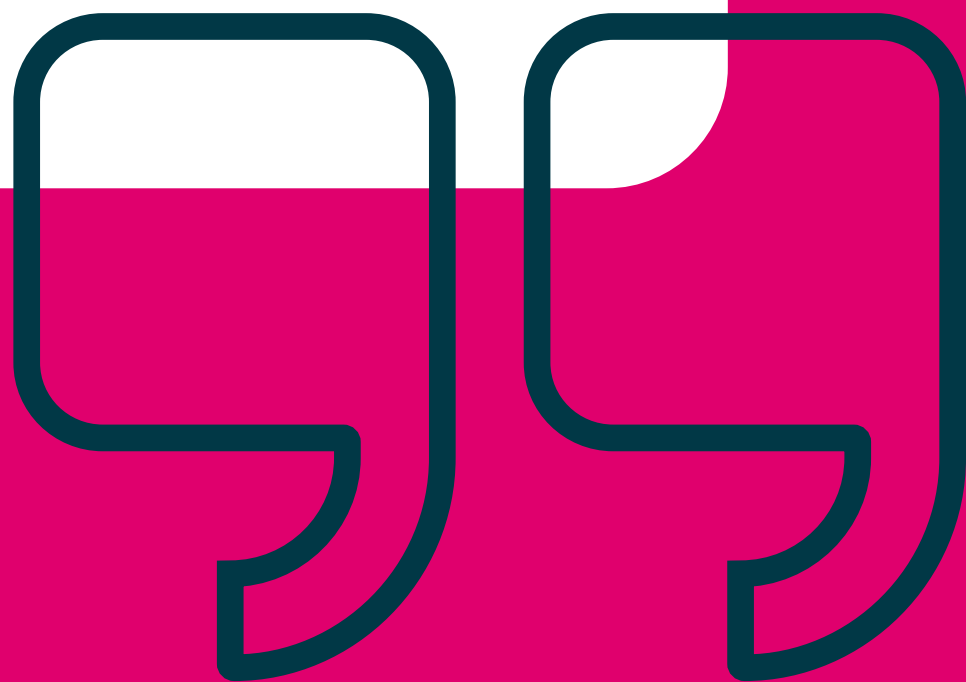


Office for Legal Complaints

# Annual Report and Accounts 2025/26



Office for Legal Complaints

# **Annual Report and Accounts 2025/26**

For the period 1 April 2025  
to 31 March 2026

Report presented to Parliament pursuant to Section 118 of the Legal Services Act 2007

Accounts presented to Parliament pursuant to paragraph 26 of Schedule 15 to the Legal Services Act 2007

Ordered by the House of Commons to be printed on 2 July 2026

HC 414



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# Performance report

This performance report sets out how far the Legal Ombudsman (LeO) met its strategic objectives and business plan priorities in 2025/26, its performance against its key performance indicators, and the risks it managed. It also provides updates on sustainability and other aspects of LeO's operations. Finally, it looks ahead to 2026/27.



# Foreword from the Chair of the Office for Legal Complaints



**Richard Blakeway | Chair,  
Office for Legal Complaints**

## Pressure, purpose and trust

I have joined the Office for Legal Complaints (OLC) as its new Chair at a pivotal moment in the Legal Ombudsman's development. This annual report reflects the work of colleagues and the board under Elisabeth Davies's time as Chair, as the organisation continued to deliver its statutory role in challenging circumstances, in a year of sustained and accelerating demand for LeO's service.

Trust and confidence in legal services matter deeply to consumers and to the justice system as a whole. The sharply rising complaint volumes LeO received in 2025/26 suggest that levels of consumer trust and confidence could become strained, but complaints – and how they are handled – can play a vital role in building and maintaining them.

## Complaints as tools for learning

Complaints are not individual interactions somehow peripheral to legal services. They are an essential part of accountability, redress and improvement. They also provide insight – not just into individual service failures, but into wider

risks, behaviours and structural weaknesses across the legal system. Complaints should be tools for learning, but this isn't as widely recognised as it should be. That needs to change. Insights from LeO's casework are a key source of data and intelligence for improving first-tier complaint handling.

Effective complaint handling starts with providers. While we see some good practice, it is not universal. In a quarter (25%) of the cases received by LeO in 2025/26, the complainant said they had not received a final response from their provider. This is poor. It both points to cultural issues and reinforces the value of LeO's growing focus on sharing insight to prevent avoidable escalation.

## From resilience to transformation

This report demonstrates genuine improvements in LeO's performance, and resilience in the face of unprecedented demand. As the Chief Ombudsman sets out in his report, LeO's people continued to deliver for its customers under significant operational strain.

LeO has also been transparent about the limits of its current operating model. 2025/26 has provided clarity about what incremental improvement can – and cannot – achieve.

To play its part in an accessible, sustainable justice system, LeO needs to transform. It must have the capacity and agility to handle demand in an effective and cost-effective way – as well as the capability and impact to help prevent that demand at source.

The responsibility for transforming does not stop with LeO. A culture change is needed across the legal sector, including among regulators – both in handling complaints and acting on insights to improve outcomes for customers.

## **Governance, assurance and stewardship**

Throughout the year, the OLC Board fulfilled its responsibilities for governance, assurance and stewardship. It exercised active oversight of performance, risk and financial sustainability, scrutinised progress against the OLC's 2024-27 Strategy, and ensured that public money was managed responsibly. It also supported the development of the 2026/27 Business Plan and Budget for LeO, and forward planning that reflects the scale of the challenge ahead and the need for evidence-led transformation. The board took particular interest in LeO's digital transformation and, through its Public Interest Decision Committee (PIDCo), actively supported LeO's stronger approach to transparency. Board members' informal engagement with colleagues across LeO helped maintain their own visibility too. I am determined to maintain that accessibility.

## **Relationships and engagement**

Supporting strong relationships across the legal sector is also an essential part of the board's stewardship role. In addition to the board's input on the development of LeO's approach to strategic engagement, the Chair joined executive colleagues for meetings with key stakeholders including the Minister of State for Courts and Legal Services, the Ministry of Justice, the Legal Services Board, sector regulators and representative bodies.

The model complaints resolution procedure, developed and piloted by LeO this year, shows the positive progress that strong engagement and collaboration can deliver.

Looking ahead, it is important that LeO maintains and deepens this engagement, sharing what it sees as going both right and wrong. It is only by working together that we can drive higher

standards for consumers, including those in vulnerable circumstances, and reinforce confidence in legal services as being fair, inclusive and accessible to all.

Relationships are also integral to the OLC ensuring it plays its part in fulfilling the regulatory objectives set out in the Legal Services Act. I am developing my own complementary engagement as Chair to ensure the board supports this important engagement appropriately.

## **Leadership and example**

I began my role as Chair with the significant benefit of Elisabeth Davies's insights, and I wish to pay tribute to Elisabeth for her leadership as OLC Chair during a very challenging period for LeO. Elisabeth puts people at the heart of everything she does, through a deep commitment to culture, inclusion and effective governance. She leaves a legacy of a better-performing organisation, and one in a stronger position to face the future.

I would also like to recognise the contributions of other board members who completed or concluded their appointments in 2025/26, including Martin Spencer and Patricia Tueje, and to welcome Owen Purcell who joined the OLC in January 2026.

## **Looking ahead with confidence**

Looking ahead, LeO must transform to meet the demands placed upon it – as part of a wider transformation in the legal sector's culture around complaints. I am confident that the organisation has the vision, evidence, leadership and commitment needed to take this next step, and I look forward to working with colleagues and partners to ensure the Legal Ombudsman continues to play its vital role in the UK justice system.

# Performance overview

## Report from the Chief Ombudsman



**Phil Cain | Chief Ombudsman**

### A year of challenge, delivery and transition

2025/26 was a year of exceptional challenge and important transition for the Legal Ombudsman. Demand for our service increased sharply. During the year, we received more than 14,000 new customer complaints – an increase of 37% on 2024/25 (more than 10,400) – representing thousands more people turning to us for help.

At the outset of this report, my first as Chief Ombudsman, I want to recognise the hard work undertaken by our dedicated staff. They have delivered high levels of performance in the context of unprecedented demand. This demand has arisen from challenges with first-tier complaint handling as well as wider societal changes towards raising complaints seen by Ombudsman schemes in many other sectors.

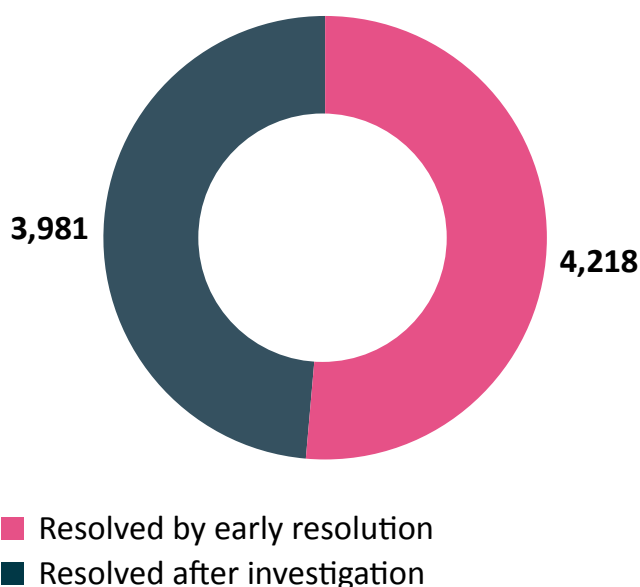
In response, our people have focused on what matters most: resolving as many complaints as possible fairly and proportionately, sharing insight to help drive improvement, and strengthening foundations for the future as we prepare for the transformation now required for LeO to remain effective and sustainable.

### A service delivering, but under pressure

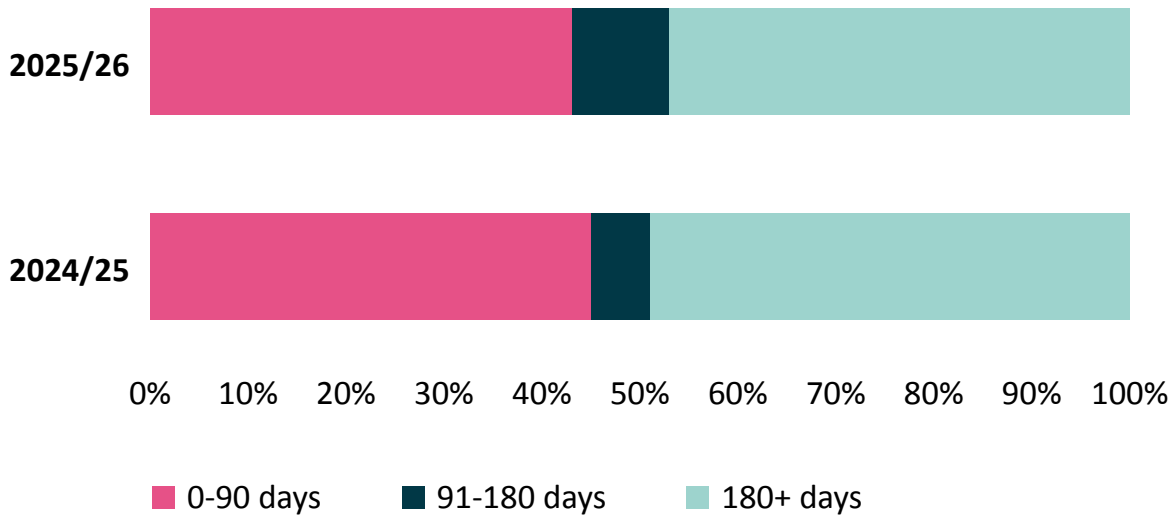
LeO resolved 8,199 complaints in 2025/26, remaining within the 2025/26 Business Plan performance ranges despite sustained and accelerating demand. Just over half of all cases were closed through our early resolution route, resolving complaints at the earliest opportunity, with the remainder requiring an in-depth investigation.

High complaint volumes affected our queues and customer waiting times. The in-depth investigation queue ended the year within business plan ranges, at 2,767 cases, but this still translated into long waits for many customers. Entering 2026/27, both backlogs and customer waiting times remain significant concerns for us – and for those who rely on our service – as we noted in our 2026/27 Business Plan and Budget.

### Complaints resolved in 2025/26



## Days taken for LeO to resolve complaints



### Efficiency, quality and fairness

Throughout the year, we continued to improve how we work. Lean process changes, revised onboarding approaches and the early application of digital and AI-enabled tools increased efficiency, consistency and output. Operational innovations, such as piloted changes to our early resolution process, began to improve throughput in the second half of the year and supported particularly strong performance in the final quarter.

While complaint volumes increased, maintaining fairness, quality and trust remained central. Throughout the year we triangulated assurance from quality reviews, service complaints and customer satisfaction feedback to ensure that our decisions remained fair, reasonable and consistent. This focus is essential to sustaining confidence in the Legal Ombudsman as demand continues to rise. Our commitment to being here for everyone who needs us is embedded in our Equality, Diversity and Inclusion (EDI) Strategy, and reflected in the further steps forward we have made.

### Strengthened learning and insight

During the year, we built momentum in our learning and insight work, with a focus on practical, hands-on support for the sector. A major milestone was the development and piloting of our model complaints resolution procedure. Co-created with service providers, regulators and consumer bodies, the model procedure provides a practical framework to help providers resolve complaints right first time.

Another landmark was making greater use of our powers to publish Ombudsman decisions in full. We published 21 Public Interest Decisions during the year, and also shared insight through our Spotlight articles, data publications and regular case studies. Alongside a tailored support programme for providers generating high numbers of complaints to LeO, this work reflects a determined aim to reduce preventable problems escalating to our service.

## **Towards a high-trust, high-performance culture**

Our people delivered with professionalism and resilience throughout an exceptionally demanding year. Workforce stability improved significantly, with overall attrition reducing to 10.8% – well below previous years – particularly among investigators. There was a reduction in total working days lost to sickness compared to the prior year. However, absence levels remain higher than desired and will continue to be an area of focus.

The 2025 Civil Service People Survey recorded LeO's highest-ever engagement score of 60%, with improvements in scores relating to purpose, teamwork and leadership. The results give us confidence in our continuing work to build the high-trust, high-performance culture we need to underpin our future ambitions.

## **Strong governance and financial control maintained**

Governance and financial control remained strong. Adopting an agile and flexible approach to our business planning enabled us to rise to the challenge of a delay in receiving final approval for our 2025/26 budget. We ended the year with a small underspend, well within tolerance, reflecting careful prioritisation. Several key strategic risks, including leadership resilience, attrition and budget variance, reduced significantly by year-end.

At the same time, risks associated with demand volatility and investigation queues remained outside tolerance and were reported transparently. This clarity has been essential in enabling us to plan deliberately for the changes we now need to make to our service, to ensure its long-term sustainability. To complement this, we will introduce multi-year business and financial planning cycles, to increase the stability, efficiency and effectiveness of our organisation.

## **From managing pressure to building the future**

Our experience this year has shown that, even with further efficiency gains, our current operating model cannot simultaneously keep pace with rising demand, reduce our backlog, and improve customer waiting times. Incremental improvement has reached its limit.

The structure of our scheme itself needs to change – not just how hard or efficiently our people work within it. As the Chair has made clear, this means fundamental change for LeO and the legal sector alike. Looking to the future, transformation is required for the resolution of legal complaints to remain effective and sustainable.

As we enter 2026/27, work has already begun to develop and deliver an ambitious vision for the future. Our Vision 2030 sees LeO as a digitally enabled, agile and innovative organisation that delivers for consumers, strengthens the profession, and underpins confidence in legal services. Looking ahead, our focus is on balancing access to justice with proportionality today while reshaping the scheme for tomorrow – working in partnership to turn purpose into impact.

## Thank you

I would like to record my thanks to Paul McFadden, my predecessor as Chief Ombudsman. Paul led LeO through a significant period of operational improvement that laid the groundwork for our next stage of development – work that Steven Pearson and David Peckham then continued effectively as interim Chief Executives following Paul’s departure. I also wish to thank Elisabeth Davies for her exceptional leadership and service as Chair of the OLC Board, and I look forward to working with our new Chair as we move into this next phase of change.

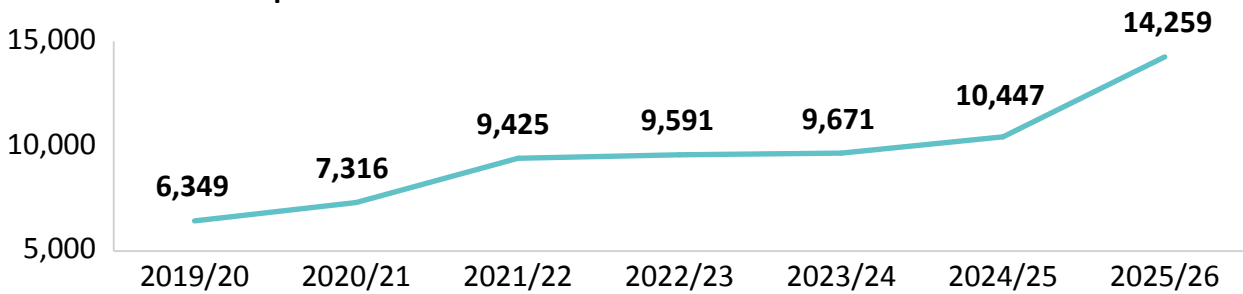
Finally, and most importantly, none of this progress – or the transformation ahead – could be possible without the commitment, skill and professionalism of everyone at LeO, as well as board members and partner organisations. Thank you for your warm welcome, and for your support for LeO’s Vision 2030 ambitions.



## What LeO saw in 2025/26

Key ■ 2025/26 ■ 2024/25

### New customer complaints to LeO



Contacts received

■ 119,619  
■ 117,534

New customer complaints received\*

■ 14,259  
■ 10,447

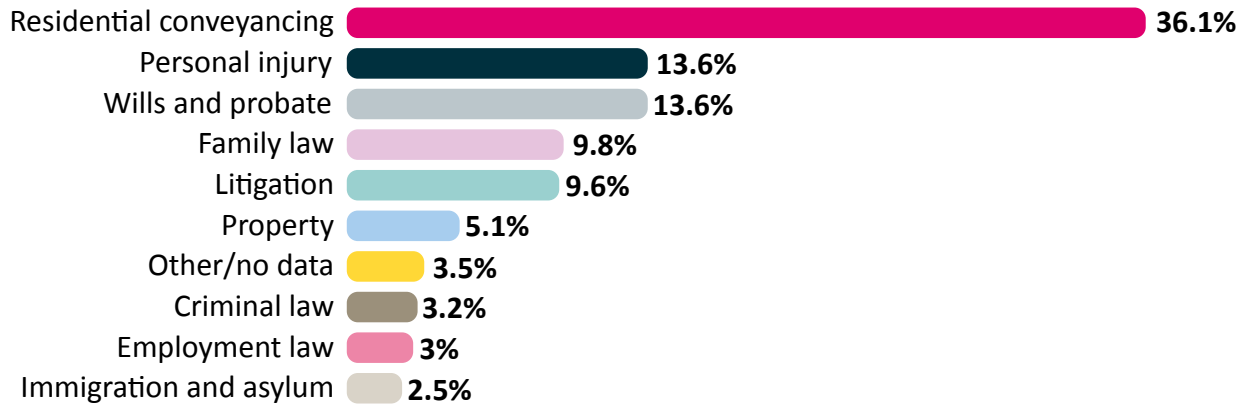
Complaints resolved

■ 8,199  
■ 8,270

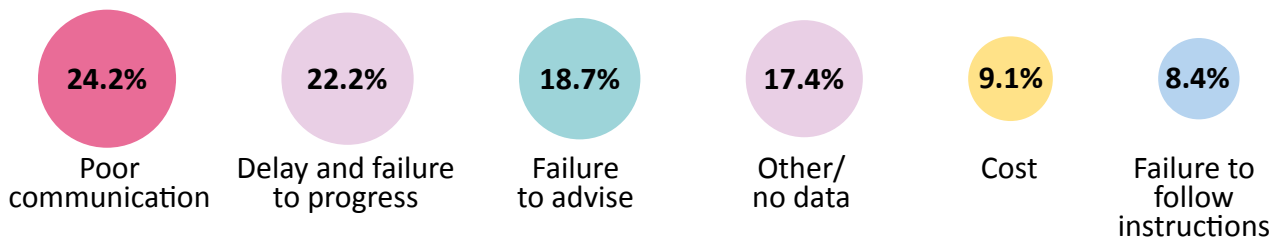
Complaints accepted

■ 8,412  
■ 7,203

### What areas of law were the accepted new complaints about?



### What issues did consumers complain about?



\* New method introduced in 2024/25 (includes new customer complaints received by post on printed complaint forms and processed manually).

