

Minutes – Board Meeting on 20 October 2025

Board attendees Liam Coleman, Interim Chair Warren Buckley, Director Bill Castell, Director Shrinivas Honap, Director Sarah Lee, Director	Executive attendees James Dipple-Johnstone, Interim Chief Ombudsman (CO) Jenny Simmonds, Interim Chief Executive Officer (CEO) Marc Harris, Chief Operating Officer (COO) Rachel Lam, Ombudsman Managing Director (OMD) Chandra Hirani, Finance Director (FD)
Other attendees Phillipa Cook, Director of Corporate Governance and Strategy Katie North, Business Manager	
Apologies Jacob Abboud, Director Jane Cosgrove, Chief People Officer (CPO)	

1. Introduction and approval of agenda

- 1.1. The meeting was called to order at 10.am by Liam Coleman, Interim Chair (IC).
- 1.2. The agenda was approved as presented and quorum was reached.

2. Conflicts of interest (item 1.1)

- 2.1. Nobody declared any new conflict of interests with the work of the Financial Ombudsman Service (FOS).

3. Approval of board minutes (item 1.2)

- 3.1. The Board reviewed and **approved** the minutes of the previous Board Meeting held on 22 September 2025.

4. Action Log (item 1.3)

- 4.1. The Board noted the Actions Log.
- 4.2. The Board discussed progress on the open action relating to Cyber Security and Information. A Board level crisis management workshop will take place in November which will include the role and responsibility of the Board during an incident.

5. Noting of subcommittee minutes (item 1.4)

- 5.1. No subcommittee minutes to note.

6. Chief Ombudsman and CEO's report (item 2)

- 6.1. The Board **noted** the Chief Ombudsman and CEO's joint report.
- 6.2. The Board noted the 2026/27 draft budget summary and requested further clarity of the organisation's risk appetite on reserves, including a rationale on the current range and the calculation of risk tolerances. The Board agreed that a risk discussion around our reserves policy should be included at a future Board meeting, with regular reviews as part of wider risk management sessions. The CEO provided background on previous approaches to risk tolerances and outlined possible new factors affecting financial certainty, including the potential introduction of differentiated case fees and their potential impact on the flow of cases and the neutral reserves position.
- 6.3. The CEO thanked Board members who attended the Annual Leadership Event on 6 October and shared positive feedback from attendees on the Board session, alongside wider feedback from the event. The Board recognised the need for continued focus on supporting staff through cultural change to achieve enhanced performance management objectives.

7. H1 & FY 2025/26 Operational Performance (item 3)

- 7.1. The Chief Operating Officer (COO) reported improved performance on 3- & 6-month timeliness metrics and positive results to quality scores, which are currently tracking 3% above target. There are also improvements to customer experience metrics. The Board noted the year-on-year improvement.
- 7.2. The focus remains on resolving 12 month+ cases and increasing resolution productivity, which are being affected by lower demand, high referral rates to decision and the linked reduced investigator view productivity owing to retraining and more complex cases.
- 7.3. Interventions are planned for H2 to close the performance deficit against the H1 budget. Interventions include skill set and cross-training development to re-balance investigator resource and continuing to reallocate staff from lower-demand areas (e.g. fraud and scams) to higher-demand areas (e.g. consumer credit) as well as adopting practical measures to boost Ombudsman productivity and capacity.
- 7.4. Interventions on productivity are also planned to address the decision queue (c.15,000) and an over-production incentive scheme will continue into Q3.
- 7.5. Progress has been made on timeshare cases, which remain some of the oldest cases, with new decision frameworks and focussed decision documents as well as higher Ombudsman targets, which will aim to increase resolution output in H2, though potential legal challenges are adding further complexity. The Board confirmed its support that cases must progress without delay, despite these challenges.
- 7.6. The Board requested further data on unallocated cases and their case stages and appropriate courses of action e.g. number of cases on desk and cases at Investigator/Ombudsman stage. **Action: The COO by 24 November 2025.**
- 7.7. The Board requested quarterly data on actual demand vs forecasted demand going forward. **Action: The COO by end of Q3 2025/26.**
- 7.8. The Board also noted that it would be useful to see performance across difference product lines to track improvements.
- 7.9. The Board **approved** the 2025/26 outlook operational metrics.

8. H1 & FY 2025/26 Financial Performance (item 4)

- 8.1. The Finance Director (FD) provided an update on the current financial position noting a deficit against budget, primarily due to lower case resolutions impacting income. In addition to the interventions covered in item 3 to improve resolution output, it was noted that a review of overhead costs is underway, which will include internal process reviews and software licencing.
- 8.2. The Board discussed defining the organisation's central casework function i.e. "core muscles" to establish a method for calculating standard case costs and how this is calculated for casework areas outside the central casework function, such as MFC cases. The Board requested an assessment comparing stable Directorates and product areas against more volatile areas to better understand the impact and costs. The assessment should also explore the impact and benefits of Transformation initiatives. The Board agreed that this matter should be first reviewed by the Transformation Committee ('TransCo') prior to returning to Board. **Action: The COO by Q3 2025/26.**
- 8.3. The Board expressed comfort with the cost-per-case rising if there was a direct impact on improved resolutions.
- 8.4. The Board raised the impact of one-off adjustments on the overall operating expenditure figures and requested a more stable outlook for marginal overhead costs. The CEO confirmed that a programme of work is underway to address both overhead and marginal cost efficiencies.
- 8.5. The Board **approved** the latest outlook for 2025/26.

