

Minutes – Board Meeting on 23 February 2026

Board attendees Liam Coleman, Interim Chair Jacob Abboud, Director Tracey Ashworth-Davies, Director Warren Buckley, Senior Independent Director Bill Castell, Director Shrinivas Honap, Director Vicky Sandry, Director	Executive attendees James Dipple-Johnstone, Interim Chief Ombudsman (CO) Jenny Simmonds, Interim Chief Executive Officer (CEO) Marc Harris, Chief Operating Officer (COO) Jane Cosgrove, Chief People Officer (CPO) Rachel Lam, Ombudsman Managing Director (OMD) Chandra Hirani, Finance Director (FD)
Other attendees Nicholas Haigney, Head of Internal Audit (item 9) Phillipa Cook, Director of Corporate Governance and Strategy Katie North, Business Manager	
Apologies None	

1. Introduction and approval of agenda

- 1.1. The meeting was called to order at 10.00am by Liam Coleman, Interim Chair.
- 1.2. The agenda was approved as presented and the quorum was reached.

2. Conflicts of interest

- 2.1 No conflicts of interest were declared.

3. Approval of board minutes

- 3.1. The Board reviewed and **approved** the minutes of the previous Board Meeting held on 26 January, subject to a minor update on the investment of windfarms item, which was discussed as part of the casework trends within the CEO/CO report and does not materially change the minutes.

4. Action Log (item 1.3)

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

5. Noting of subcommittee minutes

- 5.1. The Transformation Committee ('TransCo') minutes of the 12 November 2025 were **noted** by the Board. The TransCo Committee members raised the benefits alignment with strategic objectives and the closure of the Digital Portal, which will be covered in item 13.1 at the Board meeting.

6. Update from Interim Chair

- 6.1. The Interim Chair discussed a meeting with the Economic Secretary of the Treasury (EST), which took place on 5th February, also attended by the Interim Chief Ombudsman (CO) and Director of Corporate Governance and Strategy.
- 6.2. The meeting was positive with clarity provided on the intention and efforts to move forward with the modernising redress reforms proposals at pace. The EST also acknowledged the progress already made by the CO and team and thanked them for their positive engagement in the process.
- 6.3. The Interim Chair discussed the Chair-to-Chair meeting with NatWest.
- 6.4. The Interim Chair updated the Board on preparations for the organisation's evidence session at the Treasury Select Committee, due to take place on 18 March 2026.
- 6.5. The Board discussed the use of Copilot Teams call transcriptions for minuting. It was agreed that the technology may be used for Board and sub-committee meetings, subject to appropriate retention policies and measures for sensitive or commercial matters (e.g. Remuneration Committee).

7. Interim Chief Ombudsman and Interim CEO's report

- 7.1. The Interim CEO (CEO) provided an update on the key Executive priorities for 2026/27, including the current capacity and mindset for cultural change.
- 7.2. Focus remains on delivering resolutions and overall improvements in productivity and the customer journey. The Executive priorities include a proactive focus on workforce planning, including a centrally managed approach for targets, and a streamlined portfolio of projects, including baseline measurements for activities and translating benefits into service standards improvements.
- 7.3. The Board discussed the reduction in transformation activity in order to focus on delivery and the need to focus on core IT architecture structure.
- 7.4. The CEO outlined the expected internal audit annual opinion and the alignment of the findings with the risk appetite framework. The CEO confirmed that this will be discussed further at the Audit, Risk and Compliance Committee ('ARAC') on 24 February 2026. The Board noted the likely internal audit annual opinion.
- 7.5. The Board discussed the use of artificial intelligence to support efficiency improvements and the implementation of the modernising redress reform proposals. The Board discussed differing views on the extent to which the Financial Ombudsman service should be front runners in the adoption of AI and agreed to have further strategic discussions.
- 7.6. The Board discussed the previous challenges with productivity and demand forecasting and requested further information on the possible operational impact of the redress programme and motor finance commission ('MFC') cases on delivery, including risks and delays with the FCA pause. The Board requested further analysis of the possible MFC scenarios that may occur following the announcement of the redress scheme. This should include options for the progression of cases, and risks to address challenges to productivity and the possible impact on reserves. **Action: The CEO by 23 March 2026.**
- 7.7. The Board also suggested using the wider financial and risk analysis on other areas of emerging opportunity/concerns (e.g. AI) as they arise.
- 7.8. The Board noted the progress in reducing timeshare cases and ongoing industry and

professional representative engagement.

