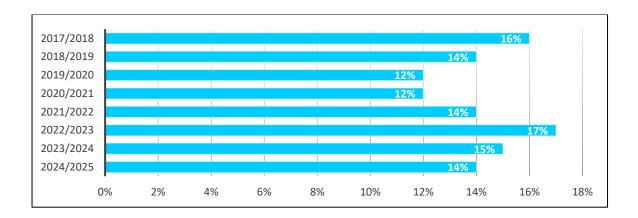


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During the financial year 2024-2025 the Service received 3,443 stage 1 service complaints, of which 1,337 were escalated to stage 2, the Customer Complaints Team, and of which I investigated 481. The Service has recently updated its processes which will provide more insight into complaints being resolved by Investigators in the first instance. It will be interesting to analyse this new data in relation to service complaint outcomes and the customer journey.

The Service resolved 227,000 cases within the financial year and of those I have reviewed 0.2%, so my findings must always be considered in that context. That is not to say that important learnings and feedback cannot be had to help make a smooth and pleasant customer journey for all those in need of the Service's help.

The complaints referred to me represent 14% of service complaints dealt with by the Service, which is a slight decrease from the last financial year but overall, a relatively constant percentage of referrals have been made to my office. See below -



The slight decrease in percentage reflects a decrease in sheer numbers referred to my office. The decrease may be due to the service complaint changes within the Service and the introduction of the Customer Complaints Team (CCT). However, it is unclear whether this decrease is due to customer satisfaction in the outcomes reached by the CCT and/or the manager, or if it is due to complaint fatigue and attrition as a result of the lengthy complaint process, with its various stages. That said, briefly looking at the complaints I have accepted for the start of the financial year 2025/2026, there has been a steep increase and it's looking likely to be one of my office's busiest Q1s. This is an area I will keep a focus on through 2025/2026.

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Complaints investigated by me

	2024/2025	2023/2024	2022/2023
Satisfactory	28%	35%	35%
Unsatisfactory	32%	27%	25%
Unsatisfactory +	39%	38%	40%
Recommendations			
and/or Learning			
points			

Whilst the number of recommendations I have made over the last 3 financial years has remained relatively constant, there has been a significant decrease in cases that I have classified as Satisfactory. This highlights that the Service is not getting things right first time and the slight increase in recommendations shows that the Service still has a long way to go to putting things right at stage 1 or 2 of its complaints process. Whatever the root cause is, it is a trend I shall continue to monitor.

What the Service did well

I continue to see the Service's staff's willingness to help its customers and their attitude and tone remain positive and professional. Communication has been a key focus for the Service and whilst there remains work to be done in this area, I have only seen a handful of cases (6 cases concerning 5 customers) where the customer's primary concern is the tone or attitude contained in the Service's communications. Further, I have only found a service failing in 2 cases in this area. Overall, given the current climate and the increase in delayed cases, I am pleased to see this hasn't impacted the Service's approach to its customers.

• *Complaints I found unsatisfactory*

Service standards is a key area that I shall go into in more detail later in my report. The largest subcategory for complaints I have classified as unsatisfactory is that the complaint handling process wasn't followed. Disappointingly, despite my annual report last year and the Service's Management Response, we have not been able to break down this area to enable me to give a better and more detailed analysis of where specifically the failings have been due to time constraints. My focus for 2025/2026 will be developing an updated taxonomy that allows for more detailed feedback and reporting.

Following the complaint handling process should be straightforward and reasonably easy to correct as there should be adequate training, guidance, and supervision in place to ensure that the processes that have been set up are followed on a case-by-case basis. That said, the Service should continue to be mindful that adapting

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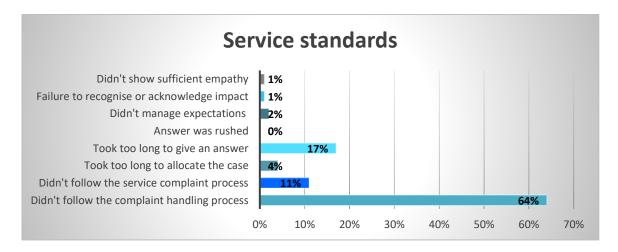
processes for vulnerable customers and customers with different needs is essential to providing good customer service.

Overall complaint themes

Below is a comparison of the top four complaint themes against the previous year.

