



Our 2026/27 Plans and Budget Consultation paper

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Respond by: 21 January 2026



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About us

We were set up by Parliament under the Financial Services and Markets Act 2000 (FSMA) to resolve individual complaints between financial businesses and eligible complainants, fairly and reasonably, quickly, and with minimal formality.

We can look at complaints made by small and medium-sized enterprises (SMEs) about financial businesses, and complaints made by customers of claims management companies (CMCs). More information about our jurisdiction, including limits on the awards we can make, can be found in the [How we make decisions](#) section of our website.

In addition to resolving disputes, we share our insights to improve outcomes for all customers of financial services products.

Plans and Budget 2026/27 consultation: summary

The Financial Ombudsman Service plays an essential role for consumers and businesses by providing fair and timely resolutions to disputes and helps underpin confidence in financial services.

Progress in 2025/26: delivering an improved service for our customers

This year we have made progress in delivering our strategic priorities and improving the service we offer our customers.

After facing exceptional demand for our service in 2024/25, this financial year is expected to result in our case volumes decreasing by a third (a 100,900 year-on-year reduction in cases). This is largely due to receiving fewer cases about motor finance commission – following the Financial Conduct Authority (FCA) announcing that a redress scheme would be put in place – and measures beginning to take effect (such as introducing charges for

professional representatives from 1 April 2025), that we have implemented to ensure the complaints which come to us are better evidenced and ready to be investigated.

We are on track to meet the targets set at the start of the year to reduce the time it takes for us to give customers an answer on their case. For cases about issues other than motor finance commission, we expect to exit 2025/26 at a three-month timeliness of 46% versus starting the year at 26%, plus we will have almost halved the number of cases we have in our stock by the end of the year versus the start.

We have delivered and are supporting adoption of each of our Ombudsman Connect digital portals for our business and consumer customers. This is making our service easier to use and more accessible, streamlining our processes and reducing the administrative burden on our colleagues.

And from 1 January 2026, we are [changing the interest we apply to some of the awards we direct financial businesses](#) to make in order to better reflect market conditions.

But this year has not been without its challenges.

Legal and regulatory developments – particularly related to motor finance commission, S140A unfair relationships and our jurisdiction and timeshares – have impacted our ability to resolve these cases and have had a knock-on impact on further improving our overall operational efficiency due to the need to redeploy our resource to some areas.

This year also saw an increase in the number of cases where customers asked for a referral to an ombudsman (at 21% up from 17%), significantly increasing the demand for our ombudsman resource and putting pressure on improving our six-month timeliness measure. In response, we have executed various initiatives to increase our ombudsman capacity.

Recent years have shown how high volumes of cases can overwhelm the dispute resolution system and cause significant delays, prolonging uncertainty for businesses and leaving consumers waiting for compensation they may be due. That is why we, and the FCA, have consulted on a series of reforms to the redress system to help firms identify and resolve issues before complaints escalate and to bring consistency and predictability for businesses and consumers. At the same time, HM Treasury (HMT) has also consulted on proposals to modernise our service. We are grateful for the input from stakeholders into these consultations and will be outlining our next steps in due course.

Looking to 2026/27: driving change and delivering improvements

The continuous delivery of changes and improvements to our service and the framework in which we operate will be a key focus for 2026/27.

We continue to work closely with HMT, the FCA and stakeholders to modernise the redress system and so allow us to focus on our core purpose as a quick, informal and impartial alternative to the courts. Our dedicated programme team will translate consultation outcomes into practical, deliverable solutions so changes are implemented smoothly and without disruption to our customers. We anticipate the total cost of this to be around £8m. Our goal is

that these changes will enable the transformation of the customer experience to go beyond what would otherwise be achievable.

Whilst we are anticipating total demand to reduce (from 209,000 complaints in 2025/26 to 188,000 in 2026/27), there remains uncertainty in some areas. New products are expected to come into our jurisdiction, including deferred payment credit, and there will be customers of new firms within the FCA perimeter who will be able to bring complaints to our service. Where possible, we are already making plans for how we will manage such complaints.

We are budgeting to resolve 245,000 complaints in 2026/27 (185,000 non-motor finance commission cases and 60,000 motor finance commission cases), which is 10,000 more in total than for 2025/26. This assumes that the mix of cases will be in line with our expectations and that the FCA redress scheme will be in place during Q4 of 2025/26 and executed consistently with our planning assumptions.

Our financial budget for 2026/27

The financial services landscape has changed significantly since the Financial Ombudsman Service was set up 25 years ago. The time is right for the redress system and the way in which we operate within it to be transformed to reflect a modern economy, and we anticipate that reforms will take place over the next two financial years. Crucially, investment in changes now will ensure we can deliver a service which is fit for the future and has the confidence of consumers and financial businesses alike.

We will continue to focus on efficiency savings to minimise the increase in the costs to financial businesses and professional representatives who fund our service. This includes a focus on ensuring our non-casework functions are operating efficiently and delivering what is needed to support our core business. The budget set out in this consultation assumes £22m of cost efficiency in 2026/27 (8% of operating expenditure) – a mix of £20m casework savings and the avoidance of £2m incremental modernising redress costs by redeploying existing employees, partially offset by inflationary cost increases of £5m and an increase of £8m relating to a higher volume of complaint resolutions.

We had held our case fees and levies flat for two years at the significantly reduced 2024/25 levels. However, it is no longer sustainable to continue to hold at these levels as we respond to inflationary challenges, and given our lower level of reserves, the need to manage a greater level of uncertainty and the cost of implementing the biggest reforms to our service since we were created. We are therefore consulting on a proposal to increase our income through an increase to the case fee and levy.

This consultation therefore sets out a proposal to:

- increase our case fee from £650 to £680 (4.6% increase)
- increase our case fee for professional representatives from £250 to £260 (4% increase), with the credit if the case is found in favour of the complainant increasing from £175 to £180
- increase our compulsory jurisdiction (CJ) levy from £70m to £86m.

The proposed costs for respondent firms still represent a significant saving on 2023/24 levels, where the case fee was £750 (so the proposal of £680 remains £70 lower) and the CJ levy was £110m (so the proposal of £86m remains £24m lower).

This results in a total 2026/27 budget of an in-year deficit of £10m, a £40m improvement compared to 2025/26, with the year-on-year movement broken down into £23m higher income from price rises, £6m higher income from resolving 10,000 more cases and £11m total net cost reduction. As changes are implemented over the next couple of years, including from the modernising redress programme, we aim to deliver further operational and cost efficiencies to ensure our income and costs are matched and are at an appropriate level.

Billing process simplification

This consultation also summarises the feedback we received to our recent consultation on simplifying our billing process and differentiating case fees. We are grateful for the feedback received, a summary of which can be found at Appendix A. We will use this to shape proposals for a consultation on differentiated case fees in November 2026, with a plan to implement any changes in 2027/28.

Ahead of this, we will introduce a range of billing process changes in 2026/27 to simplify our processes and ready our systems in anticipation of introducing differentiated case fees. The simplification that will be introduced for 2026/27 is outlined in this paper and has taken into account the feedback received.

Plans and Budget finalisation

This 2026/27 Plans and Budget for consultation is based on the best information available to us at this time. We recognise that there is uncertainty facing us, including the outcome of the MFC redress consultation, final plans for modernising the redress system and new areas coming into our jurisdiction.

The next financial year will be a crucial year for the Financial Ombudsman Service, one which will help shape the service for years to come. We will best reflect any new information we receive, including but not limited to feedback from this consultation, in finalising our 2026/27 Plans and Budget for April 2026 publication. We look forward to hearing views from our stakeholders to further shape our plans and budget for 2026/27.

Why we are consulting

FSMA (para 9A, Sch. 17) requires us to consult on our plans annually. Four key drivers shape the Financial Ombudsman Service's Plans and Budget:

1. **Demand:** understanding how many complaints we will receive and what they will be about
2. **Service standards:** the quality and timeliness of service we are aiming to deliver
3. **Cost:** ensuring we plan for the right cost to achieve target service standards, the budgeted operational performance, improve value for money and deliver the required changes
4. **Funding:** ensuring we plan for the appropriate level of funding to be received from the financial services sector to recover our costs

We are seeking responses from our stakeholders on these four drivers.

Summary of consultation questions

Demand

1. Do you agree with the anticipated volume and trends for 2026/27?
2. Are there any issues or trends might we see in 2026/27 which we have not included? And what impact do you think they will have on complaint volumes?
3. Do you agree with our projection on the volume of complaints we will receive from professional representatives on behalf of consumers?
4. What operational impact do you foresee the FCA's redress scheme for motor finance commission cases will have on our service?

Service standards

5. Do you agree that the service standards we have set out will help our customers? Are there areas where you think we should have more focus?
6. What more can we do to share insight to prevent complaints and unfairness from arising?

Costs

7. Do you agree with our focus and approach to delivering the Modernising Redress package of reforms?
8. Do you agree with the costs included to support the delivery of our service standards, reducing the volume of cases we have in stock and to support the stable delivery of the changes required?

Funding

9. Do you support our proposal to:
 - a. increase our case fee and CJ levy for respondent firms?
 - b. increase the case fee for professional representatives?
 - c. not to increase our VJ levy for respondent firms?
10. Do you support our proposed budget for 2026/27?
11. Do you feel we are offering value for money? If not, where do you think we could improve?
12. FEES Rules: do you agree with our proposal to withdraw the planned change to the definition of 'relevant business' and maintain the current definition? If not, why not?

How to respond

This consultation will close on 21 January 2026. It will support both our Plans and Budget, which will be published in early April 2026.

Please email your response and any questions about this consultation to consultations@financial-ombudsman.org.uk

We will publish a list of respondents and a summary of responses. If there is a reason why your name should not be published, please let us know. We will not automatically accept a standard email disclaimer. Our legal responsibilities around freedom of information mean we cannot guarantee responses can be kept confidential. You can find our privacy notice at financial-ombudsman.org.uk/privacy-policy.

Our strategy

As part of the wider regulatory ecosystem, the Financial Ombudsman Service continues to play a vital role in the UK's financial services sector, instilling confidence and being there for consumers if things go wrong.

Our core mission is to help customers achieve a better outcome or be better informed in their financial disputes – quickly, informally, impartially and fairly.

Our vision is to be a modern dispute resolution service that underpins confidence in the UK's financial services for industry and consumers.

Our strategy is based around four core pillars:

1. to make our service accessible and easy to use by providing a digital first service that is quick, informal and transparent, where people can easily manage their complaints
2. to deliver value for money by resolving complaints in a consistent and predictable way, ensuring our cost to the financial services industry is proportionate and transparent
3. to improve confidence in financial services by sharing our data and insight with industry, regulators, consumers and other stakeholders
4. to empower our people to make efficient, high-quality judgements by remaining a people-led service in a simpler, more agile organisation where we use technology to focus our judgement where it matters most

Our proposed 2026/27 Plans and Budget underpin delivery of this strategy, with the recommendations for funding and costs along with operational targets aligned to this.

Demand: new complaints we expect to receive

2025/26 to date

We expect to end 2025/26 having received 209,000 new cases, which is in line with the expected demand set out in our budget. This is down from 305,900 new cases received in 2024/25.

In 2024/25 circa 50% of the cases received were brought to us by professional representatives on behalf of consumers (152,800). Current forecasts suggest we will end 2025/26 having received circa 20% (or 42,000) of cases brought to us by professional representatives. We anticipated this reduction in our 2025/26 budget. The reduction is being driven by both the introduction of a case fee for representatives, to encourage representatives to more diligently consider the merits of cases before they come to us (and we continue to monitor the impact of this), and the announcement of the FCA redress scheme for motor finance commission (MFC) cases.

Our budget for 2026/27

Based on the current outlook for 2025/26, adjusting for the potential impact of novel issues or trends, we expect to receive 188,000 cases in 2026/27. The table below sets out the anticipated demand by product type.

The plans and budget set out in this consultation are based on the best information currently available. We will update our plans and budget with any new information ahead of finalisation in March 2026, including but not limited to feedback from this consultation.

Figure 1: We anticipate receiving 188,000 complaints in 2026/27

Complaint type	2024/25 actual	2025/26 budget	2025/26 latest forecast	2026/27 projected number	Trends we are monitoring and expecting to see in 2026/27
MFC – DCA	17,700	1,200	2,800	1,600	<ul style="list-style-type: none"> MFC discretionary commission arrangement (DCA) complaints included for 2026/27 reflecting only those from consumers with concerns about how firms have followed/applied the redress scheme rules. Read more on page 9.
MFC – non-DCA	40,000	14,300	21,800	3,400	<ul style="list-style-type: none"> A significant reduction in non-DCA MFC complaints in 2026/27 following the Supreme Court ruling in July 2025. For 2026/27, it reflects complaints from consumers with concerns about how firms have followed/applied the redress scheme rules. Read more on page 9.
Total MFC	57,700	15,500	24,600	5,000	
Credit cards	59,700	32,600	19,600	17,500	<ul style="list-style-type: none"> A continued reduction in complaints about irresponsible and unaffordable lending – fewer cases without merit from professional representatives.
Fraud and scams	32,600	35,900	29,000	30,400	<ul style="list-style-type: none"> Disputed transaction cases to remain high, given the increasing volume and sophistication of fraud and scams. Complaints in relation to authorised push payment (APP) mandatory reimbursement remain at about 10% of the total fraud and scams complaints.
Other banking and consumer credit	98,000	68,600	78,500	79,900	<ul style="list-style-type: none"> Following a reduction in demand between 2024/25 and 2025/26 due to the introduction of CMC charging, we expect relatively stable numbers into 2026/27, with cost-of-living pressures continuing to be a feature of complaints. We anticipate circa 2,000 deferred payment credit complaints in 2026/27.
Total banking and consumer credit	248,000	152,600	151,700	132,800	
Insurance	44,000	45,600	41,400	41,800	<ul style="list-style-type: none"> Slightly lower levels of insurance complaints, reflecting the continued tail-off of Covid related complaints and the work we have done with firms sharing insight on our approach to complaints about motor valuations.
Investment and pensions	13,500	10,300	11,500	13,000	<ul style="list-style-type: none"> A year-on-year increase of 1,500 cases due to the impact of the Advice Guidance Boundary Review.

Complaint type	2024/25 actual	2025/26 budget	2025/26 latest forecast	2026/27 projected number	Trends we are monitoring and expecting to see in 2026/27
Other	500	500	400	400	• Other areas to remain stable and low overall.
Total non-MFC	248,200	193,500	180,400	183,000	
Total	305,900	209,000	205,000	188,000	
Of these totals:					
Complaints from SMEs	1,200	1,100	1,200	1,200	• Complaints from SMEs to be broadly stable.
Complaints about voluntary jurisdiction (VJ) participants	12,000	12,000	11,100	11,000	• Complaints about our VJ participants to remain stable.
Professionally represented cases received	152,800	59,100	42,000	12,900	• A further reduction in professionally represented cases in 2026/27 driven by the reduction in MFC cases and the continued impact of charging.

External regulatory factors which may impact demand

As part of the wider regulatory ecosystem, we work with the FCA and other organisations on issues of shared interest, including through the Wider Implications Framework.

Regulatory, political, and social factors affect demand for our service. There are several factors which may impact demand for our service over the coming year, including motor finance commission, the outcome of s140A judicial review proceedings, deferred payment credit (formerly ‘Buy now, pay later’), the Advice Boundary Review, and the likely changes to the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (the ‘ADR Regulations’). The timing and scope of the regulation of cryptoassets remains under review.

Motor finance commission

Throughout 2025/26, we have continued to receive complaints about motor finance commission but our ability to resolve these cases has been impacted by ongoing regulatory action and litigation.

We have acted where possible to minimise unnecessary cases from being referred to our service. By working closely with firms and third-party representatives, we prevented the unnecessary referral of approximately 150,000 out-of-jurisdiction FCA pause affected complaints and identified a further 10,000 cases through our transitional fee arrangement process, which gave firms the opportunity to reconsider cases brought by professional representatives. This helped businesses better manage the cases referred to them and the expectations of their consumers, and it ensured our stock was limited to just over 105,000 cases.

The FCA published its proposed redress scheme on 6 October 2025. Under the proposed redress scheme, firms will be required to undertake a number of steps in determining whether redress is due to consumers. In relation to some of those steps, consumers will (if they are not satisfied with the firm’s determination under the scheme) be able to refer a complaint about that to our service. We have, therefore, included a provision of 5,000 of these cases in our forecast, but

this number could be higher or lower, depending on the final structure of the scheme and how firms operationalise their processes around the scheme.

S140A judicial review

The operation of the Financial Ombudsman Service's time barring rules in certain irresponsible lending complaints is currently the subject of judicial review proceedings which are yet to be determined. The judicial review proceedings relate to the operation of the six-year time limit for bringing complaints when a debtor has alleged that an unfair credit relationship exists. The judgment may have an impact on whether or not certain complaints fall within our jurisdiction, but the situation remains uncertain until the judicial review proceedings are resolved.