7.9. The Board **noted** the CO/CEO report.

8. 2025/26 Performance Update

- 8.1. The FD provided an update on performance and confirmed that resolutions and productivity are slightly behind budget due to varying factors, including a change in the mix of cases and the impact of lower demand in some areas, resulting in higher stock levels. The current deficit stands at £59m vs £50m target and other mitigations are being considered for cost reduction.
- 8.2. The Board discussed the high attrition rates at academy stage for contingent workers. A paper on this will be going to the Remuneration Committee ('RemCo') in March. The CPO noted challenges in the current recruitment market and competition for contingent workers.
- 8.3. Attendees discussed the impact of overproduction schemes on productivity last year and longer-term strategy for productivity. The Board requested clarity on the proposed use, design and estimated impact of future casework operations incentive schemes. This should include relevant context of overall workforce planning, such as incoming demand forecasts, FTE levels, productivity improvements, recruitment and training lead times and resourcing modelling mix. **Action: The FD/CPO by Q2 2026/27.**
- 8.4. The Board discussed the 'Model Office', noting it's focus on trialling new initiatives in a controlled space to seek productivity, cost and resolutions improvements. The modernising redress reform work will support the cultural reset activities.

9. Internal Audit Plan

- 9.1. The Head of Internal Audit (HoIA) presented the proposed internal audit plan for 2026/27 and the coverage across strategic priorities and key risks, including:
 - New and developing control frameworks.
 - The status of higher risk programmes and the delivery of substantial benefits.
 - The coverage of processes outside of the previous audit plan.
 - Further annual reviews requested by Board and/or ARAC.
- 9.2. The Executive Team has already reviewed the proposed plan, which is also due to be discussed further at ARAC on 24 February.
- 9.3. The Board discussed potential gaps including disaster recovery, and the testing of methodology on productivity. The Board agreed that the indicative plan can be flexible and reviewed later in the financial year.
- 9.4. The Board raised the volume of audits within the plan and the viability of delivering this. The HoIA confirmed that the number of audits has reduced compared to the current year, to enable wider engagement on recommendations and findings with the business and that ARAC will review the internal audit plan at end of H1 2026/27 to review progress and capacity.
- 9.5. The Board discussed how the risk appetite, assumptions from the Plans and Budget 2026/27 and Modernising Redress reform programme was reflected and incorporated into the internal audit plan. The HoIA confirmed that overall plan was

built with these in mind and that risk appetite is considered at the start at the audit and findings are discussed with a risk appetite approach. The HoIA noted that not all audits fit cleanly into a risk appetite definition.

- 9.6. The Board discussed incorporating contract management with third-party suppliers into the plans and the HoIA agreed to include this going forward.
- 9.7. The Board **approved** the internal audit plan.

10.2026/27 Plans and Budget

Consultation Feedback Summary

- 10.1. The FD summarised the consultation responses.
- 10.2. The wide range of feedback on the volume of complaints the organisation can expect to receive about the FCA's MFC redress scheme was noted. The Board agreed to retain the current forecast of approx. 7,000 while the FCA scheme is still to be announced.
- 10.3. The Board discussed the challenges in receiving a variety of feedback on consultations, noting different types of organisations will have different capacity levels for responding. The Executive outlined the ways in which feedback is sought from, including through targeted engagement, panels and steering groups.
- 10.4. The Board asked that further engagement take place with consumer groups to understand the potential demand for our service on issues about Deferred Payment Credit in subsequent years, noting that modest forecasts had been included for 2026/27, and that feedback is shared with the Board. **Action: The CO/OMD by end of Q1 2026/27.**

Attendees discussed the feedback from respondents on the calls for richer analysis of the themes and issues the organisation sees in its work. The FD confirmed that the modernising redress reforms work, including thematic reviews, will address some of this feedback.

