

Annual Report and Accounts

for the year ended 31 March 2026

Financial Ombudsman Service Limited

Annual Report and Accounts for the year ended 31 March 2026

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Schedule 17 of the Financial Services and Markets Act 2000,
as amended by the Financial Services Act 2012.

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About the Financial Ombudsman Service

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 also look at complaints from small to 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 on [our website](#). In addition to resolving disputes, we share our insights to improve outcomes for all customers of financial services products.



Interim Chair's foreword

It has been a privilege to join the Financial Ombudsman Service as it marks its 25th year.

“ I look forward to the next phase of our modernisation as we prepare for the next 25 years.

A great deal has changed across financial services since the turn of the millennium. When it was first set up, the Financial Ombudsman Service resolved complaints about cheques and investment bonds. Digital wallets, online banking and so many other developments were all still to come.

As financial services have evolved, so have the types of cases that come to our service. So, it's right that we focus on how we evolve to keep pace with changes and continue to meet the needs of consumers and financial firms. Our core purpose has always been to

deliver the best possible service – now and in the future.

Importantly, we have considered the role of the Financial Ombudsman Service within the broader financial services system, working with the Financial Conduct Authority (FCA) and the Government on a package of measures designed to improve the system overall.

And we have prioritised engagement with consumer groups, sector and industry representatives and businesses to ensure we are bringing insight in from all quarters to inform our decision-making and direction of travel.

This has enabled us to set out our ambitious programme of reforms,

which include interventions we have brought in this year as well as proposed further improvements to the Financial Ombudsman Service within our existing powers, alongside the FCA and Government's proposals across the broader system. In May 2026, the Government introduced a Financial Services and Markets Bill that will deliver its reforms to the legislative framework under which the Financial Ombudsman Service operates.

This year we introduced the biggest change to our funding model since we were created, implementing charges for professional representatives to refer cases to the Financial Ombudsman Service to ensure cases are appropriately evidenced and the merits are considered properly. Following consultation, we have revised the default interest rate that we apply to some of the awards we make to strike a better balance between simplicity, fairness and proportionality, with awards continuing to reflect any actual loss the consumer has suffered.

We have also introduced new digital portals for businesses and consumers to improve how we engage with our customers and progress cases to resolution. We continue to adopt technology solutions to modernise our processes and focus our people on resolving cases, while exploring the opportunities of emerging AI tools and technology.

Alongside these changes, we have delivered two joint consultations with the FCA on proposals to bring greater clarity, consistency and predictability for our customers and all stakeholders. We want the complaints resolution system to be quicker and more efficient, and to better help firms to resolve customer complaints themselves and escalate major or emerging redress issues earlier.

While some wider changes to the redress system require legislation, we are working at pace to deliver the reforms which are within our powers and continue to engage stakeholders, including through consultation, to reflect the views and needs of our broad customer base.

As well as driving improvements for future years, we continue to focus on delivering for the thousands of customers who come to us each year. We have achieved improvements across our service standards whilst responding to a changing environment – including legal and regulatory uncertainty, which has impacted our ability to progress motor finance commission (MFC) cases.

The time it takes to resolve cases has decreased, while we have maintained our service's high quality, and we have significantly reduced the number of cases which have been with us the longest. Nevertheless, more needs to be done to reduce the cases that remain with us and to continue to improve our service to customers.

We want to build on the improvements we have made, so we will continue to focus our efforts on the oldest cases in the year ahead. Our leadership, our casework teams and our whole organisation will work together to drive continuous improvements as we set up the Financial Ombudsman Service for the future.

“ We want the complaints resolution system to be quicker and more efficient, and to better help firms to resolve customer complaints themselves and escalate major or emerging redress issues earlier.

Strong leadership has been essential to deliver the breadth of work across the year, and I am grateful for the expertise, leadership and support from both James Dipple-Johnstone as our Interim Chief Ombudsman and Jenny Simmonds as our Interim Chief Executive, who were appointed on an interim basis by the Board last year. Together, and with the wider leadership team, they have delivered improvements to the service's operations and timeliness and driven forward proposals to transform the organisation. During a time of considerable uncertainty and change, they have provided strong and stable leadership, and

I thank them for their dedication and commitment.

The Board has started the process of appointing to these roles permanently and will continue to work with the FCA on their role to appoint the Financial Ombudsman Service Chair on a permanent basis.

The Financial Ombudsman Service plays a vital role by providing impartial resolutions for consumers and businesses, in supporting confidence in financial

services. I would like to thank our people for their unwavering commitment to all our customers and to our stakeholders for their continued engagement and support while we undertake this significant transformation of the Financial Ombudsman Service. I look forward to the next phase of our modernisation as we ensure we are ready for the next 25 years.



Liam Coleman
Interim Chair
29 June 2026



Interim Chief Executive and Interim Chief Ombudsman's foreword

As we reflect on the past year, we are proud
of what we have achieved as an organisation.

Despite regulatory and legal uncertainties,
and against a backdrop of the biggest reforms to
our service since we were created, our people have
continued to deliver for our customers.

We know that behind every case is a consumer or
small business and a financial
firm waiting for an answer.

That is why we have focused on
delivering quick and high-quality
resolutions, significantly
reducing the number of our
very oldest cases and increasing
the number of cases which
are resolved within three
months, while maintaining our
high quality standards.

As a demand-led service,
the volume and type of complaints
we receive and resolve fluctuates
in response to customer needs and wider events that
impact financial services. This year we received 3%
more cases than we expected, but still 30% fewer
than in 2024/25. Legal developments – particularly
in relation to motor finance commission and
S140A unfair relationships – impacted our ability
to resolve some cases and impacted our cost
per case. Overall, we received a lower proportion of
low-complexity complaints that could be resolved

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more quickly. In addition, more cases were referred
to an ombudsman – the second stage of our
process – further impacting our ability to close
cases quickly. In the year ahead, we will continue to
focus on reducing the level of complaints with our
service, including by resolving motor
finance commission cases.

While our work to deliver reforms
and modernise the redress system
is essential to deliver an improved
service for the future, we are equally
focused on supporting customers
now, including interventions
we have made to our digital
customer journey. Our service
is now easier to use and more
accessible with our enhanced
online complaint form which guides
consumers to provide us with

the information we need so we can progress their
complaint quickly.

Consumers and businesses can now also track their
cases with our service through our dedicated online
portals – Ombudsman Connect and Ombudsman
Connect for Business – following their progress and
seeing any outstanding actions. And we now also
have a new system to streamline the way we set up
cases to make it easier for our customers to submit
information and documents.

As well as providing a simpler and easier way to access our service through digital channels, we have prioritised our whole service offer for vulnerable customers with a comprehensive new vulnerability strategy and framework. This helps us ensure we can effectively identify customer needs early – and meet those needs through our support services. We have trained colleagues in support for vulnerable customers through our work with the Money Advice Trust and support all teams throughout the customer journey with clear guidance and processes, and the ability to escalate and prioritise cases where appropriate.

As a not-for-profit organisation, we are committed to providing the best quality service to all our customers and spending our time and resource where it is most effective.

While consumers can continue to access our service directly for free, in April we introduced charges for professional representatives to ensure that the cases they refer are well-evidenced and their merits are carefully considered before they are sent to us. Since these charges came into effect, we have seen a reduction in withdrawn and abandoned cases from professional representatives. A full review of the new charging regime will be published on our website in early Summer.

We also want to ensure our case fee structure reflects changes in the financial services landscape and remains fair for both businesses and consumers. Our casework is incredibly varied from relatively low value or straightforward cases to more complex ones which involve hundreds of thousands of pounds and require detailed investigations. We consulted on proposals to differentiate our case fees to better reflect the use of our service and the work we undertake while continuing to encourage firms to resolve cases before they come to us. Differentiation by case stage was widely supported in consultation and seen as fair

and promoting early resolution. We will set out our recommendations later in 2026.

At the heart of our work are our people and the fantastic job they do to deliver for our customers. We recognise the importance of maintaining a highly engaged workforce while ensuring we continue to adapt and evolve to meet the needs of customers and continue to improve the service we deliver.

We have built a flexible resourcing model to enable us to be responsive to fluctuating demand to within reasonable tolerance levels. Our onboarding process has been redesigned to provide a consistent, high-quality start for new joiners, and we have embedded new measurement and performance frameworks across our casework teams to reflect the outcomes we need to deliver.

“ As a not-for-profit organisation, we are committed to providing the best quality service to all our customers and spending our time and resource where it is most effective.

We are investing in the culture we need to support all our customers and transform our service. We were pleased that our most recent annual employee engagement survey showed positive momentum, with our headline engagement score rising to 80% from 76% the previous year, and improvements across 11 of the 12 categories. One of our key strategic aims for the next few years is to create an environment where our people feel proud, perform at their best and deliver quality at pace while building trust in our service.

It has been a privilege to lead the organisation through this significant year, and we are proud of the way that our people have responded and adapted to a changing environment. We know that there is more to do, and in the year ahead we will continue to prioritise tackling our oldest cases and reducing the time it takes for our customers to get answers without compromising on quality. We look forward to the opportunities that 2026/27 will bring for us to build on our progress and further modernise our operations to ensure we remain a service which keeps pace with a changing sector and supports confidence in UK financial services.

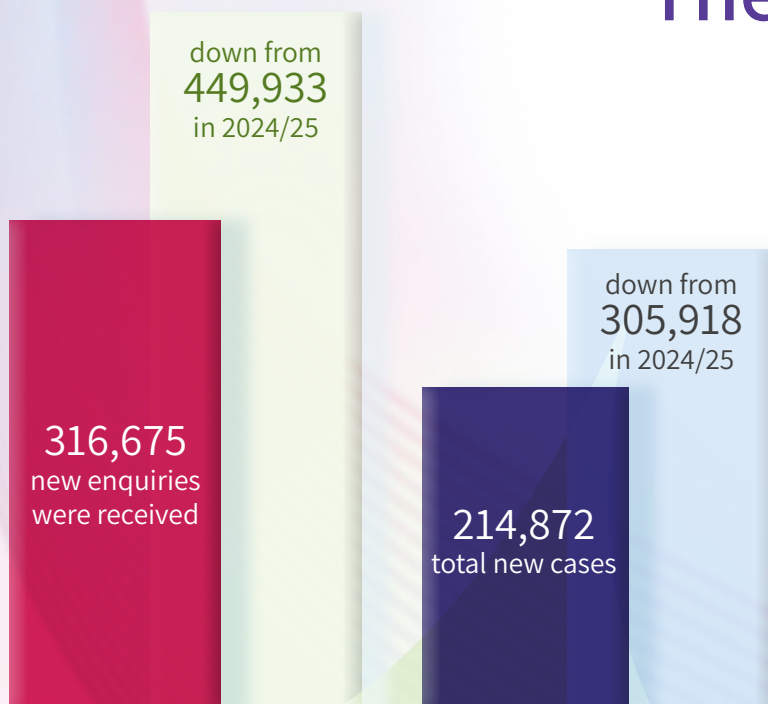


Jenny Simmonds
Interim Chief Executive
29 June 2026



James Dipple-Johnstone
Interim Chief Ombudsman
29 June 2026

The year at a glance



We resolved **77%** (excl. MFC) of cases within six months (up from 72% in 2024/25)

18% of cases were brought by CMCs and other professional representatives (50% in 2024/25)

Cost per case at **£1,174** (£1,029 in 2024/25)

We had an average of **2,491** FTE employees during the year and **642** in our flexible contractor workforce

We maintained a presence across the UK with just **under one quarter** of colleagues working outside London (24% in 2024/25)

80% overall people engagement score (up from 76% in 2024/25)

271 responses to our consultations including our Plans and Budget, and modernising redress consultations

59% of customers who came to us directly said they had confidence in our end-to-end service (up from 58% in 2024/25)

We received complaints about **3,322** financial businesses (3,344 in 2024/25)



24,975 complaints about irresponsible and unaffordable lending (71,682 in 2024/25)



24,364 complaints about motor finance commission (73,328 in 2024/25)



30,428 complaints about fraud and scams (35,416 in 2024/25)



Strategic report

Our strategy

Our core purpose is to resolve financial disputes quickly and fairly, providing an impartial way for consumers and small businesses to resolve disputes with financial firms when they cannot sort things out directly.

Our vision is to be a modern dispute resolution service that underpins confidence in the UK's financial services for industry and consumers. To achieve our vision, we have defined four strategic aims:



Jenny Simmonds

Interim Chief Executive

- **Make our service accessible and easy to use** by becoming a simpler, more effective organisation that is future-focused and easy to access for all customers.
- **Deliver value for money** by resolving complaints in a quick and informal way, ensuring our costs are proportionate and transparent so that firms can manage risk with confidence.
- **Improve confidence in financial services** by using our data to improve our own performance and share insights that help firms deliver better financial products and services for their customers.
- **Empower our people to deliver high quality resolutions at pace**, with smart use of technology, while building trust in our service.

Underpinning our strategy are our values: purpose, ambition, respect and trust. These are the guiding principles for our people that shape our culture and behaviour. They define how we work together, make decisions, and interact with those we serve, to ensure we uphold the highest standards in everything we do.

Progress in 2025/26

During 2025/26 we made significant progress towards the delivery of our strategic aims, while also consulting on the most substantial reform of our service since it was set up. We are ending the year having reduced the number of our very oldest cases and increasing the number of cases which are resolved within three months, while maintaining our high-quality standards. The sections below set out the progress made against our strategic aims in 2025/26.



1. Make our service accessible and easy to use

We are committed to providing the best possible service to consumers and businesses in the most efficient way. Over the past year we have enhanced the customer experience by improving end-to-end service, supported by our investment in digital services.

Our enhanced online complaint form has improved the complaint-making process for consumers and guides them to provide us with the information we need so that we can progress their complaints quickly. Once the case is with us, consumers can now track progress on it through our Ombudsman Connect online portal. And our new Ombudsman Connect for Business portal allows firms to see how many cases they have with us, the stage their complaint is at and any outstanding actions they may have. As well as improving the overall experience for consumers and firms, these enhancements enable us to operate more efficiently and transparently. In April 2026, we launched a further improved digital complaint form to help streamline case set-up and integration with our case-handling system, which will make it simpler for customers to provide detailed information and documents about their case.

Ombudsman Connect for Business, launched in 2024/25, and Ombudsman Connect (for consumers), launched in Q2 2025/26, are now supporting a wide range of our customers.

By end of March 2026, we had over 32,000 consumers with Ombudsman Connect accounts, representing 35% of our open eligible cases (those that are not brought by a professional representative). We are also seeing increasing adoption of Ombudsman Connect for Business, with 228 firms onboarded, representing 65% of our open caseload which is now available for them to engage with digitally.

We are focused on ensuring that vulnerable consumers can access our service easily. Our people have received training from the Money Advice Trust and are supported by clear guidance and processes to ensure they can identify vulnerable consumers early, support them throughout their journey and escalate or prioritise their cases where appropriate. We continue to focus on training for all colleagues who support customers so that they have the skills to support people in vulnerable situations while we resolve their complaint.

We are building awareness and understanding of our service through our ongoing awareness campaign, targeting consumers from a broad range of backgrounds but especially those with lower awareness of our service. We work with advisory bodies and consumer groups, such as Citizen's Advice and complaints teams within businesses, to make sure people are signposted to our service appropriately.



2. Deliver value for money

Value for money is at the heart of our strategy, whether that is through effective management of our casework capacity, driving efficiencies in our overhead costs or targeted technology investments that will bring tangible benefits to our customers and our service.

At the heart of offering value for money is ensuring that we resolve cases efficiently and that we effectively manage our casework capacity. Over the past year we have built a flexible casework resourcing model using a combination of permanent, fixed-term and contingent colleagues, supported by our corporate services, to enable us to be more agile in responding to changing operational demands within reasonable tolerances. In addition, we have rolled out an operational manager role to oversee investigator teams and allow our ombudsmen to focus all their time on making decisions on customers' cases. We have also reviewed how we measure performance and manage targets, to ensure our people are able to focus on the activities which deliver fair, high-quality answers, promptly.

In parallel, we established the Enabling Functions Efficiencies Programme, putting in place the governance, culture and capability needed to drive sustainable efficiency across our corporate services. The programme has set a pipeline of initiatives that will deliver a series of efficiencies including better analysis of demand to enable more effective resourcing, procurement efficiencies, and to leverage existing tooling in new ways. In 2025/26 we initiated projects to introduce new tooling in our HR and legal teams to reduce administrative tasks and introduce automation to improve effectiveness. We will continue to identify and implement further opportunities during the current financial year, including by further optimising our technology cloud requirements to minimise costs.

In recent years, we have prioritised investment in our technology and digital services. This has seen significant improvements in our digital customer journey and our case handling and contributed to a reduction in the time it takes for us to resolve cases as well as delivering a lower operational cost base than would otherwise be the case. Looking ahead, we have also made a strategic decision to focus our efforts on leveraging the technology platforms we already have, complemented by off-the-shelf capability where it is needed, including AI.

Each year we consult with stakeholders on our Plans and Budget to gain feedback on the level of anticipated demand for our service, the costs required to deliver this service and the investment in improvements required. To respond to the changes in the financial services landscape, we consulted on modernising our case fee structure in August 2025, putting forward proposals around differentiation by case stage and by outcome. Our casework is varied, spanning a wide range of products and issues, with differing amounts of work required to resolve complaints and with dependencies on engagement with firms and complainants. Differentiation by case stage was widely supported in the consultation, being seen as fair and proportionate to the amount of work likely required to resolve the complaint. We will consult on the proposed price points for differentiation by case stage, in the 2027/28 Plans and Budget consultation, towards the end of 2026.

3. Improve confidence in financial services

In March 2026 we, jointly with the FCA, published [our consultation](#) on a package of measures we are proposing to modernise the redress system. Alongside this, the Government published the [response to their consultation](#) on a review of the Financial Ombudsman Service which set out its intention to make a series of legislative changes. Taken together, this represents a package of reforms which will ensure that our service is able to deliver on its core purpose of being a quick, informal and impartial dispute resolution service.

In May 2026, the Government has since introduced the Financial Services and Markets Bill, which includes the following measures:

- adapting the fair and reasonable test so that, where a business has met its obligations under the relevant FCA rules, as intended by those rules, we will be required to find the firm has acted fairly and reasonably
- introducing a formal referral mechanism requiring us to seek the FCA's view where we consider there is ambiguity in rule interpretation or an issue may have wider implications for consumers or the financial services sector
- introducing an absolute time limit of ten years for complaints to be brought to our service, with the FCA given responsibility for defining limited exceptions to that ten-year limit in its rules
- providing a single point of authority for determinations, to be known as the Financial Ombudsman
- introducing a requirement for us, jointly with the FCA, to publish thematic reports with information on how we make decisions
- giving the FCA the tools it needs to respond to mass redress events quickly and effectively, in the small number of cases where such an intervention is appropriate
- making HM Treasury responsible for appointing the Financial Ombudsman Service Chair and approving the appointment of the Financial Ombudsman proposed by the Financial Ombudsman Service Board.

Whilst it will take time for the legislative process to run, we consulted on the following measures to continue momentum on modernising the redress system:

- introducing a formal registration stage to ensure that only cases ready for investigation will be allocated to our case handlers, to support the delivery of a better customer journey
- changing our dismissal rules to ensure we only resolve cases that are right for our service to investigate – ensuring we can focus our resources on resolving cases quicker for our customers
- adapting our current Fair and reasonable test following feedback from stakeholders – reinforcing alignment with regulation and consistency of our decision-making for our customers.

Subject to the outcome of the consultation, we are looking to deliver these three changes in Autumn 2026.

These measures, together with our intention to publish joint thematic reports with the FCA ahead of this becoming a legislative requirement and to develop the use of decision frameworks, will support consistency, transparency and efficiency in our case outcomes. This will ensure that our customers get high-quality, quick, informal and impartial answers. We have also worked with the FCA to enhance and streamline the process for referrals to them, under our updated memorandum of understanding, for matters of wider implications that require clarity in rule interpretation.

We believe the measures in this consultation build on the work we have already undertaken to create a service that is fit for the future – one that works better for everyone and supports confidence and trust in UK financial services.

To deliver on this, we have established a Modernising Redress Programme overseen by the Executive Team with the Board providing strategic oversight and direction. Delivery is organised around a set of core workstreams aligned to key elements of the reforms and the design of a new customer journey, supported by other functional expertise to ensure operational and cultural readiness and alignment with wider organisational change.



4. Empower our people to deliver faster, high-quality resolutions

We are a people-led service: our colleagues are central to delivering fair, impartial and fast dispute resolutions for customers. Our aim is to recruit and retain the best talent, foster a continuous learning culture and embed effective performance support for all our colleagues.

Over the past year, we have redesigned colleague onboarding to provide a consistent, high-quality start for new joiners, with structured learning academy pathways for all core casework roles. We have also pivoted our internal training academy to a broader role in upskilling and mobilising existing casework colleagues. This enables greater flexibility and faster deployment of capability to meet demand pressures.

Across our casework teams, we have embedded new measurement and performance frameworks, standardised processes and systems, and reduced constraints to improve our overall casework operational performance management. This has clarified expectations for our people.

In September 2025 we launched our first three decision frameworks, designed to guide caseworkers through a series of questions to support fair and consistent answers in some casework areas with larger volumes or backlogs. The first three we built were in investment scams, Section 75 of the Consumer Credit Act, and irresponsible lending on credit cards. These are now used by all caseworkers when working applicable cases, with staff reporting quicker case-handling times and increased confidence. We are working on plans to introduce similar frameworks to our most common casework areas.

We have leveraged the use of AI to improve speed, consistency, and governance whilst strengthening oversight across our operations. Over the past year, we have empowered colleagues through the responsible adoption of AI, including a phased rollout of Microsoft Copilot across the organisation supported by mandatory training. All our staff now have access to Copilot Chat to support everyday work. This has helped reduce administrative effort, improve confidence in using AI tools, and built practical AI skills across the organisation. Our approach has been to explore and test the safe use of AI to enable operational efficiencies, not to use it for making decisions on cases. We will seek to expand adoption by rolling out targeted AI-enabled features, increasing training, enabling new Copilot use cases in operational teams, and embedding AI capability as part of our core learning and development approach.

Directors' report

Demand for our service in 2025/26

As a demand-led service, the volume and mix of complaints we receive and resolve fluctuates in response to customer needs and wider events that

impact financial services. In 2025/26 we received 3% more cases than we expected (214,872 compared to 209,000 in budget) but 30% fewer than in 2024/25.

New cases received

	2024/25 Actual	2025/26 Budget	2025/26 Actual
All cases	305,918	209,000	214,872
Banking and consumer credit	247,374	152,600	158,417
of which relate to motor finance commission	73,328	15,500	24,364
Insurance	45,606	45,600	45,417
Investment and pensions	12,431	10,300	10,605
Other	507	500	433
Total	305,918	209,000	214,872
of which were brought by CMCs and professional representatives	152,772	59,100	51,253

Banking and consumer credit

Motor finance commission

Following the announcement by FCA, on 11 March 2025, that they were planning to consult on the introduction of a redress scheme, we received 48,968 fewer cases than in 2024/25 in respect of motor finance commission. Demand was higher than budget due to the introduction of charging professional representatives transitional arrangements which resulted in a larger volume of cases being processed in the first quarter than was budgeted.