Deferred payment credit

The introduction of deferred payment credit into our jurisdiction is expected to commence from July 2026. We therefore do not expect to see cases until the second half of 2026/27. Based on insight from some of the largest lenders in this market, and our experience of new products coming into our jurisdiction, we expect to receive around 2,000 cases in 2026/27. We anticipate we could receive complaints about a range of issues, including general administration, s75, credit file information and irresponsible lending.

Advice Guidance Boundary Review

The FCA and HMT have carried out a review of the financial advice market – the Advice Guidance Boundary (AGB) Review. They identified a significant proportion of the UK population with investible assets but who do not seek regulated advice or make investments. They are developing 'targeted support' arrangements whereby investors will be put into one of several categories and provided with a solution considered appropriate within that category.

They consulted on this during the summer of 2025 and the FCA are due to publish a policy statement by the end of 2025. The change will see this form of advice coming into our jurisdiction from early next year, however we do not expect to start seeing a significant number of complaints in relation to this type of advice straight away due to the nature of investment advice. We will continue to work with the regulator, industry and consumer groups to support clarity, consistency and certainty in our aligned approach with the regulator.

Alternative Dispute Resolution (ADR) for Consumer Disputes

The Digital Markets Competition and Consumers Act (DMCCA) 2024 will introduce a new Alternative Dispute Resolution (ADR) regime and the Government has confirmed that it expects to implement the new regime in Spring 2026. Under that regime the Financial Ombudsman Service would be an 'exempt ADR provider' for the purposes of the new regime. This will provide our service with the opportunity to revise certain rules including our dismissal rules and could open up the range of options for dismissal of cases without consideration of merits, which could in turn impact on demand and the number of complaints we take on for investigation. Until revocation, the ADR Regulations will continue to apply in full.

Cryptoassets

The FCA Crypto Roadmap indicates that the gateway for cryptoasset firms will open in 2026. Work is ongoing to confirm the scope of regulation and whether the products will fall into our jurisdiction. As a result, we have not included any complaints about cryptoassets in our budget for 2026/27.

We are working with the FCA on proposals to enable us to consider consumer complaints against firms which will be providing regulated cryptoasset activities.

Key questions

1. Do you agree with the anticipated volume and trends for 2026/27?
2. Are there any issues or trends we might see in 2026/27 which we have not included? And what impact do you think they will have on complaint volumes?
3. Do you agree with our projection on the volume of complaints we will receive from professional representatives on behalf of consumers?
4. What operational impact do you foresee the FCA's redress scheme for motor finance commission cases will have on our service?

Our performance: what we expect to achieve

Cases we expect to resolve and our stock levels

2025/26 to date

In our budget for 2025/26 we planned to resolve 270,000 cases (non-MFC 260,000, MFC 10,000) and have an end-of-year total stock of 128,700 (non-MFC 27,200, MFC 101,500).

For 2025/26, we are now forecasting total resolutions of 235,000 (non-MFC 220,000, MFC 15,000) and an end-of-year stock total of 136,900 (non-MFC 42,600, MFC 94,300).

Non-MFC cases

The budget of achieving 260,000 resolutions for non-motor finance commission (non-MFC) cases assumed we would reduce our stock of progressable non-MFC cases to 27,200. We now forecast to end the year with 42,600 non-MFC cases, as we have proportionally fewer low complexity cases that can be resolved more quickly and more cases that are being referred to an Ombudsman by customers (a referral rate of 21% vs 17% in 2024/25). Nevertheless, we will have almost halved the non-MFC stock figure by the end of the year (down from 80,132 to 42,600).

Cases within our stock are at different stages of progression, with the majority having had a good amount of work completed. By the end of 2025/26, we anticipate the stock mix to be broadly:

- 25% of cases having had all anticipated casework completed with a response issued – awaiting an acceptance response from either the respondent business and/or the complainant before a case is categorised as resolved
- 40% of cases being ‘on desk’ with either an investigator or ombudsman
- 35% of cases awaiting allocation to an investigator or ombudsman – during this period we will continue to gather any documents likely required to investigate the case.

MFC cases

Our MFC stock at the end of 2025/26 is expected to be approximately 94,300 cases. We anticipate only being able to resolve 15,000 cases during 2025/26 due to the various legal challenges and regulatory considerations that have been outstanding for a large portion of the period.

Through 2025/26, to be able to resolve MFC cases already with us at pace once legal matters and the proposed MFC redress scheme has been finalised, we have focused on information gathering and the production of factual summary documents to categorise the cases for resolution at the appropriate time.

While this work has put us in a stronger position for 2026/27, we have been prevented from doing this work efficiently. We have frequently received incomplete or inconsistent information from firms or faced long delays in obtaining the information, resulting in repeat requests for the information. We acknowledge firms themselves have faced challenges in operationalising their processes during this period of uncertainty, but nevertheless this has had an impact on our service.

We expect both the speed with which firms provide us with information, and the completeness of that information to improve, given the FCA redress scheme will place sharper focus on firms having to gather evidence in preparation for the scheme. This will assist with the progression of the MFC cases already with us, which will not fall within the scheme based on the FCA redress scheme proposal under consultation.

Our budget for 2026/27

We are targeting the resolution of 245,000 complaints in 2026/27 (185,000 non-MFC, 60,000 MFC). This results in an end-of-year stock of 79,900 cases (40,600 non-MFC, 39,300 MFC).

The resolution of 185,000 non-MFC cases, against incoming demand of 183,000, maintains stock at a similar low relative level in 2026/27 to the prior year. Whilst some areas of operational efficiencies reduce our cost, this is more than offset by an increase in ombudsman resources required, due to an expectation that higher referral rates will continue.

For MFC, in the absence of a finalised MFC redress scheme, the planning assumption for 2026/27 is the resolution of 60,000 cases already with us. Along with the assumption that we will only receive 5,000 complaints about the operation of the MFC

redress scheme, this results in an end of 2026/27 MFC stock figure of 39,300. Changes to, or delays in finalising, the scheme may impact the validity of our planning assumptions. Any new or different information will be reflected in the final 2026/27 budget published in April 2026.

Figure 2: We anticipate resolving 245,000 complaints in 2026/27

Complaint type	2024/25 actual	2025/26 budget	2025/26 latest forecast	2026/27 draft budget
Banking and consumer credit	168,200	199,500	172,600	185,900
Insurance	42,300	56,000	46,700	43,300
Investment and pensions	16,400	14,000	15,200	15,300
Other	500	500	500	500
Non-MFC total	220,500	260,000	220,000	185,000
MFC total	6,900	10,000	15,000	60,000
Overall total	227,400	270,000	235,000	245,000
Of which:				
SMEs	1,300	1,500	1,200	1,200
VJ participants	12,300	12,000	13,100	12,000
Professionally represented cases	85,300	90,000	82,000	72,000

Figure 3: Stock movement: total, non-MFC and MFC

Movement in stock	2024/25 actual	2025/26 budget	2025/26 latest forecast	2026/27 draft budget
Total				
Opening stock	80,903	189,700	163,393	136,900
Incoming demand	305,918	209,000	205,000	188,000
Resolved cases	227,445	270,000	235,000	245,000
Other movements	4,017	-	3,507	-
Closing stock	163,393	128,700	136,900	79,900
MFC				
Opening stock	16,746	96,000	83,261	94,300
Incoming demand	70,754	15,500	24,600	5,000
Resolved cases	6,929	10,000	15,000	60,000
Other movements	2,690	-	1,439	-
Closing stock	83,261	101,500	94,300	39,300
Non-MFC				
Opening stock	64,157	93,700	80,132	42,600
Incoming demand	235,164	193,500	180,400	183,000
Resolved cases	220,516	260,000	220,000	185,000
Other movements	1,327	-	2,068	-
Closing stock	80,132	27,200	42,600	40,600

Service standards: improving the customer experience

Our service standards are the measures we put in place to ensure we remain focused on improving the customer experience. The measures are designed to provide a comprehensive view of our performance across different factors. We are targeting

improvements across the majority of these service standards for 2026/27, noting that we aim to maintain the quality target at the already high level achieved.

While complaints about MFC are excluded from the service standard targets in Figure 4, the work required to handle these complaints does have a degree of drag on our operational efficiency in closing our non-MFC cases.

Figure 4: Key service standards measures and targets (non-MFC only)

Key service standard measures	2024/25 actual	2025/26 budget	2025/26 latest forecast	2026/27 draft budget
% Complaints resolved within 3 months of conversion	40%	40%	46%	58%
% Complaints resolved within 6 months of conversion	81%	74%	79%	81%
% Complaints within stock which are able to be progressed > 12 months old	6%	5%	4%	3%
% Investigation quality overall score	94%	90%	93%	90%
Consumer Net Easy score	43	45	45	48
Consumer Confidence scores	58%	58%	58%	60%

All numbers exclude MFC cases as the age profile of these cases in our stock (impacted by regulatory and legal challenges) does not give a true picture of our underlying performance.

Chart 1: for non-MFC cases, the trend of 3-month timeliness and stock

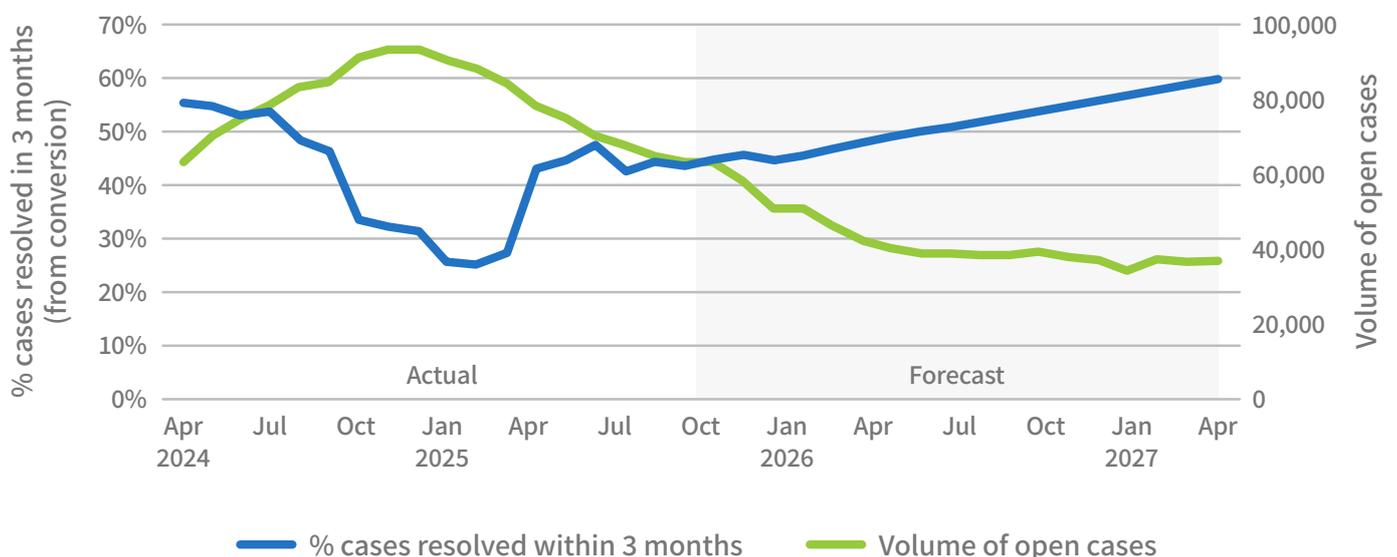


Chart 1 shows how our three-month timeliness was impacted by acute higher demand for our service in the second half of 2024/25, exiting 2024/25 with a three-month timeliness of 26%. It shows the recovery of three-month timeliness as we reduce the backlog of non-MFC stock through the first half of 2025/26, aided by incoming demand returning to more usual levels in 2025/26. This recovery will be sustained, and improvements delivered, into 2026/27.

Referrals to an ombudsman

The time taken for a case to be closed, and so our timeliness, is impacted by the journey a case takes through our process. All cases we accept for investigation are reviewed by an investigator who issues a view on a case. Around 84% of cases are resolved at this stage. If either party to the complaint disagrees with the view, they can request an ombudsman to review the case and issue a final decision.

Complaints that are referred to an ombudsman for decision take longer to resolve, irrespective of whether the referral is found to have merit. In 2024/25, only 13% of cases reviewed by an ombudsman resulted in a different outcome to the initial view reached by an investigator. There are currently no requirements for new evidence or arguments to be submitted by either the consumer or respondent business when referring the case for an ombudsman's decision.

Over the last year we have seen an increase in the number of complaints that are referred to an ombudsman (21% up from 17% in 2024/25). While we have increased ombudsman resource and been focused on productivity and process improvements to speed up the time it takes to get a final decision on cases, there is a limit to how much further the six-month timeliness outcome can be improved while referrals remain high.

Part of the reason for the higher referral rate is the consequential impact of charging professional representatives. Consumer-led complaints typically have a higher referral than professionally represented complaints. There have been fewer complaints withdrawn or abandoned, meaning more proportionally require investigation or decision.

Ensuring our ombudsman resources are utilised where their experience is most needed will remain a focus for us through the rest of 2025/26 and into 2026/27.

Timeliness is crucial to customers facing a financial problem. That means our timeliness performance also has an impact on Consumer Net Easy and Consumer Confidence scores. We are budgeting to improve these scores in 2026/27, which is consistent with the improvement in three-month timeliness budgeted.

Sharing insight

Our work gives us a unique insight into how complaints arise and how they might be avoided in the future. We share the insight we gain from resolving cases with financial businesses and other stakeholders to help them resolve complaints earlier and to prevent issues arising in the first place.

We do this in the following ways:

- We publish our approach to cases, including case studies, on our website.
- We publish data on complaint types and volumes, as well as about individual firms, to help stakeholders and customers make informed decisions and learn from what we are seeing.
- Our newsletter, Ombudsman News, highlights topical or new information.
- Our business support hub is on hand to provide informal, non-binding advice on case issues to firms and consumer groups.
- We carry out regular direct engagement with stakeholders, including:
 - Our casework teams engage with stakeholders within their sectors, through meetings, roundtables and industry events.
 - Our senior leaders, including our interim Chair and interim Chief Ombudsman, engage with counterparts at firms, consumer groups and regulatory bodies.
- We host Industry Steering Groups meetings during the year, where we share our insight and hear from stakeholders directly on their areas of interest.

As part of the package of reforms, we are focusing on ensuring that our insight is as relevant and usable as possible. Subject to the consultation feedback, this is likely to include publishing thematic reports and decision frameworks in respect of our casework.

Key questions

5. Do you agree that the service standards we have set out will help our customers? Are there areas where you think we should have more focus?
6. What more can we do to share insight to prevent complaints and unfairness from arising?

Our costs

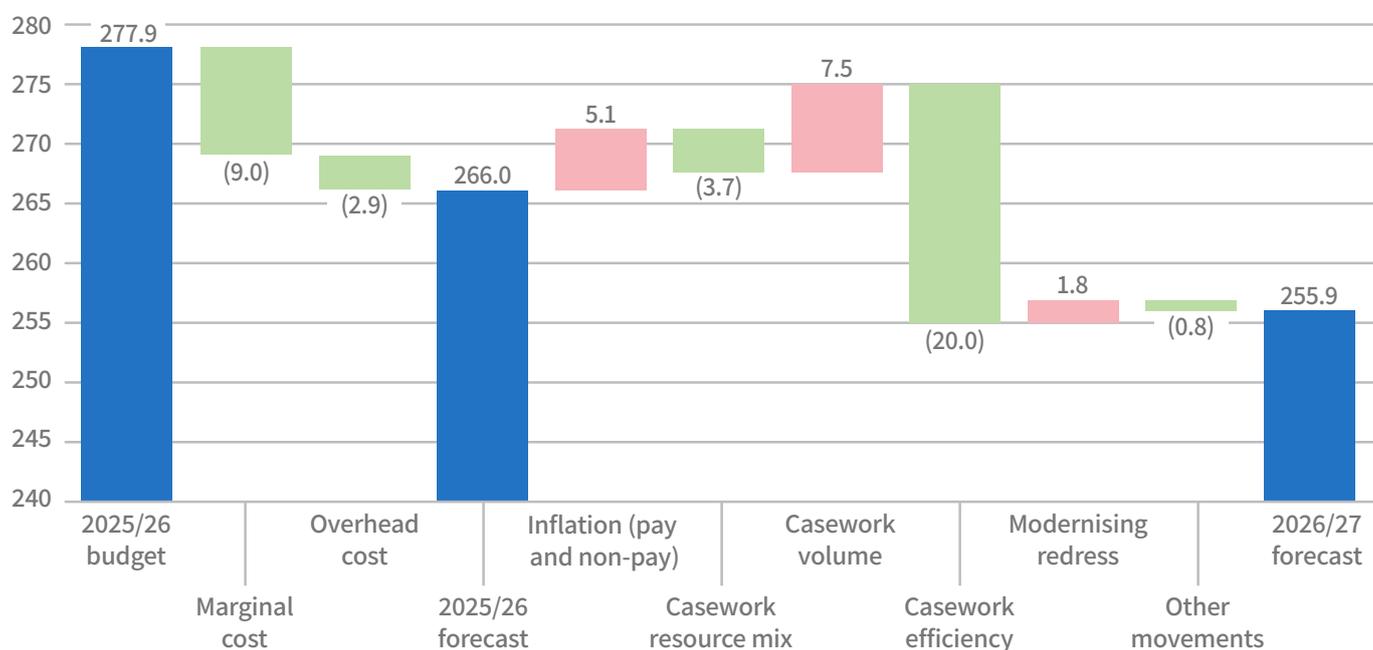
Our total costs for 2026/27, including transformation costs, are projected to be £260m. This is £13m lower than our latest forecast for 2025/26 of £273m and is driven primarily by a reduction in casework resource as our non-MFC stock reduces to a significantly lower level by the end of 2025/26 (see Figure 3).

