

# The Financial Ombudsman Service response to the Ethics and Integrity Commission Ombudsman Review

April 2026

## About us

The Financial Ombudsman Service (Financial Ombudsman) was set up by Parliament under the Financial Services and Markets Act 2000 to resolve individual complaints between financial businesses and their customers fairly and reasonably, quickly, and with minimal formality.

## Introduction

The Financial Ombudsman welcomes the opportunity to respond to the Ethics and Integrity Commission (EIC)'s review into the public sector ombudsman system. We note the EIC's recognition of the important role Ombudsman schemes play in supporting organisations to deliver high quality services to consumers. We welcome the opportunity to share our insights on balancing the handling of individual complaints with identifying wider issues and supporting institutional learning.

Our response draws on our role within the financial services redress system and the wider ombudsman landscape. Although the Financial Ombudsman is a private sector ombudsman scheme, we follow many of the same conventions as public sector schemes. Rather than responding to every question in turn, we have focused on the insights from the complaints that are eligible to come to our service and our ability to resolve them efficiently and effectively, as well as our engagement with consumers, industry and regulatory bodies. We welcome the opportunity to engage further on this subject and to discuss this review and its potential impacts, as well as other areas of shared interest.

## Our response

Our response focuses on three key areas:

1. Supporting institutional learning
2. Investigating systemic failings
3. Navigating the ombudsman landscape

### Supporting institutional learning

The Financial Ombudsman's core mission is to resolve financial complaints quickly and informally, providing a fair and independent way to resolve disputes between consumers and financial firms. When accepted by consumers, our decisions are legally binding, and firms are required to learn appropriate lessons from our casework. This requirement is enshrined in firms' regulatory obligations, which is a stronger system than many public sector ombudsman. In addition to resolving disputes, our work gives us a unique insight into how complaints arise and how they might be avoided in the future. A key part of the Financial Ombudsman's strategy is sharing what we see to help improve financial services for all. We are therefore always working to share our knowledge and insights from our work to improve the financial services system in the UK. We note that some ombudsman schemes require industry experience for the appointment of Board roles. This is not mandated at the Financial Ombudsman, however we do appoint according to relevant experience, ensuring members have sector-relevant insight so that learning is more effective and informed.

The Financial Ombudsman shares data and insight about themes and trends we see with firms, consumer groups and other stakeholders, as well as information about our general

approach to resolving cases. By sharing our approach to individual issues, we aim to help financial businesses and other stakeholders understand and deal with complaints as early as possible, as well as preventing issues from arising in the first place. We also meet regularly with industry trade bodies, consumer groups and charities, to make sure we have early awareness of trends in the industry and issues affecting consumers. This includes through the high-level forums and steering groups we run with these stakeholders. We share more information about the work the Financial Ombudsman does to support institutional learning in our [Annual Report](#).

We also share insight to help inform the regulation of financial services. Although the Financial Ombudsman is independent in the way we investigate and decide cases, we work closely with regulatory partners, including the Financial Conduct Authority (FCA) and the Solicitors Regulation Authority. We proactively share insight, trends and data that could inform future regulation and support regulators' supervisory, enforcement and wider redress work. This includes promptly sharing instances of poor conduct by firms and evidence of non-compliance with rules.

As the conduct regulator for financial services, ensuring alignment with the FCA is a key part of providing certainty on the standards firms should be meeting. In July 2025, the Financial Ombudsman signed a refreshed Memorandum of Understanding (MoU) to ensure we can work better with the FCA and share insights on issues which may result in a broader market impact. Our MoU also sets out the steps we will take when an issue with wider implications or a possible mass redress event is identified. We have also been working with the FCA to soon start producing regular, joint thematic reports, to add to the insight we share. HM Treasury has indicated it will build this into legislation as part of broader reforms to the financial services redress system. We see publishing thematic reports as a key source of learning and a way of demonstrating clear alignment with the regulator on application of its rules to our cases, alongside enhanced insight reports on casework and sector trends.

The Financial Ombudsman also works collectively with organisations on issues of shared interest, including through the [Wider Implications Framework](#) (WIF). The WIF is made up of three core members – the Financial Ombudsman, the FCA and the Financial Services Compensation Scheme – alongside two other members – the Money and Pensions Service and the Pensions Regulator. The WIF is a way for these members of the regulatory eco-system to work with each other, and other parties as appropriate, on issues that could have a wider impact across the financial services industry. The WIF encourages members to work together with stakeholders to identify and resolve issues early, to reduce harm and deliver fair and consistent outcomes. The WIF publishes an annual report setting out how the members worked together during the year and the framework's Terms of Reference can be found [here](#).

## **Investigating systemic failings**

The Financial Ombudsman's core purpose in statute is to resolve individual complaints. However, we also have an important part to play in helping to identify and resolve issues which could have a wider impact across the financial service industry. Issues of wider implications frame broader thematic learning; as we see complaints across a range of businesses and products, we are in a unique position to spot themes and patterns. Our engagement and sharing of data, insight and expertise with firms, trade bodies and organisations in the financial services regulatory eco-system therefore helps to inform wider decision-making.

However, it is usually firms and their regulators who are best placed to identify systemic issues at the earliest point. A complaint only reaches our service after the issue has occurred and the firm has been given the opportunity to resolve things directly with the consumer. Due to the time it can take for a complaint to be escalated to our service, the earliest identification

of issues sits upstream with firms. We believe that prevention is better than reaching a stage where there is the need for redress, so we are continuing to work to identify unfair and harmful practices that can potentially be resolved via strong regulatory action. Working closely with the FCA and other members of the WIF is essential to ensure that complaints-led solutions to systemic problems can be avoided through clearly defined rules or redress schemes.

