

OFFICE FOR LEGAL COMPLAINTS

BUSINESS PLAN AND BUDGET 2026-27

About the Legal Ombudsman

The Legal Ombudsman scheme was established by the Office for Legal Complaints 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.

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1. Introduction and summary

1.1 Introduction

As we move into 2026-27, the final year of the Office for Legal Complaints' (OLC) current strategy period, the Legal Ombudsman (LeO) is at a critical crossroads.

It can look back with pride at significant achievements in the first two years of the OLC's 2024-27 strategy, across both its strategic objectives. LeO has ramped up its output, both in terms of addressing the customer complaints that providers have not been able to resolve, and in sharing its insight and expertise to prevent those problems arising in the first place.

Despite this, escalating demand is putting LeO's service under acute pressure, and the urgent need to address this challenge has shaped our plans for 2026-27, building on our valued consultation and engagement with sector stakeholders.

Unprecedented numbers of consumers are seeking LeO's help

LeO is experiencing sustained and accelerating requests for its help in resolving complaints. That picture has changed even since LeO published its budget and business plan consultation in November 2025.

In 2025-26, demand has increased by almost 30% year-on-year, exceeding LeO's worst-case projections. Our latest forecast is that LeO will receive 17,675 new customer complaints in 2026-27. This represents an increase of 174% compared to 2019-20.

That is a staggering increase – so significant that it outstrips the jump in LeO's own operational output. It is beyond what LeO's current operating model can deal with.

Tackling demand at source

LeO is leaning into this challenge, and will be a proactive and positive partner to those service providers seeking to improve their complaint handling and their service.

In 2026-27, LeO will roll out its Model Complaints Resolution Procedure (MCRP), publish more insight and data, and continue to deliver targeted learning and support to service providers. In addition to its programme of quarterly Public Interest Decisions, LeO will revise its decision writing process to make it easier to ultimately publish all ombudsman decisions.

But the sector, and its regulators, must also play their part. Increasing consumer demand reflects service issues and ongoing failures in tier 1 complaints handling, and this requires a strategic sector- and regulator-led response.

Transforming the LeO Scheme

In parallel with these collaborative efforts to stem the volume of complaints being escalated, it is clear that LeO must itself change and transform.

As this business plan sets out, this programme will include a continued focus on improving the efficiency of LeO's operations, exploring immediate changes LeO can make to help reduce demand, and undertaking a comprehensive and externally-led review to deliver longer-term transformation.

Transformation will be driven by an ambitious vision for LeO's future, as a digitally enabled, agile and innovative organisation that delivers for consumers, strengthens the profession, and underpins confidence in legal services.

2026-27 Budget

The need for radical change has been made more pressing by LeO's confirmed budget for 2026-27.

The OLC Board sought a budget of £22.2m for LeO in 2026-27, representing an increase of 11.1% on 2025-26. In the OLC's view – having reflected on feedback to its budget consultation and carefully scrutinised the options – this proposal best balanced the need to provide a platform for transformation, to resource LeO adequately in the meantime to contain rising demand and customer journey times, and to minimise the ultimate cost to the sector.

The Legal Services Board (LSB) approved a budget of £21.3m for LeO in 2026-27, representing a 6.5% increase on 2025-26. This will not enable LeO to invest in its operational capacity in the way it had intended. The LSB recognised that the 6.5% increase will see customer wait times and backlogs increase – but LeO will do everything it can within the agreed budget to minimise this impact.

The LSB also recognised the urgent need for LeO to transform its operating model, approving critically important additional funding for this work. We strongly welcome this, and the exciting opportunity it creates. We very much look forward to working with our regulatory partners, legal service providers and all our stakeholders in building LeO 2030.

Richard Blakeway, Chair, Office for Legal Complaints

Phil Cain, Chief Ombudsman, Legal Ombudsman

1.2 Summary: key figures

LeO's resourcing and expected performance in 2026-27	
Total operational expenditure in 2026-27*	£21,309,262
Percentage increase on 2025-26 budget	6.5%
Number of complaints LeO expects to receive in 2026-27 (% increase on 2025-26**)	17,675 (+25%)
Number of complaints LeO will resolve in 2026-27*** (% increase on forecast for 2025-26)	11,862 – 11,047 (+37% to +29%)
Case fee in 2026-27 (<i>subject to review</i>)	£400
Cost per case resolved in 2026-27 (compared to 2025-26)	£1,796 (-22%)
Increase in operational full-time equivalent employees compared with 2025-26 budget (total FTE in 2026-27)	3.9 (315.1)
Number of complaints waiting for investigation in 2026-27	4,939 – 6,732
Customer wait times (at end 2026-27)	c. 330 to 390 days

* Total operational expenditure does not include funds ringfenced specifically for the Scheme Transformation Review, as detailed in Chapter 4.

** Figures for 2025-26 resolutions in this table represent provisional, not final year-end, figures. Final actual figures for 2025-26 will be published in the OLC Annual Report & Accounts in July 2026.

*** Ranges in this table give the 'likely' scenario number first, and the 'worst-case' scenario number second. The ranges assume there are no delays in LeO's final budget approval by the MoJ.

2. LeO's work in 2026-27

2026-27 will be the third and final year of the Office for Legal Complaints' 2024-27 strategy for the Legal Ombudsman.

This chapter sets out the longer-term picture of demand for LeO, what LeO has seen so far in 2025-26, and what it expects to see in the coming year.