This year 2024/25		Last year 2023/24	
Service standards	54%	Outcome*	42%
Outcome	29%	Service standards	36%
Communication	13%	Communication	15%
Discrimination	3%	Discrimination	2%

There has been a dramatic increase in cases where customers' complaints concern service standards. Because of this, my findings this year are more aligned to the customers' concerns. I've broken this category down further into its subcategories for further analysis:



The largest subcategory complained of by customers reaching out to my office is that the Service didn't follow the complaint handing process for the case against the financial business. From my reviews I have found:

- Customers are not made aware from the early stages that the Service has no power to enforce decisions, so they feel that due process isn't being followed and they are left to deal with the Business again direct. Clear information should be provided on the Service's website and potentially more information given when a case is upheld.
- Customers complained that they didn't receive a provisional decision and therefore didn't have an opportunity to put across their side of the story.
- Customers failed to receive a response to correspondence sent to their case handler/investigator.

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- Customers continue to feel that their cases were not progressed/escalated when they should have been.
- Customers have complained when their case was escalated to an Ombudsman for a review, they then received a second view by a case handler and no clear explanations given as to why.
- Customers have complained that the case handler didn't introduce themselves or summarise an understanding of their case but simply issued a view, out of the blue.

It is clear that whilst some complaints from customers are due to a service failing in the complaint handling process, some are actually due to the lack of understanding of the process. I appreciate the Service has steered away from factsheets and a detailed explanation of its processes on an individual basis and relies on its investment in technology and its website. However, it should ensure that its customers are understanding the Service's processes, stages, limitations and powers and adapt its communication of information to be more accessible where needed.

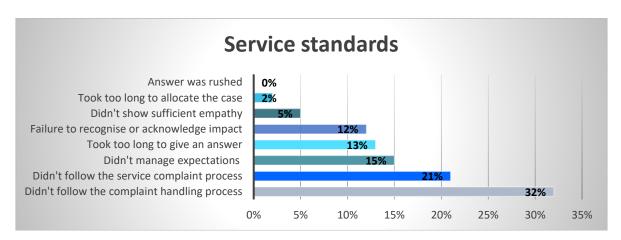
<u>Findings - Overall service failing themes</u>

In this section I have focused on the Service's primary failings, as found through my Reviews. As previously stated, these largely align with the customer's primary concerns and are as follows:

This year 2024/25		Last year 2023/24		
Service standards	68%	Service standards	50%	
Communication	31%	Communication	45%	
Outcome*	1%	Outcome*	5%	

I have broken down the results in these categories to provide further detail.

Service standards – this covers a number of different areas. My Reviews throughout the financial year have revealed the following service standard failings:



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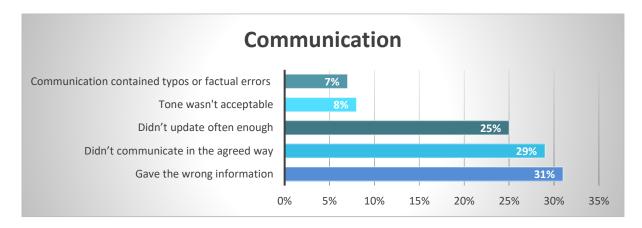
Last year I reported that timeliness (considering 'took too long to give an answer' and 'took too long to allocate the case' together) was still a significant area of failing, making up for 30% of service standard findings. I was pleased to see this year a significant decrease in this area – reducing to a total of 15%. It's clear that meaningful improvements were made this year, however my quarter 4 report shows this issue is on the increase again.

The most common finding this year, was 'Didn't follow the complaint handling process'. Last year, this area was only second by a small percentage, so it is clear there is still work to be done here. The main concerns I have seen are:

- Failure to respond to correspondence.
- Impact of failures of complaint handling not appropriately considered.
- Progressing cases without reasonable deadlines, both too rigid and too wide.
- Lack of care and attention towards customers and case progression.
- Lack of meaningful updates.
- Not providing evidence or information as part of natural justice.

I have made recommendations on 138 complaints within this category, that's 60% of cases where I have found failings by the Service. Whilst this is a small decrease from last year, the Service still has some way to go to fairly resolve customers' concerns in this area before they reach me.