Figure 5 summarises our key categories of costs and Figure 6 shows the key reasons for the operating expenditure change between the budget and latest forecast 2025/26 and the draft 2026/27 budget.

Figure 5: Summary of our key categories of costs

Cost summary	2024/25 actual £m	2025/26 budget £m	2025/26 latest forecast £m	2026/27 draft budget £m
Casework marginal cost: direct cost of casework, primarily people cost	149	175	166	152
Casework overhead cost: casework management and direct support	9	11	10	11
Other overhead costs: IT, Property, HR, Finance, Legal, Communications	76	92	90	93
Total operating expenditure	234	278	266	256
Transformation: costs of step-changing the Financial Ombudsman Service	11	7	7	4
Total cost	245	285	273	260

Figure 6: Changes in operating expenditure 2025/26 to 2026/27



Our operating expenditure

Casework marginal and overhead costs

Whilst we are planning to increase the volume of resolutions from 235,000 in 2025/26 to 245,000 2026/27, casework marginal and overhead costs are planned to reduce by £13m to £163m (from £176m in 2025/26).

We plan to deliver operational efficiency savings of £20m and have £3.7m lower costs due to a less expensive resource mix (fewer contingent resources), but this is offset by the cost increase of £7.5m to deliver the additional 10,000 resolutions and cover pay inflation for our casework colleagues.

A focus for 2026/27 is investing in MFC resources to resolve 60,000 MFC cases – an increase of 45,000 case closures on 2025/26.

- The total cost from 2024/25 to the end of 2026/27 is £48m for delivering circa 82,000 MFC resolutions across this period (see Figure 3). £25m of these costs were incurred prior to 2026/27 to determine casework policy, gather appropriate information and create factual summaries for cases, prior to being able to progress cases to completion during 2026/27.
- Previous years' work means that we anticipate closing cases more quickly than standard in 2026/27, at a planned cost of £22m. This represents a £26m lower cost than our normal cost for handling 60,000 case resolutions. This is the main driver of the £20m casework efficiencies shown in Figure 6.

Non-MFC casework costs are expected to reduce due to a lower volume of case closures, reducing from 220,000 to 185,000. Whilst operational efficiency improvements are being made, this is more than offset by an increase in ombudsman resource cost due to higher referral rates and the continued investment in cross-training our casework colleagues, where required, to respond to the mix of cases received.

Overhead costs

Our overhead costs are expected to increase in 2026/27 by £3m compared to the latest forecast for 2025/26. This is due to:

- £2.5m for annual pay inflation and non-pay inflation
- £1.8m incremental costs for the Modernising Redress programme. A total cost of £3.6m has been included in the 2026/27 draft budget (£1.8m 2025/26), of which £2m is the redeployment of existing employees to support this programme. Efficiencies are planned to be delivered to avoid the need for backfilling their roles.

To note that overhead costs are forecast to be £90m for 2025/26 versus a budget of £92m, a reminder of why this is a £14m increase on 2024/25:

- £5m incremental IT costs, which include cloud data costs to support our new digital self-service platforms and costs for our new security operations centre, to improve our cyber security and resilience
- £4m incremental costs to support a higher level of activity and output across a range of functions, including for our casework Academy to train new and cross-train existing employees, for continuous improvement resource and for enhanced assurance work such as internal audit and data protection
- £2m higher cost of the employee reward scheme as 2024/25 did not achieve 100% performance (100% performance included for 2025/26)
- £2m pay inflation
- £1m cost increase for new office space for Edinburgh and Cardiff locations.

Our unit cost

Our unit cost, or cost per case, is the average cost of resolving a complaint. It is equal to the operating expenditure (total cost excluding financing costs and transformation) divided by the number of case resolutions. This gives us a measure that best reflects our ongoing total operational cost.

Based on this measure, our reported unit cost has increased year on year from £1,029 in 2024/25 to £1,131 in our latest forecast for 2025/26. Key reasons for this are a:

- £48 increase due to the £14m higher overhead costs but only circa 7,500 additional resolutions year on year over which to apportion this higher cost
- £54 increase due to increased casework costs, particularly driven by the additional ombudsman cost given the higher level of referrals.

In the proposed 2026/27 budget the total cost per case is £1,043 – £88 lower than expected in our 2025/26 latest forecast. This reduction is primarily due to the flow-through efficiencies from the work undertaken on MFC cases prior to 2026/27.

Transformation of our service

Changes to the financial service redress landscape

We have established a dedicated Modernising Redress programme team comprising focused workstreams with a central support function. These teams will:

- translate consultation outcomes into practical, deliverable solutions that address the feedback we have had about the service
- design future-state processes, governance and operating models to improve efficiency, accessibility and trust
- ensure cross-functional alignment and organisational readiness so changes are implemented smoothly and consistently, and at pace, minimising disruption to customers.

In addition, the Government has confirmed that it will revoke the ADR Regulations and replace them with a new regime. Under the DMCCA, the Financial Ombudsman Service will be an 'exempt ADR provider' for the purposes of this new ADR regime. One consequence of this is that it will present the Financial Ombudsman Service with the opportunity to revise its current dismissal rules. These legislative changes are expected to come into effect from Spring 2026, and so additional resources are being established to develop policy and consider changes to the 'Dispute Resolution: Complaints' sourcebook in the FCA Handbook (DISP) to prepare for this.

The total cost of the resources for the programme is expected to be circa £8m to the end of 2027/28, with spend on resources of £1.8m in 2025/26, £3.6m in 2026/27 and £1.8m in 2027/28, along with £1m in 2026/27 for any technical delivery requirements. There is the risk that, as the programmes progress, additional costs may be required to implement the changes needed. Any such requirement would be made transparent through the usual processes.

Pivot from large technology initiatives to incremental continuous improvement

Over the last four years, we have invested circa £30m in improving our organisational operating model, introduced self-service solutions for our customers (consumers and respondent businesses), delivered operational tooling to aid the performance of our casework teams, addressed technical debt (such as improving our data warehouses), improved our organisational resilience (such as our security operations centre) and delivered policy change (for example, the implementation of charging professional representatives).

There were also some investments made that were less successful, such as some of our custom Artificial Intelligence (AI) developments. This was appropriately reflected in our 2024/25 Annual Report and Accounts, and valuable lessons have been learned to strengthen our delivery in these areas.

Recognising the need to continue to transform our service quickly, and in alignment with the Modernising Redress reforms, during the remainder of 2025/26 and into 2026/27 we are pivoting away from large technology programmes to an incremental continuous improvement product delivery model. This aims to deliver pragmatic capability sooner and use off-the-shelf capability where possible including for Artificial Intelligence, along with further leveraging the platforms and technology delivery already achieved. This also creates greater internal capacity to support continuous improvement initiatives of all types (process, people and tooling), including those that underpin the modernising redress programme and casework and enabling function operational efficiencies.

We have included £4m of external spend in our 2026/27 budget, to augment our internal resources and capabilities, that may be required to complete existing projects, deliver key capabilities to further improve our casework operational efficiency, and support the Modernising Redress programme of work.

Key questions

7. Do you agree with our focus and approach to delivering the package of reforms?
8. Do you agree with the costs included to support reducing the volume of cases we have in stock and to support stable delivery of the changes required?

Our funding

Our funding model needs to ensure we get the right balance between being able to recover our costs sustainably and ensuring we offer value for money, while not holding reserves in excess of our reserves policy.

Our continued priority is to drive operational efficiencies from continuous improvement and change investment while maintaining the quality of our service, and to efficiently scale up or down our casework resources to enable us to resolve complaints in a timely manner. Our recurring costs will ultimately be lower following the delivery of operational efficiencies (on a like-for-like basis, when adjusted for complaint volume). This means we will be able to deliver better value for money on a sustainable basis and operate on lower relative funding levels.

At the end of 2023/24, we held reserves equivalent to 8.9 months of operating costs, which is above our three-to-five-month reserves cover policy. In 2024/25 we reduced our case fee, from £750 to £650 per case and levy from £110m to £70m. We held our case fee and levy at these reduced levels in 2025/26. This intentional reduction of income relative to our costs will, and was designed to, result in reserves being in line with our reserves policy by the end of 2025/26.

Over the last two years we have also invested in our transformation programme to drive operational efficiencies and overhead cost reductions. The aim was to achieve an 'income-cost matched' position with both income per case and cost per case being lower than they were in 2023/24 (at £1,306 and £1,116 respectively). Whilst we plan to reduce our cost per case to £1,043 in 2026/27, we are not yet in a position where income per case matches our cost per case, and we have a significant amount more uncertainty to manage through.

We therefore propose to raise our prices for the first time in three years, in the following ways.

Case fee

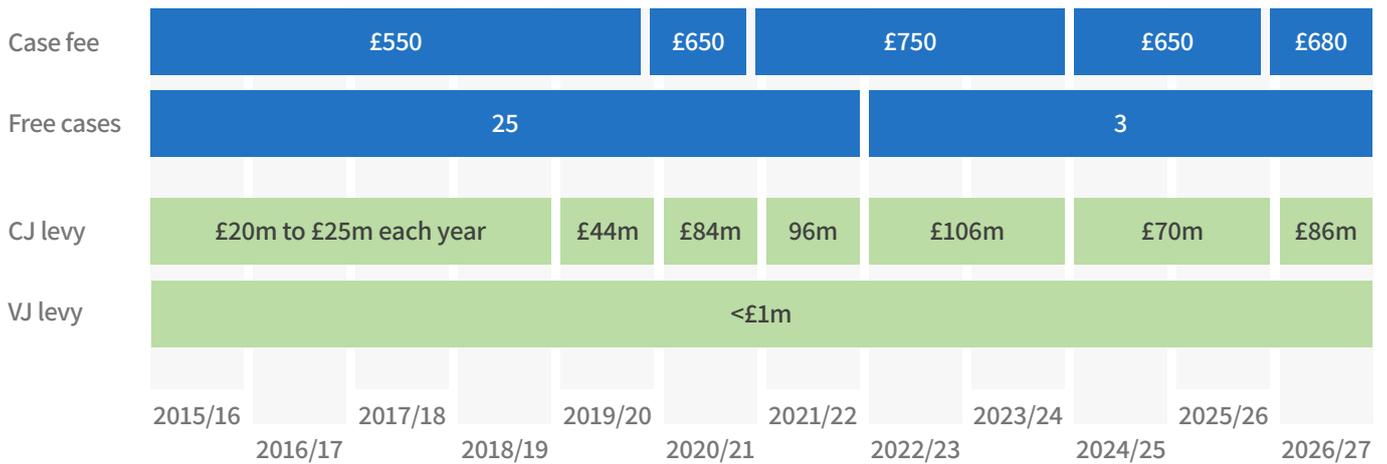
- Increase our case fee from £650 to £680, an inflation-related increase. Note that had the Bank of England inflation rate been added to our 2023/24 case fee of £750, this would be over £780.
- Increase our case fee for professional representatives from £250 to £260, with the credit (if the case is found in favour of the complainant) increasing from £175 to £180.

Levy

- Increase our levy from £70m to £86m. This is at the same level as for 2020/21.
- There is a lot of uncertainty for our service around MFC and Modernising Redress, which drives a greater level of uncertainty for both our case fee income and cost required to deliver what is expected of us. For example, 10,000 fewer MFC cases closed would result in circa £7m lower funding from case fees. We also continue to incur costs in managing and setting up processes for new jurisdictions and expanding FCA perimeters in respect of firms covered.
- Whilst we are driving efficiencies to best avoid incremental cost and reduce costs where possible, the proposed increase to the levy of £16m is required for us to cover the cumulative impact of inflation, manage costs of structural change in a controlled manner, and to have reserves cover nearer the mid-point of our reserves policy of three to five months (for 2026/27 it will be 3.6 months) to provide more stability to underpin changes required beyond the current year.
- We are not proposing an increase in VJ levy, given the limited impact on our funding.

These price increases represent a 10% overall increase. However, our case fee is still 9% lower than in 2023/24 and our levy is £24m less than in 2023/24 – despite operational and inflationary pressures. Income per case for 2026/27 increases to £1,008, which is still 23% lower than income per case in 2023/24. Chart 2 provides a summary of the history of both case fee and levy pricing.

Chart 2: Case fee and levy pricing history



Evolving our Funding Model consultation feedback

Our case fee consultation closed on 8 October, and we have reviewed and summarised the responses received in Appendix A.

Questions asked

The consultation posed eleven questions, seeking views on the following areas:

- options on further differentiation of case fees based on stage and/or outcome, with any preferred options to be introduced in April 2027
- options for simplification of our billing processes to aid future differentiation and to be introduced in April 2026:
 - replacing free cases with a monetary value
 - expanding the number of firms billed quarterly in advance from the eight members of the group fee arrangement, which represents around 25% of our caseload, to cover 95% of our caseload
 - reduce the time limit for disputing case fees from 12 months to six months.

We have taken onboard the feedback and will look to include any recommendations in our 2027/28 Plans and Budget consultation to be published in November 2026.

Feedback received also asked that we consider reduced fees for providers of small value loans and community development finance institutions (CDFIs), which will also be considered and consulted on in November 2026.

Key themes in responses

The key themes from the responses are summarised as follows.

- Differentiation of case fees:**
 - By stage** – this was widely supported and seen as fair and promoting early resolution, though there were some concerns around firms settling early to avoid higher fees.
 - By outcome** – there was a mixed response; opposition came from perceived bias undermining impartiality and outcome not necessarily being a reflection of effort and therefore cost.
 - There was wide support for introducing just stage, but also some support for combination of both stage and outcome. Additionally, there were several organisations that recommended we didn't make further changes to our case fee structure until the impact of representative charging was fully understood and any conclusions drawn from the other consultations had been considered.

- **Billing simplification:**

- **Three free cases changed to a monetary allowance set at £2,000** – there was broad support for this proposal, though some responses called for higher allowances for certain sectors and for a regular review of the level of the allowance.
- **Quarterly billing for firms where we expect more than 25 cases** – of those that responded, the majority raised concerns around forecast accuracy, the administrative burden on smaller firms reconciling case closures and the impact on their cashflows.
- **Group fee arrangement removal of 5% tolerance** – of those that responded to this question there was wide support, removing the tolerance below which adjustments to billing are not made, and basing charges on actuals, aligns group businesses with other firms.
- **Reduction in time limit to dispute case fee from 12 months to six-months** – this was acceptable to the majority of respondents, but many responses were caveated.

Billing simplification proposed to be implemented for 2026/27

As a result of the feedback, we plan to implement the following billing simplification proposals from April 2026.

Free cases

- Three free cases being replaced with a monetary value
- Monetary value to be set at £2,000 for both respondents and representatives.

Quarterly billing in advance

- We have completed some fresh analysis of recent complaints data to further consider the feedback relating to the proposal to move to quarterly billing. Taking the last three months of conversions and looking at the distribution across respondent businesses, the table in Figure 7 sets out the impact of different threshold levels if moved to quarterly billing. This dataset was used as it is not distorted by MFC or other material events that have impacted conversions outside of this period.
- Setting the threshold at 300 cases would mean approximately 80% of our caseload would be charged quarterly in advance but only 5% of our respondent businesses would be impacted. We have not prepared a similar analysis for professional representatives as the volume of cases we have received since representative charging went live is low and so we do not expect more than ten representative organisations to be caught by quarterly billing in advance.
- On the issue raised of forecast accuracy, we expect a lot of the volatility we have seen in complaint numbers in recent years to reduce due to the introduction of charging professional representatives, reducing the risk of material forecasting inaccuracies.