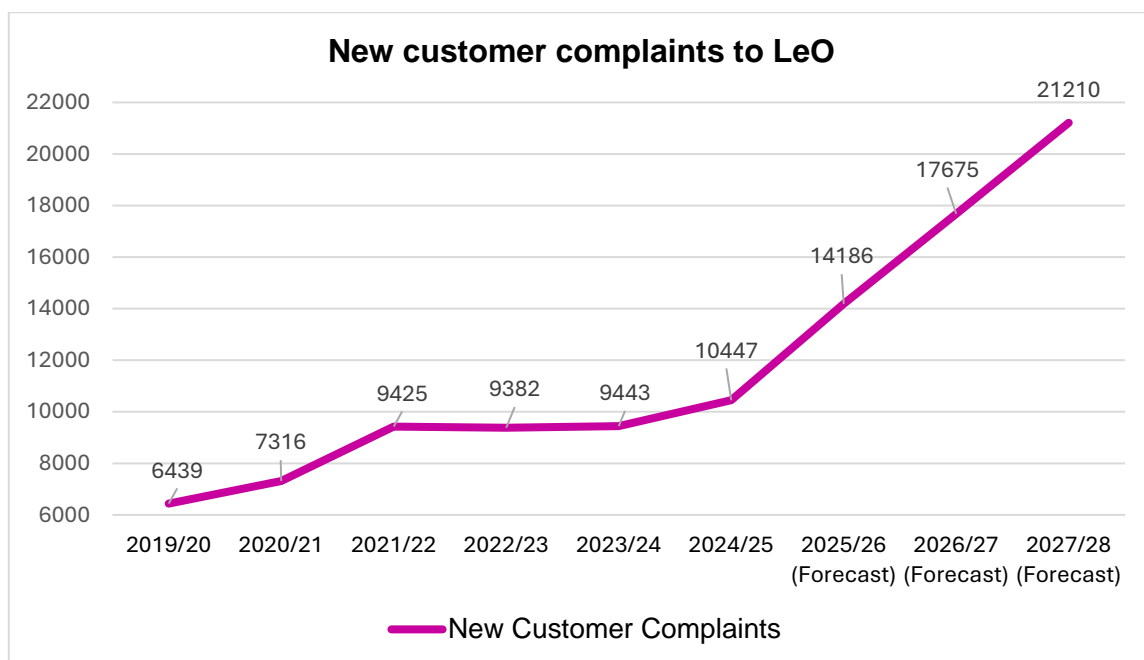
It identifies potential drivers of demand for LeO's help in 2026-27, the number of complaints it is forecasting to receive and resolve, and what this means for the experience of people using LeO.

The key activities LeO will undertake in 2026-27 to deliver under each of LeO's strategic objectives and aims are set out in Chapter 5.

2.1 Demand for LeO: unprecedented increases

LeO is experiencing sustained and accelerating demand for its help. The dynamic nature of the increase in demand is such that the picture has changed even since LeO published its business plan and budget consultation in November 2025.

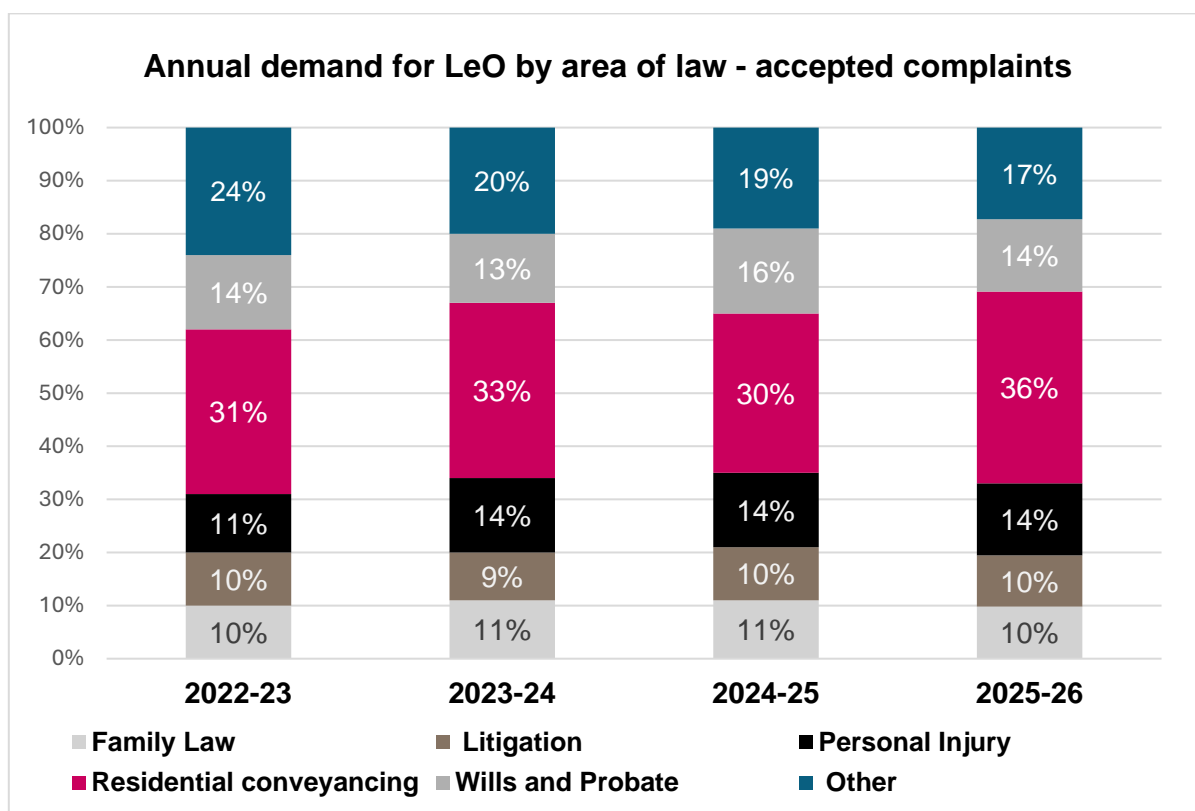
In 2025-26, the volume of new customer complaints has increased by almost 30% year-on-year, exceeding LeO's 'worst-case' projections. LeO's latest forecast is that it will receive just over 14,000 complaints in the current financial year, and more than 17,500 complaints in 2026-27. This would represent an increase of 174% compared to 2019-20.



LeO's experience is consistent with a broader trend reported across the ombudsman and complaints-handling 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 increasing use of artificial intelligence (AI) tools. LeO's experience may not be unusual, but the scale of increase in demand presents fundamental challenges to its current operating model.

LeO's analysis indicates a rise in demand across most areas of law, with residential conveyancing being a significant driver. While the nature of complaint issues, such as delays and poor communication, remains largely unchanged, there has been an increase in both the complexity and the number of issues escalated in complaints – possibly influenced by AI.

