Financial Ombudsman Service

Modernising the Redress System: policy statement

August 2026

The Financial Ombudsman Service

About us

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 made by small and medium-sized enterprises (SMEs) about financial firms and complaints made by customers of claims management companies (CMCs). More information about our jurisdiction and 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 and providers of financial services products.

Overview

This policy statement sets out the Financial Ombudsman Service's position on the proposals we consulted on in CP26/9 — on Modernising the Redress System. It summarises the feedback received from respondents; explains how that feedback has informed our decisions; and outlines the changes we will take forward regarding proposals about:

1. the preregistration and registration stages
2. the refreshed dismissal grounds following revocation of the Alternative Dispute Resolution (ADR) Regulations 2015 on 6 April 2026 and the government's confirmation that it will remove the Financial Ombudsman from the scope of the Digital Markets, Competition and Consumers Act 2024, and
3. the adapted 'fair and reasonable' test in DISP 3.6.4R of the Financial Conduct Authority (FCA) Handbook for determining complaints.

The consultation generated a high level of engagement with 92 responses from a broad mix of stakeholders, including financial services firms, trade bodies, consumer groups, professional representatives and individual consumers. We are thankful for all the feedback submitted.

Overall, there was conditional support for proposals relating to the introduction of preregistration and registration stages. There was also support for the changes to our dismissal powers, recognising the potential to improve efficiency, consistency and the management of complaints. However, this support was often conditional on ensuring that changes do not create unintended barriers to access, particularly for vulnerable or unrepresented consumers. It also highlighted the need for clear criteria, reasonable exercise of discretion, and transparency in how decisions are made.

Responses to proposals to adapt temporarily the 'fair and reasonable' test in DISP 3.6.4R in advance of legislation being passed revealed a clearer divergence of views. Industry respondents generally supported the proposed direction, emphasising the benefits of certainty, predictability and alignment with regulatory standards applicable at the time of the disputed act or omission. Consumer groups and individual consumers raised concerns about the removal of "good industry practice" as a consideration, citing the potential impact on fairness in individual cases or where vulnerabilities are present, particularly as the matter is presently under active consideration by Parliament.

Across all areas of the consultation, respondents highlighted the importance of how the framework operates in practice. There was consistent emphasis on the need for clear guidance, transparent reasoning, reasonable discretion, and ongoing monitoring of outcomes. Respondents also noted that the combined effect of the reforms should be carefully managed to ensure that access to redress is maintained.

Summary of our decisions

Based on feedback to the consultation, we have made the following decisions.

Registration stage

We will proceed with introducing a registration approach within our complaint handling framework, as set out in CP26/9. Formal rules will follow alignment with our consultation on case fees to ensure a coherent overall framework. To prepare for future rollout, we will test our internal processes and conduct pilots where possible to assess the appropriate level for readiness criteria and their impact.

Dismissal framework

We will proceed with the proposed changes to our dismissal powers, with one minor amendment (see page 17) based on feedback. These changes are intended to provide clearer routes to resolutions and to improve the overall management of complaints. In exercising these powers, we will ensure discretion is exercised reasonably and consistently through staff training, quality assurance, and ongoing evaluation, with transparency and appropriate regard for vulnerability in line with our published policy on this. Formal rule changes will take effect from 1 October 2026. As with our approach to charging professional representatives, we will report after the first year of operation to provide transparency on the impact of the change and to identify any adjustments needed in light of experience.

Fair and reasonable test

We will amend DISP 3.6.4R to clarify that our decisions are based on the standards applicable at the time of the act or omission complained about. Although the rule change will take effect from 1 October 2026, it will apply to all current and future complaints given the change is clarificatory only. Given the progress of the Financial Services and Markets Bill through Parliament, we will retain the reference to "good industry practice" in DISP 3.6.4R at this stage and keep the position under review as the legislative process continues.

The following sections summarise in greater detail the feedback we received on each aspect of the consultation, alongside our response and final decisions. This includes how we will mitigate any concerns raised through our implementation, guidance and monitoring.

Background

Between March and May 2026, we consulted on proposals to modernise our processes to ensure they reflect a modern economy. In consultation paper CP26/9 on Modernising the Redress System, we set out proposals to introduce a registration stage; update dismissal powers in DISP 3.3.4 of the FCA Handbook; and amend the 'fair and reasonable' test for determining complaints as set out in DISP 3.6.4R.

The consultation built on earlier work to improve the effectiveness, consistency and accessibility of the financial services redress system, including a previous Call for Input in 2024 and a consultation (CP25/22) in 2025. During this period, the government also undertook a review of the Financial Ombudsman Service. In March 2026, it published a number of reforms, some of which are being taken forward through the Financial Services and Markets Bill, which was introduced in the House of Lords on 19 May 2026.

Feedback to our consultation and our response

Registration

We sought views on introducing preregistration and registration stages to strengthen early case handling and ensure complaints are only registered (and then enter the registration stage) when they are ready to be investigated ('readiness to investigate' criteria).

We asked:

Question 1: Do you agree with the proposed rules to introduce a registration stage (preregistration and registration stages), as set out in Appendix 2? If not, please give evidence or reasons as to why not.

Question 2: Do you agree with the proposal for the Financial Ombudsman to assess whether a case is ready to investigate within the registration stage, recognising that it will develop and publish further supporting guidance to support the rules in due course? If not, please give reasons or evidence as to why not.

Question 3: Do you have any other comments, data, evidence, or suggestions regarding the proposed registration stage?

Feedback

Most responses (75%) gave broad support for the introduction of a registration stage, although the supportive feedback was conditional, particularly from those consumer groups that felt able to offer limited support. Many respondents recognised the potential for a registration stage to strengthen early case handling, improve efficiency and ensure that complaints are appropriately prepared before progressing to investigation.

Across all respondent groups, there was strong emphasis on the need to ensure that registration supports access to the service rather than creating additional barriers. This was identified particularly for complainants who are vulnerable, unrepresented or may have difficulty providing information at an early stage (for example, those who are digitally excluded).

There were differing perspectives on the balance between efficiency and access. Firms and trade bodies emphasised the benefits of early filtering and improved complaint quality, while consumer groups and professional representatives focused on the need for flexibility, proactive support and safeguards to avoid unintended exclusion of legitimate complaints.

Respondents highlighted the importance of transparency and consistency in how readiness to investigate would be assessed. There were repeated calls for clearly defined expectations, product-specific guidance and effective communication, so that complainants and firms understand what is required for a case to proceed.

A central theme in responses was the importance of clearly distinguishing between assessing whether a case is ready to investigate and making early judgments on its merits. Respondents consistently cautioned against the registration stage developing into a form of early investigation or evidential filtering.

Some respondents also raised the interaction with case fees, noting that complaints resolved or filtered out before full investigation should be reflected in the fee model.

Our response and expected impact

We will proceed with introducing a registration approach within our complaint-handling framework, as set out in CP26/9. However, we will defer the proposal to align with our consultation on case fees later this year to ensure a coherent overall framework where fees fairly reflect the effort that is required to resolve the dispute. In the meantime, to prepare for future rollout, we will test our internal processes and conduct pilots where possible.

This approach is designed to address current variability in how cases reach investigation. At present, cases often progress without the core information needed to assess their merits, which can lead to delays, repeated information requests and inefficiencies for complainants, firms and our service. Introducing a clearer point at which cases are assessed as ‘ready to investigate’ will improve consistency and enable investigations to focus more directly on the substantive issues in dispute.

This change affects when information is provided, rather than what is required. It is not intended to prevent complaints from progressing or to introduce an additional evidential threshold. We will retain flexibility and maintain a clear distinction between readiness and merits.

Cases currently reach investigation in varying states of readiness, with key information often arriving late or needing to be chased. Where this happens, complaints take over three weeks longer, on average, to reach a first assessment. In around 500 cases a year, we ask parties for further information at least ten times before reaching an initial outcome. Although this represents a small proportion of our overall caseload, it creates friction for complainants, firms and our service, including cases moving between case handlers or categories as further information emerges incrementally.

The impact is felt by consumers. Over 20% of cases move back from investigation to earlier stages and, of the 225,000-plus cases resolved in 2024/25, over 10% were withdrawn or abandoned before receiving a first assessment. Consumer research through a YouGov survey indicates that earlier information requests need to be handled carefully. Around a quarter of respondents said being asked to provide information earlier could make them less likely to pursue a complaint.

The registration stage is intended to address this problem by creating a clearer and more consistent point at which complaints are assessed as 'ready to investigate', and by better explaining why we need the information we are asking for to resolve the dispute while keeping information requirements proportionate. This should allow more time to be spent progressing the merits of complaints once they reach investigation.

We will test the approach through pilots, beginning with fraud and scams casework in October 2026. Cases will continue to be accepted under current arrangements, but with more activity – such as information requests and case management – taking place earlier in the overall casework process so that cases move to investigation when ready, and those that are unlikely to proceed can exit sooner.

This testing will enable us to assess the appropriate level for readiness criteria and their impact on customer engagement, case flow and outcomes, while informing the development of guidance, staff training and implementation arrangements including any differentiated fees.

In line with our vulnerability policy, our service will continue to be accessible, inclusive and responsive to the needs of all consumers. Engaging with consumers earlier in the process will help us identify those needs sooner, so that we can remove barriers and tailor our support at an earlier stage.

To support implementation in the longer term, we will develop supporting materials and provide targeted training for staff, informed by engagement with firms (particularly to assist with demand forecasting and trend analysis), industry bodies and consumer representatives. This will include collecting (on a purely voluntary basis without prejudice to the casework process) and analysing more detailed data on all protected characteristics, as these may impact vulnerability and ease of access to our service. We will continue to refine our approach – taking account of customer surveys, feedback, quality reviews, and any service complaint data – to ensure it supports effective implementation and allows sufficient time for firms and representatives to prepare.

Dismissals

We set out proposals to update and clarify the dismissal framework within DISP 3, including by retaining and refining existing powers; reintroducing some original powers that had been withdrawn in 2015 to give effect to the Alternative Dispute Resolution for Consumer Disputes Regulations 2015; and by introducing new grounds to reflect modern circumstances.

Across the consultation, respondents broadly supported updating and clarifying the dismissal framework, recognising the importance of ensuring we can operate efficiently and focus on complaints that can be resolved fairly and effectively.

Support for this was strongest among firms and trade bodies for measures that reduce duplication, provide greater clarity on the scope of complaints, and strengthen the ability to bring finality to cases where appropriate.

However, support often came with concerns, particularly from consumer groups and representatives, who emphasised the need to ensure that dismissal powers are applied carefully and do not restrict access to redress. There was a strong and consistent theme that dismissal should not prevent legitimate complaints from being considered and should not operate as a proxy for determining the merits of a case.

A central concern across all sections was how these powers would operate in practice. Respondents emphasised that:

- decisions should be transparent and supported by clear guidance
- discretion to dismiss should be exercised proportionately and with appropriate safeguards, and
- there should be a clear distinction between case management and assessment of the merits.

There was also a significant focus on vulnerability. Respondents highlighted that a complainant's behaviour, ability to engage in the process, or ability to evidence their complaint, may reflect underlying factors such as financial hardship, health conditions, language barriers or experiences of domestic or economic abuse. There was a clear expectation that these factors should be taken into account when applying dismissal powers.

