

OFFICE FOR LEGAL COMPLAINTS

**DRAFT BUSINESS PLAN AND
BUDGET 2025/26**

CONSULTATION

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About the Legal Ombudsman

The Legal Ombudsman scheme (LeO) was established by the Office for Legal Complaints (OLC) under the terms of the Legal Services Act 2007 (the Act). The Act also established the Legal Services Board (LSB) to oversee the regulation of the legal profession in England and Wales. Both the OLC and the LSB are Arm's Length Bodies of the Ministry of Justice (MoJ). LeO's work supports and aligns with the regulatory objectives.

LeO has two core roles. It resolves complaints about providers of legal services that haven't been resolved to customers' satisfaction – as quickly and informally as possible. LeO covers the majority of legal services provided in England and Wales. The rules and limits about what complaints LeO can help with are set out on LeO's website.

The second vital part of LeO's work is sharing learning and insight from the complaints it sees. This promotes better complaint handling, prevents future complaints and helps drive higher standards in legal services.

LeO's work in 2025/26

2025/26 will be the second year of the Office for Legal Complaints' 2024-27 strategy for the Legal Ombudsman (LeO).

This section sets out the longer-term picture of demand for LeO. It sets out what LeO has seen so far in 2024/25, and the progress it has made toward its strategic objectives.

It then suggests potential drivers of demand for LeO's help in 2025/26, the number of complaints it is forecasting to receive and resolve, and what this means for the experience of people using LeO.

The key activities LeO will deliver in 2025/26 under each of LeO's strategic objectives and the aims are included at the end of this consultation.

Context: demand for LeO over time

From 2021/22 to 2022/23 the number of new customer complaints brought by consumers to LeO rose from approximately 6,400 to more than 9,400: a 47% increase. Demand has never returned to pre-pandemic previous levels, with similar volumes received in 2023/24 and projected for 2024/25 and 2025/26.

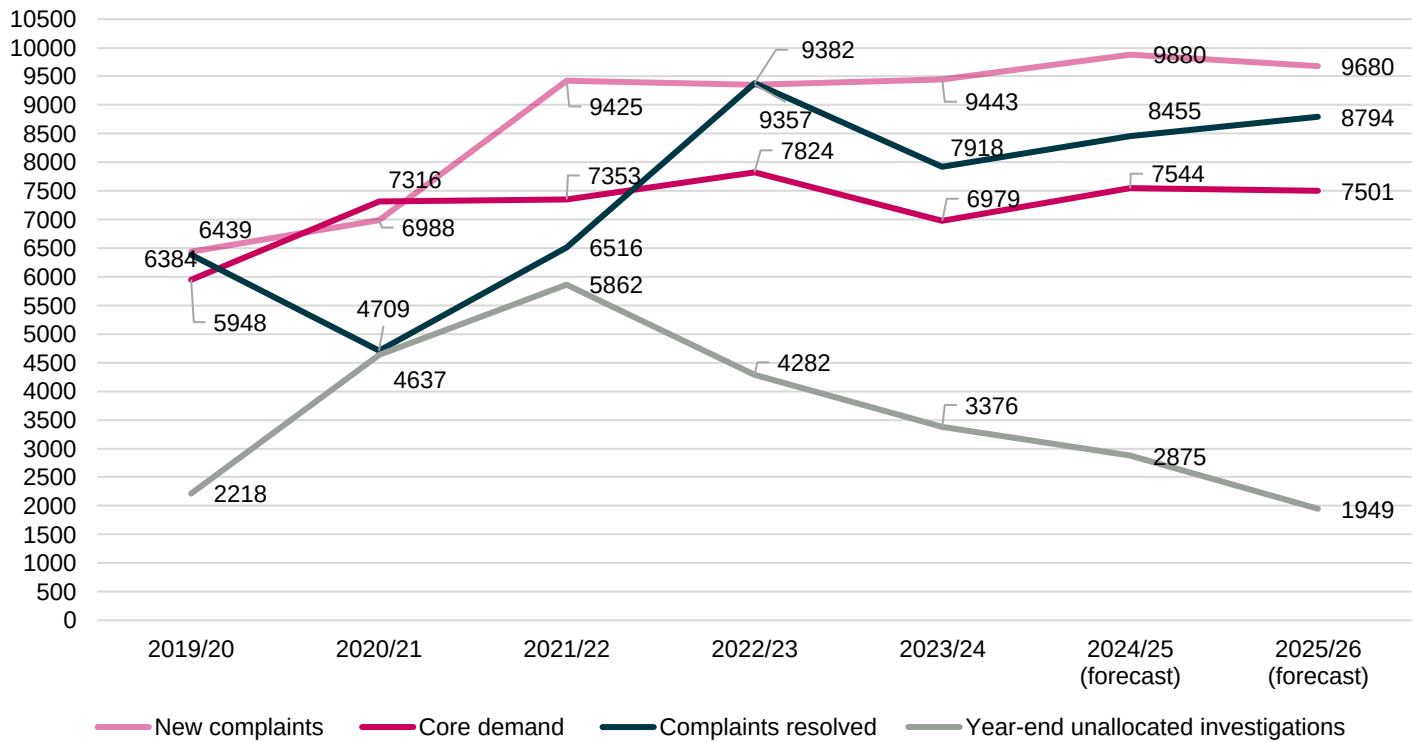
LeO's experience is consistent with a trend reported across the Ombudsman and complaints landscape. Sector-specific drivers of demand, such as the quality of complaints-handling, are set against a backdrop of consumers' growing awareness of their right to redress and confidence to pursue complaints – facilitated by the accessibility of online advice and channels through which to do so. At the same time, there remains a core number of "silent sufferers" who aren't aware how to complain, don't have the confidence to do so or who don't believe it will make a difference.

For LeO, growth in underlying demand has translated into a nearly 27% increase in complaints (around 1,600 cases) that require early resolution or investigation (LeO's core demand) when comparing 2024/25 against 2019/20. In 2023/24, having anticipated a 10% reduction in new customer complaints due to changes to Scheme Rule time limits, complaints actually increased by 0.8%.