A further feature of LeO's data is that there remains significant room for improvement in standards of service and complaints handling. Across the first three quarters of 2025-26, LeO found evidence of poor first-tier complaints handling in 46% of complaints with an investigative outcome, and evidence of poor service in 72%.



* Percentages in the chart may not sum exactly to 100% due to rounding.

LeO has built real momentum in its learning and insight work over the course of 2024-25 and 2025-26. It has published more than 20 Public Interest Decisions, begun publishing quarterly complaints data, developed and piloted a new Model

Complaints Resolution Procedure, introduced a Tailored Support initiative for service providers, and launched its *Spotlight* insight series.

We continue to have confidence that this proactive engagement with the sector – through shared learning, insight, guidance, data, and published decisions, together with initiatives like LeO’s Model Complaints Resolution Procedure and Tailored Support – will help improve sector complaint handling and reduce the number of issues escalating to LeO.

Assuming legal service providers positively engage with them, these resources should help to slow the pace of rising demand for LeO’s service. This assumption has been built into our demand forecasts: we anticipate that these activities will reduce the rate of growth by 5% in 2026-27.

Drivers of demand in 2026-27

A range of factors combine to influence the level of demand for LeO’s service. Some of the potential issues that could change demand for LeO over the course of 2026-27 are set out in the table below.

Significant potential issues, such as high-volume claims from motor finance commissions rulings, could impact LeO’s demand very significantly – but the extent of this impact is currently very difficult to predict. As a result, LeO has widened its range for in-depth investigations demand predictions to better reflect this uncertainty. The ranges have been widened from 0-10% (likely outcome to worst outcome) in 2024-25 to approximately 10.5-26%.

Issue	Potential impact on demand
<p>The quality of service providers’ first-tier complaint handling</p>	<p>In the first three quarters of 2025-26, LeO found evidence of poor service in 72% of complaints with investigative outcomes, and evidence of poor complaints handling in 46%. These are unacceptably high rates, and key drivers of demand for LeO. Poor sector complaint handling will continue to drive demand for LeO in 2026-27 (see also cultural change driver below).</p>
<p>Consumer sentiment and propensity to complain</p>	<p>Legal Services Consumer Panel tracker survey data suggests that while overall consumer satisfaction with legal services is high (88%), there are significant continuing issues with complaints processes, with almost half (47%) unsure how to make a complaint. Consumers’ propensity to complain may be increased by ongoing economic and cost-of-living challenges, and by the increasing use of AI (see also generative AI driver below).</p>

<p>High-volume complaint issues</p>	<p>LeO has seen its first complaints from consumers unhappy with the service received from legal providers in cases relating to unfair car finance commission, including complaints from those unaware they had entered into agreements with a legal provider, and complaints about exit fees. Future developments in this area are inherently uncertain, but the number of people affected means this could drive very significant demand for LeO.</p>
<p>The development and use of generative AI in complaints</p>	<p>LeO is starting to see the use of generative AI in complaints, with emerging evidence suggesting this is both increasing the volume of complaints made, and their level of detail. We expect both trends to continue in 2026-27, impacting on levels of demand and on the time it takes to resolve complaints.</p>
<p>Developments in the legal services market, legal need and wider justice system</p>	<p>As a demand-led service, LeO is sensitive to developments in the wider legal services market: growth could result in more complaints, simply by volume of transactions. Complaint volumes in areas of law accounting for large proportions of LeO’s casework (for example residential conveyancing) will be particularly influential in determining overall demand levels.</p>
<p>The legal sector’s culture around complaints and LeO’s insights and interventions</p>	<p>LeO significantly developed its learning and insight programme in 2024-25 and 2025-26. It will continue this momentum into 2026-27, but alone this will not be enough to stem demand increases. A significant shift in complaint culture, led by regulators and the profession, is required to address unnecessary escalation.</p>

2.2 LeO’s work during 2025-26

LeO has continued its strong underlying performance in resolving complaints. It has made a step-change in annual output, going from historic levels of around 6,500 complaints or fewer per year to an expected 8,264 in 2025-26 – an increase of over 25%. This improvement has been on a sustained annual basis and is expected to continue and accelerate as we make further radical changes in 2026-27 and beyond.

LeO originally expected to resolve over 9,000 cases in 2025-26 and to reduce its backlog by almost 500 complaints. Unfortunately, a long delay in securing official approval of LeO’s budget – not received until September 2025 – had a significant knock-on effect on recruitment and transformation projects. As a result, final output figures for 2025-26 will fall short of the expectations set at the beginning of the year.

That said, from the point at which recruitment could finally be completed following budget approval, LeO has delivered outputs at the level it committed to in its 2025-26

business plan. Had demand stayed within forecast ranges, this output would have reduced LeO's backlog. As we have seen, however, demand increases have so significantly exceeded even LeO's worst-case scenarios that this has not been possible.

In the first three quarters of 2025-26:

- The number of complaints LeO resolved (6,038) went beyond minimum delivery forecasts despite operational headwinds resulting from delayed budget approval.
- At the same time, new customer complaints rose by almost 30%, with more than 2,268 additional complaints in the first three quarters alone compared to the same period in 2024-25, hampering LeO's ability to reduce unallocated investigations volumes.
- Although demand has significantly increased, LeO's continuous improvement has meant customer wait times fell by 22% compared to the same period last year. Whilst this is expected to slow as increases in demand flow through from General Enquiries, the average wait time stood at 257 days at the end of Quarter 3.
- The average time to resolve complaints by early resolution – which represent around half of LeO's resolutions – was 63 days.
- Efficiencies in LeO's process have delivered an increase of over 10% in in-depth investigator productivity when compared to the same period in 2024-25.

	Q1 2025-26	Q2 2025-26	Q3 2025-26	Q4 2025-26 forecast	Total year-end forecast	2024-25 actual (forecast variance)
Complaints resolved	2,026	2,021	1,991	2,226	8,264	8,270 (-0.07%)
Complaints awaiting an investigation (end of quarter)	3,250	2,979	2,719	2,767	2,767	3,275 (-15.5%)
2025-26 Business Plan: Complaints awaiting an investigation	3,264 (-0.43%)	2,993 (-0.47%)	2,915 (-6.72%)	2,853 (-3.01%)	2,853 (-3.01%)	3,275 (-15.5%)

The table below shows the number of contacts and complaints LeO has received and resolved so far in 2025-26, as well as how many cases are waiting to be investigated – and revised forecasts for the end of the year.

