Modernising the Redress System

Making the Financial Ombudsman Service fit for the future

Financial Ombudsman Service

Who we are

The Financial Ombudsman Service resolves around 200,000 disputes every year as an informal, independent and impartial alternative to the courts. Consumers and firms know we are there if something goes wrong and they'll get a fair and reasonable outcome, helping to build trust and confidence in financial services overall.

Financial services have changed significantly since we were set up over 25 years ago. That is why we are working with the Government and the Financial Conduct Authority (FCA) on a series of reforms to transform the UK's redress system and the way we operate within it – to ensure consumers get fair and quick compensation when things go wrong, and firms have more certainty to invest, grow and compete.

What we are changing

Updated dismissal rules will apply from October 2026 to allow us to focus our resources on the cases we were set up to resolve as a quick and informal alternative to the courts. This includes being able to dismiss complaints which may be better resolved – or are already being investigated – in other ways and will also let consumers know earlier in the process if their complaint isn't one that is appropriate for us.

Thematic reviews will provide more insight on the types of complaints we see and our approach to resolving them using the FCA's rules and the relevant law. This will help to inform firms' own complaints handling and prevent similar cases from being escalated to our service and demonstrate how outcomes are aligned with regulators' rules.

A new registration stage will be rolled out next year following a consultation on differential case fees later this year, to ensure that complaints referred to us are within our scope and ready to be investigated before being allocated to a caseworker. This will also allow for a fairer funding model to better reflect the costs of our service and support earlier resolution.

Amendments to the fair and reasonable test will clarify that our decisions are based on the standards applicable at the time of the act or omission complained of. We will await the outcome of the legislative process on other proposals to the test to avoid introducing several different sets of rules for us and firms to consider in just a short period, which could cause confusion.

What the government is proposing

The Financial Services and Markets Bill is progressing through Parliament. The Bill intends to:

Introduce a 10-year time limit to introduce more certainty about whether certain complaints can be brought to our service, subject to any exceptions in FCA rules.

Adapt the fair and reasonable test to align our decisions more closely to the FCA's rules, where those are relevant.

Introduce a referral mechanism requiring us to inform the FCA where there are significant implications for the sector or seek a view from the FCA on the interpretation of its rules in circumstances where the FCA's rules are ambiguous.

Give responsibility for all determinations to the Financial Ombudsman (formerly known as the Chief Ombudsman) to ensure they are handled consistently and in line with FCA rules.

Provide the FCA with the tools to act quickly to set the regulatory response to mass redress events, where a particular issue is the subject matter of a large number of complaints, in the small number of cases where an intervention from the FCA is appropriate.