## About the Office for Legal Complaints and Legal Ombudsman

The OLC set up the LeO scheme under the Legal Services Act 2007. The Act also established the Legal Services Board (LSB) to oversee 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 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 most legal services in England and Wales; and

- it shares learning and insight from the complaints it sees to promote better complaint handling, prevent future complaints and help raise standards in legal services.

LeO’s website sets out the rules and limits of what complaints it can help with.<sup>1</sup>

The website also gives more detail on how LeO is governed and organised, including its structure and leadership and the OLC’s meetings and committees.<sup>2</sup>

## The OLC’s 2024-27 Strategy and Business Plan priorities

<b>Mission: LeO’s purpose</b>	
Resolving consumer complaints about legal providers and sharing insight to improve legal services	
<b>Vision: What LeO aims to be</b>	
A leading and trusted Ombudsman scheme where every complaint helps improve legal services	
<b>Strategic objective for service</b>	<b>Strategic objective for impact</b>
We resolve complaints fairly and effectively, providing an excellent customer experience	Our independent voice and experience improve legal services
<b>Aims</b>	<b>Aims</b>
We will deliver an efficient and proportionate service	We will build LeO’s profile and impact as an independent voice for improvement
We will give fair, high-quality outcomes that make a difference	We will share what we learn to improve legal services for consumers
We will be accessible to everyone who needs us	We will use our experience to help legal providers handle their complaints better

1 Legal Ombudsman, How We Work, available at [www.legalombudsman.org.uk/information-centre/how-we-work](http://www.legalombudsman.org.uk/information-centre/how-we-work)

2 Legal Ombudsman, Governance, available at [www.legalombudsman.org.uk/who-we-are/corporate-publications/governance](http://www.legalombudsman.org.uk/who-we-are/corporate-publications/governance)

## Key performance indicators

LeO tracks key performance indicators (KPIs) that provide a high-level, consistent snapshot of operations. They help us assess value for money, quality outcomes and accessibility. The KPIs align with the National Audit Office (NAO) '4 Es' framework of economy, efficiency, effectiveness and equity.

Every quarter we deliver a strategic balanced scorecard to show the OLC Board and MoJ how we are performing through the year. It contains many of the same KPIs and helps keep us on track for the year's end.

In the tables below, green text indicates that LeO met its KPI targets and red text indicates that its performance was below target.

Customer experience and quality			
Description	Actual 2024/25	Target 2025/26	Actual 2025/26
<p><b>Customer journey</b></p> <p>The end-to-end customer journey time experienced by customers who have had a file closed or resolved by in-depth investigation each month.</p> <p>See page 19.</p>	<p><b>24%</b> of low-complexity complaints resolved in 325 days</p> <p><b>30%</b> of medium-complexity complaints resolved in 500 days</p> <p><b>24%</b> of high-complexity complaints resolved in 500 days</p>	<p><b>80%</b> of low-complexity complaints resolved in 325 days</p> <p><b>80%</b> of medium-complexity complaints resolved in 500 days</p> <p><b>80%</b> of high-complexity complaints resolved in 500 days</p>	<p><b>27.8%</b> of low-complexity complaints resolved in 325 days</p> <p><b>59.3%</b> of medium-complexity complaints resolved in 500 days</p> <p><b>63.6%</b> of high-complexity complaints resolved in 500 days</p>
<p><b>Volume of cases awaiting assessment</b></p> <p>Unallocated investigations at 1 April each year.</p> <p>See page 19.</p>	<b>3,275</b>	<b>1,929</b>	<b>2,767</b>

Description	Actual 2024/25	Target 2025/26	Actual 2025/26
<p><b>Reasonable outcome</b></p> <p>Internal quality measure asking whether the outcome of a communication, investigation, or decision was fair and reasonable.</p> <p>See page 38.</p>	<p>General enquiries team: <b>86.7%</b></p> <p>Early resolution team (investigators): <b>96.5%</b></p> <p>Early resolution team (Ombudsmen): <b>95.8%</b></p> <p>Investigator: <b>65.2%</b></p> <p>Ombudsman: <b>97.5%</b></p>	<p><b>95%</b></p>	<p>General enquiries team: <b>91.3%</b></p> <p>Early resolution team (investigators): <b>96.7%</b></p> <p>Early resolution team (Ombudsmen): <b>96.6%</b></p> <p>Investigator: <b>90.0%</b></p> <p>Ombudsman: <b>98.7%</b></p>
<p><b>Customer satisfaction</b></p> <p>The level of satisfaction with our service at the end of the process, depending on whether or not the customer was satisfied with the outcome of the investigation.</p> <p>See page 39.</p>	<p>Those satisfied with outcome of investigation – satisfied with service: Consumer <b>92%</b></p> <p>Provider <b>90%</b></p> <p>Those dissatisfied with outcome of investigation – satisfied with service: Consumer <b>8%</b></p> <p>Provider <b>16%</b></p>	<p><b>85%</b> satisfied with service for those satisfied with the outcome of the investigation</p> <p><b>15%</b> satisfied with service for those dissatisfied with the outcome of the investigation.</p>	<p>Those satisfied with outcome of investigation – satisfied with service: Consumer <b>91%</b></p> <p>Provider <b>90%</b></p> <p>Those dissatisfied with outcome of investigation – satisfied with service: Consumer <b>7%</b></p> <p>Provider <b>26%</b></p>

Raising professional standards			
Description	Actual 2024/25		Actual 2025/26
<p><b>Rating of our training and resources</b></p> <p>Annual measure of the views of service providers who have had a complaint investigated about whether LeO provides useful and relevant resources.</p>	<p>Guidance – relevant <b>92%</b></p> <p>useful <b>91%</b></p> <p>Training – relevant <b>92%</b></p> <p>useful <b>92%</b></p>		<p>New metrics will be developed to measure our learning and insight outputs.</p>

Efficiency and resilience			
Description	Actual 2024/25	Target 2025/26	Actual 2025/26
<p><b>Cost per case resolved*</b></p> <p>Monthly average cost, looking at the number of cases resolved by quarter against our costs for the quarter.</p>	<b>£2,156</b>	<b>£2,065</b>	<b>£2,439</b>
<b>Cost per early resolution</b>	<b>£499</b>	<b>£483</b>	<b>£487</b>
<b>Cost per investigation</b>	<b>£1,680</b>	<b>£1,893</b>	<b>£2,013</b>

\* Total cost per case resolved is calculated by dividing total organisational expenditure (including the cost of support functions as well as operational teams) by the total number of resolved cases. The metrics for cost per early resolution, and per investigation, include only direct costs for these operational areas (including salaries and other direct costs), and so are lower than the total cost per case resolved figure.

People and culture			
Description	Actual 2024/25	Target 2025/26	Actual 2025/26
<p><b>Annual rolling turnover rate</b></p> <p>Total leavers for the past 12 months, as a percentage of the average total permanent headcount for the period.</p> <p>See pages 10 and 47.</p>	13.8%	19%	10.8%

## Summary of strategic risks and issues

Throughout 2025/26, LeO continued to identify, assess and manage strategic risks and issues that could obstruct its objectives and business plans. Strategic risks are those uncertainties that may impact delivery of our objectives, while strategic issues are risks that have crystallised and require active management and resolution. Our strategic risk profile showed dynamic movements, reflecting our active and proportionate use of our risk framework in the face of sustained external pressures.

Improved workforce stability means we can now manage the risk of staff attrition at the level of the business unit. We achieved this by strengthening our leadership capacity, our governance arrangements, and our focus on identifying and applying any changes we need to make in our processes and policies. This reduced the risk to leadership resilience while continuing to support a demanding operating environment.

Where risks increased or crystallised, we formally escalated and reclassified them so we can focus on and oversee them appropriately. In quarter three, sustained pressure on our work led us to escalate risks relating to failure to deliver business plan improvements and customer experience. We are now managing these as a strategic issue, with closer executive, ARAC and OLC Board oversight. For 2026/27, we have consolidated risks and issues relating to backlog, demand and performance into a single strategic issue. This will enable a more coherent response, clearer oversight and improved prioritisation.

We have achieved improvements as our controls and mitigations have matured. Overall, the evolution of risks and issues during 2025/26 demonstrates an embedded, forward-looking and responsive approach to risk management in support of LeO's objectives.

## Strategic risks and issues in 2025/26

Strategic risk (SR) or issue (SI)	Residual rating				Strategic objective	Risk appetite	Target score	Trend
	Q1	Q2	Q3	Q4				
SI 1. Unacceptable queue of cases	16	16	16	16	Service	Open	8	↔
SI 2. Absorb increasing sector-led demand	20	20	20	20	Service	Open	4	↔
SI 3. Failure to meet business plan improvements in customer experience	16	16	16	16	Service	Open	9	↔
SI 4. Key person dependency (single point of failure)		20	20	12	Service	Open	4	↓
SR 1. Leadership resilience	20	20	8	4	Service	Open	9	↓
SR 2. Budget variance against forecast	12	12	8	4	Service	Minimal	4	↓
SR 3. Accommodation risk	12	8	8	6	Service	Cautious	4	↓
SR 4. Failure to deliver new impact objective	12	12	12	12	Impact	Open	3	↔
SR 5. Staff attrition – overall attrition	12	12	8	4	Service	Open	8	↓
SR 6. Enterprise strain from transformation demands		9	9	9	Service	Open	9	↔

Please refer to pages 44 to 48.

# Performance analysis

## Delivery against the 2025/26 Business Plan

The following tables review LeO's delivery against each of the objectives in the OLC's 2025/26 Business Plan. They highlight LeO's robust response in the face of an unprecedented rise in demand for its services, and detail the range

of work undertaken in support of its strategic impact objective, complementing the overview given in the Chair's foreword and the Chief Ombudsman's Report.

Metric	2025/26	2024/25	2023/24
Contacts received	119,619	117,534	125,446
New customer complaints received *	14,259	10,447	9,671
Complaints resolved	8,199	8,270	7,918
Complaints resolved after investigation	3,981	4,224	3,840
Complaints resolved by early resolution	4,218	4,046	4,078

\* New method introduced in 2024/25 (includes new customer complaints received by post on printed complaint forms and processed manually).

Metric	2025/26	2024/25	2023/24
Queue of people waiting for investigation at 31 March	2,767	3,275	3,376

Metric	2025/26	2024/25	2023/24
Complaints resolved within 90 days	43%	45%	46%
Customer journey time (days) – all cases	264.5	282	304
Customer journey time (days) – early resolution	76.4	53	49

Metric	2025/26	2024/25	2023/24
Budget variance	-£5,460 (-0.03%)	-£118,188 (-0.7%)	-£33,226 (-0.2%)
Average complaints resolved per established investigator each month	5.9	6.3	6.5
Employee engagement (Civil Service People Survey scores)	60%	59%	56%

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Delivering an efficient and proportionate service**

What we planned	What we achieved
Meet our targets for resolving concerns and complaints about lawyers, and for further reducing waiting times. <sup>3</sup>	<ul style="list-style-type: none"> <li>We continued to respond to high volumes of customer contacts (119,619). We received 14,259 customer complaints – a record and well over anticipated volumes.</li> <li>We accepted 8,412 complaints for early resolution or investigation – also a record and more than planned. But we maintained service accessibility despite rising demand.</li> <li>We resolved 8,199 complaints – below our 9,000 target but similar to 2024/25 (8,270). This reflected sustained demand growth and a rise in more complex investigations. It also reflected how late budget approval held up recruitment and delayed us in acting on the results of our lean review of how we work.</li> </ul>

<sup>3</sup> For details of these targets, see LeO's Business Plan and Budget, at [www.legalombudsman.org.uk/media/wkppg0ry/olc-business-plan-and-budget-2025-26.pdf](http://www.legalombudsman.org.uk/media/wkppg0ry/olc-business-plan-and-budget-2025-26.pdf)

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Delivering an efficient and proportionate service**

What we planned	What we achieved
<p>Resource our service to continue cutting waiting times and the queue for investigations, while responding to high and changing demand.</p>	<ul style="list-style-type: none"> <li>• Despite record complaints, we cut the number of complaints awaiting investigation at the end of the year to 2,767 (15.5% lower than the 3,275 at the end of 2024/25).</li> <li>• We continued cutting customer journey time by sustained focus on allocating, prioritising and resolving cases as early and informally as possible.</li> </ul>
<p>Act on the findings of the 2024/25 operational lean review, for more efficient investigations and better service – generating efficiencies and a better service for consumers and service providers.</p>	<ul style="list-style-type: none"> <li>• Late budget approval limited the gains we expected from our operational lean review. A pilot of the outcomes of the review demonstrated positive indicators – more consistent case preparation, faster progress to early resolution or investigation, and higher individual productivity. So we expanded the pilot to new teams – ‘scope and prepare’ and ‘review and conclude’.</li> </ul>
<p>Research, develop and test AI solutions to reduce admin time – helping us resolve more complaints and bring down waiting times more quickly.</p>	<ul style="list-style-type: none"> <li>• We researched and piloted generative AI and Microsoft Copilot tools to support our people in conducting investigations and responding to service complaints. This cut admin and improved consistency, while maintaining appropriate governance, assurance and quality controls.</li> <li>• All staff were trained on the benefits and use of Copilot in their own roles.</li> </ul>
<p>Bring more intelligent automation to LeO for future efficiencies.</p>	<ul style="list-style-type: none"> <li>• We automated points in the customer journey, including triage and better initial digital handling of customer information. This will let us absorb some increased demand without increased staffing.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Delivering an efficient and proportionate service**

What we planned	What we achieved
<p>Give our investigators an enhanced development programme and focused support for quality from the outset.</p>	<ul style="list-style-type: none"> <li>• We continued to shift away from high-volume retrospective quality testing towards earlier, targeted support and coaching for investigators.</li> </ul>
<p>Apply scheme rules to make investigations efficient and effective. Escalate complaints to an Ombudsman only if it will help parties move forward.</p>	<ul style="list-style-type: none"> <li>• We focused anew on appropriately applying the scheme rule that lets an Ombudsman decide that an investigator’s findings have resolved a complaint fairly and reasonably. This makes a formal final decision unnecessary in cases where the facts and evidence are not disputed. Through this route, we closed 143 cases – 72% more than the 83 closed in 2024/25. This made complaint resolution faster.</li> </ul>
<p>Develop and consult on changes to our case fee levels.</p>	<ul style="list-style-type: none"> <li>• We used stakeholder consultation feedback to develop a case fee model proposal.</li> <li>• It will reinforce the importance of good first-tier complaint handling by legal service providers. It also gives incentives for early and appropriate resolution of complaints. The model incorporates the ‘polluter pays’ principle – those who draw most on LeO’s services bear a greater share of the cost. We will consult in 2026/27.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Delivering an efficient and proportionate service**

What we planned	What we achieved
<p>Push on with planned working methods for effective collaboration and productivity, engagement and wellbeing, and value for money.</p>	<ul style="list-style-type: none"> <li>• To reflect hybrid working changes at the Birmingham office, we improved desk space and flexibility, without increasing long-term costs.</li> <li>• In partnership with the MoJ and the Government Property Agency (GPA), we have continued to explore accommodation options ahead of the current lease expiry. This work will continue over the next year, focusing on assessing and progressing the most viable options available.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Giving fair, high-quality outcomes that make a difference**

What we planned	What we achieved
<p>Use feedback from quality assurance reviews so we handle cases fairly and impartially, giving the right outcome at the most appropriate time.</p>	<ul style="list-style-type: none"> <li>• We ensured our quality framework is agile enough to provide assurance on our service and the reasonableness of the outcomes we deliver at all the key stages. We are using the framework to provide assurance over how we act on the findings of the lean review.</li> </ul>
<p>Strike the right balance between access to justice and proportionality. Ensure our standard of service meets our customer service principles.</p>	<ul style="list-style-type: none"> <li>• Our quality reviews show that we have improved the standard of service we deliver and the outcomes we reach across all areas of the business despite the increased demand for our service.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Giving fair, high-quality outcomes that make a difference**

What we planned	What we achieved
<p>Obtain satisfaction feedback from consumers and legal providers. Use this to identify ways to improve processes and communication.</p>	<ul style="list-style-type: none"> <li>• We gave our operational teams and leadership feedback from ongoing satisfaction surveys of consumers and legal providers.</li> <li>• This insight helped guide LeO’s operational lean review, and has reinforced the importance of reducing delays in our process and improving both the standard and frequency of communication with our customers.</li> </ul>
<p>Review how we obtain customer feedback for best practice and to let us identify improvements and drive change effectively.</p>	<ul style="list-style-type: none"> <li>• A review showed that our surveys are comprehensive but we could improve feedback and use it better to drive improvements.</li> <li>• We have developed a more proportionate approach to customer satisfaction for launch in 2026/27.</li> </ul>
<p>Work with consumer representatives, suppliers and other organisations to encourage more feedback.</p>	<ul style="list-style-type: none"> <li>• We assessed ways to increase the survey response rate with the independent third party that conducts them.</li> <li>• We have used feedback to develop a new survey approach for 2026/27, aimed at boosting response rates and improving the quality of the insight captured.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Giving fair, high-quality outcomes that make a difference**

**What we planned**

Identify best practice from similar organisations to improve our service.

**What we achieved**

- We commissioned academic benchmarking of our scheme and ways of working against other key providers in the dispute resolution sector.
- While the research gave assurance that our service is comprehensive, it is also helping to inform our approach to scheme transformation.

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Being accessible to everyone who needs us**

**What we planned**

Strengthen our training and how we respond to customer needs, in relation to reasonable adjustments, individual circumstances or prioritisation requests.

**What we achieved**

- To support our EDI objectives, we trained 19 Vulnerable Customer Champions, so we have a total of 43.
- Reflecting our EDI plans, we revised guidance so we can now be more consistent in identifying, recording and applying reasonable adjustments across customer journeys.

