

Financial Ombudsman Service releases plans and budget for 2018/19

Article By:

Garon Anthony

Mariyam Harunah

On 28 March 2018, the FOS published its plans and budget (“**Plan**“) for the 2018/2019 financial year. The Plan follows a formal consultation by the FOS with its stakeholders in December 2017.

In the Plan, the FOS outlines (amongst other things) its forecasts on consumer complaints for the new financial year, as well as its future plans to ensure that it produces “*fair, rigorous and consistent*” answers to consumer complaints.

Review of 2017/2018

The Plan confirms that:

- PPI claims encompass over half of all complaints submitted to the FOS;
- there has been a further increase in complaints against payday lenders; around 60% of these complaints were incorrectly handled by lenders;
- the number of complaints relating to packaged bank accounts has fallen sharply. The FOS credits the reduction to its efforts to raise awareness amongst both banks and consumers; and
- complaints relating to pensions and investments amounted to only a small percentage of the total number of claims received by the FOS. However, the number of annuity claims has increased significantly.

Looking ahead to 2018/2019

The FOS predicts that in the new financial year it will:

- receive 380,000 new complaints (220,000 of which will relate to PPI);
-

-
- resolve 410,000 complaints (250,000 of which will relate to PPI);
 - comply with the 90-day deadline for resolving disputes under the Alternative Dispute Resolution Directive (2013/11/EU) and aims to resolve half of complaints within 45 days;
 - resolve 95% of all complaints in which customers have been waiting over 12 months for an answer;
 - take responsibility for complaints regarding claims management companies;
 - continue to support the transition of claims management regulation to the Financial Conduct Authority; and
 - prepare for potential changes to its remit – for example, extending access to small and medium-sized enterprises.

Budget for 2018/2019

Despite its rising operating costs (a 19% rise is expected in 2018/2019 to £230.4 million); the FOS has announced that it has frozen both case fees and industry levies for the sixth consecutive year. Group funding arrangements will also remain unaltered. The FOS expects a total expenditure of £289.8 million and expects to incur £706 per case.

The FOS will continue to charge:

- FCA authorised companies a levy of £24.5 million;
- £550 for each case; and
- no fee for each companies' first 25 complaints – this is expected to result in 9 out of 10 companies whose customers complain to the FOS not paying any case fees all year.

FOS initiatives

The FOS will introduce a new case-handling system, which will move from a case-centric to a customer-centric system. This will assist the FOS with providing a more joined-up and personal service. A new online portal will also be launched, which will enable businesses and customers to share information with the FOS and track the progress of their case more easily.

The FOS has confirmed that 2018/2019 is not the right time to change its funding model, which has been in place since its establishment in 2000. However, it anticipates that it will need to review the fairness and sustainability of the present model, bearing in mind a future where its caseload is not dominated by PPI complaints. With this in mind, the FOS will be consulting with stakeholders over the next six months about its future funding model.

© Copyright 2025 Squire Patton Boggs (US) LLP

Source URL: <https://natlawreview.com/article/financial-ombudsman-service-releases-plans-and-budget-201819>