Figure 7: Annualised conversions based on July to September 2025

Number of conversions greater than or equal to	% of total conversions	Number of firms billed quarterly	% of firms billed quarterly	Number of cases
300	79%	94	5%	144,796
200	83%	127	7%	152,920
100	88%	191	11%	161,796
80	90%	228	13%	165,064
25	95%	444	26%	174,172
1	100%	1,731	100%	183,304

- Based on the above, we therefore recommend introducing quarterly billing to the largest businesses, who we expect to bring the most cases during 2026/27. Given the feedback on the impact on smaller firms, we intend to increase the threshold for being included in quarterly billing in advance to respondent and representative businesses that are forecasted to generate more than 300 case closures per year. We estimate that this will result in fewer than 100 businesses being part of the quarterly billing in advance process, but this would cover over 80% of our caseload.
- Given the feedback on forecast accuracy, the method used for calculating the quarterly-in-advance bill would be based on the method currently used for the group fee arrangement but with the following changes:
 - a. Calculations would take account of exceptional circumstances, for example any regulatory pause or one-off influx of cases, to ensure that calculations are not distorted by one-off items.
 - b. Only 80% of the calculated case fee would be charged quarterly in advance, to reduce the risk of firms being ‘overcharged’ and there would be a half year true-up included in the second half quarterly bills to reflect first-half actuals and latest forecast for the second half of the year.
- To ensure clear communication, we will notify all those businesses that we expect to bill quarterly in advance in December 2025 with provisional values. We will provide the full calculation methodology and the value of their quarterly bill for Q1 and Q2 of 2026/27 in March 2026. In October 2026 we will reassess the quarterly bills for Q3 and Q4 of 2026/27 based on actual volumes for H1 and latest volume forecast for H2. In April 2027 the final calculation for actual cases resolved in 2026/27 will be determined and any final invoice or credit note will be issued.
- Following implementation, we will conduct an assessment during 2026/27 to review the benefits of quarterly billing in advance and determine whether we wish to roll it out to our mid-tier businesses. We would consult on this in our 2027/28 Plans and Budget consultation.

5% tolerance on the group fee arrangement

- Removal of the group fee arrangement tolerance.

Time limit for raising case fee disputes

- Reduce time limit for raising case fee disputes from 12 months from date of invoice to six months from date of invoice.

FEES rules instrument

In Appendix B, we include a draft of the rules instrument that sets out the amendments to the FEES rules for 2026/27. This takes account of the proposed changes to our billing processes, as set out above.

Note that, following further analysis by the FCA, in their FEES consultation they are proposing to retain the current relevant business definition (i.e. based on business with consumers only), due to the limited impact on levy calculations compared to the additional reporting burden and changes to reporting systems and process. The FCA is considering (in a future fees policy consultation) a more targeted approach to account for specific industry blocks or groups of firms, where non-consumer complaints place a higher burden on our resources. We will therefore also retain the current definition of relevant business for VJ purposes.

Our reserves

Based on our demand and funding projections, plus our operating costs and transformation investments, we anticipate closing 2025/26 with a deficit of £50m and 2026/27 with a deficit of £10m. The in-year deficit for 2025/26 was by deliberate design, a continuation of the 2024/25 strategy, for us to use our surplus reserves to improve the customer experience and offer value for money. By the end of 2025/26 our reserves cover is forecast to be 3.9 months (versus a budget for 2025/26 of 4.2 months).

However, during H1 2025/26, the landscape has become significantly more uncertain and whilst reserves cover at the lower end of our policy range is reasonable in a 'steady state' environment, we need to ensure that we are being sufficiently fiscally responsible when the range of uncertain dynamics is wide.

The summary of the reserves movement in 2026/27 is shown in Figure 8. By the end of 2026/27, the surplus reserves level will be at 3.6 months of operating expenditure, within our policy of between three to five months (noting that without the £23m of price increases, reserves cover would have been at 2.6 months).

Figure 8: Reserves movement in 2026/27 draft budget

	Marginal £m	Overhead £m	Total £m
Income at 2025/26 prices	152	72	224
Price increase from 1 April 2026	7	16	23
Income	159	88	247
Operating expenditure excluding transformation	(152)	(104)	(256)
Net operating (deficit)	7	(16)	(9)
Transformation investment			(4)
Net financing			3
Net deficit			(10)

The split of the net deficit between non-MFC and MFC cases, for each of 2025/26 and 2026/27, is shown in Figure 9. Across the two years, we anticipate MFC to be deficit neutral – provided we can close the planned 15,000 cases in 2025/26 and 60,000 cases in 2026/27.

Figure 9: Split of deficit between non-MFC and MFC

	2025/26 non-MFC £m	2025/26 MFC £m	2025/26 Total £m	2026/27 non-MFC £m	2026/27 MFC £m	2026/27 Total £m
Income	210	9	219	208	39	247
Casework costs	(160)	(16)	(176)	(141)	(22)	(163)
Other overhead costs	(85)	(5)	(90)	(88)	(5)	(93)
Transformation costs	(7)	-	(7)	(4)	-	(4)
Net financing	4	-	4	3	-	3
Net deficit	(38)	(12)	(50)	(22)	12	(10)

Note: enabling functions allocation to MFC is estimated at 5% of total spend.

Key questions

9. Do you support our proposal to:
 - a. Increase our case fee and CJ levy for respondent firms?
 - b. Increase the case fee for professional representatives?
 - c. Not increase our VJ levy for respondent firms?
10. Do you support our proposed budget for 2026/27?
11. Do you feel we are offering value for money? If not, where do you think we could improve?
12. Do you agree with our proposal to withdraw the planned change to the definition of 'relevant business' and maintain the current definition. If not, why?

Financial summary

Financial summary	2024/25 actual £m	2025/26 budget £m	2025/26 latest forecast £m	2026/27 draft budget £m	2026/27 draft budget against latest forecast £m
Income					
Case fees	103.4	124.7	105.9	115.6	9.7
Group fees	41.0	44.5	40.9	44.1	3.2
Levies and other income	72.6	71.6	71.6	87.7	16.1
Total income	217.1	240.9	218.5	247.3	28.8
Expenditure					
Casework marginal costs	148.7	174.7	165.7	151.6	14.1
Casework overhead costs	9.4	11.1	10.5	11.0	(0.5)
IT costs including investments	29.2	36.5	35.0	37.1	(2.1)
Premises and facilities	12.8	11.3	13.6	12.3	1.3
Other costs	33.8	44.3	41.3	43.9	(2.6)
Total operating expenditure	234.0	277.9	266.0	255.9	10.1
Operating surplus/(deficit)	(16.9)	(37.0)	(47.5)	(8.6)	39.9
Finance income	10.7	5.2	5.5	3.3	(2.2)
Finance costs	(1.7)	(0.2)	(0.3)	-	0.3
Corporation tax	(2.3)	(1.3)	(1.4)	(0.9)	0.5
Transformation costs	(11.1)	(7.2)	(6.7)	(4.0)	2.7
Financial surplus/(deficit)	(21.3)	(40.5)	(50.3)	(10.1)	40.2
Reserves	137.8	97.3	87.5	77.4	(10.1)
Capital expenditure	2.8	(1.5)	-	-	-
Operating data					
Closing FTE	3,130	3,279	3,123	2,844	(279)
Total new cases (k)	305.9	234.0	205.0	188.0	17.0
Total case resolutions (k)	227.4	270.0	235.0	245.0	10.0
Closing stock (k)	163.4	127.4	136.9	79.6	57.3
Income per case (£)	955	892	929	1,008	79
Operating expenditure per case (£)	1,029	1,029	1,131	1,043	88
Reserves – months of expenditure	7.1	4.2	3.9	3.6	(0.3)

Appendix A: ‘Evolving our Funding Model’ Consultation feedback

Summary of respondents

Our consultation ‘Evolving our Funding Model’ was open for eight weeks from 13 August 2025 to 8 October 2025. We received 59 responses, 34 of which were from respondent firms, 21 from trade bodies and four from consumer groups. Responding organisations are listed at the end of this appendix.

We have not included all the individual points made by respondents and stakeholders. Instead, we have summarised the common or contrasting themes and issues.

Case fee differentiation by stage

Question 1:

What do you think of the proposal to differentiate case fees based on case stage, where cases closed earlier in our complaint journey would attract lower fees than those closed later in our complaint journey?

Question 2:

What risks do you foresee with the introduction of differentiated case fees based on case stage? Do you feel these risks can be sufficiently mitigated?

There was strong support across most organisation types for differentiating by case stage, especially from trade bodies and financial services firms.

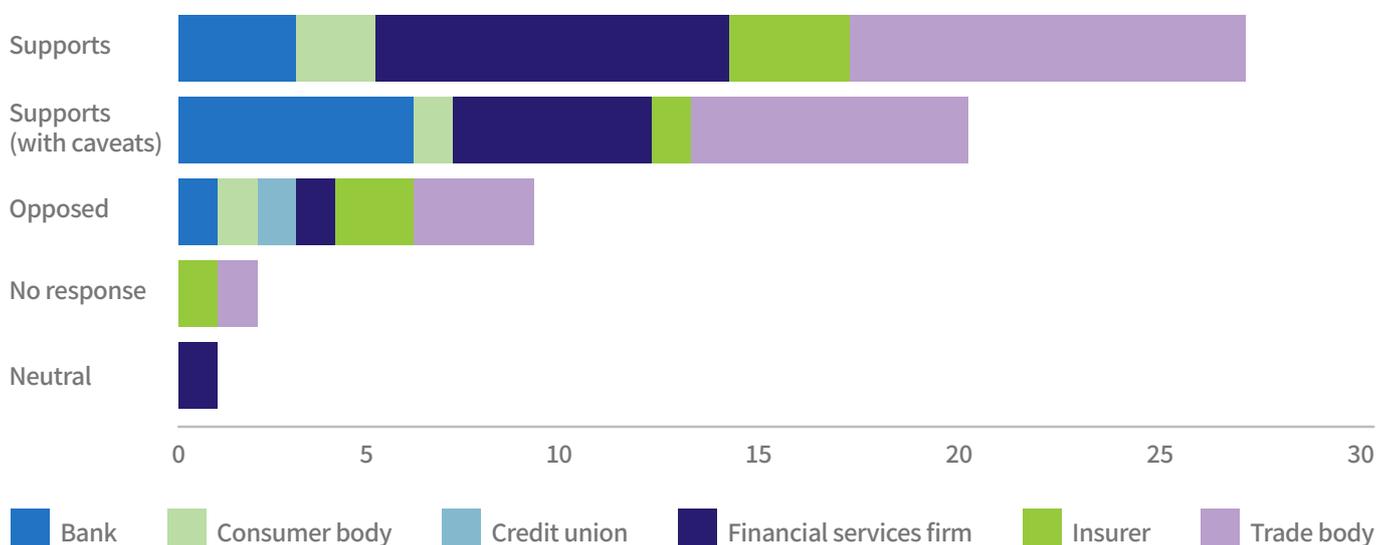
Many cited that it was appropriate and fair for fees to be aligned with effort and that stage reached was a good proxy for effort incurred.

Whilst respondents agreed that there should be a lower fee for proactively settled complaints, many raised concerns that this could lead to poorer complaint handling, with firms settling early to avoid higher fees or ‘gaming the system’ by not upholding the complaint in the first instance to see if the consumer would bring the complaint to our service and then reversing that decision during the 14-day proactive settlement period, leading to poorer outcomes and lower offers for consumers.

Firms suggested that careful monitoring of changes in firm behaviour and regular reporting of our insights would help mitigate the risks identified.

In our joint consultation with the FCA on [Modernising the redress system](#), a question was asked about differentiating by stage in the context of the introduction of a registration phase. In developing proposals for differentiation by stage, we will consider feedback received in both consultations.

Chart 1: Overview of stakeholder feedback on proposal to vary case fees by stage



Case fee differentiation by outcome

Question 3:

What do you think of the proposal to differentiate case fees based on case outcome, where cases that are not upheld would attract lower fees than those cases which are upheld?

Question 4:

What risks do you foresee with the introduction of differentiated case fees based on case outcome? Do you feel these risks can be sufficiently mitigated?

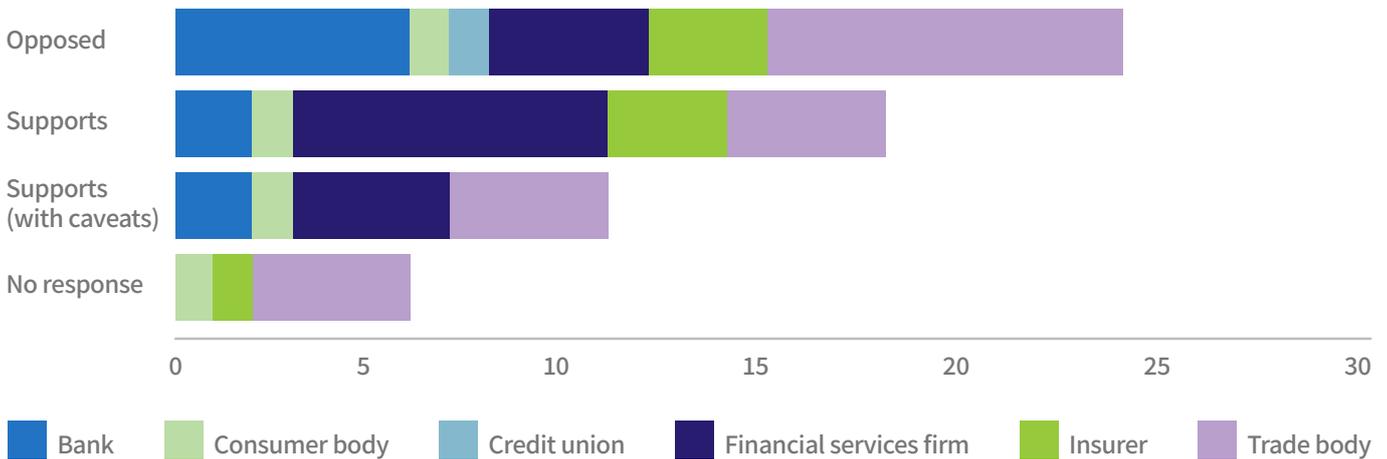
There was a mixed response to differentiating cases by outcome across all types of organisations. Whilst some saw how this aligned with the ‘polluter pays’

principle and would encourage better complaint handling, many felt that the risks associated with the methodology were too high.

The main concerns raised were that it may undermine impartiality and fairness with feedback including:

- fees should be aligned to effort – outcome is not an indicator of effort
- risk of firms settling to avoid high fees
- lack of incentive for firms to settle early if fees based purely on outcome
- introducing additional complexity into the funding model that would lead to an increase in disputes.

Chart 2: Overview of stakeholder feedback on proposal to vary case fees by outcome



Case fee differentiation – preference

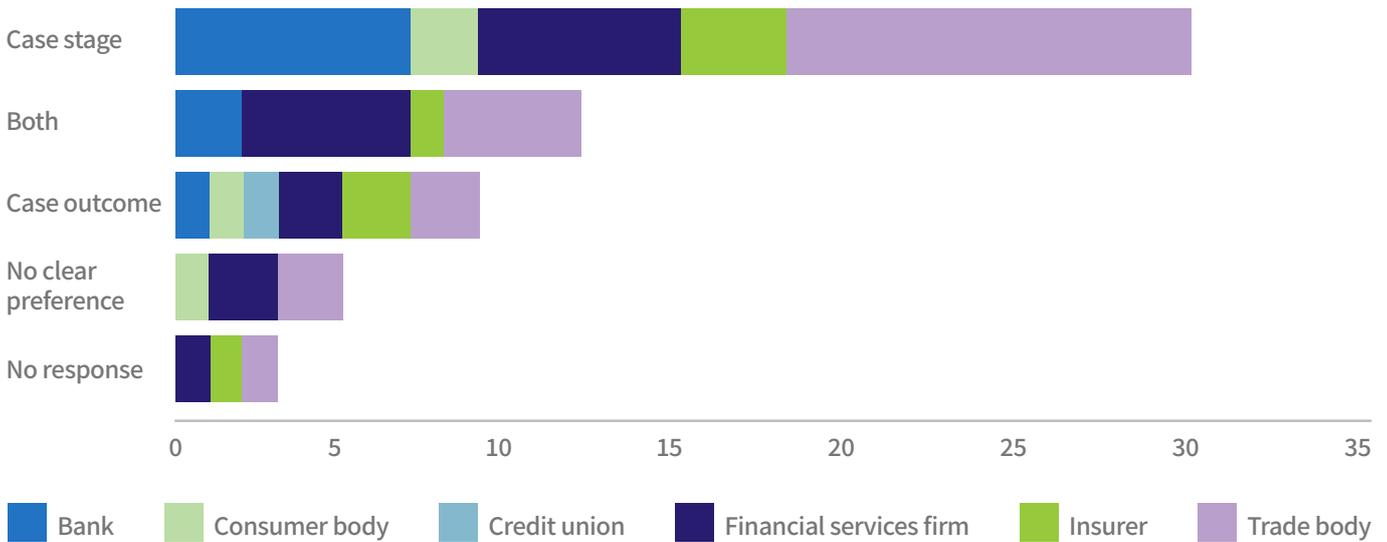
Question 5:

If in favour of differentiation, do you think we should differentiate by case stage, case outcome or both?

Most organisations were more in favour of case fees being differentiated by case stage for the reasons cited above. Fairness and being a better indicator of effort were most regularly mentioned.

Many of the firms who were in favour of differentiating by outcome felt that a hybrid model where both stage and outcome were considered would be most appropriate. There was little appetite for charging to be based on outcome only.

Chart 3: Overview of stakeholder feedback on whether to differentiate by stage, outcome or both



Monetary allowance

Question 6:

Do you agree with the change from a free case count allowance to a monetary allowance? If you prefer an alternative approach, why do you consider that proposed alternative approach to be simpler and fairer than the current or proposed approach?