In line with our vulnerability policy, we will continue to ensure that our service is accessible, inclusive and responsive to the needs of all consumers. We are mindful of the needs of vulnerable consumers and those that require reasonable adjustments whilst exercising our statutory role, and this will continue under these proposals to change our dismissal framework. We will continue to engage and listen to expert consumer groups through our panel to ensure we stay up to date with best practice and insight.

In response, we are implementing a strengthened and more coherent dismissal framework.

Across all dismissal grounds:

- decisions will remain discretionary (with such discretion exercised in line with public law principles) and based on the individual circumstances of each case
- the needs of vulnerable consumers and those that require reasonable adjustments will continue to remain important considerations while exercising our powers to dismiss, and
- safeguards, guidance and oversight will support consistent and proportionate dismissal decisions.

Taken together, these changes are intended to provide greater clarity, improve efficiency and support more consistent outcomes, while maintaining fairness and access to our service.

Feedback to the specific questions we asked, alongside our response are listed below.

We asked:

Question 4: Do you agree that the Financial Ombudsman should retain the ability to dismiss complaints that are frivolous or vexatious? If not, please give evidence or reasons as to why not.

Question 5: Do you agree that the Financial Ombudsman should be able to dismiss complaints where complainants have acted vexatiously, abusively or otherwise unreasonably? If not, please give evidence or reasons as to why not.

Feedback

These proposals were broadly supported, with over 80% of all respondents giving conditional agreement. Many respondents highlighted the importance of protecting the integrity of the service, managing inappropriate or abusive conduct, and ensuring that resources are focused on complaints that can be resolved fairly and effectively.

However, this support was qualified by concerns about how these powers would operate in practice. Respondents stressed that behaviour should be considered separately from the substance of a complaint, and that dismissal on this basis should not prevent legitimate complaints from being considered. There was strong emphasis on ensuring that dismissal where complainants have acted vexatiously, abusively or otherwise unreasonably, is applied proportionately and only where appropriate, rather than as a routine case-management tool.

A recurring theme across responses was the importance of recognising the role of vulnerability. Respondents highlighted that behaviour perceived as unreasonable may reflect underlying factors such as mental health conditions, distress, neurodivergence, language barriers or experiences of domestic or economic abuse. There was a strong expectation that these factors should be taken into account when applying these powers.

Respondents also emphasised that dismissal in these circumstances should operate as part of a graduated approach. This includes providing clear expectations of behaviour, offering warnings and opportunities to engage appropriately, and ensuring that dismissal is used as a last resort where other approaches have not been effective.

Across all respondent groups, confidence in the use of these powers was closely linked to transparency and consistency. Respondents called for clear definitions, supporting guidance and visible oversight, as well as clear reasons to be given in each case, so that both complainants and firms can understand how and why the case has been dismissed.

Our response and expected impact

Based on the feedback, we will proceed with both dismissal rules. These provide clearer mechanisms to address complaints that are frivolous or vexatious, and to manage behaviour that disrupts the complaint handling process through abusive, vexatious or otherwise unreasonable conduct.

We will continue to take into account behaviour which may reflect vulnerability and the need for reasonable adjustments. This will be done in line with our vulnerability and safeguarding policies (with access to internal experts in this field). See also the mitigations in our Equality Impact Assessment (EIA) below.

These powers will operate alongside our unreasonable behaviour policy and will be used as a last resort. Individuals will be given appropriate opportunities to moderate their behaviour, appoint a representative, or make representations before dismissal is considered. Decisions to issue final-stage warnings or dismiss complaints are subject to appropriate oversight and are not taken lightly.

Recent operational data illustrates how these powers are currently used in practice. Since 2019, over 1,300 first-stage behaviour warnings have been issued. In the 2024/25 financial year, we resolved over 225,000 complaints and the total number dismissed was just over 1,000. In that same financial year, 134 final-stage behaviour warnings were given, with just under 50% relating to complaints where the complainant was identified as vulnerable. This evidence indicates that these powers are used sparingly and with appropriate safeguards.

Safeguards include comprehensive staff training, updated internal guidance notes, having regard to our vulnerability policy, and post-implementation quality assurance and change-programme evaluation. We will collect and analyse data about the cases that we dismiss on such grounds, carefully noting any vulnerabilities or protected characteristics. (See also the EIA below.) Under the updated framework, we expect this to continue, and so support effective case management while maintaining fairness and access to the service, including for vulnerable consumers.

We asked:

Question 6: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the respondent has reviewed the subject matter of the complaint in accordance with (a) the regulatory standards for the review of such transactions prevailing at the time of the review; or (b) any formal regulatory requirement, standard or guidance published by the FCA or other regulator in respect of that type of complaint? If not, please give evidence or reasons as to why not.

Feedback

This dismissal ground was supported by many respondents, particularly firms, but with caution. Many respondents emphasised the importance of avoiding duplication where complaints have already been assessed against relevant requirements, and considered that this could improve efficiency, consistency and finality.

However, this support was not unconditional. Respondents cautioned that compliance with regulatory standards or guidance does not necessarily equate to a fair and reasonable outcome in an individual case. Consumer groups, in particular, highlighted the risk that firm-led reviews may not fully take account of individual circumstances, might be narrow in scope, and may not include all impacted customers. They emphasised the importance of maintaining an independent assessment of what is fair and reasonable in all the circumstances of the case.

Across respondent groups, there was clear consensus that the Financial Ombudsman Service should retain the ability to consider complaints about the underlying activity where there is evidence that a prior review was incomplete, narrowly applied, did not address all relevant issues or was not carried out fairly. This included situations where new information has emerged, where the scope of the original review was limited, or where there were concerns about consistency in how standards were applied.

Respondents also emphasised the need for clarity on the interaction between prior review and the Financial Ombudsman Service's role in determining what is fair and reasonable. Many called for clear guidance on the circumstances in which dismissal would apply, including the evidential threshold that firms would need to meet when relying on prior review, and how this approach would operate in practice.

A few industry respondents suggested this rule ought to be more robustly applied, so that either we are 'required' to dismiss a complaint, or there are no circumstances where a complaint subject that was to an earlier review is upheld.

Our response and expected impact

We will proceed with introducing this dismissal ground. This reflects the broad support for recognising previous reviews that were carried out in accordance with established regulatory standards.

The introduction of this ground will support more efficient case handling by reducing unnecessary duplication where complaints have already been appropriately reviewed within a regulatory framework. It will also support greater consistency and finality in outcomes where the relevant harm has already been considered.

We will work closely with the FCA (and other regulators), including their supervision teams, to support a shared understanding of how such schemes should operate in practice and to help ensure they are applied as intended. Where we see evidence that a scheme is not delivering outcomes consistent with its purpose or is being applied in a way that gives rise to concern, we will engage with the regulator to resolve this. We would not use the ground if there were regulatory ambiguities or gaps that could not first be transparently resolved by other means, e.g. our existing Memorandum of Understanding (MoU) with the FCA or the referral mechanism proposed in the current Financial Services and Markets Bill. The ground will not cover firm-led redress exercises.

This ground is not intended to be used where the subject matter complained of, and the subject of the review are different. Nor is it intended to be used where there was no, or limited, compliance with the regulator's requirements or standards for the review. In those situations, it would be appropriate for a complaint about the underlying activity to proceed.

Regarding industry feedback on making this ground mandatory or more robustly applied, we disagree that the application of the rule should be anything other than discretionary to account for situations where the individual circumstances mean it may be appropriate for us to consider the complaint.

We asked:

Question 7: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the Financial Ombudsman is satisfied, having considered its responsibilities under s.404B of the Financial Services and Markets Act 2000 (FSMA), the respondent has reviewed the subject matter of the complaint in accordance with a consumer redress scheme? If not, please give evidence or reasons as to why not.

Question 8: Do you agree that the Financial Ombudsman should be able to bring finality by dismissing complaints where the subject matter of the complaint has previously been considered or excluded under the Financial Ombudsman Service? If not, please give evidence or reasons as to why not.

Question 9: Do you agree with the addition of 'factual' into the existing rule? If not, please give evidence or reasons as to why not.

Feedback

Respondents generally supported the principle of finality within the redress system, with safeguards for reconsideration in certain circumstances. Over 80% of respondents emphasised the importance of bringing clarity and closure to complaints that have already been considered, highlighting the need to avoid duplication, repeated engagement with the same issue, and inconsistent outcomes.

At the same time, this support included a strong emphasis on fairness in individual cases. Respondents widely recognised that, while finality is important, there must be scope to consider complaints where new material information emerges, or where previous consideration did not fully address the relevant issues. In particular, there was clear agreement that the introduction of ‘factual’ as a qualifier should not unduly restrict the ability to take account of genuinely new and relevant evidence.

Across responses, there was strong consensus that a distinction should be maintained between genuinely new facts and the reformulation of existing arguments. Many respondents emphasised that complaints should not be reopened solely on the basis of new interpretation, hindsight or changes in representation, but that reconsideration may be appropriate where new material evidence becomes available or where previous decisions were based on incomplete information.

Respondents also highlighted the importance of ensuring that alignment with redress schemes or prior processes does not remove the ability to consider individual circumstances. While there was general support for recognising formal schemes and prior decisions to avoid duplication, 49% of respondents added caveats to that support. Throughout responses, there was strong emphasis on the need for complaint consideration where schemes may have been applied narrowly, inconsistently or without full consideration of the specific facts of a case.

Our response and expected impact

We will proceed with these dismissal grounds, including the addition of ‘factual’, recognising the broad support for strengthening finality within the redress system and reducing unnecessary duplication.

Consumer redress schemes are intended to compensate consumers where a failure has caused, or could cause, financial harm. Under section 404B(1) of FSMA, we can decide a complaint only by reference to the outcome that should have been reached under the scheme (s404B(4)), rather than what we would consider fair and reasonable in all the circumstances. Allowing us to dismiss complaints, where appropriate, that have clearly been dealt with properly under a formal redress scheme avoids duplication and helps ensure consistent outcomes where the relevant harm has already been addressed.

This rule does not apply to complaints that fall outside the scope of a statutory consumer redress scheme. It will also not affect our ability to consider complaints that fall within the scope of a scheme, but where a firm has not acted in accordance with the scheme rules. We will still consider these complaints but we are limited to considering what the firm is required to do under the scheme. If such complaints are upheld, we would only require the firm to provide redress to the extent required by the scheme.

Some industry respondents suggested this ground should be mandatory. We do not agree. Keeping this ground discretionary allows us to check that a scheme has been applied correctly and, where necessary, look beyond how a complaint has been framed to understand the underlying issue.

We already have the power to dismiss complaints that raise the same subject matter as one we have previously considered or excluded. This was one of the most commonly used grounds in the last two years and helps prevent repeated attempts to reopen cases, avoiding unnecessary duplication for both us and firms.

However, respondents raised an important fairness concern. Finality should not exclude legitimate complaints where new information emerges through no fault of the complainant — particularly in cases such as fraud and scams. We agree. Finality should remain the starting point, but we will continue to revisit cases where new factual evidence, not previously available to the complainant, is likely to affect the outcome. This will be clearly reflected in internal guidance for our staff and our decision frameworks.

