund Services Limited</p>

	<p>Aviva Investors UK Funds Limited</p> <p>Aviva Life & Pensions UK Limited</p> <p>Aviva Life Services UK Limited</p> <p>Aviva Pension Trustees UK Limited</p> <p>Aviva Wrap UK Limited</p> <p>CGU Bonus Limited</p> <p>CGU Underwriting Limited</p> <p>Commercial Union Life Assurance Company Limited</p> <p><u>Friends Annuities Limited</u></p> <p><u>Friends Life and Pensions Limited</u></p> <p><u>Friends Life FPLMA Limited</u></p> <p><u>Friends Life Limited</u></p> <p><u>Friends Life Marketing Limited</u></p> <p><u>Friends Provident International Limited</u></p> <p>Gresham Insurance Company Limited</p> <p>Hamilton Life Assurance Company Limited</p> <p>Hamilton Insurance Company Limited</p> <p>Norwich Union Life (RBS) Limited</p> <p>Scottish Boiler and General Insurance Company Ltd</p> <p><u>Sesame Limited</u></p> <p>The Ocean Marine Insurance Company Limited</p> <p>Friends Annuities Limited</p> <p>Friends Life and Pensions Limited</p> <p>Friends Life FPLMA Limited</p> <p>Friends Life Limited</p> <p>Friends Life Marketing Limited</p> <p>Friends Provident International Limited</p> <p>Sesame Limited</p>
6	<p>Direct Line Group, comprising the following <i>firms</i>:</p> <p>Churchill Insurance Company Limited</p> <p>UK Insurance Limited</p> <p>UK Insurance Business Solutions Limited</p> <p><u>UK Insurance Limited</u></p>
7	<p>Nationwide Building Society Group comprising the following <i>firms</i>:</p> <p>Cheshire Building Society</p> <p>Derbyshire Building Society</p>

	<p>Derbyshire Home Loans Ltd</p> <p>E-Mex Home Funding Limited</p> <p>Nationwide Building Society</p> <p>Nationwide Independent Financial Services Limited</p> <p>Portman Building Society</p> <p>The Mortgage Works (UK) Plc</p> <p>UCB Home Loans Corporation Ltd</p>
8	<p>Santander Group, comprising the following <i>firms</i>:</p> <p>Abbey Stockbrokers Limited</p> <p>Cater Allen Limited</p> <p><u>Hyundai Capital UK Limited</u></p> <p>Santander Cards UK Limited</p> <p>Santander Consumer (UK) Plc</p> <p><u>Santander Financial Services Plc</u></p> <p><u>Santander ISA Managers Limited</u></p> <p>Santander UK Plc</p> <p>Santander ISA Managers Limited</p> <p>Hyundai Capital UK Limited</p> <p>Santander Financial Services Plc</p>

Part 4 – Special case fees

The special case fee shall be calculated and paid as follows:	
1	Proportions:
	<p>(1) In the calculations that follows in (2) <u>immediately below</u>, (3) and (4):</p> <p><u>new chargeable cases (PPI) for group respondents =</u></p> <p><i>A</i> = twice the number of new <u>chargeable cases (PPI)</u> that were referred to the <u>Financial Ombudsman Service</u> in respect of <u>group respondents</u> from 1 July to 31 December (both dates inclusive) in the immediately preceding <u>financial year</u>:</p> <p><u>new chargeable cases (PPI) for all firms =</u></p> <p><i>B</i> = twice the number of new <u>chargeable cases (PPI)</u> that were referred to the <u>Financial Ombudsman Service</u> in respect of all <u>firms</u> (whether or not they are part of a <u>charging group</u>) from 1 July to 31 December (both dates inclusive) in the immediately preceding <u>financial year</u>:</p> <p><u>open chargeable cases (PPI) for group respondents =</u></p>

	<p>C = the number of <i>chargeable cases (PPI)</i> referred to the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> before 1 January in the immediately preceding <i>financial year</i> which had not been closed before 1 January in the immediately preceding <i>financial year</i>.</p> <p>open <i>chargeable cases (PPI)</i> for all <i>firms</i> -</p> <p>D = the number of <i>chargeable cases (PPI)</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>firms</i> (whether or not they are part of a charging group) before 1 January in the immediately preceding <i>financial year</i> which had not been closed before 1 January in the immediately preceding <i>financial year</i>.</p> <p>new <i>chargeable cases (general)</i> for <i>group respondents</i> -</p> <p>E = twice the number of new <i>chargeable cases (general)</i> that were referred to the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i>.</p> <p>new <i>chargeable cases (general)</i> for all firms -</p> <p>F = twice the number of <i>chargeable cases (general)</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>firms</i> (whether or not they are part of a <i>charging group</i>) from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i>.</p> <p>open <i>chargeable cases (general)</i> for <i>group respondents</i> -</p> <p>G = the number of <i>chargeable cases (general)</i> that were referred to the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> before 1 January in the immediately preceding <i>financial year</i> which had not been closed before 1 January in the immediately preceding <i>financial year</i>.</p> <p>open <i>chargeable cases (general)</i> for all <i>firms</i> -</p> <p>H = the number of <i>chargeable cases (general)</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>firms</i> (whether or not they are part of a <i>charging group</i>) before 1 January in the immediately preceding <i>financial year</i> which had not been closed before 1 January in the immediately preceding <i>financial year</i>.</p>
	<p>(2) [deleted] 'Proportion X' for each <i>charging group</i> is a percentage calculated as follows - $A / B \times 100$</p>
	<p>(3) [deleted] 'Proportion Y' for each <i>charging group</i> is a percentage calculated as follows - $\{A + C\} / \{B + D\} \times 100$</p>
	<p>(4) 'Proportion Z' for each <i>charging group</i> is a percentage calculated as follows - $\{E + G\} / \{F + H\} \times 100$</p>