- 10.5. The Board discussed the organisation's work within the public domain to promote the support and guidance for vulnerable consumers and their representatives, in light of respondent feedback on ensuring access to justice. The CO confirmed that work in this space continues and that the organisation is looking at how it can safely collect data on protected characteristics to help demonstrate this.
- 10.6. The Board **noted** the consultation feedback summary paper.

Draft 2026/27 budget

- 10.7. The FD outlined the changes to the budget following the consultation, including increased demand (primarily driven by Consumer Credit), increased resolution targets and additional recruitment for H1, which results in a £5m intentional in-year deficit.
- 10.8. The forecast cost per case is £990, which is 19% lower than in 2025/26, however it was noted that there are inflated and deflated costs due to MFC cases.
- 10.9. The Board discussed the updated reserves operating cost cover, which is 3.4 months compared to 3.6 months outlined in the consultation. To support the assessment of an appropriate reserves policy, the Board requested insight on scenarios to assess the levels of risk and obligation of costs (e.g. public governance

- and level required to remain going concern). **Action: The FD by end of Q1 2026/27.**
- 10.10. The Board discussed the marginal FTE and management of overhead costs and the split of job roles and levels within the financial model.
- 10.11. The Board discussed the wording within the section regarding the handling of case referrals and agreed to clarify the wording on what consumers should expect to achieve as part of the referral process. The FD agreed to change the wording to reflect this feedback.
- 10.12. The Board discussed clarification on an overproduction vs overtime scheme, including measurement of time outside of working hours. The CPO discussed the contractual and legal elements and reasonings for the overproduction scheme and the challenges with measuring time as an approach. The OMD discussed the work of the 'Model Office' to help assess the overproduction scheme and measure the time taken to resolve cases. Work is underway with third-party supplier, Deloitte, to assess targets and case resolution time. Further data and insight on the highest performance quartile of workers will take place to better understand the behaviours and culture. The Board requested visibility on the programme of work and outlets from the 'Model Office', initially for the end of the first 6-month period. **Action: The OMD by September Board 2026.**
- 10.13. The Board discussed IT costs and the FD confirmed that a spending review is underway.
- 10.14. The Board discussed mass claims scenarios and assumptions, particularly on a ring-fenced approach for MFC cases. The Board noted that the productivity risks must be highlighted, which the FD agreed to incorporate.
- 10.15. The Board **approved** the draft 2026/27 budget, subject to approval of the FEEs instrument, which will be circulated to the Board separately.

Service Standards 2026/27

- 10.16. The FD outlined the new Service Standards definitions in the final Plan and Budget 2026/27.
- 10.17. The Board discussed the changes from service complaints to service concerns and if this requires further alignment with the FCA to agree the definition. The Board agreed with the increased target from 10 to 15 days.
- 10.18. The Board discussed the quality and NetEasy targets which have been reduced to reflect the focus on the end-to-end complaints journey and stock levels.
- 10.19. The Board noted the transformation benefits, including the approach to elapsed time (active and dwell time).
- 10.20. The Board raised the budget allocation for transformation, including costs for the 'Model Office'.
- 10.21. The Board **approved** the Service Standards paper.

11. DISP 1 – Voluntary Jurisdiction

- 11.1. The Board **approved** the rule changes to voluntary jurisdiction to reflect the DISP 1 changes by the FCA.

12. Targeted Support Legislation

- 12.1. The Board **approved** the instrument amending the Voluntary Jurisdiction to exclude Targeted Support activities.

13. Reports for noting

- 13.1. The Board **noted** the monthly reports for the following functional areas:
- Digital Portal Project Closure
 - Crisis Management Masterclass Follow-up
 - Corporate Dashboard
 - Finance Report
 - Risk Report
 - COO Report – The Board noted the inflationary increase on the Microsoft Enterprise Subscription Agreement and noted the competition nature of renewals and negotiation of procurement terms.
 - Transformation
 - HR Report
 - Litigation Update
 - Comms Update

14. AOB and next meeting

- 14.1. The next Board Meeting is on **23 March 2026**.

15. Adjournment

- 15.1. The meeting was adjourned at 2.15pm.