We are proceeding with the addition of 'factual' as an important way to strengthen certainty, reinforce finality, and reduce repeated attempts to reopen cases based only on fresh argument, reinterpretation, or later legal and regulatory developments.

We asked:

Question 10: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the subject matter of the complaint has been dealt with, or is being dealt with, by a comparable complaints scheme, regulatory or law enforcement body or dispute resolution process? If not, please give evidence or reasons as to why not.

Question 11: Do you agree that the Financial Ombudsman should be able to dismiss complaints where the complaint has been or is the subject of court proceedings? If not, please give evidence or reasons as to why not.

Question 12: Do you agree that the Financial Ombudsman should be able to dismiss complaints that are more appropriate for court, arbitration or another complaint scheme or dispute resolution process? If not, please give evidence or reasons as to why not.

Feedback

Most responses (80%) showed broad support for these proposals, with respondents recognising the importance of avoiding duplication, preventing parallel processes and reducing the risk of inconsistent outcomes across different forums.

However, this support was conditional. Respondents emphasised that dismissal should only be applied where the alternative route is clearly appropriate and capable of delivering a meaningful outcome, including individual redress where relevant. Concerns were raised about complaints being redirected to processes that may be less accessible, slower, or unable to resolve the underlying issue.

A recurring concern was the risk of complaints being passed between organisations without a clear route to resolution. This was particularly highlighted in relation to law enforcement or regulatory processes, where the focus may be on investigation rather than individual outcomes for complainants.

Our response and expected impact

We will proceed with these dismissal grounds. They establish clearer boundaries between the Financial Ombudsman Service and other routes, helping to reduce duplication and ensure complaints are considered in the most appropriate forum. They better reflect our statutory purpose as an alternative to the courts for resolving disputes on a quick and informal basis.

We recognise the concerns raised about dismissing complaints where investigations are being carried out by law enforcement or regulators. We accept that, in the past, we have eventually been able to reach fair and reasonable outcomes based on the evidence before us in some cases, as referred to in responses about certain alleged scams. However, this is not always possible. (Such cases were not often able to be resolved quickly or with minimum formality, and sometimes took many years of investigation.)

In some circumstances, the outcome of official investigations is fundamental to reaching fair and reasonable outcomes or establishing what fair redress might be. Where we believe that to be the case, it would not be appropriate for us to proceed, as that might result in unfair outcomes or interfere with legal processes.

There will be no blanket application of this ground, as noted in the concerns raised. As with all the dismissal rules, this is intended to be discretionary and will be based on the individual facts and circumstances of the complaint.

Example:

Mr B asks us to consider a complaint about the quality of a car obtained through a hire-purchase agreement. He wants to reject the car as several issues have been experienced. A complaint about the quality of the same car had already been made to a comparable scheme – the Motor Ombudsman – who concluded that the dealership was not obliged to accept the rejection of the car.

The discretion to dismiss a complaint that has been, or is currently being, dealt with through a court process is a long-held power. It recognises that there should be a boundary between court proceedings and an informal dispute resolution process. This ground reduces duplication, inconsistent outcomes, legal uncertainty and unnecessary cost. Where a court has made a decision on the subject matter of the complaint, it would not be appropriate for us to interfere with that.

Concerns were raised about proceedings that had been discontinued, struck out or otherwise discontinued, without a determination of the substance of the complaint. This is where our discretion plays an important role. We would consider the individual circumstances before deciding whether to dismiss.

We acknowledge concerns from some consumer groups that outcomes in court do not necessarily deal with the subject matter of the complaint itself but rather a connected matter. Examples were given of irresponsible lending complaints where a court had granted a money judgment or repossession order, but the court had not considered a complaint about the original lending. While we understand the concerns raised, in this scenario we would not usually seek to interfere with a court decision that money was owed because that risks undermining the legal process. Complainants always have the right to seek a stay of legal proceedings from the court so that we can first consider the complaint before a judgment or order is issued by the court. The rules expressly provide for this.

The discretion to dismiss complaints better suited to another scheme or the court is also longstanding but is used infrequently. For example, in 2024/25 fewer than 300 complaints were dismissed on this basis. While courts consider matters differently to us, where a complaint raises a novel legal issue or seeks a legal remedy or clarification, it may be more appropriate for it to be dealt with by the courts.

Example:

Mrs A has made a complaint that contractors working on her property under an insurance claim have caused her personal injury resulting in pain, suffering and loss of amenity. We can make awards for her financial loss and for distress and inconvenience, but we cannot make awards specifically for pain, suffering and loss of amenity. In these circumstances, a decision about the liability for personal injury and compensation for pain, suffering and loss of amenity, would be better suited to court.

Example:

A limited company has taken out a commercial insurance policy and seeks a declaration that certain events will be covered under the policy. This is known as declaratory relief and is a remedy which is a binding judicial statement on how a contract, or the law, should be interpreted. This is not a remedy we can provide and so the matter is better suited to court.

Complainants will be provided with clear explanations where dismissal is applied and will have the opportunity to make representations before a final decision is reached.

We asked:

Question 13: Do you agree with reintroducing a dismissal ground for complaints about employment matters from an employee, or employees, of a respondent? If not, please give evidence or reasons as to why not.

Question 14: Do you agree with reintroducing a dismissal ground for complaints purely about investment performance? If not, please give evidence or reasons as to why not.

Question 15: Do you agree with reintroducing a dismissal ground for complaints relating to a respondent's discretion under a will or private trust. If not, please give evidence or reasons as to why not.

Feedback

Many respondents supported the intention to provide clearer boundaries around the scope of complaints considered by the Financial Ombudsman Service. There was strong support for ensuring that matters more appropriately addressed through other legal or specialist routes are not drawn into our jurisdiction.

In particular, 93% of responses supported excluding complaints relating to employment matters, noting that these fall more appropriately within employment law and tribunal processes. There was also broad agreement that complaints based solely on investment performance, without allegations of wrongdoing, should not fall within scope, reflecting the principle that market outcomes alone do not indicate unfair treatment.

Respondents similarly supported clarifying the position in relation to trusts and wills, emphasising that these involve the exercise of legal discretion and are more appropriately determined through established legal frameworks rather than within a fair and reasonable ADR jurisdiction.

However, this support was qualified by a consistent emphasis on ensuring that exclusions are clearly defined and do not inadvertently restrict access where regulated activity is involved. Respondents highlighted the importance of considering the substance of the complaint, rather than its label, particularly where issues such as advice, administration or communication may arise alongside these categories.

Our response and expected impact

We will proceed with reintroducing these dismissal grounds. These changes provide greater clarity about the scope of the Financial Ombudsman Service and help ensure that complaints are considered in the most appropriate forum.

Complaints relating to employment matters, pure investment performance, and the exercise of discretion under trusts or wills are generally more appropriately addressed through specialist legal or regulatory frameworks. Clarifying these boundaries will support more consistent and efficient case handling.

At the same time, these grounds will be applied with discretion, taking into account the circumstances of the case. Where a complaint falls within our jurisdiction but involves issues such as advice, administration or communication in relation to a financial product or service, it may still be appropriate for the complaint to proceed. This ensures that the application of these grounds does not exclude complaints where there are substantive issues relevant to our role.

Complaints that fall within our jurisdiction but are intrinsically linked to workplace disputes or contractual employment issues are better suited to employment tribunals or legal processes.

However, this ground is not intended to be used when employees are complaining in their capacity as a consumer or where their complaint falls squarely in relation to a financial product or service.

Example:

Miss A complains that her staff mortgage is no longer subject to a preferential interest rate which means she is finding making her repayments harder. The preferential rate has been removed as her employer has undertaken a review of the benefits it provides to employees and has decided to remove it.

In this scenario, it wouldn't be appropriate for us to get involved, as the complaint relates solely to a contractual employment matter, namely what staff benefits the employer wants to provide.

But if Miss A was unhappy that her mortgage lender wasn't providing appropriate help and support now her mortgage has become more expensive and she is struggling to repay it, that is something which would proceed to a full investigation. Whether a lender is treating financial difficulties with due consideration and forbearance is something we can and should investigate in full.

We also recognise there is a fine line between complaints that relate to the performance of an investment and those that relate to a product's suitability or misleading communication. This ground will not be applied too broadly and is intended to be used where the only issue in dispute is the performance of the investment itself and there is no accompanying allegation or indicator of unsuitability, or failing, within a sales process.

In complaints about a respondent's discretionary decision making under a will or private trust, the relevant legal documentation will set out on what basis the executor or trustee can act, and what powers and responsibilities they have. Where a firm has made a decision that is within the scope of its discretions as set out in the will or trust, we will not get involved. An example would be complaints solely about allegedly failing to consult with trust beneficiaries where there is in fact no obligation to consult set out in the trust (because it is a purely discretionary power).

We asked:

Question 16: Do you agree that the Financial Ombudsman should be able to dismiss complaints where there is more than one eligible complainant, but they have not all consented to the complaint? If not, please give evidence or reasons as to why not.

Feedback

Respondents gave mixed views in response to this question with 44% of responses adding conditions to their support. Respondents recognised that, in cases involving multiple parties, proceeding without all relevant individuals may result in incomplete evidence and unfair outcomes.

At the same time, respondents emphasised the risk that a lack of consent could arise from factors beyond procedural non-compliance. In particular, concerns were raised about cases involving vulnerability, power imbalances or practical barriers to engagement. This included scenarios involving domestic or economic abuse, where seeking consent from another party may not be possible or appropriate.

There was a clear expectation that this ground should be applied with care, taking account of individual circumstances and ensuring that flexibility is maintained where consent cannot reasonably or safely be obtained.

Across responses, there was also consistent emphasis on the need for clear guidance and a transparent approach to decision-making in these cases.

Our response and expected impact

This is an existing dismissal ground, which we will retain following consideration of feedback.

While there is support for dismissing complaints where not all eligible complainants have consented, we recognise this cannot be applied rigidly. Proceeding without all parties may result in incomplete evidence, or outcomes that affect the legal rights of other individuals, particularly where interests are joint.

As this is an existing ground, we already have established procedures to ensure that decisions are made on a case-by-case basis where not all eligible complainants have joined a complaint. This includes considering situations where it is not possible or safe to ask an eligible complainant to participate.

In these circumstances, we would carefully consider the nature of the complaint, having regard to any relevant law, to determine whether the interests under the product or service complaint are joint or separate. Where the interests are joint, we will likely require the other parties to join the complaint or consent to it proceeding without them.

There is guidance and support in place for our case handlers on how best to handle cases where an issue of domestic or economic abuse has presented, including on how to recognise any societal or cultural factors that might be relevant, and whether coercion is a factor. Further support is available from several specialist networks internally, which provide additional guidance and advice when a potential dismissal arises in these circumstances. Alongside this, dismissal where coercion, economic or domestic abuse is a factor, requires agreement from senior staff. These are additional safeguards to ensure this ground is used appropriately and we would not ask the complainant to seek consent or ask the other party to join in these circumstances.

If consent can be gained, or the other party can join the complaint at a later point, it may then be possible for the complaint to proceed. But we would consider the facts and circumstances at the time, should that eventuality arise.

