

Minutes – Board Meeting on 21 July 2025

Board attendees The Baroness Manzoor CBE, Chairman Nigel Fretwell, Senior Independent Director ('SID') Jacob Abboud, Director Warren Buckley, Director Bill Castell, Director Sarah Lee, Director Shrinivas Honap, Director	Executive attendees James Dipple-Johnstone, Interim Chief Ombudsman ('CO') Jenny Simmonds, Interim Chief Executive Officer ('CEO') Marc Harris, Chief Operating Officer ('COO') Jane Cosgrove, Chief People Officer ('CPO')
Other attendees Dame Gillian Guy, Independent Assessor ('IA') Sinéad Lane, Senior Caseworker to the Independent Assessor Mark Sceeny, Company Secretary and Head of Private Office Katie North, Business Manager	

1. Introduction and approval of agenda

- 1.1. The meeting was called to order at 9am by The Lady Manzoor, Chairman.
- 1.2. The agenda was approved as presented.

2. Conflicts of interest

- 2.1. Nobody declared any conflict of interest.

3. Approval of board minutes

- 3.1. The Board reviewed and **approved** the minutes of the previous Board Meeting held on 23 June 2025.

4. Actions log

- 4.1. The Board **noted** the Actions Log.

5. Noting of subcommittee minutes and TSC Report

- 5.1. The Board **noted** the following subcommittee minutes:
 - Transformation Committee of 9 May 2025
 - Audit Risk and Compliance Committee of 25 June 2025

6. Chief Ombudsman and CEO's report

- 6.1. The Board **noted** the Chief Ombudsman and CEO's joint report.
- 6.2. The Board discussed the draft consultation on differential charging, noting ongoing challenges with split billing and the potential risk for increased complexity associated with replacement billing systems over time. The Board emphasised the importance

of simplifying the billing process at the outset – as systems tend to become more complex over time – and encouraged the Executive Team to take a holistic approach whilst streamlining the billing system using appropriate technologies. The Board noted the COO's assurance that the Financial Ombudsman Service ('FOS') was already talking to suppliers and looking at all options.

- 6.3. The CEO confirmed that a key organisational objective is to simplify the billing system. However, this will require stakeholder consultation, particularly with firms (who need to be able to operationalise this), to support them through the proposed changes. The consultation paper will be circulated to Board Members for their review and feedback. **Action: CEO by 29 July 2025.**
- 6.4. The Board discussed staff responses to FOS's consultation on altering the standard interest rate on compensation awards, and on HM Treasury's consultation on reforming and modernising the regulatory regime, including FOS. The CO and CEO highlighted some positive feedback from staff and confirmed that internal communications had been focused on carrying on with effective ways of working and delivering a good service.
- 6.5. The Board suggested that the Executive Team might consider setting out certain indicators to help track over time how cultural changes were landing; and asked that regular updates be provided on progress and staff feedback. **Action: CPO in Q2 and Q3 of 2025/26.**
- 6.6. The CPO confirmed that feedback will be monitored through internal engagement activities, including 'Town Hall' events, senior leadership sessions and staff engagement surveys. The CPO provided an update on the recent senior leaders' event, which had created a forum to discuss and cascade the reform proposals with staff. The event encouraged engagement from teams to discuss the implementation of proposals and identify the potential impact of these changes across different roles and functions. Feedback from the event had been positive, particularly regarding the structure and transparency of the sessions.
- 6.7. The Board noted that there was increased interest in the probable expansion of FOS's compulsory jurisdiction as certain products become regulated activities, such as Buy-Now-Pay-Later ('BNPL') and the potential reforms which affect other consumer-credit products. The Board noted that similar considerations applied in the likely approach by the Financial Conduct Authority ('FCA') to regulating cryptoassets. The Board asked the CO to bring this jurisdiction issue back to the September Strategy Days for further discussion. **Action: CO by 22 September 2025.**
- 6.8. The Board expressed support for a broader strategic discussion around expanding FOS's jurisdiction but advised on a cautious and measured approach to expanding jurisdiction voluntarily, particularly in light of proposed changes set out in the Treasury Consultation. The Board noted that the FCA's role and regulatory duties – including the 30-day referral time limit – were also presently under consultation. The Board emphasised that FOS must continue to deliver on its statutory role as a quick and informal service, so any expansion at this time should be aligned with FOS's remit and take account of its existing powers and duties.
- 6.9. The Board agreed that the Executive Team should seek to find out more about BNPL and cryptoasset products, including their availability across an increasing number of online platforms and firms to inform options for the jurisdiction and evaluate impacts on the service of any expansion. **Action: CO by 22 September 2025.**
- 6.10. The Board noted that the FCA had responded positively to the CO's correspondence relating to 17 outstanding referrals involving Claims Management Companies ('CMCs'). The Chairman thanked the CO and CEO for their continued

constructive engagement with the FCA and HM Treasury; and encouraged further pro-active interventions within FOS's remit where appropriate.