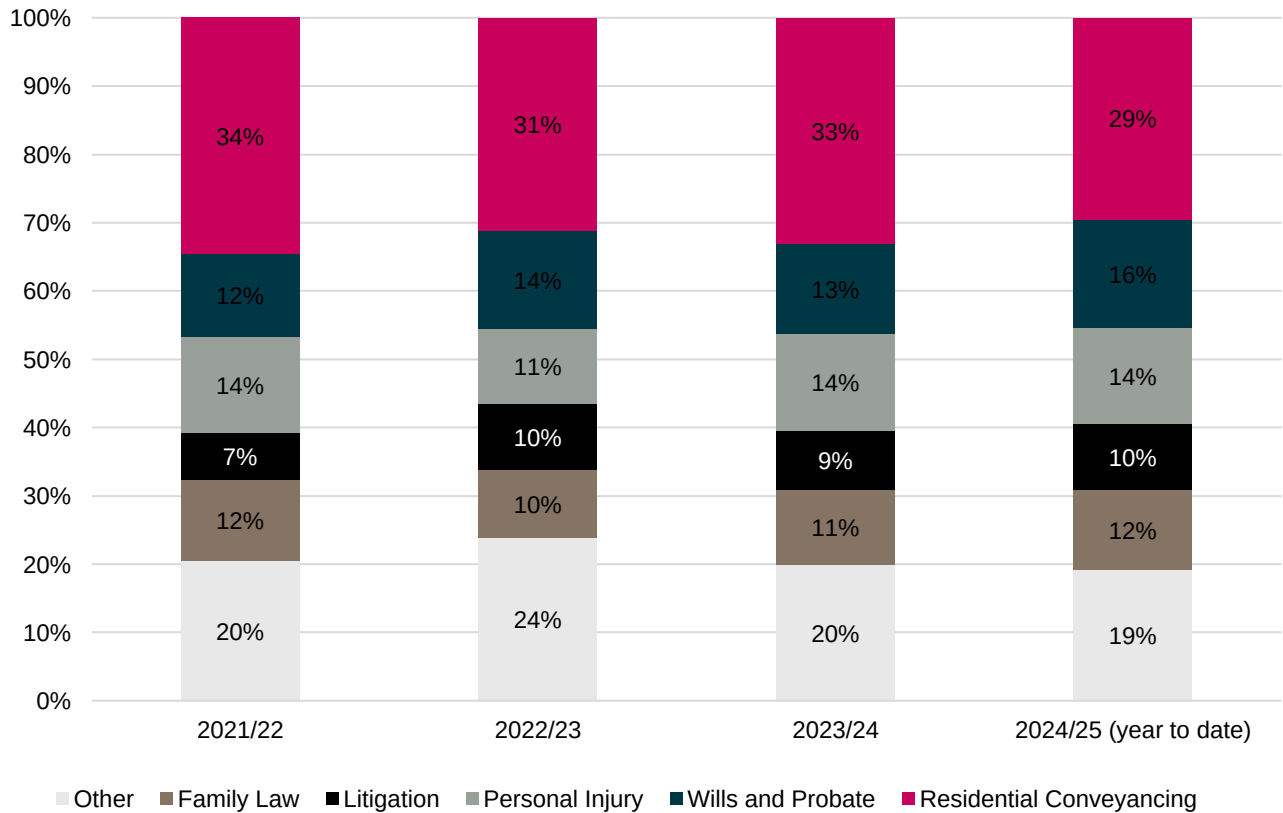
LeO's analysis suggests that other than pandemic-driven issues such as delays, there is no specific driver of demand in terms of area of law or complaint issue. The marked feature of LeO's data is that, over several years, standards of neither service nor complaints handling have improved – and in some areas, have worsened. In 2023/24 LeO found evidence of poor service first-tier complaints handling in 46% of complaints it investigated.

Persistently high demand, and persistent findings of service and complaint-handling failings, are clear indicators that consumers are being let down. It's a position that isn't sustainable for those using legal services, who need to be able to rely on providers to deliver high standards. And as we set out later, it means LeO can't currently deliver acceptable waiting times to the half of customers relying on it for an investigative outcome – even though it has transformed its service, so it is consistently resolving 25% more complaints than it did in the past.

LeO demand, resolutions and queue over time



Annual demand for LeO by area of law



The table below outlines potential issues that could change demand for LeO in the coming months.

Issue	Potential impact on demand
The quality of service providers' first-tier complaint handling	If a legal provider's level of service has fallen short, it isn't inevitable that a complaint will be referred to LeO. However, LeO continues to find evidence of poor service first-tier complaints handling in 46% of complaints it investigates overall – with persistent issues in the quality and tone of providers' responses. In addition, a combined 49% of people told the LSCP that they didn't know, or weren't sure, how to make a complaint about legal services. LeO data shows that substantial volumes of people are still approaching LeO without having been through their lawyers' in-house process – and it continues to see evidence of poor or completely absent signposting to LeO. Improvements (or otherwise) in this area have the potential to substantially influence demand for LeO going forward – but depend on a cultural shift (see below).
The legal sector's culture toward complaints and LeO's insights and interventions	LeO has a central role in supporting the LSB's focus on driving world-class first-tier complaints handling. But a significant shift in complaint culture, led by regulators and the profession – underpinning positive engagement with LeO's insights and interventions – is required to address unnecessary escalation of demand to LeO. This also extends to the sector's wider attitude to feedback on the service they've provided, so this is embraced as an opportunity to improve, rather than ignored or dismissed. For context, a 5% decrease in demand would translate to 375 fewer cases being taken on by LeO to resolve. This equates to 8 investigators' time.
Consumer sentiment and propensity to complain	The UK customer satisfaction index indicates customer satisfaction levels are at their lowest since 2010, with satisfaction with complaints handling also declining. This may increase the likelihood of people bringing a complaint to the LeO. Conversely, low levels of overall consumer trust and confidence in the legal sector and mechanisms for redress could see fewer complaints. The most recent LSCP tracker survey shows a high proportion of people

	wouldn't trust a legal provider to deal with a complaint properly. Other external factors such as cost-of-living pressures may also be a driver of consumer propensity to complain – both as a result of consumers looking for cheaper services over quality ones, and feeling a greater need to seek financial redress when something goes wrong.
'Mass' issues such as firm closures and failures	While firm failures are difficult to predict – with regulators continuing to focus on the earlier identification of risk – there is an ongoing possibility that service provider closures could drive complaints to LeO on a large scale. The high-profile closures of firms such as Axiom Ince and SSB Law have highlighted clear gaps in consumer redress and the risk of consumer detriment. The active signposting of affected customers to LeO could drive demand, especially if consumers' expectations aren't effectively managed.
Changes in the political and economic landscape	The new government will have different policy and spending priorities. LeO has previously seen how the cost-of-living, and general consumer confidence, impacts both consumer spending behaviour, propensity to complain, and service provider behaviours in relation to remedying poor service. This could lead to an increase in complaints. Some wider changes may influence specific areas of law. For example, lower interest rates could make buying and selling property more appealing. Conveyancing is the area of law driving most complaints to LeO by volume; more transactions may result in more complaints.
The development and use of AI	Legal services are already being influenced by AI and wider technology innovations. While greater efficiency, accessibility and potentially lower costs could increase consumer satisfaction and reduce complaints, the use of AI could give rise to new issues, as well as increasing the complexity of understanding what has happened and where responsibility lies. Future developments, including in regulation, will have a bearing on the prevention of consumer detriment – and in turn on whether this translates into demand for LeO.
Developments in the legal market, legal need and wider justice system	The UK legal services market continues to change: overall growth could result in more complaints, simply by volume of transactions. Research by the

	LSB and Law Society has also demonstrated the extent of unmet legal need. While welcome, progress in addressing this may increase demand for legal services, and in turn for LeO. The MoJ continues to consider how to reduce court backlogs, including increasing the use of online dispute resolution. Ombudsman services are being considered as part of this system and may result in more people being routed to LeO as a result.
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So far in 2024/25

LeO has continued its strong underlying performance in resolving complaints. In the first half of 2024/25:

- The number of complaints LeO resolved has increased year-on-year and gone beyond the upper range of its business plan forecast to 4,099 – a 6.7% increase on the same period in 2023/24.
- At the same time, core demand – demand for LeO's intervention through early resolutions or in-depth investigation – has increased beyond business plan forecasts. Based on the demand to date in the first half of 2024/25, LeO's revised forecast for the year is 7,500 to 7,900 cases – an increase of between 8% and 13% year-on-year. (This includes 600 complaints received in 2023/24 but processed by LeO in 2024/25).
- The biggest shift has been in demand for investigations – those cases which demand significantly higher levels of resource and which make up the unallocated investigations queue. Based on current rates, this demand is anticipated to increase from 2023/24 levels by between 10.2 and 14.9% (from 4,060 to 4,230 cases).
- LeO has maintained its focus on reducing the number of unallocated investigations, but higher demand has slowed the rate of decrease. This means the queue is outside the expected range.
- The average end-to-end customer journey time for cases of all complexities is under 300 days, with almost half of LeO's cases now being resolved in under 60 days.
- The average time to resolve complaints by early resolution – which represent around half of LeO's resolutions – was 48 days.
- Overall, 44.2% of cases taken on by LeO for some type of resolution were resolved within 90 days: a marked improvement on LeO's historic performance.
- For cases needing an in-depth investigation, of all complexities, the average time to investigate once allocated to an investigator is 160 days. For all cases, including early resolutions, the average time from allocation to an investigator to resolution is 110 days.
- A higher proportion of complaints resolved by LeO in 2024/25 to date are those needing an in-depth investigation. This focus on resolving older cases has a bearing on overall average customer journey times, which will continue to fluctuate depending on the nature and age of the complaints being resolved.