Example:

Mr M is complaining that a jointly-held life insurance policy was mis-sold as he wasn't made aware of the exclusions. He wants a refund of all premiums paid plus interest.

Mr M has brought this complaint on his own and told us he didn't want to contact his ex-partner as they separated on poor terms. We check the policy document and note that the policy is still in joint names and covers them both in the event of death.

We can see from the file that the firm did write to the other party about the complaint, but it didn't receive a response. Having obtained contact information from Mr M for his ex-partner, we also wrote to ask if they would be willing to join the complaint or provide consent for Mr M to proceed on his own because they no longer had an interest in the policy or any complaint about it. We didn't hear from Mr M's ex-partner despite several chasers.

In this scenario it wouldn't be appropriate to proceed with the complaint because:

- The policy was sold to both parties and so they would both have evidence and testimony about what happened at the point of sale. Proceeding without that might result in an unfair outcome. We might ask the firm to redress the sale, when the ex-partner has evidence that they were informed of the policy exclusions. Or the ex-partner might have contemporaneous evidence from the adviser that there were no policy exclusions, without which we might not uphold the complaint.
- As the policy was and is, jointly owned, in the absence of any relevant legal assignment, both parties can complain and both parties would be entitled to any redress, jointly.
- If we did proceed and agreed with Mr M's complaint and required a refund of premiums, that would necessitate the cancellation of the policy. That could affect his ex-partner's financial position, and potentially any protection had from the policy. It wouldn't be fair for the other party to have no say in that.

The firm could be left open to a later complaint (or even legal action) from the other party about the same event. This would mean there would be no finality for this complaint if we were to proceed at this point.

Using that same example, had Mr M been subjected to economic or domestic abuse, or coercive control, it is still unlikely to be appropriate for us to take the complaint forward. While we would have a great deal of sympathy for Mr M's position, for all the same reasons given above, it would not be fair for us to progress the complaint because we could be affecting the other party's contractual and legal rights and financial position.

Example:

Miss B complains she is being held responsible for a loan she didn't take out. The firm hasn't upheld her complaint and has provided a copy of a loan agreement that has been signed by her and her partner.

Miss B asks us to investigate her complaint, which she has brought on her own. When referring her complaint to us, Miss B discloses that she has been forced to take out the loan as her partner would not be able to get lending on their own. She is concerned she will have to repay the loan and will be held liable for it because she is the only one in the household earning an income and she knows her partner will not repay it. Miss B also explains that we must only contact her at certain times of the day when her partner is out.

We recognise Miss B might be subject to coercive control, both now and when the loan was taken out. Because of her circumstances, we ask Miss B's permission to disclose this information to the firm. We do not ask her to join her partner to the complaint. And even though the loan is in joint names, given Miss B's individual circumstances and vulnerabilities, and because there are potential remedies that won't affect the partner's position, we progress the complaint to a full investigation.

Whether or not it is appropriate to use our discretion to dismiss a complaint will always be fact-specific and based on the individual circumstances and the nature of the complaint itself.

We asked:

Question 17: Do you agree that the Financial Ombudsman should be able to dismiss complaints for other compelling reasons? If not, please give evidence or reasons as to why not.

Question 18: Do you agree with the examples that are proposed for DISP 3.3.4D G? If not, please give evidence or reasons as to why not.

Question 19: Do you think the six examples that are proposed as guidance for other compelling reasons in DISP 3.3.4D G should instead be separate rules in their own right?

Feedback

Most respondents (84%) generally supported the introduction of a residual dismissal ground for 'other compelling reasons' but many raised concerns about how broadly it might be applied. Some consumer groups disagreed, highlighting that it was too broad, and not sufficiently defined.

Respondents recognised the value of retaining flexibility to address exceptional or unforeseen circumstances that may not be captured by specific dismissal grounds and considered that a residual provision could help ensure that the framework remains adaptable and future-proof in practice.

However, this support came with a number of conditions. A consistent theme across responses was concern about the potential breadth and subjectivity of such a ground. Respondents highlighted the risk that an open-ended discretion to dismiss, without clear boundaries, could be applied inconsistently or used as a general catch-all, potentially undermining predictability, transparency and confidence in the system.

Many respondents emphasised the importance of clearly defined examples to support understanding and consistency. While there was broad support for including illustrative scenarios, there was caution expressed that examples should not be applied mechanically or treated as exhaustive. There was also a range of views on whether examples should remain as guidance or be formalised as rules, reflecting a balance between maintaining flexibility and providing greater certainty and accountability. A majority of respondents favoured the current proposal, which is to retain the six non-exhaustive examples as guidance.

There were concerns from respondents about how the examples relating to materiality, settlements or the level of potential compensation might operate in practice. Feedback included:

- strong objection to the concept of material financial loss, notably around the subjective nature of what is material
- support for the examples around offers that remained open at the time of the complaint, and full and final settlements, but with caution that some settlements may have been accepted by pressure or by someone who is vulnerable
- concerns over dismissing cases where the compensation sought is significantly over the award cap creating a limit to our jurisdiction, and that it should be for the complainant to decide.

Our response and expected impact

We will proceed with these proposals with a small amendment based on the feedback we received.

We recognise the concerns raised about the potential breadth of this ground and the risk of inconsistent application. We agree that it is important that this power is clearly framed and applied in a way that supports predictability and transparency. The inclusion of non-exhaustive examples is intended to provide clarity and consistency, while allowing sufficient flexibility to respond to the wide range of circumstances that arise in practice. It is also worth noting that these are not wholly new powers, but ones that we are reintroducing (in a new form).

We also recognise that respondents had different views on whether the examples should be included as guidance or set out as rules. On balance, we consider it appropriate to retain them as guidance. This provides a clearer basis for consistent application, while avoiding an overly prescriptive framework and allowing the rules to remain adaptable as new issues emerge.

Having taken account of the concerns raised by respondents, we have been persuaded that the concept of 'material' may have the potential to indirectly discriminate based on gender, ethnicity or disability. What is material to one consumer may not be to another. We are particularly mindful of the potential impact on low-income households and those bringing lower-value complaints, where issues may nonetheless be significant to the individual.

We have therefore decided to amend this rule by removing the word 'material' in relation to financial loss. This example of a compelling reason will become:

> "the complainant has not suffered (or is unlikely to suffer) financial loss, material distress or material inconvenience".

This means that for dismissal on this ground to become a consideration, there will need to be evidence that the complainant has not suffered any financial loss, material distress or material inconvenience.

Some complaints that have had offers will still require a merits assessment. However, there will be cases where we can conclude quite early on that an offer which is still available for acceptance is likely to be a fair and reasonable one, or that a full and final settlement has resolved the complaint, without further investigation. These rules are not intended to apply where further investigation is needed, or where there are concerns that the complainant accepted an offer under duress or did not understand it because of vulnerability, or where poor firm behaviour has resulted in the consumer accepting less than they were entitled to.

For complaints seeking compensation significantly over the award cap, this ground would act as a sensible filter for cases that we could never meaningfully ask a firm to redress because of the limits to the awards we can make (and the non-binding nature of recommendations for redress for any amount that exceeds the award limits), for example, cases where the losses are in the millions.

We agree that a complainant's decision to accept a far lower amount than the loss claimed for should be one for the complainant to make. But they would need to do so in the knowledge that accepting an award we make is likely to prevent them from taking any legal action against the firm for the remainder of any loss. It is not an appropriate use of our service to test whether a firm has done anything wrong before litigating, where there is no realistic possibility of reaching a resolution through our service given the amount of compensation likely to be involved.

Overall, we consider that this approach strikes the right balance between flexibility and clarity. We will support implementation through clear guidance and monitoring and will keep the operation of this ground under review to ensure it is applied consistently and fairly. Under proposals for a scheme of delegation, decisions to apply this ground will, in the first instance, be reserved to senior decision makers, reflecting the concerns raised by stakeholders and supporting consistent application in practice.

We asked:

Question 20: Do you agree with the Financial Ombudsman's proposed changes to DISP 3 (as set out in Appendix 2)? If not, please give evidence or reasons as to why not.

Feedback

Respondents generally supported the proposed changes to DISP 3 as a coherent package that would improve procedural clarity and strengthen case management. They welcomed the ability for us to dismiss complaints and to treat them as withdrawn when complainants do not comply with reasonable information requests or procedural time limits. This distinction was seen as important for finality, transparency and the treatment of case fees.

There was also support for enabling complaints to be redirected to more appropriate routes in some circumstances, although views were mixed on removing complainant consent. Some respondents considered this proportionate, while others were concerned that complainants could be directed to routes that are less accessible or less suitable for resolving their complaint.

Support was frequently conditional on how the revised powers would operate in practice. Respondents emphasised the need for clear guidance, transparency and consistency in the use of discretion - particularly in relation to dismissal and withdrawal, the handling of repeat complaints, and the operation of referral and test case powers. They also highlighted the importance of safeguards to ensure fairness, accessibility and appropriate consideration of vulnerability.

Respondents further emphasised the importance of implementation and oversight, including clear operational guidance, transparency in how powers are used, and published data to support accountability.

Our response and expected impact

Given the broad support for these changes, we will proceed with the amendments to DISP 3. We agree they will improve procedural clarity, strengthen case management powers and support more efficient and consistent handling of complaints.

These changes do not introduce new procedural or case management powers. Rather, they clarify and update the existing framework by:

- removing complainant consent requirements that were linked to the ADR Regulations 2015, which no longer apply; and
- restoring the ability to dismiss complaints in circumstances, as well as treating them as withdrawn.

The operation of these powers will remain consistent with current practice. For example, where information is requested, we will normally set a clear deadline (usually two weeks unless reasonable adjustments mean we provide longer), provide a further opportunity to respond where appropriate, and explain the consequences of a failure to respond before any decision is taken.

We recognise concerns about fairness, accessibility and vulnerability. We will continue to consider the individual circumstances of each case, including whether reasonable adjustments or additional time are required.

Retaining both withdrawal and dismissal outcomes provides operational flexibility to manage cases in a way that is appropriate to the circumstances. Where a complainant later re-engages, we will consider whether the complaint should proceed based on the facts of the individual case. Before exercising either power, we will provide clear notice of the steps required, a reasonable opportunity to respond and any appropriate adjustments to support participation in the process.

We also recognise concerns about the removal of consent in certain cases. Decisions to refer or dismiss will remain discretionary and based on the individual circumstances, including whether another route is appropriate and capable of delivering a fair outcome.

Overall, these changes are expected to:

- provide greater clarity and finality through restoring the ability of the ombudsman to dismiss complaints in certain circumstances
- support more proportionate and transparent case management; and
- reduce inefficiencies arising from procedural non-compliance. This is particularly relevant given that, in the 2024/25 financial year, around 23,000 cases were resolved as withdrawn or abandoned. While not all of these would result in dismissal under the revised framework, we expect that many could be resolved earlier through the use of these powers, reducing unnecessary work and delay for all parties.

Implementation will be supported by guidance, training and monitoring, including consideration of how these powers are applied in practice and their impact on different groups of complainants.

Fair and reasonable

In CP26/9, we set out proposals to amend the current fair and reasonable test in DISP 3.6.4R. That is the rules we make (with FCA consent) to specify what an ombudsman must take account of when determining what, in their opinion, is fair and reasonable in all the circumstances of the case. These proposals were intended to provide greater clarity on how we determine complaints, including how we take account of the legal and regulatory standards applicable at the time of the events in question.