Question 7:

Do you think the indicative monetary allowance level of £2,000 for both respondent businesses and professional representatives is a reasonable equivalent to the current free case count?

The majority of businesses were happy with this proposal and could see that it would simplify our billing processes. Those with caveats were generally lobbying for higher quotas for certain sectors or wanting reassurance that it would be equivalent to three maximum value cases.

Those in opposition felt free cases were fairer and easier to administer for firms.

Some organisations did point out that a £2,000 allowance for representatives equated to a lot more cases than it did for respondents and questioned whether this was fair.

Chart 4: Overview of stakeholder feedback on free case allowance switch from number of cases to a monetary allowance

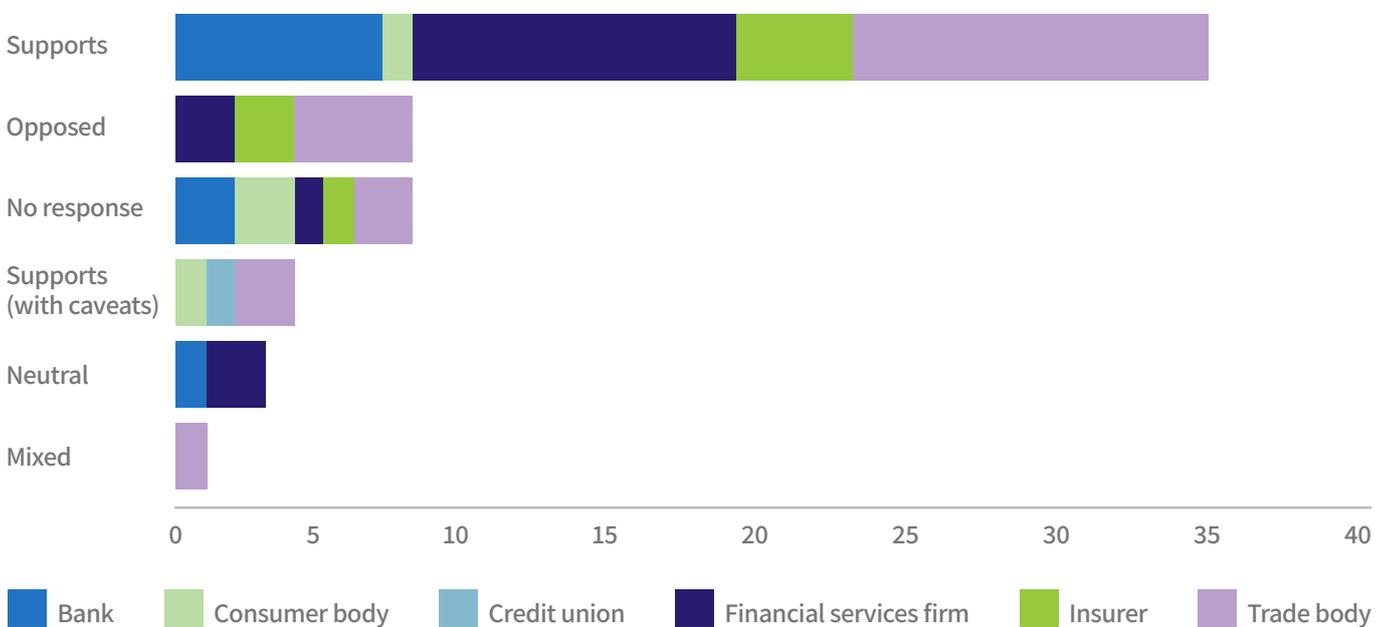
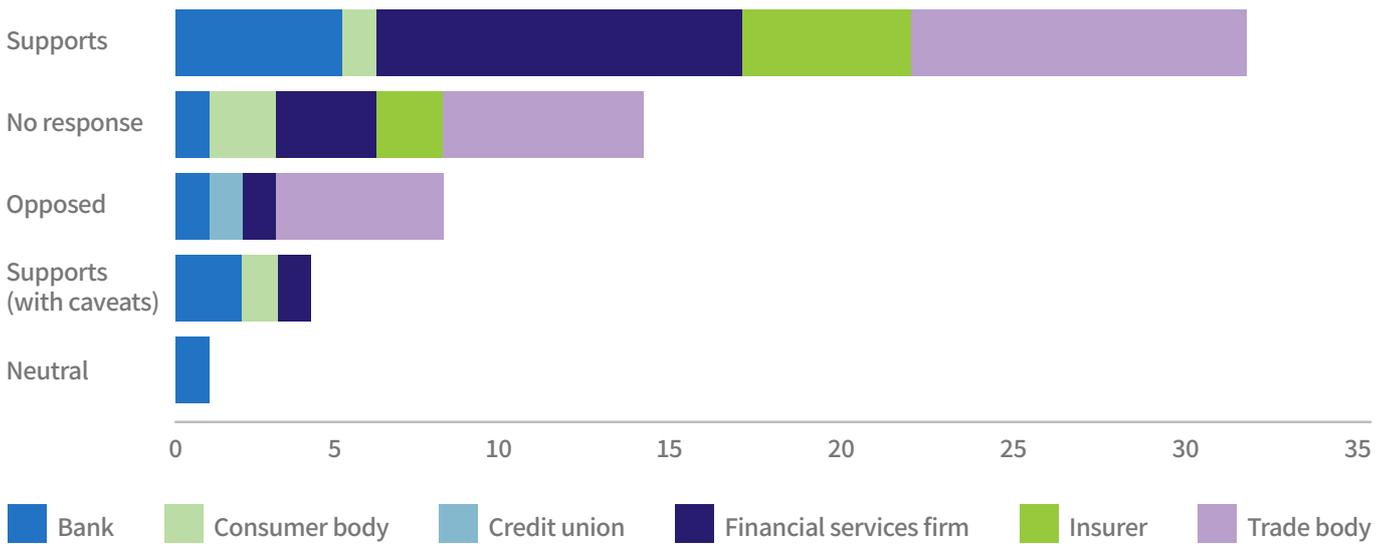


Chart 5: Overview of stakeholder feedback on monetary allowance being set at £2,000



Expanding quarterly billing in advance

Question 8:

Are you in favour of moving to quarterly billing in advance for respondent businesses and professional representatives with higher volumes of complaints?

Question 9:

Do you agree that a forecast of 25 cases to be closed per year is the right threshold to trigger quarterly billing in advance?

The proposal to expand billing quarterly in advance to all organisations that are forecast to have more

than 25 cases with our service attracted the most opposition. Although there was still a good deal of support.

Those that were supportive felt that it would ease the administrative burden and give cashflow certainty, as long as regular statements were available.

Those that were opposed cited the cashflow pressure it would put on smaller organisations, concerns around bulk complaints inflating forecasts, and increasing the administrative burden. The biggest area of concern was that the threshold of 25 was too low and would pull a lot of small businesses into the quarterly regime.

Chart 6: Overview of stakeholder feedback on proposal to vary case fees by outcome

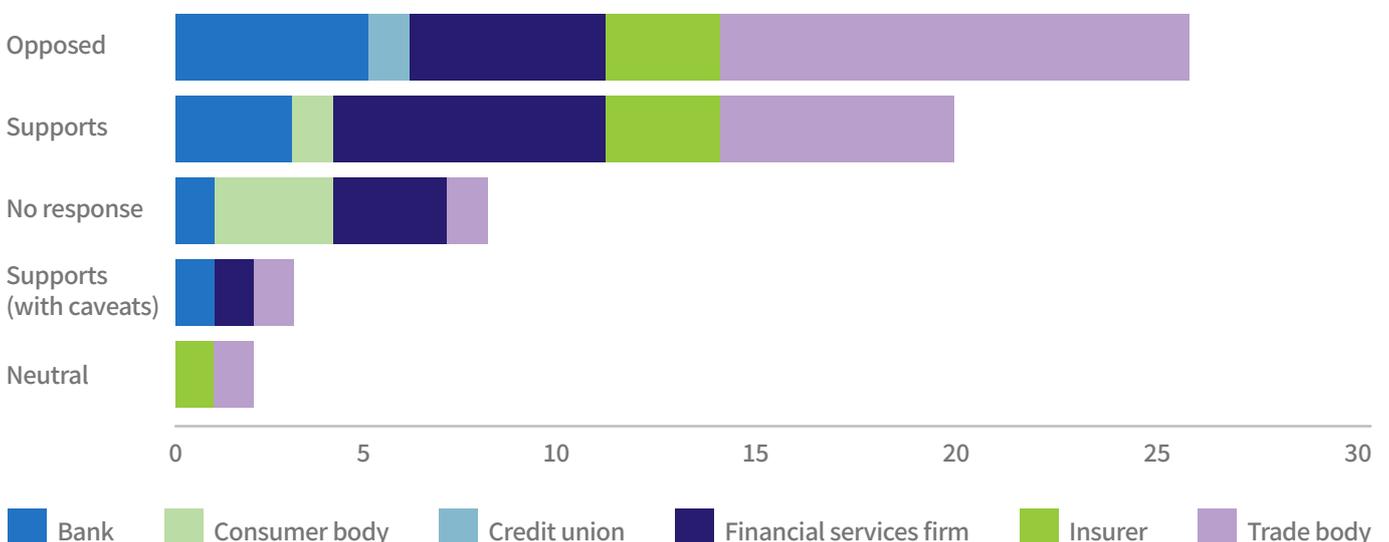
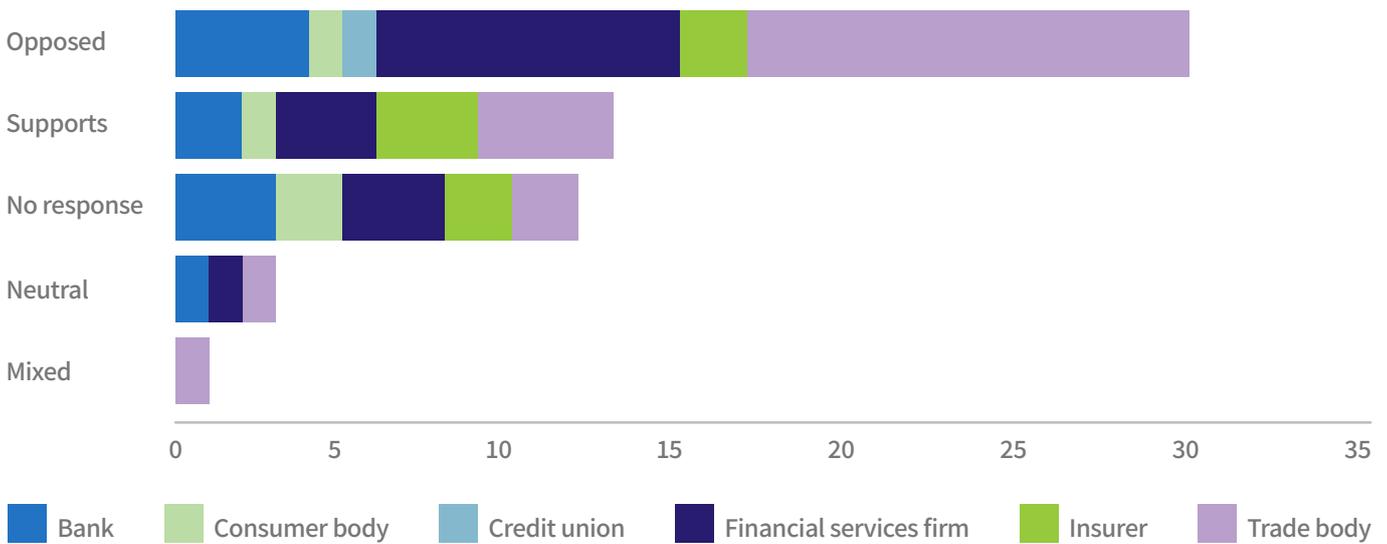


Chart 7: Overview of stakeholder feedback on proposal to set the threshold for quarterly billing at 25 case closures per year



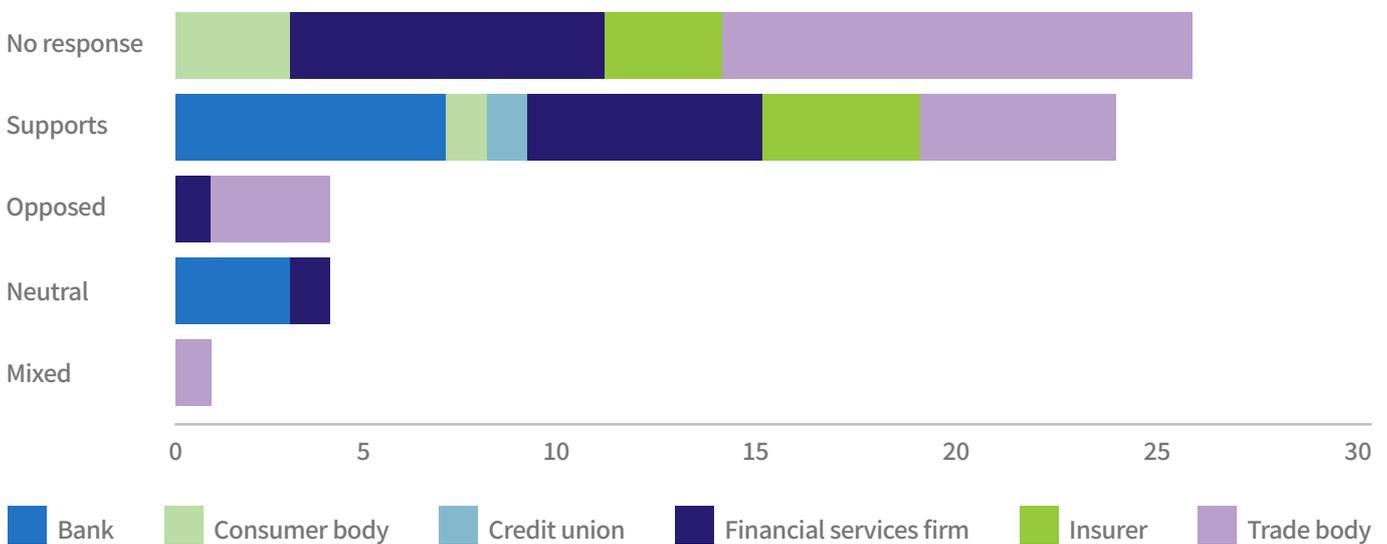
Removing the group fee arrangement 5% tolerance

Question 10:

Do you agree with the proposal to remove the 5% tolerance for firms currently in the group fee arrangement and substituting with the free case monetary allowance?

Those that responded to this question were strongly in favour of the 5% tolerance on group billing being removed. Of the eight firms who participate in the arrangement, six responded to the consultation.

Chart 8: Overview of stakeholder feedback on removing the 5% tolerance from the group fee arrangement



Reducing time limit for raising case fee disputes from 12 months to six months

Question 11:

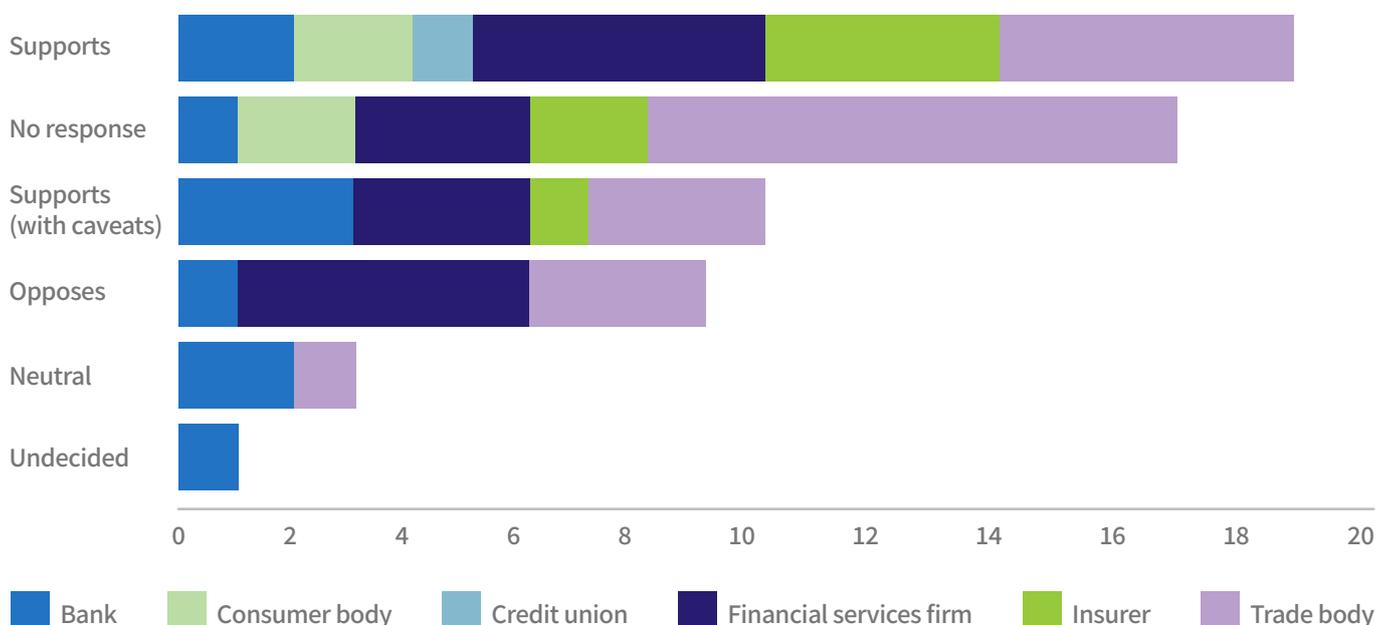
What do you think of our proposal to reduce the time limit for disputing case fees to six months if we introduced billing quarterly in advance for more firms?