7. Chancellor's Mansion House Speech – Oral Update

- 7.1. The CO gave the Board an oral update about the key messages from the Chancellor's Mansion House speech on 17 July 2025. These included:
 - A focus on growth through change and deregulation; and
 - Unlocking investment reserves, particularly within the banking sector, to encourage investment and the liberation of assets.
- 7.2. The Board noted the positive attitude and overall tone regarding FOS. However, there had been repeated references to the perception of FOS as a 'quasi-regulator'. The Board and Executive Team agreed there will need to be a focus on changing this misperception moving forward.
- 7.3. The Board discussed proposals about an FCA referral mechanism and possible challenges posed for the regulator by the 30-day time limit for responses. The Board agreed that care was needed to ensure appropriate governance linkages between the two organisations. The Board agreed to discuss this topic further at the September Strategy Days. **Action: CO by 22 September 2025.**
- 7.4. The Board discussed the risk, under the consultation proposals, of firms referring cases from FOS directly to the FCA or the courts and the potential impact of this. The CO said there was a possibility of increased FCA referrals over the next two years, while the system beds in but referral criteria and feedback could play a role in managing this effectively. However, there are fewer concerns relating to case referrals to the courts as these should be appropriately addressed and correctly re-referred at the front-door stage of the complaints process. The Board noted that the incoming decision frameworks should help to reduce uncertainties and questions raised by firms. The CO confirmed that subject to consultation additional criteria will be incorporated into the 30-day FCA referral process to address any further concerns.
- 7.5. The Board expressed hope that the right balance of regulation and protections would be maintained – e.g. over the 'targeted support' measures being proposed to unlock savings and encourage investments – to avoid the risk of future increases in complaints. The Board requested that this issue also be discussed at the September Strategy Days. **Action: CO by 22 September 2025.**

8. Motor Finance Commission ('MFC') Litigation – Oral Update

- 8.1. The Board **noted** that the Court of Appeal has deferred hearing the MFC judicial review against FOS until the autumn, pending the Supreme Court's judgment about MFC in *Johnson v First Rand*. The Supreme Court judgment is expected in the coming weeks and, whilst the CO anticipates that FOS can then begin progressing non-discretionary commission arrangement (non-DCA) related stock, progress will probably not be made on DCA stock until the outcome of the judicial review.
- 8.2. Whilst the Supreme Court judgment may help to streamline processes, there is a risk of its 'ratio' being applied to additional industry sectors and products, including low/flat percentage products. The CO discussed reform of the ADR Regulations, which are likely to exempt FOS and revise the rules in DISP 3.3.4 – and the Board noted this could potentially allow FOS to refer such cases back to firms for compliance to reduce the negative impact of mass claims on the service pending

implementation of the final set of reforms.

- 8.3. The Board acknowledged the efforts of FOS's working teams in engaging with the FCA and HM Treasury and recommended (i) reinforcing the message that FOS has a non-regulatory role regarding MFC cases and (ii) highlighting FOS's previous attempts to resolve issues without unnecessary complaint volumes and court proceedings.
- 8.4. The Board requested an update on cases about s.140A of the Consumer Credit Act 1974 (the subject of another judicial review against FOS). The CO confirmed that the judicial review was heard the week before, and judgment is expected in early September 2025. The Board asked for an update at September's Board Meeting and to receive details about the FCA's evidence and arguments as an intervener in that case – in order to gain insight into the FCA's position on s.140A in relation to FOS time limits in DISP 2.8. **Action: CO by 22 September 2025.**
- 8.5. The Board discussed the upcoming FCA Oversight Committee meetings and asked the CEO and CO to consider whether a request should be made for the FCA's CEO also to attend these meetings given his role and responsibilities. **Action: CEO by 22 September 2025.**

9. Q1 Performance Review

- 9.1. The Board **discussed** the COO's overview of the Q1 year-to-date performance and noted the green, amber and red status for various aspects of performance and service standards.
- 9.2. Timeliness is now stronger with enquiries 3% ahead of the Q1 target; and timeliness for resolutions is ahead of both 3- and 6-month targets. The unallocated case queue has decreased by 29% in Q1 and continues to decline.
- 9.3. Total year-to-date resolutions are currently below budget, which is driven by a lower output of MFC cases owing to the litigation. However, excluding MFC cases, the resolutions are tracking ahead of budget.
- 9.4. Net Easy scores are currently at 43, which is slightly below the target of 45. The COO attributed this to timeliness challenges in Q4 of 2024/25 but confirmed that the scores remain recoverable with continued progress on timeliness and maintaining good quality.
- 9.5. The COO discussed the increased number of cases listed for final decisions by ombudsmen and the wider impact of such high referral rates across multiple product areas. Further investigation is underway to identify any contributory factors. The Board expressed concern over the increased referral rate to ombudsmen and encouraged early identification of high-risk areas along the complaints process to avoid unnecessary referrals later on in the process.
- 9.6. The COO discussed the increase in cases older than 12 months and confirmed next steps for intervention, including:
 - The recruitment of additional ombudsmen;
 - Enhanced performance management;
 - Re-deployment of resources; and
 - Piloting 'Decision Labs' to share examples of good practice and gain productivity insights.
- 9.7. The Board discussed previous assurances from the Executive Team on performance management tools and activity, including the introduction of Activity Based

Management ('ABM') and asked for clarity on how the proposed interventions will help address the ongoing issues. The CO confirmed the new measures complemented work already in train and reflected the increased demand for final determinations. He explained that there were plans to review decision outputs to identify areas where productivity can be improved across different case cohorts and caseworker deployments. Proposals also include investigating and addressing high referral rates on a product-by-product basis.