- Compared with the same period in 2023/24, LeO has reduced the number of in-depth investigations taking more than 540 days to resolve by 2.7%, and the most complex cases taking over 720 days by almost 2.5%.

The table below shows the number of contacts and complaints LeO has received and resolved so far in 2024/25, as well as how many cases are waiting to be investigated – and revised forecasts for the end of the year. These are reflected in the graph on page 4.

	Quarter 1	Quarter 2	Quarter 3 (forecast)	Quarter 4 (forecast)	Total (forecast)
Contacts	29,172	30,251	30,000	30,000	119,423
<i>Original expectation</i>	<i>34,031</i>	<i>34,906</i>	<i>36,156</i>	<i>37,648</i>	<i>142,741</i>
New complaints	2,529	2,529	2,411 – 2,652	2,411 – 2,652	9,880 – 10,362
<i>Original expectation</i>	<i>2,720</i>	<i>2,720</i>	<i>2,720</i>	<i>2,720</i>	<i>10,880</i>
Core demand	1,905	2,039	1,800 – 1,972	1,800 – 1,972	7,544 – 7,888
Early resolution demand	841	941	852 – 937	852 – 937	3,486 – 3,656
Investigations demand	1,064	1,098	948 – 1,035	948 – 1,035	4,058 – 4,232
Complaints resolved	2,045	2,054	2,056 – 1,938	2,303 – 2,177	8,455 – 8,211
<i>Original expectation</i>	<i>1,859 – 2,015</i>	<i>2,002 – 2,178</i>	<i>1,875 – 2,049</i>	<i>1,966 – 2,162</i>	<i>7,702 – 8,404</i>
Unallocated investigations queue (end of quarter)	3,495	3,433	3,326 – 3,159	3,073 – 2,734	3,073 – 2,734
<i>Original expectation</i>	<i>3,344 – 3,071</i>	<i>3,185 – 2,655</i>	<i>2,980 – 2,161</i>	<i>2,769 – 1,643</i>	<i>2,769 – 1,643</i>

What LeO expects in 2025/26

LeO's focus on proportionality and efficiency over recent years has significantly increased its output in terms of complaints resolved. It has made a sustained step-change in annual output, going from historic levels of around 6,500 complaints or fewer to nearly 8,000 a year – an almost 25% increase – each year.

To date, the higher demand LeO has seen over recent years has been absorbed without substantial increase in operational resource. As summarised in the budget section, LeO continues to take action and innovate to delivering further efficiencies and improvements in customers' experience, as well as value for money. Despite significant challenges, including investigator attrition, in 2023/24 LeO reduced the number of people waiting for an investigation by 21.2%, following a 27% reduction in 2022/23.

At the same time, even the small increase LeO's capacity to date has enabled it to substantially increase its analysis of historic and current years' complaints trends. It has been improving the intelligence it is capturing about demand, to ensure it understands fluctuations and drivers, helping to target support for legal providers. It has identified those generating high volumes of complaints, and/or whose standards

of first tier complaints handling are particularly problematic – and will be working with regulators to set out areas of concern and secure support for interventions.

In 2023/24 LeO also improved accessibility of its service through its website, providing better navigation and clearer information for consumers on whether and how LeO can help with their complaint. Early indications are that this has successfully reduced the number of people completing LeO’s online complaint form too early. Without this signposting, LeO would otherwise have had to accept this “premature” contact into its process as new complaints.

However, the changes LeO has made have only absorbed additional demand, rather than reduced it. LeO’s current and proposed innovations and efficiencies won’t deliver gains on the same scale as the transformational change that has already been delivered. It is also clear that only a longer-term shift in both culture and practice within the legal sector in respect of complaints will shift the dial on demand for LeO on a meaningful scale. In addition, improved signposting to, and awareness of LeO could result in higher, but more appropriate demand (including from those who would otherwise be “silent sufferers”).

In this light, LeO has assessed several scenarios for core demand for its service in 2025/26. These involve trends ranging from a marginal year-on-year decrease of 0.6% – in light of targeted feedback to the sector, in addition to improvements made to LeO’s customer channels – to an increase of 8.5%.

Even a marginal decrease, however, wouldn’t enable LeO to materially improve customers’ experience at current resourcing levels. And at these levels of forecast demand, without investment in capacity, there is an increased risk that the volume of unallocated investigations will rise in the event of unanticipated headwinds.

For this reason, after careful consideration of the available options, the OLC is proposing an investment in LeO’s investigator resource in 2025/26. This will ensure LeO can continue to resolve complaints at a rate higher than incoming demand, so it can reduce the remaining investigation queue and improve customer experience at an acceptable pace.

It would mean LeO would reduce the average waiting time – how long people currently in the queue have been waiting – by 26% (from 149 days to 110 days), compared with by 1.3% (to 147 days) if it didn’t have additional resource. LeO recognises the limitation of the average current waiting time metric, but has used it as the basis for anticipated improvements because the average time cases have actually waited on leaving the queue can’t be accurately projected. In 2024/25 to date, it is 358 days.

The table below sets out the complaints LeO expects to receive and resolve in 2025/26, and how the queue of people waiting for an investigation will continue to reduce. These expectations are reflected in the graph on page 4.

<i>Central to upper forecasts</i>	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Variance from 2024/25 reforecast
New complaints	2420 – 2,662	2420 – 2,662	2420 – 2,662	2420 – 2,662	9,680 – 10,648	-2.1% – +7.8%)

Total core demand	1804 - 1967	1939 - 2116	1849 – 2017	1909 - 2083	7501 - 8183	-0.6% – +8.5%
Early resolution demand	835 – 918	970 – 1,067	880 – 968	940 – 1,034	3,625 – 3,987	+10% – +21%
Investigations demand	969 – 1,049	969 – 1,049	969 – 1,049	969 – 1,049	3,876 – 4,194	-4.5% – +3.4%
Complaints resolved	1,985 – 1,819	2,326 – 2,150	2,203 – 2,023	2,279 – 2,075	8,794 – 8,068	+4.0% – -4.5%
Unallocated investigations queue (end of quarter)	2,736 – 3,235	2,324 – 2,992	2,089 – 2,941	1,949 – 2,986	1,949 – 2,986	-28.7% - +9.2%

We welcome feedback on the levels of demand LeO should expect going forward, the drivers of that demand, and how it could be prevented at source.

While operational improvements account for just under three-quarters of the investment, a proportion (14%) of the additional investigator resource will be directed to support the delivery of targeted learning and insight to the legal sector, helping to address demand at source. LeO's plans in this space are set out in the business plan deliverables for its strategic impact objective.

An equal proportion will support LeO's commitment to deliver a leading Ombudsman scheme, enhancing both its service and impact, as well as delivering greater value, through technology and innovation, including AI. As explained in the budget section, areas currently being explored, and where AI has already shown potential, are drafting reports of complaints about LeO's own service and summarising Ombudsman final decisions.

LeO's budget and resourcing plans

LeO's central challenge is continuing to improve customers' experience at an acceptable pace in the context of high demand, while delivering on its wider strategic ambitions – within a budget that is acceptable to those who fund it.

In this light, the OLC is proposing a budget for LeO of £19,784,220 in 2025/26. This is £1,834,618, or 10.2% higher, than in 2024/25.