Communication – this continues to be the Service's second largest area of concern. I have broken down the area to focus on key aspects to improve:



Contrary to last year, the largest subgroup under communication is that the Service 'gave the wrong information' to its customers. This is concerning as the Service's staff should have the knowledge and skills to avoid this. I suggested in last year's report that the Service put more focus on new starters, to achieve a clear understanding of its structure, processes and procedures.

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I also suggested a possible need for refresher training for those areas which are not necessarily used on a regular basis – such as my office and what I do, enforcement following an upheld Final Decision, the Service's role and remit, Subject Access Requests and Freedom of Information requests.

From what I have reviewed this year, I would also add the importance of staff feeling confident enough to tell customers that they do not know the answer and will revert to them in a timely manner when they do know. Further it is evident that staff are not using tools such as the Service's Discovery guide to provide correct information. It's important for the Service to further investigate this area and draw out insights and improvements to reduce the impact on its customers.

Second and third in this area are 'Didn't communicate in the agreed way' and 'Didn't update often enough'

As I have previously commented, the Service has worked hard in this area by setting communication standards and publishing these internally and externally on its website. However, these standards repeatedly fail to be met in the cases that reach me, and when this happens, it results in a loss of confidence in the Service overall.

Further, I've also previously mentioned ensuring and maximising the use of the Service's case management system tools to ensure such standards are met. I am yet to see a vision for the customer experience and an embedding of a proactive customer first culture including regular contact with customers. I am pleased to see that this is a focus for the Service going forward. I continue to see the need for the Service to adapt its communication standards depending on the customer's needs, especially with the most vulnerable.

In terms of the Service failing to 'communicate in the agreed way', this continues to be a concern with a straightforward fix. The Service needs to ensure it is getting things right first time. This involves recording correct information about its customers at initial contact and communicating with them in the agreed format. Whilst customer preferences should be recorded correctly in the first instance, caseworkers have the opportunity to check this again at allocation, as well as further opportunities at stage 1 and 2 of a service complaint.

"Tone wasn't acceptable" and "communication contained typos or factual errors" make up for 15% of failings this year. This area appears to allow straight forward fixes with tools the Service has available to it, as well as processes, to avoid such costly errors.

In the category of communication, I made recommendations on 41 cases (39%). This is a welcome decrease from last year's 75 (50%) cases.

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Outcome* – whilst this subcategory accounts for a very small number of cases where I have found service failings (1%), I thought it still prudent to highlight that it is a finding. Giving fair and impartial outcomes to its customers is at the heart of what the Service does. To be clear and to put things into context, I have found service failings in 3 cases in this area and made no recommendations as the Service put things right before escalation to me. 2 cases were found to have answers that contained material errors of fact, and 1 that overlooked material information.

Themes and trends

I meet on a quarterly basis with the Service's Director of Customer Service and members of his team to provide the themes and trends I see. This is to ensure implementation of change doesn't have to wait until the end of the year and action can be taken on my feedback to improve the customer journey as soon as possible. I am pleased that the Service has reintroduced an action log so that I can see the results of my feedback.

These are the themes and trends that I have seen over the financial year and are intended for development purposes. However, the Service should be mindful that many of my Reviews contain positive feedback for staff for which trends can also be collated and learnt from.

Empathy

- On a few cases I have fed back the need for empathy and understanding I've noted flippant comments made without consideration of the impact on a customer.
- The Service should consider more sensitive allocation of cases to an appropriate case handler where possible. This stems from a case where a customer was a victim of domestic abuse, and a lack of empathy was identified. Additional training may be required for case handlers.

Terminology and language

- The use of the term 'case closure' can be confusing for a customer (it's unclear whether this is when the case is officially closed or when the Final Decision is sent out). The ideal solution would be to have a uniform date and a case closure letter sent to all parties on the date of closure. This would ensure deadlines for service complaints are not missed due to a lack of understanding.
- A reminder to take care with language used call notes from the customer call hub have not always been professional and some language can be seen as biased. The Service should always use appropriate, professional wording in all communication as well as that held on customers' files, being mindful that a SAR might be raised.