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Being accessible to everyone who needs us**

What we planned	What we achieved
<p>Use our multidisciplinary team to ensure we support vulnerable people’s needs.</p>	<ul style="list-style-type: none"> <li>• Our team gave specialist advice to customers with complex reasonable adjustments and additional vulnerabilities in 39 complex cases.</li> <li>• We cut average case referral time to the team by 105 days, bringing appropriate support more quickly.</li> <li>• All LeO staff who used the multidisciplinary support service reported they were satisfied with the advice and support provided by the team, with 80% ‘very satisfied’.</li> </ul>
<p>Improve data and insight on how people’s backgrounds and social circumstances influence the service they get from legal providers. Use this to ensure LeO treats everyone fairly and equally.</p>	<ul style="list-style-type: none"> <li>• We improved our online complaint form’s equality monitoring questions, boosting EDI data capture from 5% to 95% and gaining insight into the service’s users and barriers.</li> <li>• Our business intelligence team refined our data reporting to flag customers with vulnerabilities, reasonable adjustments and special requirements. Analysing this data will help us better understand customer needs and will inform future guidance for our people.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Being accessible to everyone who needs us**

What we planned	What we achieved
<p>Improve LeO’s website to give customers and legal providers more valuable information as early as possible, giving people the option to self-serve so complaints may not need our formal intervention.</p>	<ul style="list-style-type: none"> <li>• We streamlined our online complaint form to provide better, fuller and more consistent information. This supported earlier triage, reduced avoidable follow-up activity and strengthened case readiness.</li> <li>• This work is an important step towards our goal to improve upfront information, enable self-service and signposting, resolve queries earlier, and reduce unnecessary escalation. It also lays foundations for more structured data capture at the earliest point in LeO’s process.</li> </ul>
<p>Further develop relationships with the Legal Services Consumer Panel (LSCP) and consumer advice sector. Work together to identify and address barriers against complaining to legal providers and to LeO.</p>	<ul style="list-style-type: none"> <li>• With the LSCP’s consumer-focused regulation workshops, we collaborated on regulation and redress.</li> <li>• We collaborated with the LSCP on a model complaints resolution procedure to improve first-tier complaint handling. With consumer representative bodies, we worked to ensure this supports people who raise complaints, as well as those who deal with them.</li> </ul>
<p>Participate in forums and best practice networks on accessibility, vulnerability and EDI, drawing on insights to improve LeO’s customer service.</p>	<ul style="list-style-type: none"> <li>• Colleagues attended external events with regulators, Ombudsman services and professional EDI networks, gathering insights on best practice in vulnerability support and service accessibility. These were subsequently shared and have supported improvements in our work.</li> </ul>

**Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience**

**Being accessible to everyone who needs us**

What we planned	What we achieved
<p>Deliver our EDI Strategy in line with the current action plan.</p>	<ul style="list-style-type: none"> <li>• Our EDI Strategy spans LeO’s people and its customers, and our supporting annual EDI action plans are aligned to business plan objectives, our People Strategy, and equality priority objectives.</li> <li>• Actions we took to promote LeO’s accessibility, its profile and impact and access to justice contributed in particular to delivering customer-focused aspects of our EDI Strategy. We report on people-related aspects under People Strategy (page 81).</li> </ul>

**Impact objective: Use our independent voice and experience to improve legal services**

**Building our profile and impact as an independent voice for improvement**

What we planned	What we achieved
<p>Strengthen our strategic engagement with legal regulators (building on new forums and channels established in 2024/25) to drive a culture of excellence in legal service delivery and complaint handling.</p>	<ul style="list-style-type: none"> <li>• We held ongoing Regulator Forum meetings on developing our model complaints resolution procedure so it works for the whole sector.</li> <li>• We met the Solicitors Regulation Authority (SRA) quarterly on policy and operations to foster closer work and better information sharing.</li> <li>• We engaged with the LSB to develop policy work under its Reshaping Legal Services Strategy.</li> </ul>

**Impact objective: Use our independent voice and experience to improve legal services**

**Building our profile and impact as an independent voice for improvement**

What we planned	What we achieved
<p>Share LeO’s unique insight where it can help generate discussion and improve decisions.</p>	<ul style="list-style-type: none"> <li>• We contributed to consultations by the SRA, Bar Standards Board and CILEx on changes to their first-tier complaint handling requirements.</li> <li>• We responded to the Public Bodies Review of the LSB.</li> <li>• For HM Treasury’s review of the Financial Ombudsman Service, we contributed insights on its potential implications for LeO, given the organisations’ similarities.</li> </ul>
<p>Further enhance LeO’s relationship with the consumer advice sector and Legal Services Consumer Panel, working together to identify and address barriers to justice and redress.</p>	<ul style="list-style-type: none"> <li>• We participated in the Panel’s workshop on Regulatory Leadership on Access to Justice.</li> <li>• We participated in the Panel’s Tracker Survey Dashboard event to gain a deeper understanding of the survey data and how these insights could be used going forward.</li> <li>• We held a consumer workshop with the Panel and consumer organisations including Which? and Money Saving Expert. It focused on demand drivers, accessibility, barriers to complaining and developing the model complaints resolution procedure – itself intended to support better access to justice.</li> </ul>
<p>Engage with stakeholders to pool our data and perspectives effectively to improve the impact of our work under this area of the strategy.</p>	<ul style="list-style-type: none"> <li>• We worked with the SRA to share data about areas such as high-volume claims, particularly on motor finance and housing disrepair.</li> <li>• We contributed our Ombudsman decision data to Legal Choices and worked with the SRA and others to ensure this data is available as part of the Regulatory Information Service project under test.</li> </ul>

**Impact objective: Use our independent voice and experience to improve legal services**

**Building our profile and impact as an independent voice for improvement**

What we planned	What we achieved
<p>Share our insights and experience through mainstream and specialist media to increase awareness and understanding of LeO’s role.</p>	<ul style="list-style-type: none"> <li>• We significantly increased our media releases, securing prominent legal sector press coverage for our major publications, including budget documents, consultations and data releases.</li> <li>• We participated in BBC Radio 4’s flagship consumer affairs programme ‘You and Yours’, on residential conveyancing.</li> <li>• We recorded a podcast with Today’s Media on complaint trends and our service.</li> </ul>
<p>Build the readership of our engagement channels, including our newsletter, so our updates and best practice reach a larger and more diverse range of stakeholders.</p>	<ul style="list-style-type: none"> <li>• We relaunched and published two issues of our newsletter, LeO News.</li> </ul>
<p>Participate in forums and networks on law, complaints and customer service to raise awareness of LeO’s work, and to share insights and best practice. This includes engaging actively in the Ombudsman Association (OA) to stay abreast of standards of excellence.</p>	<ul style="list-style-type: none"> <li>• We participated in OA networks including on policy, communications, and casework.</li> <li>• We chaired the OA’s technology and legal networks.</li> <li>• We attended the OA national conference.</li> <li>• We expanded our work with the Collaboration Network, securing space to host webinars and speak at conferences.</li> </ul>
<p>Materially improve the transparency of LeO’s casework, including through the publication of Public Interest Decisions.</p>	<ul style="list-style-type: none"> <li>• We published 21 decisions in the public interest, with a strong engagement programme to ensure coverage of key learnings. As noted above, we worked to ensure our data goes into the Regulatory Information Service.</li> </ul>

**Impact objective: LeO’s independent voice and experience lead to improvements in legal services**

**Sharing learning and insights that help lead to better legal services for consumers**

What we planned	What we achieved
<p>Enhance the information we share with regulators about their service providers, using our new engagement forums to discuss problems and the changes needed.</p>	<ul style="list-style-type: none"> <li>• We improved our data collection, including on motor finance, so we can share early insight on emerging areas of complaint.</li> <li>• We shared monthly data reports with legal regulators on complaints about service providers.</li> <li>• We shared information with regulators through our Regulator Forum, conferences and high-volume claims forums.</li> </ul>
<p>Deliver in-depth insights into areas of legal services that we identify as a priority.</p>	<ul style="list-style-type: none"> <li>• Our Spotlight series covered topics including residential conveyancing, third-party delays, and wills and probate, with case studies and clear actionable insights.</li> <li>• To support service providers responding to first-tier complaints, we published enhanced guidance on remedies.</li> </ul>
<p>Publish quarterly updates on trends and developments in demand, with case studies, to help prevent complaints from arising and escalating.</p>	<ul style="list-style-type: none"> <li>• We published three quarterly overviews of complaints (our annual complaints data publication covers the final quarter).</li> </ul>
<p>Deliver an annual report of complaint trends, insights and recommendations regarding the legal providers responsible for the most complaints.</p>	<ul style="list-style-type: none"> <li>• Our 2024/25 annual overview of complaints (published in November 2025) included 11 case studies featuring different areas of law.</li> </ul>

**Impact objective: LeO's independent voice and experience lead to improvements in legal services**

**Sharing learning and insights that help lead to better legal services for consumers**

What we planned	What we achieved
<p>Build the quantity and range of support and resources (including website content and webinars) to promote high service standards – led by the issues we identify in the complaints we're seeing.</p>	<ul style="list-style-type: none"> <li>• We added 43 case studies to our website.</li> <li>• We restructured the studies so service providers can find insights for action as easily as possible.</li> <li>• Five webinars gave service providers our casework insights and training in complaint handling – including for barristers, through a Bar Council seminar on this topic.</li> </ul>
<p>Further develop our strategic approach to knowledge and insight (including how we identify learning and feedback at an operational level). Develop our approach to emerging areas of concern.</p>	<p>We strengthened our internal insight culture with:</p> <ul style="list-style-type: none"> <li>• a dedicated central email inbox so colleagues can share insight from their casework;</li> <li>• internal operational staff briefings to share and capture insight; and</li> <li>• an internal channel to share information and get feedback on tailoring support for service providers.</li> </ul>
<p>Further improve our systems and training to enhance the intelligence we capture on legal sector service standards.</p>	<ul style="list-style-type: none"> <li>• We built an early-insight dashboard to analyse complaint themes and trends.</li> <li>• System changes enhanced the data we gather and the insight we can share externally.</li> <li>• We delivered new training for our recruits on how to contribute to this impact objective.</li> </ul>

**Impact objective: Our independent voice and experience leads to improvements in legal services**

**Using our experience to help legal providers improve their complaint handling**

What we planned	What we achieved
<p>Play a leading role in the LSB’s coalition, supporting regulators as they prepare to implement its framework for first-tier complaint handling.</p>	<ul style="list-style-type: none"> <li>• We supported the LSB project through our work on our model complaint resolution procedure, with its links to their statement of policy and requirements. We also supported this project with our wider learning and insights.</li> </ul>
<p>Engage with regulators, the profession and consumer representatives to develop model complaint handling procedures and standards for first-tier complaints building on our 2024/25 work on how to achieve excellence in complaints handling.</p>	<ul style="list-style-type: none"> <li>• Our Regulator Forum shared updates and sought feedback on the model complaint resolution procedure, which draws on best practice from other dispute resolution schemes. We worked with regulators to test expectations and align with regulatory frameworks. Service providers trialled a live pilot so we could refine the model.</li> <li>• We launched a Call for Input to understand what further support is required for service providers to adopt the model with confidence.</li> </ul>
<p>Use our new forums to regularly engage with regulators on good complaint handling.</p>	<ul style="list-style-type: none"> <li>• Our Regulator Forum informed development of the model as well as practical guidance that is consistent cross-sector and reflects regulatory perspectives.</li> </ul>

**Impact objective: Our independent voice and experience leads to improvements in legal services**

**Using our experience to help legal providers improve their complaint handling**

What we planned	What we achieved
<p>Regularly engage with professional bodies and their legal providers to share our insights on better complaint handling, understand practical barriers, and demonstrate what guidance, model procedures and engagement LeO can provide.</p>	<ul style="list-style-type: none"> <li>• We shared insights at 39 conferences and meetings with professional bodies and legal providers. This included delivering sessions at the SRA’s annual compliance conference (on resolving complaints at the earliest opportunity) and attending the annual OA conference.</li> <li>• We met the President of the Law Society to share insight on complaints handling. We explored opportunities to collaborate and ways to expand learning and insight initiatives.</li> <li>• We engaged with the Law Society to help share our Spotlight insights via its own publications.</li> </ul>
<p>Explore the potential of good practice networks for service providers.</p>	<ul style="list-style-type: none"> <li>• We organised meetings with service providers and prominent experts in various legal fields, gaining useful perspectives on best practice.</li> </ul>
<p>Comprehensively refresh the training and learning LeO offers on complaint handling. Consider options for charging for this.</p>	<ul style="list-style-type: none"> <li>• We launched our online learning platform for service providers, with phase one of the pilot training focusing on residential conveyancing.</li> </ul>
<p>Work with regulators on targeted complaints-handling support for the providers who generate most enquiries and complaints to LeO – helping to reduce demand at source, and generating insights into the return on investment for this type of engagement.</p>	<ul style="list-style-type: none"> <li>• We launched our tailored support programme, holding 27 meetings with service providers. Early indications show we successfully influenced the remedies they offer when handling complaints.</li> </ul>

**Impact objective: Our independent voice and experience leads to improvements in legal services**

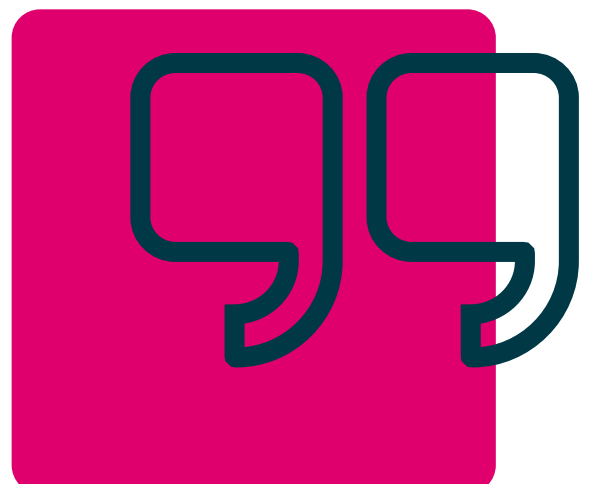
**Using our experience to help legal providers improve their complaint handling**

**What we planned**

Create further best practice guidance and tools for legal service providers, using LeO's intelligence and sector engagement on the key barriers to good complaint handling.

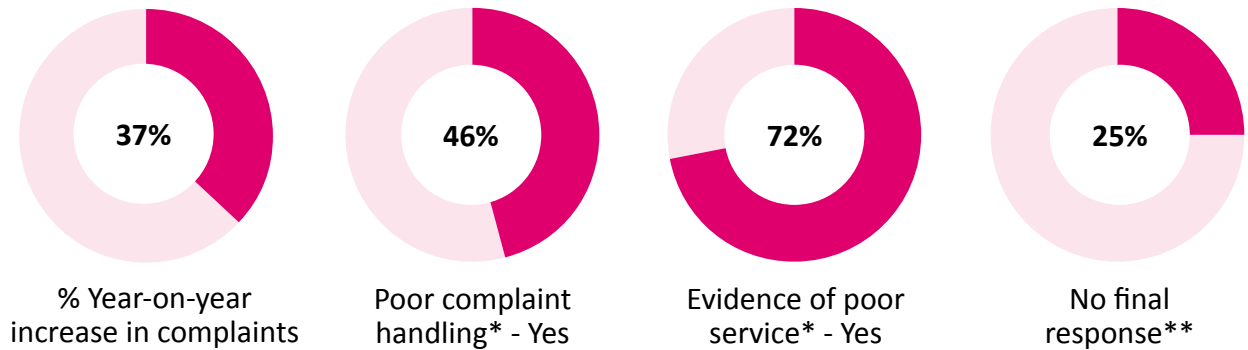
**What we achieved**

- To help improve service and complaint handling, we shared new guidance, factsheets and flowcharts via our Spotlight series.
- We created a multi-module course for our learning platform on residential conveyancing.
- Our 43 case studies illustrated key themes to help providers improve complaint handling.



## How LeO shared its learning and insight

### Sector complaint volumes, service quality and complaint handling



### Key LeO achievements in response

Developed and piloted a Model Complaints Resolution Procedure



Published **21** public interest decisions



Published **43** case studies



Published **5** Spotlight articles



Attended **39** conference and engagement events

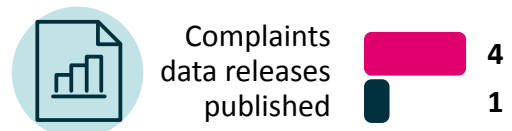
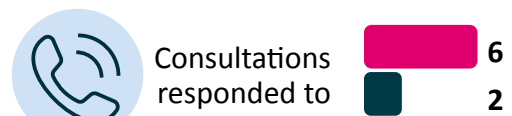
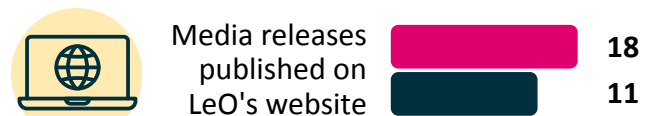


Held **27** meetings with service providers requiring bespoke support to improve complaint handling or service delivery



### Building momentum through 2025/26

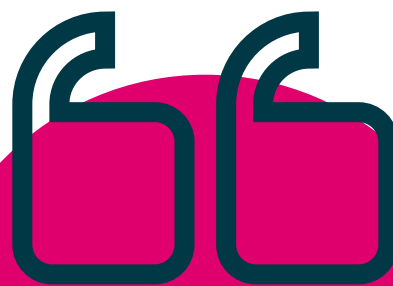
2025/26 2024/25



- \* Consistent with our aim to resolve all complaints as early as possible, we only assess the reasonableness of providers' service and complaints handling where relevant. For example, we do not assess this in cases that are resolved through early resolution, that have come to us prematurely, or in cases we find to be out of jurisdiction.

Of the 8,199 cases we resolved in 2025/26, 4,218 were resolved by early resolution. Of the remaining 3,981 cases resolved, we assessed the reasonableness of service and complaints handling in 2,320. We found evidence of poor service in 71.9% of these (1,667) and evidence of unreasonable complaints handling in 46% (1,067), with two further cases having incomplete data.

- \*\* Proportion of complainants telling LeO they had not received a final response to their complaint from their legal service provider.



## Quality and customer satisfaction

The Legal Ombudsman combines customer feedback, internal quality reviews and insight from service complaints to maintain assurance over the standard of service it provides. This framework also supports continuous improvement and ensures LeO's outcomes are fair, reasonable and timely.

### Quality

LeO remains committed to ensuring its customers receive high-quality service at every stage, with high-quality outcomes delivered as early as possible. When we develop new, more efficient processes, our robust quality framework can provide assurance that they are applied consistently and do not adversely affect our customers.

In 2024/25, LeO introduced a new quality framework. 2025/26 has been a year of assessment and continuous improvement. We have worked to ensure that the framework

continues to provide an appropriate level of assurance while also having the agility to evolve with LeO's processes and ways of working. In 2026/27 our focus will be on making sure that the reviews carried out remain proportionate and do not hinder the effective delivery of the scheme.

In particular, our quality framework continues to provide vital assurance about how our Ombudsmen exercise their discretionary powers. With standards consistently high, we have been able to assure stakeholders that the decisions we reach are fair and reasonable in the circumstances of each case.

In the table, green text indicates that LeO met its KPI targets and red text indicates that its performance was below target. In 2025/26, LeO recorded improvement across all its quality measures despite the challenges posed by the high demand for its services.