2025-26	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Contacts – revised forecast	29,329	29,439	28,720	32,104	119,592
Original expectation	30,000	30,000	30,000	30,000	120,000
New customer complaints – revised forecast	3,068	3,305	3,496	4,362	14,231
Original expectation*	3,068 – 3,528	3,068 – 3,528	3,068 – 3,528	3,068 – 3,528	12,272 – 14,112
Core demand – revised forecast	2,107	2,362	2,577	3,026	10,072
New early resolution complaints received	1,159	1,299	1,418	1,664	5,540
New in-depth investigations complaints received	948	1,063	1,159	1,362	4,532
Complaints resolved – revised forecast	2,026	2,021	1,991	2,226	8,264
Original expectation	2,010 – 1,843	2,387 – 2,188	2,223 – 2,034	2,312 – 2,100	8,932 – 8,165
Complaints waiting for an investigation (end of quarter) – revised forecast	3,250	2,979	2,719	2,767	2,767
Original expectation	2,901 – 3,264	2,450 – 2,993	2,191 – 2,915	1,929 – 2,853	1,929 – 2,853

* The ranges used in this table give the 'likely' scenario number first, and the 'worst-case' scenario number second.

2.3 What LeO expects in 2026-27

Process improvements, digital investments, and a focus on innovation, efficiency and proportionality have seen LeO significantly increase both its output and its productivity in recent years.

LeO has increased complaint resolutions from 7,918 in 2023-24 to a projected 8,640 in 2025-26 – a 9% rise. In 2026-27, LeO will increase resolutions even higher – to almost 12,000 complaints. This will represent an increase of more than 90% on pre-Covid levels.

Considered in isolation, that is by any measure a significant performance improvement. But the levels of demand LeO faces are significantly larger still, as described at the beginning of this chapter. And we don't see obvious reasons to expect this elevated demand to abate in the short term. Indeed, as set out above, there are a number of external factors that could increase complaints volumes further.

In our consultation, we sought specific input from our stakeholders on the complaint trends LeO might expect to see in the coming year. Although not all stakeholders felt able to offer detailed insight on this question, responses broadly recognised the external drivers shaping demand and highlighted a number of cross-cutting issues – including regulatory changes, wider economic pressures, delays and the growth of AI – that could increase complaint volumes. Forecasting is an inherently uncertain exercise, but we did not receive strong evidence suggesting that our projections for 2026-27 were obviously inaccurate.

The table below sets out the complaint volumes LeO expects to receive in 2026-27, informed by our latest data for 2025-26. The accelerating nature of demand increases LeO has experienced, and the potential for large-scale complaint issues such as motor finance compensation claims, add an elevated risk to LeO's demand forecasting. To combat this volatility, LeO has widened its ranges between likely and worst-case scenarios.

	Q1 26-27 forecast	Q2 26-27 forecast	Q3 26-27 forecast	Q4 26-27 forecast	Total year-end forecast	25-26 actual (forecast variance*)
Contacts	30,000	30,000	30,000	30,000	120,000	119,952 (+0.04%)
New customer complaints	3,710	4,159	4,479	5,327	17,675	14,186 (+24.59%)
Core demand	2,954	3,273	3,499	4,101	13,827	10,072 (+37.28%)
New early resolution complaints received	1,536	1,702	1,820	2,133	7,191	5,002 (+43.76%)
New in-depth investigations complaints received	1,418	1,571	1,679	1,968	6,636	4,092 (+62.17%)

* Forecast variance in this column compares the percentage difference between the forecast figures for 2026-27 against the year-end forecast for 2025-26.

Forecast assumptions

Our demand forecasts are based on our latest data for 2025-26, trend trajectories from previous years, and feedback from our consultation. They cannot, therefore, model or anticipate the impact any unexpected or developing issues might have on demand for LeO's help.

Forecasts and trajectories are underpinned by assumptions that are known to influence actual performance. Under LeO's strengthened forecasting model:

- Trajectories include sensitivity modelling against likely to worst-case planning scenarios for each assumption. The forecasting model and underlying assumptions that drive these are tested by the OLC Board's Performance Sub-Group.
- We have widened the range of assumptions for demand, sickness, and attrition – particularly between central and lower scenarios – to better reflect the volatility of these key factors. This replaces LeO's previous approach of modelling extreme scenarios beyond worst-case assumptions and instead provides a more realistic and flexible framework for understanding potential risks and fluctuations.

3. LeO's budget and resourcing plans

The OLC's 2026-27 budget for LeO is **£21,309,262**.

This is £1,308,583, or 6.5% higher, than in 2025-26, but lower than the 11.1% increase the OLC had recommended in its budget submission to the LSB.¹

The budget is based on the 'minimum operating budget' option outlined in the OLC's November 2025 business plan and budget consultation (a 5.8% increase on 2025-26), with the additional of a small uplift of 0.7% which will be allocated to IT spend. This extra investment will help to further automate LeO's front-end processes and increase the number of resolutions possible at LeO's Early Resolution stage during 2026-27.

3.1 2026-27 budget

With its agreed budget for 2026-27, LeO expects to deliver 11,862 complaint resolutions in 2026-27 (the 'likely' scenario within its forecast range). This is a significant increase on 2025-26, but the scale of incoming demand means that LeO expects its volume of unallocated investigations to increase to 4,939 by the year-end, and to 7,602 in 2027-28. Customer journey times are also expected to increase – from approximately 260 days in 2025-26 to approximately 330-390 days by the end of 2027-28.

The rising number of unallocated investigations – and the increase in waiting times – resulting from the 6.5% budget increase were risks the OLC stressed to the LSB in its budget submission. The impact can be expected to compound into 2027-28, where the inability to recruit additional investigators during 2026-27 will be particularly felt.

LeO will do everything it can to mitigate these risks in the forthcoming year, and is fully focused on the longer-term transformation of its service. But the lack of additional operational capacity in 2025-26 inevitably limits its ability to control the growth of backlogs and customer wait times in the short term.

