

# Our plans for the year ahead 2008/2009

16 April 2008

We published our proposed budget for the 2008/09 financial year on 11 January 2008 - and invited comments from stakeholders and users of our service by 22 February. Following feedback on our budget from the financial services industry, we have increased our forecast for the number of new complaints we now expect to receive in 2008/09 - from 72,000 to 90,000.

While industry practitioners agreed that we could expect to see the number of mortgage endowment complaints to the ombudsman service further decline to 10,000 in 2008/09, it was generally considered that the number of disputes involving mortgages, banking and general insurance would increase more steeply than had been anticipated previously - reflecting continued consumer campaigns on issues such as payment protection insurance and bank charges, and general public concerns about growing debt problems.

This revised forecast for complaint volumes in 2008/09 means that case-fee income from the larger number of complaints we expect to settle and close in 2008/09 - 110,000 cases instead of the initial estimate of 84,000 - is now expected to increase from £33.6m (as initially proposed) to £43.7m. The total budget for 2008/09 is forecast to rise correspondingly to £59.9m.

However, we expect the total amount of levy paid by the financial services industry to fall to £19m in 2008/09 - compared with a figure of £21.7m as initially proposed. The unit cost is expected to reduce to £543 from the original estimate of £584.

As consulted on in the proposed budget, the case fee in 2008/09 increases to £450 - but the number of "free" cases for businesses will increase from two to three. This means that case fees will only be charged for the fourth (and any subsequent) complaint - so fewer than one in ten businesses covered by the ombudsman service should have to pay a case fee. These budget and funding arrangements have been approved by the board of both the financial ombudsman service and the financial services authority (FSA) - in line with statutory requirements.

Financial ombudsman service 2008/09 budget (approved by FSA)	
Income	
Annual levy	£19.0m
Case fees	£43.7m

Other income	£0.4m
Provision for bad and doubtful debts	(£0.4m)
<b>Total income</b>	<b>£62.7m</b>
<b>Expenditure</b>	
Staff and staff-related costs	£37.9m
Professional fees	£0.9m
It costs	£1.7m
Premises and facilities	£5.8m
Other costs	£0.7m
Depreciation	£2.2m
<b>Operating costs</b>	<b>£49.2m</b>
Financing costs	£0.4m
<b>Total costs</b>	<b>£49.6m</b>
Restructuring costs	£10.3m
<b>Surplus/(deficit)</b>	<b>£2.8m</b>
Cases resolved	110,000
<b>Unit cost</b>	<b>£543</b>

## Media enquiries

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