Quality review	Target	General enquiries team	Early resolution team investigation / general enquiries	Early resolution team Ombudsman	Investigation	Ombudsman
Did we provide a reasonable outcome? (KPI)	<b>95%</b>	<b>91.3%</b> (2024/25 86.7%)	<b>96.7%</b> (2024/25 96.5%)	<b>96.6%</b> (2024/25 95.8%)	<b>90%</b> (2024/25 65.2%)	<b>98.7%</b> (2024/25 97.5%)
Did we provide a reasonable service?	<b>90%</b>	<b>88%</b> (2024/25 80.6%)	<b>96.7%</b> (2024/25 94.2%)	<b>96.6%</b> (2024/25 94.7%)	<b>73.3%</b> (2024/25 66.9%)	<b>99.4%</b> (2024/25 96.8%)

## Customer satisfaction

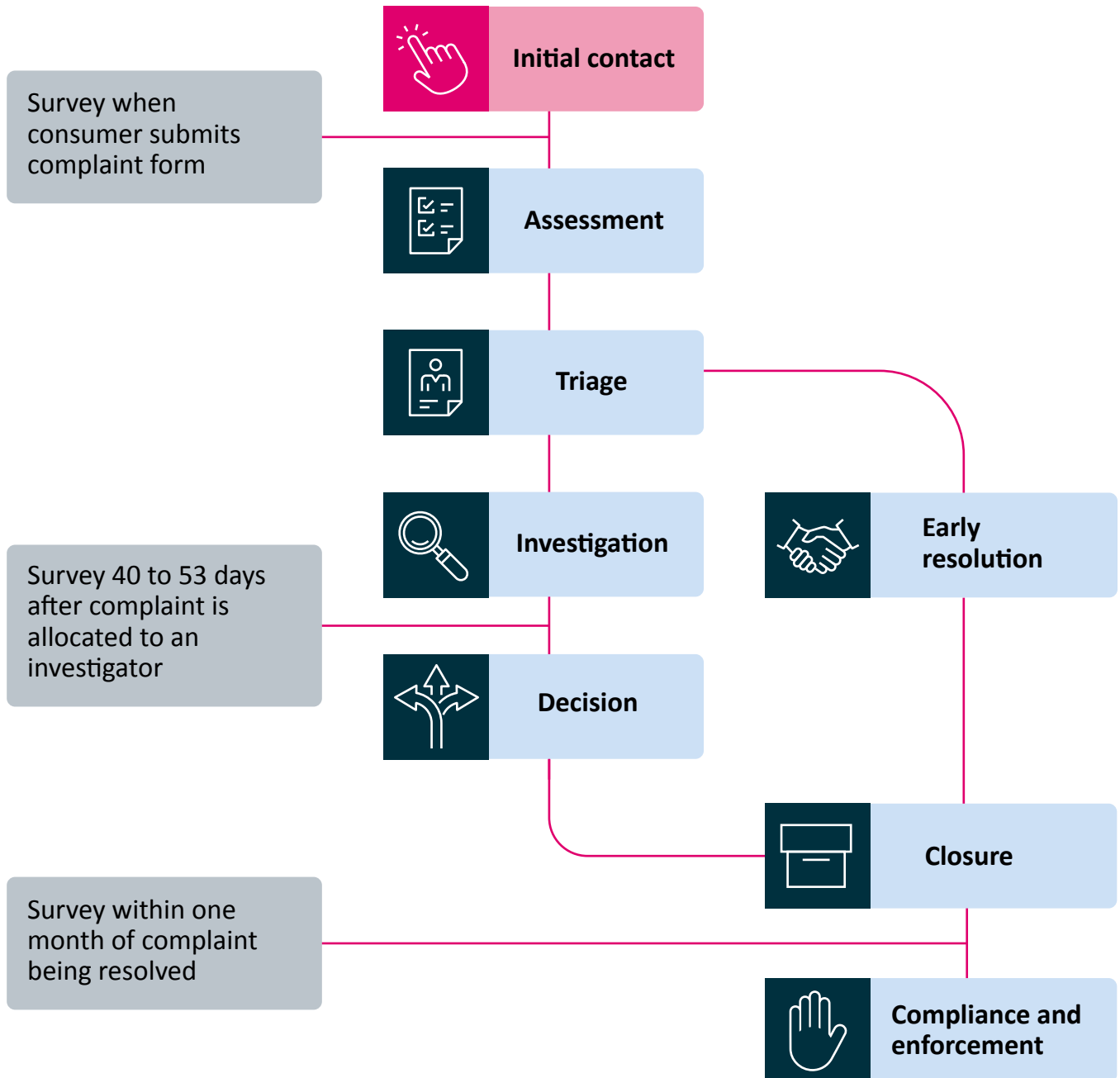
In 2025/26, LeO reviewed its customer satisfaction surveys to make sure that they are proportionate to our needs, and that the questions we ask enable customers to provide the most useful and informative feedback. In the coming year we will launch a new and revised framework to provide more granular insights and responses. We will use this to refine and enhance our work and the service provided to our customers.

Overall customer satisfaction is heavily influenced by the outcomes of investigations – a pattern common in other dispute resolution schemes. LeO seeks to boost overall satisfaction whatever those outcomes may be.

The accompanying charts explain our current customer satisfaction process. Each quarter, LeO commissions an independent research company to survey a cross-section of its customers. Complainants and service providers are asked for feedback on cases that are mid-investigation and ones that have concluded. Where customers give feedback anonymously, we use it to drive improvements to our organisational processes. But where feedback is specific to a case, we can also use it to support the ongoing development of individual members of staff.

LeO customer	After using LeO's complaint checker tool	During the investigation	After receiving the outcome
Consumer	75.8% (no target; 2024/25: 80.9%)	47% (target: 65%; 2024/25: 50%)	Those satisfied with the outcome: 91% (target: 85%; 2024/25: 92%)  Those not satisfied with the outcome: 7% (target: 15%; 2024/25: 8%)
Service provider	N/A*  * The complaint checker tool is for consumers only	48% (target: 65%; 2024/25: 46%)	Those satisfied with the outcome: 90% (target: 85%; 2024/25: 90%)  Those not satisfied with the outcome: 26% (target: 15%; 2024/25: 16%)

## Understanding customer satisfaction



## Delivery against the 2025/26 budget

Business area	2025/26 budget	2025/26 actual expenditure
Operational delivery	£12,157,520	£12,048,214
Policy and impact work	£567,862	£490,990
Corporate functions and business support	£3,538,607	£3,243,748
Apprentice levy	£39,012	£47,542
<b>Total staff salary expenditure</b>	<b>£16,303,001</b>	<b>£15,830,494</b>
IT and telecoms	£1,691,985	£1,627,088
Premises and facilities	£619,980	£702,530
Other staff expenditure	£295,512	£507,298
Depreciation	£637,544	£646,410
Travel	£21,084	£34,169
Net interest receivable	-£294,318	-£326,231
Other costs	£725,891	£973,462
<b>Total non-salary expenditure</b>	<b>£3,697,678</b>	<b>£4,164,726</b>
<b>Total revenue expenditure (after interest receivable and Corporation Tax)</b>	<b>£20,000,679</b>	<b>£19,995,220</b>

The OLC's 2025/26 budget was 11.4% higher than 2024/25, reflecting:

- inflationary pressures;
- annual increases in business rates and service charges on the leased Birmingham office;
- a 3.25% pay increase following the government's summer 2025 pay guidance;
- funding for the increased employer's National Insurance contribution from 1 April 2025; and
- adding the equivalent of 20.05 full-time investigators to resolve complaints and improve customers' experience – enabling us to free up experienced personnel so they can support AI innovations and learning and insight activities.

Ministerial approval for our budget was delayed, so we waited before recruiting new and replacement staff in operations and support. This meant slower delivery on our investment plan to increase case closures and reduce unallocated investigations. We also temporarily paused our operational lean review project and some IT developments, as well as cancelling some projects we could not complete by year end.

Our shortened timeframe for recruiting new staff meant there was a saving in these areas. LeO redirected these savings to preparatory research on strengthening its operating model to meet unprecedented demand. We benchmarked with other Ombudsman schemes and worked on enhancing our data modelling and business intelligence. In 2026/27, this will contribute to the discovery phase of our transformation project.

## Ensuring value for money

The OLC is funded primarily through an annual levy on the legal profession, as set out in the Legal Services Act 2007. This covers around 94% of annual operating costs. Case fee income provides around 5% (if we uphold a complaint which the service provider has not taken reasonable steps to resolve, they pay £400). The remaining 1% of operating costs is derived from a charge to Family Services for use of 25% of the leased Birmingham premises.

The OLC and LeO are committed to efficiency and value for money, recognising the public sector context and the financial impact on the legal services sector.

In 2025/26, extra investment at the earliest stages of LeO's process boosted performance, cut customer journey times and improved customer experience. We experienced delays in replacing outgoing investigators and bringing planned additional capacity on board. Despite that, we met our annual case closure target.

Assessing value for money against the NAO '4 Es' model, LeO delivers and monitors it as follows.

### Economy

- Reviewing expenditure monthly to ensure costs are necessary and proportionate.
- Recruiting within budget and only as needed.
- Recovering case fees and managing debt to minimise financial loss.

## Efficiency

- Ensuring proper staffing and deploying staff for the best customer outcomes.
- Sharing our insights with complainants and legal service providers to reduce avoidable demand.
- Increasing early resolution where appropriate.
- Streamlining and automating to reduce error and rework, improve customer experience, and free up staff for frontline delivery.
- Deploying AI to support staff and improve speed and quality.
- Simplifying workflows.
- Reviewing how we interpret and apply the scheme rules to ensure we use LeO's powers fully and appropriately.

## Effectiveness

- Agreeing project management methodology with clear success criteria and controls on spending.
- Piloting and evaluating new initiatives to inform wider adoption.
- Using quality and legal assurance to improve service delivery and reduce cases that need reworking.
- Sharing casework insights to improve complaint handling across the sector.
- Scanning the horizon and engaging stakeholders so we can plan proactively and manage demand.

In support of value for money principles, the OLC uses government-approved procurement frameworks, including Crown Commercial Service agreements, in line with Cabinet Office and Ministry of Justice requirements. This ensures robust, compliant procurement and supports effective stewardship of public funds.

## Equity

- Using inclusive practices so LeO's budget decisions and service delivery reflect the needs of the people it helps and stakeholders in general.
- Targeting resources where need is greatest to improve access and support inclusive outcomes.
- Promoting fairness and transparency with governance that reflects equality, diversity and inclusion.
- Testing the effectiveness, fairness and transparency of stakeholder-led improvements.

## Strategic risks and issues

The OLC and LeO operate a structured framework to identify, assess and manage risks that could affect our ability to deliver our objectives. We score strategic risks and issues for likelihood and impact. Where they are outside risk tolerance, we escalate them to the Executive Team and the Audit and Risk Assurance Committee (ARAC).

### Impact scale

1. Insignificant
2. Minor
3. Moderate
4. Major/Significant
5. Catastrophic/Severe

### Likelihood scale

1. Very unlikely (0-5%)
2. Unlikely (6-20%)
3. Possible (21-50%)
4. Probable (51-80%)
5. Almost certain (81-99%)

	5	10	15	20	25
Likelihood	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Impact				

Strategic risk (SR) or issue (SI)	Residual rating			
	Q1	Q2	Q3	Q4
SI 1. Unacceptable queue of cases	16	16	16	16
SI 2. Absorb increasing sector-led demand	20	20	20	20
SI 3. Failure to meet business plan improvements in customer experience	16	16	16	16
SI 4. Key person dependency (single point of failure)		20	20	12
SR 1. Leadership resilience	20	20	8	4
SR 2. Budget variance against forecast	12	12	8	4
SR 3. Accommodation risk	12	8	8	6
SR 4. Failure to deliver new impact objective	12	12	12	12
SR 5. Staff – overall attrition	12	12	8	4
SR 6. Enterprise strain from transformation demands		9	9	9

Strategic risk or issue	How it was managed
<p><b>Strategic issue 1: Unacceptable queue of cases</b></p> <p>LeO still has an unacceptable queue of cases awaiting investigation.</p> <p><b>Residual score:</b> 16  <b>Target score:</b> 8  <b>Appetite:</b> Open  <b>Tolerance:</b> Outside</p>	<ul style="list-style-type: none"> <li>• We delivered targeted operational improvements.</li> <li>• We invested in technology and AI to strengthen productivity.</li> <li>• We enhanced our workforce capability and performance support.</li> </ul>
<p><b>Strategic issue 2: Absorb increasing sector-led demand</b></p> <p>LeO can't absorb further increases in new customer complaints within existing resource levels.</p> <p><b>Residual score:</b> 20  <b>Target score:</b> 4  <b>Appetite:</b> Open  <b>Tolerance:</b> Outside</p>	<ul style="list-style-type: none"> <li>• We closely monitored trends in demand to understand them better.</li> <li>• We strengthened proactive engagement to address demand at source.</li> <li>• We focused our operational capability to maximise capacity from existing resources.</li> </ul>
<p><b>Strategic issue 3: Failure to meet business plan improvements in customer experience</b></p> <p>LeO might fail to deliver the improvements in customer experience set out in the business plan, including customer journeys.</p> <p><b>Residual score:</b> 16  <b>Target score:</b> 9  <b>Appetite:</b> Open  <b>Tolerance:</b> Outside</p>	<ul style="list-style-type: none"> <li>• We made operational improvements to support customers' experience.</li> <li>• We strengthened the consistency and quality of our decision making.</li> <li>• We used insight, feedback and assurance to drive improvement.</li> </ul>

Strategic risk or issue	How it was managed
<p><b>Strategic issue 4: Key person dependency (single point of failure)</b></p> <p>Critical knowledge, authority or capability may be so concentrated that resignation, illness, retirement, or other unforeseen circumstances could disrupt continuity, strategic delivery, or operational effectiveness.</p> <p><b>Residual score:</b> 12  <b>Target score:</b> 4  <b>Appetite:</b> Open  <b>Tolerance:</b> Within</p>	<ul style="list-style-type: none"> <li>• We strengthened immediate resilience through proactive leadership arrangements.</li> <li>• We established strategic foundations to reduce future dependency risks.</li> <li>• We formally recognised the risk and actively managed it at strategic level.</li> </ul>
<p><b>Strategic risk 1: Leadership resilience</b></p> <p>The risk that LeO lacks leadership resilience due to pressures or gaps at executive and/ or management team level, impacting on our ability to effectively deliver on strategic and business plan commitments, or to respond to emerging pressures and demands.</p> <p><b>Residual score:</b> 4  <b>Target score:</b> 9  <b>Appetite:</b> Cautious  <b>Tolerance:</b> Optimal</p>	<ul style="list-style-type: none"> <li>• We actively managed leadership resilience through timely appointments and effective interim arrangements.</li> <li>• We restored and strengthened executive capacity and stability.</li> <li>• We kept ongoing focus on succession, retention and leadership resilience.</li> </ul>
<p><b>Strategic risk 2: Budget variance against forecast</b></p> <p>The risk that the OLC budget variance at the end of the financial year will be outside the tolerance level.</p> <p><b>Residual score:</b> 4  <b>Target score:</b> 4  <b>Appetite:</b> Minimal  <b>Tolerance:</b> Within</p>	<ul style="list-style-type: none"> <li>• We maintained robust financial controls and monitoring arrangements throughout the year.</li> <li>• We proactively managed budget pressures arising from delayed approvals.</li> <li>• We exercised strong year-end financial discipline.</li> </ul>

Strategic risk or issue	How it was managed
<p><b>Strategic risk 3: Accommodation risk</b></p> <p>The risk that LeO cannot obtain suitable Birmingham office headquarters when its lease ends in October 2029 if the GPA Bham3 hub does not receive Cabinet Office funding.</p> <p><b>Residual score:</b> 6  <b>Target score:</b> 4  <b>Appetite:</b> Cautious  <b>Tolerance:</b> Optimal</p>	<ul style="list-style-type: none"> <li>• We actively managed this risk through ongoing engagement and scenario planning.</li> <li>• The security of the existing lease arrangement mitigated short and medium-term exposure.</li> <li>• We established clear plans to manage the risk over time.</li> </ul>
<p><b>Strategic risk 4: Failure to deliver new impact objective</b></p> <p>The risk that LeO doesn't have sufficient resource to deliver its strategic objective to build the impact of its learning and insight.</p> <p><b>Residual score:</b> 12  <b>Target score:</b> 3  <b>Appetite:</b> Open  <b>Tolerance:</b> Within</p>	<ul style="list-style-type: none"> <li>• We strengthened our insight capability to drive delivery of our objective.</li> <li>• We prioritised and maintained learning, insight and influence activity – despite resource constraints.</li> <li>• We recognised and managed resource challenges transparently.</li> </ul>
<p><b>Strategic risk 5: Staff attrition – overall attrition</b></p> <p>The risk that LeO is not attracting and retaining high-calibre employees.</p> <p><b>Residual score:</b> 4  <b>Target score:</b> 8  <b>Appetite:</b> Open  <b>Tolerance:</b> Optimal</p>	<ul style="list-style-type: none"> <li>• We strengthened staff retention by sustained focus on the employee experience.</li> <li>• We improved recruitment and onboarding arrangements.</li> <li>• We significantly cut attrition levels.</li> </ul>

Strategic risk or issue	How it was managed
<p><b>Strategic risk 6: Enterprise strain from transformation demands</b></p> <p>The risk that LeO’s rapid organisation-wide transformation could disrupt business-as-usual activities and core services. If teams and key functions are building, testing and implementing change alongside their normal work, it may impede service quality, timeliness, staff wellbeing, and regulatory/strategic commitments.</p> <p><b>Residual score:</b> 9  <b>Target score:</b> 9  <b>Appetite:</b> Open  <b>Tolerance:</b> Optimal</p>	<ul style="list-style-type: none"> <li>• We proactively recognised transformation risk and managed it at enterprise level.</li> <li>• We strengthened governance and risk management to support delivery of change alongside business as usual.</li> <li>• We adopted a phased and controlled approach to transformation.</li> </ul>



## Sustainability

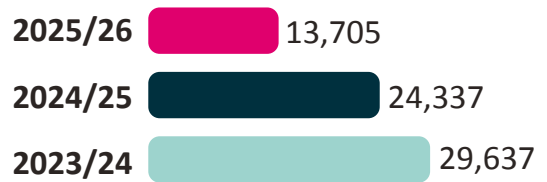
### Energy use (electricity)



kWh



### Paper use (pages printed)



### Travel for LeO staff

#### Total expenses claimed

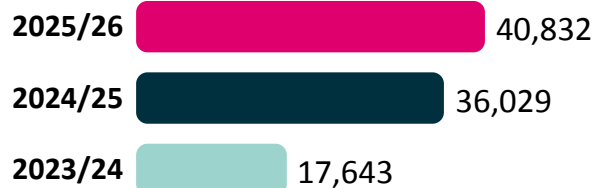
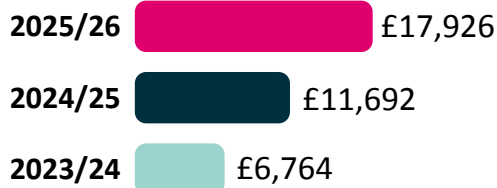
#### Road



#### Total miles travelled



#### Train



The OLC is committed to best practice in the governance and management of LeO. This includes ensuring it operates as a sustainable and socially responsible public service and employer.

Shared office arrangements prevent LeO from accessing full sustainability data or accurately assessing its own climate impact. Here we summarise what we know and outline actions and plans to reduce our environmental impact.

### Office footprint

Apart from employees whose contracts don't require them to attend an office or hub regularly, all LeO's people work on a hybrid basis. LeO expects them to spend at least 20% of their working time in the Birmingham office (Edward House) or the Cardiff or Leeds hubs, depending on their location. Energy consumption data is not available for hub offices. The OLC does not hold the tenancy agreements for the hubs and, as shared spaces, it is not possible to disaggregate LeO's own energy use from other tenants'. The data presented in this report therefore relates to the Birmingham office only.

We continue to monitor trends closely, as energy use increased again in 2025/26. The landlord is responsible for the overall energy efficiency of the office space. We engage constructively where possible to support improvements there.

### Reducing the environmental impact of IT equipment

As we transitioned to hybrid working, and office attendance reduced on some days, we reduced desks and associated IT equipment. When staff laptops reach more than four to five years old, we replace them with newer, more energy-efficient models. We have introduced energy-efficient desktop screens and docking stations. Office lighting uses low-energy LED bulbs with motion sensors, so the lights only switch on when needed.

### Travel

Travel costs increased in 2025/26 to support key operational delivery, onboarding, training and transformation activity across the organisation. As part of this, executives and senior leaders regularly attended our Cardiff and Leeds hubs to provide on-site leadership, strengthen operational oversight and support teams during a period of ongoing organisational development.

Travel by national and hub-based colleagues between LeO offices also enabled the delivery of priority induction and training programmes, as well as organisation-wide workshops. These face-to-face activities supported the onboarding of new staff, ensured consistency in service delivery, and contributed to building capability across LeO. They also enabled effective cross-site collaboration and supported the implementation of transformation initiatives.

### Paper use

Printed and copied pages have continued to reduce this year, by nearly 44%.

### Waste, waste minimisation and water consumption

LeO's landlord does not hold data for individual organisations that share the building. LeO's kitchen spaces use Ziptap's energy-efficient 'sustainability' taps, serviced regularly.