Irresponsible and unaffordable lending

During 2024/25 we received 71,682 cases, the vast majority of which were from professional representatives, but almost half of these cases were withdrawn or abandoned. Following the introduction of charging professional representatives from 1 April 2025, the number of complaints about irresponsible and unaffordable lending fell to 24,975 cases in 2025/26, of which fewer than 29% were represented.

Fraud and scams

In 2025/26, the number of cases related to fraud and scams decreased by 14% compared to the previous year, falling from 35,416 to 30,428. Factors attributed to the decline in volume are a drop in referrals from representatives and changes in Payment Systems Regulator (PSR) rules on authorised push payment fraud reimbursement protections, which has led to greater levels of consumers receiving repayments without the need to come to our service.

Banking

We received a 26% increase in payment services complaints in 2025/26, driven by digital currency complaints increasing by 30% on the prior year – a reflection on the shift in how purchases are being made. Additionally, business current account complaints increased by 32% on the previous year, up to 2,800 from 2,100. This was largely down to a change in the product offering from one of the larger banks.

Insurance

We received 45,417 new insurance cases in 2025/26, which is in line with the previous year. Nearly a third (31%) of all insurance cases were about a declined claim, a similar proportion to 2024/25. We received a 10% reduction in complaints about claim delays compared with the prior year.

Investments and pensions

Pension cases fell by 23% in 2025/26 compared to the previous year, while investment cases fell by 8%. Overall, we received 5,962 pensions cases and 4,643 investments cases in 2025/26.

Our operational performance in 2025/26

For 2025/26, we set an ambitious budget to resolve 270,000 cases, given the high volume of complaints with us at the end of 2024/25, to deliver on our purpose of resolving cases for customers impartially, quickly and fairly. This meant we expected to exit the year with a stock of 127,393 cases, of which 74% (or 93,737) were anticipated to not be progressable due to ongoing legal and regulatory matters and with the remaining 26% (or 33,656) progressable cases representing an efficient operational level.

We also set ourselves customer service standard targets at the start of the year to ensure we remain focused on improving our customers' experience of our service. The measures are designed to provide a comprehensive view of our performance across different factors. We publish our service standards on our website.

Our service standards focus on:

- the quality of our work
- our timeliness in resolving cases
- how customers experience using our service
- our cost efficiency.

Whilst there was marked improvement year-on-year in many areas of operational performance, not all our budget targets were met, including for legal and regulatory reasons outside of our control.

A key focus set out in our 2026/27 Plans and Budget is to continue to reduce the level of stock, including delivering resolutions for motor finance commission cases that we have been unable to progress to date. Of the remaining stock that could not be progressed, we have plans to progress complaints where it is possible to do so, recognising we will need to respond to any changes through the year.

Complaints resolved and our stock of cases

We resolved 224,261 complaints in 2025/26, which was just 1% fewer than in 2024/25 but 45,739 fewer than set out in our 2025/26 budget. This was due to proportionally fewer low-complexity cases that could be resolved more quickly; more cases that were referred to an ombudsman by customers and so took more time to resolve; and not being able to resolve many motor finance commission cases due to the various legal and regulatory matters remaining outstanding for a longer period of time than anticipated when the 2025/26 budget was set.

We ended 2025/26 with 157,990 cases awaiting resolution – 30,597 cases more than planned. Nevertheless, we did reduce the volume of cases in stock that can be progressed by 12,725 (or by 16%) compared to the previous year end. Of the remaining 58% (or 92,956) in stock that could not be progressed, the majority of which are motor finance commission cases and we have plans to progress these where it is possible to do so in the year ahead.

Resolved cases and stock in hand

Movement in stock	2024/25 Actual	2025/26 Budget	2025/26 Actual
Opening stock	80,903	189,700	163,393
Incoming demand	305,918	209,000	214,872
Resolved cases	(227,445)	(270,000)	(224,261)
Other movements*	4,017	-	3,986
Closing stock	163,393	128,700	157,990
Cases that can be progressed	77,759	27,200	65,034
Cases that cannot be progressed	85,634	101,500	92,956

* Other movements reflect operational changes to case stage or categorisation post-period end.

Our service standards

Complaints about motor finance commission were excluded from our service standard targets for 2025/26, with the exception of the cost per

case metric, due to the very different dynamics in relation to being able to progress and resolve motor finance commission complaints.

Quality

Service standard measure	2024/25 Actual	2025/26 Budget	2025/26 Actual
Overall quality score	94%	90%	94%
% of resolutions resulting in a complaint about our service	1.5%	1.5%	1.9%

The quality of our overall case handling remained high in 2025/26.

We saw a slight increase in the percentage of cases which resulted in a complaint about our service compared to 2024/25 and budgeted. This was

in part due to a smaller proportion of cases that were withdrawn or abandoned which do not result in service complaints. We continue to focus on improvements to our service into 2026/27 to reduce the volume of service complaints.

Timeliness

Service standard measure	2024/25 Actual	2025/26 Budget	2025/26 Actual
% of enquiries processed within 5 working days	88%	93%	97%
% of complaints resolved within 3 months of conversion	42%	40%	46%
% of complaints resolved within 6 months of conversion	83%	74%	77%
% of complaints within stock over 12 months old at year end	6%	5%	4%
Number of complaints within stock over 12 months old at year end	4,698	1,400	1,883
% of service complaints resolved within 10 working days	84%	92%	84%

Note: over 12 month old complaints metrics include all open cases over 12 months old with the exception of those not progressable due to legal or regulatory reasons which for 2025/26 included MFC and s140a cases.

Performance on timeliness in 2025/26 has mostly exceeded the targets set out in our budget and the performance achieved in 2024/25. Our focus on smart casework resource management has aided the improved metric performance on the efficient processing of enquiries, three-month timeliness and complaints in stock over 12 months. The six-month timeliness metric performance reflects the reduced volume of easier-to-close cases received, and greater volume of cases referred to an ombudsman by consumers in 2025/26. Whilst the percentage of service complaints resolved within ten working days is consistent with the previous year, it was below budget. Nevertheless, the ten working day target is a tighter turnaround than many other organisations work to.

We were pleased to reduce the number of our very oldest cases by significantly increasing our ombudsman and senior caseworker resources focused on these cases. At the end of 2024/25, we had 2,123 fractional timeshare cases over 12-months-old in stock. By the end of 2025/26, this had reduced to 968, including decisions issued to customers. We have worked with businesses, Claims Management Companies and professional representatives to ensure they are reflecting our established approach in their own decisions and referring to regulators where they fail to learn from the decisions we have issued.

Customer experience

Service standard measure	2024/25 Actual	2025/26 Budget	2025/26 Actual
Consumer Net Easy score on our end-to-end process*	43	45	43
Consumer confidence on our end-to-end process*	58%	60%	59%
Public awareness of our service	52%	52%	54%

* Based on survey results from customers who raise a complaint directly with us (i.e. excluding professionally represented customers). Net Easy is scored between 1–7 and our calculation uses the difference between the percentage of responses for the top two scores minus the percentage of the bottom three scores based on survey responses across three stages of the journey.

Overall performance on customer experience measures in 2025/26 was mixed.

While both consumer Net Easy and consumer confidence scores remained similar to the previous year, we ended the year slightly behind the budget set. As we further improve our timeliness and continue to enhance our customer journey, we expect to see improvements in the scores on these measures. Our consumer digital portal, where customers can see the progress of their complaint, was launched in Q2 2025/26 and use continues to grow. We plan to further enhance the

digital portal capability plus digitalise the case enquiry and submission stage, which supports ease of use of our service for many. Nevertheless, because we are a dispute resolution service, a consumer's view of their experience is often influenced by the outcome of their case.

Public awareness of our organisation has increased slightly in 2025/26. We continue to focus our activity to build awareness and understanding of our service across all potential customer groups, especially as we work through the reforms outlined in conjunction with HM Treasury and the FCA.

Cost per case

Service standard measure	2024/25 Actual	2025/26 Budget	2025/26 Actual
Cost per case	£1,029	£1,029	£1,175

Our cost per case is calculated by taking our total operating expenditure (including overheads but excluding significant one off costs such as technology investment within our transformation programme) and dividing it by the total number of cases resolved in the year. This definition excludes any bonus adjustments, so differs from the final cost per case reported elsewhere in this report.

This service standard is inclusive of motor finance commission case activity as costs cannot be fully isolated. For example, colleagues and systems may spend time on both motor finance commission cases and business as usual activity.

Our cost per case was £1,175 – £146 higher than our target of £1,029. This was primarily driven by a lower volume of resolved cases compared to our budgeted resolutions of 270,000. Key reasons for this being fewer motor finance cases able to be resolved, lower pre-view case closures (withdrawn or abandoned cases), and an increase in cases referred to decision. Our overall costs were below budget but not enough to offset the lower resolution volumes.

Engagement with our customers and stakeholders

We have unique insight into the issues consumers are facing when resolving complaints with financial businesses. A key part of our strategy is sharing what we see to help improve confidence in financial services and to help both businesses and consumers understand our approach to cases.

We also share insight with the FCA, to help inform the effective regulation of financial services. Open and collaborative engagement with stakeholders informs how we carry out our work, helping us improve the service we offer.

How we work with our key stakeholders

We take a proactive approach with all our stakeholders to ensure we can work with them effectively and to fulfil our purpose. We engage with hundreds of different stakeholders every year through a range of channels and across our areas of work.

A key focus over the last year has been close engagement with HM Treasury, the FCA, and interested stakeholders, on our plans to modernise the redress system so that it is more consistent and predictable for firms and gives consumers quick and fair compensation where they are owed it. Over the course of our joint consultation with the FCA on the reforms, which closed in October 2025, we held more than 40 meetings and engaged with over 100 stakeholders.

The Financial Ombudsman Service has an important part to play in helping to identify and resolve issues which could have a wider impact across the financial services industry. This includes working collectively with stakeholders through the [Wider Implications Framework](#). Through our engagement and by sharing data, insight, and expertise with others in the financial services regulatory eco-system, we help to inform wider decision-making.

In 2025/26, we engaged with stakeholders on issues including:

- the Consumer Duty, through regular senior-level engagement to support consistency in understanding and interpretation
- fraud and scams involving authorised push payments (APP) by monitoring trends and sharing data with regulators
- motor finance commission, through ongoing cross-regulatory engagement, to ensure a consistent approach to the interpretation of rules and law
- cost of living, by sharing data and insight to help shape and strengthen strategic responses
- the Advice Guidance Boundary Review (AGBR), a joint initiative by HM Treasury and the FCA, by working closely to ensure a clear understanding of the policy objectives in the proposals and how they will be applied.

The table on the next page outlines our work in these areas and more broadly and shows how we have engaged consumers directly as well as detailing our proactive relationship-building and engagement with key stakeholder groups.

Stakeholder	Approach	Key activity 2025/26
Consumers	It is important that we hear our customers' views and their experiences of using the Financial Ombudsman Service so we can continue to improve. We have defined <u>service standards</u>, which we track and we use a mixture of channels and approaches to engage consumers and ensure we can get a rounded picture.	Consumer surveys We survey our consumers directly at three points in their journey: following the enquiry, at the point the case is picked up by an investigator, and then at closure. Across these surveys, we received over 30,000 responses over 2025/26. We track key metrics around how easy customers find it to interact with the Financial Ombudsman Service, their confidence in our approach and their overall satisfaction. The key themes that come through these relate to the value consumers place on the effort we make to understand the individual case, clarity of communication and process, timeliness of responses and overall process. This consumer feedback has helped inform the digital service we offer, including developments of our online form and customer portal, and ensure we are building the capability of colleagues to deliver the service our customers need. YouGov surveys To complement our direct surveys of customers, YouGov carry out a regular quarterly awareness survey on our behalf, and each wave samples a nationally representative panel. This provides broader insight on people's awareness, trust, confidence and understanding of our service. For example, the December 2025 survey showed 89% of people believe we play an important role. Prompted awareness (recognising us from a list of organisations) remains relatively stable between 50% and 55% but those able to identify us without prompts has increased. We also saw increased trust in our service to act fairly on behalf of consumers at 74% (up from 68% in May 2024) and make impartial decisions at 71% (up from 68% in May 2024). These surveys have informed our awareness and outreach activity to target groups with lower awareness and understanding.

Stakeholder	Approach	Key activity 2025/26
Consumer groups, charities and advocates for consumers and small businesses	We strongly value consumer groups and advocates and we engage with them to deepen our understanding of emerging consumer and small business issues, as well as to amplify our reach and ensure the Financial Ombudsman Service remains fair and accessible to all.	Formal meetings and insight groups We hold roundtables and insight steering groups, including our Consumer Liaison Group and our Small to Medium-sized Enterprises (SME) Advisory Group up to twice a year. Informing approaches To inform the sector's approach to challenging issues we share our expertise and casework insights – including feeding into Surviving Economic Abuse reports on economic abuse, providing insights on cases involving gambling harms with the MMHPI Gambling Harms Action Lab, and playing our part in the Access to Credit Sub Committee led by Fair4All Finance. Wider engagement We engage with a range of consumer groups and small businesses representatives at working, senior and executive level representatives to understand the issues they are facing, including large organisations like Which? and the Federation of Small Businesses, alongside other sector organisations. This has been supported by national outreach work to raise awareness and understanding of our organisation, which included building new relationships with 20 different organisations in the higher education and civil society sectors who shared information with their audiences about our service.
Financial services firms and their trade bodies	We make clear our approach and what is required of firms to resolve complaints for their consumers. And we share insights about the trends and issues that affect financial businesses and their customers, so that we can build mutual understanding. We also regularly raise relevant operational changes we are undertaking to improve how firms interact with our service.	Formal meetings and insight groups We meet regularly with individual firms at working, senior and executive level. Firms who regularly engage with us also have access to a senior casework leader, enabling faster insight-sharing and focused discussions. Alongside this, we host regular steering groups with relevant industry trade bodies and banks to share insights and updates on the operational delivery of our service. This has included bespoke sessions with firms on our Ombudsman Connect service. Casework resolution We host roundtables, bilateral meetings and attend sector events to exchange insight and test developing thinking on how we resolve casework. This included discussions with industry on the use of artificial intelligence in complaints, helping to build understanding of the issue and its potential implications as well as informing our own approach. Wider engagement We attended and spoke at industry and regulatory events such as UK Finance's Economic Crime Conference, the Association of British Insurers' Annual Conference, and the Finance and Leasing Association's Regulation Conference. We do this to speak directly to industry on our work to modernise redress and other economic and regulatory issues that affect our service.
Professional representatives and their trade bodies	We share our knowledge and approach to cases, and we engage on key issues to help representatives work with us and serve their customers better.	We met with trade bodies to discuss emerging and complex issues, including the implementation and impact of charging professional representatives to bring cases. We held regular operational meetings and roundtables with professional representatives to discuss key issues in cases referred to us.

Stakeholder	Approach	Key activity 2025/26
Government and elected representatives	We work with HM Treasury to inform redress reforms, as well as share insights about the complaints we see and the customers and businesses we help. We also engage with MPs and other elected representatives to answer questions, inform them about our work, and address specific queries on behalf of their constituents.	Work with government We engaged extensively with HM Treasury on our work to modernise the redress system and the Economic Secretary to the Treasury's review into our service. We shared insight with HM Treasury and parliamentarians on key areas of public interest and we responded to the Ministry of Housing, Communities and Local Government and the Ministry of Justice call for evidence on housing disrepair claims. Parliamentary engagement We gave evidence to the Treasury Select Committee as part of the parliamentary scrutiny of our work. We dealt with over 500 enquiries from MPs and their offices.
Regulatory partners	We work closely with regulatory partners, including the FCA and the Solicitors Regulation Authority (SRA). This includes sharing insight and trends to help inform future regulation and their supervisory, enforcement and wider redress work. We also work collectively through the Wider Implications Framework to respond to regulation and consider issues with significant implications in a timely, consistent and complementary way. We regularly engage with others in the ombudsman and dispute resolution sector to share insight and best practice.	Redress reforms We worked closely with the FCA on our joint consultations on proposed reforms to the financial services redress system. As part of this, we received 102 responses to our last consultation, which closed in October 2025, from firms, trade bodies, consumer groups, and other organisations and individuals. Formal conduct referrals We made formal referrals to regulators on the conduct of firms 34 times: • 26 to the FCA (18 regarding respondent firms and eight regarding claims management companies) • eight to the SRA (regarding legal professional representatives) We also shared information with the Financial Services Compensation Scheme (FSCS) to support emerging issues investigations. Consultation responses We shared data, insight and expertise through responses to policy consultations, including: • the FCA's consultation on its proposed approach to the regulation of cryptoasset activities • the FCA's consultation on its proposed approach to the regulation of deferred payment credit • the SRA's discussion paper on how the high-volume consumer claims market can work better for consumers • the FCA's Mills Review into the long-term impact of AI on retail financial services. Wider regulatory engagement We held consumer and industry events jointly with our regulatory partners, particularly with the FCA on our work to modernise the redress system. We carried out joint work on key areas of policy, such as targeted support and deferred payment credit, and engaged on issues through the Wider Implications Framework. We engaged with the international ombudsman community and other UK ombudsman services to share insights and best practice. This included casework practices and advancements in technology, processes and skills.

Our people

Our people at a glance

2,491

FTE employees on average
(up from 2,344 in 2024/25)

642

flexible contract workforce
(up from 544 in 2024/25)

We sustained our nationwide presence, with

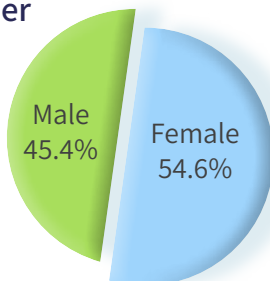
close to a quarter

of employees working outside London
(24% in 2025/26)

80%

Engagement score
(up four percentage points from 76% in 2024/25)

Gender



Our organisation has a strong and specific purpose, with a set of values that guide how we work and communicate. Our people are essential to delivering a positive customer experience, strong operational performance and fair outcomes for customers. We are committed to supporting our people in delivering for our customers and strengthening our culture. We are proud of the dedication of colleagues across all our teams. This year we have:

- improved our annual survey engagement score by four percentage points to 80%, which is extremely positive given the amount of external focus on where changes are required of our service
- further embedded our reward strategy, which better aligns performance, skills development and delivering against our values

- prepared for the implementation of the Employment Rights Act 2025, taking the opportunity to give colleagues improved parental leave and enhanced paternity leave rights
- further evolved our Academy, incorporating onboarding and training courses for all casework roles (for both new colleagues and for cross-training existing colleagues)
- introduced core skills assessments, establishing the foundation for a continuous learning culture
- strengthened our leadership capability, completing 360 feedback for all senior managers resulting in comprehensive development plans
- kept voluntary turnover broadly stable throughout the year, ending at 10.0% (10.8% in 2024/25), with overall staff turnover decreasing slightly at 12.2% by year-end (12.7% in 2024/25)
- closely monitored time lost to employee sickness, which increased to 3.7% in 2025/26 (3.1% in 2024/25). There have been increases in both short-term and long-term sickness absences with an upturn in stress-related and mental health absences. We are working closely with our managers to ensure that we offer suitable support and ensure that there is a proactive approach to wellbeing.

Playing our



Purpose



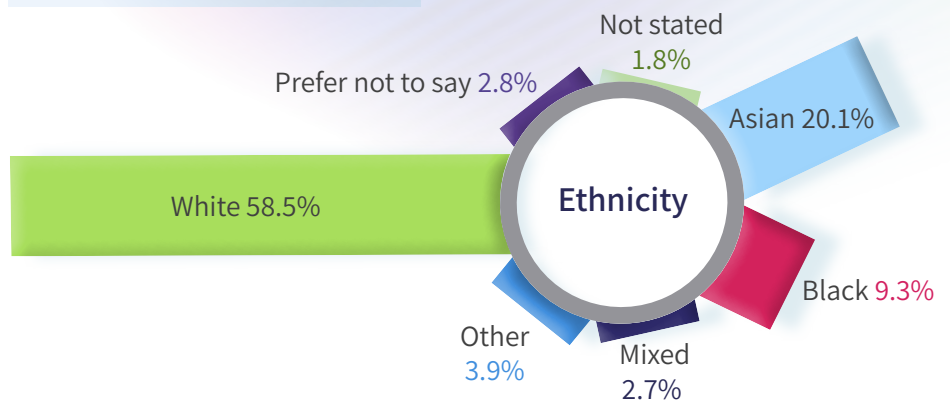
Ambition



Respect



Trust



Preparing our colleagues for the future

Preparing the organisation for future change is a key focus. We have developed our Workforce Strategy 2030, which started during 2025/26, and we are clear on what we need to do over the coming years to deliver on this.

Skills development

It is critical to align workforce planning to talent availability and development of the skills required now and into the future.

During 2025/26, we began capturing skills data through Workday and linking this insight to core learning programmes, supporting more future-focused workforce planning. We further evolved the casework Academy, moving beyond a sole focus on onboarding to a broader remit that supports upskilling and mobilisation of casework colleagues. This has increased flexibility and enabled faster deployment of casework capability and capacity to respond to demand pressures.

We continued to deliver a broad learning offer to support day-to-day performance and longer-term development – including mandatory learning, core business skills and a range of digital self-service resources, enabling our colleagues to access learning flexibly alongside their roles. Digital learning content was refreshed to improve accessibility, relevance and engagement, ensuring our learning content remains responsive to changing needs.

We expanded sponsorships, apprenticeships and professional learning routes to support skills development, career progression and retention across the organisation. Into 2026/27, we are focused on investing in AI literacy and digital skills, along with building reskilling programmes for roles at risk of displacement and for older workers.

Performance management

During 2025/26, we reset our performance management approach which places a stronger emphasis on high quality conversations, alongside clearly aligned goals and continuous feedback. This is to support consistent expectations, strengthen accountability and create a more development-focused experience for colleagues.

Managers were supported through targeted workshops, practical toolkits, and digital resources to embed good performance practices consistently across the organisation. We also simplified systems and guidance to make performance management clearer, fairer and easier to navigate. Alongside this, we successfully rolled out our management development programme, which combines experiential learning with targeted modules to build confident and capable new managers.

Effective leadership

Effective leadership of our organisation is critical as we deliver the Modernising Redress Programme. During 2025/26, senior leaders were supported through 360-degree feedback, coaching, and targeted development activity to strengthen their leadership impact and role-modelling.

We also delivered a programme of development with the Senior Leadership Team, focused on leading through ambiguity and change, helping to support colleague engagement during this period of transformation.

Workforce Strategy 2030

Our Workforce Strategy 2030 recognises the importance of our people and how we will adapt and implement the modernising redress reforms over the coming years. Our Workforce Strategy comprises of three core pillars:

- **Customer-connected culture** – developing behaviours and mindsets to create a confident, values-led and high-performance culture.
- **Adaptive and agile organisation** – building organisational agility through flexible structures, multiskilling, better use of data, and faster, simpler decision-making.
- **Skilled and empowered colleagues** – equipping colleagues with future-ready skills and tools, supported by modern technology, clear career pathways and a compelling employee value proposition.

Workforce vision is aligned to our organisational vision

Our vision is to build an agile, inclusive and high-performing workforce, empowered to meet future customer needs efficiently, consistently and fairly.