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- Frontline staff to be conscious of background noise. On a few occasions
 customers have raised concerns about, domestic background noise. Not only
 is this unprofessional, it is also highly disturbing for customers trying to
 discuss cases. Specific consideration should be given to customers'
 accessibility needs to ensure WFH does not negatively impact the Service's
 ability to provide tailored services.
- The Service should be mindful of correctly and uniformly applying its
 Unreasonable Behaviour Policy. On one case a UBP warning was issued
 which did not appear to be the usual approach. The Service should explain
 what conduct breached the policy and what the consequences could be if
 behaviour continued as per the Service's internal guidance.
- Take note of reasonable feedback from customers regarding deadlines the use of 'by' in emails is confusing, as this leads to ambiguity as to whether the deadline includes the date quoted or not. The use of 'no later than' or 'on or before' is a less confusing way of expressing deadlines.
- The wording in introduction emails/letters could be different if the outcome is likely to result in an out of jurisdiction view this will help manage customers' expectations.

IT and Technology

- Formatting of complaint form. Information can be missed by investigators.
 Customers have complained that they do not get a record of the complaint form like the Service does. The Service should consider this.
- The Service should consider its policy on sending documents to customers and whether the Service's server supports encrypted files. I appreciate this will be resolved by the introduction of the portal for customers but in the interim, guidance should be given to avoid delay and disappointment for customers.
- I've come across some cases where the sound quality of calls has been poor. Some where consumers have commented but also some where I have observed this more generally.

Process and Procedures

- Cases where call notes are not recorded and there is no record on file –
 needless to say the file should be a full reflection of what has happened on the
 case.
- The Service might consider if 'informal' is an appropriate description of what it does, given it is still professional and this is not an excuse for shortcomings. Care also that the efforts to be "even handed" don't tip too far and look like bias in favour of the Business.
- The Service must ensure all its staff are aware of process and procedures this stems from a case where the case handler implied that if the Chief Ombudsman said the case should be reopened it would be which wasn't the case as a Final Decision had been issued.

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- It is the case that a customer cannot have a further Final Response Letter on the same matter. The Service should ensure that anyone dealing with the public has good basic knowledge of their processes.
- The Service should consider its website and managing customer's expectations in situations where a Business doesn't comply with a Final Decision.
- Consistency ought to be applied with case handlers stating their office hours in introduction letters/emails or in their signature block so that customers' expectations can be more readily set. This is particularly so if case handlers expect to issue correspondence outside of normal office hours.
- The Service's communication standards should be clear as to when the 'clock starts ticking' on deadlines (what is 2 working days if an email is received at 8pm and the case handler often works till 8pm does it depend on the specific case handler's working hours?)
- The guidance issued to case handlers is potentially contradictory. The
 conversion letter sets out what customers ought to expect, yet the guidance
 issued to case handlers says that they can introduce themselves and issue
 their opinion at the same time. Consider revising wording to be a more
 accurate reflection of the process.
- The Service should be mindful that its customers need clarity on which email is being addressed/responded to. If the Service is not using the reply function in emails it should be clear that the email is in response to the customer's email identified by date.

Fairness and Impartiality

- The Ombudsman initially communicated with the customer but then abruptly stopped and asked that the customer liaise with the case handler this was experienced as unfair and led to the customer feeling that the stop in communication was due to the service complaint raised by him.
- The impression of bias case handlers should make clear distinctions between the Business' points, their thoughts on them and how it impacts the outcome. The Service should be seen to be impartial not just be impartial.
- Responses have been issued to tell customers that the Independent Assessor
 would not be able to review the complaint points raised. Whilst I'm sure wellintentioned, the Service must remove itself from such determinations and
 allow my office to decide what can and can't be accepted as part of an
 independent process.

Complaint handling

• The Service needs to ensure all members of staff responding to a service complaint are aware of the boundaries and don't get involved in merits – this can lead to confusion and misunderstandings.

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- From another perspective, I have noted legitimate concerns brushed aside as merits. On a few occasions it seems as if neither complaint stage has actually reviewed the customer's concerns or the case file.
- Customers have complained of the length of the service complaint process delays in the complaint stages have not helped and the Service should ensure it keeps to its promises as by this point the customer has already been though a lengthy process.
- Customer feedback particularly on the Service's processes often isn't being acknowledged. There is no obligation on case handlers to commit to any feedback necessarily being implemented, but simple acknowledgements of feedback and that it has been passed on could be issued.
- Delays to the service complaint process should be acknowledged and apologised for, rather than just thanking customers for their patience.
- Consider a clearer explanation of remit restrictions when answering a service complaint, rather than repeating to the customer that the complaint refers to the outcome when that is not the matter complained of.