### Sustainable procurement

For relevant procurement, the OLC uses the Crown Commercial Service, which works with its framework suppliers on carbon reduction plans.

## Other reporting

### Capital expenditure

In 2025/26, the OLC had a £500,000 capital budget allocated by MoJ (2024/25: £461,494). Capital expenditure was around £485,000 (2024/25: £461,494) cash. This included £8,000 on software and the website, £256,000 on IT hardware, £98,000 on furniture and fittings, and £122,000 on leasehold improvements. In addition, the OLC recognised around £31,000 non-cash as an in-year addition to the cost of leasing the Birmingham office. This reflects an increase in the estimated cost of returning the building to the required condition when LeO's lease ends.

### Payment of creditors

In 2025/26, the OLC paid 99.7% of invoices within agreed terms – more than six percentage points better than 2024/25 (93%). It paid its creditors in an average of 23 days (2024/25: 25 days). To achieve these improvements, the finance team, budget holders, and other supporting staff used a co-ordinated purchase-order-to-pay process.

### Counter fraud, corruption and bribery

The OLC works with the MoJ Counter Fraud Centre of Expertise to keep its anti-fraud policy and fraud risk assessment up to date. Higher-risk areas such as supplier payments and payroll are subject to tighter controls. Any month-to-month changes to payroll are checked to flag any unusual or non-routine payments for verification and appropriate authorisation. Key duties are segregated so separate staff carry out invoice processing, independent review, approval and payment release.

All LeO staff must complete the mandatory annual Civil Service training on counter fraud, bribery and corruption. In November 2025 the OLC ran a five-day awareness campaign for International Fraud Week.

No incidents of fraud or bribery were identified or reported at LeO.

### Cyber security

Cyber security remains a critical priority, reflecting both the sensitive nature of the information LeO holds and the increasingly complex landscape of threats facing public-sector organisations. During 2025/26, we continued to strengthen arrangements to protect our systems, data, and services, while supporting hybrid and digitally enabled ways of working.

We enhanced our ability to check system health and patch compliance, reducing exposure to known vulnerabilities. We also continued to modernise core infrastructure and review legacy configurations that could introduce unnecessary risk.

To gain a realistic view of cyber threats and our resilience against them, we commissioned a 'red team' test – a simulated breach. This tested how effectively our people, processes, and technical controls could detect and respond to an attacker who had already gained low-level access. The exercise assessed defensive capability across our core cloud services, including Microsoft 365 and case management systems.

Traditional penetration testing typically focuses on identifying technical vulnerabilities at a point in time. ‘Red team’ testing goes beyond this by simulating a real-world attack over an extended period to assess how well the organisation detects, responds to, and recovers from an active threat. This offers greater assurance that our security controls operate effectively under realistic conditions. The test provided clear recommendations to further strengthen our controls and response arrangements.

We also carried out desktop exercises with simulated scenarios, including a major cyber disruption affecting third-party cloud services critical to our operations. The exercises tested decision-making, communication and escalation routes, as well as co-ordination between executive, operational, and technical teams. They identified areas for improvement in incident response, recovery planning, and internal communication. In response, we updated our arrangements for business continuity and cyber incident response. Updates included clarifying communication and escalation procedures and strengthening recovery planning.

LeO’s people completed regular awareness training on cyber security, covering topics such as social engineering, and safe data handling. Phishing simulations showed that staff are increasingly vigilant.

We progressed work under the National Cyber Security Centre’s Cyber Assessment Framework, devised a ‘secure by design’ process and ensured our arrangements support decision-making, assurance, and continuous improvement in the face of cyber threats.

## Looking ahead

### 2026/27 Business Plan and Budget

LeO enters the final year of the OLC’s 2024–27 Strategy at a point of both sustained pressure and necessary change. Demand for the service continues to rise at an unprecedented rate, as set out in the Chair’s foreword and the performance overview. This places increasing strain on LeO’s current operating model and limits its ability to deliver timely outcomes for all customers. At the same time, LeO has demonstrated that targeted improvement, insight-led intervention and reform can deliver meaningful benefits. That provides a strong foundation for the year ahead.

The 2026/27 Business Plan and Budget recognises that efficiency improvements alone will no longer be enough to deliver a high-quality, proportionate complaints service at the required scale. LeO is planning to resolve significantly more complaints than before. However, the volume of new complaints is forecast to exceed previous worst-case projections. So we expect customer waiting times and unallocated investigations will increase over the short term.

The budget for 2026/27 provides for a 6.5% increase in funding. This will allow LeO to keep up its operational delivery and service quality while continuing to target investment in digital tools and early resolution. However, the funding increase does not allow for the scale of workforce expansion that could reduce backlogs in the face of such rapidly accelerating demand. So LeO will focus on mitigating the impact of these pressures as far as possible.

In this critical transition year, LeO will intensify its focus on tackling demand at source. It will work with providers, regulators and the wider sector to improve standards of first-tier complaint handling. LeO will roll out its new model complaints resolution procedure, continue to publish decisions that are in the public interest and expand the sharing of its insights and learning. In this way, we aim to avoid escalating demand wherever possible, improve outcomes for consumers, and support longer-term improvements in the legal services market.

### **Transforming the Legal Ombudsman**

Crucially, 2026/27 will also see the beginning of a comprehensive programme to transform the Legal Ombudsman scheme. Additional, ring-fenced funding has been approved to enable an externally-led review. This will identify how the scheme must evolve to remain effective, proportionate and sustainable in an environment where the demands on it have fundamentally changed. Incremental change is no longer enough. A redesigned operating model is required so LeO can deliver fair outcomes, support consumer confidence and represent value for money over the longer term.

The 2026/27 Business Plan and Budget set out a year of disciplined delivery, targeted intervention and deliberate transition. Immediate pressures remain acute. But the focus is firmly on laying the groundwork for a transformed Legal Ombudsman – better equipped to meet the needs of consumers, the sector and the justice system in the years ahead.

## Strategy for 2024-27 and 2026/27 budget

Strategic objectives	Area of expense	2026/27 budget
LeO's service <sup>1</sup>	Operational delivery	£12,926,059
LeO's impact <sup>2</sup>	Policy, impact and engagement	£413,503
LeO's service and impact – critical enablers <sup>3</sup>	Total corporate salary expenditure less communications, engagement and impact	£3,858,304
Apprentice levy		£42,864
	<b>Total staff salary expenditure</b>	<b>£17,240,730</b>
LeO's service and impact – critical enablers <sup>3</sup>	IT and telecoms	£1,771,495
	Premises and facilities	£638,592
	Other staff expenditure	£353,408
	Depreciation	£690,329
	Travel	£33,633
	Interest receivable	-£220,134
	Other costs	£801,209
	<b>Total non-salary expenditure</b>	<b>£4,068,532</b>
	<b>Total revenue expenditure</b>	<b>£21,309,262</b>

- Strategic objective for LeO's service:** LeO resolves complaints fairly and effectively, providing an excellent customer experience.
- Strategic objective for LeO's impact:** LeO's independent voice and experience lead to improvements in legal services.
- Enablers:** People and culture; resources and governance; systems and intelligence; relationships and collaboration.

Income source	2026/27 budget
Levy	£20,006,662
Case fees	£1,122,600
Sundry (from Family Services' occupancy of Edward House office)	£180,000
<b>Total income</b>	<b>£21,309,262</b>



**Phil Cain**  
 Chief Ombudsman and Accounting Officer  
 23 June 2026



# Accountability report

This accountability report explains the governance structures supporting the work of the OLC and LeO, including the roles of the OLC Board, its committees and the Accounting Officer. It sets out how the organisation manages risk, assurance and internal control in line with recognised standards of good corporate governance.



# Corporate governance report

## Directors' report

The OLC is an arm's-length body of the MoJ. The OLC has responsibility under the Legal Services Act 2007 to set up and administer a scheme (LeO) for resolving complaints from consumers about legal service providers in England and Wales. The OLC and LeO follow the published framework document which sets out the basis for the operating partnership between the OLC, MoJ and LSB.<sup>4</sup> Under the Legal Services Act, the LSB is the oversight regulator for the legal sector.

I am the Chief Ombudsman and Accounting Officer for the Legal Ombudsman. I was appointed in February 2026 and I am responsible for the day-to-day operations and running of LeO. As Accounting Officer I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer. I work under the direction of the OLC Board.

As Accounting Officer, working together with my executive team, I have responsibility for operational performance and maintaining an effective system of governance and internal controls that allows LeO to achieve its aims and objectives, while safeguarding the public funds for which I am personally accountable.

## OLC Board and committees – composition and attendance

The Legal Services Act 2007 (Schedule 15.1) says the OLC Board must comprise a Chair and between six and eight other people. The majority must be laypeople (not members of the legal profession) and it must reflect the experience and knowledge set out in Schedule 15.4 of the Act.<sup>5</sup>






Board members' biographies can be found on LeO's website.<sup>6</sup> All are non-executive directors. This table shows who chaired the board, Audit and Risk Assurance Committee (ARAC), Remuneration and Nominations Committee (RemCo), Performance Sub-Group (PSG) and PIDCo. It also shows who attended the OLC Board's meetings, seminars and workshops and the committees' meetings in 2025/26.





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4 Legal Ombudsman, Governance frameworks, available at [www.legalombudsman.org.uk/who-we-are/corporate-publications/governance/governance-frameworks](http://www.legalombudsman.org.uk/who-we-are/corporate-publications/governance/governance-frameworks)

5 Legal Services Act 2007 (Schedule 15), available at [www.legislation.gov.uk/ukpga/2007/29/schedule/15](http://www.legislation.gov.uk/ukpga/2007/29/schedule/15)

6 Legal Ombudsman, Our board, available at [www.legalombudsman.org.uk/who-we-are/our-organisation/our-board](http://www.legalombudsman.org.uk/who-we-are/our-organisation/our-board)

The OLC Board	Board events	ARAC	RemCo	PIDCo
<b>Elisabeth Davies</b> 	8/8 (Chair)	4/4* (observer)	3/4* (observer)	4/4*
<b>Elaine Banton</b> 	8/8†	—	3/4	1/1†
<b>Rachel Cerfontyne</b> 	8/8	—	4/4	4/4 (Chair)
<b>Georgina Philippou</b> 	8/8	4/4	1/1‡	—
<b>Harindra Punchihewa</b> 	8/8**	4/4 (Chair)	—	—

The OLC Board	Board events	ARAC	RemCo	PIDCo
<b>Owen Purcell</b> 	2/2	—††	—	—
<b>Alison Sansome, PSG Chair</b> 	8/8‡‡	4/4	4/4 (Chair)	—
<b>Martin Spencer</b> 	0/1	—	—	—
<b>Patricia Tuje</b> 	6/7	—	—	3/3

\* Elisabeth Davies observed the October 2025 ARAC meeting for agenda items 1 to 7 and the March 2026 RemCo meeting for agenda items 1 to 5.

† Elaine Banton attended the October 2025 board meeting for agenda items 1 to 8. She was nominated by Elisabeth Davies to attend the February 2026 PIDCo meeting to meet the quorum requirement following the resignation of Patricia Tuje.

‡ Georgina Philippou was appointed as a member of RemCo with effect from 13 February 2026.

\*\* Harindra Punchihewa attended the September 2025 board workshop and meeting for agenda items 1 to 2 and the December 2025 Board meeting for agenda items 1 to 3.

†† Owen Purcell was appointed as a member of ARAC with effect from 1 March 2026.

‡‡ Alison Sansome attended the April 2025 board meeting for agenda items 1 to 7.

The incoming Chair was invited to participate in the February 2026 strategy workshop.

## Registration of interests

The register of OLC Board members' disclosable interests can be found on LeO's website.<sup>7</sup>

## Auditors

The MoJ provides internal audit services to the OLC through the Government Internal Audit Agency (GIAA). The cost of internal audit work during 2025/26 was £65,974 (2024/25: £60,472).

The OLC's annual accounts are audited by the Comptroller and Auditor General (C&AG), in accordance with Schedule 15, section 26(5) of the Legal Services Act 2007. For the year ended 31 March 2026, the estimated cost of the statutory audit was £56,000 (2024/25: £51,000). The audit work carried out by the C&AG relates solely to the statutory audit of the OLC's financial statements.

## Going concern

The Legal Services Act 2007 established the OLC as a statutory body funded primarily through a levy on the legal profession. The approved regulators provide levy funding annually in arrears. At the date of signing of this annual report (23 June 2026), the OLC has enough cash resources to meet anticipated expenditure and other net liabilities as they fall due for the next 12 months. Accordingly, we have prepared the financial statements on a going concern basis.

## Format of accounts

These accounts have been prepared in a form directed by the Lord Chancellor and Secretary of State for Justice with approval of HM Treasury and in accordance with the Legal Services Act 2007.

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<sup>7</sup> Legal Ombudsman, Governance, available at [www.legalombudsman.org.uk/who-we-are/corporate-publications/governance](http://www.legalombudsman.org.uk/who-we-are/corporate-publications/governance)

## Statement of Accounting Officer's responsibilities

Under the Legal Services Act 2007, the Lord Chancellor has directed the OLC to prepare a statement of accounts for each financial year. The Accounting Officer is responsible for ensuring that the Annual Report and Accounts are fair, balanced and understandable, and for ensuring that public funds are safeguarded and used for the purposes intended by Parliament.

During 2025/26, Paul McFadden served as Chief Ombudsman and Accounting Officer until October 2025. Following his departure, Steve Pearson and Dave Peckham acted as Interim Joint Chief Executives from 1 October 2025 to 31 March 2026. Phil Cain was appointed Chief Ombudsman and Accounting Officer with effect from 2 February 2026.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and, in particular to:

- observe the accounts direction issued by the Lord Chancellor with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and

- confirm that the annual report and accounts is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Lord Chancellor has appointed the Chief Ombudsman as Accounting Officer of the OLC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OLC's assets, are set out in 'Managing Public Money', published by HM Treasury.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the OLC's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



**Phil Cain**  
Chief Ombudsman and Accounting Officer  
23 June 2026

## Governance statement

The governance statement sets out the basis on which the OLC is governed and managed, and how it is accountable for the performance and delivery of LeO's scheme. It also summarises the OLC's approach to governance, risk management and internal control, and the effectiveness of the arrangements in place.

LeO operates within a tripartite framework of accountability and oversight involving the OLC, LSB and MoJ. The OLC is the statutory body responsible for establishing and overseeing the LeO scheme and for ensuring that it is independent, effective and delivers its statutory objectives. The LSB provides external oversight and assurance on the scheme's performance and governance, including the approval of LeO's annual budget. The MoJ acts as the sponsor department for the OLC for public finance and governance purposes, providing the sponsorship and control framework within which the OLC operates and through which delegated financial authorities are conferred.

The OLC Board is responsible for setting strategic direction and priorities, agreeing the organisation's risk appetite, and holding the executive to account for the delivery of LeO's objectives, performance, and the use of resources. The board receives assurance through a combination of management information, risk and performance reporting, internal and external audits, and other sources of independent assurance, as appropriate.

The board is supported by committees which provide focused scrutiny, challenge and assurance and make recommendations to the board. Key committees include:

1. ARAC, which oversees the effectiveness of governance, risk management and internal control, and reviews financial reporting and the work of internal and external audit and provides regular, independent scrutiny to ensure that key risks and issues are actively monitored and managed;
2. the Remuneration Committee, which oversees remuneration policy and senior pay and supports fair, transparent arrangements aligned to the delivery of organisational objectives; and
3. the OLC's PIDCo, which considers LeO's recommendations for publication of Ombudsman final decisions in the public interest – committee reporting helps ensure a clear line of sight from day-to-day operations and control to board-level oversight and decision-making.

The board is also supported by a sub-group that provides additional scrutiny and helps maintain a clear line of sight between LeO's delivery activity and the board's objectives. The Performance Sub-Group considers management information on service performance, operational delivery and delivery against strategic objectives, providing challenge and advice and escalating issues (and recommendations) to the board where appropriate.

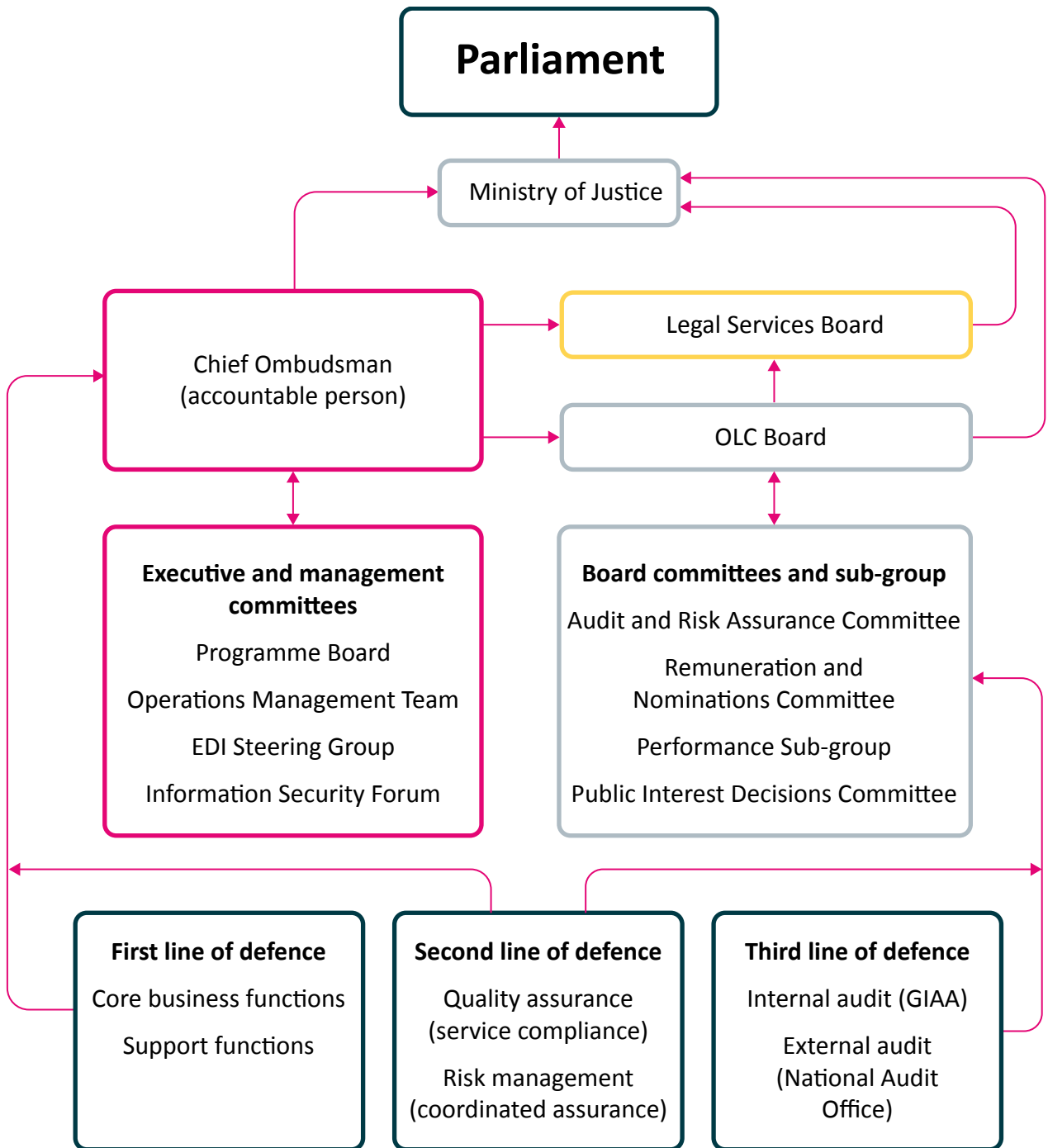
## Financial stewardship

The OLC is committed to strong stewardship of resources and applies the principles of regularity, propriety and value for money, consistent with the public-sector framework set out in HM Treasury guidance.