We sought views on the proposed changes, including the role of “good industry practice” within the test, and how the approach should operate in practice to ensure clarity, consistency and confidence in ombudsman decisions. This was in line with proposals emerging from government following the EST-led review of the service, pending finalisation of necessary legislation.

We asked:

Question 21: Do you agree with the proposed changes to DISP 3.6.4R? If not, please give reasons or evidence as to why not.

Feedback

The consultation asked for responses on two distinct issues: the proposed clarification that complaints should be decided by reference to the standards applicable at the time of the relevant act or omission; and the separate proposal to remove "good industry practice" from the fair and reasonable test.

There was broad support across respondent groups on the clarification of timing. Industry respondents particularly welcomed the certainty and predictability this would bring, and the confirmation that decisions should be grounded in the law, rules and standards that were in place at the time of the acts or omissions in question. These respondents considered that the clarification would reduce perceived reliance on hindsight, provide greater transparency about how decisions are reached, and reinforce the respective roles of the Financial Ombudsman Service and the regulatory framework.

This aspect was not a major area of disagreement. While respondents emphasised the need for clear reasoning and transparency in individual cases, the principle that complaints should be assessed against the standards applicable at the relevant time was generally accepted.

Views were more divided on the separate proposal to remove "good industry practice" from DISP 3.6.4R. Many industry respondents supported that proposal as part of a wider move towards greater certainty, regulatory alignment and consistency with anticipated legislative reform. They considered that decisions should be anchored in the formal legal and regulatory framework rather than broader or evolving expectations.

By contrast, consumer groups, charities and a number of individual respondents raised significant concerns about removing "good industry practice". They viewed this as a narrowing of the Financial Ombudsman Service's ability to consider fairness in individual cases, particularly where harm may not be fully captured by contemporaneous rules or guidance. These respondents highlighted the importance of retaining flexibility to respond to emerging issues, including fraud, financial abuse and evolving market practices, and expressed concern that the change could disproportionately affect vulnerable consumers.

A smaller number of respondents also commented on the timing of any change to "good industry practice" in light of the government's proposals for reform of the Financial Ombudsman Service. Some suggested that proceeding at this stage could pre-empt forthcoming parliamentary scrutiny, while others considered that making changes now would help align the framework with the government's intended direction and support a smoother transition to any future statutory changes.

Some respondents queried the meaning of 'codes of practice'.

Our response and expected impact

Following feedback, we will proceed with a change to DISP 3.6.4R to clarify that in considering what is fair and reasonable in all the circumstances of the case, the ombudsman will take into account only:

- the law and regulations
- regulators' rules, guidance and standards
- codes of practice and
- (where appropriate) what the ombudsman considers to be good industry practice
- that were relevant at the time of the act or omission giving rise to the complaint.

We consider this to be a helpful clarification of existing practice and one that does not affect complainants or the outcomes of cases. We do not apply new rules or principles retrospectively to past events.

Since consulting, the publication of the Financial Services and Markets Bill has provided greater clarity on the government's proposals for an adapted fair and reasonable test. Having considered the feedback alongside this development, as well as the proposed timeline for the legislation, we are persuaded that there is value in waiting for scrutiny of this issue to take place through the legislative process before making a change. To proceed with it sooner might cause confusion for firms and consumers, given the likely short-term nature of any such change, following final Parliamentary stages.

We have therefore decided not to proceed with removing “good industry practice” from DISP 3.6.4R and will instead await the outcome of the legislative process and the government’s proposals for an adapted fair and reasonable test.

For clarity, when we refer to ‘codes of practice (or conduct)’, we mean the voluntary codes and statement practices issued by professional industry bodies, such as the Association of British Insurers’ ‘Code of practice for the categorisation of motorised vehicle salvage’.

Appendix 1: Equality Impact Assessment

Background

This Equality Impact Assessment is for the new policy under consideration titled: Modernising the redress system.

Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty (PSED). In developing our policy and rules, we are required to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people with different characteristics. As part of meeting this requirement, the Financial Ombudsman has carried out an Equality Impact Assessment (EIA) of the proposals forming the Policy Statement the EIA is attached to. Policy decisions have been informed by the EIA.

The relevant protected characteristics that the Financial Ombudsman is required to take into account are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Although "vulnerability" as such is not a protected characteristic, we are mindful that there is sometimes a crossover between vulnerability and protected characteristics. The Ombudsman has a vulnerability policy, which will apply to the proposals.

What are the aims and objectives of the policy or change?

The Financial Ombudsman Service was set up by Parliament under the Financial Services and Markets Act 2000, as an independent body to resolve complaints between financial businesses and eligible complainants 'quickly and with minimum formality' on a fair and reasonable basis. The CP26/9 consultation set out proposals to ensure the Financial Ombudsman continues to operate on this basis.

The consultation built on earlier work to improve the effectiveness, consistency and accessibility of the redress system, including engagement with stakeholders and previous consultation activity (Call for Input and CP25/22). It also took place in the context of broader regulatory and legislative developments relating to the role of the Financial Ombudsman Service and the operation of the redress framework – see for example the Financial Services and Markets Bill.

The consultation had three main proposals, introducing a preregistration and registration stage, expanded and clarified dismissal grounds (and related proposals consulted), and changes to the fair and reasonable test. For ease of reading, the preregistration and registration stages have been referred to as the 'registration stage' in this document.

Further detail on the proposals is contained within CP26/9 and in this policy statement document.

Who is affected by the policy?

The proposals are relevant to all consumers, firms and professional representatives involved in financial services where redress may be due. The proposals and finalised policy positions will also be of interest to policymakers in other regulatory bodies, industry and consumer groups.

What research has been gathered in developing the conclusions of this assessment?

Internal evidence

Historically, we have not routinely collected data on protected characteristics during the case handling process. Only date of birth, title and pronoun are collected for each complainant at the start of the process.

However, we do include a series of questions, relating to protected characteristics and other demographics, in a survey that we send out once a case has concluded. Other questions relate to satisfaction and ease of use. These surveys are not completed by all complainants, and each question is voluntary. Noting its limitations, the data that does exist from this has assisted with this assessment, though strong conclusions have not been possible.

Going forward, the Financial Ombudsman intends to build on this data capturing – albeit that some of this data will continue to be supplied on a voluntary basis. This will assist with monitoring the impact of these proposals.

To increase the information available for this EIA, additional questions were added to the April 2026 quarterly national survey that we carry out though YouGov. This is a nationally representative survey of around 2,000 people. Data is collected about the respondent's demographics. The April 2026 survey asked eight additional questions which provided information linked to the proposals. However, these questions were drafted with the knowledge that most respondents will not have used the Financial Ombudsman, and that most respondents would be unaware of current proposals.

External evidence

To help with this EIA, data has been drawn from various sources to provide evidence of the protected characteristics of the general population and of financial service users.

These sources include the FCA's Financial Lives 2024 survey[1], which provides demographic characteristics of financial services users and information on financial vulnerability. This includes evidence about the financial resilience of consumers and about the barriers they face to improving their lives financially. Financial vulnerability may be present for those individuals identified as having low financial resilience.

Additional data has been drawn from wider sources, including the Office for National Statistics, House of Commons Library, and other government sources. It has also been drawn from charities and other groups who focus on various protected characteristics, for example, the Joseph Rowntree Foundation, Refuge and the Institute of Race Relations.

The assessment also took into consideration feedback to the consultation itself. The consultation asked responders to provide evidence to support their feedback, and we have taken account of feedback from organisations about how the groups they represent perceive the proposals, even if it is only anecdotal. Additionally, when highlighting potential concerns, responses tended to refer to vulnerabilities, or groups of people, that were not directly representative of protected characteristics. (We accept there is often a crossover between vulnerability and protected characteristics).

This assessment has taken into account the commentary provided and given consideration to the points made by each of the responders to the consultation.

Responders consistently emphasised the need to support vulnerable customers through the process, and to take vulnerabilities into account when deciding whether to dismiss cases or when determining outcomes. Specific reference was made to individuals with language or cognitive barriers, those who had suffered domestic or economic abuse, and those with low digital literacy. These references often featured in responses to each of the three proposal areas. Concerns were also raised about the impact on lower socio-economic groups of dismissing complaints under certain proposed grounds.

As has been noted, vulnerability is not a protected characteristic and neither are the characteristics of the more specific groups referred to above. While we have a vulnerability policy, this EIA is concerned with the potential impact of the proposals as they relate to protected characteristics.

That said, these potentially vulnerable groups often cross over with those who have protected characteristics. For example, women, ethnic minorities, and those with disabilities are more likely to be victims of domestic or economic abuse[2][3][4]. So, the potential impact of the proposals on these vulnerable groups has been taken into account as it relates to their likely protected characteristics. Further commentary on where there is overlap between vulnerable groups and protected characteristics is contained below.

What are the arrangements for monitoring and reviewing the actual impact of the policy?

The Public Sector Equality Duty is continuing, and equality analysis does not end with publication of the policy statement. Additionally, obtaining full data on the proposals is not possible until the proposals being taken forward are in effect and changes to data collection are in place.

We will therefore monitor the impact of the proposals being taken forward using available data. Findings will be used to iterate communications, guidance, training and process.

Analysis

Relevant protected characteristics

Age

The YouGov survey data indicated there was a direct correlation between participants' increasing age and their reported likelihood of them complaining when unhappy about a financial business. Internal data shows that users of the Financial Ombudsman are more likely to be older compared to the general UK population, with <35s under-represented.

Responses to our closure survey indicate that older users find the service easier to use, although this survey was not completed by all users. Other than the 50 to 59-year-old age group, the age of responder to the YouGov survey did not lead to a significant difference in indications that being required to gather and provide evidence at the start of the process would make them less likely to bring a complaint to the Financial Ombudsman. A quarter of 18- to 24-year-olds (25%), considered this evidential requirement would make them more likely to bring a complaint against an average of 20%.

Of those that said a requirement to gather and provide evidence at the start would make them less likely to refer a complaint, participants aged 60 or over were more likely to select the complexity of gathering and providing the evidence as the reason (70% of 60 to 69 and 73% 70-plus, compared to a 66% average). Increasing age directly correlated with an increase in indicating health or other personal circumstance as the reason, though the survey data set was too small to be statistically reliable.

When asking what would be helpful in deciding whether to bring a complaint, the YouGov survey results also indicate a direct correlation between age and the desire to have clear guidance on how to submit a complaint (14% of 18 to 24-year-olds, compared to 38% of those aged 70-plus, with a 28% average). Younger participants were more likely to say they did not know what they would find helpful, but those that did were more interested in success rates and case studies about other complaints.

When asked what participants valued most when making a complaint to an independent complaints body, there was generally a direct correlation between age and an early decision on whether the complaint can or will be investigated (24% of 18 to 24-year-olds, compared to 45% of those aged 70-plus, with a 32% average). The 40 to 49-year-old group sat outside this correlation, with only 25% selecting this option.