2026-27 budget detail

The following tables set out the detail of LeO's planned spending in 2026-27.

¹ With LeO's approved budget increase for 2026-27 significantly lower than the amount recommended by the OLC, LeO expects it will need to seek a similarly-sized budget increase (6.5%) in 2027-28 to stabilise its position as it undertakes scheme transformation.

Budget for staff costs and FTE numbers for 2026-27, by business function				
Salary Expenditure	2025-26	2026-27	2025-26 FTE	2026-27 FTE
Corporate	3,985,173	4,139,903	60	60.2
Business Intelligence	310,728	328,080	4.8	4.9
Corporate (Executive Team)	990,336	976,844	7.8	7.7
Executive & Board Support Team	154,872	158,004	3	3
Communications, Engagement and Impact	567,862	578,412	9.8	9.6
Facilities	45,816	47,088	1	1
Finance	314,196	327,888	6	6
Human Resources	556,762	592,764	10	10
IT	503,773	561,480	9	9
Legal	212,208	243,951	3.6	4
Programme Management & Assurance	328,620	325,392	5	5
Operations	12,140,780	12,906,271	251	254.9
General Enquiries Team	1,184,472	1,391,692	34.2	38.4
Early Resolutions Team	666,636	862,812	13.6	17.3
Operations Management	322,903	358,491	4	4
Ombudsman	2,513,124	2,419,948	38.4	35.7
Investigations	6,834,925	7,268,060	149.8	150.7
Service Improvement and Quality	618,720	605,268	11.04	8.8
Other	177,048	194,556		
Staff Awards	138,036	151,692		
Apprentice Levy	39,012	42,864		
Total Salary Expenditure/FTE	16,303,001	17,240,730	311	315.1

Non-salary expenditure	2025-26	2026-27
Accommodation, travel and subsistence	£21,084	£33,633
Depreciation	£637,544	£690,329
Interest receivable	-£294,318	-£220,134
IT and telecoms	£1,692,004	£1,771,495
Other costs	£725,891	£801,209
Other staff costs	£295,512	£353,408
Premises and facilities	£619,980	£638,592
Total non-salary expenditure	£3,697,697	£4,068,532

Total expenditure	2025-26	2026-27
Total expenditure: salary and non-salary	£20,000,679	£21,309,262
Increase from 2025-26 budget	-	£1,308,583
% increase from 2025-26 budget	-	6.5%

Non-discretionary costs

LeO incurs a number of non-discretionary costs that are unavoidable and must be met to ensure the continued delivery of its statutory functions.

These include the annual pay remit, which represents an estimate of the anticipated public sector pay award as stipulated by the Cabinet Office of 3.25% and which LeO is required to apply as an arm's length body of the Ministry of Justice. This accounts for 56% of the total increase in staff costs compared to 2025-26.

The remaining increase comprises 41% for additional operational delivery staff and 3% for progression from entry-level to substantive grades as staff become more productive and proficient in their roles.

In addition to the annual pay award, LeO incurs a number of other non-discretionary costs, including the following:

- An increase in premises costs, reflecting annual uplifts in business rates and service charges applied to the leased office accommodation in Birmingham, which are outside LeO's direct control.
- An increase in depreciation costs resulting from fixed assets added during 2025-26, with the related depreciation charge flowing through the Income and Expenditure account in 2026-27 as a non-discretionary cost.
- A general annual increase in both external and internal audit fees, which are set by external bodies and are therefore outside the direct control of LeO.
- A reduction in expected interest income on bank balances, reflecting a lower Bank of England base rate compared with 2025-26. The base rate was maintained above 4% for much of 2025-26 before being reduced to 3.75% in December 2025. As interest rates are set externally and are outside LeO's control, this reduction in interest income increases the levy funding requirement by a corresponding amount.

3.2 Case fee

LeO is funded by a combination of levy and case fee income – with, in practice, the significant majority of its funding coming from the levy. LeO currently charges £400 for complaints resolved in the consumer’s favour where the service provider didn’t take all reasonable steps to resolve the complaint.

We expect to maintain LeO’s case fee at £400 for a significant portion of 2026-27. However, as part of the wider programme of change and transformation set out in Chapter 4, LeO intends to review its case fee regime in the coming year, building on the informative responses to previous stakeholder consultations on this subject.

The review will focus both on the importance of providers resolving complaints under their own first tier complaint handling processes, and on encouraging and facilitating the early resolution of those complaints that are escalated to LeO.

Any increase in the amount of income generated through case fees would result in an overall reduction in the proportion of LeO’s funding recovered by way of its levy. Thus, the benefit of reviewing LeO’s case fees is not an increase in its overall budget (it would be neutral in impact), but in identifying a framework that best reflects the cost of LeO’s investigations and by whom that cost should be met.

Income source	2025-26 (forecast)	2026-27	% of total income
Case fee	£880,600	£1,100,000	5%
Sundry income	£180,000	£180,000	1%
Levy income	£18,940,079	£20,029,262	94%
Total income	£20,000,679	£21,309,262	100%

The process of consulting on, seeking approval for, and implementing a new case fee regime involves a number of important procedural steps. It is for this reason that case fees will remain at their current level for a significant part of the coming year.

3.3 Unit cost

For consistency of comparison, LeO will continue to assess its performance against historic unit cost measures, even though it is widely acknowledged that unit cost does not adequately reflect the depth and breadth of the work LeO undertakes or provide a reliable means to benchmark LeO’s performance against other similar schemes.

For example, the unit cost measure does not capture the benefit of ombudsman schemes’ early signposting, their learning and insight activities, or their general

impact on consumer confidence, all of which generate savings or value for the sectors they operate in.

LeO's forecast cost-per-case in 2026-27 is £1,796, 22% lower than forecast for 2025-26 (£2,315). This reduction translates into a total saving of £4,483,954, underscoring LeO's improved efficiency and value for money.

LeO's forecast cost-per-case for different types of resolution in 2026-27 are shown in the table below.