Customer-connected culture	Adaptive and agile organisation	Skilled and empowered colleagues
A values-driven, high-performance culture that is inclusive, clear and connected to the needs of both consumers and industry.	A modern organisational model built on forecasting, flexible capacity, clear operating principles and smarter use of data.	A workforce with the capability, tools and critical skills to meet future demand and deliver consistently high performance.
What this means for us • Visible, values-led leadership that sets direction clearly • Consistent behaviours and expectations across roles and teams • Clear performance standards supported by meaningful goals and feedback • Transparent decision-making, grounded in our values • A culture that supports challenge, learning and continuous improvement	What this means for us • Forecast-led workforce planning that matches capacity to demand • Flexible deployment models that move skills quickly to where they are needed • A right-sized location estate that supports collaboration and access to key talent • Streamlined organisational design that reduces friction in workflow and decision-making • Modern tools, technology and real-time insight to enable smarter data-led decisions	What this means for us • Future-ready skills pathways in digital, data, AI and core capability • Clear career pathways within each profession • Flexible learning and multi-skilling opportunities that support mobility and development • A compelling EVP and reward offer that supports retention and mobility • Modern tools and environments that help colleagues do their best work
Leadership Framework Diversity, inclusion and wellbeing Playing our PART		

Diversity, inclusion and wellbeing

To give customers the best service, we need to reflect the communities we serve. We have been working towards ambitious targets for diversity, inclusion and wellbeing (DIW) since 2016 and reporting pay gap and representation data since 2017. In 2025, we published our annual pay gap data for gender and ethnicity, and for the first time our disability pay gap data.

This year, we also began collecting data on colleagues' socio-economic backgrounds, furthering our commitment to equity and inclusion. By gaining a deeper understanding of our people and their diverse experiences, we are better equipped to identify barriers, inform targeted actions and ensure our policies reflect the reality of our workforce.

During the year, we strengthened our wellbeing offer through targeted interventions. This included the introduction of a specialist health support online service, providing confidential, expert-led support across men's health, women's health and menopause. This support helps colleagues manage health challenges that can otherwise impact wellbeing, retention and performance.

Looking forward, our DIW priorities are increasingly shaped by our long-term workforce strategy and 2030 ambitions. A key focus will be strengthening corporate cohesion and alignment, ensuring DIW is fully embedded across organisational priorities, transformation activity and leadership practice. We will continue to build inclusive capability, sustain proactive wellbeing support and align our work to the evolving needs of our workforce and the organisation's strategic direction.

Workplace adjustments

We continue to hold the highest accreditation as a [Disability Confident Leader](#). We are committed to supporting applicants with a disability or long-term condition throughout the recruitment process and their time with us.

As part of our recruitment process, we list the minimum criteria for job roles clearly on our website and provide key application information when we advertise roles internally and externally. Our Talent Acquisition team is available to all candidates for confidential discussions and to arrange reasonable adjustments to the recruitment process, including adjustments for our online assessments. They follow up with applicants to ensure the process was managed effectively and to identify ways to improve.

For existing employees, we have a workplace adjustment policy that allows colleagues to request reviews of their working arrangements at any point during their employment with the Financial Ombudsman Service.

In addition, the introduction of neurodiversity assessments, has helped inform appropriate adjustments and management conversations, which in turn have supported earlier interventions, reduced barriers at work and aided more sustainable performance. We have introduced a neurodiversity training programme for line managers to ensure that colleagues are supported in the right way as soon as possible.

Our workplace adjustments include assistive technology to help our people access our systems, and ergonomic equipment, both in the office, and remotely, to ensure appropriate working conditions. We also offer flexible working arrangements in line with business need, which colleagues can request from their line manager. Our workplace adjustment partner provides assessments to ensure proper adjustments and training are in place. We work closely with the Business Disability Forum and our employee networks to provide tailored support for colleagues with disabilities.

We keep our policies under review and incorporate feedback to create an inclusive approach and are proud of the addition of neurodiversity diagnostic assessments to our private medical insurance. Colleagues have appreciated the opportunity to receive timely support while awaiting a diagnosis, allowing us to make necessary adjustments to help them in their roles.

Supporting our people

Communication and engagement

Internal communications

We have a variety of channels to keep our people informed and engaged with our work and progress towards our organisational goals. We encourage two-way engagement with our colleagues and equip our managers and leaders with the tools and information they need to confidently lead their teams through change and uncertainty.

Through regular townhalls, management and leadership events, leadership toolkits and management cascades – led by the Executive Team – we have driven a step change in the leadership, communication and strategic awareness engagement survey scores. This has underpinned the improvement in our overall employee engagement survey score. We have engaged colleagues in the progress of the Modernising Redress Programme as it has evolved during 2025/26.

We routinely evaluate how our colleagues receive our communications and use a range of methods (including feedback surveys, focus groups, and interactive engagement tools) to run immediate sentiment checks. These findings are used to refine and improve our approach and provide regular insight into colleagues' experience and topics of interest.

Inspire Awards

In January 2026, we held our second Inspire Awards, to recognise the contribution and commitment of individual colleagues and diverse teams across the organisation. Nominations were open to all colleagues across nine categories. We received 324 nominations, with the winners and runners-up celebrated at the awards and through our communications to colleagues.

The awards play an important role in fostering pride in our work, recognising behaviours that support high standards of performance, and showing appreciation for contributions that make a meaningful difference to customers and colleagues.



Annual engagement survey

Our annual engagement survey allows colleagues to share their views anonymously and provides important insight into colleague experience to help shape our people strategy and plans.

Our 2025/26 survey results were positive. Participation in the survey increased to 72% (from 66% in 2024/25) and our overall engagement score increased to 80% (from 76% in 2024/25) reflecting continued progress in strengthening engagement across the organisation. This was particularly pleasing given the uncertainty in respect of the Modernising Redress Programme.

Significant improvement in the three priority areas we identified from the 2024/25 survey underpinned the overall improvement in engagement. These were:

- communication and openness at 58% (from 40%)
- confidence in leadership decision-making at 47% (from 32%)
- supporting colleagues through change at 37% (from 23%).

To continue our positive momentum, we have identified the cross-organisation priorities that we will focus on during 2026/27. These include building confidence and capability to lead through change, connecting our organisational goals at every level so that all our people can better understand the role they play, and targeting improvement initiatives where they will have the most impact.

Networks

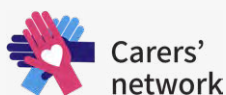
Our 15 employee networks are voluntary groups that come together through shared identity or life experiences. They create supportive environments and find ways to bring people together through events and knowledge sharing. Our networks play an important role in keeping the Financial Ombudsman Service a diverse and inclusive workplace.

During 2025/26, our employee networks supported awareness-raising events on topics such as menopause, women's health, and child safety; shared learning activities like the anti-racism allyship programme and neurodiversity coaching support; and collaboration across locations, contributing to an inclusive culture and strengthening colleague voice.

Our employee networks



Cancer
support
group



Carers'
network



Embrace



Christian
fellowship



Enable
Be you
Neurodiversity



Enable
Be you



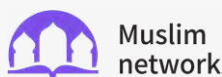
Hindu
network



Jewish
network



Women's
network



Muslim
network



OutRight



Parents'
network



Sikh
network



Sports & social
committee



Mental
wellbeing
network

Colleague involvement and consultation

The Information and Consultation Council (ICC) is a group of employees from across the Financial Ombudsman Service, who are elected to represent their colleagues. As the employee voice of the organisation, the ICC meets regularly with senior leaders to share employee feedback and influence key decisions, such as a new approach to casework targets, a new approach to performance management, and technology and systems improvements.

Whistleblowing

We encourage colleagues to 'Speak Up' if they are concerned about wrongdoing at work. We provide several internal routes, and we have a partnership with an external whistleblowing service which enables colleagues to raise concerns anonymously at any time. All reports are recorded and reviewed, to safeguard the anonymity of colleagues. All formal reports are shared with the Audit, Risk and Compliance Committee, who are also told whether any findings from investigating the reports led to changes being required. Individuals also have the right of appeal to the Chair of the Committee.

In July 2025 we revised our previous 'Speak Up' policy and relaunched it as our whistleblowing policy, with updated references to other relevant policies (for example, the resolution policy for employment issues that are not protected disclosures). Between April 2025 and March 2026, three cases were raised: one under the previous 'Speak Up' policy, and two under the new whistleblowing policy (which related to conduct and our approach to reasonable adjustments). There were two other approaches through Safecall, which were not related to whistleblowing and were dealt with separately.

Our operational impact

Corporate and social responsibility

We recognise that we have an impact on the world, from our people and community, to how we procure goods and services and how we recycle and reuse. Our Corporate Social Responsibility (CSR) Steering Group consists of representatives from various departments across the organisation, dedicated to enhancing our CSR strategy and practices.

Environmental, social and governance

We have decreased carbon emissions by

60%
since 2012

Our energy consumption has decreased by

18.5% across
our London and Coventry
leased offices in 2025/26

We recycled **1,500kg**
of paper (1,548kg in 2024/25)
and saved the equivalent of

25 trees

We achieved **92%**
compliance on new GDPR
requests despite a 42%
increase in the volume
of new requests
(to 946 in 2025/26)

Increasing our hub locations has brought significant social benefits to extend our representation and outreach across the UK.

As we have increased our UK presence, we have brought in the good practice we have developed across existing locations over previous years, while continuing to optimise the use of any existing space, to help achieve our environmental ambitions.

We have reduced electricity consumption across our leased buildings in London and Coventry and we have worked with office landlords to optimise recycling practices and donated redundant office furniture to charities to divert from landfill.

We continue to identify opportunities to reduce our energy use and carbon emissions. We recognise that the additions of our hub locations will challenge the same level of future improvements that we have seen in recent years.

The introduction of our hub locations has challenged our ability to reduce business travel with a 14% increase in business travel by road compared to 2024/25, while still lower than 2023/24. Spend on air and train travel has also increased.

We continue to promote the use of online meetings to reduce the need to travel and we have robust travel and expenses policies in place.

The introduction of a comprehensive new vulnerability strategy and framework has enabled to more effectively identify vulnerable customers and provide support to use our service.

While new Freedom of Information requests saw a small reduction in 2025/26, we received a significant increase in new UK GDPR requests but maintained a high compliance of 92% (down from 95% in 2024/25).

Carbon management

Our ongoing analysis and reduction efforts have led to a 59.7% decrease in our Scope 2 carbon emissions since 2012. In 2024/25 our energy consumption increased by 17.5% due to higher occupancy rates and increasing our geographical footprint through opening new offices. However, this year our energy consumption has decreased by 18.5%. This has been achieved by optimising our property portfolio and consolidating office floors at our London office.

We are committed to reducing our carbon emissions and continue to follow the Transition Plan Taskforce Disclosure Framework, working with key departments from across the organisation and focusing on contractual activity and digital strategies which will support a reduction in Scope 3 emissions.

We are actively reducing our Scope 3 emissions by optimising consumption of our cloud computing platform, Microsoft Azure. By implementing more efficient digital strategies and leveraging Azure's sustainability features, we have achieved a 28% reduction in emissions associated with our cloud services this year. This demonstrates our commitment to responsible technology use and supports our sustainability journey. We will also ensure that sustainability is a key factor when evaluating business cases for new AI tools and integrate environmental considerations into our decision-making process.

Workspace management

In 2025/26 we focused on reducing our energy utilisation and consumption, relative to the level of office occupancy by our people, through:

- further refinement of LED lighting and control systems, which will allow us to actively understand electricity usage within our estate and identify opportunities for reduction
- desk utilisation and advance recruitment insight across all our offices, helping us make the most of our workspaces
- evolving a plan for Scope 3 carbon emission reductions, working towards becoming a net zero organisation
- working with our key suppliers to identify energy saving and wider social initiatives
- further introducing and encouraging reusables in our cafe at Exchange Tower – aiming to remove takeaway packaging and takeaway cups completely.

Responsible procurement

By integrating CSR considerations into our procurement strategy, we ensure that our suppliers align with our values and contribute positively to society. This approach fosters long-term sustainability and ethical practices within our supply chain.

We routinely apply environmental, social, and governance (ESG) criteria when assessing supplier bids. And we review sustainability, environmental, economic, and social policies and performance with key suppliers during contract management.

During 2025/26, we have placed particular emphasis on ensuring that small and medium-sized enterprises (SMEs) are given fair and equitable opportunities to compete for contracts, in line with the Government's National Procurement Policy statement. This has been achieved by publishing contract opportunities on Contracts Finder (the UK Government's official tender-publication service), structuring procurement lots for greater SME accessibility and using procurement frameworks that include SMEs.

By supporting SMEs, we continue to drive innovation and stimulate economic growth within our supply chain. As a result of this focused approach, SMEs now play an inclusion role in our supply chain.

We require our suppliers to:

- pay their staff at least the Living Wage Foundation's living wage
- fully comply with the Modern Slavery Act (MSA), including annually publishing their MSA statement in a prominent place on their website.

Operational impact performance

Category	Measure	2021/22	2022/23	2023/24	2024/25	2025/26
Electricity*	Kilowatt hours	1,620,564	1,813,991	1,610,047	1,891,873	1,540,805
	CO ₂ e kg using government CHG emission factors	344,094	350,790	333,399	391,712	319,023
Travel**	Travel mileage amounts	8,858	24,139	22,761	14,929	16,996
	CO ₂ e kg using government CHG emission factors	2,485	6,781	6,273	4,117	4,687
Per employee	CO ₂ e kg using average headcount	128	144	144	161	133
Paper consumption	Sheets of paper	1.1m	0.3m	0.5m	0.5m	0.3m
	Scanned correspondence – number of pages	0.6m	0.7m	0.7m	0.7m	0.4m

* Based on energy consumption data provided by our landlords. Average figures calculated due to bulk data being processed and shared from our landlord at Exchange Tower.

** Mileage amounts include taxi bookings with third parties for business travel and business mileage claimed through expenses. Emissions factors are based on a medium car, unknown fuel.

Social responsibility

Charity support

During 2025/26 we supported Sands, the UK's leading pregnancy and baby loss charity, for the second of our two-year partnership – raising over £50,000 through a range of fundraising activities including a sponsored abseil, hike, walks, a sponsored fast and a festive dash.

Following an organisation-wide vote in Q4 2025/26, we have selected Dementia UK as our chosen charity for the next two-year period, supporting their important work until April 2028.

Colleague volunteering

Our staff dedicated more than 500 hours to volunteering, including as part of our partnership with East London Business Alliance (ELBA), lending their time and skills at food banks, local farms and supporting local schools.

This community engagement not only provides essential support but helps strengthen our bonds with the communities we serve. Our community outreach initiatives have extended to career insight days and work-experience programmes with local schools, colleges, and care-experienced young people. This involves providing insight into the work of the Financial Ombudsman Service and potential future opportunities, including our apprenticeships.

Support for vulnerable customers

During 2025/26, we enhanced our safeguarding policies and procedures to provide more robust identification of, and support for, vulnerable customers using our service. This included additional staff training to recognise signs of vulnerability, implementing clearer referral pathways, and establishing dedicated points of contact for those who may need extra assistance. These improvements ensure that all individuals receive the tailored support they require, promoting fairness and accessibility throughout our processes.

Health and safety

We have remained committed to our responsibilities, ensuring adequate time is invested in looking after the health, safety, and wellbeing of all staff and visitors to our buildings.

In 2025/26 we:

- reviewed our health and safety statement and policy and shared these with our people
- provided training for new and existing first aiders to ensure support across our offices
- reviewed our fire safety for our offices including the completion of fire risk assessments
- conducted water tests and water risk assessments and sampling to ensure the quality of our potable water
- carried out and reviewed personal emergency evacuation plans and supported our people with these
- completed in-house inspections of our offices to ensure they are in optimal condition
- continued to support people who required workplace adjustments with smooth processes to support better working conditions for them including by arranging specialist equipment and training where required
- reviewed our generic risk assessments for display screen equipment, expectant mothers, working at height, manual handling, control of substances hazardous to health (COSHH) and young persons
- reviewed and updated our legal register to ensure it accurately reflects our current operations and ongoing commitment to legal compliance
- reviewed our health and safety risk register to identify, evaluate and manage specific risks, supporting legal compliance and encouraging a safe environment.

We carried out:

222

assessments to ensure people were working safely in the office or at home

8

enhanced assessments where people needed more specialised focus such as tailored solutions for muscular skeletal concerns

263

Health and Safety Inductions for new colleagues joining us

35

new and reviewed personal emergency evacuation plans

In 2025/26 there were no reportable injuries under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) made to the Health and Safety Executive.

Within this period, we had two minor accidents reported.

Handling personal data and freedom of information (FOI) requests

The Financial Ombudsman Service is subject to the Data Protection Act 2018 and the UK General Data Protection Regulation (UK GDPR). This places legal obligations on us, as a data controller, when we hold and process personal information about individuals.

The nature and volume of personal information we process varies depending on the context in which it is held and the purpose for which it is processed. This includes personal data relating to consumers, businesses, employees and other individuals we interact with as part of our statutory and operational functions. Further information about how we process personal data, including individuals' rights, is set out in [our Privacy notice](#) on our website.

Number of Information Rights requests and compliance	2024/25	2025/26
New UK GDPR requests	667	946
Compliance	95%	92%
New FOI requests	453	413
Compliance	95%	95%

Personal information

In 2025/26, we received 946 GDPR requests. We achieved a compliance rate of 92% against our target of responding to 90% of requests within one calendar month, in line with Information Commissioners Office (ICO) expectations.

The table sets out the requests we received over the last two years. The increase in UK GDPR requests was largely due to subject access requests. Growing public awareness of data protection rights and wider use of generative AI tools are seen as likely key factors for the increase in requests.

Freedom of information requests

The Financial Ombudsman Service has been subject to the Freedom of Information Act (FOIA) since November 2011. [Our publication scheme](#) provides a guide to the information that is available without a specific written request. We also publish statistical information about the requests we handle and how we respond.

In 2025/26 we received 413 Freedom of Information requests. We achieved a compliance rate of 95% against our target of responding to 90% of requests within 20 days, in line with ICO expectations.



Phillipa Cook
Company Secretary
29 June 2026

Financial report



Chandra Hirani

Interim Finance Director

Each year we consult publicly on our proposed Plans and Budget. We publish our final Plans and Budget following approval from the FCA.

The Financial Ombudsman Service is funded through a combination of levies, and case fees paid by the financial services firms we receive complaints about. You can find out more about [how we are funded](#) on our website.

Our budget is managed by our Executive Team, with oversight from our Board. Our Executive Investment sub-committee, part of our wider governance structure, provides oversight and approval of key expenditure, within the delegated levels of approval authority agreed by the Board.

Overview

We set out our plans and priorities in our 2025/26 Plans and Budget.

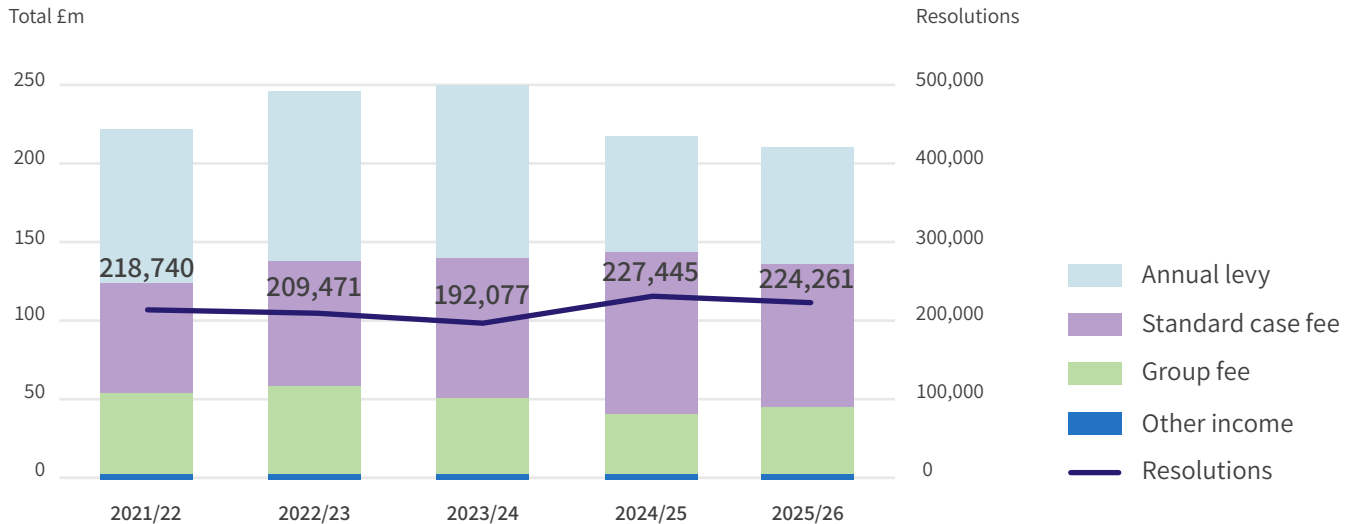
This chapter explains our financial performance. A summary of our key financial metrics is set out in the table.

	2024/25 Actual £m	2025/26 Budget £m	2025/26 Actual £m	2025/26 vs Budget £m	2025/26 vs 2024/25 £m
Operating revenue	217.1	240.9	211.7	(29.2)	(5.4)
Operating expenditure (excluding transformation)	(234.0)	(277.9)	(263.3)	14.6	(29.3)
Transformation costs	(11.1)	(7.2)	(6.1)	1.1	5.0
Total operating expenditure	(245.1)	(285.1)	(269.4)	15.7	(24.3)
Surplus/(deficit)	(21.3)	(40.5)	(53.4)	(12.9)	(32.1)
Reserves	137.8	97.3	82.9	(14.4)	(54.9)
Reserves – months of operating expenditure	7.1	4.2	3.8	(0.4)	(3.3)
Unit cost per case (£)	1,029	1,029	1,174	(145)	(145)

Income

Our funding structure in 2025/26 remained consistent with that for 2024/25, with the addition of charging professional representatives from

1 April 2025. The core components of funding from financial services firms remained an annual levy, group-account case fees and standard case fees.



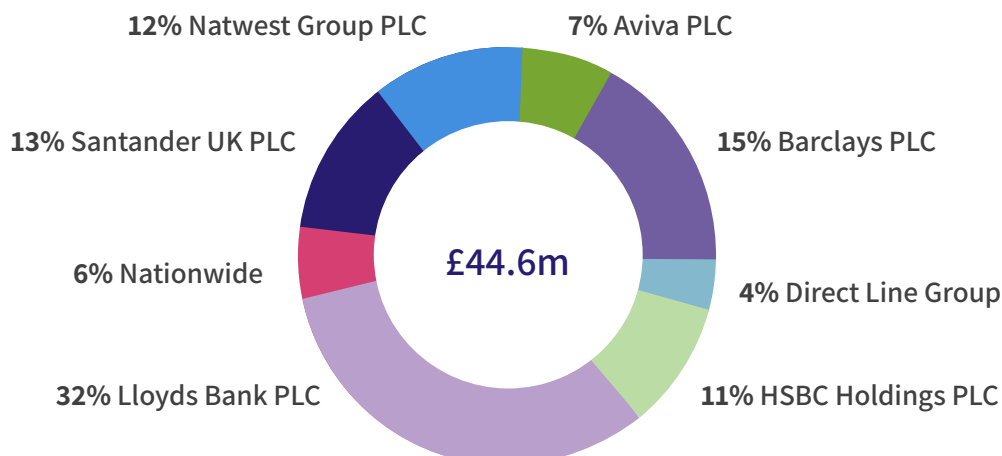
Group-account fee arrangement

Our group account fee arrangement covers eight financial services groups: Lloyds, Barclays, HSBC, NatWest, Nationwide, Santander, Aviva, and Direct Line Group. This remains the same as for 2024/25. This arrangement helps us to predict, and therefore plan, our funding and gives us some income stability.