Of the total increase:

- 47% relates to the additional investigator resource, of which just under three-quarters relates to reducing LeO's queue and the remainder to supporting AI development and learning and insight interventions.
- 32.6% relates to an anticipated 4% pay award
- 14.1% relates to non-discretionary or unavoidable costs
- 6.3% relates to the net of savings and other additional resource

Even without additional investment in operational resource, the unavoidable expenditure LeO must incur would involve a budget increase of 4.7% on 2024/25. This relates to:

- £598,000 for the proposed pay award, anticipating Civil Service pay remit guidance.
- £90,000 provision for bad debts relating to firm closures following regulatory intervention or insolvency, where LeO can't recover case fees. No provision was made for this in the 2024/25 budget, with LeO diverting resources from other budget lines to compensate for an increasing level of bad debts seen throughout this year. Given the ongoing risk this presents, it has been included for 2025/26 based on 2024/25 levels.
- £52,332 interest for LeO's new building lease.
- £48,859 lower interest income expectations.
- £39,012 mandatory apprentice levy.
- £11,500 for an anticipated increase in annual cost of LeO's external service complaints adjudicator.
- £10,500 for an increase in life assurance and income protection policies.
- £6,164 depreciation for assets already on the asset register.

Further low-discretion increases include:

- £83,000 in IT costs for AI/automation development and software subscriptions
- £11,000 for external legal support and advice on complex casework, AI and decision transparency
- £8,000 higher provision for service complaint remedies
- £6,500 in other staff costs, driven by an increase in occupational health provision.

As well as investment in investigator resource, LeO is also proposing a small increase in team leaders to support these investigators, and to improve capacity in its IT, quality and HR teams. Some of these staff costs are offset by non-staff savings; for example, the additional IT resource is fully funded by savings in infrastructure other areas.

We are also including, for information, an optional additional budget provision that would enable LeO to progress plans to publish full ombudsman decisions. Including both staff and non-staff costs, it would bring the total 2025/26 budget to £20,220,092: a 12.7% increase on 2024/25. There is more detailed discussion about these costs in the next section, where we invite specific feedback on the best way forward.

Draft 2025/26 budget

Salary expenditure	2024/25	2025/26	2024/25 FTE	2025/26 FTE
Corporate	£3,331,105	£4,023,912	54	62
Business Intelligence	£290,628	£310,104	3.9	4.9
Corporate*	£185,232	£1,014,528	1	8
Executive and Board Support	£144,192	£151,860	3	3
Communications, Engagement and Impact	£602,004	£568,164	10.3	10
Facilities	£43,080	£44,856	1	1
Finance	£403,452	£308,076	7	6
Human Resources	£608,842	£581,880	10.8	11
IT	£412,305	£513,300	7	9.5
Legal	£233,280	208,152	4	3.6
Programme Management & Assurance	£408,090	£322,992	6	5
Operations	£11,099,807	£12,028,591	226.8	250.4
General Enquiries Team	£1,074,703	£1,153,440	31.8	34.2
Early Resolutions Team**	£728,980	£652,740	16.1	13.6
Ops Management	£413,040	£317,760	5	4
Ombudsmen	£2,314,648	£2,432,028	35.5	37.6
Resolution Centre	£5,677,148	£6,688,111	126.6	150
Service Improvement and Quality	£686,640	£607,464	10.8	11
Operational Transformation and Impact	£83,352	£0	1	0
Staff awards	£121,296	£138,036		
Apprenticeship Levy	£0	£39,012		
Total salary expenditure	£14,430,912	£16,052,503	280.8	312.4

*In 2024/25 "Corporate" included the Chief Ombudsman only 2025/26; it now includes the whole Executive team

**In 2024/25 "Early Resolutions Team" was referred to as "Front End Team"

Non salary expenditure	2024/25	2025/26
Accommodation, travel and subsistence	£30,864	£21,084
Depreciation	£631,380	£637,544
Interest receivable	-£309,157	-£260,298
IT and telecoms	£1,608,598	£1,692,004
Other costs	£541,874	£725,891
Other staff costs	£278,884	£295,512
Premises and facilities	£736,247	£619,980
Total non-salary expenditure	£3,518,690	£3,731,717

Total	£17,949,602	£19,784,220
Decision transparency (staff and non-staff costs)	£0	£435,872
Total costs including decision transparency	£17,949,602	£20,220,092

With an increase of 21.7 FTE investigators, LeO would have additional capacity to resolve complaints and improve customers' experience, as well as to adopt a longer-term "invest to save" approach to innovations and learning and insight interventions. This has the potential to deliver further efficiencies in the medium to long term, while also delivering meaningful reductions in unallocated investigations throughout 2025/26.

Without an investment in new investigators, the number of complaints resolved by LeO would remain high – at more than 8,000 complaints – and LeO would meet levels of increased incoming demand, demonstrating the model is inherently sustainable. However, the queue of unallocated investigations will fall only marginally over the course of the year because of the increased customer demand for investigations. In turn, there will be a minimal reduction in wait times for those customers requiring an investigation.

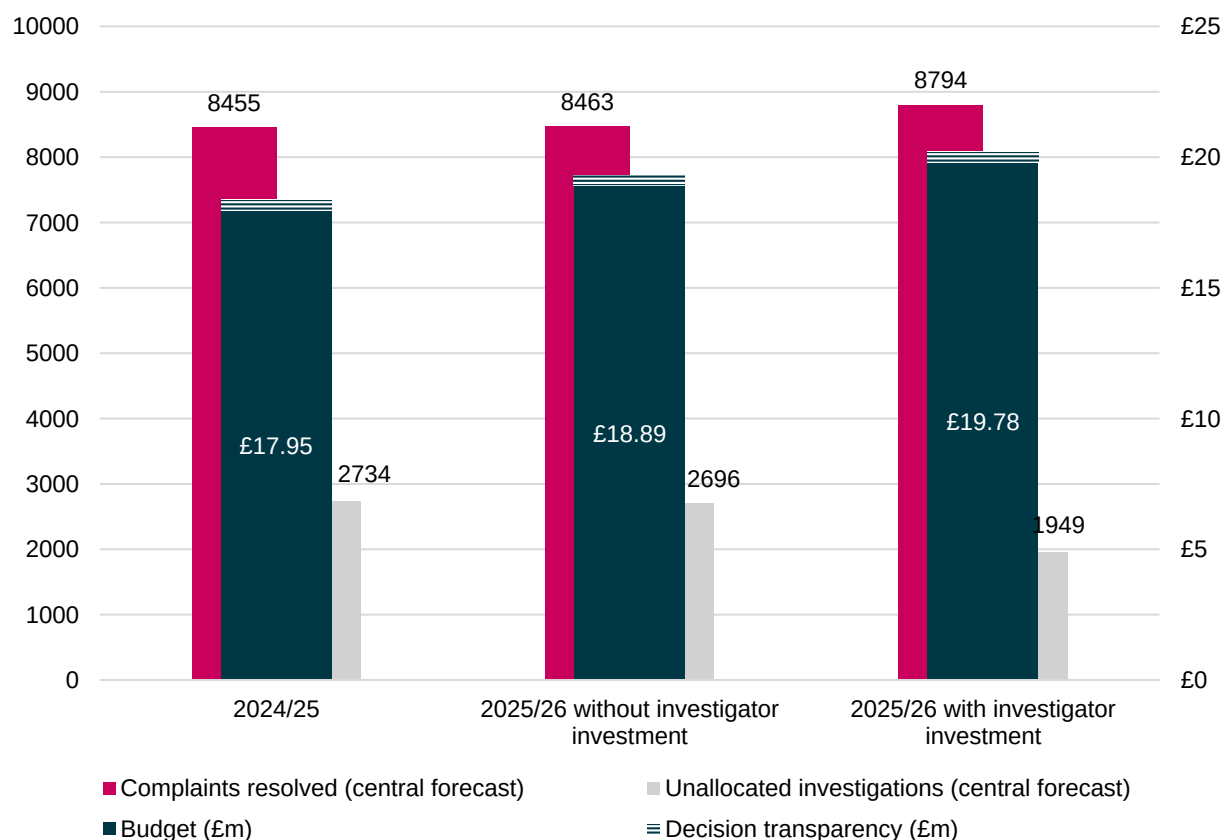
In this scenario, any unexpected headwinds, including any unanticipated further demand increase, would lead to an increase the volume of unallocated investigations, queue waiting times and end-to-end journey times. All operational capacity would need to be diverted to day-to-day delivery of complaint resolutions – limiting LeO's ability to make investments with longer-term gains via AI and learning and insight.