Organisations were generally supportive of reducing the dispute period to six months with many saying that they raised disputes on cases on receipt of their monthly invoices. Those with caveated

support highlighted the need for clear reporting if quarterly billing was introduced, and there were some suggestions that we hold ourselves to the same standards in complaint resolution or that the time limit should start from invoice date rather than closure date.

Those that were opposed talked of fairness for smaller businesses who did not have compliance departments and needed longer to dispute, and of the unfairness of reducing the time to dispute at the same time as changing our billing methodology – arguing that the time limits should be extended rather than reduced.

Chart 9: Overview of stakeholder feedback on reducing the case fee dispute period from twelve months to six months



List of respondents

Age Partnership
Association of British Credit Unions (ABCUL)
The Association of Consumer Support Organisations (ACSO)
AJ Bell
Allianz UK
AMI
Aviva
Barclays
Block XYZ
British Insurance Brokers Association (BIBA)
Building Societies Association (BSA)
Bupa
BVRLA
Call Assist Ltd
Claims Management Association
Close Brothers
Consumer Credit Trade Association (CCTA)
Credit Services Association (CSA)
Dignity UK
Discovery Credit Union
Domestic and General
Fair4All Finance
Finance & Leasing Association (FLA)
Financial Services Consumer Panel (FSCP)
Go Compare
Hargreaves Lansdown
HSBC
ILAG
Innovate Finance
Lloyds
Lloyds Market Association
London Market Group
Lowell Financial Ltd
M & G
Money Advice Scotland
Nationwide Group
NewDay
NFU Mutual
Northern Community Bank
Nucleus
Phoenix Group
PIMFA
Quilter
Responsible Finance
Salad Finance
Santander
Society of Lloyd's
St James's Place
Startup Coalition
The ABI
TheCityUK
The Investing and Saving Alliance (TISA)
The Right Mortgage Ltd
Trading 212
UK Finance
Vanquis
West Brom Building Society
Wise Payments Ltd
Yorkshire Building Society

Appendix B: Draft FEES instrument

FEES MANUAL (FINANCIAL OMBUDSMAN SERVICE CASE FEES 2026/2027) INSTRUMENT 2026

Powers exercised by the Financial Ombudsman Service Limited

A. The Financial Ombudsman Service Limited:

- (1) amends the coversheet and Annex C to the Financial Ombudsman Service Case Fees and Voluntary Jurisdiction Levy 2024/25: Fees and Dispute Resolution: Complaints (Amendments) Instrument 2024 (FOS 2024/1),

as set out in Annex A to this instrument; and

- (1) makes and amends the scheme rules and guidance 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 B and Annex C to this instrument; and

- (1) makes and amends the rules and guidance for the Voluntary Jurisdiction; and
- (2) fixes and varies the standard terms for Voluntary Jurisdiction participants,

to incorporate the amendment to FEES 5.4.4G and FEES 5.7.1R made by the Financial Conduct Authority in the [Application, Periodic and Other Fees (2026/2027) Instrument 2026],

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 (The Ombudsman Scheme);
- (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.

Consent and 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 in the Annexes to this instrument.

Commencement

- D. This instrument comes into force on 1 April 2026 except for Part 2 of Annex C, which comes into force on 15 July 2026.

Amendments to the Financial Ombudsman Service Case Fees and Voluntary Jurisdiction Levy 2024/25: Fees and Dispute Resolution: Complaints (Amendments) Instrument 2024 (FOS 2024/1) (as amended by FOS 2025/2)

- E. The coversheet and Annex C to the Financial Ombudsman Service Case Fees and Voluntary Jurisdiction Levy 2024/25: Fees and Dispute Resolution: Complaints (Amendments) Instrument 2024 (FOS 2024/1) are amended in accordance with Annex A to this instrument.

Amendments to the Handbook

- F. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended by the Board of the Financial Ombudsman Service Limited in accordance with the Annexes to this instrument listed in column (2):

(1)	(2)
Glossary of definitions	Annex B
Fees manual (FEES)	Annex C
Dispute Resolution: Complaints sourcebook (DISP)	Annex D

Notes

- F. In the Annexes to this instrument, the notes (indicated by “*Editor’s note:*”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Fees Manual (Financial Ombudsman Service Case Fees 2026/2027) Instrument 2026.

By order of the Board of the Financial Ombudsman Service Limited

[]

By order of the Board of the Financial Conduct Authority

[]

Annex A

Amendments to the Financial Ombudsman Service Case Fees and Voluntary Jurisdiction Levy 2024/25: Fees and Dispute Resolution: Complaints (Amendments) Instrument 2024 (FOS 2024/1) (as amended by FOS 2025/2)

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

The Financial Ombudsman Service Case Fees and Voluntary Jurisdiction Levy 2024/25: Fees and Dispute Resolution: Complaints (Amendments) Instrument 2024 (FOS 2024/1) (as amended by FOS 2025/2) is amended as shown below.

Coversheet:

Powers exercised by the Financial Ombudsman Service Limited

A. The Financial Ombudsman Service Limited:

...

~~to incorporate changes to the Glossary made by the Financial Conduct Authority in the Periodic Fees (2024/25) and Other Fees Instrument 2024 as set out in Annex C to this instrument, [deleted]~~

...

Commencement

D. This instrument comes into force on 1 April 2024, ~~except for Annex C, which comes into force on 1 April 2026 [deleted].~~

Amendments to the Handbook

E. ...

F. The Dispute Resolution: Complaints sourcebook (DISP) is amended by the Board of the Financial Ombudsman Service Limited in accordance with Annex B to this instrument ~~and incorporates for the purposes of the Voluntary Jurisdiction the changes made by the Financial Conduct Authority to the Glossary as set out in Annex C to this instrument.~~

Annex C:

Annex C [deleted]

~~Amendments to the Glossary of definitions made by the FCA in the Periodic Fees (2024/2025) and Other Fees Instrument 2024~~

-

~~In this Annex, striking through indicates deleted text.~~

~~Comes into force on 1 April 2026~~

~~The amendments to the following definition made by the FCA in the Periodic Fees (2024/2025) and Other Fees Instrument 2024 are incorporated into the rules and guidance for the Voluntary Jurisdiction and standard terms for Voluntary Jurisdiction participants relating to the Voluntary Jurisdiction:—~~

~~*relevant business* (1) (in *DISP* and *FEES*) that part of a *firm's* business which it conducts with *consumers* and which is subject to the jurisdiction of the *Financial Ombudsman Service* as provided for in *DISP* 2.3 (To which activities does the Compulsory Jurisdiction apply?) and *DISP* 2.5 (To which activities does the Voluntary Jurisdiction apply?), measured by reference to the appropriate tariff base for each *industry block*.~~

Annex B

Amendments to the Glossary of definitions

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

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

<i>category A charging group</i>	a <i>charging group</i> in relation to which, as regards the <i>group respondents</i> that are identified as part of it, the <i>FOS Ltd</i> forecasts that it will, during a relevant <i>financial year</i> , close (in aggregate) 300 or more <i>chargeable cases</i> relating to those <i>group respondents</i> .	
<i>category A complainant representative</i>	a <i>complainant representative</i> in relation to which the <i>FOS Ltd</i> forecasts that it will, during the relevant <i>financial year</i> , close 300 or more <i>complaints</i> in which that <i>complainant representative</i> was (at the time the <i>complaint</i> was referred to the <i>Financial Ombudsman Service</i>) representing the complainant.	
<i>category A group respondent</i>	a <i>group respondent</i> which is identified as part of a <i>category A charging group</i> .	
<i>category A respondent</i>	a <i>respondent</i> which is not a <i>group respondent</i> and in relation to which the <i>FOS Ltd</i> forecasts that it will, during the relevant <i>financial year</i> , close 300 or more <i>chargeable cases</i> relating to that <i>respondent</i> .	
<i>category B charging group</i>	a <i>charging group</i> in relation to which, as regards the <i>group respondents</i> that are identified as part of it, the <i>FOS Ltd</i> forecasts that it will, during a relevant <i>financial year</i> , close (in aggregate) fewer than 300 <i>chargeable cases</i> relating to those <i>group respondents</i> .	
<i>category B complainant representative</i>	a <i>complainant representative</i> in relation to which the <i>FOS Ltd</i> forecasts that it will, during the relevant <i>financial year</i> , close fewer than 300 <i>complaints</i> in which that <i>complainant representative</i> was (at the time the <i>complaint</i> was referred to the <i>Financial Ombudsman Service</i>) representing the complainant.	
<i>category B respondent</i>	a <i>respondent</i> which:	
	(1)	is not a <i>group respondent</i> and in relation to which the <i>FOS Ltd</i> forecasts that it will, during the relevant <i>financial year</i> , close fewer than 300 <i>chargeable cases</i> relating to that <i>respondent</i> ; or
	(2)	becomes subject to the <i>Financial Ombudsman Service</i> for the first time part way through a <i>financial year</i> .

<i>category B group respondent</i>	a <i>group respondent</i> which is identified as part of a <i>category B charging group</i> .
------------------------------------	---

Amend the following definitions as shown.

<i>charging group</i>	(1)	<u>in relation to financial years ending before 1 April 2026</u> , as defined in <i>FEES 5 Annex 3R Part 3</i> .
	(2)	<u>in relation to financial years beginning on or after 1 April 2026, a collection of group respondents identified as such for the duration of that financial year in accordance with FEES 5.5D.[10R]</u> .
<i>complaint</i>	...	
	(3)	(in <i>FEES 5.5B, FEES 5.5C, FEES 5.5D, FEES 5.5E, PRIN, DISP 1.1</i> and (in relation to <i>collective portfolio management</i>) in the <i>consumer awareness rules, the complaint handling rules and the complaints record rule</i>) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a <i>person</i> about the provision of, or failure to provide, a financial service, <i>claims management service</i> or a <i>redress determination</i> , which alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience.
	...	
<i>group respondent</i>	(1)	<u>in relation to financial years ending before 1 April 2026</u> , all <i>respondents</i> identified as part of the relevant <i>charging group</i> as defined in <i>FEES 5 Annex 3R Part 3</i> .
	(2)	<u>in relation to financial years beginning on or after 1 April 2026, a respondent identified as part of a relevant charging group in accordance with FEES 5.5D.[10R]</u> .

Annex C

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 2026

1	Fees Manual			
1.1	Application and Purpose			
1.1.1	G	(1)	...	
		...		
		(5)	<i>FEES 5</i> (Financial Ombudsman Service Funding) relates to <i>FOS</i> levies and case fees (in <i>FEES 5.5B</i> , and <i>FEES 5.5C</i> , <u><i>FEES 5.5D</i></u> and <u><i>FEES 5.5E</i></u>).	
		...		
...				
	Application			
1.1.2	R	This manual applies in the following way:		
		...		
		(7)	...	
		The application statement at <i>FEES 1.1.2R(3)</i> does not apply to <i>FEES 5.5B</i> , <i>FEES 5.5C</i> , <u><i>FEES 5.5D</i></u> , <u><i>FEES 5.5E</i></u> , <i>FEES 5 Annex 2R</i> , or <i>FEES 5 Annex 3R</i> , <u><i>FEES 5 Annex 5R</i></u> .		
		...		
...				
1.1.3	G	The application of <i>FEES 5.5B</i> , <i>FEES 5.5C</i> , <u><i>FEES 5.5D</i></u> , <u><i>FEES 5.5E</i></u> , and <i>FEES 5 Annex 3R</i> and <u><i>FEES 5 Annex 5R</i></u> is set out in <i>FEES 5.5B.1R</i> , and <i>FEES 5.5C.1R</i> , <u><i>FEES 5.5D.1R</i></u> and <u><i>FEES 5.5E.1R</i></u> . The relevant provisions of <i>FEES 5</i> and <i>FEES 2</i> are applied to <i>VJ participants</i> by the <i>standard terms</i> (see <i>DISP 4</i>).		
...				
2	General Provisions			

2.1	Introduction		
	Application		
...			
2.1.1A	R	This chapter does not apply in relation to:	
		(1)	<i>FEES 5.5B</i> ; or
		(1A)	<i>FEES 5.5C</i> ; or
		(1B)	<i>FEES 5.5D</i> ; or
		(1C)	<i>FEES 5.5E</i> ; or
		...	
		(3A)	<i>FEES 5 Annex 5R</i> ; or
		...	
...			
	Purpose		
...			
2.1.5	G	...	
		(3)	Case fees payable to the <i>FOS Ltd</i> are set out in <i>FEES 5.5B</i> , and <i>FEES 5.5C</i> , <i>FEES 5.5D</i> and <i>FEES 5.5E</i> .
		...	
...			
5	Financial Ombudsman Service Funding		
5.1	Application and purpose		
	Application		
...			
5.1.1-A	G	Whilst no <i>rule</i> made by the <i>FCA</i> in this chapter applies to <i>VJ participants</i> , some of the <i>guidance</i> may do. The application of rules made by the <i>FOS Ltd</i> in this chapter is set out in <i>FEES 5.5B</i> , and <i>FEES 5.5C</i> , <i>FEES 5.5D</i> and <i>FEES 5.5E</i> , and described in <i>FEES 5.1.2AG</i> .	
...			

5.1.1B	R	<i>FEES 5.1.1AR</i> does not apply to <i>FEES 5.5B</i> , <i>FEES 5.5C</i> , <i>FEES 5.5D</i> , <i>FEES 5.5E</i> or <i>FEES 5 Annex 2R</i> , or <i>Annex 3R</i> or <i>Annex 5R</i> , unless otherwise stated in rules made by <i>FOS Ltd</i> .
...		
5.1.2A	G	Table of <i>FEES 5</i> rules made by the <i>FOS Ltd</i>

FEES 5 rules made by the FOS Ltd	Description
<i>FEES 5.5B</i>	Rules relating to case fees (for <u>financial years ending before 1 April 2026</u>)
<i>FEES 5.5C</i>	Rules relating to case fees for <u>complainant representatives (for financial years ending before 1 April 2026)</u>
<u><i>FEES 5.5D</i></u>	<u>Rules relating to case fees (for financial years beginning on or after 1 April 2026)</u>
<u><i>FEES 5.5E</i></u>	<u>Rules relating to case fees for complainant representatives (for financial years beginning on or after 1 April 2026)</u>
...	
<u><i>FEES 5 Annex 5R</i></u>	<u>Case fees payable</u>

...		
5.2	Introduction	
...		
5.5B	Case fees (<u>for financial years ending before 1 April 2026</u>)	
5.5B.1R	R	<i>FEES 5.5B</i> applies to <u>respondents in relation to financial years ending before 1 April 2026 where the chargeable case was closed before 1 April 2026.</u>
<u>5.5B.1A</u>	<u>G</u>	<u><i>FEES 5.5D</i> applies to respondents in relation to financial years beginning on or after 1 April 2026.</u>
5.5C	Representative case fees (<u>for financial years ending before 1 April 2026</u>)	

5.5C.1	R	<i>FEES 5.5C applies to a complainant representative in relation to a complaint referred to the Financial Ombudsman Service <u>which was closed before 1 April 2026 (except for FEES 5.5C.11AR, which applies to a complaint which was not closed before 1 April 2026).</u></i>
5.5C.1A	G	<i>FEES 5.5E applies to a complainant representative in relation to financial years beginning on or after 1 April 2026.</i>
...		
5.5C.11 A	R	<i>In respect of any complaint which was not closed before 1 April 2026, the FOS Ltd will credit the amount of £250 to the complainant representative and FEES 5.5E will instead apply to that complainant representative in respect of that complaint.</i>
		...
...		
5 Annex 2R		Annual Levy Payable in Relation to the Voluntary Jurisdiction 2025/26 <u>2026/27</u>
...		

Insert the following new section, FEES 5.5D, immediately after FEES 5.5C (Representative case fees). The text is all new and is not underlined.