Group-account fees are calculated in advance, based on the firm's share of the overall cases we expect to resolve. This takes into account our existing stock of cases and cases we have budgeted to deal with. At the end of the year, we calculate an adjustment for a firm if the actual volume of resolved cases is more than 5% higher or lower than budgeted.

This group-account fee funding arrangement accounted for 28% of our total volume of resolved cases this year (2024/25: 26%) and represented 32% of our total case fee income (2024/25: 28%).

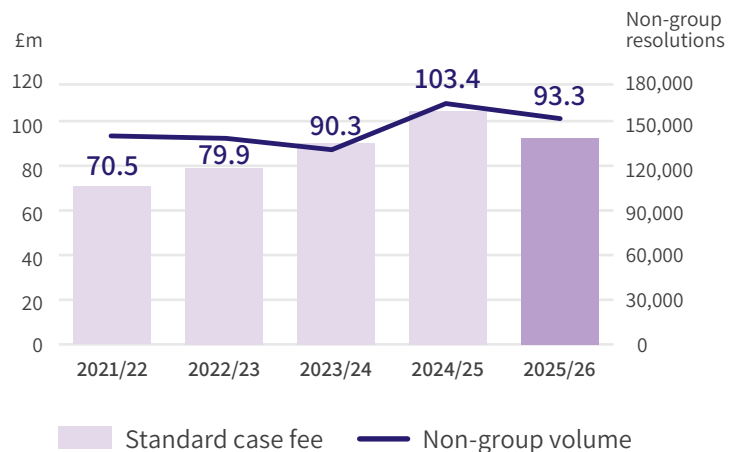
Income from group-account fee firms totalled £44.6m (2024/25: £41.0m). This was in line with budget (£44.5m) after the year-end true-up for firms that were outside the 5% tolerance, and £3.6m higher than 2024/25 due to the higher volume of resolved cases from group-account fee firms.



Standard case fees (non-group firms)

Our fee was £650 a case and remained unchanged from 2024/25. Each financial services firm receives three free cases a year. This meant we charged firms outside the group-account fee arrangement for the fourth and each subsequent complaint. Seven in ten businesses, whose customers referred complaints to us, did not pay any case fees at all in 2025/26.

In 2025/26 case fee income of £93.3m was £29m lower than budget due to c.46,000 fewer cases being resolved for firms outside the group-account arrangement (owing to a combination of factors: fewer easier to resolve cases, more cases referred to an ombudsman, and the inability to progress motor finance commission cases). Income is £10.1m lower than 2024/25 due to resolved cases being 8,200 lower and a lower percentage of cases being chargeable.

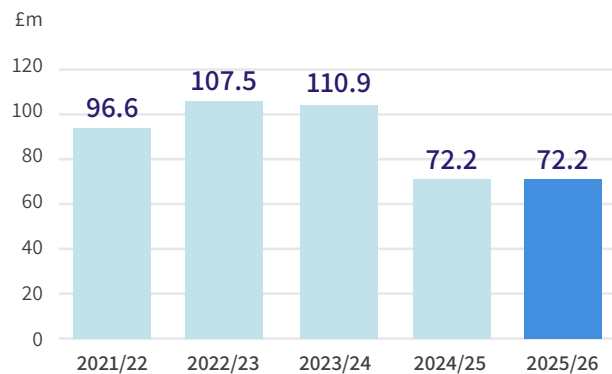


Annual levy

The FCA collects the compulsory jurisdiction levy according to the amount of work we expect from each industry sector. We bill the voluntary jurisdiction levy based on a minimum levy and tariff rates.

In 2025/26 the total levy income was £72.2m (2024/25: £72.2m), of which our compulsory jurisdiction levy was £71.6m against a budget of £70.6m. The increase against budget was primarily from insurers, who reported higher gross written premiums to the FCA to which the tariff applied.

Our voluntary jurisdiction income was £0.6m, which is in line with last year.



De-recognised income and bad debt

In our 2025/26 budget we made allowances for a specific provision of £0.3m for de-recognised income. Our case fees are shown net of this provision.

The total impact on the financial statements for 2025/26 of de-recognised income was £0.1m and bad debt cost was £0.1m.

Operating expenditure

Our total operating expenditure (including restructuring and one-off transformation costs) for the year was £269.4m, which is £24.3m higher than 2024/25 and £15.7m lower than budget.

Operating expenditure, excluding restructuring and one-off transformation costs

Our total operating expenditure (excluding restructuring and one-off transformation costs) for 2025/26 was £263.3m, which is £29.3m higher than 2024/25 and £14.6m lower than budget.

	2024/25 Actual £m	2025/26 Budget £m	2025/26 Actual £m	2025/26 vs Budget £m	2025/26 vs 2024/25 £m
People costs	198.2	234.7	224.3	10.4	(26.1)
Regulatory reform	-	-	1.1	(1.1)	(1.1)
Systems and technology costs	17.6	25.3	20.7	4.6	(3.1)
Property costs	7.5	8.6	8.1	0.5	(0.6)
Depreciation	5.6	4.3	4.9	(0.6)	0.7
Other costs	5.1	5.0	4.2	0.8	0.9
Total operating expenditure (excluding transformation)	234.0	277.9	263.3	14.6	(29.3)

Against 2025/26 budget, costs were £14.6m lower, with the key reasons being:

- £10.4m from lower people costs, primarily lower casework people costs, as a result of 132 fewer contingent full-time equivalent (FTE). Through the first half of the year, demand was lower than expected and the decision was taken to taper recruitment. Along with higher contingent attrition, this meant FTE staffing costs were lower than planned.
- £4.6m lower spend on information technology (IT) due to lower cloud-based consumption spend and a different phasing of our planned projects to further enhance the resilience of our systems and reduce technical debt.
- This is partly offset by £1.1m investment in resources to deliver our Modernising Redress Programme of work.

Against 2024/25, operating expenditure was £29.3m higher, with the key reasons being:

- £26.1m higher people costs:
 - £19m for higher casework FTE, including a continuation of operational performance managers to free up ombudsman resources to issue decisions, and an increase of 93 contingent investigator FTE to support the reduction in the non-MFC backlog and progress MFC cases.
 - £3.7m annual salary and other pay increases.
- £1.1m investment in resources for our Modernising Redress work.
- £3.1m higher IT costs due to higher cloud-based consumption spend and inflationary price increases on contract renewals.

People costs

As in previous years, expenditure on people was our highest cost at 86% of the total operating expenditure, excluding restructuring costs (2024/25: 85%).

We continued to use contracted case handlers, as well as permanent employees and fixed-term contractors, to allow us to scale up and down in response to changes in demand to within reasonable tolerance levels.

We retained the level of permanent case handlers broadly in line with 2024/25. The average total number of permanent and contract investigators FTE at 1,572 for 2025/26 was lower than budget of 1,720 FTE.

Systems and technology costs

Our IT investments provide the core infrastructure and services required to both run our day-to-day operations securely, and to provide the foundations from which we continuously improve operational efficiency for our customers. Our key systems being:

- Casework management, the foundation system being Microsoft 365
- Workforce management, with Workday in place to do this

Cloud hosting of our core systems can scale with demand, which also helps us to be more responsive. The IT infrastructure and equipment we have enables us to offer fully remote, in-office or hybrid working arrangements, which gives flexibility in working arrangements to our staff.

We incurred systems and technology costs of £20.7m (2024/25: £17.6m) across IT projects, cloud, managed services, licences and maintenance.

Property costs

Property costs of £8.1m are broadly in line compared to 2024/25 (£7.5m). We exited one floor of Exchange Tower, London, in September 2024, but this is more than offset by expanding our presence across the UK with offices now in Belfast, Cardiff and Edinburgh, in addition to the original offices in Manchester, Coventry, and London.

Unit cost

The unit cost of resolving a case is:

- our total operating expenditure – excluding significant one-off costs, such as those relating to organisational restructuring or technology capability developed as part of our transformation programme

divided by:

- the total number of cases we resolve in the year.

In 2025/26, our cost per case was £1,174 – 14% higher than budget of £1,029, and 14% higher than our reported unit cost per case of £1,029 in 2024/25.

Key reasons for the increase in cost per case were covered in dynamics already explained, but in summary there are fewer resolutions over which the higher overhead and casework costs are apportioned. Some of this is a mismatch in timing, for example, costs to progress motor finance commission cases have been incurred but it has not been possible to progress the cases to the point of resolution. And some of this is due to a change in the mix of cases (fewer easy to close, more referred to an ombudsman) that means they take longer (and so incur more cost) to resolve.

Note that the cost per case for 2025/26 reported in our service standards, in the Operational performance section on page 15, is £ 1,175. This is because we exclude from that calculation the reduced cost that resulted from the employee bonus being less than 100%.

Restructuring and one-off transformation costs

In 2025/26, restructuring and one-off transformation expensed costs totalled £6.1m (2024/25: £11.1m), which includes:

- £2.8m on the completion and rollout of the online portals for both businesses and consumers. Core capability is operational. We are now in a cycle of continuous improvement to enhance features.
- £1.4m on tooling to deliver further digital self-serve capability for our customers at the front door engage or enquiry stage of the customer journey; this has gone live in Q1 2026/27.
- £0.9m new billing solution to replace our existing billing system with a modern simpler solution, enabling configurable pricing (including differential case fees). This went live in April 2026.
- £0.6m to deliver our ongoing data strategy, including providing core foundations for the development and strengthening of our artificial intelligence and reporting strategies, with work continuing into 2026/27.

The digital capabilities delivered by the end of, and prior to, 2025/26 have supported delivering £8.3m of annualised run-rate operational efficiencies. Some of this benefit is the avoidance of increased costs, rather than cost saving, increasing capacity to support the Modernising Redress Programme or other customer experience improvement initiatives.

Reserves

Our closing reserves for the year finished at £82.9m (2024/25: £137.8m) against a budget of £97.3m because of a £14.4m higher deficit from continuing operations in the year.

Our policy is to have reserves cover of between three to five months of operating expenditure. We have reserves cover of 3.8 months of operating expenditure at the end of 2025/26, a level within our stated policy.

Our strategy is to deliver cost efficiencies, from our change programmes and other operational improvements, to ensure that in future years our income and costs are matched at an appropriate value for money level, maintaining reserves cover within policy.

Cash management

We review our cash balances daily and update our forecasts quarterly. Our closing cash balance on 31 March 2026 was £118.5m – £55.1m lower than at the end of the previous financial year. The decrease was driven primarily by the deficit for the year.

In accordance with the investment strategy approved by the Audit Risk and Compliance Committee, on 31 March 2026 we had £106.0m invested:

- between five institutions
- for periods of up to three months
- at rates between 3.71% and 4.12%.

In addition, we had £10m on overnight deposit with one of the six institutions at a rate of 3.70%.

Total interest received over the year amounted to £5.9m – a reduction from £9.4m in 2024/25 due to lower cash balances and lower interest rates.

Creditors' payment terms

We have a policy to pay creditors within agreed terms. The average credit period taken for trade payables is 20 days (2024/25: 21 days).

Our 2026/27 budget

Our strategic plans include complaint trends and how we are planning to develop and resource our service. Our budget is subject to approval by the Financial Conduct Authority, which publishes details of our fees on [its website](#). Our 2026/27 Plans and Budget was approved by the FCA Board on 26 March 2026.

Find out more about our [Strategic Plans and Budget for 2026/27](#) on our website.

By order of the Board



Chandra Hirani
Interim Finance Director
29 June 2026

Governance

How Board members are appointed

The Financial Ombudsman Service is a company limited by guarantee and operates on a not-for-profit basis. The Financial Ombudsman Service is a statutory dispute resolution scheme established under Part XVI and Schedule 17 of the Financial Services and Markets Act 2000 (as amended).

The Financial Ombudsman Service is committed to maintaining the highest standards of corporate governance in line with best practice. The Board of Directors is appointed by the FCA, with the Chair appointed by the FCA and subject to the approval of HM Treasury, in accordance with the Articles of Association.

The recruitment for Non-executive positions is conducted through an open and transparent process. The Financial Ombudsman Service is an equal opportunities employer and makes appointments in line with the principles of fairness, impartiality and a commitment to diversity and inclusion.

In accordance with the Articles of Association, the Board must comprise of a minimum of three directors. As of 31 March 2026, the Board consisted of seven Non-executive Directors.



Liam Coleman
Interim Chair

Appointed 10 October 2025
Current term due to end
9 October 2026



Tracey Ashworth-Davies
Non-executive Director

Appointed 15 December 2025
Current term due to end
14 December 2028



Bill Castell
Non-executive Director

Appointed 12 October 2020
Current term due to end
11 October 2026



Vicky Sandry
Non-executive Director

Appointed 15 December 2025
Current term due to end
14 December 2028



Jacob Abboud
Non-executive Director

Appointed 1 April 2021
Current term due to end
31 March 2027



Shrinivas Honap
Non-executive Director

Appointed 30 September 2021
Current term due to end
29 September 2027



Warren Buckley
**Non-executive Director and
Senior Independent Director**

Appointed 23 September 2024
Current term due to end
22 September 2027

The Baroness Manzoor CBE
Chair

Appointed 2 August 2019
Term ended 1 August 2025

Nigel Fretwell
**Non-executive Director and
Senior Independent Director**

Appointed 30 September 2021
Term ended 29 September 2025

Sarah Lee
Non-executive Director

Appointed 4 January 2021
Term ended 3 January 2026

Tenure policy

Under the Articles of Association, Non-executive Directors may serve a maximum of ten years. In the case of the Chair, this maximum period would include any time served as a Non-executive Director.

Non-executive Directors are appointed for an initial term of up to three years, while the Chair may be appointed for an initial term of up to five years.

A Non-executive Director who wishes to resign before the expiry of their term must provide a minimum of three months' written notice to both the Chair and the FCA.

Interim Chair appointment

Liam Coleman was appointed as Interim Chair of the Financial Ombudsman Service in October 2025, following an initial unsuccessful recruitment campaign for a permanent Chair.

Liam Coleman stepped down as a Non-executive Director of the FCA to assume the interim appointment and will serve in this position until a permanent appointment is made by the FCA, and following approval by HM Treasury.

Conflicts of interest

The Financial Ombudsman Service maintains a formal register of conflicts of interest. Prior to their appointment, and throughout their tenure, Non-executive Directors are required to obtain the Chair's approval for any additional roles to ensure that there are no conflicts of interest. Non-executive Directors must also declare any conflicts of interest that arise during their term.

In accordance with the Companies Act 2006, where a conflict of interest is declared and considered manageable, the Board may authorise the appointment subject to such terms, limitations and conditions it considers appropriate.

Role of the Board

The Companies Act 2006 requires directors to act in a way that they consider is most likely to promote the success of their company. Directors are also expected to exercise reasonable care, skill and diligence.

The role of the Board of the Financial Ombudsman Service is to:

- ensure that the Financial Ombudsman Service is properly resourced and able to carry out its work effectively and independently
- agree the strategic direction of the Financial Ombudsman Service and its key commitments
- oversee and monitor the Financial Ombudsman Service's operational and financial performance
- appoint the Chief Ombudsman and the panel of ombudsmen under paragraphs 4 and 5 of Schedule 17 of the Financial Services and Markets Act 2000 (which the Board has delegated to the Chair, apart from in the case of appointing the Chief Ombudsman)
- appoint the Independent Assessor – who is responsible for complaints about the level of customer service we provide when resolving complaints about financial businesses
- approve the draft budget each year for recommendation to the FCA
- approve (with the FCA) appropriate rules in 'Dispute resolution: complaints' (DISP) and Fees Manual (FEES) sections of the FCA's Handbook
- prepare and approve an annual plan that sets out how resources will be used
- approve the Annual Report and financial statements
- be an ambassador for the Financial Ombudsman Service and a role model for our culture, values and commitment to diversity and inclusion.

Board meetings

The Chair is responsible for leading the Board, and the Chief Executive Officer and Chief Ombudsman are responsible for providing leadership across the Financial Ombudsman Service with the Executive Team.

The Chief Executive Officer and Chief Ombudsman, and other members of the Executive Team, attend Board meetings at the Chair's invitation. This enables the Board to benefit from non-executive and executive insight. The Chair, and Chief Executive Officer and Chief Ombudsman ensure an appropriate balance of discussion between strategic matters and operational and assurance business.

The Schedule of Matters Reserved for the Board sets out the key areas where the Board and committees receive assurance over the year, including issues relating to performance, management of corporate risks, and the effectiveness of internal systems and controls.

Minutes of all our Board meetings are published on the website.

On average, the Interim Chair spends two to three days each week on Financial Ombudsman Service business. The time commitment of other Board members amounts to around two to three days each month. The table below shows each Board

member's meeting attendance. The figures below include Board meetings and any sessions where the Board discussed long-term strategic plans and short-term strategic objectives.

Board member	Meetings attended
Liam Coleman (100% attendance during term)	6/11
Bill Castell	11/11
Jacob Abboud	10/11
Shrinivas Honap	8/11
Warren Buckley	10/11
Tracey Ashworth-Davies (100% attendance during term)	4/11
Vicky Sandry (100% attendance during term)	4/11
Baroness Zahida Manzoor (100% attendance during term)	4/11
Nigel Fretwell (80% attendance during term)	4/11
Sarah Lee (100% attendance during term)	7/11

Board sub-committee meetings

In addition to the Board meetings, there are four Board sub-committees. The Board is satisfied that the combined knowledge and experience of all committee members enable each committee to fulfil its responsibilities effectively.

The Chair of each committee updates the Board on its activities. The table below shows the role and responsibility of each sub-committee and each Board member's meeting attendance at sub-committee meetings.

Audit, Risk and Compliance (ARAC)		Main business in 2025/26	
Areas of responsibility			
- Financial reporting - Internal and external audit - Internal controls and risk management - Compliance, whistleblowing and fraud - Business continuity and disaster recovery		- Overseeing preparation of the annual accounts - Approving the risk-based internal audit plan, the results of audits, and monitoring progress of delivering remedial actions. - Reviewing mitigation plans and controls to address strategic risks - Reviewing reporting and dashboards on key areas of risk, including cyber security, business continuity and data protection - Monitoring the progress of external audit and addressing any recommendations - Monitoring anti-fraud control activity and receiving reports arising from whistleblowing	
Total meetings: 4			
Members and meetings attended:			
Shrinivas Honap (Chair)	3/4		
Jacob Abboud	4/4		
Bill Castell	4/4		
Vicky Sandry (100% attendance during term)	1/4		

Remuneration and people

Areas of responsibility

- Remuneration strategy
- People and workforce strategy
- Employee proposition
- Talent management

Total meetings: 4

Members and meetings attended:

Warren Buckley (Chair) (100% attendance during term)	1/4
Liam Coleman (100% attendance during term)	2/4
Tracey Ashworth-Davies (100% attendance during term)	1/4
Nigel Fretwell (former Chair) (100% attendance during term)	2/4
Baroness Manzoor (100% attendance during term)	2/4
Sarah Lee (100% attendance during term)	3/4

Main business in 2025/26

- Agreeing the overall remuneration, including annual pay review and any bonus payment for staff
- Reviewing the evolving people and workforce strategy
- Assuring the implementation plan for the Employment Rights Act 2025
- Reviewing people data, including recruitment, retention and pay trends, and having oversight on action plans
- Providing input into organisation talent review and executive succession planning
- Annual review of staff engagement and action plans to address areas of concern
- Agreeing the annual gender, ethnicity and disability pay gap data for publication
- Reviewing progress of the implementation of the Diversity, Inclusion and Wellbeing strategy

Transformation

Areas of responsibility

- Strategic oversight of significant transformation investment and benefits
- Project and programme delivery oversight
- Providing guidance and challenge regarding the organisation's transformation opportunities and external benchmarking and best practice.

Total meetings: 9

Members and meetings attended:

Jacob Abboud (Chair)	8/9
Shrinivas Honap	9/9
Warren Buckley	9/9

Main business in 2025/26

- Agreeing the transformation programme scope, phasing and budget
- Monitoring the progress, costs and quality of significant technology programmes
- Ensuring that outcomes delivered align to the Financial Ombudsman Service's strategy and are in proportion to the level of investment made
- Reviewing the transformation programme's key risks and mitigating actions
- The delivery and closure of key projects, including the digital portal project

The Transformation Committee was established in 2021/22 on a time-limited basis. In March 2026, the Board agreed to stand down the committee permanently as part of a wider Board sub-committee review.

Nomination

Areas of responsibility

- Board composition
- Changes and approvals of Board sub-committees
- Organisational design and leadership structure
- The appointment of the Chief Executive and Chief Ombudsman roles
- Executive, Independent Assessor, and other relevant appointments

Total meetings: 7

Members and meetings attended:

Liam Coleman (100% attendance during term)	3/7
Bill Castell	7/7
Jacob Abboud	5/7
Shrinivas Honap	4/7
Warren Buckley	7/7
Tracey Ashworth-Davies (100% attendance during term)	2/7
Vicky Sandry (100% attendance during term)	2/7
Baroness Zahida Manzoor (66.6% attendance during term)	2/7
Nigel Fretwell (75% attendance during term)	3/7
Sarah Lee (100% attendance during term)	5/7

Main business in 2025/26

- Approving appointments to the Ombudsman Panel
- Agreeing the appointments, pay and performance review of the Executive Directors
- Agreeing changes to the Board sub-committee framework
- Approving the appointment of the Senior Independent Director
- Extending the term of the Independent Assessor

In January 2026, the Board agreed to refresh the Board sub-committees from April 2026. This refresh will ensure the committee structure best supports the organisation at a time of change and balances the Board's time on upcoming change and the usual nature of governance and oversight. From April 2026, the new committees will be:

- Reform and customer experience
- People
- Technology, data and process
- Audit, risk and compliance (ARAC)
- Nominations

See [Board minutes](#) on our website.

Statement of corporate governance arrangements

The Financial Ombudsman Service is committed to maintaining robust levels of governance assurance to reflect the size, scale and complexity of business operations. The Financial Ombudsman Service has followed its governance framework, driven by legislation and oversight from the FCA. We are not required to follow the UK Corporate Governance code, though we do draw on it where relevant to inform best practice.

Our governance structure follows the Wates Corporate Governance Principles 2018 for large private companies. We have summarised below how our governance framework aligns to the Wates Principles.

Wates principle	Definition	How we meet it
Purpose and leadership	An effective Board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.	The Financial Ombudsman Service's Board provides leadership and direction to help set our strategy. It regularly discusses our operational approach and performance and holds the Executive Team and the organisation to account. The Board understands the statutory purpose of the organisation and receives regular updates to ensure that they are well informed so able to provide a steer and feedback on key policy and operational matters. The values and culture of the Financial Ombudsman Service are discussed, agreed and monitored by the Board and with the Executive Team. During 2025/26, the Board discussed and approved the proposed Modernising Redress reforms, programme of work and resources to deliver on it.
Board composition	An effective Board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.	The Financial Ombudsman Service's Board membership is diverse in the professional backgrounds of Non-executive Directors. The size of the Board reflects the scale and complexity of the organisation. The Chair of the organisation stepped down in August 2025, having completed two terms, and two Non-executive Directors also completed their terms on the Board. An Interim Chair was appointed by the FCA in October 2025 and two new Non-executive Directors were appointed in December 2025. All Board members took part in a skills matrix review in Q4 2025/26, providing an in-depth assessment and review of their levels of expertise across key subject areas, including regulatory knowledge, public affairs, people and culture and risk management. This matrix informs the breadth of experience held across the Board to aid leverage of skills and future recruitment. All Non-executive Directors appointments and reappointments are subject to FCA approval. Our tenure policy specifies that Non-executive Directors are appointed for an initial period of three years and reappointments are staggered.