As well as the ongoing discussions with the Service on several of these matters, I look forward to the management response and an evaluation of improvements made in relation to my last Annual Report.

Complaints not accepted by me (2024/25)

In the past financial year, my office was contacted in 662 instances where we couldn't help further. The total for the previous financial year was 738 – a decrease of around 10%. All percentages listed below are approximate.

Rejected complaints:

- 177 cases 26.5% of the overall total where I found the complaint to be about the merits of the case.
- 64 cases 9.5% where my office had been copied into or forwarded correspondence to the Service. This is a significant decrease of last financial year's percentage of 20.5%, and a return to 2022/23 figures roughly (8%). Whilst the variety of the correspondence to my office where we've been copied in means that it's not possible to draw firm conclusions, it would at least appear that fewer customers are attempting to elicit a response from the Service or other bodies by copying in my office.
- 52 cases 7.5% where the complaint had been made to the Service more than 3 months after the case had closed.
- 50 cases 7.5% where the complaint had been referred out of time.

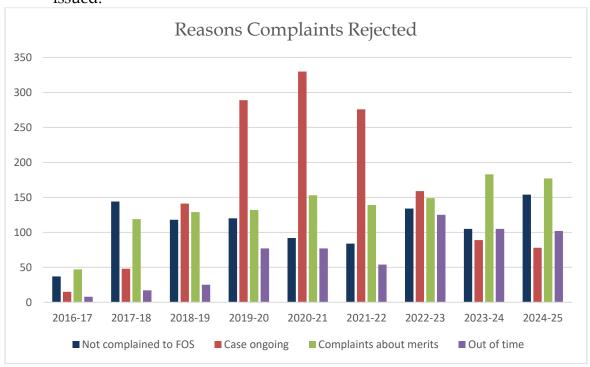
Deferred cases:

• 154 – 23% - where the complainant had yet to raise a complaint with the Service about its case-handling in the first instance. This is a fairly high

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increase compared to last year's percentage of 14% (105 cases). The Service ought to perhaps take stock of whether its service complaint process is suitably prominent and expedient for customers who wish to explore this option. In addition to these cases, 16 – 2.5% involved customers that had received an initial response but failed to escalate the complaint to the Customer Complaints Team, who in turn provide referral rights to my office. My office started to capture these specific statistics over the past financial year, and whilst these represent a relatively low percentage of cases, it reinforces the need for the Service to look at the prominence of its complaint process for its customers understanding.

- 78 11.5% where the case was ongoing. As explained in last year's report, the true number of cases that were ongoing on initial contact with my office is higher, but these are reclassified as 'accepted' cases once closed by the Service.
- 67–10% referred to me for miscellaneous but not valid complaint reasons.
- 11 1.5% where the consumer has not presented their complaint points to my office. The true number for this over the course of the year is higher, however on receiving further information from the complainant, their complaints are then reclassified (provided they return to my office again).
- 4 0.5% where my office has stepped in to correspond with the Customer Complaints Team direct in order to prompt a service complaint response.
 Whilst these numbers are again comparatively low, the Service could be more mindful of when service complaints should be investigated, and a response issued.



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The total number of complaints referred to my office (cases accepted and not accepted) has decreased again from 1,236 (2023/24) to 1,139 (2024/25). This follows on from a decrease the previous year (1,326 2022/23).

There was a slight downward trend in complaints referred to my office this financial year although this may have now paused. As noted in my previous year's report, the Service does need to provide customers with an independent view of merits-based complaints. Whilst the Service has no doubt good intentions in setting expectations for the customers in letting them know that their complaint falls outside of my remit to consider, refusing to raise a service complaint falls outside of the established process and risks the Service's reputation by effectively blocking access to my office and an independent answer. My office will over the next year be discussing the Service's processes in this regard, and perhaps, the knock-on effect in next year's statistics will be more keenly felt.

A closer look

• *Vulnerable customers and the customer journey*

My concern about how the Service treats vulnerable customers remains. For 2024-2025, 11% of the overall complaints I reviewed belonged to customers who had specific accessibility needs and/or were vulnerable. This is a slight increase from last year's 10%, although still a substantial improvement from 2022-2023 at 30%.

Historically, the Service has been efficient at identifying and logging vulnerability in the customer profile, so that it can make any adjustments needed for more accessible communication and a smoother case journey.