Lower digital literacy and exclusion can impact various groups, but older people are more likely to experience these. Based on a 2025 report, 41% of non-internet users are over 75[5], while 2023 findings indicated that of those over 65 that do use the internet, many are categorised as 'narrow users'[6]. Research from 2024 indicates a direct correlation between increasing age groups and having zero basic digital skills[7]. As such, consideration of how the age of users might be impacted by the proposals has also factored in potential issues with digital literacy.

Younger people are more likely to experience domestic abuse (in England and Wales, 12.9% of 20 to 24-year-olds, compared to 3.4% of those aged 75-plus)[2] and to have a lower financial resilience[1].

Disability

Based on data from closure surveys, the disability profile of Financial Ombudsman users aligns closely with the UK population. However, we found that people with a disability are slightly more likely to use our service than those who don't. Disabled customers responding to this survey rate their experience of our service less positively for ease of use, when compared with the average customer.

The YouGov survey results indicate that those who consider themselves disabled or with a long-term health condition are more likely to think of contacting an organisation other than the financial business both before (31% compared with 24% for no disability), and after (38%, compared with 32% for no disability) actually complaining to the financial business.

A slightly higher percentage of those whose disability or health condition limited them a lot said a requirement to provide evidence at the start of a complaint process would make them more likely to refer the complaint than the average (22% compared to 20%). Of those who had a disability or long-term health condition who said they would be less likely to refer a complaint, their health or other personal circumstance was seemingly the main reason for this – with 20% selecting this option compared with an average of 9%. Fewer participants in such circumstances said the complexity involved would dissuade them, compared with the average (60% compared to 66%). Participants with a disability or long-term condition were also more likely to say they did not know what they valued in a complaint body (12% compared to 8% average).

While the data is taken from a smaller sample size, the YouGov results showed that those with a disability or long-term condition were apparently more likely to pursue a complaint through an alternative route if they were told the complaint body they initially contacted could not help.

In terms of how concerns around digital literacy are relevant to the proposals, 69% of those with no basic digital skills have a disability or impairment[8].

Gender reassignment

Data for this group is limited, and it is not possible to draw any meaningful conclusions.

Pregnancy and maternity

Data for this group is limited, and it is not possible to draw any meaningful conclusions.

Race

Closure surveys indicate ethnicity of Financial Ombudsman users closely reflects the UK population, noting the limitations around this data. User experiences vary by ethnic group, with those from mixed or multiple ethnic groups, and Asian ethnic groups, being less satisfied and finding the process less easy than White and Black ethnic groups.

A greater percentage of ethnic minority participants in the YouGov survey said that being required to provide evidence at the start of the process would make them more likely to refer a complaint to a complaint body (28% compared to 19% of White participants). A lower percentage said this would make no difference (35% compared to 45%).

Ethnic minorities were less likely to say that clear guidance (either on how to submit a complaint or on each step of the process) was what they would find most helpful in deciding whether to refer a complaint. They were much more likely to say the success rates of complaints similar to theirs would help (25% compared to 15%).

Ethnic minorities are more likely to have low financial resilience[1] and to live in poverty[9][10][11].

People of mixed or Black ethnicity are more likely to experience domestic abuse.[2] Black women are more likely to experience repeat victimisation than women from other ethnic groups.[3]

Religion or belief

Data for this group is limited, and it is not possible to draw any meaningful conclusions.

Sex

Men and women participants of the YouGov survey report being equally aware of the Financial Ombudsman and say that they are equally as likely to complain to a financial business when something goes wrong. But more men than women both actually complain to providers and bring their complaints to us. While the data set is too small to carry great weight, men indicated they were also more likely to pursue a complaint with another body if it was dismissed.

Men responding to the closure survey feel less favourably about their experience with the Financial Ombudsman than women. Their complaints have a lower uphold rate than those referred by women. However, historic Financial Ombudsman data based on pronoun suggests women are more likely than men to have their complaint dismissed.

Men in the YouGov survey were more likely (26%) than women (22%) to say being required to provide evidence at the start of the process would dissuade them from referring a complaint to a complaints body. Women were more likely to say that this would not make any difference (47% compared to 41%).

Men were more likely to say the reason for this was the time it would take (51% compared to 42%). Women who were dissuaded were more likely to say the reason was health or other personal circumstances (13% compared to 6%).

More women valued having fewer points of contact (i.e. multiple complaint handlers) than men (32% compared to 25%). More women (35%) than men (29%) valued an early decision on whether the complaint body could or would look into the complaint.

Women are twice as likely to be the victim of domestic abuse related crimes. But fewer than one in five victims report such crimes.

Nationally, around 90% of single-parent households are headed by women. And single-parent families face the highest rates of persistent low income of any demographic group in the UK, with roughly 44% living in poverty. Women generally have a lower financial resilience than men.

Sexual orientation

Data for this group is limited, and it is not possible to draw any meaningful conclusions.

Evaluation

We have outlined and summarised any potential impacts that we have identified and how we aim to mitigate them in Table 1.

We have set out our decision based on this equality impact assessment in Table 2.

Registration stage

Potential equality impacts

There is clear concern that a registration stage could create unintended barriers to access to justice if it increases procedural complexity, requires evidence too early, or is experienced as an exclusion gateway rather than a support mechanism. These risks are especially relevant to complainants whose protected characteristics or overlapping circumstances affect how easily they can navigate processes, articulate complaints or gather supporting evidence.

There is a plausible adverse impact on disabled people, including those with mental health conditions, cognitive impairments, neurodivergence, sensory impairments or long-term health conditions, where the process is overly complex, time limited, highly evidential or primarily digital.

There is also potential adverse impact on older people and those with disabilities if channel design assumes digital confidence. The YouGov survey evidence suggested groups with lower digital engagement and older respondents were not likely to be more deterred than average by needing to gather and provide evidence at the start of the process, and in some cases appeared less deterred. However, caution is required when placing too much emphasis on these survey results given the survey itself was conducted online, indicating at least some digital literacy.

Potential impacts also arise for some ethnic minority complainants and people whose first language is not English, if communications and evidence requests are not accessible or culturally and linguistically appropriate. Pregnancy and maternity may be relevant where timeframes, evidential requirements or communication channels are not sufficiently flexible.

Consultation feedback also highlighted risks for people affected by domestic or economic abuse, including where they cannot safely obtain records or engage jointly with another party. The likelihood of being the victim of domestic abuse is increased for many groups with certain protected characteristics, for example women, certain ethnicities, and younger people.

More broadly, any group that is already less confident in navigating financial services may be disadvantaged if the process appears formalistic or if it frontloads evidential burdens.

The registration proposal gives rise to a risk of indirect disadvantage if the process, communications, evidential expectations or deadlines are not designed with accessibility and flexibility in mind. On the evidence available, the risk is real but capable of mitigation. Ultimately, implementation detail will determine whether the stage operates as an inclusive triage and support function or as a practical barrier.

Mitigations

The mitigations against any discrimination of those with protected characteristics include a simple and inclusive process design; plain English communications; multiple digital and non-digital channels; early identification of additional needs; an expectation that complainants do not need professional representation; flexibility about what evidence is required and when; a willingness to progress cases where evidence cannot reasonably be obtained; continued accessibility adjustments; human checks and balances for digitally assisted tools; and piloting before wider roll-out.

One of the main concerns highlighted is the risk of creating an overly complex process that acts as a barrier to access to justice.

The registration stage will be designed and delivered as an enabling step that gets a case ready to investigate, not as a threshold designed to screen out those least able to comply. Most evidence, that complainants will be asked to provide in the registration stage, is evidence we would currently ask them to provide at a later point in the journey. This should not add a significant evidential burden, or increase the time that complainants need to spend, on interacting with the Financial Ombudsman, which are both concerns that were raised in the YouGov survey by those with certain protected characteristics (such as men and older participants).

The process of gathering evidence during registration will be designed to be flexible and appropriate rather than overly prescriptive or bureaucratic. It will seek to identify if there are reasons why evidence cannot be provided. As well as providing additional support where necessary, the case may be progressed beyond the registration stage without requested evidence in certain circumstances. This might be, for example, if a victim of domestic abuse could no longer access their financial records.

Complainants with lower digital literacy, such as some older or disabled consumers, will not be left behind or disadvantaged. The multiple communication channels, such as phone and post, that currently exist will be maintained, and support will be provided for those that need guidance or help navigating these routes.

People who may struggle to prove their status, such as victims of economic or domestic abuse, will not be held to inflexible standards of strict evidential proof. Any AI or digitally-assisted process will include inbuilt human checks and balances, and safeguards based on human judgment, experience and empathy.

Customers will not need to engage a professional representative to complain to us. The process will be designed to be easy to use for all complainants, including those whose protected characteristic makes them more likely to experience complexity barriers, such as older people. Clear guidance will be provided to users, drafted with their potential protected characteristics in mind.

The Financial Ombudsman has always been committed to communicating in plain English and to tailoring communications to the needs and demands of individuals as far as reasonably possible. This will continue with the design and delivery of the registration stage, to help mitigate impacts on those with disabilities or other protected characteristics that may lead to difficulties in understanding.

The Financial Ombudsman has 'plain numbers' qualified practitioners who will be involved in drafting the relevant material, such as guidance material and customer messaging. Guidance materials will also be iterative. Where feedback or data monitoring suggests amendments are needed, these will be made. The process will also continue to make use of the accessibility adjustments we have in place for those whose first language is not English, and deaf or blind complainants.

In equality terms, potentially the most important mitigation is to ensure that support will actually be provided where needed, rather than merely available in principle.

Earlier engagement with complainants will enable earlier identification of additional needs, so that appropriate support can be provided. For example, this might be providing extended deadlines to pregnant women if needed, or large print or braille to those with a sight related disability, and so on. Earlier engagement will be part of both the digital and non-digital routes to prevent discrimination against those whose protected characteristics are associated with lower digital literacy.

Communications will make it clear customers can ask for help, alternative formats, extended time, interpreter support and non-standard evidential approaches. Reasonable adjustments to take into account protected characteristics are already part of our process, and will remain so, both within the registration process and beyond.

We rely, to an extent, on customers volunteering information about their needs. Some responses to the consultation highlighted that individuals may not be aware that they are vulnerable or how this is potentially linked to their protected characteristics. For example, victims of domestic or economic abuse may not always be aware that they are suffering from such behaviour. The Financial Ombudsman already takes these situations seriously, making relevant content on our external website for both consumers and businesses, providing specific training to case handlers, and regularly engaging with external stakeholders including charities working on these issues.

Our vulnerability policy already commits the organisation to relevant training and guidance, both internally and through partners such as Money Advice Trust. Continued reinforcement of this will be integral to identifying additional needs and supporting customers, including those whose protected characteristics require it.

Continued monitoring, including of demographics and customer feedback, will also influence future development and iteration. This is part of our obligations under the PSED to continue to assess any impact of changes after the event and to ensure unforeseen or emerging issues can be addressed.

Given these mitigations, the Financial Ombudsman does not consider the Registration proposal will cause a disproportionate negative impact to those with protected characteristics. There may well be an access impact on all complainants – but this is partly the rationale for the proposals: to ensure that only cases that are ready to investigate, and suitable for quick, informal resolution by the Financial Ombudsman, proceed to registration. But we do not consider that a properly designed registration stage will have a disproportionate negative impact on individuals with protected characteristics.