9. Reform Package Implementation (item 5)

- 9.1. The CO shared an overview of the high-level feedback received on the joint consultation with the FCA on changes to our service. The CO confirmed there has been strong engagement with stakeholders around the consultations, with a range of views having been shared but a general desire for reform proposals and changes to be implemented quickly.
- 9.2. The Board and Executive Team discussed feedback on the specific proposals – and what good will look like as a result of the changes, including a streamlined service, with cases going to the right person at the right time and that complex cases are handled more efficiently with better expectations management for customers.
- 9.3. The Board agreed to review the schedule of Board meetings in December and January to align with the pace of change and required approvals. The Board requested a clear, high-level risk appetite framework and quorum for NED approvals. **Action: The CEO by 24 November 2025.**
- 9.4. The Board reviewed the business case for a dedicated Modernising Redress programme team. It was noted that the business case had been prepared based on the expected outcomes of the consultations and that it would need to be revisited in the coming months to address cost uncertainties and predictabilities. The upcoming Plans and Budget consultation to include clear justification and realistic cost projections associated with implementing the reforms for the full two-year period. **Action: The CO by 24 November.**
- 9.5. The Board **approved** the proposals.

10. Voluntary Jurisdiction: Cryptoassets (item 6)

- 10.1. The Board **approved** the proposals to **not** mirror proposed changes to our Compulsory Jurisdiction on cryptoasset activities or targeted support in our VJ.

11. 2026/27 Budget for Consultation (item 7)

- 11.1. The FD outlined the basis of the 2026/27 Plans and Budget consultation, which is based on a 3% increase in productivity, opening stock of 80,000 (38,000 BAU and 42,000 MFC), a decline in incoming demand to 188,000 cases and 245,000 resolutions (including 60,000 MFC resolutions).
- 11.2. The draft 2026/27 budget includes a proposed £20m deficit to be met from a reduction in reserves and a proposed 4.5% inflationary increase on case fees and levy increase. A review on overhead expenditure and third-party providers has been launched.
- 11.3. The proposed budget results in reserves dropping to 3.2 months, which is close to the lower limit in reserves policy of 3 months. The Board expressed a preference for a higher level of reserves to be maintained in the upcoming financial years, given the ongoing changes and uncertainty.
- 11.4. The Board noted that our income has been kept flat for the past three years and increases to either the case fee or levy were acceptable. The Board also agreed inflationary increases should be considered each year.
- 11.5. The Board requested that an additional £10m be included in the income request in the Plans and Budget consultation, reducing the intentional deficit to £10m. The Board asked that ahead of the final budget sign off in February, that the Executive develop a plan that could reduce the remaining £10m to a zero deficit for consideration. The Board agreed with the work started by the Executive to review overhead costs. **Action: The CEO by 23 February 2026.**
- 11.6. The Board requested scenario analysis for reserves and case fees to aid a discussion on risk appetite around a revised reserves policy. **Action: The CEO by 23 February 2026.**
- 11.7. Feedback on the recent case fee consultation was provided. The Board **approved** the proposals to simplify billing processes by replacing free cases with a monetary allowance. It was noted there was conflicting feedback on the proposal to increase the use of quarterly billing. The Board **approved** the proposal to extend quarterly billing but only for firms forecasted to have 300 cases with us in a year – and suggested providing assurance around forecasting by charging 80% of expected case fees in advance and a ‘true up’ happening based on actual data.
- 11.8. The Board **approved** the recommendations in the draft Plans and Budget 2026/27, subject to the increase in income being included.

12. Reports for noting (item 8)

- MFC – FCA Redress Scheme (CO)

- 12.1. The Board, while noting the paper, requested a discussion on item 8.1. The Board and Executive discussed the implications of the proposed FCA redress scheme on the Financial Ombudsman Service. Board requested the Executive Team provide

feedback from firms regarding cases currently with the FOS that will not be referred to the FCA scheme to ensure we have what we need to progress these for customers quickly.

- 12.2. The Board requested further information on the cost of MFC cases to date, noting the previous request to offer a lower case fee for MFC cases but expressing concern that the uncertainty of the last few years is likely to have actually resulted in higher costs for us holding these cases. It was noted that the recent Time and Motion study is likely to have data on this and would be shared with the Board. **Action: The Ombudsman Managing Director by 24 November 2025.**

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

- Q2 Strategic Risks (COO)
- Corporate Dashboard (COO)
- Litigation (CO)
- HR (CPO)
- Communications (CO and CEO)

- 12.4. The Board also **noted** a paper in completion of a previous action:

- Update on Customer Service Initiatives (CO action from July's Board Meeting)

13.AOB and next meeting

- 13.1. There was no other business.

- 13.2. The next Board Meeting is on **24 November 2025.**

14.Adjournment

- 14.1. The meeting was adjourned at 2.45pm.