This year, I've made recommendations on 47% of vulnerable customer cases I reviewed, compared with 50% for the previous year. This is a small but welcome decrease, which goes to show that the Service is thinking and acting appropriately when it comes to putting things right for the customer affected. However, I believe it's important to note that on 3 of the cases where recommendations were made, these were not just about monetary compensation. On 2 cases I recommended the correction of remaining issues, and on 1, in particular, where the Service had already made an exceptional offer of £4000 for a series of errors, I recommended that a further apology be issued from a member of the Executive Team. The purpose of this was to validate the customer's feelings, make them feel heard and ensure that awareness of the case was escalated through the relevant channels.

I must stress that the above was a very rare example of when things go extremely wrong. For the most part, and as decreasing numbers suggest, the Service is doing a good job of resolving errors at complaint stage for vulnerable customers. This is supported by the 34% of cases which were unsatisfactory, but I made no

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recommendations. I found that the Service had taken the appropriate steps to put things right before the complaint was referred to me. Clearly, it would be even better to resolve these cases at the first opportunity.

Similarly to last year, the more common themes in cases involving vulnerable customers relate to communication issues and the failure to fully consider the impact on the individual. Another issue which seems to be developing is the failure to follow the service complaints process.

The customer journey is something the Service has been trying to perfect for the past few years. The Customer Complaints Team continues to centrally oversee service complaints and provide referral rights before customers can refer their service complaint for me to review as the Independent Assessor. I understand that this team has gone through some changes and more recently has recruited more resources to help meet the demand. I have found some issues with following the service complaints process, mainly delays in responses and logging them in the first place. I am hopeful that the changes will drive a smoother and more efficient service complaints process for the year ahead.

It is clear the Service remains committed to providing a fair and accessible journey to its vulnerable customers and overall customer journey. I will continue to provide feedback where appropriate so that it can continue to improve on the level of customer service provided.

• Complaints about my office

There is a balance to be struck between accountability and giving false expectations. In general complaints about the Financial Ombudsman Service to my office are the final step in the complaints process. There is no external vehicle to challenge my opinion and as an independent office it is for me to determine how best to fulfil the function. That said, it is of course important that I consider complaints about my office and how I can continuously improve my customers' experience.

In this financial year my office has received 8 complaints.

- IT my email automatic response failed to send the complaint allowed me to ensure it was rapidly reactivated. IT have not been able to ascertain the reason for the failure.
- Correspondence from my team 4 complaints have been surrounding the tone/content of my team's correspondence. I have looked into these concerns and relooked at my team's communications. I am always appreciative of feedback and have looked to soften the tone but ultimately the message remains the same that my office is the end of the process. My office is small

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- but busy and so my caseworkers predominantly communicate by email/post/audio waves to ensure optimum use of resources.
- Short deadlines to refer complaints to my office ultimately these deadlines are set by the board in the interests of reaching resolution. I will continue to keep on eye on this area.
- Disagreement on my remit to step in early 2 complaints have been regarding my office's delegated powers to intervene in an ongoing case. I closely reviewed these complaints and others similar, and I have found my caseworkers to be thorough and consistent in the approach of when to intervene and when not to.

I shall continue to record and monitor complaints about my team and ensure that my customers' concerns and feedback are considered.

Closing words and look forward

I am pleased to say that the support and openness I have received from the Service and the Board have continued this year. I feel that the work of my office and the recommendations I make are positively received and any differences are explored frankly and against the backdrop of a common goal for a great customer experience.

I can report that the feedback loop I sought in my last report has been constructed and will be developed further through use.

Notes to take this year are that communication is improving but is still an issue and timeliness is resurging as a concern. There are matters arising which constitute "own goals" such as a lack of clarity and knowledge of processes. There are also still examples of poor customer experience due to a lack of flexibility and pragmatism and of skills and comfort around de-escalation of customer dissatisfaction and frustration.

Positively, I am encouraged by a shift in momentum and sentiment around the customer and the importance of getting this relationship right, as much as discharging the investigative and adjudication functions. I look forward to the forthcoming review of the customer journey and the complaints process and the improvements this should bring. I also look forward to seeing the development and ultimately realisation of a vision for the customer experience in the coming months and to the management action which I hope will be prompted by this report.

My thanks to the Board for its consideration and to my customers for their efforts and resilience in navigating the complaints system for theirs and others' benefit.