Wates principle	Definition	How we meet it
Director responsibilities	The board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.	The Board has a clear understanding of the accountability and responsibilities for their roles at Board and Board sub-committee levels. Terms of References, policies and procedures for the Board and its committees are reviewed on a periodic basis to ensure that they continue to support effective decision-making. Members of the Board also serve as Chairs and members of the relevant Board sub-committees and the Chairs provide updates to the Board on its activities. The Board sub-committee minutes are also noted at board meetings. A review of the committee structure was completed in 2025/26 with a refreshed Board sub-committee structure approved and due to take effect from 1 April 2026 to better support the demands upon and the focus areas of the organisation.
Opportunities and risk	A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.	The Board undertakes regular strategic work, including the following in 2025/26: • Several strategy days and ongoing strategic discussions. • Reviewed and refreshed the strategic three-year (and beyond) plan. • Discussed value for money opportunities and cost efficiencies. • Reviewed and refreshed organisational risk appetite against which decisions can be assessed and managed. • Reviewed our external funding models which are subject to annual consultation. In 2025/26 a key focus of the Board was to review the organisation's statutory role within the UK financial services landscape and ecosystem to ensure that we remain relevant and fit for purpose, as part of the Modernising Redress reforms. The Board is supported by the Board sub-committees to ensure that opportunities and risks are identified and reviewed, and that appropriate mitigations and improvements are made. The internal audit function is run in-house with a programme of work agreed by ARAC and the Board. The Board receives regular communication from the Internal Audit team and the Head of Internal Audit attends Board meetings to provide an interim report every six months.
Remuneration	A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.	The Board has delegated the remuneration strategy to the Remuneration and People Committee. Additional oversight for the Board and Executive terms and conditions is provided by the Nominations Committee. Appropriate and fair levels of remuneration are applied throughout the organisation to reinforce the shared purpose and values of all colleagues and external benchmarking is also conducted regularly to provide a reference point.

Wates principle	Definition	How we meet it
Stakeholder relationships and engagement	The Board of Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	The Board has regular engagement with a range of stakeholders. Members of the Board attend the FCA Oversight Committee three times a year, along with selected Executive Team members, to provide operational board-to-board assurance and support joint oversight of key matters. In 2025/26, the FCA and the Financial Ombudsman Service reviewed the focus of the Oversight Committee meetings to enhance the regulatory alignment between the organisations and provide further assurances at Board level. The Chair of the Board is also invited to attend Parliamentary Committees, usually on an annual basis. The Interim Chair has carried out a range of engagement with external stakeholders since taking up the role in October, meeting with consumer bodies, parliamentarians and Chairs of large firms and trade bodies. The organisation has dedicated teams to support effective internal and external stakeholder engagement, and the Board receives regular updates on key stakeholder meetings at its Board meetings. The Board takes a proactive approach to supporting and engaging with colleagues, including analysing the findings of the annual staff engagement survey and attending employee events, such as the Annual Leadership Event. The members of the Board who joined the organisation in 2025/26 took part in focused sessions in the organisation – spending time with colleagues and understanding their roles in resolving cases and how this is approached.

Performance evaluation

The Financial Ombudsman Service follows good governance practice and commissions external board effectiveness evaluations. This is done every three years, with internal reviews taking place in the intervening years. Due to the timing of the Interim Chair appointment and the interim nature of the Chief Executive Officer and Chief Ombudsman roles, it was decided to postpone the external Board effectiveness review to the start of 2026/27 to allow time for a suitable handover between board members and to review the changing structure for Board sub-committees.

The review concluded in late June 2026. Early feedback from the review recognised the significant change and uncertainty facing the organisation and noted the Board “has the essential foundations to be effective, but that further work is required for it to evolve to be truly high performing”. The Board is committed to enhancing ways of working to achieve this high performing status and at the time of writing was finalising a clear action plan.

Section 172(1) statement

The Financial Ombudsman Service has a strong commitment to transparency and responsible decision-making, taking account of the needs of those who use, fund and work for us, as well as having regard to a wider set of stakeholders who have an interest in how we operate.

When making strategic decisions about how we can operate effectively and successfully, the Board considers the views of all its stakeholders to inform its thinking and understand the impact of any decisions it makes. Our Board has a duty to do so under

Section 172 of the Companies Act 2006. The Board recognises our unique role and statutory purpose: to resolve disputes fairly and impartially between financial services firms and consumers, and to maintain confidence in the UK's financial services system.

The Board is satisfied that it has acted in a way that is most likely to promote the success of the Financial Ombudsman Service in performing its statutory role. In doing so, they have had regard, amongst other things, to the following:

Sub-section of s.172 a-f	Intro and example detail	Where you can read more about this
The likely consequences of any decision in the long term	The Board considers the long-term implications of its decisions, with a focus on the effectiveness, resilience and credibility of the Financial Ombudsman Service and the impact on the organisation, its customers and its stakeholders. This includes oversight of the Modernising Redress reform package, workforce strategy, funding model, and operational performance and improvements. The Board ensure that decisions support the company's ability to manage current and future complaint volumes and stay financially resilient, whilst maintaining fairness, independence and delivering on value for money.	Our Strategic report on page 12. The Financial report on page 37.
The interests of the company's employees	The Board recognises that the expertise, engagement and wellbeing of its people are critical to delivering a high quality service for our customers. The Board considers the likely impact of decisions on colleagues, including workload, the capability and skills required, inclusion, pay and career progression. The Board regularly reviews and discusses information on employee engagement, our people insight dashboards, the reward strategy and leadership and culture development.	Our People section on page 26.

Sub-section of s.172 a-f	Intro and example detail	Where you can read more about this
The need to foster the company's business relationships with suppliers, customers and others	The Board considers the interests of its key stakeholders, including consumers, financial services firms, the Financial Conduct Authority, consumer bodies, and other partners. The Board engages with stakeholders through formal reporting, consultation, and regular dialogue, with their perspectives considered when setting strategy and overseeing operational performance (including where decisions may affect access to redress, case handling times or service quality). The Board believes in maintaining strong, productive and transparent relationships with suppliers, customers and stakeholders.	Our engagement with customers and stakeholders section on page 22.
The impact of the company's operations on the community and the environment	The Board is mindful of the company's wider societal impact, including its contribution to public trust in financial services and access to justice for consumers. Environmental considerations are taken into account where relevant, including the efficient use of resources and the organisation's environmental footprint.	Our Strategic report on page 12. Our operational impact section on page 32.
The desirability of the company maintaining a reputation for high standards of business conduct	The Board is committed to the highest standards of integrity, independence and accountability. Directors promote strong governance, risk management and internal control, and ensure compliance with statutory obligations, regulatory expectations and public sector standards. We recognise the importance of public confidence in our role. We provide training and monitor these standards across the organisation.	See the Governance section on page 44. See the Risk and assurance section on page 54.
The need to act fairly as between members of the company	The Financial Ombudsman Service does not have shareholders as we are a non-profit private company limited by guarantee that is carrying out a statutory function. Nevertheless, we ensure that our stakeholders and customers' best interests are at the forefront of our decision-making.	See the Strategic report on page 12. See the Governance section on page 44.

Throughout 2025/26, the Board has engaged with the Section 172(1) principles through its regular Board and committee meetings, ensuring that all decisions are made with a balanced and risk appetite applied approach, considering the interests of all

internal and external stakeholders. This approach is critical for promoting the long-term success and resilience of the Financial Ombudsman Service as an efficient and cost-effective forum for alternative dispute resolution.

Risk and assurance

Effective risk management helps us meet our strategic objectives and deliver a better service. Our risk management framework helps us identify risks and put adequate controls in place to mitigate them. We use several approaches to identify, assess and manage risks at strategic, enterprise and more detailed levels.

Strategic risks are reported at least quarterly in detail to the Executive Committee and Audit, Risk and Compliance Committee, and a summary is provided to each meeting of the full Board. We report on key drivers of the risk and mitigating actions that are planned, in progress or have been delivered to mitigate those risks. During 2025/26 we have also continued to make use of Key Risk Indicators (KRIs) to support more objective measurement of risk exposure.

The Risk and Assurance team works with colleagues across the organisation to identify risks, understand their potential causes and consequences, and agree actions to address them. Risks are assessed in reference to our organisational risk appetite, which is agreed by the Board at the start of each financial year.

Each year we aim to make continuous improvements to address the ongoing risks that the organisation encounters, as well as working with colleagues across the organisation to ensure that our risk capture remains sufficiently comprehensive while being proportionate. In 2025/26, we made more use of Key Risk Indicators (KRIs) to support strategic risk reporting, and more overt usage of our risk appetite levels in governance discussions to support decision making.

Our risk appetite in 2025/26

The Board sets the level of risk appetite we have as an organisation – in other words, the amount of risk we are willing to take to deliver our strategic objectives. We have defined our levels of potential risk appetite as follows:

- **Avoid:** risk reduction and elimination is paramount. Prioritise resources to achieve this.
- **Averse:** risk should be reduced to the lowest reasonable level. This is a higher priority for investment.
- **Cautious:** our preference is to reduce the risk, but we accept there will be trade-offs. Where this is the case, the cost versus benefit must be reasonable.
- **Open:** we are open to increased risk if the benefits are significant. A high benefit to cost ratio is expected.
- **Eager:** opportunities outweigh the threats and the organisation aims to realise them. Transformative benefits are required to justify risk.

For 2025/26, the Board set the risk appetite as follows:

Area and definition	Appetite level	Rationale
Complaint outcomes: meeting our statutory objective to determine fair and reasonable complaint outcomes	Cautious	Our statutory purpose is to resolve complaints fairly and reasonably, and this will always be our core focus, but we are also required to do so quickly and informally. Our attitude to risk for complaint outcomes is cautious, reflecting the need to balance these imperatives.
Customer service: meeting our published service standards on timeliness, customer satisfaction and service complaints	Cautious	We have a cautious attitude to the risk of delivering high-quality customer service. We will always aim to keep our customers informed on progress and resolve complaints in good time, while balancing our resources and accepting that our answers will not always be agreed with.
Workforce: having sufficient people capacity and capability to deliver our objectives	Open	We adopt an open risk appetite to making best use of our workforce to support delivery of our plans. Our focus is on being flexible and adaptable, maximising opportunities to adapt our resource to meet demand.

Area and definition	Appetite level	Rationale
Change: the efficiency and effectiveness of our continuing business operations as we change the way we do things to improve our Service	Open	We take an open attitude towards risk in relation to delivering change activity that will deliver measurable benefits to our service and customers, acknowledging that not all initiatives will achieve the intended benefits.
Resilience: our ability to maintain a stable and effective level of service (including against cyber-attack) in the face of unexpected events	Averse	We take a risk averse approach to organisational resilience, acting quickly to address any disruption to services, improving our underlying resilience, and maintaining suitable and tested plans to recover from outages.
Law and regulation: the application of law and regulation (for example, in the areas of data protection, employment, complaint handling)	Cautious	We will be cautious with any risks related to our application of law and regulation, ensuring mitigations are operating as planned while pursuing change and improvements that will aid the development and effectiveness of our service.
Financial: providing value for money and staying within our agreed budget	Cautious	We will be cautious in pursuing opportunities to improve our efficiency and effectiveness. We accept that returns on investment will vary, while pursuing overall gains that enable us to improve our value for money.
Data utilisation: using data to support development and usage of artificial intelligence tools to improve our service, or sharing the information we hold to improve fairness in financial services	Cautious	We will adopt a cautious appetite to making use of the data we collect to transform our service (for example through artificial intelligence) and to share more insights to improve fairness in financial services.

Our strategic risks

The Board agreed a set of nine strategic risks to manage and monitor at the start of 2025/26.

As in 2024/25, these risks were grouped into three main risk areas:

1. meeting our service standards;
2. delivering strategic change; and
3. operating a trusted and resilient service.

Risk area and associated strategic risks	Key mitigating actions delivered in 2025/26	Status at year end and priorities for 2026/27
Meeting our service standards • If we don't have a high-performance culture across the Financial Ombudsman Service, we won't deliver consistent performance across our operation to meet service standards. • If we can't efficiently and effectively adapt our workforce to meet changes in demand, we will either develop case backlogs or carry excess cost. • If we don't determine clear, actionable and sound policy approaches that cover our demand, we won't be able to provide the fair answers our customers need quickly and informally.	• We introduced a balanced scorecard to measure individual and collective performance, aligned with our service standards – supporting a clear line of sight between service standards and individual performance, enabling focused interventions where required. This was supported by revisions to reward approach and performance rating system to support link between performance and pay. • We embedded our Operational People Manager role in casework to free up Ombudsmen to address the number of cases needing an Ombudsman decision. This redeployment meant we were able to issue an additional 10,000 ombudsman decisions in 2025/26. Despite an increase in the proportion of cases being referred for decision, we were starting to reduce the number of cases waiting for one by year end. • We enhanced our oversight at executive level of casework approach and delivery, supported by improved information on live policy issues in a centralised log. This helped ensure we kept focus on resolving issues that could hold up our ability to provide answers to customers.	By 2025/26 year end we had met our key timeliness and quality targets and were in line with our risk appetite (see 'Our service standards' on page 20). However, in some areas we did not meet target and more stretching timeliness targets for 2026/27 means additional interventions are required. In progress at year end or planned in 2026/27 • A revised targeting framework was put in place for investigators from 1 April 2026, with strengthened governance for target adjustments. This included addressing adverse findings identified through an internal audit on performance management. In addition, proposals are also being worked on for revised targeting for other key areas of our operation – ombudsmen and customer connect – in Q1 2026-27, for roll out during 2026/27. • Resolution of the remaining c.600 longstanding timeshare cases, having resolved almost 1,500 during 2025/26. • Operational plans developed to support delivery of service standards for 2026/27.

Risk area and associated strategic risks	Key mitigating actions delivered in 2025/26	Status at year end and priorities for 2026/27
Delivering strategic change • If we can't deliver our planned benefits from transformation, neither our customer experience nor our value for money ambitions will be achieved, and our reputation may be impacted. • If we don't provide clear and well communicated leadership through ongoing change, we may not embed and adopt changes successfully. • If we don't ensure our data is accurate, reported clearly and consistently, and kept safe, we won't be able to support our digital improvement and AI ambitions.	• We implemented a coordinated data driven resource prioritisation approach to enable capacity management and resource planning to support change delivery. This was crucial to help decide how to best use key resources that had multiple demands on them. • We implemented an industry standard model for change management, rolling this out to key staff supporting project delivery. This enabled successful change delivery and better adoption of change by staff. • We delivered our online customer portal for consumers and more business users adopted the business portal. Over 32,000 consumers made use of our portal in 2025/26, representing 35% of our open eligible cases brought directly by consumers. We received positive feedback about convenience, ability to use direct messaging and support for secure information transfers. • We have made significant enhancements to our strategic and operational planning process, providing more complete and consistent information to share with our staff to support a joined-up delivery approach.	The changes made in 2025/26, allied with well embedded communication channels, underpinned a significant improvement in staff engagement and organisational confidence in change activity (see section on staff survey results). So by year end we were in broad alignment with our risk appetite, albeit with future change necessary to further improve our efficiency and to take forward the modernising redress agenda. In progress at year end or planned in 2026/27 • We launched our 'digital front door' in Q1 2026, making the initial stages of our process more efficient for customers and providing more information on what to expect (for example, expected handling times for their cases). • We continued with our ambitious plan to improve our data capabilities, with a data strategy in place and maturity assessments completed to support this. This will ensure our data is ready to support our forward-change agenda. • AI tooling planned includes providing better knowledge support for caseworkers and call transcription capabilities – pilots in progress during Q1 2026/27. • Planning was underway to support delivery of agreed and potential changes arising from the modernising redress agenda.

Risk area and associated strategic risks	Key mitigating actions delivered in 2025/26	Status at year end and priorities for 2026/27
Operating a trusted and resilient service • If we suffer an unplanned outage or cyber breach, our service could be significantly disrupted, recovery could be costly and our reputation would be damaged. • If we are not clear in specifying our requirements and consistent in managing our contracts, we may get poor value for money or could suffer unplanned outages. • If we don't demonstrate that we can provide a timely and impartial service, and that we are delivering change to improve our service, we may lose confidence at time of change in our regulatory and legislative environment.	• We delivered enhancements to our cyber security maturity which we assess in line with standards set by the National Institute of Standards and Technology. Key areas of progress included risk management strategy, adverse event analysis, and incident management. These improvements provide us with better capability to prevent incidents and respond well should they occur. • We implemented and embedded a third-party Security Operations Centre. This now provides 24/7 detection capability in support of both our online portal and general operations, improving our ability to detect potential issues on a timely basis so we can address them. • We ran regular internal phishing campaigns to raise awareness. Where staff fail phishing tests they are required to undertake top up training with completion rates monitored, helping reduce the risk of future recurrence. • We invested in our Commercial function to support business partnering and enhanced contract management support, underpinned with defined frameworks. We provided training in specifications writing and contract management to over 100 staff who do, or will require, that expertise. This means we are better equipped to obtain value and reduce risk from third-party contracts. • We continued to deliver and reinforce consistent key messages internally and externally to support positive stakeholder engagement and understanding of potential benefits of reforms.	With cyber-attack an ever-present challenge for all organisations, there is more for us to do align with our risk appetite in these areas, including ensuring our disaster recovery documentation is sufficient and up to date, plus the process appropriately tested. In progress at year end or planned in 2026/27 • An incident management exercise was conducted in April 2026 to enable us to test our capability to recover from a crisis event, building on learnings from previous tests. Further enhancements to disaster recovery planning are underway. • Continuing to engage with stakeholders during consultation around changes to inform our approach to reforms.

As in 2024/25, given the ongoing level of change in our external environment, we undertook a mid-year review of our strategic risk approach. As a result, the Board agreed revisions to our set of strategic risks which we began to report on and monitor from Q3 onwards and into 2026/27.

The revised set of strategic risks are summarised as, we fail to:

- deliver on our core statutory purpose to provide fair, reasonable, quick and informal outcomes
- realise opportunities to deliver a more efficient complaints-handling process and other improvements to our service, providing value for money for our customers

- implement reforms of our service in a timely and effective way, with stakeholders losing confidence in our ability to modernise our service
- align the culture of the organisation with our vision and strategy, to support a simpler, more agile organisation where we make fast and effective decisions
- operate a service that is resilient, secure, and can quickly recover from disruption (including cyber incidents).

The strategic risks centre around our strategic priorities for 2026/27, with key mitigations covered in our strategic plans which are set out at page 20.

Status of risk assurance at the end of 2025/26 and priorities for 2026/27

At 2025/26 year end, alignment with the Board's risk appetite was mixed. Several risk areas were operating within appetite, but others remained outside or only partially aligned. In addition, internal audit issued several 'limited' assurance opinions during the year, indicating weaknesses in elements of the control framework. In response, Risk and Internal Audit functions worked in a coordinated manner to share insight on governance, risk and control effectiveness, and to challenge areas where risk positions, control assessments or management views differed.

Compensating controls mitigated the impact of some identified weaknesses and delivery of most key organisational outcomes was achieved. However, management has recognised the need for targeted control enhancements to ensure we are operating systematically in line with the Board's risk appetite and to address adverse findings from 2025/26 internal audits.

Significant work was undertaken during 2025/26 to strengthen the control environment in areas where improvements were reported, as required by audit in 2024/25. These included:

- a revised targeting framework for investigators which came into effect 1 April 2026, which addressed governance risks with the previous framework and strengthened the 'golden thread' to organisational objectives for targets, along with greater use of a balanced scorecard

- embedding, reviewing and refreshing significantly stronger executive sub-committee governance, improving the quality and clarity of senior oversight across the organisation
- improvements in our planning and prioritisation approach to support change activity, with much clearer feasibility assessments and resource allocation controls in place, and
- several enhancements to our cyber security maturity, including implementation of a 24/7 Security Operations Centre, supported by enhanced dashboard reporting that provides evidence of maturity gains to senior stakeholders.

In 2025/26, we also completed the procurement, configuration, testing and implementation of a new risk and audit management tool, Corestream, which we launched in March 2026. The new platform brings a range of both immediate benefits and opportunities for improvement in our approach to risk management and implementing audit actions.

Further improvements to our control maturity in 2026/27 will be supported by a risk appetite framework with greater guidance for users, which significantly expands the range and level of risk appetite articulations provided to senior leaders to aid decision making. This will also enable better prioritisation of actions to ensure risks are contained to within the Board's risk appetite, to aid discussion of risks that we are content to tolerate, and to address internal audit findings as appropriate. Progress of remediating actions will continue to be tracked and reported to the Executive Committee through 2026/27 to ensure sufficient focus.

Internal audit

Internal audit provides independent assurance on the Financial Ombudsman Service's governance, risk management and internal control framework. The service comprises the Head of Internal Audit and an in house team, complemented by a co-sourced internal audit provider.

The Head of Internal Audit has direct and unrestricted access to the Chair of the Board, the Chair of the Audit, Risk and Compliance Committee (ARAC) and the Chief Executive. The Head of Internal Audit participates in each ARAC Committee meeting to report on delivery of the internal audit plan, key findings and emerging risks, and provides the Board with biannual updates on thematic insights arising from the audit work.

Internal audit delivered a risk-based programme for 2025/26 in compliance with the Internal Audit Charter and global internal audit standards. The programme covered financial, operational and programme controls, including early engagement in new and developing activities across the Service. Audit activity is supplemented by ongoing monitoring and reporting on management's implementation of agreed actions.

The Head of Internal Audit's 2025/26 annual opinion provided a 'limited' assurance (2024/25: limited assurance) and drew management's attention to further improvements required in areas such as resilience, performance management and some areas of system controls. Action plans have been agreed with management and are monitored regularly by audit. Nevertheless, Internal Audit notes the significant reduction in open audit actions, and the work undertaken to address areas that have operated outside of risk appetite.

Management has recognised the need to mitigate control deficiencies and has been developing new operating models or control designs in the latter half of 2025/26 for many areas previously assigned a 'limited assurance'. These will be assessed by audit as they mature and embed in 2026/27. Internal audit was satisfied with the extent of improvement activity delivered and underway to continue to strengthen controls and to bring activities within risk appetite.

The Independent Assessor

Our Independent Assessor considers complaints from consumers and businesses about the level of customer service we have provided, such as complaints about delays or whether the tone in correspondence issued was appropriate. The Independent Assessor cannot comment on whether it was right for us to uphold or reject a consumer's complaint about a business.

The Independent Assessor is appointed directly by the Board, and the role is governed by formal terms of reference. The current Independent Assessor, Dame Gillian Guy CBE, was appointed in October 2020 and her term renewed in October 2025 for a further year.

The Independent Assessor regularly meets:

- the Chair of the Board, the Chief Ombudsman and other members of the Executive Team and senior managers responsible for customer service, and
- any other relevant staff from the Financial Ombudsman Service.

This allows her to discuss the themes and insights from cases she sees, lessons to be learned and actions to help improve our customer service.

The Financial Ombudsman Service received 3,876 service complaints in 2025/26, which represents under 2% of the cases that we resolved.

The Independent Assessor reviewed 525 of the cases referred to her, up from 481 in 2024/25. Dame Gillian made recommendations on 39% of the complaints she reviewed, which was the same as the previous year. The largest area of complaint by customers was around service standards, which made up 46% of all cases received by the Independent Assessor.