LeO's annual budget is approved by the LSB. Authority to incur expenditure is provided through MoJ sponsorship and delegated to the Accounting Officer (the Chief Ombudsman), who is responsible for ensuring that resources are used for the intended purposes and that appropriate controls are in place. Authority is further delegated to budget holders in line with defined approval limits, procurement and contracting controls, and segregation of duties.

The finance team works collaboratively with budget holders through monthly financial review meetings to monitor actual expenditure against the budget and forecast, understand the drivers of variance, track the delivery of financial plans, and agree on corrective actions where required. The executive team holds subsequent financial review meetings to oversee delivery of financial plans against budgets, ensure that risks and pressures are managed and escalated appropriately, and that mitigating actions are implemented and prioritised towards activities that deliver the greatest impact against LeO's objectives. This robust and collaborative approach to budget monitoring has been effective, as shown by the 2025/26 outturn, which was an underspend of 0.03% against budget – well within the 1% tolerance level.

The OLC's finance function operates within a defined financial framework which sets out the key policies, controls and accountabilities that underpin budgetary control, financial processing and financial reporting. This includes the control environment for approvals and delegations, the operation of core finance processes, and the arrangements for producing timely, accurate and well-evidenced management and statutory reporting. In support of transparency and effective sponsorship, the OLC provides the MoJ with monthly financial reporting, including actual expenditure, a detailed budget variance report, procurement reporting, and workforce numbers and costs.



## Key relationships

The delivery of the OLC's 2024-27 Strategy is underpinned by strong relationships across the legal sector, which play an essential role in achieving the vision, objectives and aims outlined. Alongside its statutory responsibilities, the OLC supports LeO's engagement across a broad and diverse stakeholder landscape, which includes governance bodies such as the LSB and the MoJ, regulators, professional bodies, service providers, consumers and representative bodies, and other Ombudsman schemes.

Throughout 2025/26, activity has centred on strengthening these relationships and the engagement channels that enable ongoing dialogue. This has supported more effective delivery of strategic objectives for LeO's service and through its impact objective. It has also enabled earlier and more constructive dialogue on shared challenges such as demand. And it has reinforced LeO's role in sharing more learning and insight to improve service delivery and first-tier complaints handling across the sector. This focused strategic engagement will continue throughout the 2024-27 Strategy period, and beyond – reflecting the importance of sustained, open relationships in delivering plans over the longer term.

The appointments of a new Chief Ombudsman and a new Chair have also provided a timely opportunity to reaffirm LeO's commitment to working closely with the sector to deliver its priorities. This transition has supported renewed conversations about shared objectives and reinforced LeO's openness to joint working wherever possible, recognising that progress against strategic ambitions is best achieved through collaboration across the system.

## Effectiveness of the board and its committees

The OLC must comply with HM Treasury's 'Corporate Governance in Central Government Departments: Code of Good Practice' (2011) (the Code). There are no departures to report.

The Code recommends an independent review of board effectiveness at least every three years. In 2023, the last review was presented to the board. Internal effectiveness reviews took place in 2024/25 and 2025/26. In light of the appointment of a new OLC Chair at the start of 2026/27, the review for this year will also be internal, enabling him to develop a fuller understanding of the operation of the board and its committees. The OLC Board also regularly monitors and considers the action plans that arise from board effectiveness reviews.

We continue to recognise the board's responsibility for shaping the culture and working methods needed to deliver the strategy (with a focus on increasing demand).

In quarter four each year, every board member undergoes a competency-based performance appraisal. We share the appraisals with the LSB.

The OLC has continued to make good use of pre-board sessions to ensure greater visibility of the board among LeO colleagues. These have included:

- more informal discussions with LeO staff (particularly those from staff networks);
- private sessions, either as non-executives or just with the Chief Ombudsman; and
- open lunches.

<b>OLC Board</b>	
<b>Operating framework and rules of procedure</b>	<a href="http://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks">www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks</a>
<b>Key activities and focus areas in 2025/26</b>	<ul style="list-style-type: none"> <li>• Oversaw delivery against the 2025/26 Business Plan and Budget, with regular scrutiny against the 2024-27 Strategy.</li> <li>• Developed and approved the 2026/27 Business Plan and Budget, and Budget Acceptance Criteria.</li> <li>• Looked ahead for strategic risks and opportunities, including factors potentially affecting complaint volumes, customer experience and delivery of strategic objectives.</li> <li>• Ran a strategic risk workshop including approval of strategic risks and issues for 2025/26.</li> <li>• Oversaw ongoing board and committee effectiveness.</li> <li>• Oversaw governance and assurance.</li> <li>• Oversaw transparency and accountability, including consideration of approaches to publication of decisions.</li> <li>• Oversaw equality, diversity and inclusion, delivery of strategy and action plan, oversight of workforce and customer data, and pre-board sessions with staff networks.</li> <li>• Oversaw people and organisational health, including consideration of attrition, sustainability, engagement, and the implications of wider labour market pressures.</li> <li>• Oversaw digital and data capability, including LeO's approach to digital transformation, exploration of AI potential for efficiency and productivity, and consideration of AI's ethical and operational implications.</li> <li>• Oversaw stakeholder engagement and external relationships, including engagement with the LSB and MoJ, and consideration of consultation activity.</li> <li>• Oversaw statutory and regulatory responsibilities, including the Annual Report and Accounts.</li> </ul>

## OLC committees

<b>Audit and Risk Assurance Committee</b>	
<b>Terms of reference</b>	<a href="http://www.legalombudsman.org.uk/media/gb3o440o/arac-terms-of-reference_december-2025.pdf">www.legalombudsman.org.uk/media/gb3o440o/arac-terms-of-reference_december-2025.pdf</a>
<b>Key activities and focus areas in 2025/26</b>	<ul style="list-style-type: none"> <li>• Advised and gave assurance to the OLC Board on the Annual Report and Accounts.</li> <li>• Scrutinised LeO's risk management framework.</li> <li>• Reviewed and approved the risk assurance map.</li> <li>• Oversaw activity by GIAA, including approving the internal audit plan and monitoring audit findings and actions.</li> <li>• Reviewed external audits from planning to conclusion, providing assurance on financial reporting.</li> <li>• Privately met internal and external auditors for independent views on governance, risk management, and control.</li> <li>• Oversaw financial governance and assurance.</li> <li>• Scrutinised the budget setting and business planning process.</li> <li>• Reviewed annual and quarterly assurance across key compliance areas.</li> <li>• Carried out its annual review of ARAC's terms of reference.</li> </ul>

<b>Remuneration and Nominations Committee</b>	
<b>Terms of reference</b>	<a href="http://www.legalombudsman.org.uk/media/zerlhizu/remuneration-committee-terms-of-reference-november-2025.pdf">www.legalombudsman.org.uk/media/zerlhizu/remuneration-committee-terms-of-reference-november-2025.pdf</a>
<b>Key activities and focus areas in 2025/26</b>	<ul style="list-style-type: none"> <li>• Monitored and scrutinised HR performance data, particularly focusing on workforce sustainability and colleague wellbeing.</li> <li>• Oversaw progress on the 2025/26 People Strategy and establishment of the people and culture function, supporting our shift towards a high-trust, high-performance organisational culture.</li> <li>• Provided assurance to the OLC Board on people-related policies, statutory obligations and governance arrangements.</li> <li>• Reviewed employee engagement and culture insight, including the 2025 Civil Service People Survey results.</li> <li>• Approved the 2025 Gender Pay Gap Report and oversaw work to strengthen it and other equity reporting.</li> <li>• Ensured that the pay and grading review was transparent, fair, affordable and inclusive with appropriate staff engagement.</li> <li>• Reviewed the effectiveness of the Remuneration and Nomination Committee and its terms of reference.</li> </ul>

<b>Performance Sub-Group*</b>	
<b>Terms of reference</b>	<a href="http://www.legalombudsman.org.uk/media/4mtf2yt3/performance-sub-group-terms-of-reference_december-2025.pdf">www.legalombudsman.org.uk/media/4mtf2yt3/performance-sub-group-terms-of-reference_december-2025.pdf</a>
<b>Key activities and focus areas in 2025/26</b>	<ul style="list-style-type: none"> <li>• Reviewed current types of underpinning assumptions, analysing key changes and how we assess and forecast demand.</li> <li>• Set and agreed the trajectory and forecasting review process and optimism appetite, including how we define and apply performance trajectories.</li> <li>• Developed and scrutinised the 2025/26 reforecast, alongside 2026/27 trajectories, covering agreed performance options, budget implications, and impacts extending into 2027/28.</li> <li>• Provided trajectory updates.</li> <li>• Considered changes to the trajectory model and reporting, particularly in response to the operational lean review.</li> <li>• Identified items for escalation to the board.</li> </ul>

\* The Performance Sub-Group supports the OLC's annual budget process but is not a formal or permanent board committee.

<b>Public Interest Decisions Committee</b>	
<b>Terms of reference</b>	<a href="http://www.legalombudsman.org.uk/media/ydqofwkm/public-interest-decisions-committee-terms-of-reference_december-2025.pdf">www.legalombudsman.org.uk/media/ydqofwkm/public-interest-decisions-committee-terms-of-reference_december-2025.pdf</a>
<b>Key activities and focus areas in 2025/26</b>	<ul style="list-style-type: none"> <li>• This committee was reinstated at the start of 2025/26 so the OLC could better use its powers to publish reports of how LeO investigates, considers and rules on complaints under the Ombudsman scheme. It meets quarterly to assess cases for publication in the public interest.</li> <li>• The committee considered 31 proposals for publication and reflected on objections from people who are party to the complaints. It approved publication of 27 (six still to publish in 2026/27).</li> </ul>

## Risk management and risk assurance

During 2025/26, LeO strengthened its forward-looking approach to risk, using internal insight and audit intelligence to help it scan the horizon. This helped it identify emerging and cross-cutting risks early – including risks arising from changes in the wider complaints environment and from technological developments. We reviewed the risk profile at the end of the year to assess how effective our mitigations were and help identify proposed strategic risks for 2026/27. Our review provided assurance that risks were managed proactively and in support of the organisation’s objectives.

- The executive team identifies, monitors and updates strategic risks and issues. Every quarter, it reviews them in depth to promote risk reporting and provide assurance to ARAC and the OLC Board.
- Quarterly reviews of business unit risks, informed by controls and risk indicators, ensure that any concerns can be escalated to the executive team in line with our risk framework.
- The programme and project team identifies project risks and keeps a log which it reviews each quarter with the Enterprise Risk Manager. The top three risks scoring above 12 are reported to the Programme Board for consideration and action.
- An end-of-year risk review assesses the year’s risk profile and agrees on proposed strategic risks for the following year.



## Risk management process

### 1. Identification and assessment

Everyone has a role in managing risk – they can identify and raise a risk and can help prioritise how risks should be managed. The key stakeholders in the identification process are:

- individual staff;
- Enterprise Risk Manager;
- Head of Programme Management and Assurance;
- programme and project team (logs project risks);
- management team; and
- executive team (monitors strategic risks and issues).



### 2. Risk treatment

Risk owners are in charge of identifying, designing and implementing controls or mitigations, so we can limit risks to an acceptable level.

The Enterprise Risk Manager and Head of Programme Management and Assurance assist the risk owners in designing the options for risk treatment.



### 3. Risk monitoring

The Enterprise Risk Manager, the Head of Programme Management and Assurance and the risk owners lead quarterly reviews of:

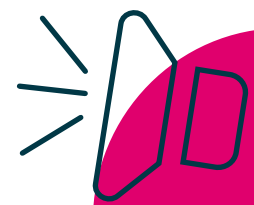
- business unit risks and strategic risks as well as the effectiveness of controls;
- risk tolerance levels based on residual scoring, controls and key indicators; and
- internal audit actions.



### 4. Risk reporting

The Enterprise Risk Manager and Head of Programme Management and Assurance conduct risk reporting under the risk management system as follows:

- quarterly updates for MoJ on agreed risk data sets, shared in business assurance meetings;
- quarterly risk assurance reports for ARAC;
- quarterly risk report shared with the executive team; and
- annual strategic risk workshop with the OLC Board.



## Internal audit: Government Internal Audit Agency annual report and opinion

The GIAA annual internal audit opinion and report for 2025/26 gave the OLC an overall rating of moderate, with the following individual audit ratings.

Audit	Opinion
IT operations delivery	Substantial
Casework quality	Moderate
Recruitment and vetting	Moderate
Payroll	Moderate

In 2025/26 one report was rated substantial (25%) and three were rated moderate (75%). This compares to 2024/25 where two reports were rated substantial (40%) and three were rated moderate (60%), indicating a slight reduction in substantial assurance opinions.

GIAA made **21 recommendations in total**: nine medium and 12 low priority across four audit reports. This represents an increase compared to 16 recommendations made in 2024/25. There were **no high priority recommendations**, and no overdue actions at year end, with five recommendations already implemented and the remainder not yet due.

The overall opinion remains **Moderate**, consistent with the previous two years, indicating that while the control framework is broadly stable and operating effectively, there remains scope for improvement. OLC has demonstrated a clear commitment to addressing audit findings and implementing recommendations in a timely manner, with all historic recommendations from previous years now closed.

GIAA highlighted a number of key themes during the year. There continues to be strong engagement with risk management across the organisation, with clear ownership of risks and regular oversight through governance forums. However, common areas for improvement include the need to further strengthen policies and guidance, enhance the use of data and performance metrics to support decision-making, and develop more consistent assurance, oversight and reporting mechanisms.

Overall, OLC has maintained **adequate systems of governance, internal control and risk management**, and continues to respond positively to internal audit findings. However, the reduction in substantial audit opinions and increase in recommendations points to a need to continue strengthening control maturity and embedding consistent practices across key operational areas.

## Data incidents and e-learning

There were 71 data-related incidents during the year (2024/25: 69). None met the threshold for formally notifying the Information Commissioner's Office.

In 2025/26, 96% of LeO staff completed e-learning on data protection. The remainder comprised 2.2% (8 people) on long-term sickness or parental leave and 1.7% (6) who still need to complete it.

## Conclusion

As Accounting Officer I am satisfied that the OLC has maintained a functional overall standard of financial governance and control for the year under review and up to the date of approval of the annual report and accounts.



**Phil Cain**  
Chief Ombudsman and Accounting Officer  
23 June 2026

# Remuneration and staff report (audited)

This report sets out the OLC's Remuneration Policy for directors and explains how the policy has been implemented. It provides details of the amounts awarded to the OLC directors as well as details of remuneration and staff, which are key to the OLC's accountability to Parliament.

## Appointment, terms and remuneration of OLC Board members

The Chair and other OLC Board members are remunerated by the LSB and the total remuneration paid to the OLC Board is disclosed in the LSB's accounts.

Member	Term	Annual rate £'000	2025/26 £'000	2024/25 £'000
Elisabeth Davies (Chair)	April 2020 to March 2023. Re-appointed April 2023 to March 2026	50-55	50-55	50-55
Rachel Cerfontyne	March 2023 to April 2027	10-15	10-15	10-15
Harindra Punchihewa	October 2020 to September 2024 and October 2024 to September 2028	10-15	10-15	10-15
Alison Sansome	August 2021 to July 2024 and August 2024 to July 2028	10-15	10-15	10-15
Martin Spencer	August 2021 to July 2025. Resigned 11 May 2025.	10-15	0-5	10-15
Patricia Tueje	March 2023 to February 2026. Resigned 13 February 2026.	10-15	5-10	10-15
Elaine Banton	October 2024 to September 2028	10-15	10-15	0-5
Georgina Philippou	May 2024 to April 2028	10-15	10-15	0-5
Owen Purcell	January 2026 to December 2030	10-15	0-5	-

No board member received a pension or bonus payment. The table does not include information on expenses paid to board members. In addition to the remuneration above, £5,632 was accrued for the PAYE Settlement Agreement for 2025/26, and £12,055 of expenses was paid to board members in 2025/26 (including accrued amounts) (2024/25: £10,743).

All expenses relating to board attendance in Birmingham are reviewed to ensure the correct contributions are paid to HMRC. Please see the taxable benefits paid to board members below:

## OLC – Taxable Benefits 2025-26

<b>OLC Board Member</b>	T&S deemed as a Benefit in kind	Entertaining deemed as a Benefit in kind	<b>Expenses deemed as Benefits in kind</b>	PAYE element grossing up	<b>Total Benefit in kind grossing up</b>
Elisabeth Davies	3,415	0	3,415	2,277	<b>5,692</b>
Harindra Punchihewa*	0	0	0	0	<b>0</b>
Alison Sansome	1,447	0	1,447	362	<b>1,809</b>
Rachel Cerfontyne	1,302	0	1,302	325	<b>1,627</b>
Patricia Tejue	1,374	0	1,374	343	<b>1,717</b>
Elaine Banton	531	0	531	133	<b>663</b>
Georgina Philippou	998	0	998	249	<b>1,247</b>
Owen Purcell	431	0	431	108	<b>538</b>

\* Harindra Punchihewa – had £804.54 accrued at year end.

## Senior staff remuneration

Year to 31 March 2026		Actual salary £'000	Pension benefits to nearest £1,000 £'000	Total £'000	Annual equivalent £'000	Pension benefits to nearest £1,000 £'000	Total £'000
P McFadden 1 April to 17 October 2025	Chief Ombudsman	80-85	9	90-95	150-155	16	165-170
P Cain 2 Feb to 31 March 2026	Chief Ombudsman	20-25	2	25-30	145-150	12	155-160
D Peckham 1 October 2025 to 31 March 2026	Interim CEO	70-75	8	80-85	130-135	13	145-150
S Pearson 1 October 2025 to 31 March 2026	Interim CEO	70-75	5	80-85	130-135	8	140-145

Year to 31 March 2025	Role	Actual Salary £'000	Pension benefits to nearest £1,000 £'000	Total £'000	Annual equivalent £'000	Pension benefits to nearest £1,000 £'000	Total £'000
P McFadden	Chief Ombudsman	145-150	15	160-165	145-150	15	160-165

## Staff numbers and related costs

	2025/26			2024/25		
	Permanent staff	Other staff	Total	Permanent staff	Other staff	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Wages and salaries</b>	12,773	404	13,177	11,462	558	12,020
<b>Social security</b>	1,636	-	1,636	1,188	-	1,188
<b>Other pension costs</b>	1,067	-	1,067	889	-	889
	<b>15,476</b>	<b>404</b>	<b>15,880</b>	<b>13,539</b>	<b>558</b>	<b>14,097</b>
<b>Exit packages</b>	-	-	-	-	-	-
<b>Total</b>	<b>15,476</b>	<b>404</b>	<b>15,880</b>	<b>13,539</b>	<b>558</b>	<b>14,097</b>

## Fair pay disclosures

The annualised salary band of the highest-paid individual in the OLC in 2025/26 was £150,000 to £155,000, mid-point £152,500 (2024/25: £145,000 to £150,000, mid-point £147,500). The annualised salary band of the highest-paid individual in the OLC in March 2026 was £145,000 to £150,000, mid-point £147,500 (March 2025: £145,000 to £150,000, mid-point £147,500).

For the year ended 31 March 2026, the mid-point of the highest-paid individual's banded salary was 3.79 times the median salary of the workforce, which was £38,307 (2024/25: 3.99 times; median £36,922).

Including awards paid to staff, for the same reporting period, the mid-point of the highest-paid individual's banded remuneration was 3.78 times the median remuneration of the workforce, which was £38,382 (2024/25: 3.98 times; median £37,097).

The mid-point of the highest-paid individual's banded salary was 4.11 times the 25th percentile employee's salary (£35,241) (2024/25: 4.34 times, £33,967). Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 4.11 times the 25th percentile employee's remuneration (£35,241) (2024/25: 4.34 times, £33,967).