The residual risk is implementing a poorly designed process leading to indirect disadvantage for people sharing protected characteristics. It is important to take time to properly design and test the process before delivery.

As is set out in the policy statement, the Financial Ombudsman will not make formal rule changes to DISP until the upcoming consultation on differentiated case fees has concluded. Rollout of the process itself will be on a progressive basis, likely based on product type, to allow testing, monitoring and iteration.

Dismissal grounds

Potential equality impacts

Dismissal powers carry the greatest risk of negatively impacting those with protected characteristics where they depend on judgement about behaviour, articulation of a complaint, the suitability of alternative routes, or the significance of a consumer's loss.

From an equality stance, there is a risk that complainants with mental health problems, neurodivergence, other disabilities, or cultural or language differences could be unfairly characterised as acting unreasonably; or that complaints could be wrongly dismissed as frivolous, vexatious or insufficiently material because the complainant was unable to fully articulate their complaint.

Similar issues might be relevant in other situations where complainants are required to articulate their complaint effectively, such as where they might have previously complained about a connected but separate issue, or where the issue relates to, for example, a complex investment matter.

The proposed treatment of cases where not all eligible complainants are joined also led to respondents raising equality concerns (even though this is already, and always has been, a situation provided for within the dismissal grounds). Consultation responses highlighted domestic and economic abuse scenarios, where inability to obtain another party's consent or involvement may itself be part of the harm. The statistical evidence indicates a strong correlation between those who are likely to be victims of domestic or economic abuse and certain protected characteristics.

There is also a potential adverse effect where complainants are directed to other routes without adequate regard to whether those routes are realistically accessible to them, including because of disability or other circumstances that might have cross over with protected characteristics. For example, those in lower socio-economic groups are less likely to engage with formal legal processes.[12] This may disproportionately affect women, some ethnic minorities and disabled groups.

Other concerns arise in complaints that are said to involve no material financial loss, distress or inconvenience, because materiality may be experienced differently across circumstances and protected characteristic groups.

If the grounds are operationalised as rigid rules or high-volume filters without effective safeguards, the risk of indirect and, in some cases, direct discrimination would increase materially.

Mitigations

The strongest mitigation is express retention of discretion together with a requirement that, before a complaint is dismissed, decision makers consider individual circumstances including potential vulnerabilities or protected characteristics. The case handling process will be fair and include opportunities for such circumstances to be identified. All this forms part of the current process, and there is no intention to remove any of it.

The proposed dismissal powers are not to be used mechanically, and case handlers will continue to be expected to consider whether protected characteristics (as well as potential vulnerabilities) may otherwise explain a complainant's presentation, behaviour, evidence gaps or procedural non-compliance. This is something the Financial Ombudsman has always done and will continue to do.

Complainants will also continue to have the opportunity to provide evidence they think needs to be considered, and to challenge an initial decision to dismiss their complaint.

The proposals already recognise that unreasonable behaviour may stem from protected characteristics (or vulnerabilities). And our published unreasonable behaviour policy confirms that we will consider a customer's individual circumstances before making decisions under that policy, and the same will apply for decisions on whether to apply this dismissal ground.

The Financial Ombudsman already determines whether it is appropriate to dismiss a complaint where not all eligible complainants are joined. Sampling suggests that around 15% of cases currently dismissed are for this reason. This is listed as a specific example of a type of complaint that would otherwise seriously impair the effective operation of the Financial Ombudsman. (See DISP 3.3.4A(5)R and DISP 3.3.4B(4)G). The proposal is merely to make this a standalone ground.

Progressing complaints where not all parties are joined (even where there is evidence of vulnerability) can cause detriment to those other parties, including by affecting the other party's legal rights and liabilities. That said, the Financial Ombudsman does, and will continue to, progress some complaints where not all eligible complainants are joined when it considers it appropriate to do so. The case studies in the policy statement make this clear.

A decision to dismiss a complaint as more suitable to another route would, like all dismissals, be discretionary. The need for clear explanations and signposting is noted and would form part of the process, especially for vulnerable complainants and those with particular protected characteristics. The potential for a disproportionate impact on those less able, or less likely, to pursue the issue through a formal legal process (including for reasons related to their protected characteristics) is recognised. However, as the policy statement notes, the ability to dismiss complaints as better suited to court is a long-held, but infrequently used, power. So, it is not anticipated that there will in fact be a disproportionate impact from this being included as part of a specific dismissal ground.

It is noted that complainants in lower socio-economic groups may consider different financial sums to be material. It is also noted that individuals with certain protected characteristics may be more likely to fall into these groups. Taking this into account, the Financial Ombudsman has made the decision to amend the proposals to remove the reference to 'material' financial loss from this example of an 'other compelling reason' for dismissal, to avoid disproportionate exclusion of complaints where financial impact may be perceived as small but is still significant to the individual.

The proposals already set out that we would consider any mitigating circumstances, such as protected characteristics or vulnerability, which could have had a bearing on the decision to accept a settlement offer. This was a concern raised in feedback.

It is recognised that key to proper implementation of the proposed dismissal grounds is staff training and guidance – on both the application of the grounds and on identifying vulnerabilities and protected characteristics where they might be relevant. The Financial Ombudsman is committed to training frontline staff appropriately, including on handling complaints that involve abusive and controlling behaviour. Reference has been made above to the content, training and engagement the Financial Ombudsman has in relation to domestic and economic abuse. Other training, on dealing with vulnerable customers and those needing reasonable adjustments, is already provided to case handlers.

Monitoring through quality assurance, and dismissal patterns by available demographic and vulnerability indicators will also mitigate any potential for a discriminatory impact.

Fair and reasonable test

Potential equality impacts

Concerns raised in consultation feedback focused on the removal of express reference to 'good industry practice'. Respondents argued that this could disproportionately affect complainants in areas where formal regulation has historically lagged behind emerging harms, including economic abuse, scams and fraud, affordability and forbearance.

From an equality perspective, financial vulnerability is strongly correlated with these types of complaints and people with certain protected characteristics are more likely to be financially vulnerable. So, there is some potential for this proposal to have a disproportionate impact on groups with certain protected characteristics.

No disproportionate impacts are likely to arise from the clarification that relevant considerations are those that are applicable at the time of the act or omission.

Mitigations

It remains the case that the Financial Ombudsman must reach a determination based on what is fair and reasonable in all the circumstances of the case. This would remain the case even with the removal of ‘good industry practice’ from the FCA Handbook.

However, as set out in the policy statement, the decision has been made to not proceed at this stage with removing ‘good industry practice’ from DISP 3.6.4R. The Financial Ombudsman will await the outcome of the legislative process to ensure that any amendments to DISP 3.6.4R are in line with this.

Summary

The Ombudsman has considered the equality impacts of the proposals in CP26/9 in light of the consultation responses and the available evidence. We recognise that the changes may create risks for some consumers who share protected characteristics, particularly where changes affect access, communications, evidence gathering, or the exercise of discretion.

Based on the mitigations proposed, the overall position is that the proposals can largely be taken forward consistently without causing a disproportionate negative impact to those with protected characteristics, provided implementation is designed and governed in a way that makes those mitigations real and auditable in practice.

Adjustments to the proposals have been made to provide the space for the implementation of a well designed and tested registration process and to limit potential impact of certain dismissal grounds on those with certain protected characteristics. Finally, not all proposed amendments to DISP 3.6.4R will be taken forward at this time.

The Financial Ombudsman will monitor the impact of these proposals following implementation.

Table 1: Potential impact and mitigations

Protected characteristic	Potential impact identified?	Notes and evidence	Mitigations or adjustments
Age	Yes	Potential indirect disadvantage arises if registration is digitally led, complex, or frontloads time, cost and evidence. Older users are over-represented and may place greater value on guidance and early decisions. Older survey respondents were more concerned about complexity; younger respondents about time, cost and abuse-related overlap.	Plain English and accessible communications. Language and other communication support where needed. Continued emphasis on accessibility. Reasonable adjustments and alternative formats.

Disability	Yes	Highest risk of indirect disadvantage if registration, communications or dismissal decisions do not account for disability-related needs. Disabled customers report lower ease of use. Survey and consultation evidence points to barriers linked to health, digital confidence and disability-related presentation being misread.	Digital and non-digital routes. Flexibility on evidence and deadlines. Early identification of additional needs and personal circumstances. Staff training and guidance, including on abuse-related issues. Human oversight of digital tools. Clear reasons and signposting. Discretion in dismissal decisions. Amend ‘other compelling reason’ example to remove reference to ‘material’ financial loss. Delay implementation of registration stage to allow further design and testing of internal processes. Ongoing monitoring, including by protected characteristic where feasible.
Gender reassignment	-	Evidence is limited and no meaningful conclusion can be reached.	
Pregnancy and maternity	-	Evidence is limited and no meaningful conclusion can be reached.	
Race	Yes	Potential indirect disadvantage from registration and dismissal arises if communications, evidence requests or dismissal decisions are not accessible. User ethnicity is indicated to broadly reflect the UK population, but some ethnic groups report lower ease of use. Evidence also points to overlap with poverty and abuse-related risk.	
Religion or belief	-	Evidence is limited and no meaningful conclusion can be reached.	
Sex	Yes	Potential indirect disadvantage arises where registration or dismissal decisions do not account for abuse-related circumstances. More men than women bring complaints. Women were more likely to cite health or personal circumstances and are more exposed to domestic abuse and single-parent poverty.	
Sexual orientation	-	Evidence is limited and no meaningful conclusion can be reached.	

Table 2: Decision and notes

Decision		Notes
1. No change required – proceed as planned		
2. Adjust the policy to remove identified barriers and advance equality	X	Registration rule change to proceed from April 2027 at the earliest to enable testing. Proposed dismissal grounds amended to remove reference to ‘material’ financial loss Removal of ‘good industry practice’ from DISP 3.6.4R not taken forward at this time.
3. Continue despite the potential for adverse impact, with mitigation in place		
4. Stop, as there are significant adverse impacts which cannot be mitigated		
Sign-off: David Bruce, Chief Data Officer Date completed: 06 August 2026 Review date: Any relevant new information will be assessed 12 months after implementation		

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Appendix 2

REDRESS REFORMS (No 2) INSTRUMENT 2026

Powers exercised by the Financial Ombudsman Service Limited

A. The Financial Ombudsman Service Limited:

(1) makes and amends the scheme rules and guidance relating to the complaint handling procedures of the Financial Ombudsman Service;
(2) makes and amends the rules and guidance for the Voluntary Jurisdiction; and
(3) fixes and varies the standard terms for Voluntary Jurisdiction participants,

as set out in the Annexes to this instrument, in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000:

(a) section 227 (Voluntary jurisdiction);
(b) paragraph 8 (Information, advice and guidance) of Schedule 17 (The Ombudsman Scheme);
(c) paragraph 14 (The scheme operator's rules) of Schedule 17;
(d) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
(e) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.

B. The making and amendment of the rules and the fixing and varying of the standard terms by the Financial Ombudsman Service Limited, as set out in paragraph A above, is subject to the consent and approval of the Financial Conduct Authority.