2	The special case fee is intended to broadly reflect the budgeted workload capacity of the <i>Financial Ombudsman Service</i> and comprises elements in respect of <u>closed chargeable cases</u> with a free case allowance of 15 closed <i>chargeable cases</i> ·:
	(1) new <i>chargeable cases (PPI)</i> ;
	(2) closed <i>chargeable cases (PPI)</i> ; and
	(3) closed <i>chargeable cases (general)</i> ;
	with a free-case allowance of:
	(4) 50 new <i>chargeable cases (PPI)</i> ; and
	(5) 50 closed <i>chargeable cases (general)</i> .
3	The special case fee for each <i>charging group</i> is a total amount calculated as follows:
	(1) — in respect of new <i>chargeable cases (PPI)</i> = — $\{£0 \times [10,000] \times \text{the 'proportion X'}\} - \{£0 \times 50\}$
	(2) — in respect of closed <i>chargeable cases (PPI)</i> = — $£750 \times [20,000] \times \text{the 'proportion Y'}$
	(3) — in respect of closed <i>chargeable cases (general)</i> = $\{£750 \times [200,000] \times \text{the 'proportion Z'}\} - \{£750 \times 50 \times 15\}$
4	The <i>FOS Ltd</i> will invoice each <i>charging group</i> for the special case fee (calculated as above) in four equal instalments, payable in advance on the following dates during the <i>financial year</i> : (1) 1 April (or, if later, when <i>FOS Ltd</i> has sent the invoice); (2) 1 July; (3) 1 October; and (4) 1 January.
5	Year-end adjustment:
	(1) [deleted] If the actual number of new <i>chargeable cases (PPI)</i> referred to the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> during the <i>financial year</i> is more than [115%] of $\{[10,000] \times \text{the 'proportion X'}\}$: (a) — the <i>FOS Ltd</i> will invoice the <i>relevant charging group</i> ; and (b) — the <i>relevant charging group</i> will pay to <i>FOS Ltd</i> ; an additional £35,000 for each block of 100 (or part thereof) new <i>chargeable cases (PPI)</i> in excess of the [115%] .

	<p>(2) If the actual number of <i>chargeable cases</i> (general) closed by the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> during the <i>financial year</i> is more than [115%] of {[200,000] 210,500 x the 'pProportion Z'}:</p> <p>(a) the <i>FOS Ltd</i> will invoice the <i>relevant charging group</i>; and</p> <p>(b) the <i>relevant charging group</i> will pay to <i>FOS Ltd</i>;</p> <p>an additional £75,000 for each block of 100 (or part thereof) closed <i>chargeable cases</i> (general) over the [115%].</p>
	<p>(3) If the actual number of <i>chargeable cases</i> (general) closed by the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> during the <i>financial year</i> is less than [85%] of {[200,000] 210,500 x the 'pProportion Z'}, the <i>FOS Ltd</i> will promptly repay to the <i>relevant charging group</i> £75,000 for each block of 100 (or part thereof) closed <i>chargeable cases</i> (general) under the [85%].</p>

Part 2: Comes into force 29 July 2022

[*Editor's note:* Part 2 of Annex B takes into account the changes made by Part 1 of Annex A, which came into force on 1 April 2022.]

5 Annex 2R	Annual Levy Payable in Relation to the Voluntary Jurisdiction 2022/23				
Voluntary jurisdiction – annual levy for VJ participants					
	Industry block and business activity	Tariff basis	Tariff rate	Minimum levy	
...					
	15V	<i>VJ participants</i> undertaking activities relating to <i>claims management services</i>	annual income	£50 plus £3 per £1,000 of annual income	£75
	16V	<i>VJ participants</i> undertaking activities which are <i>regulated funeral plan activities</i> or would be if: <ul style="list-style-type: none"> (a) <u>they were carried on from an establishment in the United Kingdom;</u> and/or (b) <u>they were carried on in relation to a funeral in the United Kingdom.</u> 	n/a	n/a	£75
	Notes				
	...				

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