The mid-point of the highest-paid individual's banded salary was 3.1 times the 75th percentile employee's salary (£46,801) (2024/25: 3.25 times, £45,327). Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 3.1 times the 75th percentile employee's remuneration (£46,901) (2024/25: 3.19 times, £46,177).

## Changes in staff salary, allowances and bonus payments

	2025/26		2024/25	
	Total salary and allowances	Bonus payments	Total salary and allowances	Bonus payments
<b>Staff average</b>	3.5%	55%	5%	63%
<b>Highest-paid director</b>	3.6%	0%	9%	100%

The highest-paid director's salary in 2025/26 has increased by 3.6%.

In 2025/26, no employees received remuneration in excess of the highest-paid director (2024/25: none). Remuneration ranged from £25,350 to £150,000 to £155,000 (2024/25: £23,423 to £145,000 to £150,000). These figures exclude piece-rate workers.

Colleagues received an average 3.5% salary increase in 2025/26 (2024/25: 5%), with 55% of colleagues, excluding the highest-paid director, receiving a bonus payment throughout the year.

Total remuneration includes salary but not employer pension contributions and the cash equivalent transfer value of pensions. All employees are eligible for interest-free season ticket loans, repayable over 10 months or upon leaving employment. This has remained the same from 2022/23.

## Average number of persons employed

The table below shows the average number of whole-time equivalent people employed during the year.

	2025/26			2024/25		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
<b>Directly employed</b>	302.8	296.5	6.3	289.2	281.5	7.7
<b>Not directly employed</b>	0.8	-	0.8	1.6	-	1.6
<b>Total</b>	<b>303.6</b>	<b>296.5</b>	<b>7.1</b>	<b>290.8</b>	<b>281.5</b>	<b>9.3</b>

## Average number of senior Civil Service staff (equivalent)

	2025/26			2024/25		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	1.7	1.7	-	1	1	-
Not directly employed	-	-	-	-	-	-
<b>Total</b>	<b>1.7</b>	<b>1.7</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>

At 31 March 2026, the Executive Team comprised three senior Civil Service equivalent roles: the Chief Ombudsman, who took up post on 1 February 2026, and two Interim Chief Executives whose appointments ended on 31 March 2026.

The Remuneration Committee reviews and approves any proposed pay changes and any pay revisions for senior managers (and for the OLC as a whole).

## Gender balance and pay (unaudited)

As at 31 March 2026, 67.7% of colleagues employed were female (2024/25: 67.7%), which amounts to 232 female staff and 109 male staff. There is no difference in the median salary (2024/25: 4.4%).

The difference in the mean average salary is 10.2% in favour of men (2024/25: 10.6%). This is because the proportion of higher-paid roles held by women (team leaders, corporate managers, operations managers, executive) is lower, at 61% (2024/25: 58%), than the 67.7% of roles held by women in the overall workforce (2024/25: 67.7%).

## Staff policies applied during the year (unaudited)

During 2025/26, LeO reviewed staff policies in response to a period of significant legislative change. We focused on ensuring that core policies on family leave, sickness absence, time off and related employment matters remain legally compliant, coherent and fit for purpose. Staff policies continued to align closely with LeO's People Strategy and its objectives on equality, diversity and inclusion.

We applied our staff policies in line with relevant employment legislation and best practice. Their application was supported by clear guidance, advice from the people and culture team, and partnership working with managers and staff representatives. This ensured the policies were implemented consistently and fairly, while taking account of individual circumstances. Where appropriate we applied enhancements beyond statutory requirements to further support wellbeing, retention and organisational sustainability.

## Reporting of Civil Service and other compensation – exit packages

There were no exit packages in 2025/26 (2024/25: none).

## Staff sickness (unaudited)

Long-term absence continues to account for a significant proportion of total working days lost. The average days lost to sickness per employee

improved compared to the previous year, indicating better attendance overall. However, total working days lost increased slightly towards the end of the year, reflecting workforce growth alongside seasonal illness and a small number of longer-term cases, including those related to mental health. A continued focus on wellbeing and supportive absence management has helped colleagues remain engaged and return to work where appropriate.

	2025/26	2024/25	2023/24
<b>Average days per employee lost to sickness</b>	14 (FTE) (12.8 per head)	16.1 (FTE) (15.0 per head)	13.5 (FTE) (12.6 per head)
<b>Percentage of working days lost due to sickness absence</b>	<b>5.4%</b>	<b>6.2%</b>	<b>5.2%</b>

LeO continues to monitor and manage absence levels closely so we can maintain our operational resilience and support the wellbeing of our people. Wherever possible, we aim to help colleagues remain in work or return to it, while recognising their individual circumstances. We have continued to apply our Absence Management Policy consistently, with a strong emphasis on:

- early and regular contact by management;
- timely occupational health referrals where appropriate;
- reasonable adjustments and temporary workplace adaptations; and
- conversations about return to work that focus on support and prevention.

LeO provides support to its managers so they can have informed and compassionate conversations. We also provide clear guidance on when to escalate concerns or seek additional support.

## Pensions

LeO has a defined contribution group personal pension scheme, to which the OLC makes fixed contributions but has no other liabilities. The pension scheme remained the same as in 2024/25. The OLC continued to allow employees to elect to sacrifice a proportion of their basic pay in return for correspondingly increased contributions to their pension scheme.

## Consultancy (unaudited)

There was no consultancy expenditure in 2025/26 (2024/25: none).

## Off-payroll engagements (unaudited)

The Service Complaints Adjudicator is an off-payroll engagement because the role must be independent. The current Service Complaints Adjudicator took up office on 1 April 2025 on an initial two-year contract, with scope for this to be extended in the future. The Adjudicator is engaged on a fixed annual fee of £15,000 and is not salaried. The OLC has no other off-payroll engagements. No senior staff in 2025/26 were remunerated through both on-payroll and off-payroll arrangements.

## Staff turnover (unaudited)

In 2025/26, LeO focused on the retention of colleagues, as detailed in the section 'People Strategy: Attraction, retention and workforce resilience'. The result is a three percentage-point improvement in our turnover rates in the last 12 months and a 9.3 percentage-point improvement since 2023.

	Actual 2025/26	Target 2025/26	Actual 2024/25
Turnover	10.8%	19%	13.8%

## People Strategy (unaudited)

In 2025/26, we continued to deliver our plan on people and culture – to be an inclusive, values-led employer and a high-trust, high-performance organisation. We focused on strengthening leadership capacity and improving our overall employee experience. That includes creating conditions for people to work at their best –

clear priorities, the right tools and skills, inclusive and supportive line management, and a culture of empowerment and accountability. We carried out our annual review of the plan to ensure it still fits our priorities, workforce needs and operating context.

## Attraction, retention and workforce resilience

We continued to refine our employee value proposition and recruitment approach. This improved the experience of job candidates and aligned strongly with good HR and inclusive practice.

We improved staff turnover rates through a multi-pronged effort, including an 'instant recognition and celebrating success' scheme. We strengthened development opportunities and supported flexibility. Our new Chief Ombudsman led a staff engagement day introducing our vision for LeO, celebrating the year's successes, and recognising more than 60 long-serving colleagues.

A high-performing culture rests on trust, clarity and support. Accordingly, we reviewed our mechanisms for support and development of LeO's people. We also reviewed our approach to policy design, shaping agendas such as pay and grading through engagement with Staff Council and staff networks.

To aid workforce resilience and performance in periods of change, we gave people earlier support where they needed it. We strengthened management capability in relation to absence and wellbeing. We marginally reduced average sick days per head.

## Capability, development and leadership

Leadership development focused on high-trust behaviours such as coaching, making expectations clear, giving timely feedback, and effective decision-making. We trained managers at all levels on inclusion, wellbeing and leading through change. Through our Aspiring Managers programme, we also strengthened learning pathways, mentoring and talent development, supporting internal progression and succession planning.

We used our ongoing communications and manager support to clarify priorities and expectations, helping teams focus on outcomes and making the delivery of our work more consistent. We also cut out unnecessary bureaucracy, freeing capacity so colleagues can perform at their best.

Amid digital transformation and an evolution in ways of working, we have continued to assess the implications for roles, skills and future workforce needs. This will inform workforce planning and targeted development, helping us deploy capacity effectively.

## Engagement, equality, wellbeing and inclusion

We continued to involve colleagues through Staff Council and staff networks, supporting meaningful engagement, colleague voice and constructive challenge so that different perspectives inform decisions and strengthen outcomes.

Our people and culture plan aligns with our EDI Strategy, embedding inclusive practices across recruitment, development, leadership and policy design. Our annual EDI action plan delivered all key commitments in 2025/26, including enhanced reporting and continued engagement with colleagues and stakeholders. Quarterly EDI steering group meetings strengthened governance.

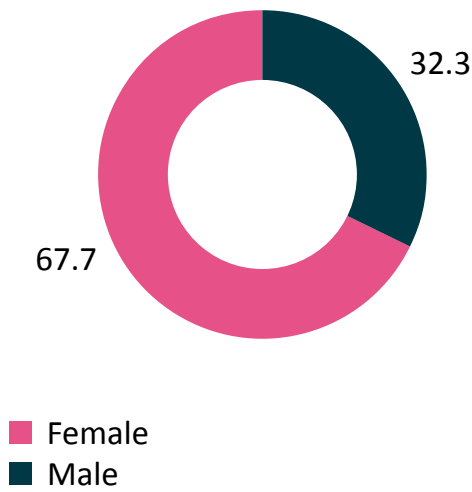
We launched a men's health and wellbeing network (which helped to raise male engagement from 56% to 61% and delivered staff network events and awareness activities). We continued to compare favourably against UK national, public sector and private sector benchmarks. Our annual gender pay gap report showed a mean gap of 9% (between men's and women's average hourly pay) and a median gap of 4% (between the midpoints in the ranges of men's and women's pay). These figures (stable because the proportions of men and women are unchanged) compare favourably with national pay gaps in both the public and private sectors. Our social mobility report showed that 46% of people in our leadership roles came from working-class or lower socio-economic backgrounds (national average 39%; legal sector 17%).

There is more information about our customer-focused EDI work in our business plan update on pp. 25-28. For the diversity of LeO's people, see the next section. The OLC Board (p. 66) holds responsibility for EDI governance.

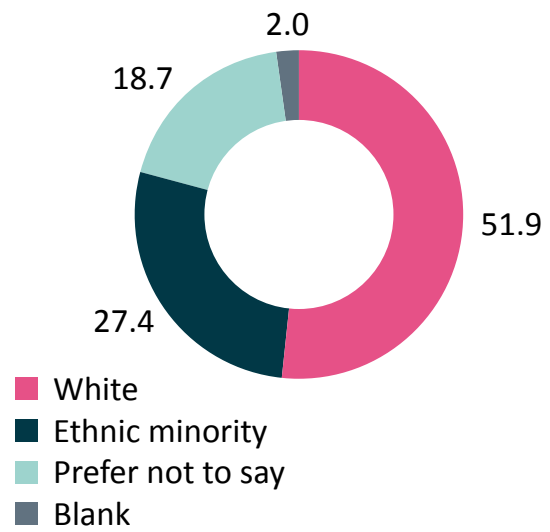
## The diversity of LeO's people

Data correct at 17 April 2026

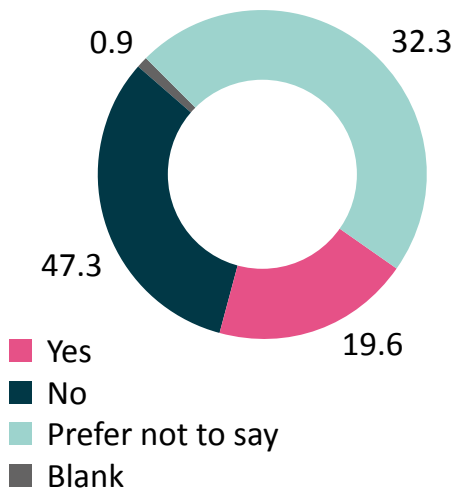
### Gender (%)



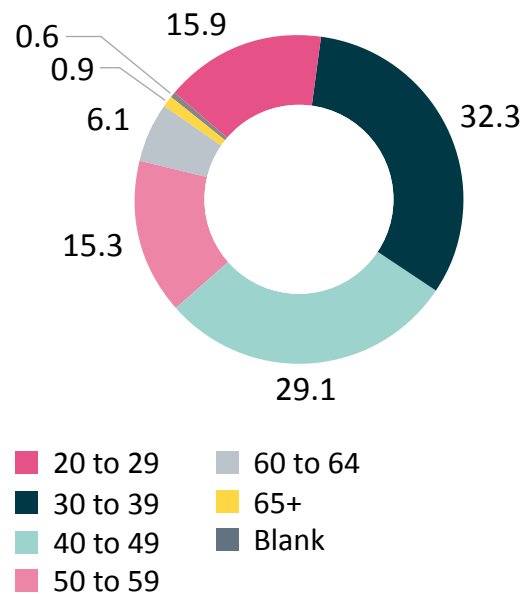
### Ethnicity (%)



### Disability (%)



### Age range (%)



## Civil Service People Survey

The annual Civil Service People Survey is one of the key ways we understand how colleagues experience working at LeO and how effectively our people and culture support delivery of our strategic objectives. As in the previous year, 60% of LeO’s people took part.

The survey results show that our core cultural foundations continue to strengthen – supporting both individual performance and organisational resilience. Clarity of organisational purpose remained exceptionally high. The score for quality and interest of day-to-day work shows that colleagues found their work meaningful and engaging. Team cohesion remained a strength. There was a growing willingness to recommend

LeO as a great place to work, reflecting organisational pride, confidence and alignment with our purpose.

Results also highlight areas that still need action. Though pay and benefits improved, the score for this area remained lowest of all – and these factors significantly influence attraction and retention. Amid wider market pressures, feedback shows increasing expectations on pay fairness and benchmarking. Learning and development remained broadly stable. But colleagues continue to report varying access to structured development opportunities, clear progression routes and long-term career pathways. Feedback on leadership and managing change reinforces the importance of continuing to build leadership and support through ongoing transformation.

Engagement statement	2025 %	2024 %	2023 %	2022 %	%-point difference 2024 to 2025
I am proud when I tell others I am part of my organisation	59	59	57	59	0
I feel a strong personal attachment to my organisation	39	45	42	44	-6
My organisation inspires me to do the best in my job	51	48	45	47	+3
My organisation motivates me to help it achieve its objectives	53	50	47	45	+3
I would recommend my organisation as a great place to work	55	45	42	46	+10

Where are we now?*	2025 %	2024 %	2023 %	2022 %	LeO change 2024 to 2025	Civil Service 2025 % (change 2024 to 2025)	LeO variance to Civil Service
Engagement index	60	59	56	59	+1	64 (0)	-4
My work	83	77	73	75	+6	82 (-2)	+1
Organisational objectives and purpose	94	94	89	88	0	83 (-9)	+11
My manager	75	75	75	78	0	78 (+8)	-3
My team	80	77	74	75	+3	82 (+4)	-2
Learning and development	55	56	51	49	-1	54 (-2)	+1
Inclusion and fair treatment	82	79	75	78	+3	80 (+1)	+2
Resources and workload	78	77	74	77	+1	75 (-2)	+3
Pay and benefits	36	26	23	26	+10	43 (+17)	-7
Leadership and managing change	59	56	55	56	+3	53 (-4)	+6

\* The figures in green are LeO's highest ever scores.

# Parliamentary accountability and audit report (audited)

## Regularity of expenditure

### Losses and special payments

No losses or special payments were made during 2025/26 (2024/25: none).

### Gifts

No gifts were made by the organisation in 2025/26 (2024/25: none) that exceeded the limits prescribed in HM Treasury's 'Managing Public Money'.

### Remote contingent liabilities

There are no remote contingent liabilities to report in 2025/26 (2024/25: none).

### Financial instruments

The OLC has no borrowings. Its cash requirements are primarily funded through a levy on the legal services sector and case fee income. This means the OLC is not exposed to significant security risks.

## Long-term expenditure trends (unaudited)

The OLC's initial budget in its first full year of operation was £17.3 million. This reduced in each subsequent year until 2017/18, when there was a one-year increase relating to the one-off costs of LeO's modernisation programme. Budgets of £14.5 million (2021/22) and £15.3 million (2022/23) were approved to respond to performance challenges and to reflect partial inflation and the full-year impact of 2021/22 recruitment. The OLC spent £16.8 million in 2023/24, reflecting significant inflationary pressures, particularly on salaries. The OLC spent £17.95 million in 2024/25 and £20 million in 2025/26. The approved budget for 2026/27 is £21.3 million, plus an additional £979,100 for transformation to implement a new operating model, enabling LeO to manage the unprecedented increase in demand.

## Fees and charges

Analysis of fees and charges is disclosed on pages 99-100.

## Government functional standards (unaudited)

The OLC continues to assess compliance with appropriate functional standards across its operations, in line with the requirements of HM Treasury's 'Managing Public Money'.

# Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Office for Legal Complaints for the year ended 31 March 2026 under the Legal Services Act 2007.

The financial statements comprise the Office for Legal Complaints’:

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers’ Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Legal Complaints’ affairs as at 31 March 2026 and its net expenditure after interest and taxation for the year then ended; and
- have been properly prepared in accordance with the Legal Services Act 2007 and Lord Chancellor directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2024. I am independent of the Office for Legal Complaints in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Office for Legal Complaints' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office for Legal Complaints' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the office for Legal Complaints is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Lord Chancellor directions issued under the Legal Services Act 2007.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Lord Chancellor directions made under the Legal Services Act 2007; and
- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Office for Legal Complaints and its environment obtained in the course of the audit, I have not identified material misstatements in the performance report and accountability report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Office for Legal Complaints or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Office for Legal Complaints from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Lord Chancellor directions issued under the Legal Services Act 2007;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Lord Chancellor directions issued under the Legal Services Act 2007; and

- assessing the Office for Legal Complaints' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Office for Legal Complaints will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Legal Services Act 2007.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Office for Legal Complaints' accounting policies, key performance indicators and performance incentives.
- inquired of management, Office for Legal Complaints' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Legal Complaints' policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Legal Complaints' controls relating to the Office for Legal Complaints' compliance with the Legal Services Act 2007, and Managing Public Money and employment law;
- inquired of management, the Office for Legal Complaints' head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Office for Legal Complaints for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Office for Legal Complaints' framework of authority and other legal and regulatory frameworks in which the Office for Legal Complaints operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Office for Legal Complaints. The key laws and regulations I considered in this context included the Legal Services Act 2007, Managing Public Money, and employment law.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- tested the appropriateness of expenditure incurred and ensuring that levy charged is to approved bodies and in line with the Legal Services Act 2007.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies** 29 June 2026  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Financial statements

This section contains the OLC's financial statements for the year ending 31 March 2026. The notes from pages 99 to 118 are part of the statements.



# Statement of comprehensive net expenditure

For the year ending 31 March 2026.

		2025/26		2024/25	
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Income from operating activities	3		(19,995)		(17,831)
<b>Total income</b>			<b>(19,995)</b>		<b>(17,831)</b>
<b>Expenditure</b>					
Staff costs	2	15,880		14,097	
Depreciation, amortisation and impairment	4, 5, 6	647		607	
Provision expense	11	141		48	
Other operating expenditure	2	3,653		3,525	
<b>Total operating expenditure</b>	<b>2</b>		<b>20,321</b>		<b>18,277</b>
<b>Net operating expenditure</b>			<b>326</b>		<b>446</b>
Interest and charges received			(435)		(595)
Taxation			109		149
<b>Net expenditure after interest and taxation</b>			<b>-</b>		<b>-</b>

All expenditure is derived from continuing activities.

There has been no other comprehensive expenditure in the year.

The notes from pages 99 to 118 are part of these financial statements.

# Statement of financial position

As at 31 March 2026.