The Independent Assessor's annual report for 2025/26, and the Financial Ombudsman Service's management response, will be available on our website during Summer 2026.

External audit

The Comptroller and Auditor General, Head of the National Audit Office (NAO), was appointed as our external auditor by the Financial Services and Markets Act 2000. The NAO liaises directly with internal audit as appropriate. The NAO attends the ARAC meetings and has direct access to the Chair of the ARAC to discuss financial reporting matters.

Remuneration report

Board members' fees

The Board consists entirely of Non-executive Directors who do not participate in the reward, pension or benefit schemes that we run for our employees. The fees paid to directors are not specifically related to individual or collective performance, and directors are not entitled to compensation for loss of office.

Non-executive Directors' fees are set annually by the FCA and adopted by the Board. The Nominations Committee considers and approves executive remuneration.

The Chair received an annual fee of £75,000. A fee of £24,500 was paid to each of the other Non-executive Directors and an additional fee of £5,000 was paid to the Chair of the Audit, Risk and Compliance

Committee, the Chair of the Remuneration and People Committee, the Chair of the Transformation Committee and the Senior Independent Director. The fee paid to the Chair increases to £90,000 from 1 April 2026. Fees paid to the other Non-executive Directors will remain unchanged in 2026/27.

Apart from the small increase for the new Chair in 2020/21 and the increase for the Chair from 1 April 2026, fees have been unchanged since April 2012.

In this report, the disclosures on Board fees, remuneration, expenses, benefits for the Executive Team, pay multiples and exit packages have been audited. Other disclosures have not been audited.

Fees and expenses for the Board* (fees are audited)					
Board member	Note	Total fees for year ended 31/03/26	Expenses* for period ended 31/03/26	Total fees for year ended 31/03/25	Expenses* for year ended 31/03/25
Liam Coleman	1	£35,598	£3,103	£0	£0
Bill Castell		£24,500	£653	£24,500	£491
Jacob Abboud	2	£29,500	£0	£29,500	£0
Shrinivas Honap	3	£29,500	£1,240	£29,500	£2,337
Warren Buckley	4	£26,583	£499	£12,794	£111
Vicky Sandry	5	£7,279	£0	£0	£0
Tracey Ashworth-Davies	6	£8,764	£1,893	£0	£0
Baroness Zahida Manzoor	7	£25,298	£981	£75,000	£3,180
Nigel Fretwell	8	£14,810	£669	£29,500	£1,195
Sarah Lee	9	£18,561	£0	£24,500	£0
Total		£220,393	£9,038	£225,294	£7,314

* In line with the Articles of Association, the Non-executive Directors are entitled to be paid travel, hotel and other expenses which are reasonable (not all directors live local to London) and have been properly incurred. Expenses reflect amounts actually incurred. Additional associated income tax and National Insurance liabilities are paid in line with HM Revenue and Customs guidelines.

Notes

1. Liam Coleman joined the Financial Ombudsman Service on 18 October 2025. His full year equivalent fee for 2025/26 was £75,000.
2. Jacob Abboud's fee includes an additional fee for chairing the Transformation Committee.
3. Shrinivas Honap's fee includes an additional fee for chairing the Audit, Risk and Compliance Committee.
4. Warren Buckley joined the Financial Ombudsman Service on 23 September 2024. His full-year equivalent fee for 2024/25 was £24,500. His fee includes an additional fee for chairing the Remuneration and People Committee from January 2026 and then from February 2026 to reflect his role as Senior Independent Director.
5. Vicky Sandry joined the Financial Ombudsman Service on 16 December 2025. Her full-year equivalent fee for 2025/26 was £24,500.
6. Tracey Ashworth-Davies joined the Financial Ombudsman Service on 16 December 2025. Her full year equivalent fee for 2025/26 was £29,500. This includes an additional fee for chairing the Remuneration and People Committee alongside Warren Buckley. Tracey has been actively serving on the committee since December 2025 and has taken on additional duties in anticipation of taking on the Chair role during the coming year.
7. Baroness Zahida Manzoor left the Financial Ombudsman Service on 31 August 2025. Her full year equivalent fee for 2025/26 was £75,000.
8. Nigel Fretwell's fee includes an additional fee as Senior Independent Director and for chairing the Remuneration and People Committee. Nigel Fretwell left the Financial Ombudsman Service on 30 September 2025. His full year equivalent fee for 2025/26 was £29,500.
9. Sarah Lee left the Financial Ombudsman Service on 31 December 2025. Her full year equivalent fee for 2025/26 was £24,500.
10. Our Independent Assessor, Dame Gillian Guy, was paid at a rate of £106,500 for four days a week for the year April 2025 to March 2026 (2024/25: £106,500). During the year, she received pension contributions of £12,780 (2024/25: £12,780) and other benefits amounting to £2,211 (2024/25: £2,217).

Executive remuneration

The remuneration packages for members of the Executive Team comprise base salary, an executive bonus (up to 5% of salary), pension scheme, flex benefit allowance and an enhanced benefits package.

Salaries

Salaries for members of the Executive Team are reviewed annually by the Remuneration and People Committee. Any increases reflect changes in responsibility, inflation, market movements and individual performance.

Pensions

Members of the Executive Team are eligible to join the non-contributory defined-contribution FCA pension scheme, which is open to all employees except Non-executive Directors. The employer makes a core contribution to the scheme, calculated as a percentage of salary linked to age, at the rates in the table below. In addition, employees can make extra contributions from their flexible cash benefit allowance and salary up to a maximum of 40% of their pensionable salary. For employees who choose to do this, the employer makes a matched contribution to the scheme of up to 3% of the employee's pensionable salary.

There are further details about the cost of the pension scheme in note 23 to the financial statements.

Age	Contribution rate
16 to 29	8% of pensionable salary
30 to 34	10% of pensionable salary
35 and over	12% of pensionable salary

Other benefits

Members of the Executive Team are eligible to take part in the flexible benefit arrangements, which are open to all employees except Non-executive Directors. These arrangements include life assurance, income protection cover, critical illness cover, personal accident insurance,

health screening, virtual GP and a private medical insurance plan, including family cover.

All employees, including the Executive Team, receive an £800 cash benefit allowance each year, which they can spend on other salary sacrifice benefits available under the flexible benefit plan.

Remuneration and benefits for the Executive Team (audited)								
Executive Team member	Notes	FTE salary at 31/03/26	Salary	Bonus*	Pension**	Taxable benefits***	Total for period ended 31/03/26	Total for year ended 31/03/25
Jenny Simmonds	1	£250,000	£248,536	£9,625	£36,063	£3,442	£297,666	£224,965
James Dipple-Johnstone	2	£250,000	£248,504	£9,625	£29,250	£4,335	£291,714	£223,309
Jane Cosgrove		£190,000	£192,066	£7,315	£27,925	£3,900	£231,206	£220,123
Owen Brace		£140,049	£142,713	£1,925	£20,874	£3,268	£168,780	£161,918
Yvette Bannister	3	£154,975	£136,417	£1,623	£19,594	£2,709	£160,343	£154,949
Marc Harris	4	£180,000	£184,330	£6,930	£27,000	£4,337	£222,597	£50,320
Chandra Hirani	5	£153,014	£165,753	£1,925	£22,840	£3,580	£194,098	N/A
Rachel Lam	6	£162,233	£164,655	£3,850	£23,078	£82	£191,665	N/A
Sam Russell	7	£143,312	£145,162	£0	£21,290	£2,093	£168,545	N/A
Abby Thomas	8	-	£0	£0	£0	£0	£0	£517,201
Karl Khan	9	-	£0	£0	£0	£0	£0	£182,729
Total			£1,628,136	£42,818	£227,914	£27,746	£1,926,614	£1,735,514

* Bonus comprises amounts approved in respect of 2025/26 performance and paid in June 2026 for both executive and staff bonus schemes. Owen Brace, Yvette Bannister, Chandra Hirani, Rachel Lam and Sam Russell are in the staff bonus scheme, not the executive bonus scheme.

** Pension cost comprises employer pension contributions paid to the pension scheme on behalf of the individual.

***Taxable benefits represent the gross (pre-tax) value of benefits, whether cash or non-cash, that UK income tax is charged on. The figures in this column include certain employee benefits taken up by Executive directors, as explained in the 'Other benefits' section above this table.

Notes

1. Jenny Simmonds took up the position of Interim Chief Executive on 6 February 2025.
2. James Dipple-Johnstone took up the position of Interim Chief Ombudsman on 6 February 2025.
3. Yvette Bannister is contracted to work for a four-day week.
4. Marc Harris took up the position of Chief Operating Officer on 6 January 2025.
5. Chandra Hirani took up the position of Interim Finance Director on 3 March 2025 and was paid an additional allowance of £9,987 in 2025/26. His salary for 2024/25 included an additional allowance of £779. NB: Full disclosure for 2024/25 was not made in 2024/25 and has therefore not been included above.
6. Rachel Lam took up the position of Interim Ombudsman Managing Director on 3 March 2025 and was paid an additional amount of £13,905 in 2025/26 (£6,952 as allowance from 1 April 2025 to 30 September 2025 and £6,953 from 1 October 2025 to 31 March 2026 as part of basic salary). Her salary in 2024/25 included an additional allowance of £1,084. NB: Full disclosure for 2024/25 was not made in 2024/25 and has therefore not been included above.
7. Sam Russell took up the position of Director of Customer Service on 3 March 2025. NB: Full disclosure for 2024/25 was not made in 2024/25 and has therefore not been included above.
8. Abby Thomas left the Financial Ombudsman Service on 4 March 2025. Her salary for 2024/25 included leaving payments totaling £229,869 which comprised £100,000 loss of office, £107,692 pay in lieu of notice and £22,177 for a period of gardening leave which commenced on 6 February 2025.
9. Karl Khan left the Financial Ombudsman Service on 31 January 2025.

Executive Team contractors

Rick Farrow was employed as Interim IT Delivery Director in the Executive Team on a fixed-term contract from 6 April 2024 to 11 October 2024 at

a salary of £150,000 per annum. He had previously been a third-party contractor, the total cost of which was £5,412 in 2024/25.

Executive Team expenses

Expenses incurred by, or on behalf of, members of the Executive Team				
Executive Team member	Travel	Accommodation and subsistence	Professional subscriptions	Total for period ended 31/3/26
James Dipple-Johnstone	£6,205	£1,681	-	£7,886
Jane Cosgrove	-	£213	£251	£464
Jenny Simmonds	£154	£213	£483	£850
Owen Brace	-	-	-	-
Yvette Bannister	-	-	-	-
Marc Harris	£255	£363	£713	£1,331
Chandra Hirani	-	-	£483	£483
Rachel Lam	£92	-	-	£92
Sam Russell	-	£213	-	£213
Total	£6,706	£2,683	£1,930	£11,319

Pay multiples (audited)

This section shows the relationship between the remuneration of the highest-paid director* and the remuneration at the 25th, 50th and 75th percentile of pay and benefits of our total workforce. The 50th percentile is also known as the median – the midpoint of our range of salaries.

For these purposes, total remuneration includes basic salary, bonuses and taxable benefits. It does not include pension contributions or cash in lieu of pension contributions. To keep comparisons consistent, it does not include compensation for loss of office either.

The remuneration of the highest-paid director* in the financial year 2025/26 was £262,464 (2024/25: annualised £287,039). The remuneration

figure comprises the salary, bonus and taxable benefit amounts disclosed in the ‘remuneration and benefits’ table above but does not include pension amounts. In 2025/26, zero (2024/25: zero) employees received remuneration in excess of the highest-paid director*. Remuneration (including bonus) ranged from £23,435 to £262,464 (2024/25: £23,094 (restated) to £287,039).

Total workforce means all permanent and contingent members of staff at 31 March 2026. Comparative figures for 2024/25 have been restated to exclude leavers in the year which had previously been included.

* For the purpose of this section and the three tables below, for 2025/26 ‘director’ refers to members of the Executive Team only but for 2024/25 ‘director’ also includes Non-executive Directors.

Ratio of the remuneration of the highest-paid director* to the remuneration of the total workforce (excluding highest-paid director*)

Year	25th percentile pay ratio	Median (50th percentile) pay ratio	75th percentile pay ratio
2025/26	6.66	5.28	3.99
2024/25 (restated)	7.72	6.16	4.35

The reduction in the pay ratios in 2025/26 compared to 2024/25 is due to the highest paid director’s remuneration being lower in 2025/26 than in 2024/25.

Pay and benefits of the total workforce at the 25th, 50th and 75th percentile of pay and benefits of the total workforce (excluding highest-paid director*)

Year	25th percentile		Median – 50th percentile		75th percentile*	
	Total pay and benefits	Salary component of pay and benefits	Total pay and benefits	Salary component of pay and benefits	Total pay and benefits	Salary component of pay and benefits
2025/26	£39,388	£37,463	£49,715	£47,790	£65,780	£65,780
2024/25 (restated)	£37,194	£33,620	£46,623	£43,049	£66,040	£66,040

* For 2025/26 and 2024/25 the figures shown for the 75th percentile relate to contingent workers who do not receive any employment benefits. The increase in total pay is primarily due to salary increases and also an increase in the bonus being paid for 2025/26.

Average percentage change in the remuneration of the total workforce from 2024/25 (restated) to 2025/26 (excluding highest-paid director*)		Percentage change in the remuneration of the highest-paid director* from 2024/25 (restated) to 2025/26	
Salary and allowances	Performance pay and bonuses	Salary and allowances	Performance pay and bonuses
4.18%	10.22%	(11.91%)	N/A

* The Interim Chief Ombudsman was the highest paid director in 2025/26. In 2024/25 the highest paid director was the CEO and Chief Ombudsman. The basic pay for the CEO and Chief Ombudsman did not increase from 2024/25 to 2025/26.

The increase in salary and allowances of the total workforce is due to the pay increases in 2025/26 together with a higher staff bonus in 2025/26.

The decrease in salary and allowances for the highest-paid director is due to the salary for the highest-paid director in 2025/26 being on a lower salary than the highest-paid director for 2024/25. The highest-paid director in 2024/25 did not receive any performance pay or bonuses.

Exit packages (audited)

Exit packages by cost band	2025/26 number (redundancy – compulsory*)	2025/26 number (other**)	2024/25 number (redundancy – compulsory*)	2024/25 number (other**)
Less than £2,000	-	8	-	10
£2,001 to £5,000	-	25	-	17
£5,001 to £10,000	1	6	-	4
£10,001 to £25,000	1	3	1	1
£25,001 to £50,000	1	-	4	1
£50,001 to £100,000	1	-	-	-
£100,001 to £125,000	-	-	-	-
£125,001 to £230,000	-	-	-	1
Total	4	42	5	34
Total payments	£136,665	£156,084	£152,498	£376,170

* Compulsory redundancy payments include any associated payments, for example, pay in lieu of notice.

** Other exit packages comprise payments in respect of voluntary redundancy, non-redundancy severance payments and pay in lieu of notice.

The table above comprises the exit packages for leavers in 2025/26. Amounts totaling £322,461 have been provided for at 31 March 2026 for leavers in 2026/27 (31 March 2025 £Nil for leavers in 2025/26).

The highest payment made during the year was £84,450 (2024/25: £229,869). The total charged within the financial statements for 2025/26 relating to exit packages is £615,210 (2024/25: £434,571).

Statement of responsibilities and disclosure of information to auditors

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company, and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial accounts
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that:

- are sufficient to show and explain the company's transactions
- disclose with reasonable accuracy, at any time, the financial position of the company
- enable them to ensure that the financial statements comply with the Companies Act 2006 and are in accordance with the accounts direction given by HM Treasury under paragraph 7(5) of Schedule 17 to the Financial Services and Markets Act 2000.

The directors have general responsibility for taking whatever steps are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Going concern

The Financial Ombudsman Service has statutory powers granted under the Financial Services and Markets act 2000 to raise fees on an annual basis to finance its operations, subject to approval by the FCA.

The directors are satisfied that the Financial Ombudsman Service is in a position to meet its obligations as they fall due and is therefore a going concern. We have prepared budgets and cash flows for 2026/27 which show year end reserves of £78m and £111m in the bank at 31 March 2027. These surplus reserves, along with the statutory powers to raise further funding if required, mean that the financial statements have accordingly been prepared under the going concern accounting convention.

Indemnity of directors

Directors' and officers' liability insurance cover is in place for Non-executive Directors.

Subject to the provisions of UK legislation, the company's Articles of Association provide an indemnity for Non-executive Directors for any costs that they may incur in defending any proceedings brought against them that arise from their positions as Non-executive Directors. This applies whether the court rules in their favour or not.

Statement of disclosure of information to auditor

Each director confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware
- they have taken all steps a director might reasonably be expected to have taken, to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

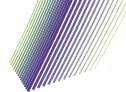
Signed on behalf of the Board,



Liam Coleman

Interim Chair

29 June 2026



The Certificate and Report of the Comptroller and Auditor General to the members of the Financial Ombudsman Service Limited and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Financial Ombudsman Service for the year ended 31 March 2026 under the Financial Services and Markets Act 2000.

The financial statements comprise the Financial Ombudsman Service's:

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Income, Statement of Other Comprehensive Income, Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

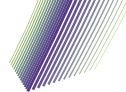
The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Financial Ombudsman Service's affairs as at 31 March 2026 and its deficit for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.



Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Financial Ombudsman Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Financial Ombudsman Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Financial Ombudsman Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

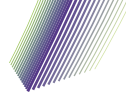
I have nothing to report in this regard.

Opinion on other matters

In my opinion, the parts of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Financial Services and Markets Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the parts of the Remuneration Report to be audited for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration Report to be audited has been prepared in accordance with applicable legal requirements.



Matters on which I report by exception

In the light of the knowledge and understanding of the Financial Ombudsman Service and its environment obtained in the course of the audit, I have not identified material misstatements in the parts of the Remuneration Report to be audited.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for:

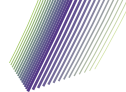
- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Financial Ombudsman Service from whom the auditor determines it necessary to obtain audit evidence.
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;

- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and the accounts direction given by HM Treasury under paragraph 7(5) of Schedule 17 of the Financial Services and Markets Act 2000;
- preparing the Annual Report, which includes the Remuneration Report, in accordance with the Companies Act 2006 and the accounts direction given by HM Treasury under paragraph 7(5) of Schedule 17 of the Financial Services and Markets Act 2000; and
- assessing the Financial Ombudsman Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and the Financial Services and Markets Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

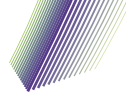
In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Financial Ombudsman Service's accounting policies, key performance indicators and performance incentives
- inquired of management, the Financial Ombudsman Service's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Financial Ombudsman Service's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Financial Ombudsman Service's controls relating to the Financial Ombudsman Service's compliance with the Companies Act 2006, Financial Services and Markets Act 2000 and HM Treasury Directions issued thereunder.

- inquired of management, the Financial Ombudsman Service's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud
- discussed with the engagement team and the relevant external specialists, including defined benefit pension scheme obligations regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Financial Ombudsman Service for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and the valuation of the company's defined benefit pension scheme. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Financial Ombudsman Service's framework of authority and other legal and regulatory frameworks in which the Financial Ombudsman Service operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Financial Ombudsman Service. The key laws and regulations I considered in this context included Companies Act 2006, Financial Services and Markets Act 2000 and HM Treasury directions issued thereunder, employment law, pensions legislation and tax Legislation.



Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit, Risk and Compliance Committee, and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
6 July 2026

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Statement of comprehensive income for the year ended 31 March 2026

	Notes	31/03/26 £000	31/03/25 £000
Continuing operations			
Revenue	4	211,726	217,109
Administrative expenses	5	(269,449)	(245,088)
Operating deficit		(57,723)	(27,979)
Finance income	6	7,572	10,740
Finance costs	6	(1,738)	(1,714)
Deficit before income tax		(51,889)	(18,953)
Corporation tax expense		(1,507)	(2,333)
Deficit for the year from continuing operations		(53,396)	(21,286)

Statement of other comprehensive income for the year ended 31 March 2026

	Notes	31/03/26 £000	31/03/25 £000
Deficit for the year		(53,396)	(21,286)
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations	23	290	1,419
Effect of the net pension asset ceiling	23	(1,757)	(686)
Total other comprehensive (expense)/income		(1,467)	733
Total comprehensive expense for the year		(54,863)	(20,553)

All operations are continuing.

Statement of changes in equity as at 31 March 2026

	Notes	31/03/26 £000	31/03/25 £000
Accumulated surplus brought forward		137,786	158,339
Deficit for the year		(53,396)	(21,286)
Total other comprehensive (expense)/income for the year		(1,467)	733
Accumulated surplus carried forward		82,923	137,786

Statement of financial position as at 31 March 2026

	Notes	31/03/26 £000	31/03/25 £000
Non-current assets			
Property, plant and equipment and right of use assets	9	13,694	17,082
Intangible assets	10	743	1,180
Investment in sub-lease	11	2,825	3,334
Trade and other receivables	12	732	280
		17,994	21,876
Current assets			
Trade and other receivables	12	39,780	35,990
Short-term deposits	13	-	35,000
Cash and cash equivalents	14	118,545	138,629
		158,325	209,619
Total assets		176,319	231,495
Current liabilities			
Trade and other payables	15	77,018	74,231
Lease liabilities	16	3,584	4,090
Provisions for other liabilities and charges	18	370	107
Current corporation tax liability		856	1,257
		81,828	79,685
Non-current liabilities			
Trade and other payables	15	143	202
Lease liabilities	16	7,629	10,197
Provisions for other liabilities and charges	18	3,796	3,625
Net pension liability	23	-	-
		11,568	14,024
Total liabilities		93,396	93,709
Total equity			
Accumulated surplus		82,923	137,786
Total equity and liabilities		176,319	231,495

The notes on pages 77 to 101 are an integral part of these financial statements.

The company is exempt from the requirement of part 16 of the Companies Act 2006 as stipulated in schedule 17, s.7A of the Financial Services and Markets Act 2000.

The financial statements on pages 73 to 101 were approved by the Board of Directors on 29 June 2026, and are signed on behalf of the Board of Directors by:



Liam Coleman

Interim Chair

29 June 2026

Financial Ombudsman Service Limited

Company number: 03725015

Statement of cash flows for the year ended 31 March 2026

	Notes	31/03/26 £000	31/03/25 £000
Cash flows from operating activities			
Cash outflow from operations		(56,209)	(45,534)
Corporation tax paid		(1,908)	(2,376)
Net cash outflow from operating activities		(58,117)	(47,910)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(765)	(4,200)
Purchase of intangible assets	10	-	(1,412)
Decrease in short-term deposits	13	35,000	33,000
Interest received		6,549	9,972
Sub-lease income received	11	903	504
Net cash from investing activities		41,687	37,864
Cash flows from financing activities			
Lease liability payments – principal	16	(3,654)	(4,932)
Movement in long-term borrowings		-	-
Net cash used in financing activities		(3,654)	(4,932)
Net decrease in cash and cash equivalents	14	(20,084)	(14,978)
Cash and cash equivalents at beginning of the year	14	138,629	153,607
Cash and cash equivalents at end of the year	14	118,545	138,629

Notes to the statement of cash flows for the 12 months ended 31 March 2026

	Notes	31/03/26 £000	31/03/25 £000
Deficit for the year from operations before financing and corporation tax		(57,723)	(27,979)
Adjustment for:			
Depreciation – property, plant and equipment and right of use assets	9	4,465	4,933
Amortisation – intangible assets	10	437	426
Impairment – intangible assets	10	-	3,459
Reclassification – intangible assets	10	-	634
Loss on disposal of tangible assets	9	-	246
Loss on disposal of intangible assets	10	-	-
Increase/(decrease) in provisions		370	(935)
Defined benefit pension costs	23	(1,387)	(1,066)
Changes in working capital			
(Increase)/decrease in receivables		(4,873)	2,207
Increase/(decrease) in payables		2,502	(27,459)
Cash outflow from operations		(56,209)	(45,534)

Notes to the financial statements for the year ended 31 March 2026

1. Status of the company

Financial Ombudsman Service Limited (the 'Financial Ombudsman Service') is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is a private company limited by guarantee with no share capital (company registration no: 03725015). The company is registered in England and Wales. The members of the company consist of our Non-executive Directors and have agreed to contribute £1 each to the assets of the company in the event of it being wound up, as detailed in the Company's Articles of Association.