Under LeO's central scenario, additional resourcing would result in:

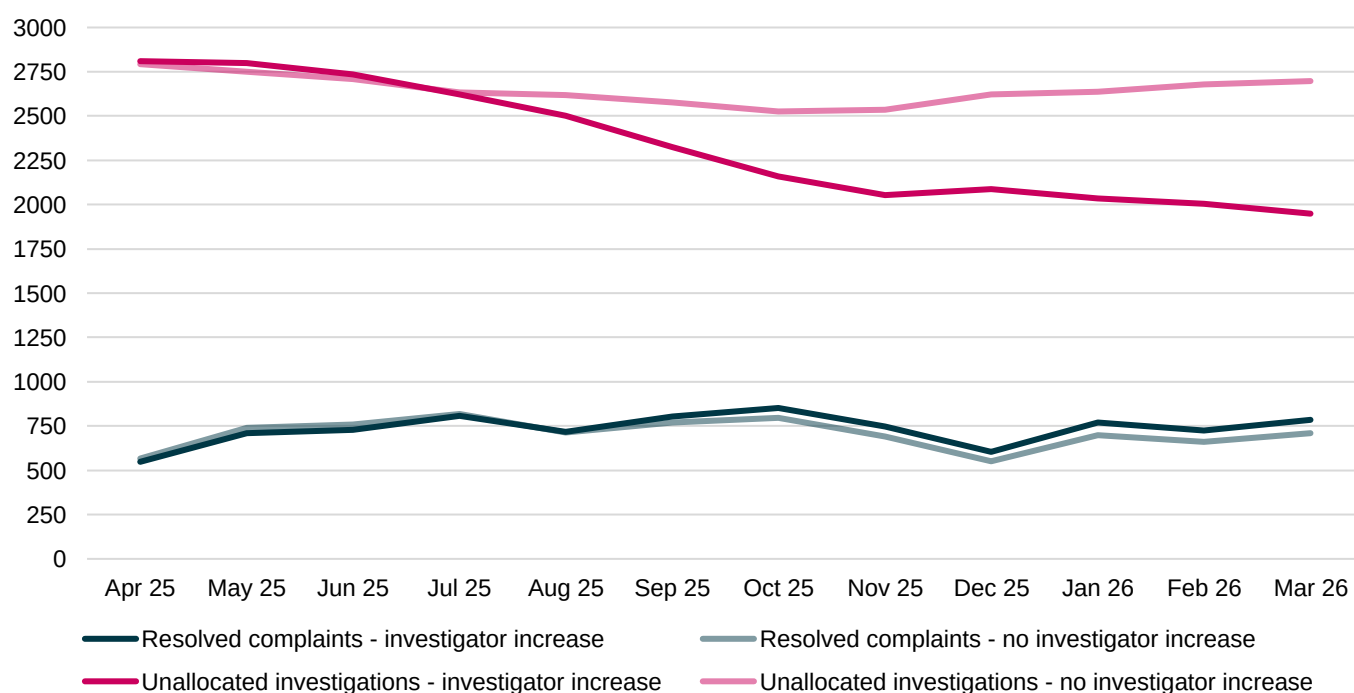
- a 30.3% greater reduction (747 cases) in the volume of unallocated investigations.
- a 26% reduction in the average waiting time, versus 1.3% without investment.

The chart below shows relative levels of output under this arrangement, compared with the picture if operational resource wasn't increased. We welcome views on whether the budget and resourcing levels we've set out strike the right balance.

LeO 2025/26 budget against expected performance



2025/26 trajectory: investigator increase compared with no increase



Demand outlook

LeO has also estimated demand in the longer term and what this would mean for the queue of people waiting – while recognising the challenges with confidence levels when projecting future demand in this way, based on a large number of unknowns and limited data relating to tier-one complaints. This forecasting shows how LeO's increased level of output would mean it could meet rising demand:

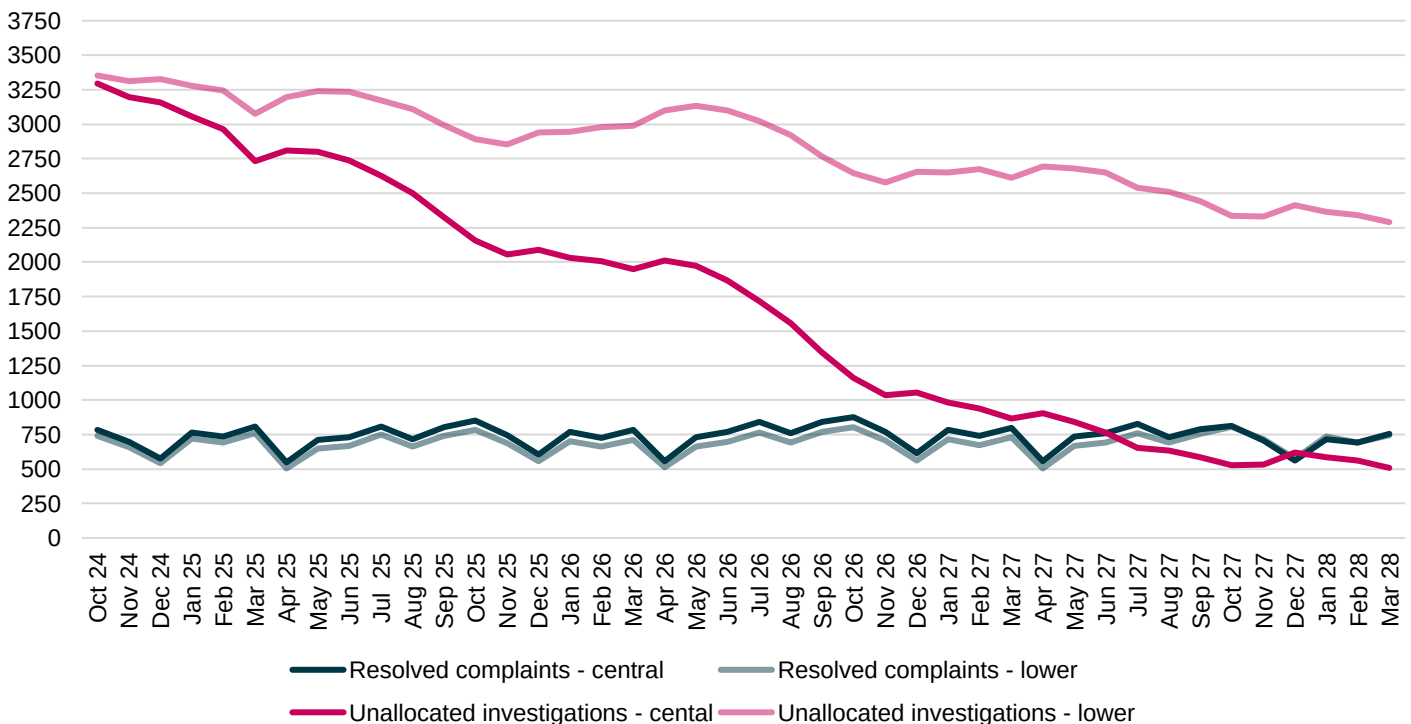
- If demand increases at a similar rate as seen this year for two years (5%), then LeO would reach an acceptable position in terms of its queue and wait times by the end of 2026/27.
- If demand remains static in 2025/26 at the levels seen in 2024/25, LeO would reach that position by quarter 3 of 2026/27.
- Even in a worse case scenario, with 10% higher demand, LeO could still cover incoming demand, with the queue continuing to fall – albeit very slowly.
- For 2027/28 – into the new strategy period – in a central scenario, even with increasing demand, LeO would not need to replace investigators leaving the service, enabling a managed decrease of investigation resource and budget.