Budget and costs-per-case	2025-26 (forecast)	2026-27
Budget	£20.0m	£21.3m
Cases resolved	8,640	11,862
Cost per case resolved	£2,315	£1,796
Cases resolved by early resolution	4,237	6,249
Cost per early resolution	£483	£352
Cases resolved by investigation	4,403	5,613
Cost per investigation	£1,893	£1,556
Number of contacts	117,488	120,000
Cost per contact	£170	£178

3.4 Value for money

The OLC and LeO are committed to working efficiently and providing value for money (VFM) – 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 in its work, including assessing spending against the principles of the National Audit Office's '4 Es' model.

VFM is embedded in all decision-making at Board and executive levels, ensuring that every strategic and operational choice is made with economy, efficiency, effectiveness and equity in mind.

LeO will deliver and measure VFM in 2026-27 in the following ways:

Economy

- All expenditure will be reviewed monthly by the executive team and budget holders to ensure costs are necessary and proportionate.

- Recruitment will be tightly controlled and approved against budget and operational need.
- Case fee recovery and debt management processes will be actively pursued to minimise financial loss.

Efficiency

- Staffing levels will be continuously monitored to ensure that LeO is appropriately resourced and that staff are deployed to areas where they are needed and can deliver optimal outputs for LeO's customers.
- Optimising the impact of work done under LeO's second objective will help to reduce demand for LeO's services.
- An increased focus on the early resolution of complaints will optimise value for money when compared to cases requiring full investigation and/or ombudsman decision.
- Operational and corporate processes will be assessed and automated where possible to reduce error, rework and manual effort.
- AI will continue to be deployed to augment the work of our people, improving speed and output quality.
- Processes will be automated where possible to improve customer experience and free up operational resource to focus on driving increased operational performance.
- Lean review insights will be implemented to streamline workflows.
- Interpretation and application of Scheme Rules will be reviewed to ensure that LeO's powers are used fully and appropriately.

Effectiveness

- Projects will be managed under formal methodology with clear success criteria and spend controls.
- Initiatives will be piloted and evaluated before adoption to ensure impact.
- A proportionate system of quality and legal assurance remains in place to reduce failure demand and rework as well as to refine service delivery.
- Casework insights will be shared to help improve service and complaint handling in the sector.
- Horizon scanning and stakeholder engagement will support proactive planning and demand management.

Equity

- Budget decisions and service delivery will be guided by inclusive practices that reflect the diverse needs of the people LeO helps and its wider stakeholders.
- Equitable resource distribution will direct resources where they are needed the most to improve access and support inclusive outcomes.

- Equality, diversity and inclusion-led programme governance will continue to promote fairness and transparency in service delivery.
- Stakeholder-informed improvements will be monitored through structured assurance processes that evaluate the effectiveness, fairness, and transparency of services.

Looking ahead, the OLC understands that LeO cannot address exponentially increasing levels of demand simply by adding operational resource and capacity. This approach would be unlikely to represent value for money, and this understanding underpins the OLC's intention to undertake a comprehensive review of the LeO scheme, as set out in the following chapter.

4. A Vision for LeO 2030

4.1 The need for change

In the first two years of the OLC's current strategy, LeO aimed to manage steady increases in demand while reducing historic backlogs.

But demand for LeO's services is rising sharply – much more rapidly than was foreseen. Complaints are projected to nearly triple compared to 2019-20, with 2025-26 already seeing a record 29.8% year-on-year increase, surpassing worst-case forecasts.

This spike in complaint volumes is putting LeO's service under intense pressure, and happens in an economic climate where budgets are tight, efficiency is essential, and technology is developing at pace.

Although LeO's operating model has improved over the past three years, and has mitigated growing demand and backlogs, it is no longer suitable for the scale of dissatisfied consumers now coming from the sector.

We have pushed past the point at which iterative efficiency gains and operational improvements make meaningful differences in countering incoming demand. And, as this year's budget discussions have demonstrated, past the point where support can be commanded for the level of resourcing and funding that LeO's existing model would require to meet the challenges.

LeO has to adapt to this reality. In response, the OLC has initiated a process to radically transform the LeO scheme. This chapter sets out the OLC's future vision for LeO, and a three-pillared approach to delivering change and transformation.

4.2 LeO 2030

In partnership with LeO's executive team, the OLC has developed an ambitious vision for LeO's transformation:

“The independent Legal Ombudsman will underpin consumer confidence in legal services.

“As a trusted and influential partner to the regulated legal sector, it strengthens the profession by advancing high-quality complaint resolution and sharing insight-led learning.

“At the heart of a digitally enabled, agile and innovative organisation, our people will continue to deliver fair, impartial, proportionate and evidence-based outcomes.”

This vision will shape all of the work LeO undertakes to transform its service.

Realising it will require LeO to become an organisation that:

- embeds AI, automation and digital tools across its operations
- uses data and insight to support consumers and influence sector-wide service standards
- supports the legal sector to deliver effective, right-first-time complaint handling
- identifies emerging risks across the legal ecosystem
- delivers proportionate, evidence-based decisions
- operates with agility to respond to changing demand and expectations

4.3 Three pillars of change and transformation

LeO will adopt a three-pillared approach to achieving its strategic vision for 2030.

Pillar 1: Continuous improvement

The first pillar of this approach is to ensure LeO continues to do everything it can to improve the efficiency of its own operations – for example delivering its ‘Lean’ programme and pursuing further automation. This is in line with the significant improvements LeO has already made to its service and operations in recent years.

It is right that LeO maintains this mindset as a critical foundation for its wider transformation. Looking ahead, LeO will continue to embed efficiencies across all areas of its operations. It will have a particular focus on digital transformation, ensuring LeO is optimally positioned to implement scheme changes effectively and sustainably.

LeO will also prioritise the building of a high-trust, high-performance internal culture, through a renewed focus on its people practices and a strong underpinning of wellbeing and equity, diversity and inclusion.

A selection of the work LeO intends to undertake in its programme of continuous improvement in 2026-27 is presented in the table below.