The nature of the Financial Ombudsman Service's operations is set out in the Strategic report.

The address of its registered office is Exchange Tower, London, E14 9SR.

2. Material accounting policies

Basis of preparation

The financial statements have been prepared on a going-concern basis, under the historical cost convention in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are also prepared in accordance with provisions of any applicable HM Treasury Accounts Direction under paragraph 7(5) of Schedule 17 to the Financial Services and Markets Act 2000.

The financial statements are presented in pounds sterling which is the functional currency of the primary economic environment in which the Financial Ombudsman Service operates. The amounts in the financial statements are rounded to the nearest £'000 unless otherwise stated. A summary of the principal accounting policies is set out below.

Revenue recognition

The intent of the Financial Ombudsman Service's funding model is to charge on a basis that is transparent and fair, where firms pay broadly in proportion to their share of the Financial Ombudsman Service's workload. Group-fees and case fees are designed to achieve that aim. Case fees are charged on a fixed basis irrespective of the time and costs incurred relating to the specific case. Costs directly incurred in dealing with cases are expensed as incurred.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered. Under IFRS 15, there are five criteria that need to be met in order for revenue to be recognised:

- identify the contract and customer
- identify the performance obligations
- determine the transaction price
- allocate the transaction price to the performance obligations, and
- recognise revenue when the performance obligations are satisfied.

Sources of revenue

Annual levy

Each business that comes within the jurisdiction of the Financial Ombudsman Service is required to pay an annual levy based on the permissions given to that firm by one of:

- the Financial Conduct Authority (for the compulsory jurisdiction), or
- the Financial Ombudsman Service (for the voluntary jurisdiction).

The Financial Ombudsman Service considers the performance obligation for the annual levy to be the provision of a dispute resolution service to firms within its jurisdiction. For both jurisdictions, performance obligations are satisfied over the course of the year during which the regulated activity takes place. Levy income is recognised over the same year. The Financial Conduct Authority collects the compulsory jurisdiction levy on behalf of the Financial Ombudsman Service. Levies due from large firms are invoiced on account, in advance of the financial year to which they relate, typically in February. The remainder of the firms, along with any on account true ups are invoiced between July and October. Payment terms are 30 days.

Group-fees

Group-fees are calculated as an annual charge for each group (see page 83) on the basis of their estimated proportion of the total work carried out by the Financial Ombudsman Service, with reference to recent usage volume patterns. The performance obligation for each group-fee arrangement is therefore the resolution of a specified volume of dispute cases. The group-fee mechanism makes provision for a year-end adjustment if a group's casework resolutions are 5% higher or lower than the original estimate for any individual group. The impact on revenue of this adjustment is recognised in the year over which the related services are provided. Group-fees are invoiced quarterly in advance payment terms are 30 days. When required, the refund or additional amount due following the year-end adjustment is invoiced or credited in the following year.

Respondent case fees

For the year 1 April 2025 to 31 March 2026 businesses that fall outside the group-fee arrangement were required to pay a standard case fee of £650 upon closure of the fourth chargeable complaint referred for investigation to the Financial Ombudsman Service and each subsequent complaint in any one financial year (2024/25 £650).

Respondent case fees become chargeable when we commence investigating a case. We recognise the revenue when we have met our performance obligation of issuing a view and then bill the case at the end of the month in which the case is closed. Payment terms are 30 days.

Representative case fees

From 1 April 2025, we started to charge professional representatives a fee for referring cases to the service. Fees become chargeable when we receive the referral. As with respondent case fees we recognised the revenue when we have met our performance obligation of issuing a view. If a complaint is upheld, the representative is charged a fee of £75. If the complaint is not upheld, we charge the representative a fee of £250, of which £175 is used to reduce the corresponding respondent case fee to £475. Meaning that for each professionally represented case referred to the service, we receive an additional £75.

IFRS 15 dictates that revenue should be recognised once performance obligations have been satisfied. As such, a year-end adjustment is made to revenue to reflect fees for cases where our performance obligations have been met, but we have not billed.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated so as to write off the cost, less estimated residual value on a straight-line basis over the expected useful economic lives. The principal lives used for this purpose are:

Leasehold improvements and premises fees	Over the remaining period of the lease
Computer equipment	Over three to four years
Furniture and equipment	Over three to five years
Fixtures and fittings	Over the remaining period of the lease

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific assets to which it relates, and the cost of the item can be measured reliably. The carrying amount of the replaced part is written off. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals or retirements of an asset are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised within the surplus or deficit for the year.

Right of use assets

IFRS 16 (Leases) deals with accounting for leases and requires companies to take account of future lease commitments by recognising the asset and the liability on their balance sheets.

The current property leases relate to three buildings partly occupied by The Financial Ombudsman Service, Exchange Tower in London, Friargate in Coventry and Brunel House in Cardiff. No floors were exited in the year (see note 20 for more detail). The Financial Ombudsman Service also leases items of equipment, all with terms of under five years.

The following table shows the various disclosures required under the standard with a cross-reference to the relevant note to the financial statements on pages 77 to 101.

Disclosure	Notes
The nature of our leasing activities	2, 20
Calculation of discounted cash flows	3
Movement in right of use assets	9
Movement in lease liabilities	16
Maturity analysis of contracted undiscounted lease liabilities	16
Dilapidation provisions	18
Lease commitments	20

Investment in sub-lease

Up to and including 31 March 2024, the property leases for the 13th floors of Exchange Tower had been accounted for as right of use assets in line with IFRS 16. The Financial Ombudsman Service vacated these floors and entered into a sub-lease with a sub-tenant from 4 December 2024. Accordingly, in the year ended 31 March 2025, the cost and accumulated depreciation at that date was shown as a reclassification (see note 9) and an investment in sub-lease asset created (see note 11). The end date of both the head lease and the sub-lease is August 2029, and the Financial Ombudsman Service remains liable for the lease and dilapidations liabilities arising from the 13th floor leases.

Intangible assets

In accordance with IAS 38 (Intangible assets), costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, developing and testing of identifiable and unique software products controlled by the Financial Ombudsman Service are recognised as intangible assets when the criteria are met.

Only costs that are directly attributable to bringing the asset to working condition for its intended use are included in the measurement of the intangible asset. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

The assets are valued at their historic cost less amortisation and, where applicable, impairment. The assets are amortised on a straight-line basis over their expected useful lives, with the expense reported as an administration expense in the income statement. The expected useful lives for intangible assets are:

Computer software and licences	Over 3 years
Internally generated software	Over 3 to 5 years

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. When software is not an integral part of the related hardware, it is treated as an intangible asset.

Other development expenditure that does not meet the above criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Financial instruments

Trade receivables

Trade receivables are recognised initially at amortised cost. The Financial Ombudsman Service has applied the simplified approach to impairment of financial assets by providing for expected credit losses on trade receivables as described by IFRS 9. This requires the use of lifetime expected credit loss provisions for all trade receivables.

These provisions are based on an assessment of risk of default and expected timing of collection, estimated by reference to past default experience, adjusted as appropriate for current observable data. Trade receivables are reviewed periodically, and specific allowances are made where evidence indicates that an outstanding debt has become uncollectable. Allowance losses are recorded within administrative costs in the statement of comprehensive income.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Leasing

IFRS 16 (Leases) requires companies to take account of future lease commitments by recognising the asset and the liability on their balance sheets. The majority of the Financial Ombudsman Service's leases are covered by this standard. However, there are some short-term and low-value leases that are being treated as operating leases and payments made will be charged to the income statement on a straight-line basis over the period of the lease.

Provisions

The company exercises judgement in measuring and recognising provisions for dilapidations and restructuring (see note 18). The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

The Financial Ombudsman Service is part of the Financial Conduct Authority's HMRC-approved pension plan which is open to permanent employees (the 'Plan'). The Plan was established on 1 April 1998 and has both a defined benefit (final salary) and defined contribution (money purchase) section. The final salary section was closed with effect from 1 April 2010 to future accruals.

Money purchase scheme (defined contribution)

The money purchase section of the Plan is a defined contribution plan where the Financial Ombudsman Service pays contributions at defined rates to a separate entity.

Payments to the money purchase section of the Plan are recognised as an expense in the income statement, as they fall due. Prepaid contributions are recognised as an asset to the extent that a cost refund or reduction in future payments is available.

Final salary section (defined benefit)

The final salary section of the Plan is a defined benefit plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on rate of accrual, age, years of service in the Plan and compensation.

The net liabilities of the final salary section of the Plan are calculated by comparing the fair value of the assets and the present value of its obligations, and the net amount is disclosed as a non-current liability on the balance sheet.

The obligation of the final salary section of the Plan represents the present value of future benefits owed to employees in respect of their service in previous periods. The discount rate used to calculate the present value of those liabilities is the market rate at the balance sheet date of high-quality corporate bonds having maturity dates approximating to the terms of those liabilities. The calculation is performed by a qualified actuary using the projected unit credit method at each reporting date.

Actuarial gains and losses arising in the final salary section of the Plan (for example, the difference between actual and expected returns on assets, effects of changes in assumptions and experience losses arising on scheme liabilities) are recognised in full in the statement of other comprehensive income in the period they are incurred. Past service cost (including unvested past service cost) is recognised immediately in the income statement.

Changes in accounting policy and errors

No new standards, amendments or interpretations were adopted in the year.

New standards and interpretations not yet adopted

At the date of authorisation of the financial statements, new standards and amendments have been issued, but are not yet effective and have not been early adopted by the company.

IFRS 18: 'Presentation and Disclosure in Financial Statements' replaces IAS 1 and introduces a revised structure for the statement of profit and loss including defined subtotals, enhanced guidance on aggregation and disaggregation and additional disclosures including management – defined performance measures. The standard is effective for accounting periods beginning on or after 1 January 2027.

IFRS 19: 'Subsidiaries without Public Accountability – Disclosures' provides an optional reduced disclosure framework for eligible subsidiaries while retaining full IFRS recognition and measurement requirements.

Further amendments to IFRS 9 and IFRS 7 relating to contracts referencing nature-dependent electricity, together with the 'Annual Improvements to IFRS Accounting Standards – Volume 11' are also effective from 1 January 2026 and IAS 21, 'The Effects of Changes in Foreign Exchange Rates' (effective 1 January 2027), providing guidance on translation of hyperinflationary environment are not expected to be relevant to the company's activities.

The directors are currently assessing the impact of these new standards and amendments. Except for IFRS 18, which is expected to affect the presentation and disclosure in the financial statements, no material impact on the company's financial position or performance is expected. The standard is effective from 1 January 2027.

3. Significant accounting judgements, estimates and assumptions

Accounting judgements

In the process of applying the Financial Ombudsman Service's significant accounting policies as described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates, which are explained below):

- **Revenue** – in accordance with IFRS 15, income can only be recognised once performance obligations have been satisfied. We have determined that only one performance obligation exists in relation to standard case fees, that being the resolution of a case.
- **Leases** – as outlined in IFRS16, we are required to account for future lease commitments by recognising a right of use asset and the corresponding liability arising over the term of the lease.

The standard requires one to assume that if a lease contains a break clause, the break will be exercised unless it is reasonably certain that the break clause will not be exercised. Other than the Cardiff lease which has a break clause in September 2026, there are no further break options in the remaining leases.

Management conducted an assessment of each lease considering the prevailing conditions, i.e. future demand for our services, our goal of maximising utilisation of our office space and the financial implications of breaking each lease. This included the impact of a review of dilapidation liabilities carried out in 2023/24. Management will conduct a similar lease assessment exercise to look at our position each year with the next dilapidations review due in early 2027.

The majority of the property leases contain provisions for rent reviews. The lease liabilities include the impact of all rent increases agreed as part of rent reviews which took place in the current and prior years. The final rent review effective from 31 August 2024 confirmed the current rent would remain unchanged for the remaining period of the leases.

The Financial Ombudsman Service uses the Public Works Loan Board (PWLB) Standard rates to calculate the discounted cash flows on the remaining lease terms. Rates are set using the prevailing rate at commencement of a lease and only reassessed if required to by IFRS16.

The Financial Ombudsman Service believes PWLB is the most appropriate proxy for the incremental borrowing rate. Our funding is based on statute (the Financial Services and Markets Act 2000), and it is reasonable to assume that the Financial Ombudsman Service would be able to meet its loan repayments over the period of any loan.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below:

- **Defined benefit pension obligations** – the quantification of the pension net liability position is determined on an actuarial basis based upon a number of assumptions made by the Directors (as listed in note 23) relating to the discount rate, inflation and retail price index (RPI), future pension increases and life expectancy. Any changes in these assumptions will impact the carrying amount of the pension obligation.

IFRIC 14 is an interpretation of IAS 19 which relates to the recognition of surpluses. There are two potential effects of IFRIC 14.

- It can limit the amount of surplus that can be recognised on the balance sheet, and
- It can result in an additional obligation reflecting the extent to which payment of currently agreed deficit contributions would result in an unrecognised surplus.

In line with IAS 19 and IFRIC 14, at 31 March 2026 the Financial Ombudsman Service reduced the £2,443k net asset value arrived at by the actuaries down to £Nil.

The basis for non-recognition of the net assets is that the Financial Ombudsman Service is unable to exercise control over the means by which any asset can be returned to them. As an additional employer, the Financial Ombudsman Service does not have the same level of control over the Plan as do the Financial Conduct Authority and the Trustees.

4. Revenue

	Notes	31/03/26 £000	31/03/25 £000
Annual levy		72,186	72,203
Standard case fees			
Gross fees		93,890	102,549
Movement in credit note provision		(155)	287
Movement in casework stock		(395)	589
Representative case fees		370	-
Group-fees		44,576	41,038
Other income		1,254	443
		211,726	217,109

5. Administrative expenses

5.1. Expenses by nature	Notes	31/03/26 £000	31/03/25 £000
Staff payroll costs	7	166,753	148,291
Contractor and temporary staff costs		57,556	47,674
Other staff costs		2,800	3,251
Consultancy and other professional costs		3,049	3,612
Lease rentals		1,319	1,048
Other premises and facilities costs		6,790	6,618
IT managed services		3,277	2,548
Project costs		4,904	7,428
Software licences, maintenance, and other IT costs		16,805	14,449
Depreciation and amortisation	9, 10	4,904	5,359
Loss on disposal of fixed assets	9, 10	-	246
Impairment of fixed assets	10	-	3,459
Bad debts		147	75
Other costs		1,009	895
		269,313	244,953

Transformation/restructuring costs of £6,043k (2025: £11,096k) are included within this table but are excluded from our cost per case calculation. More detail can be found on page 42.

5.2. Auditors' remuneration	Notes	31/03/26 £000	31/03/25 £000
External audit fee			
National Audit Office		136	135
Total of notes 5.1 and 5.2		269,449	245,088

The National Audit Office has not provided any other services to the Financial Ombudsman Service other than external audit.

6. Finance income and costs

	Notes	31/03/26 £000	31/03/25 £000
Finance income			
Bank interest		6,085	9,439
Interest on net defined benefit asset	23	1,487	1,301
Interest from sub-lease		-	48
Total finance income		7,572	10,740
Finance costs			
Interest on lease liabilities		(332)	(355)
Interest on net defined benefit liability	23	(1,406)	(1,359)
Other interest payable		-	-
Total finance costs		(1,738)	(1,714)
Net finance income		5,834	9,026

7. Employees

7.1. Employee benefit expense	Notes	31/03/26 £000	31/03/25 £000
Payroll costs			
Wages and salaries		117,867	107,439
Overtime and queue reduction schemes		3,071	3,474
Staff Bonus Scheme		4,906	3,042
Leaving payments		620	412
Social security costs		16,761	12,644
Apprenticeship levy		599	553
Other employer's pension costs – money purchase scheme	23	15,505	14,006
Flexible benefit costs		7,424	6,721
Staff costs capitalised as internally generated software costs		-	-
		166,753	148,291
Other employer's pension costs – defined benefit scheme			
Included in interest payable	23	1,406	1,359
Total employment costs		168,159	149,650

7.2. Monthly average number of people employed	Notes	31/03/26 £000	31/03/25 £000
Ombudsmen		393	382
Case handlers		1,116	1,145
Other		1,065	928
		2,574	2,455

8. Board remuneration

The Board consists entirely of Non-executive Directors. Board remuneration payable to directors during the year to 31 March 2026 amounted to £220,393 (2025: £225,294). The Chair, who is also the highest-paid Board member, was paid at a rate of £75,000 per annum (2024: £75,000). Board members were paid £24,500 (2025: £24,500), an additional £5,000 (2025: £5,000) per annum was paid to The Senior Independent Director, the Audit, Risk and

Compliance Committee Chair, the Remuneration and People Committee Chair and the Transformation Committee Chair for discharging those roles. Further details are provided in the Remuneration report on page 61.

No payments were made on behalf of any of the above directors in respect of pension plan contributions and no directors are accruing any benefits within the pension plan.

9. Property, plant and equipment

	Right of use assets £000	Leasehold improvements and premises fees £000	Computer equipment £000	Furniture and equipment £000	Total £000
Cost					
At 1 April 2024	44,817	2,707	1,028	1,710	50,262
Additions	884	-	3,181	1,019	5,084
Transfers	-	-	-	-	-
Reclassifications (see note 11)	(8,626)	-	-	-	(8,626)
Disposals	(8,460)	(188)	(15)	(198)	(8,861)
At 31 March 2025	28,615	2,519	4,194	2,531	37,859
Additions	312	-	49	716	1,077
Transfers	-	-	-	-	-
Reclassifications (see note 11)	-	-	-	-	-
Disposals	(46)	-	(5)	-	(51)
At 31 March 2026	28,881	2,519	4,238	3,247	38,885
Accumulated depreciation					
At 1 April 2024	25,566	1,810	844	1,075	29,295
Charge for the year	4,178	172	289	294	4,933
Reclassifications (see note 11)	(4,836)	-	-	-	(4,836)
Disposals	(8,215)	(188)	(15)	(197)	(8,615)
At 31 March 2025	16,693	1,794	1,118	1,172	20,777
Charge for the year	2,897	163	884	521	4,465
Reclassifications (see note 11)	-	-	-	-	-
Disposals	(46)	-	(5)	-	(51)
At 31 March 2026	19,544	1,957	1,997	1,693	25,191
Net book value at 31 March 2026	9,337	562	2,241	1,554	13,694
Net book value At 31 March 2025	11,922	725	3,076	1,359	17,082

10. Intangible assets

	Computer software and licences £000	Internally generated software £000	Work in progress* £000	Total £000
Cost				
At April 2024	77	2,670	2,758	5,505
Additions	77	-	1,335	1,412
Transfers	-	-	-	-
Disposals	-	-	-	-
Reclassification to expenditure	-	-	(634)	(634)
Impairments	-	-	(3,459)	(3,459)
At 31 March 2025	154	2,670	-	2,824
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
Reclassification to expenditure	-	-	-	-
Impairments	-	-	-	-
At 31 March 2026	154	2,670	-	2,824
Accumulated amortisation				
At April 2024	77	1,141	-	1,218
Charge for the year	4	422	-	426
Disposals	-	-	-	-
At 31 March 2025	81	1,563	-	1,644
Charge for the year	16	421	-	437
Disposals	-	-	-	-
At 31 March 2026	97	1,984	-	2,081
Net book value at 31 March 2026	57	686	-	743
Net book value at 31 March 2025	73	1,107	-	1,180

* In 2024/25 following a review of the work in progress account, £3,459k was impaired. The 2024/25 impairment comprised £2,124k in respect of the balance brought forward at 31 March 2024 and a further £1,335k in respect of 2024/25 additions. A further £634k was reclassified as operating costs.

11. Investment in sub-lease

	31/03/26 £000	31/03/25 £000
Balance b/f 1 April 2025	3,334	-
Initial recognition of investment (see note 9)	-	3,790
Less: rental income	(677)	(504)
Add: interest income	168	48
Balance c/f 31 March 2026	2,825	3,334

The Financial Ombudsman Service holds a sub-lease for two floors of Exchange Tower with a lease start date of 4 December 2024 and a lease expiry date of 28 August 2029. The head lease ends on 31 August 2029.

A maturity analysis of lease receivables showing the undiscounted lease payments to be received after the reporting date is shown in the table below. Amounts exclude VAT.

Maturity analysis – undiscounted lease payments receivable	Sub-lease 31/03/26 £000	Sub-lease 31/03/25 £000
Payments due		
Not later than 1 year	903	903
Later than 1 year and not later than 5 years	2,195	2,872
Later than 5 years	-	-
Total undiscounted lease payments receivable	3,098	3,775
Unearned finance income	(273)	(441)
Net investment in sub-lease	2,825	3,334

12. Trade and other receivables

	31/03/26 £000	31/03/25 £000
Trade and other receivables due within one year		
Trade receivables	15,393	17,771
Less: provision for bad debts	(736)	(745)
Less: provision for credit notes	(1,230)	(527)
Trade receivables – net	13,427	16,499
Prepayments	7,741	8,081
Other receivables	4,356	3,480
Due from the Financial Conduct Authority	6,573	1,652
Accrued income	7,683	6,278
Trade and other receivables due within one year	39,780	35,990
Trade and other receivables due after more than one year		
Prepayments – after more than one year	732	280
Trade and other receivables due after more than one year	732	280

13. Short-term deposits

	31/03/26 £000	31/03/25 £000
Short-term Treasury deposits	-	35,000
Short-term deposits	-	35,000

As at 31 March 2026, the Financial Ombudsman Service held no Treasury deposits with a maturity of over three months (31 March 2025: three).

14. Cash and cash equivalents

	31/03/26 £000	31/03/25 £000
Cash at bank and in hand	2,545	15,629
Short-term Treasury deposits (deposits with a maturity of less than three months)	116,000	123,000
Cash and cash equivalents	118,545	138,629

As at 31 March 2026, the Financial Ombudsman Service held Treasury deposits with a maturity of less than three months with six different institutions (31 March 2025: six).

15. Trade and other payables

	31/03/26 £000	31/03/25 (reclassified)* £000
Trade and other payables due within one year		
Trade payables	5,638	6,143
Other taxes and social security	3,742	3,334
Deferred income		
Compulsory jurisdiction levy billed in advance	49,158	48,101
Sub-lease income billed in advance	690	196
Other creditors	109	556
Accruals		
Employee related	10,244	8,293
Casework and temporary staff	1,904	566
Group-fees	2,786	3,900
Other	2,747	3,142
Trade and other payables due within one year	77,018	74,231
Trade and other payables due after more than one year		
Accruals	143	202
Trade and other payables due after more than one year	143	202

* Group-fee accruals and Other accruals have been split out to provide more relevant information to the users of the accounts.