This demonstrates clearly that LeO's underlying model is sustainable. It is the need to improve customers' experience within an acceptable timeframe that underpins the proposed investment in resource.

If demand trends reversed, then LeO would be able to improve customers' experience more quickly. For every 1% reduction in in-depth investigation demand, it would see 40 fewer unallocated investigations at year-end. A 5% reduction in 2025/26 would see the backlog at approximately 1,770 (instead of 1,959) and working-level queue by quarter 3 2026/27.

The view to March 2028 is set out in the graph below.

April 2025 to March 28 trajectory: long-term forecast (5% year-on-year increase in core demand)



Value for money

The OLC and LeO are committed to working efficiently and providing value for money – recognising both the public sector context and the impact of LeO's funding on the legal services sector. Reflecting this, LeO will maintain the robust approach it has taken in previous years to ensure efficiency and value are embedded, measured and delivered, including assessing spending against the principles of the National Audit Office's 4 Es model.

More broadly, LeO ensures value for money through:

- Continuing to focus on proportionality, ensuring customers receive the right outcome to their complaint at the earliest possible opportunity.
- Effectively applying its Scheme Rules, including those introduced in 2023/24 to help overcome some of the most challenging barriers to delivering effective, efficient and proportionate investigations.
- Ensuring its standard of its service and quality of outcomes are maintained and enhanced through robust frameworks and processes – with customer feedback and complaints used to drive improvements.
- Growing the impact of its insight on standards and outcomes in the legal sector, so complaints are prevented or handled well by lawyers in-house and don't need LeO's intervention at all.
- Harnessing technology, including automation and AI. New solutions continue to be implemented at pace across LeO, driving efficiencies in areas ranging from strategic reporting and quality assurance, to HR and finance systems.

- Looking at AI specifically, LeO is actively assessing which parts of its process have the potential to use AI. A 'proof of concept' on drafting initial drafts of decisions in relation to service complaints (complaints about LeO itself) has begun in conjunction with Government Internal Audit Agency, who have successfully implemented this solution in a similar way. If this is successful, and justifies further investment with challenges and risks carefully managed, in 2025/26 LeO will identify and assess areas of its operational process where this technology can be implemented. Another area in the early phases of exploration is the summarisation of Ombudsman decisions (see transparency section later on).

Unit cost

LeO's new strategic performance metrics from 2024/25 include the cost per case for different types of resolution – as shown in the table below. This highlights the importance of proportionality in driving value and efficiency, as well as a better customer experience.

However, this doesn't fully address the shortcomings of unit cost – which can't be used to compare across ombudsman schemes resolving very different types of complaints, and doesn't capture the value of schemes' early signposting, learning and feedback activities and general impact on consumer confidence, all of which prevent complaints and generate savings for their sectors.

	2022/23 actual	2023/24 actual	2024/25 (central forecast)	2025/26 (central forecast)
Budget	£15.3m	£16.7m	£17.8m	£19.8m
Cases resolved	9,467	7,918	8,455	8,794
Cost per case	£1,618	£2,115	£2,136	2,251
Cases resolved by early resolution	5,380	4,078	4,057	4,105
Cost per early resolution	£316	£457	£497	£481
Cases resolved by investigation	4,107	3,840	4,398	4,689
Cost per investigation	£1,750	£1,800	£1,614	£1,732
Number of contacts	111,614	125,446	119,423	120,000
Cost per contact	£137	£134	£127	£165

The next section looks specifically at LeO's case fee arrangements, explaining why these need to change and setting out options for 2025/26.

LeO's case fee – current picture and future changes

LeO is funded by a combination of levy and case fee income. It charges £400 for complaints resolved in the consumer's favour where the service provider didn't take reasonable steps to resolve the complaint.

In practice, a significant majority of LeO's budget comes from the levy. Case fee income has fallen significantly following the introduction of early resolution, because case fees aren't charged where no investigation has been carried out by LeO. In future, assuming the legal sector engages positively with LeO's insights and interventions, the case fee could be charged on an even smaller proportion of complaints.

LeO expects that around 50% of investigation case closures in 2025/26 (48% so far in 2024/25, and 43% in 2023/24) will be subject to a case fee. Based on current forecasts, case fee income will cover 6.6% of LeO's expenditure in 2024/25 (£844,416), and only 4.8% in 2025/26. However, in 2024/25 LeO expects that 9.4% of its invoices won't be collectable due to firm failure.

As highlighted in previous years, there is a strong case for reviewing LeO's case fee arrangements. This includes the fact an increase in the level of the case fee is overdue – having not increased since LeO started work in 2010.

An increase in the level of the fee wouldn't only be appropriate in light of inflationary increases in LeO's costs, but more case fee income would enable the overall levy contribution to be reduced. It could also help offset future investment in LeO's programme of insight, impact and engagement to drive better outcomes across the legal sector (alongside exploring how LeO, like some other Ombudsman schemes, could recover some of the costs of activities like training from those making use of them). From a commercial angle, and especially during challenging economic conditions, a higher fee could also help appropriately incentivising the earliest possible resolution of complaints.

As well as the level of the case fee, changes to the wider case fee structure could also benefit both LeO and legal providers. For example:

- Adopting a tiered structure based on the stage in LeO's process at which a complaint is resolved, would encourage more proportionate and quicker resolutions, improving the overall customer journey time, and reducing reliance on ombudsman resources which could instead be used to build the capability of other operational staff.
- Adopting a framework based on the "polluter pays" principle, where those who use LeO's service more pay more, would again incentivise providers to resolve cases either at first tier or at the earliest possible opportunity once a complaint has been accepted for investigation.

How changing the case fee could mitigate the levy: examples based on current forecasts

- On its own, increasing the case fee from £400 to £800 would generate double the income. This would make a difference of £954,800 – double the annual projected cost of publishing ombudsman final decisions.
- With a standard case fee of £800, and on the basis that ombudsman decisions make up 36% of cases where a fee is charged, charging £1,000 for complaints resolved by an ombudsman would generate £1,126,664 more income than the current position.

- Adopting a more differentiated “polluter pays” approach, LeO could charge a standard fee of £800 and higher fee of £1,000 once a provider has exceeded a specified threshold of complaints. As an example, setting that threshold at 5 would generate £1,032,111 more income than the current position.

What we’re proposing

We think, as a first step, that LeO should increase the level of the case fee to £800 for all cases it applies to. This will provide a more appropriate balance between the levy and case fee income, and support and incentivise efforts to improve legal providers’ tier-one complaints handling. In 2025/26 we will develop and consult on further options, including the potential for a tiered arrangement.

Because we need to consult on any changes, change our Scheme Rules and get the approval of the Lord Chancellor, any changes we proposed now are unlikely to be in place before the end of 2025/26.

At this stage, we would welcome views on our suggestion the fee be increased, as well as feedback on the different options we could put in place in the longer-term.

The next section sets out how OLC and LeO’s views on enhancing the transparency of ombudsman decisions, and asks for feedback on achieving this in the 2024-27 strategy period.

Enhancing the transparency of Ombudsman decisions

The OLC and LeO have made clear their commitment to transparency – both in principle, as a cornerstone of confidence in service providers and Ombudsman schemes, as well as in the specific example of LeO’s ombudsman decisions.

LeO’s operations have stabilised sufficiently to once again progress plans toward decision publication. For this reason, it is including in this consultation an outline of the indicative work and costs involved in delivering this.

At the same time, given the significant impacts of this change, LeO needs to carefully consider a range of issues as it moves forward. The rest of this section sets out the key questions we have considered, our current assessment of what a pathway to publishing decisions, and what this would practically involve.

What can and should LeO publish?

Some Ombudsman schemes, including the Financial Ombudsman Service (which is required to do so by law), publish their ombudsman decisions in full, anonymising the consumer. However, a range of approaches exist across the wider Ombudsman sector, including summaries of decisions. LeO currently publishes information about final decisions made by its ombudsmen – including whether the legal provider provided poor service and/or complaints handling, and any remedy required.