- 9.8. The Chairman proposed a holistic overview approach to reporting in order to map end-to-end productivity, including a review of productivity for contingent versus permanent caseworkers. The Board agreed that this should be discussed further at September's Board Meeting. **Action: COO by 22 September 2025.**
- 9.9. The Board noted the inclusion in the papers of the new corporate dashboard. The Board requested a cover note to highlight the key data and activities going forward, to avoid getting too involved in details that were more properly for the Executive to manage. **Action: COO by 22 September 2025.**
- 9.10. The Board also requested the reintroduction of quarterly roll rates in future operational performance reporting. **Action: COO by 22 September 2025.**
- 9.11. The Board noted the productivity trends. Whilst demand is decreasing, stock is increasing against budget. The COO explained that this was due to the impact of MFC cases and the current pause on resolutions due to the ongoing litigation and uncertainty over whether there will be a regulatory solution such as a redress scheme. There was therefore considerable stock that could not be resolved despite reduced demand.

10. Independent Assessor's Annual Report and Management Response

- 10.1. The Independent Assessor, Dame Gillian Guy, joined the meeting at 11.15am together with her Senior Caseworker. The Chairman welcomed them to the meeting and invited Dame Gillian to present her Annual Report, which the Board had read in the papers (and will shortly be published online together with the FOS Management Response).
- 10.2. The Board noted that it was an excellent report and highlighted some of the things that are not apparent to those working at FOS day-to-day. The report had great insights and was very clear. The Board was disappointed to see that some repeat issues were yet to be resolved; but were reassured that the overall number of service complaints, whilst steady over the years, was still a very small proportion of the overall volumes handled each year. Some of the issues identified by the Independent Assessor ('IA') were, she reported, noteworthy only because they were new. However, avoiding some of these was within FOS's own control, such as adhering to process without being inflexible when the circumstances justified a more tailored approach.
- 10.3. The IA noted the importance of considering customer vulnerability, particularly in the design and implementation of new digital services to avoid the inadvertent exclusion of specific user groups. The IA welcomed the development of the FOS's Vulnerability Strategy and Framework to help address these concerns. The COO agreed to share information on targets for the new digital service with the IA.
Action: COO by the end of Q2 of 2025/26.
- 10.4. The IA also welcomed the Customer Complaint Framework but recommended that it should be underpinned by actual customer experience.
- 10.5. The Board thanked the IA for her report and asked the Executive Team to conduct a review of the multiple stages of the customer complaints process to ensure the

desired outcomes were being achieved – and that any reductions in referrals to the IA were the result of greater satisfaction rather than any obstacles or attrition. The Board also requested a review of Management Responses to IA reports from the past three years, with a focus on identifying progress against recurring themes. The Board noted that visible improvement in certain repeat areas is needed over the next 12 months. The Board recommended selecting two to three proof points from the Management Response to track progress. **Action: CO in 2025/26.**

- 10.6. The Chairman thanked the IA for her continued support to the Board and Executive Team.

11. Papers for noting

- 11.1. The Board **noted** the Annual Report and Accounts, the Annual Assurance Reports, and the new Vulnerability Strategy and Framework.

- 11.2. The Board also **noted** the monthly reports for the following functional areas:

- Transformation, including an update on the Consumer Portal Rollout (COO)
- Cyber Security and Information Strategy (COO) – the Board asked to discuss this strategy further in September to determine the level of involvement and accountability by the Board. The Board suggested an exercise to help understand their role in a potential crisis management or business continuity scenario. **Action: COO by 22 September 2025.**
- Finance (CEO)
- Risk (CEO)
- Internal Audit Executive Response (action from June Board)
- Litigation (CO)
- HR (CPO)
- Communications (CO and CEO)

12. AOB and next meeting

- 12.1. The Chairman noted that this was her final Board Meeting and thanked the Board, Executive Team, and Secretariat for their continued support during her tenure, as well as their contributions to the transformation and improvement of FOS. On behalf of the Board and Executive, the Senior Independent Director thanked the Chairman for her strong vision and leadership over the past six years.

- 12.2. There was no other business.

- 12.3. The next Board Meeting is on **22 September 2025.**

13. Adjournment

- 13.1. The meeting was adjourned at 11.45am.