Continuous improvement initiatives	
	Delivery
Operations	
Recruitment of increased Investigator and General Enquiries team capacity	Q1 2026-27
Full roll out of Lean process pilot outputs	Q2 2026-27
Providing Microsoft Copilot for all staff, with specific operational use training to deliver targeted improvement in process	Q1 2026-27
Implementation of a bespoke evidence-bundling solution	Q2 2026-27
Development of streamlined ombudsman and investigator decision-writing using an AI writing engine, to improve consistency of output and support LeO's aims to deliver decision transparency as part of its wider scheme redesign	Q4 2026-27
People	Delivery
Define a culture of high-trust, high-performance and align the required values and behaviours with this	Q2 2026-27
Developing a workforce plan to 2030 and beyond	Q2 2026-27
Establishing Leadership and Management Frameworks (with links to recruitment, succession planning, and performance) and associated development programmes	Q3 2026-27
Reviewing a Reward Framework, ensuring principles of VFM, equity and competitiveness are met	Q4 2026-27
Establishing a Performance Framework, with a focus on the whole talent journey: onboarding and induction, performance reviews, and team effectiveness	Q3 2026-27
Developing an approach to agile learning	Q4 2026-27
Evolving the employee experience focusing on engagement, wellbeing and inclusion. Includes reviewing our policies, practices and communications to reflect a high-trust, high-performance culture	Q4 2026-27
Establishing a Resolution Framework	Q4 2026-27
Reviewing our recruitment practices	Q4 2026-27

LeO expects its output to continue to rise as cases are resolved more quickly and efficiently through early resolution and 'early resolution plus' (Lean Phase 3). Ultimately, though, the range of improvements LeO has already delivered to its service – and the further improvements it has planned – whilst significant, cannot keep up with the fast-growing demand it now faces.

Pillar 2: Reducing demand

Building on the continued improvements to its own service and operational delivery, LeO also intends to make changes in 2026-27 in areas it believes have high potential to limit the impact of significantly accelerated demand from consumers being let down by the legal sector.

Whilst the scale of the demand challenge LeO faces requires a more fundamental review of its operating model (Pillar 3), we reiterate the determination to do all that we can, as quickly as we can, to mitigate the rise in complaints as far as possible. Recognising, clearly, that these efforts deal with the symptoms of a problem, not the cause.

The areas LeO has identified as having potential to reduce demand include:

- Potential changes to (or to the application of) LeO's Scheme Rules
- Adopting a tiered, 'polluter pays' case fee structure
- Utilising AI to facilitate the publication of all ombudsman final decisions

Each of the options that LeO has provisionally identified present opportunities to suppress demand. But they may also present risks. It is critical that each of them is comprehensively explored, to understand not only the potential benefits of the changes but also the potential adverse implications for consumers – as well as the impact on LeO's operating model.

To assist this process of testing and assessment, LeO will publish a comprehensive stakeholder consultation in summer 2026, setting out its proposals and inviting views.

Pillar 3: Transformation

In 2026-27 LeO will undertake a comprehensive and externally-led Scheme Transformation Review (STR) to deliver longer-term transformation and a service that has the agility to deal with its new demand environment.

The STR will be undertaken in four phases:

- **Operating Model Discovery phase** (Q3 2026-27): identifying opportunities for LeO to modernise its service (externally-led).

- **Operating Model Design phase** (Q4 2026-27): developing a Target Operating Model, detailed roadmap, and the programme management structure needed to deliver change (externally-led).
- **Delivery phase** (Q1 2027-28 to Q4 2028-29): implementation of redesigned operating model with a focus on systems, structures, skills development, processes, and cultural expectations.
- **Embedding and Evaluation phase** (2029-30): evaluating changes against key success measures and stakeholder requirements. Programme management transitions into business as usual.

The LSB has approved funding of £300,000 in 2026-27 for LeO to conduct the Discovery phase of the STR, and has conditionally approved a further £679,121 to undertake the Design phase.²

This funding is additional to LeO's operational budget of £21.3m, and ringfenced for the STR only. LeO will launch a procurement exercise to identify an external consultant to deliver its STR early in 2026-27.

We strongly welcome the LSB's approval of this important funding, and the exciting opportunity it creates. We very much look forward to working closely with our regulatory partners, legal service providers and all our stakeholders to design and build LeO 2030.

² £79,121 of the £679,121 Design phase funding represents internal LeO resource earmarked to support the external consultants.

5. Business Plan 2026-27

This chapter sets out the activities LeO undertakes to deliver against its two overarching strategic objectives in the final year of the OLC's current strategy period.

5.1 Strategic objective for LeO's service

Strategic objective:

LeO resolves complaints fairly and effectively, providing an excellent customer service

Aim 1:

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 2026-27 LeO will:

- **Respond to sustained and accelerating volumes of complaints.** We expect to receive 25% more in-depth investigations and to increase resolutions by over 35% – to around 12,000 complaints.
- **Implement process changes** as a result of the Lean review pilots designed, tested and completed in 2025-26, with a continued focus on improving the investigations process – increasing investigator productivity to deliver a quicker, more efficient service.
- **Implement artificial intelligence** via Copilot solutions across all areas of operations, using learning from 2025-26 development and testing initiatives. This will help us remove administrative costs and deliver more efficient written work, supporting the resolution of more complaints and bringing down waiting times.
- **Deliver front-end digital solutions** to help mitigate the significant impacts of sustained increases in demand on LeO's General Enquiries team, with a particular focus on reducing and removing repetitive manual process.

- Build on previous years' work to **optimise both our quality framework and investigator support and development programmes**, exploring technology solutions to support high-volume quality testing with focused support around quality from the outset.
- **Use insights from our enhanced quality framework to drive service improvements** and strengthen the overall customer experience. The framework provides greater granularity across casework outcomes, enabling us to identify specific issues and implement targeted interventions, helping ensure investigators deliver a consistent, transparent, and high-quality service that customers can trust.

Aim 2:

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 2026-27 LeO will:

- Use our framework to ensure that, whatever route a complaint takes through our service, it **strikes the right balance between access and proportionality** – and that LeO's 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 ways of working, processes and communication.
- **Ensure that our outcomes remain fair and reasonable**, and provide appropriate redress and/or reassurance to our customers, by using insights from our quality and support frameworks as well as feedback from service complaints and legal challenges.
- Ensure that our **multi-disciplinary team** remains central to how we support the needs of people experiencing vulnerability, and we'll continue to promote and utilise this approach.

- **Continue to identify best practice** from comparable organisations to incorporate into our own service, for example through active membership of the Ombudsman Association and customer service-focused networks.