The Legal Services Act 2007 allows the OLC to publish reports of investigations or ombudsman decisions if it considers it “appropriate to do so in any particular case”. This year LeO sought new legal advice around the publication of decisions, to help establish a viable path forward in enhancing transparency. The advice confirmed the Act doesn’t prevent LeO adopting a general presumption that favours transparency, but the publication of any decision needs to be on a case-by-case basis and considered on its individual merits.

At the same time, the fact that LeO decisions contain information restricted under the Act, and potentially subject to Legal Professional Privilege (LPP), mean there are particular considerations for LeO in terms of the level of care and redaction that will need to be applied.

The key considerations relating to what LeO can and should publish include:

- The need for redaction and its impact. Both manual and automated redaction options are already being explored by LeO. However, as above, the matter of restricted information/LPP above present particular issues here. The publication of heavily-redacted decisions would not meaningfully enhance transparency or facilitate learning.
- Whether LeO should publish summaries of decisions. This might overcome some of the issues of redaction, and enable LeO to draw out specific key learning and insight. However, this is a highly-skilled task, and more resource-intensive than redaction – although this may be addressed through the use of AI, as set out below. Counsel advice was also clear that the publication of any alternative output would have to involve further procedural fairness checks with complainants and service providers on a case-by-case basis.
- The detailed nature of LeO’s decisions. LeO ombudsmen’s approach to reaching outcomes is robust and consistent, but decisions are, by their nature, detailed and designed to set out the evidence on complex facts and

withstanding challenge from both complainants and providers, including through the courts. In doing so they don't necessarily focus on drawing out sharp lessons and insight for a wider audience. However, as set out below, AI has the potential to help bring greater standardisation of output going forward.

- The utility of the outputs. Given the investment required, it is vital we proceed with an option that will be genuinely useful in supporting better outcomes for those relying on legal services. How will consumers and legal providers use these decisions in practice?

When and how?

The OLC and LeO have also considered the different aspects and phases of preparation and implementation of enhanced transparency of LeO's ombudsman decisions.

In recent months, work has progressed at pace to assess the potential to use generative AI across LeO – including to produce first draft summaries of Ombudsman decisions. Initial results are promising, with LeO Senior Ombudsmen's assessment being that the outputs capture the essence of complaints relatively accurately.

As highlighted above, LeO's ombudsmen's decisions are, by their nature, very detailed, setting out complex evidence and needing to withstand legal challenge. Generative AI could help LeO deliver standardised summary outputs that could convey key learnings more effectively to a wider audience.

LeO's commitment to realising these types of benefits is reflected in how it has accounted for progressing AI development within its proposed operational plans. But LeO is currently only at 'proof of concept' stage in exploring of these technologies. So the most realistic pathway to delivering enhanced transparency over the life of the strategy is to pursue an option involving the redaction of decisions in their current form – with work to move to a standardised output, potentially supported by AI, progressed in parallel.

For this reason, this budget submission includes the anticipated costs of resourcing LeO to publish full redacted ombudsman decisions within 18 months.

Those timescales anticipate:

- Developing an updated publishing decisions policy
- Further engaging on proposals; while formal consultation isn't a requirement, LeO recognises the need to address specific concerns raised by the sector in previous consultations.
- Developing an internal technical solution for publication, bearing in mind the need for integration with current systems.
- Developing an external platform for hosting decisions.
- Recruiting and training additional staff (see below).
- Developing and implementing an anonymisation process or procuring relevant software.
- Changing to LeO's policy and customer communications around privacy.

It is likely that an option involving the publication of summaries of decisions would be achievable over a similar timeframe, albeit with different training considerations and depending on further work to understand the opportunities of AI.

How much?

Based on LeO pursuing the publication of decisions in full – and while the costs would be subject to further detailed assessment as plans progressed – resourcing implications would likely include:

- Ensuring privacy and compliance. Operational time will be diverted to anonymisation, quality assurance and training – with manual input likely to be required even with some degree of automation. At an estimated three hours per case, the impact would be the equivalent of resolving between 270-820 medium complexity cases each year.
- The practical facilitation of publication. Given the volume of decisions, this could involve additional officer/investigator-level resource at a cost of approximately £100,000 (3 FTE).
- Maintaining operational delivery. Maintaining a stable level of complaint resolutions would require approximately three additional ombudsmen at a cost of approximately £150,000.
- IT systems and support. Following detailed discussions with other Ombuds schemes, LeO's assessment is that a bespoke IT solution would likely be required, with one-off costs falling between £500,000 and £1,000,000. There would also be ongoing support costs of around £40,000.
- Legal considerations and challenges. When LeO began publishing data about the outcomes of decisions, there was an increase in legal challenge from service providers on individual cases. Ensuring that decisions are redacted of restricted information, and anticipating the likelihood of additional legal challenge relating to publication, LeO would require additional legal resource estimated in the region of £50,000.

In the budget section, we have presented the 2025/26 cost of decision transparency as an optional additional cost to our central budget proposal. Our current estimate is that the additional resource required would be around £350,000 on a recurring basis, on top of one-off IT system investment. The additional figure reflects how those IT costs would be accounted for annually.

On people resource, we consider that, if we decide to move ahead with these plans in 2025/26, we should request the funding for all necessary roles at this stage. However, we will assess and test detailed plans over the coming months, and in practice, these roles would be recruited and accounted for over the course of the year as our plans progressed.

Given the significant investment involved and implications for LeO resource going forward, it is essential the decision on how we proceed is also subject to meaningful engagement with the legal sector and LeO's wider stakeholders.

We welcome feedback on all aspects of our considerations to date – whether on the principles of our approach, or the specifics of our early proposals. When answering our consultation question, you may want to consider:

- Do you agree that LeO should invest in this way to enhance the transparency of its ombudsman decisions?
- What benefits would enhanced decision transparency bring? What types of output – for example, full decisions or summaries – would be most useful, and why?

- Any way forward needs to be assessed through a value-for-money lens. Do you see an opportunity cost in terms of other enhancements to transparency, learning and insight that could deliver similar or greater benefits?
- What else could LeO do to enhance transparency – for example, should it publish more data naming service providers, rather than just data about those involved in ombudsman decisions?

Draft 2025/26 Business Plan activities

Strategic objective for LeO's service: LeO resolves complaints fairly and effectively, providing an excellent customer experience

We will deliver an efficient and proportionate service

This strategic aim is about how LeO delivers its service. It reflects LeO's commitment to resolve each complaint as informally as possible and at the earliest possible opportunity. It includes LeO's work to identify and make improvements and efficiencies to how it works, so it's increasingly efficient and provides good value for money.

In 2025/26 LeO will ...

- Respond to 120,000 contacts, receive 9,700 new customer complaints, take on 7,500 complaints for early resolution or investigation, and resolve 8,800 complaints.
- Resource our service so we can continue to improve waiting times and reduce the number of people waiting for their investigation to begin, while responding to high and changing demand.
- Act on the findings of the lean review completed in 2024/25, with a focus on improving the investigations process – generating efficiencies and a better service for consumers and service providers.
- Research, develop and test artificial intelligence solutions that we could use in LeO's investigations process, helping us to resolve more complaints and bring down waiting times more quickly by reducing administration time.
- Implement more automation across all areas of LeO, using technology as a platform to deliver efficiencies into the future.
- Building on previous years' work to improve our induction and performance management processes, put in place an enhanced support and development programme for our investigators – replacing high-volume quality testing with focused support around quality from the outset.
- Apply our Scheme Rules in a way that ensures investigations can be carried out efficiently and effectively, without unnecessary frustration and barriers. This includes escalating complaints for an Ombudsman's final decision only in cases where this route of redress make a difference in helping the parties move forward.
- Develop and consult on changes to our case fee levels and structure, starting with this those set out in this consultation – supporting proportionality in how complaints are resolved.
- Progress our plans to put in place future ways of working that enable effective collaboration and productivity, engagement and wellbeing, and value for money.