5.5D		Case fees (for financial years beginning on or after 1 April 2026)
		Application
5.5D.1	R	<i>FEES 5.5D applies to respondents in relation to financial years beginning on or after 1 April 2026.</i>
5.5D.2	G	<i>FEES 5.5B applies to respondents in relation to financial years ending before 1 April 2026.</i>
5.5D.3	G	<i>VJ participants are included as a result of DISP 4.2.6R.</i>
5.5D.4	R	<i>Any firm falling either into industry block 13 or industry block 15 in FEES 5 Annex 1R is not required to pay any case fee in respect of chargeable cases relating to those industry blocks.</i>
5.5D.5	R	<i>A credit union or a community finance organisation which is subject to the minimum levy in an industry block is not required to pay any case fee in respect of chargeable cases relating to that industry block.</i>
5.5D.6	G	<i>Arrangements similar to those for firms in industry blocks 13 and 15 have been made for small credit unions under FEES 5.5D.[5R].</i>

5.5D.7	R	(1)	Any of the following persons which is exempt under <i>DISP</i> 1.1.12R is also exempt from <i>FEES</i> 5.5D.
		(a)	a <i>firm</i> ;
		(b)	a <i>payment services provider</i> ;
		(c)	an <i>electronic money issuer</i> ;
		(d)	a <i>designated credit reference agency</i> ; and
		(e)	a <i>designated finance platform</i> .
		(2)	However, a person will only be exempt from <i>FEES</i> 5.5D in any <i>financial year</i> if it met the conditions in <i>DISP</i> 1.1.12R on 31 March of the immediately preceding <i>financial year</i> .
Purpose			
5.5D.8	R		The purpose of <i>FEES</i> 5.5D is to set out the requirements of <i>category A respondents</i> , <i>category B respondents</i> , <i>category A group respondents</i> and <i>category B group respondents</i> to pay case fees in relation to cases referred to the <i>Financial Ombudsman Service</i> .
5.5D.9	R		These fees are towards funding the <i>Financial Ombudsman Service</i> , and are invoiced and collected directly by the <i>FOS Ltd</i> .
5.5D.10	R		If, in relation to a <i>financial year</i> , the <i>FOS Ltd</i> considers (taking into account representations made by or on behalf of the relevant <i>respondents</i>) that two or more <i>respondents</i> should be identified as <i>group respondents</i> that form part of a <i>charging group</i> for the purposes of <i>FEES</i> 5.5D then:
		(1)	<i>FOS Ltd</i> must notify all those <i>respondents</i> ; and
		(2)	those <i>respondents</i> shall, for the purposes of <i>FEES</i> 5.5D, be treated as <i>group respondents</i> forming part of a relevant <i>charging group</i> in relation to the <i>relevant financial year</i> .
Monthly standard case fee for Category B respondents			
5.5D.11	R		Subject to <i>FEES</i> 5.5D.[12R] and <i>FEES</i> 5.5D.[16R], a <i>category B respondent</i> and <i>category B group respondent</i> must pay to the <i>FOS Ltd</i> the standard case fee specified in <i>FEES</i> 5 Annex 5R Part 1 in respect of each <i>chargeable case</i> relating to that <i>category B respondent</i> or <i>category B group respondent</i> which is closed by the <i>Financial Ombudsman Service</i> during any financial year beginning on or after 1 April 2026 (regardless of when the <i>chargeable case</i> was referred to the <i>Financial Ombudsman Service</i>).
5.5D.12	R		When a <i>chargeable case</i> is closed by the <i>Financial Ombudsman Service</i> during a <i>financial year</i> in circumstances:

		(1)	where the <i>complaint</i> was referred to the <i>Financial Ombudsman Service</i> on or after 1 April 2025;
		(2)	where a <i>complainant representative</i> was representing the complainant in relation to that <i>complaint</i> ; and
		(3)	other than having been closed as a change in outcome in favour of the complainant,
			the <i>category B respondent</i> or <i>category B group respondent</i> to which that <i>chargeable case</i> relates must instead pay to the <i>FOS Ltd</i> the reduced standard case fee specified in <i>FEES 5 Annex 5R Part 1</i> in respect of each such <i>chargeable case</i> .
5.5D.13	G		<i>FEES 5.5D.12R</i> applies, for example, where the <i>complaint</i> is closed by the <i>Financial Ombudsman Service</i> with an outcome that is not more favourable for the complainant compared to when the <i>complaint</i> was referred to the <i>Financial Ombudsman Service</i> , including where the <i>complaint</i> is closed as out of jurisdiction, dismissed or withdrawn.
5.5D.14	R	(1)	In respect of a <i>financial year</i> , the <i>FOS Ltd</i> shall credit the amount of £2,000 to the <i>category B respondent</i> or <i>category B group respondent</i> which is to be applied against the standard case fees which that <i>category B respondent</i> or <i>category B group respondent</i> is liable to pay during the relevant <i>financial year</i> .
		(2)	The credit provided for pursuant to paragraph (1):
		(a)	shall not be carried forward to any future <i>financial years</i> ; and
		(b)	to the extent the amount of the credit exceeds the amount of standard case fees which are payable, the excess shall not be paid in cash to the <i>category B respondent</i> or <i>category B group respondent</i> .
5.5D.15	R		A <i>category B respondent</i> must pay to the <i>FOS Ltd</i> any standard case fee which it is liable to pay under <i>FEES 5.5D</i> and which is invoiced by the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date when the invoice was issued by the <i>FOS Ltd</i> .
5.5D.16	R		In relation to <i>category B group respondents</i> which are identified as part of a relevant <i>category B charging group</i> , the <i>FOS Ltd</i> shall:
		(1)	aggregate the amounts which each <i>category B group respondent</i> in the relevant <i>category B charging group</i> is liable to pay as calculated under <i>FEES 5.5D.[11R]</i> to <i>FEES 5.5D.[14R]</i> ; and
		(2)	issue one invoice for that aggregate amount to any of the <i>category B group respondents</i> in the relevant <i>category B charging group</i> , which shall be payable as set out in that invoice.

5.5D.17	R	In respect of a <i>category B charging group</i> , and notwithstanding <i>FEES 5.5D.[16R]</i> :	
		(1)	an individual <i>category B group respondent</i> is jointly and severally liable for the liabilities of all <i>category B group respondents</i> in the relevant <i>category B charging group</i> under <i>FEES 5.5D</i> ; and
		(2)	the <i>FOS Ltd</i> may issue an invoice to any <i>category B group respondent</i> for the liabilities of all <i>category B group respondents</i> in the relevant <i>category B charging group</i> under <i>FEES 5.5D</i> .
Quarterly provisional charges			
5.5D.18	R	If, in relation to a <i>financial year</i> , the <i>FOS Ltd</i> considers (taking into account representations made by or on behalf of the relevant <i>respondent</i>) that the <i>respondent</i> is a <i>category A respondent</i> , the <i>FOS Ltd</i> must notify that <i>respondent</i> and that <i>respondent</i> shall, for the purposes of <i>FEES 5.5D</i> , be treated as a <i>category A respondent</i> in relation to the relevant <i>financial year</i> .	
5.5D.19	R	If, in relation to a <i>financial year</i> , the <i>FOS Ltd</i> considers (taking into account representations made by or on behalf of the relevant <i>respondent</i>) that two or more <i>respondents</i> should be identified as <i>category A group respondents</i> that form part of a <i>category A charging group</i> for the purposes of <i>FEES 5.5D</i>), then:	
		(1)	<i>FOS Ltd</i> must notify all of those <i>respondents</i> ; and
		(2)	those <i>respondents</i> shall, for the purposes of <i>FEES 5.5D</i> , be treated as <i>category A group respondents</i> forming part of a relevant <i>category A charging group</i> in relation to the relevant <i>financial year</i> .
Quarterly provisional charges – first and second quarters			
5.5D.20	R	In relation to a <i>financial year</i> ,	
		(1)	a <i>category A respondent</i> ; and
		(2)	(subject to <i>FEES 5.5D.[23R]</i>), a <i>category A group respondent</i> ,
		must pay to the <i>FOS Ltd</i> the quarterly provisional charges calculated under <i>FEES 5.5D.[21R]</i> to <i>FEES 5.5D.[22R]</i> .	
5.5D.21	R	(1)	In respect of the first and second quarters of a relevant <i>financial year</i> , the value of the provisional charges that a <i>category A respondent</i> and (subject to <i>FEES 5.5D.[23R]</i>) a <i>category A group respondent</i> is liable to pay is calculated according to the following formula: $(((A+B) / (C+D)) \times E \times \text{£}[680]) - \text{£}[2,000] / 2) \times 0.8,$ where:

		A =	the number of <i>chargeable cases</i> relating to that <i>respondent</i> that were referred to the <i>Financial Ombudsman Service</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> .
		B =	the number of <i>chargeable cases</i> relating to that <i>respondent</i> that were referred to the <i>Financial Ombudsman Service</i> from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i> .
		C =	the number of <i>chargeable cases</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>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> .
		D =	the number of <i>chargeable cases</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>respondents</i> from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i> .
		E =	the number of <i>chargeable cases</i> in respect of all <i>respondents</i> which the <i>Financial Ombudsman Service</i> forecasts it will close from 1 April to 30 September (both dates inclusive) in the relevant <i>financial year</i> .
		(2)	For the purposes of the calculation in paragraph (1) above, the <i>FOS Ltd</i> may, if it considers it appropriate, modify inputs A, B, C and D to take into account the impact of any events which, if not taken into account, would, as regards a <i>category A respondent</i> or <i>category A group respondent</i> , result in the calculation of their estimated case fee liability for the first and second quarters of the <i>financial year</i> being materially inaccurate.
		(3)	In respect of the first and second quarters of a relevant <i>financial year</i> , the <i>FOS Ltd</i> will invoice a <i>category A respondent</i> and (subject to <i>FEES 5.5D.[23R]</i>) a <i>category A group respondent</i> for the amount calculated under paragraph (1) in two equal instalments in April and July of the relevant <i>financial year</i> (or on such later dates as <i>FOS Ltd</i> may specify).
Quarterly provisional charges – third and fourth quarters			
5.5D.22	R	(1)	In respect of the third and fourth quarters of a relevant <i>financial year</i> , the value of the provisional charges that a <i>category A respondent</i> and (subject to <i>FEES 5.5D.[23R]</i>) a <i>category A group respondent</i> is liable to pay is calculated according to the following formula: $(T - U - \text{£}2,000 + (((V+W) / (X+Y)) \times Z \times \text{£}[680]) / 2) \times 0.8,$ where:

			T =	the total amount of standard case fees that that <i>respondent</i> would have been charged from 1 April to 30 September (both dates inclusive) of the relevant <i>financial year</i> had it been a <i>category B respondent</i> or <i>category B group respondent</i> and liable to monthly standard case fees under <i>FEES 5.5D.[11R]</i> to <i>FEES 5.5D.[14R]</i> .
			U =	the aggregate of the amounts invoiced to that <i>respondent</i> under <i>FEES 5.5D.[21R(3)]</i> .
			V =	the number of <i>chargeable cases</i> relating to that <i>respondent</i> that were referred to the <i>Financial Ombudsman Service</i> before 1 October in the relevant <i>financial year</i> which had not been closed before 1 October in the relevant <i>financial year</i> .
			W =	the number of <i>chargeable cases</i> relating to that <i>respondent</i> that were referred to the <i>Financial Ombudsman Service</i> from 1 April to 30 September (both dates inclusive) in the relevant <i>financial year</i> .
			X =	the number of <i>chargeable cases</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>respondents</i> before 1 October in the relevant <i>financial year</i> which had not been closed before 1 October in the relevant <i>financial year</i> .
			Y =	the number of <i>chargeable cases</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>respondents</i> from 1 April to 30 September (both dates inclusive) in the relevant <i>financial year</i> .
			Z =	the number of <i>chargeable cases</i> in respect of all <i>respondents</i> which the <i>Financial Ombudsman Service</i> forecasts it will close from 1 October to 31 December (both dates inclusive) in the relevant <i>financial year</i> .
		(2)		For the purposes of the calculation in paragraph (1) above, the <i>FOS Ltd</i> may, if it considers it appropriate, modify inputs V, W, X and Y to take into account the impact of any events which, if not taken into account, would, as regards a <i>category A respondent</i> or <i>category A group respondent</i> , result in the calculation of their estimated case fee liability for the third and fourth quarters of the <i>financial year</i> being materially inaccurate.
		(3)		In respect of the third and fourth quarters of a relevant <i>financial year</i> , the <i>FOS Ltd</i> will invoice a <i>category A respondent</i> and (subject to <i>FEES 5.5D.[23R]</i>) a <i>category A group respondent</i> for the amount calculated under paragraph (1) in two equal instalments in October and January of the relevant <i>financial year</i> (or on such later dates as <i>FOS Ltd</i> may specify).

5.5D.23	R	In respect of a <i>category A charging group</i> , the <i>FOS Ltd</i> shall:	
		(1)	aggregate the amounts which each <i>category A group respondent</i> in that <i>category A charging group</i> is liable to pay as calculated under <i>FEES 5.5D.[21R(3)]</i> and <i>FEES 5.5D.[22R(3)]</i> ; and
		(2)	issue one invoice for that aggregate amount to any of the <i>category A group respondents</i> in the relevant <i>category A charging group</i> , which shall be payable as set out in that invoice.
5.5D.24	R	In respect of a <i>category A charging group</i> , and notwithstanding <i>FEES 5.5D.[23R]</i>	
		(1)	an individual <i>category A group respondent</i> is jointly and severally liable for the liabilities of all <i>category A group respondents</i> in the relevant <i>category A charging group</i> under <i>FEES 5.5D</i> ; and
		(2)	the <i>FOS Ltd</i> may issue an invoice to any <i>category A group respondent</i> for the liabilities of all <i>category A group respondents</i> in the relevant <i>category A charging group</i> under <i>FEES 5.5D</i> .
5.5D.25	R	A <i>category A respondent</i> or <i>category A group respondent</i> must pay to the <i>FOS Ltd</i> any quarterly standard case fee which it is liable to pay under <i>FEES 5.5D</i> and which is invoiced by the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date when the invoice is issued by the <i>FOS Ltd</i> .	
Quarterly provisional charges – end of year adjustment			
5.5D.26	R	If, had it been a <i>category B respondent</i> liable to monthly standard case fees under <i>FEES 5.5D.[11R]</i> to <i>FEES 5.5D.[14R]</i> , the amount of standard case fees that a <i>category A respondent</i> would have been charged during a relevant <i>financial year</i> exceeds the value of the provisional charges which it has paid during that <i>financial year</i> , then:	
		(1)	the <i>FOS Ltd</i> shall invoice the <i>category A respondent</i> for the amount of that difference; and
		(2)	the <i>category A respondent</i> must pay the amount invoiced to the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date of the invoice.
5.5D.27	R	If, had it been a <i>category B respondent</i> and liable to monthly standard case fees under <i>FEES 5.5D.[11R]</i> to <i>FEES 5.5D.[14R]</i> , the amount of standard case fees that a <i>category A respondent</i> would have been charged during a relevant <i>financial year</i> is lower than the value of provisional charges which it has paid during that <i>financial year</i> , then the amount of the difference shall be credited to the <i>category A respondent</i> and set off against the provisional charges which the <i>category A respondent</i> is liable to pay under <i>FEES 5.5D</i> in respect of the following <i>financial year</i> .	
5.5D.28	R	If, had they been <i>category B group respondents</i> and liable to monthly standard case fees under <i>FEES 5.5D.[11R]</i> to <i>FEES 5.5D.[14R]</i> , the amount	

		of standard case fees that <i>category A group respondents</i> would (in aggregate) have been charged during a relevant <i>financial year</i> exceeds the value of the provisional charges which they have (in aggregate) paid, then:
	(1)	the <i>FOS Ltd</i> shall invoice the amount of that difference to any of the <i>category A group respondents</i> in the relevant <i>category A charging group</i> ; and
	(2)	that <i>category A group respondent</i> must pay the amount invoiced to the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date of the invoice.
5.5D.29	R	If, had they been <i>category B group respondents</i> and liable to monthly standard case fees under <i>FEES 5.5D.[11R]</i> to <i>FEES 5.5D.[14R]</i> , the amount of the standard case fees that <i>category A group respondents</i> in a relevant <i>category A charging group</i> would (in aggregate) have been charged during a relevant <i>financial year</i> is lower than the value of the provisional charges which they have (in aggregate) paid, the amount of the difference shall be credited to the relevant <i>category A charging group</i> and set off against the provisional charge which the <i>category A charging group</i> is liable to pay under <i>FEES 5.5D</i> in respect of the following <i>financial year</i> .
Leaving the Financial Ombudsman Service		
5.5D.30	R	Where a <i>respondent</i> ceases to be a <i>firm, payment service provider, electronic money issuer, CBTL firm, a designated credit reference agency, a designated finance platform, VJ participant or claims management company</i> (as the case may be) part way through a <i>financial year</i> it will remain liable to pay any case fees due under <i>FEES 5.5D</i> .
Late payment of invoices		
5.5D.31	R	If a <i>respondent</i> does not pay an invoice payable under <i>FEES 5.5D</i> in full to the <i>FOS Ltd</i> before the end of the date on which it is due, that <i>respondent</i> must pay to the <i>FOS Ltd</i> in addition:
	(1)	interest on any unpaid amount of the invoice at the rate of 5% per annum above the Official Bank Rate from time to time, accruing on a daily basis from the date on which the amount concerned became due; and
	(2)	an administrative fee of up to 25% of the amount of the invoice outstanding at the time, in the event the <i>FOS Ltd</i> needs to take steps to recover any amounts payable to it under <i>FEES 5.5D</i> .
5.5D.32	G	The <i>FOS Ltd</i> may take steps to recover any amount owed to it (including interest).
Time limit for making a claim for remission or repayment.		
5.5D.33	R	(1) In respect of a <i>category B respondent</i> or <i>category B group respondent</i> , no claim for the remission or repayment of all or part of any case fee

		(or any administrative fee due under <i>FEES 5.5D</i> .[31R] in relation to it) may be made to <i>FOS Ltd</i> more than 6 months after the end of the calendar month in which the <i>chargeable case</i> to which the case fee relates was closed (irrespective of when or whether the amounts in question were paid to the <i>FOS Ltd</i>).
		(2) In respect of a <i>category A respondent</i> or <i>category A group respondent</i> , no claim for the remission or repayment of all or part of any amount which was invoiced by the <i>FOS Ltd</i> under <i>FEES 5.5D</i> (or any administrative fee due under <i>FEES 5.5D</i> .[31R] in relation to it) may be made to <i>FOS Ltd</i> more than 6 months after the end of the calendar month in which the <i>chargeable case</i> to which that claim relates was closed (irrespective of when or whether the amounts in question were paid to the <i>FOS Ltd</i>).
5.5D.34	R	The <i>FOS Ltd</i> may allow a claim to be made outside the time limits prescribed in <i>FEES 5.5D</i> .[31R] if it is satisfied that the failure to make a claim within the time limits prescribed was as a result of exceptional circumstances.
5.5D.35	R	If it appears to the <i>FOS Ltd</i> that in the exceptional circumstances of a particular case the payment of any amount under <i>FEES 5.5D</i> would be inequitable, the <i>FOS Ltd</i> may reduce or remit all or part of the amount in question which would otherwise be payable.