Aim 3:

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 2026-27 LeO will:

- **Embed accessibility and inclusion** as a default expectation across service design and delivery. Inclusivity considerations will be built into all service changes from the outset, helping us identify and remove barriers early and design services that work for a wider range of customer needs.
- Use learning from cases supported by our multi-disciplinary teams to **proactively redesign upstream processes**, reducing the need for escalation later.
- Use our improved data and insight to **actively identify and address disparities** in access, experience and outcomes. Clear ownership, executive scrutiny and transparent reporting will ensure we hold ourselves, and the sector, to account for delivering meaningful improvement.
- Deepen engagement with customers and customer groups, ensuring **lived experience continues to shape our services**. By strengthening co-creation and closing feedback loops, we will clearly demonstrate how customer insight influences decisions and service improvements.
- **Embed reasonable adjustments as a core part of excellent service**, rather than an exception. Using improved insight, we will anticipate common support needs and equip colleagues with practical, scenario-based learning to deliver timely, consistent and dignified support.
- **Prioritise system and digital improvements that reduce customer effort, improve visibility of vulnerability and enhance accessibility**. Alongside this, we will maintain and promote non-digital routes to ensure everyone can access our service in a way that works for them.

- Focus on translating external commitments, including our work with the Business Disability Forum, into **tangible improvements in customer experience**. We will also share learning more widely to support improved accessibility across the sector.
- Focus – in this, the final year of the current EDI strategy – on **using evidence and lived experience to shape LeO’s transformation**. Insight from our accessibility and inclusion activity will directly inform the development of the 2027-30 EDI strategy, aligned to LeO’s Vision 2030.

5.2 Strategic objective for LeO’s impact

Strategic objective:

LeO’s independent voice and experience lead to improvements in legal services

Aim 1:

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 2026-27 LeO will:

- **Shine a light on poor practice to highlight serious service failings.** We will continue to publish Public Interest Decisions every quarter, to help drive improvements in standards of service and complaints handling. We will also consult with stakeholders on addressing obstacles to publishing more ombudsman decisions, whilst redesigning our decision-writing to reduce the time for pre-publication checks.
- **Deliver focused and strategic stakeholder engagement,** guided by our stakeholder mapping and horizon scanning processes, and by our strategic priorities, to maximise the impact of the learning and insight we share.

- **Continue to work closely with the LSB and sector regulators** to identify opportunities to improve Tier 1 complaint handling, and to engage closely with all LeO's stakeholders to help shape our transformation plans and the OLC's next strategy period.
- **Strengthen our external communication channels.** We will extend the reach of LeO's insights by developing our communication channels. We will focus particularly on making more effective use of social media, increasing the number of subscribers to LeO News, and growing our media presence and profile.
- **Improve our systems for identifying opportunities to share our insight.** We will develop our horizon scanning and intelligence-gathering processes, and our data reports and analysis, to help us identify and share relevant, timely and impactful insight.
- **Streamline our corporate reporting** to prioritise resource on impactful learning and insight work. We will review our corporate publications, seeking opportunities to make them shorter and more efficient to produce.
- **Continue to promote the accessibility of our service.** We will use the richer insight we are capturing about the profile of our customers to ensure that we reach those who need our help. We will continue to participate in legal, complaints and customer-service focused networks to raise awareness of our work.

Aim 2:

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 understanding what's causing the complaints we see, and ensuring this informs improvements in the services consumers receive. It includes how our systems, data and people help us to identify insights, and ensures these reach people who can take action. It covers the information we publish and learning opportunities we deliver to help this happen.

In 2026-27 LeO will:

- **Develop our published insight resources, targeting the issues and areas of legal services that drive demand.** We will build on the launch of our *Spotlight* series in 2025-26 and publish further editions quarterly. We will explore the potential of sharing more detailed insight on priority topics where this would add

value, and regularly add new case studies to our website to help providers improve legal services.

- **Enhance the data we publish.** We will publish three sets of quarterly complaints data and one annual complaints insight report. We will explore ways of evolving our data publications to make the insight they contain more impactful, for example by integrating our quarterly complaints data with our ombudsman decisions data.
- **Improve our insight, data and trend analysis.** We will develop our analysis of cases and complaints data to improve the scope of the insight and emerging trends we can share, and the speed with which we can share it. We will continue to strengthen our internal networks to surface and share more insight from our casework.
- **Use technology to increase the efficiency and impact of our communications.** We will further integrate the use of AI tools into our insight and engagement processes to make them more efficient and impactful.
- **Measure and evaluate our insight-sharing to inform future work.** We will – where possible – measure the impact of our communications and the insight we share. This will support our focus on continuous improvement and the effective targeting of our insight.

Aim 3:

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 understanding the quality of legal providers' response to complaints, and to sharing what we're seeing to help them improve this. It includes how our systems, data and people help us to identify insights, and ensures these reach people who can take action. It covers the information we publish and the learning opportunities we deliver to help this happen.

In 2026-27 LeO will:

- **Launch our sector-wide Model Complaints Resolution Procedure.** Building on the pilot undertaken in 2025-26, and feedback from our engagement with stakeholders, we will publish and share our flagship best practice tool for the legal sector. We expect the MCRP to improve standards of first-tier complaint handling and, ultimately, outcomes for customers.

- **Deliver tailored complaints-handling support.** We will continue to embed the delivery of tailored complaints-handling support for those legal service providers generating high volumes to LeO – helping to reduce demand at source and providing insights into the return on investment of this type of engagement.
- **Share knowledge and learning from our casework.** We will maintain our Technical Advice Desk service for legal providers seeking guidance on how best to resolve issues early, and use the insight we gain from the questions asked to shape our learning and insight outputs.
- **Focus our digital learning platform on areas of high demand.** We will use insights from the pilot of the new learning platform begun in 2025-26 to develop its content for 2026-27, and focus the learning and training resources on priority areas driving demand to LeO.
- **Use our forums and engagement to help drive improvements in first-tier complaints handling.** We will engage with the legal sector, regulators and consumer representatives to promote the MCRP and identify further opportunities to improve standards of first-tier complaints handling, including through regular meetings of our Regulator Forum.