We will give fair, high-quality outcomes that make a difference

This strategic aim is about what LeO provides – its standard of service and resolutions to complaints. It reflects LeO's commitment to ensure every complaint people bring to us has a fair and reasonable outcome – and whatever that outcome, to ensure consumers and service providers have an excellent experience. It covers LeO's internal quality assurance processes, as well as how it asks for and uses customers' feedback to improve its service.

In 2025/26 LeO will ...

- Having implemented a revised quality assurance framework, use feedback from our quality assurance reviews to ensure we are handling cases fairly and impartially, giving the right outcome at the most appropriate time.
- Use our framework to ensure that, whatever route a complaint takes through our service, we're striking the right balance between access to justice and proportionality – and that our standard of service meets our customer service principles.
- Ask both consumers and legal providers about their satisfaction with their experience of LeO, and use their feedback to identify improvements to our and ways of working, processes and communication.
- Review our approach to getting customer feedback, to ensure this is in step with best practice and enables us to effectively identify improvements and drive change
- Work with consumer representatives, suppliers and other organisations to encourage more customers to provide feedback on the service they have received from LeO.
- Identify best practice from other organisations providing services like LeO's to identify how our service could improve – including through our membership of the Ombudsman Association and customer-service focused networks.

We will be accessible to everyone who needs us

This strategic aim is about *who* LeO delivers its service for. It reflects LeO's commitment to ensuring everyone who needs LeO's independent and impartial help is able to access our service. This includes whether and how people reach LeO in the first place, and how easily they're able to use our service to get their complaint resolved.

In 2025/26 LeO will ...

- Further strengthen our training and approach to responding to customer needs, whether in relation to reasonable adjustments, individual circumstances and/or requests to prioritise an investigation.
- Use our multi-disciplinary team to ensure we're supporting the needs of people experiencing vulnerability.
- Use the insights from improved data collection to generate a better understanding of how people's backgrounds and social circumstances influence the standard of service they receive from their legal providers, as well as ensuring LeO treats everyone fairly and equally.
- Further improve LeO's website so it provides more valuable information to consumers and legal providers at the earliest opportunity – giving people the option to self-serve if they're able to, helping prevent and resolve complaints without our formal intervention.
- Further develop LeO's relationship with the Legal Services Consumer Panel and consumer advice sector, working together to identify and address barriers to complaining to legal providers and to LeO.
- Participate in forums and best-practice networks focused on accessibility, vulnerability and equality, diversity and inclusion, sharing back insights to improve LeO's customer service.
- Deliver our EDI strategy, in line with the current action plan.

Strategic objective for LeO's impact: LeO's independent voice and experience lead to improvements in legal services

We will build LeO's profile and impact as an independent voice for improvement

This strategic aim is about ensuring LeO's voice is heard. It reflects LeO's commitment to share our independent view of legal services – using the right platforms and channels to reach the people who need to know. It includes making the outcomes we reach more transparent, so they can help inform consumers' decisions about choosing and using legal services. This supports work under the OLC's first strategic objective to ensure LeO's service is accessible to everyone who needs it.

In 2025/26 LeO will ...

- Strengthen our strategic engagement with legal regulators, building on the new forums and channels established in 2024/25, with an emphasis on driving a culture of excellence in both the delivery of legal services and complaints handling. This will include implementing learnings identified from an internal audit of stakeholder engagement to be carried out in 2024/25.
- Share LeO's independent perspective in areas where our unique insight can help generate discussion and shape better decisions. This includes contributing our perspectives on the challenges set out in the Legal Services Board's Reshaping Legal Services strategy, as well as to policy discussions and consultations within and beyond legal services.
- Further enhance LeO's relationship with the consumer advice sector and the Legal Services Consumer Panel, supporting our commitment to being accessible, and working together to identify and address barriers to justice and redress.
- Engage with stakeholders to ensure we're effectively pooling our data and perspectives to evaluate and grow of the impact of our work under this area of the strategy.
- Sharing our insights and experience through mainstream and specialist media, helping to increase awareness and understanding of the Ombudsman's role.
- Build the readership of our engagement channels, including our newsletter, LeO News, so our updates and best-practice reaches a larger and more diverse range of stakeholders.
- Participate in legal, complaints and customer service-focused forums and networks to raise awareness of LeO's work and share insights and best practice. This includes playing an active part in the Ombudsman Association, helping us ensure we're in step with what excellence looks like in despite resolution.
- Develop a viable pathway toward delivering meaningful transparency of our Ombudsmen's decisions, building on the outcomes of this consultation. This includes developing and implementing revised processes and supporting systems and building capacity to deliver transparency, while minimising the impact on operational performance and stability.

We will share learning and insights that help lead to better legal services for consumers

This strategic aim is about how LeO helps raise the standard of legal services. It reflects LeO's commitment to understand what's causing the complaints we see, and ensure this informs improvements in services consumers receive. It includes how our systems, data and people help us to identify insights, and ensure these reach people who can take action. It covers the information we publish and learning opportunities we deliver to help this happen.

In 2025/26 LeO will ...

- Enhance the information we share with regulators about their service providers, building on improvements made in 2024/25 – using our new engagement forums to facilitate discussion around what's going wrong and the change we need to see.
- Deliver in-depth insights into areas of legal services that our own intelligence and engagement with stakeholders identify as a priority – including through feedback to this consultation.
- Publish quarterly updates on demand for LeO's help, proactively identifying trends and developments to help prevent complaints from arising and escalating – supported by regular case studies.
- Deliver an annual report of complaint trends, insights and recommendations relating to the legal providers responsible for the most complaints.
- Build the quantity and range of support and resources, including website content and webinars, aimed at promoting high standards of service – led by the issues we identify in the complaints we're seeing.
- Further develop our strategic approach to knowledge and insight, including the mechanisms through which we identify learning and feedback at an operational level, and develop our approach to emerging areas of concern.
- Make further improvements to our systems and training to enhance the intelligence we capture on standards of service in the legal sector.

We will use our experience to help legal providers improve their complaints handling

This strategic aim focuses on how LeO's insights can help improve how the legal sector handles complaints. It reflects LeO's commitment to understand the quality of legal providers' response to complaints, and to share what we're seeing to help them improve this. It includes how our systems, data and people help us to identify insights, and ensure these reach people who can take action. It covers the information we publish and learning opportunities we deliver to help this happen.

In 2025/26 LeO will ...

- Engage with the legal sector and consumer representatives to create and implement model complaints handling procedures and standards for first-tier complaints – building on our work in 2024/25 to establish how to bridge the gap between the current picture and excellence in complaints handling.
- Play a leading role in the LSB's coalition, supporting regulators as they prepare to implement the LSB's framework for delivering world-class first-tier complaints handling in legal services.
- Use our new forums for engagement with regulators to have regular focused engagement on good complaints handling – both around implementation and future compliance with the LSB framework and support from LeO, including model complaints handling standards and guidance.
- Have regular focused engagement with professional bodies and the legal providers they represent, sharing LeO's insights into what needs to improve in complaints handling and understanding the practical barriers to good complaints handling – and the support LeO can provide through guidance, model procedures and engagement.
- Explore the potential and value of good practice networks for service providers.
- Launch and deliver a comprehensively refreshed complaints-handling training and learning offer – considering options for charging for this to minimise the impact on the levy.
- Work with regulators to deliver targeted complaints-handling interventions and support for the providers who generate high volumes of enquiries and complaints to LeO – helping to reduce demand for LeO at source, and generating insights into the return on investment of this type of engagement.
- Create further best practice guidance and tools to support legal service providers – led by LeO's intelligence and engagement with the sector around key barriers to good complaints handling.