Monisha Shah

Chair, Legal Services Board

By email

17 November 2026

Dear Monisha

Voluntary Assurance: October/November 2026

I hope all is well.

This Voluntary Assurance letter follows the Office for Legal Complaints (OLC) board meeting on 28 October 2026 and an additional meeting on 12 November 2026 to review progress on transformation. As usual, it covers:

- Transformation
- Performance
- Insights

Transformation

We considered four separate but related items on transformation: the design principles for the Scheme Transformation Review (STR); the outcome of the consultation on Scheme Rules and fees; the finalised strategic plan consultation for 2027-30; and the final Budget Acceptance Criteria (BAC) for 2027-28. This full agenda I think demonstrates the level of ambition to achieve change.

I want to start with the Scheme Rules and fee proposals as these are a critical foundation for transformation. The consultation recorded the highest response rate ever on Scheme Rules. The board considered the three core components of the consultation separately: the Rules, the case fees and the publication of final Ombudsman decisions. We then stepped back and considered the benefit realisation from the complete proposals. This discussion was supported by an analysis of consultation responses by theme and individual/body.

On the Rules, the board sought assurance on the experience of more vulnerable customers under the revised Scheme. We agreed an adjustment in terms of taking on complaints within 8 weeks but the broad thrust of the proposals will remain as consulted on. We also received assurance that guidance supporting the Rules would be in place by

the time they could 'go live', which was a key ask of respondents. On fees, we reviewed analysis the across regulated entities and noted over the last two full financial years only 7% of providers had 6 or more cases, and not all would have attracted a case fee. For any outliers, the fees could be a catalyst for behaviour change, and the measures are balanced by the tailored support offered by the Legal Ombudsman (LeO). We agreed an adjustment in relation to charging a case fee to recognise it may not have been possible to respond within 8 weeks, otherwise the fees remain as consulted on. On publication of final Ombudsman decisions, we recognised the value of this information being published in context, which we will consider further, but are proposing we move to publication. On benefits realisation, the board has asked for a series of key indicators to be agreed which can measure the impact of the change, which will be reported to us over the next 3 years. We agreed the proposed Scheme Rules and fee changes be submitted to LSB for approval, before being presented to the Lord Chancellor.

The board also received an update on the STR, including progress through discovery and the development of the 'North Star' and design principles that will provide the strategic framework and guardrails for the next stage of the review. The board supported the proposed framework and emphasised the importance of improving consumer experience, with the design principles agreed subject to a small number of minor amendments, recognising that they provide the basis against which future operating model options will be developed and tested rather than representing approval of a predetermined operating model, technology solution, investment decision or workforce configuration. The framework had already been strengthened through executive and our Board Transformation Sub-Group (BTSG) input, with greater emphasis on customer outcomes, accessibility and vulnerability, risk and accountability, insight and data, leadership and workforce change. The board also received an update through the Chief Ombudsman's report on the wider strategic and operational context for transformation, including sustained demand and capacity pressures and progress with the organisational enablers that support LeO's future strategic direction.

Our November board meeting considered the outputs from discovery, preparedness for and expected outcomes from design, and the business case to be submitted to the LSB to release the funds for design. This meeting followed BTSG's consideration of discovery. The board sought assurance on the outcomes that will be achieved through design, capabilities and capacity, value for money and the roadmap to change. We are recommending the business case to the LSB for funding the design phase, and we will meet about this shortly.

The board also agreed the BAC for consultation and the strategic plan, which is being submitted to the LSB for approval. On the BAC, the board examined the proposals in detail, including the allocation of resources and expected outcomes. The BAC anticipates 20% of the budget could come from case fees in 2027-28 compared to 5% this year. Were this to happen, it would mean a reduction in the proportion of the budget which is derived from the levy. You will see the BAC focuses on maintaining performance under the existing operating model as well as moving towards a more preventative based approach. The insight activities are forecast to achieve reduce forecast demand by 5% compared to what it would have been without those interventions. The OLC welcomes the support the LSB continues to show for the STR and wider reforms.

Performance

The board reviewed LeO's performance during Q2. Demand remains high, with LeO forecasting complaint volumes between 17,000 to 18,000 cases at year end. For Q2,

contacts were 13% higher. LeO continues to see the benefits from the process improvements introduced this summer, with 26% more case resolutions during the quarter compared to the same period the preceding year. While LeO's performance has improved, the board is concerned performance will reach capacity towards the end of the year within the current operating model. This underscores the urgency of transformation. The board sought assurance around the age profile of cases and progress towards closing legacy casework.

The board also noted the importance of REMCO considering people and culture issues and preparedness for handling a critical incident, such as a cyber-attack, and agreed a deep dive into consider business continuity planning during Q4.

Insight

The board received a report mapping LeO's case volumes and outcomes against the regulatory objectives. I would like to highlight three areas for the LSB: overall trends, firms presenting high volumes, and misconduct referrals. Given the rise in complaints in Q2, most areas of law saw an increase too. While the top three areas of law remain the same (conveyancing, personal injury and wills/probate), there highest increase was litigation by 40%. LeO continues to monitor complaints relating to motor insurance and Q2 saw the volume roughly double, although half relate to a single firm. We received assurance that LeO is engaging with that firm.

We also received information relating to the top 10 firms LeO is handling complaints about, and the outcomes across those cases. With the exception of one firm, it is worth noting that all have seen an increase in volumes over the last financial year, and in the case of two firms the increase was 136% and 356%. The outcomes were poor in relation to both service and complaint handling. We reviewed a case study relating to tailored support offered by LeO to one of those firms but were informed the firm had failed to engage constructively.

There is some read across to misconduct referrals. The board were informed that the most regulatory referrals made by LeO in the last three years related to the same firm who had failed to engage in the tailored support. Every firm on the top 10 list by volume had appeared amongst the top 10 list by referral at least once in the last 3 years, and the majority in at least two of those years. This suggests some potential correlation between data sets held by LeO and this analysis will continue to inform its work to develop insight and learning. The board was also updated on the liaison between LeO and the regulators on misconduct, especially the SRA.

I look forward to meeting again with you soon.

Yours,



Richard Blakeway
Chair, OLC Board