The Financial Ombudsman, FCA and HM Treasury have also been working together to modernise the redress system, so consumers get fair and quick compensation when things go wrong, and have more certainty to invest, grow and compete. This work will help firms to escalate major or emerging redress issues earlier. Currently, the majority of complaints are resolved by firms, and the redress system works well for individual cases that come to the Financial Ombudsman. However, high volumes of complaints on specific or novel issues can jam the system and cause significant delays, leaving consumers waiting for compensation they may be due. That is why we 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.

Alongside HM Treasury setting out its intention to legislate, we and the FCA are delivering changes now and have set out further measures in our recent [joint publication](#). This includes the joint thematic reports referenced above, in addition to guidelines to help industry assess and trigger the need to resolve a situation with wider implications and aim to help firms better understand how to identify issues that are systemic or cause foreseeable harm to consumers at an early stage. We have also proposed introducing decision frameworks to help ensure that similar cases are approached in a consistent manner, while still allowing flexibility to account for individual circumstances. Additionally, we have proposed a formalised lead complaints process to actively address novel and significant complaint issues as they emerge, working collaboratively with firms and the FCA to resolve these emerging issues efficiently. The aim is to create a fair, efficient and transparent process that helps resolve systemic issues in a timely way.

By strengthening our cooperation, encouraging earlier resolution and improving transparency, this work aims to achieve greater alignment between the Financial Ombudsman and the FCA and greater clarity on what and when to escalate new emerging issues.

## **Navigating the ombudsman landscape**

The Financial Ombudsman has made raising awareness and understanding of our service a priority, so consumers know when and how to use our service at a point of need. We have focused on strengthening this with the public to help consumers recognise who we are and how we can support them. We have delivered this through a range of activities, including working with third parties to cascade our messages and build understanding of what we do through the channels which best reach the right audiences. This has included social media, digital advertising and higher education.

We also work closely with frontline organisations that directly support and advise consumers. Our new vulnerability strategy compliments our work and engagement with these frontline services, such as Citizens Advice, Surviving Economic Abuse, Victim Support, the Money and Mental Health Policy Institute and StepChange. We work with these organisations to support vulnerable consumers being able to access the appropriate services. We have also worked closely with Money Advice Trust to produce and deliver a suite of learning and development for over 2,000 colleagues to help them understand vulnerability and how to support our customers and their needs.

In addition to our engagement with frontline consumer groups and charities who support consumers, we work with financial firms and other organisations to help raise awareness and refer consumers to our service. It is a regulatory requirement for firms to refer to our service in their final response letters. As part of the joint work to modernise the redress system, the FCA has recently updated these requirements, requiring firms to provide information about the deadline they have to send a complainant their final response letter. This will help to ensure consumers are referring complaints to our service at the right stage in the process. The Financial Ombudsman also works closely with other Ombudsman schemes. As well as sharing insight and engaging on issues of mutual interest, we provide information about other schemes who may be able to help if a complaint is about something the Financial Ombudsman can't help with. This includes through our [website](#) and by signposting to consumers via our [complaint checker](#) and helpline. The Financial Ombudsman is also an active member of the Ombudsman Association, which promotes best practices in complaint resolution, supports engagement between schemes and provides a guide to help the public and wider stakeholders find which ombudsman scheme can help with their complaint. Our joint work through the WIF also helps to direct consumers to the right organisations and information when things go wrong, facilitating a smoother journey for them to receive appropriate redress.

As part of our work with the FCA and HM Treasury to modernise the redress system, we have proposed introducing a new registration stage in our process, as a checkpoint to assess whether a complaint is appropriate to proceed to investigation stage. As financial services intersect with many other issues faced by members of the public, alongside the work we do to signpost consumers, we have also proposed introducing new dismissal criteria to ensure complaints are referred to the most appropriate body to deal with the issue at hand.

We recognise the work of the Master of the Rolls to prioritise alternative dispute resolution as a 'front door' to the court process. As a free, informal route to access justice, we are committed to ensuring that the Financial Ombudsman Service is accessible and easy to use. During 2024/25 we enhanced our website and online presence, making it easier for customers to find us and the information they need when faced with a financial problem. We also improved our online complaint checker, which manages expectations and helps customers to understand where we can help. We have also delivered and are supporting adoption of each of our Ombudsman Connect digital portals for our business and consumer customers. This allows customers to submit and track cases more easily, upload documents securely, and get timely updates. This work is streamlining our processes, making our service easier to use and more accessible, which can be demonstrated by our performance against our service standards. In 2024/25, the quality of our overall case handling was 94% against a target of 90%. We share more information about the Financial Ombudsman's service standards in our [Annual Report](#) and our strategic aims in our yearly [Plans and Budget](#).

## Conclusion

We appreciate the opportunity to feed into this review by setting out how the Financial Ombudsman works to balance the handling of individual complaints with promoting institutional learning and identifying systemic issues. We work closely with firms, consumer groups, regulators and other organisations to help address issues with wider implications and are driving forward reforms to the financial services redress system, alongside the FCA and HM Treasury, to make the system work even better.

We look forward to continued collaboration with the EIC to support this review and the wider ombudsman system's role in upholding standards. We welcome the opportunity to discuss further the issues raised in the review and our response.