16. Lease liabilities

	31/03/26 £000	31/03/25 £000
Lease liabilities – due within one year		
Property	3,572	4,072
Equipment	12	18
Lease liabilities due within one year	3,584	4,090
Lease liabilities – due after more than one year		
Property	7,565	10,197
Equipment	64	-
Lease liabilities due after more than one year	7,629	10,197

Movement in lease liabilities in the year	Property £000	Equipment £000	Total £000
Total discounted liabilities at 1 April 2025	14,269	18	14,287
Discounted additions in the year	218	95	313
Rent reviews and changes in lease terms	-	-	-
Interest in the year	264	3	267
Disposals in the year	-	-	-
Adjustments in the year	-	-	-
Repayments in the year	(3,614)	(40)	(3,654)
Total discounted liabilities at 31 March 2026	11,137	76	11,213

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below. Amounts exclude VAT.

Maturity analysis – contracted undiscounted cash flows	Premises 31/03/26 £000	Other 31/03/26 £000	Premises 31/03/25 £000	Other 31/03/25 £000
Payments due				
Not later than 1 year	3,777	16	3,494	19
Later than 1 year and not later than 5 years	7,788	69	11,544	-
Later than 5 years	-	-	-	-
Total contracted undiscounted cash flows	11,565	85	15,038	19

The Financial Ombudsman Service is exposed to liquidity risk in respect of its lease liabilities, which require fixed contractual cash outflows over the lease term. Liquidity risk is managed by incorporating lease payments into the Financial Ombudsman Service's regular cashflow forecasts and monitoring forecast

liquidity against available cash balances. This ensures that sufficient funds are available to meet lease obligations as they fall due. Management is satisfied that the Financial Ombudsman Service has sufficient liquidity to meet its lease obligations as they fall due.

17. Financial instruments

Financial risk management

Financial risk management is carried out by the Financial Ombudsman Service's central finance department under policies approved by the Board to minimise potential adverse effects of risks on the Financial Ombudsman Service's financial performance. The Financial Ombudsman Service's investment policy provides written principles covering market, credit and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Financial Ombudsman Service's financial instruments do not expose it to market risks. In line with the Financial Ombudsman Service's investment policy, investments are only made through sterling fixed-term deposits, which are not subject to price or foreign exchange risk. Furthermore, the Financial Ombudsman Service's operations are carried out in sterling and there is no exposure to foreign exchange from currency exposures. The Financial Ombudsman Service does not have borrowings and therefore is not exposed to cash flow and interest rate risk in respect of borrowings.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

The Financial Ombudsman Service is exposed to credit risk through its cash and short-term deposits with financial institutions and credit exposure to customers through outstanding receivables. The Financial Ombudsman Service monitors credit ratings daily to ensure the banks continue to meet our investment criteria. On an annual basis, the counterparty list is reviewed, revised and presented to the Financial Ombudsman Service's Audit, Risk and Compliance committee for approval. To further manage credit risk, the maximum total principal that can be invested in a single counterparty or multiple counterparties that are under common ownership is based on Standard & Poor's rating of the counterparty. The Financial Ombudsman Service monitors the collection of receivables from its customers, the ageing of debts and the industry sectors they operate in.

c) Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities.

The Financial Ombudsman Service monitors its cash balance on a daily basis. Cash flow forecasting is performed and monitored on a monthly basis to ensure the Financial Ombudsman Service has sufficient liquid cash to meet its operational needs. Surplus cash held above that needed for operating purposes is held on call or in short-term deposit accounts with financial institutions in line with the Financial Ombudsman Service's investment policy. Such cash is only invested in sterling investments with approved financial instruments.

At the reporting date, the Financial Ombudsman Service held money market funds of £0k (2025: £35,000k) and other liquid assets of £118,545k (2025: £138,629k) that are expected to readily generate cash inflows for managing liquidity risk.

d) Interest rate risk

Interest rate risk is the risk that a change in interest rates will reduce the value of an investment or asset or increase the cost of borrowing.

The Financial Ombudsman Service has a positive cash position, so it is not exposed to the increased cost of borrowing. In line with our investment policy, we place fixed-term deposits via auction ensuring we maximise the amount of interest we receive whilst not introducing other risk.

17.1 Financial instruments by category

Trade receivables are recognised initially at amortised cost applying the simplified approach to impairment of financial assets by providing for expected credit losses on trade receivables as described by IFRS 9. This requires the use of lifetime expected credit loss provisions for all trade receivables.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

17.2 Credit quality of financial assets

The fair value of the trade and other receivables, cash at bank and short-term deposits and borrowings is equivalent to the amortised cost balances presented in the financial statements.

The total of past due receivables is £2,319k (2025: £777k).

The Financial Ombudsman Service makes provision for impairment as follows:

- (a) Provision for credit notes – this is calculated with reference to the past 12 months' actual credit notes issued.
- (b) In 2025/26 the provision also contains a one-off provision to account for credit notes that will be issued to representatives in 2026/27 for cases that will now be invoiced at closure rather than at referral.

Movement in the Financial Ombudsman Service's provision for credit notes is as follows:

Movement in the Financial Ombudsman Service's provision for credit notes	31/03/26 £000	31/03/25 £000
Balance brought forward	527	814
Change in provision for the year	703	(287)
Balance carried forward	1,230	527

- (c) Provision for bad debts – the ledger is reviewed for bad and doubtful debts using the expected loss model.

Movement in the Financial Ombudsman Service's provision for bad debts is as follows:

Movement in the Financial Ombudsman Service's provision for bad debts	31/03/26 £000	31/03/25 £000
Balance brought forward	745	996
Change in provision for the year	(9)	(251)
Balance carried forward	736	745

The carrying amount of the receivables is all denominated in pounds sterling.

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the income statement (note 5).

Amounts are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Financial Ombudsman Service does not hold any collateral as security.

18. Provision for liabilities

18.1 Provision for dilapidations

	31/03/26 £000	31/03/25 £000
Provision brought forward	3,732	4,533
Payments in the year	-	(223)
New provision in the year	-	-
Provision released in the year	-	(650)
Interest accrued during the year	64	72
Provision carried forward	3,796	3,732

The provision for dilapidations at 31 March 2026 and 31 March 2025 reflects the recommendations made following property reviews undertaken by external consultants in February 2024. Provisions exist for the London and Coventry properties we currently occupy as set out below.

The leases make provision for dilapidations payments to be made at the expiry of the lease.

Due within one year	31/03/26 £000	31/03/25 £000
Exchange Tower	-	107
Friargate	-	-
	-	107

Due after one year	31/03/26 £000	31/03/25 £000
Exchange Tower	3,669	3,500
Friargate	127	125
	3,796	3,625

18.2. Provision for restructuring costs

Due within one year	31/03/26 £000	31/03/25 £000
Provision brought forward	-	62
New provisions in the year	370	-
Payments in the year	-	(62)
Provision carried forward	370	-

The provision for restructuring costs at 31 March 2026 was calculated with reference to a number of staff roles which were expected to face compulsory redundancy during 2026/27.

18.3. Provisions summary

Due within one year	31/03/26 £000	31/03/25 £000
Dilapidations	-	107
Restructuring	370	
	370	107

Due after one year	31/03/26 £000	31/03/25 £000
Dilapidations	3,796	3,625
Restructuring	-	-
	3,796	3,625

19. Financial commitments

As at 31 March 2026, there were no financial or other commitments contracted for but not provided (31 March 2025: £Nil).

20. Property and other lease commitments

The Financial Ombudsman Service leases its operating premises. The remaining length of these leases varies from under one year up to five years. These leases are renewable at the end of the lease period at a market rate.

Details of the terms of the leases of the premises as at 31 March 2026 were as follows:

Building	Floor	Start of current lease	End of lease	Future break clauses
Exchange Tower	Various	Various between March 2013 and September 2024	August 2029 (11 leases)	None
Friargate	3	October 2017	October 2027	None
Brunel House	9	September 2025	September 2028	September 2026

The Financial Ombudsman Service also leases various items of equipment, plant and machinery under operating agreements which are excluded from the right of use asset calculation and will continue to be accounted for as lease rentals.

The expenditure classified as lease rentals is charged to the income statement during the year and is disclosed in note 5.

21. Related party transactions

- a) The Financial Conduct Authority is required under various statutes to ensure the Financial Ombudsman Service can carry out its functions. The Financial Conduct Authority has to ensure that the terms of appointment of the Directors secure their operational independence from the Financial Conduct Authority. Accordingly, the Financial Ombudsman Service is not controlled by the Financial Conduct Authority but considers it to be a related party.
- b) The Financial Ombudsman Service entered into an agency agreement with the Financial Conduct Authority whereby, with effect from 1 April 2004, the Financial Conduct Authority collected tariff data, issued levy invoices and collected levy monies on behalf of the Financial Ombudsman Service, at a cost of £185k for the year ended 31 March 2026 (31 March 2025: £180k).
- c) At 31 March 2026 the balance due from the Financial Conduct Authority is £6,573k (31 March 2025: £1,652k). This balance has been included in 'trade and other receivables' (see note 12).
- d) The Financial Conduct Authority bills the Financial Ombudsman Service administration charges in respect of the pension scheme. The charge for the year ended 31 March 2026 was £860k (31 March 2025: £836k).
- e) The Financial Conduct Authority is a party to the lease agreements for Exchange Tower as guarantor of performance from 1 September 2014 for a lease term of 15 years.
- f) The compensation and expenses paid to management are detailed in the Remuneration report (see pages 61 to 66).

Other than disclosed above, there were no related party transactions during the year (31 March 2025: Nil).

22. Losses and special payments

Due within one year	31/03/26 £000	31/03/25 £000
Losses	155	3,935
Recoveries relating to previous year losses	-	(402)
Special payments	298	537
Total	453	4,070

Losses in 2024/25 included a £3,459k impairment relating to the development of the Portal and Intelligent Automation intangible assets.

In 2023/24 and 2024/25 the Financial Ombudsman Service received and recognised dividends from firms where write-offs had been included in losses in previous years.

23. Pension costs

Introduction

The Financial Ombudsman Service is part of the Financial Conduct Authority's HMRC-approved pension plan open to permanent employees. The pension plan was established on 1 April 1998 and has both a defined benefit (final salary) and defined contribution (money purchase) section. The Plan is administered by a corporate board of trustees which is legally separate from the sponsoring employers. The Trustee is responsible for the investment policy with regard to the assets plus the day-to-day administration of the Plan. The trustee directors must always act in the best interest of the members and other beneficiaries.

Since 1 April 2000, all employees joining the Financial Ombudsman Service have been eligible only for the defined contribution section of the Plan. On 1 April 2010 the defined benefit section of the Plan closed and those members who were previously earning final salary benefits had the option to earn future benefits under the defined contribution section. Members with a defined benefit pension are entitled to annual pensions on retirement at age 60, the majority of which increases with RPI inflation, subject to a cap of 5% per annum. Benefits are also payable on death and following other events. No other post-retirement benefits are provided to these employees.

The Financial Conduct Authority is the principal employer of the Plan and retains ultimate responsibility for payment of any debt due in event of a wind-up. The Financial Ombudsman Service is an associated employer and would be liable for payment of a debt should we cease to participate, calculated in line with section 75 debt provisions. Any surplus would, ultimately, be returned to the principal and associated employers on wind-up.

In the unlikely event that the Financial Conduct Authority cease to participate in the scheme as the Principal Employer and the Financial Ombudsman Service continues to participate in the Plan, the Financial Conduct Authority would be charged a debt on their obligations in the Plan. In this theoretical scenario there is then a risk that the

Financial Ombudsman Service remains as the sole employer to the Plan and becomes responsible for the assets and liabilities. However, before this event there are many options that the Financial Ombudsman Service could take to avoid this happening, thus ensuring they are only responsible for paying for any debt related to their liabilities only.

Profile of the Plan

Defined contribution scheme

The Financial Ombudsman Service's core contributions (ranging from 8% to 12% of the employee's pensionable salary) to the defined contribution section depend on the employee's age. The defined contribution section is part of a flexible benefits programme, and members can, within limits, select the amount of their overall benefits allowance that is directed to the pension plan. The Financial Ombudsman Service will pay matching contributions up to a maximum of 3% of the employee's pensionable salary.

Defined benefit scheme

The defined benefit obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 55% of the liabilities are attributable to deferred pensioners and 45% to current pensioners. Independent actuarial advice has been obtained in order to calculate the share of the assets and liabilities of the Financial Conduct Authority plan relating to those present and past employees of the Financial Ombudsman Service.

The defined benefit obligation includes benefits for deferred members of the Plan and current pensioners. At 31 March 2026 there are 66 deferred members (31 March 2025: 70) and 62 pensioners (31 March 2025: 58).

The Plan duration is an indicator of the weighted-average time until benefit payments are made. For the Plan as a whole, the duration is around 13 years reflecting the approximate split of the defined benefit obligation between deferred members (duration of 15 years) and current pensioners (duration of 10 years).

The following table provides an analysis of the defined benefit obligation:

Analysis of defined benefit obligation by membership category	31/03/26 £000	31/03/25 £000
Deferred members benefits	13,539	14,336
Pensioner members benefits	11,078	10,381
Total defined benefit obligation	24,617	24,717

Funding requirements

UK legislation requires that pension schemes are funded prudently. The latest funding valuation of the Plan was carried out by a qualified actuary as at 31 March 2025 (the previous valuation was carried out as at 31 March 2022). The 31 March 2025 valuation showed a deficit of £24,900k (31 March 2022: £82,500k). This includes both the Financial Ombudsman Service's and the Financial Conduct Authority's participation in the Plan.

The Financial Ombudsman Service paid deficit contributions of £1,386k in the year to 31 March 2026 which was requested by the Financial

Conduct Authority and agreed by the Financial Ombudsman Service. These contributions along with a return on assets assumption in line with the Technical Provisions discount rate means the Plan is expected to be fully funded on a Technical Provision basis by 31 March 2026.

No further deficit contributions will be made after that date unless the funding position were to materially worsen and certain deficit triggers are met. Any further deficit contribution requests from the Financial Conduct Authority will be considered by the Financial Ombudsman Service.

Risks associated with the Plan

The Plan exposes the Financial Ombudsman Service to a number of risks, the most significant of which are set out below:

Asset volatility	The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The Plan holds a proportion of its overall assets in growth assets (equities and property) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term.
Inflation risk	The majority of the Plan's defined benefit obligation is linked to inflation, and higher inflation leads to a higher defined benefit obligation (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).
Life expectancy	The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the defined benefit obligation.
Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the Plan's defined benefit obligation for accounting purposes, although this will be partially offset by an increase in the value of the Plan's bond holdings. However, the liability matching assets of the Plan look to match gilt yields rather than corporate bond yields and so a decrease in the spread between corporate bond yields and gilt yields will worsen the balance sheet.

Risk management

The Financial Ombudsman Service and the Plan's trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes a significant proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The trustees insure certain benefits which are payable on death before retirement.

Other risks

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits to be altered where certain actuarial certification requirements were met. The decision of the High Court was that amendments made without the relevant actuarial certification were not valid.

The decision was appealed to the Court of Appeal, and the original decision was upheld. On 5 June 2025 the Government announced that they would be introducing legislation to give impacted schemes the ability to retrospectively obtain actuarial confirmation that historic benefit changes met the necessary standards. The relevant legislation was introduced under the Pension Schemes Act 2026.

The Trustee has informed the Financial Ombudsman Service that it has no reason at this stage to believe that the relevant requirements were not complied in relation to amendments made to the Plan between 6 April 1997 and 5 April 2016. However, the Trustee is continuing to monitor legal developments and will reconsider the matter if it becomes aware of any specific issue in relation to the Plan.

As there are currently no known impacts to the final salary section, no adjustment has been made to the defined benefit obligation to allow for this ruling. The Financial Ombudsman Service, the Financial Conduct Authority and the Trustees will continue to monitor the situation.

Guaranteed minimum pension (GMP) equalisation

An estimate of the additional liabilities in respect of the October 2018 ruling on GMP equalisation was first allowed for in the 31 March 2019 balance sheet defined benefit obligation and was recognised in full as a past service cost.

There are no updates to this estimate and the defined benefit obligation at 31 March 2026 continues to make allowance for these liabilities, consistent with last year.

We have determined that the impact of the second 2020 GMP equalisation ruling on prior transfers has no material impact on the estimated liability and has been excluded from calculations.

Reporting at 31 March 2026

The calculations are based on an approximate valuation of the benefits payable in respect of the Financial Ombudsman Service's members of the final salary section of the Plan at 31 March 2026, based on data and financial conditions at the

same date. These benefits include retirement pensions and non-lump sum benefits on members' death. The present value of the defined benefit obligation was measured using the projected unit credit method.

The principal assumptions agreed by the Board and used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below:

Main financial assumptions	31/03/26 % p.a.	31/03/25 % p.a.
Discount rate	6.2	5.8
Retail price index (RPI) inflation	3.3	3.1
Consumer price index (CPI) inflation	2.9	2.6
Excess pension increases	3.1	2.9
Post 88 GMP pension increases	2.2	2.1

The financial assumptions reflect the nature and term of the Plan's liabilities.

The main demographic assumptions are set out below:

Main demographic assumptions		31/03/26 Years	31/03/25 Years
Life expectancy for member aged 60 at the balance sheet date	Males	27.9	27.9
	Females	29.6	29.9
Life expectancy at age 60 for member aged 40 at the balance sheet date	Males	29.0	29.1
	Females	30.7	31.0

Main demographic assumptions	2026	2025
Mortality base table adopted	SAPS S4 light tables for normal health retirees with a scaling factor of 105%	SAPS S3 light tables for normal health retirees with a scaling factor 100%
Mortality future improvements adopted	Future improvements assumed to be in line with the CMI 2025 projections model with an addition to improvements of 0.5% p.a. and a long-term rate of improvement of 1.00%	Future improvements assumed to be in line with the CMI 2023 projections model with an addition to improvements of 0.5% p.a. and a long-term rate of improvement of 1.00%
Cash commutation	Members assumed to exchange 17.5% of their pension for a cash lump sum at retirement	Members assumed to exchange 17.5% of their pension for a cash lump sum at retirement

The Plan assets are invested in the following asset classes. Equity and liability driven investment (LDI) funds are invested in quoted items. Property, bought-in annuity policies and infrastructure are not invested in quoted items. 'Cash' refers to cash deposits.

Asset allocation	Value at 31/03/2026 £000	Value at 31/03/2025 £000
Equity	2,678	2,280
Property	89	211
Liability driven investment funds (LDI)	18,692	17,863
Bought-in annuity policies	1,142	1,163
Infrastructure	4,079	3,760
Other	380	126
Total market value of assets	27,060	25,403

There are no deferred tax implications of the above deficit as corporation tax is only payable by the Financial Ombudsman Service on activities not directly related to its statutory activities.

The Plan assets do not include any of the Financial Ombudsman Service's own financial instruments, nor any property occupied by, or other assets used by the Financial Ombudsman Service.

The amounts recognised in the statement of financial position are set out below:

Reconciliation of funded status to statement of financial position	Value at 31/03/2026 £000	Value at 31/03/2025 £000
Fair value of Plan assets	27,060	25,403
Present value of defined benefit funded obligation	(24,617)	(24,717)
Effect of the net pension asset ceiling	(2,443)	(686)
Net pension asset/(liability) recognised on the statement of financial position	-	-

The amounts recognised in comprehensive income are set out below:

Breakdown of amounts recognised in the statement of comprehensive income and the statement of other comprehensive income	Year ending 31/03/2026 £000	Year ending 31/03/2025 £000
Financing cost		
Interest on net defined liability	-	58
Pension amount recognised in the statement of comprehensive income	-	58

Re-measurements in other comprehensive income	Year ending 31/03/2026 £000	Year ending 31/03/2025 £000
Returns on Plan assets below that recognised in net interest	254	3,005
Actuarial gains due to changes in financial assumptions	(610)	(3,994)
Actuarial gains due to changes in demographic assumptions	(335)	(342)
Actuarial losses/(gains) due to liability experience	401	(88)
Total amount recognised in the statement of other comprehensive income	(290)	(1,419)
Total amount recognised in the statement of comprehensive income and other comprehensive income	(290)	(1,361)

Changes in the present value of the defined benefit obligation during the year are set out below:

	Year ending 31/03/2026 £000	Year ending 31/03/2025 £000
Opening defined benefit obligation	24,717	28,810
Interest cost on defined benefit obligation	1,406	1,359
Actuarial gains on Plan liabilities arising from changes in demographic assumptions	(610)	(3,994)
Actuarial gains on Plan liabilities arising from changes in financial assumptions	(335)	(342)
Actuarial losses/(gains) on Plan liabilities arising from experience	400	(88)
Net benefits paid out	(961)	(1,028)
Closing defined benefit obligation	24,617	24,717

Changes to the fair value of Plan assets during the year are set out below:

	Year ending 31/03/2026 £000	Year ending 31/03/2025 £000
Opening fair value of Plan assets	25,403	27,069
Interest income on Plan assets	1,487	1,300
Re-measurement losses on Plan assets	(255)	(3,005)
Contributions by the employer	1,386	1,067
Net benefits paid out	(961)	(1,028)
Closing fair value of Plan assets	27,060	25,403

Actual return on Plan assets is set out below:

	Year ending 31/03/2026 £000	Year ending 31/03/2025 £000
Interest income on Plan assets	1,486	1,300
Re-measurement (losses) on Plan assets	(255)	(3,005)
Actual return on Plan assets	1,231	(1,705)

Analysis of amounts recognised in statement of other comprehensive income:

	Year ending 31/03/2026 £000	Year ending 31/03/2025 £000
Total re-measurement gains	290	1,419
Effect of the net pension asset ceiling*	(1,757)	(686)
Total (losses)/gains	(1,467)	733

* The pension disclosures provided by our actuaries show a net pension asset of £2,443k (31/03/25: £686k). In line with IAS 19 and IFRIC 14, we reduced the asset to nil as the Financial Ombudsman Service does not have an unconditional right to the surplus.

Sensitivity to key assumptions

The key assumptions used for IAS 19, which outlines the accounting requirements for employee benefits, are discount rate, inflation and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The increase to the net pension liability as a result of changes to the assumptions used is set out below.

The sensitivity showing the impact of a 0.1% decrease and a 1.0% increase in the discount rate reflects a change in assumptions, rather than a change in underlying bond yields, and therefore does not allow for the impact on Plan assets, other than annuities held by the Plan.

	Change in asset £000	Change in defined benefit obligation £000
Following a 0.1% decrease in the discount rate	10	(307)
Following a 0.1% increase in the inflation assumption	10	(314)
Following a 1% decrease in the discount rate	108	(3,380)
Following a 1% increase in the inflation assumption	73	(2,508)
Following a one-year increase in life expectancy	46	(630)

The sensitivity information shown has been prepared using the same method used to adjust the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous years.

Money purchase section (defined contribution scheme)

The total expense recognised in the income statement £15,505k (2025: £14,006k) represents contributions payable to the plan by the Financial Ombudsman Service at rates specified in the rules of the defined contribution scheme.

24. Events after the reporting period

On 2 July 2026, the Upper Tribunal confirmed that the legal challenge to the FCA Motor Finance Commission redress scheme will be heard in late 2026 or early 2027 and the suspension of part of the redress scheme. The impact of this is that we may not be able to close as many MFC cases as expected in 2026/27, but this will not have a material impact on our cashflow or continuing as a going concern.

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