Consent and approval by the Financial Conduct Authority

C. The Financial Conduct Authority consents to the making and amendment of the scheme rules and approves the making and amendment of the Voluntary Jurisdiction rules and the fixing and varying of the standard terms by the Financial Ombudsman Service Limited, as set out in the Annexes to this instrument.

Commencement

D. This instrument comes into force on 1 October 2026.

Amendments to the Handbook

E. The Glossary of definitions is amended by the Board of the Financial Ombudsman Service in accordance with Annex A to this instrument.

F. The Dispute Resolution: Complaints sourcebook (DISP) is amended by the Board of the Financial Ombudsman Service in accordance with Annex B to this instrument.

Notes

G. In the Annexes to this instrument, the notes (indicated by "Note:" or "*Editor's note*:")

are included for the convenience of readers but do not form part of the legislative text.

Citation

H. This instrument may be cited as the Redress Reforms (No 2) Instrument 2026.

By order of the Board of the Financial Ombudsman Service Limited
3 August 2026

By order of the Board of the Financial Conduct Authority
30 July 2026

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

chargeable case	any c*omplaint* referred to the *Financial Ombudsman Service*, except where: (a) the *Ombudsman* considers it apparent from the *complaint*, when it is received, and from any *final response*, *summary resolution communication* or *redress determination* which has been issued by the *firm* or *licensee*, that the *complaint* should not proceed because: … (iii) the *Ombudsman* considers that the *complaint* should be dismissed without consideration of its merits under ~~DISP 3.3.4 R or DISP~~ *DISP* 3.3.4AR(2) to (5) or *DISP* 3.3.4C R(2) to (9) (Dismissal of complaints without consideration of the merits); or (b) the *Ombudsman* considers, at any stage, that the *complaint* should be dismissed under ~~DISP 3.3.4 R (2) or DISP~~ *DISP* 3.3.4A R (1) or *DISP* 3.3.4CR(1) on the grounds that it is frivolous or vexatious; or …
ADR entity	any alternative dispute resolution entity, as defined in regulation 4 of the *ADR Regulations* as in force immediately prior to revocation on 6 April 2026. [Note: article 4(1) of the *ADR Directive*]

Annex B

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

3 Complaint handling procedures of the Financial Ombudsman Service

…

3.3 Dismissal without considerations of the merits ~~and test cases~~

…

Grounds for dismissal

3.3.4 R ~~The *Ombudsman* may dismiss a *complaint* referred to the *Financial Ombudsman Service* before 9 July 2015 without considering its merits if the *Ombudsman* considers that:~~ [deleted]

~~(1) the complainant has not suffered (or is unlikely to suffer) financial loss, material distress or material inconvenience; or~~

~~(2) the *complaint* is frivolous or vexatious; or~~

~~(3) the *complaint* clearly does not have any reasonable prospect of success; or~~

~~(4) the *respondent* has already made an offer of compensation (or a goodwill payment) which is:~~

~~(a) fair and reasonable in relation to the circumstances alleged by the complainant; and~~

~~(b) still open for acceptance; or~~

~~(5) the *respondent* has reviewed the subject matter of the *complaint* in accordance with:~~

~~(a) the regulatory standards for the review of such transactions prevailing at the time of the review; or~~

~~(b) [deleted]~~

~~(c) any formal regulatory requirement, standard or guidance published by the *FCA* or other regulator in respect of that type of *complaint*;~~

~~(including, if appropriate, making an offer of redress to the complainant), unless he considers that they did not address the particular circumstances of the case; or~~

~~(5A)~~ ~~the *respondent* has reviewed the subject matter of the *complaint* and issued a *redress determination* in accordance with the terms of a *consumer redress scheme*; or~~

~~(6)~~ ~~the subject matter of the *complaint* has previously been considered or excluded under the *Financial Ombudsman Service*, or a *former scheme* (unless material new evidence which the *Ombudsman* considers likely to affect the outcome has subsequently become available to the complainant); or~~

~~(7)~~ ~~the subject matter of the *complaint* has been dealt with, or is being dealt with, by a comparable independent complaints scheme or dispute-resolution process; or~~

~~(8)~~ ~~the subject matter of the *complaint* has been the subject of court proceedings where there has been a decision on the merits; or~~

~~(9)~~ ~~the subject matter of the *complaint* is the subject of current court proceedings, unless proceedings are stayed or sisted (by agreement of all parties, or order of the court) so that the matter may be considered by the *Financial Ombudsman Service*; or~~

~~(10)~~ ~~it would be more suitable for the subject matter of the *complaint* to be dealt with by a court, arbitration or another complaints scheme; or~~

~~(11)~~ ~~it is a *complaint* about the legitimate exercise of a *respondent's* commercial judgment; or~~

~~(12)~~ ~~it is a *complaint* about employment matters from an employee or employees of a *respondent*; or~~

~~(13)~~ ~~it is a *complaint* about investment performance; or~~

~~(14)~~ ~~it is a *complaint* about a *respondent's* decision when exercising a discretion under a will or private trust; or~~

~~(15)~~ ~~it is a *complaint* about a *respondent's* failure to consult beneficiaries before exercising a discretion under a will or private trust, where there is no legal obligation to consult; or~~

~~(16)~~ ~~it is a *complaint* which:~~

~~(a)~~ ~~involves (or might involve) more than one *eligible complainant*; and~~

~~(b) has been referred without the consent of the other complainant or complainants;~~

~~and the *Ombudsman* considers that it would be inappropriate to deal with the *complaint* without that consent; or~~

~~(16A) it is a *complaint* about a pure landlord and tenant issue arising out of a *regulated sale and rent back agreement*; or~~

~~(17) there are other compelling reasons why it is inappropriate for the *complaint* to be dealt with under the *Financial Ombudsman Service*.~~

3.3.4A R The *Ombudsman* may dismiss a *complaint* referred to the *Financial Ombudsman Service* ~~on or after 9 July 2015~~ without considering its merits if the <u>*complaint* was referred to the *Financial Ombudsman Service* on or after 9 July 2015 but before 1 October 2026 and the</u> *Ombudsman* considers that:

…

3.3.4B G Examples of a type of *complaint* that would otherwise seriously impair the effective operation of the *Financial Ombudsman Service* <u>for the purposes of *DISP* 3.3.4AR(5)</u> may include:

…

(4) …

<u>3.3.4C R The *Ombudsman* may dismiss a *complaint* referred to the *Financial Ombudsman Service* on or after 1 October 2026 without considering its merits if the *Ombudsman* considers that:</u>

<u>(1) the *complaint* is frivolous or vexatious; or</u>

<u>(2) the complainant has acted vexatiously, abusively or otherwise unreasonably in engaging with the *Financial Ombudsman Service*; or</u>

<u>(3) the *respondent* has reviewed the subject matter of the *complaint* in accordance with:</u>

<u>(a) the regulatory standards for the review of such transactions prevailing at the time of the review; or</u>

<u>(b) any formal regulatory requirement, standard or guidance published by the *FCA* or other regulator in respect of that type of *complaint*;</u>

<u>(including, if appropriate, making an offer of redress to the complainant), unless the *Ombudsman* considers that the *respondent* did not address the particular circumstances of the</u>

case; or

(4) the *respondent* has reviewed the subject matter of the *complaint* and issued a *redress determination* in accordance with the terms of a *consumer redress scheme*; or

(5) the subject matter of the complaint has previously been considered or excluded under the *Financial Ombudsman Service* (unless the *Ombudsman* considers that material factual new evidence which is likely to affect the outcome has subsequently become available to the complainant); or

(6) issues relevant to the subject matter of the *complaint* have been dealt with, or are being dealt with, by a comparable complaints scheme, regulatory or law enforcement body or dispute-resolution process; or

(7) the subject matter of the *complaint*:

(a) has been the subject of court proceedings such that it would be inappropriate for the *Financial Ombudsman Service* to consider the merits of the complaint; or

(b) is the subject of current court proceedings, unless proceedings are stayed or sisted (by agreement of all parties, or order of the court) so that the matter may be considered by the *Financial Ombudsman Service*; or

(c) would be more suitable to be dealt with by a court, arbitration or another complaints scheme or dispute resolution process; or

(d) is about employment matters from an employee or employees of a *respondent*; or

(e) is about investment performance; or

(f) is about:

(i) a *respondent's* decision when exercising a discretion under a will or private trust; or

(ii) a *respondent's* failure to consult beneficiaries before exercising a discretion under a will or private trust, where there is no legal obligation to consult; or

(8) it is a *complaint* which:

(a) involves (or might involve) more than one *eligible complainant*; and

(b) has been referred without the consent of the other complainant or complainants; and

(c) the *Ombudsman* considers that it would be inappropriate to deal with the *complaint* without that consent; or

(9) there are other compelling reasons why it is inappropriate for the *complaint* to be dealt with under the *Financial Ombudsman Service*.

3.3.4D G Examples of other compelling reasons why it would be inappropriate for the *complaint* to be dealt with under the *Financial Ombudsman Service* may include (but are not limited to):

(1) the complainant has not suffered (or is unlikely to suffer) financial loss, material distress or material inconvenience; or

(2) the *complaint* clearly does not have any reasonable prospect of success; or

(3) the *respondent* has already made an offer of compensation (or a goodwill payment) which is:

(a) fair and reasonable in relation to the circumstances alleged by the complainant; and

(b) still open for acceptance; or

(4) with knowledge of the right to refer a complaint to the *Financial Ombudsman Service*, the complainant has already concluded a full and final settlement with the *respondent* regarding the subject matter of the *complaint*; or

(5) the *Ombudsman* considers that the *complaint* is about the legitimate exercise of a *respondent's* commercial judgment; or

(6) the compensation sought under the *complaint* would significantly exceed the award limit in *DISP* 3.7.4R.

…

3.4 Referring a complaint to another complaints scheme or court

3.4.1 R The *Ombudsman* may refer a *complaint* to another complaints scheme where:

(1) he considers that it would be more suitable for the matter to be determined by that scheme~~; and~~.

(2) ~~the complainant consents to the referral.~~ [deleted]

Test cases

3.4.2 R The *Ombudsman* may~~, with the complainant's consent,~~ cease to consider the merits of a *complaint* so that it may be referred to a court to consider as a test case, if:

…

3.4.3 G Factors that the *Ombudsman* may take into account in considering whether to cease to consider the merits of a *complaint* so that it may be the subject of a test case in court include (but are not limited to):

…

(6) any representations made by the *respondent* or the complainant, including but not limited to, the likelihood that the *respondent* or the complainant will refer the merits of the *complaint* to a court to consider as a test case; and

…

3.5 Resolution of complaints by the Ombudsman

…

Evidence

…

3.5.9 R The *Ombudsman* may:

…

(4) dismiss a *complaint* or treat the *complaint* as withdrawn and cease to consider the merits if a complainant fails to supply requested information.

…

Procedural time limits

…

3.5.15 R If a complainant fails to comply with a time limit, the *Ombudsman* may:

…

(2) dismiss the *complaint* or treat the *complaint* as withdrawn and cease to consider the merits.

3.6 Determination by the Ombudsman

Fair and reasonable

…

3.6.4 R In considering what is fair and reasonable in all the circumstances of the case, the *Ombudsman* will take into account <u>what was, at the time of the act or omission complained of</u>:

(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time.

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