Insert the following new section, FEES 5.5E, immediately after FEES 5.5D. The text is all new and is not underlined.

5.5E	Representative case fees (for financial years beginning on or after 1 April 2026)	
	Application and purpose	
5.5E.1	R	<i>FEES 5.5E</i> applies to a <i>complainant representative</i> in relation to a <i>complaint</i> referred to the <i>Financial Ombudsman Service</i> which is closed on or after 1 April 2026.
5.5E.2	G	<i>FEES 5.5E</i> does not apply to the <i>Voluntary Jurisdiction</i> .
5.5E.3	G	<i>FEES 5.5E</i> sets out when a <i>complainant representative</i> that is representing a complainant must pay fees in respect of <i>complaints</i> referred to the <i>Financial Ombudsman Service</i>
5.5E.4	R	A <i>complainant representative</i> will not be liable for a representative case fee under <i>FEES 5.5E</i> if it is acting entirely pro bono in relation to the <i>complaint</i> .
5.5E.5	G	<i>FEES 5.5E.4R</i> applies where a <i>complainant representative</i> is representing the <i>complainant</i> without any fees, charges or other form of remuneration becoming payable by the complainant in any circumstance.

		Monthly representative case fee for category B complainant representatives	
5.5E.6	R	Where a <i>complaint</i> is closed by the <i>Financial Ombudsman Service</i> during a <i>financial year</i> in circumstances where:	
		(1)	the <i>complaint</i> was referred to the <i>Financial Ombudsman Service</i> on or after 1 April 2025; and
		(2)	a <i>category B complainant representative</i> was (at any time) representing the complainant in relation to that <i>complaint</i> ,
		the <i>category B complainant representative</i> which was first representing the complainant (even if it is no longer doing so at the time the <i>complaint</i> is closed) must pay to the <i>FOS Ltd</i> :	
		(3)	the reduced representative case fee specified in <i>FEES 5 Annex 5 Part 2R</i> , if the <i>complaint</i> was closed as a change in outcome in favour of the <i>complainant</i> ; or
		(4)	the higher representative case fee specified in <i>FEES 5 Annex 5 Part 2R</i> , if the <i>complaint</i> was closed other than as a change in outcome in favour of the <i>complainant</i> .
5.5E.7	R	(1)	In respect of a <i>financial year</i> , the <i>FOS Ltd</i> shall credit the amount of £2,000 to the <i>category B complainant representative</i> which is to be applied against the representative case fees which that <i>category B complainant representative</i> is liable to pay during the relevant <i>financial year</i> .
		(2)	The credit provided for pursuant to paragraph (1):
		(a)	shall not be carried forward to any future <i>financial years</i> ; and
		(b)	to the extent the amount of the credit exceeds the amount of representative case fees which are payable, the excess shall not be paid in cash to the <i>category B complainant representative</i> .
5.5E.8	R	A <i>category B complainant representative</i> must pay to the <i>FOS Ltd</i> any representative case fee which it is liable to pay under <i>FEES 5.5E</i> and which is invoiced by the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date when the invoice is issued by the <i>FOS Ltd</i> .	
		Quarterly provisional charges for category A complainant representatives	
5.5E.9	R	If, in relation to a <i>financial year</i> , the <i>FOS Ltd</i> considers (taking into account representations made by or on behalf of the relevant <i>complainant representative</i>) that the <i>complainant representative</i> is a <i>category A complainant representative</i> , the <i>FOS Ltd</i> must notify that <i>complainant representative</i> and that <i>complainant representative</i> shall, for the purposes of	

		<i>FEES</i> 5.5E, be treated as a <i>category A complainant representative</i> in relation to the relevant <i>financial year</i> .	
	Quarterly provisional charges – first and second quarters		
5.5E.10	R	In relation to a <i>financial year</i> , a <i>category A complainant representative</i> must pay to the <i>FOS Ltd</i> the quarterly provisional charges calculated under <i>FEES</i> 5.5E.[11R].	
5.5E.11	R	(1)	<p>In respect of the first and second quarters of a relevant <i>financial year</i>, the value of the provisional charges that a <i>category A complainant representative</i> is liable to pay is calculated according to the following formula:</p> $((A + B) / (C+D) \times E \times [\pounds260] - [\pounds2,000] / 2 \times 0.8),$ <p>where:</p>
		A =	the number of <i>complaints</i> referred by that <i>complainant representative</i> to the <i>Financial Ombudsman Service</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> .
		B =	the number of <i>complaints</i> referred by that <i>complainant representative</i> referred to the <i>Financial Ombudsman Service</i> from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i> .
		C =	the number of <i>complaints</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>complainant representatives</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> .
		D =	the number of <i>complaints</i> referred to the <i>Financial Ombudsman Service</i> in respect of all <i>complainant representatives</i> from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i> .
		E =	the number of <i>complaints</i> in respect of all <i>complainant representatives</i> which the <i>Financial Ombudsman Service</i> forecasts it will close from 1 April to 30 September (both dates inclusive).
		(2)	For the purposes of the calculation in paragraph (1) above, the <i>FOS Ltd</i> may, if it considers it appropriate, modify inputs A, B, C and D to take into account the impact of any events which, if not taken into account, would, as regards a <i>category A complainant representative</i> , result in

			the calculation of their estimated case fee liability for the first and second quarters of the <i>financial year</i> being materially inaccurate.
		(3)	In respect of the first and second quarters of a relevant <i>financial year</i> , the <i>FOS Ltd</i> will invoice a <i>category A complainant representative</i> for the amount calculated under paragraph (1) in two equal instalments in April and July of the relevant <i>financial year</i> (or on such later dates as <i>FOS Ltd</i> may specify).
Quarterly provisional charges – third and fourth quarters			
5.5E.12	R	(1)	In respect of the third and fourth quarters of a relevant <i>financial year</i> , the value of the provisional charges that a <i>category A complainant representative</i> is liable to pay is calculated according to the following formula: $(T - U - £2,000 + (((V+W) / (X+Y)) \times Z \times £[260]) / 2) \times 0.8$ where:
			T = the total amount of representative case fees that that <i>complainant representative</i> would have been charged from 1 April to 30 September (both dates inclusive) of the relevant <i>financial year</i> had it been a <i>category B respondent</i> and liable to representative case fees under <i>FEES 5.5E.[6R]</i> to <i>FEES 5.5E.[8R]</i> .
			U = the aggregate of the amounts invoiced to that <i>complainant representative</i> under <i>FEES 5.5E.11R(3)</i> .
			V = the number of <i>complaints</i> referred by the <i>complainant representative</i> to the <i>Financial Ombudsman Service</i> before 1 October in the relevant <i>financial year</i> which had not been closed before 1 October in the relevant <i>financial year</i> .
			W = the number of <i>complaints</i> referred by the <i>complainant representative</i> to the <i>Financial Ombudsman Service</i> from 1 April to 30 September (both dates inclusive) in the relevant <i>financial year</i> .
			X = the number of <i>complaints</i> referred by the <i>complainant representative</i> to the <i>Financial Ombudsman Service</i> in respect of all <i>complainant representatives</i> before 1 October in the relevant <i>financial year</i> which had not been closed before 1 October in the relevant <i>financial year</i> .
			Y = the number of <i>complaints</i> referred by the <i>complainant representative</i> to the <i>Financial Ombudsman Service</i> in respect of all <i>complainant representatives</i> from 1 April to 30 September (both dates inclusive) in the relevant <i>financial year</i> .

		Z =	the number of <i>complaints</i> referred by the <i>complaint representative</i> to the <i>Financial Ombudsman Service</i> which the <i>Financial Ombudsman Service</i> forecasts it will close from 1 October to 31 December (both dates inclusive) in the relevant <i>financial year</i> .
		(2)	For the purposes of the calculation in paragraph (1) above, the <i>FOS Ltd</i> may, if it considers it appropriate, modify inputs V, W, X and Y to take into account the impact of any events which, if not taken into account, would, as regards a <i>category A complainant representative</i> , result in the calculation of their estimated case fee liability for the third and fourth quarters of the <i>financial year</i> being materially inaccurate.
		(3)	In respect of the third and fourth quarters of a relevant <i>financial year</i> , the <i>FOS Ltd</i> will invoice a <i>category A complainant representative</i> for the amount calculated under paragraph (1) in two equal instalments in October and January of the relevant <i>financial year</i> (or on such later dates as <i>FOS Ltd</i> may specify).
5.5E.13	R	A <i>category A complainant representative</i> must pay to the <i>FOS Ltd</i> any quarterly case fee which it is liable to pay under <i>FEES 5.5E</i> and which is invoiced by the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date when the invoice is issued by the <i>FOS Ltd</i> .	
Quarterly provisional charges – end of year adjustment			
5.5E.14	R	If, had it been a <i>category B complainant representative</i> liable to monthly representative case fees under <i>FEES 5.5E.[6R]</i> to <i>FEES 5.5E.[8R]</i> , the amount of representative case fees that a <i>category A complainant representative</i> would have been charged during a relevant <i>financial year</i> exceeds the value of the provisional charges which it has paid during that <i>financial year</i> , then:	
		(1)	the <i>FOS Ltd</i> shall invoice the <i>category A complainant representative</i> for the amount of that difference; and
		(2)	the <i>category A complainant representative</i> must pay the amount invoiced to the <i>FOS Ltd</i> within 30 calendar <i>days</i> of the date of the invoice.
5.5E.15	R	If, had it been a <i>category B complainant representative</i> liable to monthly representative case fees under <i>FEES 5.5E.[6R]</i> to <i>FEES 5.5E.[8R]</i> , the amount of representative case fees that a <i>category A complainant representative</i> would have been charged during a relevant <i>financial year</i> is lower than the value of the provisional charges which it has paid during that <i>financial year</i> , then	
		(1)	the <i>FOS Ltd</i> shall credit the amount of that difference to the <i>category A complainant representative</i> ; and

		(2)	the credit provided for pursuant to paragraph (1) shall be set off against the quarterly case fees which the <i>category A complainant representative</i> is liable to pay under <i>FEES 5.5E</i> in respect of the following <i>financial year</i> .
Late payment of representative case fees			
5.5E.16	R		If a <i>complainant representative</i> does not pay an invoice payable under <i>FEES 5.5E</i> in full to the <i>FOS Ltd</i> before the end of the date on which it is due, that <i>complainant representative</i> must pay to the <i>FOS Ltd</i> in addition:
		(1)	interest on any unpaid amount of the invoice at the rate of 5% per annum above the Official Bank Rate from time to time, accruing on a daily basis from the date on which the amount concerned became due; and
		(2)	an administrative fee of up to 25% of the amount of the invoice outstanding at that time, in the event the <i>FOS Ltd</i> needs to take steps to recover any amounts payable to it under <i>FEES 5.5E</i> .
5.5E.17	G		The <i>FOS Ltd</i> may take steps to recover any amount owed to it (including interest).
Time limit for making a claim for remission or repayment.			
5.5E.18	R	(1)	In relation to a <i>category B complainant representative</i> , no claim for the remission or repayment of all or part of the representative case fee (or any administrative fee due under <i>FEES 5.5E.[16R]</i> in relation to it) may be made to <i>FOS Ltd</i> more than 6 months after the end of the calendar month in which the complaint to which the representative case fee relates was closed (irrespective of when or whether the amounts in question were paid to the <i>FOS Ltd</i>).
		(2)	In relation to a <i>category A complainant representative</i> , no claim for the remission or repayment of all or part of any amount which was invoiced by the <i>FOS Ltd</i> (or any administrative fee due under <i>FEES 5.5E.[16R]</i> in relation to it) may be made to <i>FOS Ltd</i> more than 6 months after the end of the calendar month in which the complaint to which that claim relates was closed (irrespective of when or whether the amounts in question were paid to the <i>FOS Ltd</i>).
5.5E.19	R		The <i>FOS Ltd</i> may allow a claim to be made outside the time limits prescribed in <i>FEES 5.5E.[18R]</i> if it is satisfied that the failure to make a claim within the time limits prescribed was as a result of exceptional circumstances.
5.5E.20	R		If it appears to the <i>FOS Ltd</i> that in the exceptional circumstances of a particular case the payment of any amount under <i>FEES 5.5E</i> would be inequitable, the <i>FOS Ltd</i> may reduce or remit all or part of the amount in question which would otherwise be payable.

Insert the following new section, FEES 5 Annex 5R, immediately after FEES 5 Annex 4R. The text is all new and is not underlined.

5 Annex 5R	Case Fees Payable for 2026/27
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Part 1 - Standard case fees payable by *category B respondents*

	Standard case fee	
In the: Compulsory jurisdiction and Voluntary jurisdiction	£680 unless it is a <i>not-for-profit debt advice body with limited permission</i> in which case the amount payable is £0	
	Reduced standard case fee	
In the: Compulsory jurisdiction (where <i>FEES 5.5D.12R</i> applies)	£500 unless it is a <i>not-for-profit debt advice body with limited permission</i> in which case the amount payable is £0	

Notes

1	The definition of standard case fee and reduced standard case fee is in <i>FEES 5.5D</i> (Case fees (for financial years beginning on or after 1 April 2026)). 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	The definition of <i>not-for-profit debt advice body</i> is in the Glossary to the <i>Handbook</i> .
4	The definition of <i>limited permission</i> is in the Glossary to the <i>Handbook</i> .

Part 2 – Representative case fees payable by *Category B complainant representatives*

	Representative case fee [<i>Editor's note: bold this</i>]	
In the: Compulsory jurisdiction	£260	
	Reduced representative case fee [<i>Editor's note: bold this</i>]	
In the: Compulsory jurisdiction	£80	

1	The definition of representative case fee and reduced representative case fee is in <i>FEES 5.5E</i> (Representative case fees (for financial years beginning on or after 1 April 2026)).
2	The representative case fee or reduced representative will be invoiced by the <i>FOS Ltd</i> on or after the date the case is closed.

Part 2: Comes into force 15 July 2026

[*Editor's note:* Part 2 of Annex C takes into account the changes made by Part 1 of Annex C, which came into force on 1 April 2026, and the changes proposed in the consultation paper 'Deferred Payment Credit (unregulated Buy Now Pay Later): Proposed approach to regulation' (CP 25/23) as if they were made final]

5 Annex 2R		Annual Levy Payable in Relation to the Voluntary Jurisdiction 2026/27		
Voluntary jurisdiction – annual levy for VJ participants				
Industry block and business activity		Tariff basis	Tariff rate	Minimum levy
1V	Deposit acceptors, mortgage lenders and mortgage administrators and debit/credit/charge card issuers, and merchant acquirers <u>and VJ participants carrying on deferred payment credit activity</u>	number of accounts relevant to the activities in <i>DISP 2.5.1R</i>	0.0169	£100
...				

Annex D

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

4	Standard terms			
...				
4.2	Standard terms			
...				
4.2.6	R	The following provisions and <i>rules</i> in <i>FEES</i> apply to <i>VJ participants</i> as part of the <i>standard terms</i> , but substituting ‘ <i>VJ participant</i> ’ for ‘ <i>firm</i> ’ and ‘annual levy specified in <i>FEES</i> 5 Annex 2R’ for ‘ <i>general levy</i> ’:		
		...		
		(7)	<i>FEES</i> 5.5B, except <i>FEES</i> 5.5B.12AR and <i>FEES</i> 5.5B.12BG;	
		(7A)	<u><i>FEES</i> 5.5D, except <i>FEES</i> 5.5D.12R;</u>	
...				

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