	Note	31 March 2026		31 March 2025	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	4	552		222	
Right-of-use asset	5	1,422		1,788	
Intangible assets	6	299		395	
<b>Total non-current assets</b>			<b>2,273</b>	<b>2,405</b>	
<b>Current assets</b>					
Trade and other receivables	8	631		421	
Cash and cash equivalents	9	19,257		19,160	
<b>Total current assets</b>			<b>19,888</b>	<b>19,581</b>	
<b>Total assets</b>			<b>22,161</b>	<b>21,986</b>	
<b>Current liabilities</b>					
Trade and other payables	10	(857)		(901)	
Provisions	11	(202)		(76)	
Other liabilities	10	(1,353)		(934)	
Lease liability	13	(370)		(362)	
<b>Total current liabilities</b>			<b>(2,782)</b>	<b>(2,273)</b>	
<b>Total assets less current liabilities</b>			<b>19,379</b>	<b>19,713</b>	

# Statement of financial position (continued)

	Note	31 March 2026		31 March 2025	
		£'000	£'000	£'000	£'000
<b>Non-current liabilities</b>					
Provisions	11	(724)		(693)	
Lease liability	13	(918)		(1,283)	
<b>Total non-current liabilities</b>			<b>(1,642)</b>	<b>(1,976)</b>	
<b>Total assets less liabilities</b>			<b>17,737</b>	<b>17,737</b>	
<b>Taxpayers' equity and other reserves</b>					
General fund			17,737	17,737	
<b>Total taxpayers' equity and other reserves</b>			<b>17,737</b>	<b>17,737</b>	



**Phil Cain**  
Chief Ombudsman and Accounting Officer  
23 June 2026

The notes from pages 99 to 118 are part of these financial statements.

# Statement of cash flows

For the year ending 31 March 2026.

		2025/26		2024/25	
	Note	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net expenditure pre-interest and tax		(326)		(446)	
Adjustments for non-cash transactions	2	684		394	
(Increase)/decrease in trade and other receivables	8	(210)		194	
Increase/(decrease) in trade and other payables	10	266*		385*	
Increase in provisions	11	141		286	
Interest received		435		595	
<b>Net cash inflows from operating activities</b>			<b>990</b>		<b>1,408</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4, 5	(476)		(212)	
Purchase of intangible assets	6	(8)		(237)	
<b>Net cash outflows from investing activities</b>			<b>(484)</b>		<b>(449)</b>
<b>Cash flows from financing activities</b>					
Payments in respect of leases (IFRS 16)	13	(409)		(150)	

## Statement of cash flows (continued)

	Note	2025/26		2024/25	
		£'000	£'000	£'000	£'000
<b>Net cash outflows from financing activities</b>			<b>(409)</b>		<b>(150)</b>
<b>Net increase in cash and cash equivalents in the year</b>			<b>97</b>		<b>809</b>
<b>Cash and cash equivalents at the beginning of the year</b>	9		<b>19,160</b>		<b>18,351</b>
<b>Cash and cash equivalents at the end of the year</b>	9		<b>19,257</b>		<b>19,160</b>

\* Includes an amount of accrued corporation tax. Refer to note 2 for further details.

The notes from pages 99 to 118 are part of these financial statements.

# Statement of changes in taxpayers' equity

For the year ending 31 March 2026.

	Note	Total reserves £'000
<b>Balance at 31 March 2024</b>		<b>17,737</b>
Grants from MoJ		-
Net expenditure for the year after interest and taxation		-
Notional transfer to consolidated funds		17,831
Notional receipts from Ministry of Justice		(17,831)
<b>Balance at 31 March 2025</b>		<b>17,737</b>
Grants from MoJ		-
Net expenditure for the year after interest and taxation		-
Notional transfer to consolidated funds		19,995
Notional receipts from MoJ		(19,995)
<b>Balance at 31 March 2026</b>		<b>17,737</b>

The notes from pages 99 to 118 are part of these financial statements.

# Notes to the Office for Legal Complaints' accounts

## 1 Statement of accounting policies

These financial statements have been prepared in accordance with the FReM issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy has been selected which is judged to be most appropriate to the circumstances of the OLC, for the purpose of giving a true and fair view. The policies adopted by the OLC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified by revaluation of certain assets to fair value where appropriate, as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in the FReM. The accounts are also fully consistent with IFRS.

### 1.2 Going concern

The OLC is a statutory body established by the Legal Services Act 2007. Under this legislation, the OLC is funded primarily through a levy on the legal profession, with funding provided annually in arrears by the Approved Regulators.

At the date of signing of this Annual Report and Accounts (23 June 2026), the OLC has sufficient cash resources to meet its anticipated expenditure and other liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

In addition to its cash position, the Board has considered the statutory framework under which the OLC operates. As a statutory body with responsibilities defined in legislation, there is a continuing expectation that the OLC will maintain its role in delivering its services. The preparation of these financial statements on a going concern basis is therefore also supported by the expectation that the services provided by the OLC will continue for the foreseeable future.

### 1.3 Income

The OLC is funded by a combination of a levy on the legal profession and case fees. The levy is collected from the legal profession's Approved Regulators. Amounts due in respect of the levy are recognised as income in the year to which related expenditure is recognised in the statement of comprehensive net expenditure.

The Legal Services Act 2007 requires the OLC to set charges (case fees) for all complaints we accept as being within the jurisdiction of the Legal Ombudsman scheme. However, a case fee may be waived in certain circumstances. These are where the complaint was abandoned or withdrawn, or settled, resolved or determined in favour of the authorised person, and an Ombudsman is satisfied that the lawyer took all reasonable steps to try to resolve the complaint under their own procedure. Case fee income is recognised in the year that the case is resolved. Amounts charged in respect of case fees correspondingly reduce amounts due in respect of the levy due from Approved Regulators. In accordance with IFRS 15, no case fees are recognised where there are no chances of recovery.

# Notes to the Office for Legal Complaints' accounts

The LSB, in conjunction with the MoJ and HM Treasury, is seeking to identify a suitable legislative vehicle to make an amendment to s175 of the Act. This is to confirm the current practice whereby the OLC retains all amounts received through the levy and any prescribed fees rather than passing this over to the Consolidated Fund and then having the same amounts returned to it by the MoJ. The LSB and OLC believe that this was the intention of Parliament when debating the Bill to set up the LSB and OLC, although some of the drafting of s175 does not capture this intent correctly.

To comply with the requirements of s175 for the year ended 31 March 2026 the MoJ will be responsible for making a payment on behalf of the OLC to the Consolidated Fund equivalent to the income received by the OLC for the year from the levy and prescribed fees. Accordingly, a notional transfer to the Consolidated Fund has been shown in the Statement of Changes to Taxpayers' Equity. An equal amount is shown as a notional receipt from the sponsoring department. There is no change in the income policy and performance obligations from the prior year. The method of income recognition is deemed appropriate for the services provided and as per IFRS 15.

IFRS 15: Revenue from Contracts with Customers requires entities to apply a five-step model framework to determine revenue recognition.

1. Identify the contract(s) with the customer: The FReM adaptation of IFRS 15 expands the definition of a contract to include legislation and regulations, which enable an entity to obtain revenue. In OLC's case, this legislation is the Legal Services Act 2007.
2. Identify the performance obligations in the contract: The Legal Services Act 2007 stipulates that the costs of the OLC should be recovered by means of a levy imposed on the Approved Regulators during the financial year for the period of operation. In addition, it requires that scheme rules make provision for charges payable by respondents (case fee income).
3. Determine the transaction price: The total costs incurred by the OLC in the financial year are allocated to Approved Regulators. Case fee income is imposed on service providers at the rate stated in LeO's scheme rules.
4. Allocate the transaction price to the performance obligation: The levy income is accrued and matched with the OLC's net expenditure after case fees in the period to ensure that expenditure incurred is recovered in the same period. The charging or waiving of the case fee is determined by the outcome of the investigation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation: Revenue is recognised over time as expenditure relating to the regulatory activity of the OLC is incurred. Case fee income is not recognisable until the investigation is completed and the outcome determined. Income is recognised at this point.

Other income comprises recharges to MoJ Family Services for occupying 25% of the first floor, calculated in line with the licence to occupy based on 25% of premises costs.

# Notes to the Office for Legal Complaints' accounts

## 1.4 Property, plant and equipment

The OLC recognises property, plant and equipment under International Accounting Standard (IAS) 16, as adapted by the FReM, and writes off any individual expenditure of less than £500 on capital equipment and furnishings in the year of acquisition. Capital assets with a purchase cost of at least £500 are depreciated to their residual value over their useful economic life in equal monthly instalments. The first instalments are charged in the month the asset is brought into use, and no charge is made in the month of disposal.

The following rates of depreciation are applied on a straight-line basis over the following periods:

- leasehold improvements: over the residual life of the lease or 10 years;
- furniture and equipment: three to ten years; and
- computer hardware: three to five years.

## 1.5 Intangible assets

Expenditure on major information technology (IT) projects is capitalised. This also includes expenditure on software and any professional service costs exceeding £500 for up-front development and configuration, establishing and developing the OLC's IT assets for use. The following rates of amortisation are applied on a straight-line basis over the following periods:

- software licences: in equal monthly instalments over three years or the life of the licence; and
- information technology: three to five years or in equal monthly instalments over the residual life of the contract.

## 1.6 Impairment and revaluation policy on non-current assets

Impairment is required to ensure that assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through the use or sale of the assets. An impairment reflects a permanent diminution in the value of an asset.

## 1.7 Leases

### Scope and exclusions – OLC as lessee

In accordance with IFRS 16: Leases, contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases. Prior to the adoption of IFRS 16, operating lease payments were recognised as an expense and charged on a straight-line basis over the lease term.

# Notes to the Office for Legal Complaints' accounts

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

## Initial recognition

At the commencement of a lease (or on the date of transition to IFRS 16, if later), the OLC recognises a right-of-use asset and a lease liability. The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease, or where this is not readily determinable, the department's incremental rate of borrowing. This rate is advised annually by HM Treasury.

The right-of-use asset is measured at the value of the lease liability, adjusted for any lease payments made before the commencement date, any lease incentives received, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site at the end of the lease.

When making the assessment, the OLC excludes low-value item leases. These are leases that OLC considers to be those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items.

## Subsequent measurement

The lease liability will be adjusted to reflect the accrual of interest, repayments, reassessments, and modifications.

After initial recognition, the right-of-use asset will be measured using the fair value model. The OLC considers that the cost model (measured by reference to the lease liability) is a reasonable proxy for fair value in the case of non-property leases and for property leases of less than five years or with regular rent reviews.

The asset's value will be adjusted for subsequent depreciation and impairment, as well as for reassessments and modifications to the lease liability, as described above. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right-of-use asset, together with any impairment of the right-of-use asset and any change in variable lease payments that were not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low-value items, or with a term under 12 months, are also expensed.

The OLC renewed the lease for Edward House, Birmingham, with effect from 30 October 2024. The new lease runs for five years, until 29 October 2029, and includes a five-month rent-free period at commencement.

# Notes to the Office for Legal Complaints' accounts

Under IFRS 16, a right-of-use asset and lease liability were recognised at commencement in October 2024 and continue to be recognised in 2025/26. The lease liability is increased for interest (discounted at the HM Treasury rate of 3.5% in accordance with FReM) and reduced for lease payments. The right-of-use asset is depreciated on a straight-line basis over the lease term, with the rent-free period treated as a lease incentive reflected in the asset's carrying amount.

At the reporting date, the carrying amounts were as follows:

Description	2025/26 (£000)
Right-of-use asset	(1,422)
Lease liability (current)	(370)
Lease liability (non-current)	(918)
Depreciation expense	(397)
Interest expense	(52)

## 1.8 Value Added Tax

The OLC is registered for VAT. VAT incurred on the provision of training provided to the legal jurisdiction and licence arrangements for subletting are recoverable where VAT is charged on invoices. The OLC is unable to recover VAT on expenditure relating to its primary service of complaints resolution, and therefore most of the expenditure and the capitalised value of non-current assets include this irrecoverable VAT. VAT is recoverable for costs associated with the licence arrangements for subletting of the premises.

## 1.9 Pensions

The OLC has established a defined contribution group personal pension scheme to which it contributes, but has no other liabilities. The OLC makes matching contributions of twice the amount contributed by employees up to a maximum of 10% of the employee's salary.

## 1.10 Corporation tax

The OLC earns interest on cash deposits held with the Government Banking Service. This interest is subject to corporation tax in the normal manner.

# Notes to the Office for Legal Complaints' accounts

## 1.11 Provisions

The OLC provides for financial liabilities in the statement of financial position in accordance with IAS37 as adapted by FReM, where: there is a legal, constructive or contractual obligation as a result of a past event, where it is probable that financial resources will be required to settle the obligation, and where a reasonable estimate can be made of the amount of the obligation.

## 1.12 Financial instruments

The OLC does not hold any complex financial instruments. The only financial instruments included in the accounts are accounts receivable and accounts payable (notes 8 and 10).

Financial assets comprise fee receivable and contract receivables. Receivables are recognised at carrying value, reduced by appropriate allowances for estimated irrecoverable amounts in line with the OLC receivables policy.

Trade creditors are short-term and stated at carrying value, recognising that these liabilities fall within one year.

## 1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that is readily convertible to a known amount of cash and is subject to an insignificant risk of change in value.

## 1.14 Critical accounting judgements and key sources of estimation uncertainty

In applying the OLC accounting policies, as described in note 1, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Board has considered the nature of the OLC's operations, funding arrangements and asset base in assessing whether there are any critical accounting judgements or key sources of estimation uncertainty requiring disclosure. The OLC is primarily funded through a statutory levy, has a relatively stable cost base, and holds limited non-complex assets. As a result, the financial statements are not subject to significant judgment or estimation uncertainty.

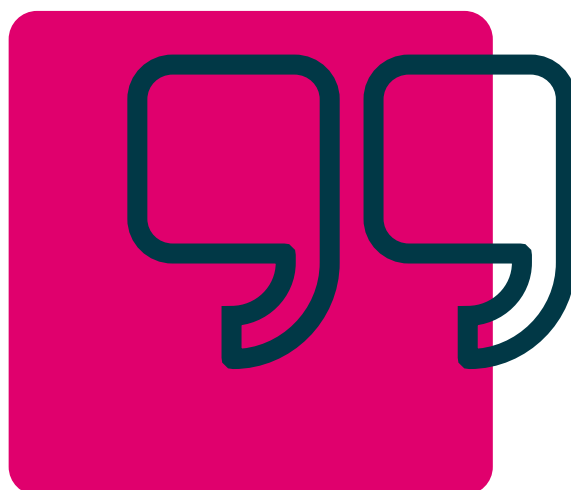
# Notes to the Office for Legal Complaints' accounts

As part of this assessment, management considered areas such as provisions, accruals, lease liabilities and the valuation of non-current assets. However, none of these were assessed as giving rise to significant estimation uncertainty or material judgment that would require separate disclosure.

Accordingly, there are no critical accounting judgements or key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **1.15 Accounting standards issued but not yet effective**

The Office for Legal Complaints has reviewed the standards, amendments and interpretations issued but not yet effective, as adopted or expected to be adopted by the FReM. IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures are effective for private sector reporting periods beginning on or after 1 January 2027, with public sector application subject to HM Treasury adoption through the FReM. OLC will assess any impact once public sector application is confirmed.



# Notes to the Office for Legal Complaints' accounts

## 2 Expenditure

Further analysis of staff costs is located in the remuneration and staff report on pages 73-84.

	Note	2025/26		2024/25	
		£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<b>Staff costs</b>					
Wages and salaries		13,177		12,020	
Social security costs		1,636		1,188	
Other pension costs		1,067		889	
<b>Total staff costs</b>			<b>15,880</b>		<b>14,097</b>
IT and telecoms		1,615		1,699	
Uncollectible debts		72		96	
Facilities services		157		147	
External communications		161		132	
Staff wellbeing		145		123	
Legal and professional fees		344		347	
VAT on lease payments		62		75	
Recruitment costs		167		65	
Premises costs		536		540	
Other running costs		38		35	
Training		147		108	
External audit fees		56		51	
Internal audit fees		66		60	
Travel and subsistence		35		22	
<b>Total cash operating expenditure</b>			<b>3,601</b>		<b>3,500</b>
<b>Total cash items</b>			<b>19,481</b>		<b>17,597</b>

# Notes to the Office for Legal Complaints' accounts

## 2 Expenditure (continued)

	Note	2025/26		2024/25	
		£'000	£'000	£'000	£'000
Loss/(profit) on disposal of assets		-		-	
Depreciation		146		155	
Depreciation – IFRS 16 lease		397		339	
Amortisation		104		113	
<b>Depreciation, amortisation and impairment</b>			<b>647</b>		<b>607</b>
Change in dilapidations provision*		-		-	
Change in other provision		141		48	
Corporation tax		109		149	
Interest charge – IFRS 16 lease		52		25	
<b>Total non-cash items</b>			<b>949</b>		<b>829</b>
<b>Total</b>			<b>20,430</b>		<b>18,426</b>
Total cash operating expenditure		3,601		3,500	
Interest charge – IFRS 16 lease		52		25	
<b>Total other operating expenditure</b>			<b>3,653</b>		<b>3,525</b>

\* There has been an increase in the dilapidation provision, which has been capitalised to the right-of-use asset, consistent with the approach taken in 2024/25.

# Notes to the Office for Legal Complaints' accounts

## 3 Income

Levy income represents amounts due in respect of the annual levy due for Approved Regulators (see note 1.3). Case fee income represents amounts due in respect of case fees chargeable in respect of cases closed in 2025/26 (see note 1.3).

	2025/26	2024/25
	£'000	£'000
<b>Income</b>		
Levy income in respect of the Legal Ombudsman scheme	18,929	16,739
Case fee income	825	905
Other income	241	187
<b>Total</b>	<b>19,995</b>	<b>17,831</b>

# Notes to the Office for Legal Complaints' accounts

## 4 Property, plant and equipment 2025/26

	Information technology	Leasehold improvements	Furniture and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2025	679	842	475	1,996
Additions	256	122	98	476
Disposals	(184)	-	(68)	(252)
<b>At 31 March 2026</b>	<b>751</b>	<b>964</b>	<b>505</b>	<b>2,220</b>
<b>Depreciation</b>				
At 1 April 2025	590	829	355	1,774
Charged in year	89	8	49	146
Disposals	(184)	-	(68)	(252)
<b>At 31 March 2026</b>	<b>495</b>	<b>837</b>	<b>336</b>	<b>1,668</b>
<b>Carrying value</b>				
<b>At 31 March 2025</b>	<b>89</b>	<b>13</b>	<b>120</b>	<b>222</b>
<b>At 31 March 2026</b>	<b>256</b>	<b>127</b>	<b>169</b>	<b>552</b>

# Notes to the Office for Legal Complaints' accounts

## 4 Property, plant and equipment (continued) 2024/25

	Information technology	Leasehold improvements	Furniture and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2024	648	833	528	2,009
Additions	81	9	103	193
Disposals	(50)	-	(156)	(206)
<b>At 31 March 2025</b>	<b>679</b>	<b>842</b>	<b>475</b>	<b>1,996</b>
<b>Depreciation</b>				
At 1 April 2024	573	768	484	1,825
Charged in year	67	61	27	155
Disposals	(50)	-	(156)	(206)
<b>At 31 March 2025</b>	<b>590</b>	<b>829</b>	<b>355</b>	<b>1,774</b>
<b>Carrying value</b>				
<b>At 31 March 2024</b>	<b>75</b>	<b>65</b>	<b>44</b>	<b>184</b>
<b>At 31 March 2025</b>	<b>89</b>	<b>13</b>	<b>120</b>	<b>222</b>

# Notes to the Office for Legal Complaints' accounts

## 5 Right-of-use asset

<b>Cost or valuation</b>	<b>2025/26</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	2,963	988
Additions	31*	1,975
<b>At 31 March</b>	<b>2,994</b>	<b>2,963</b>
<b>Depreciation</b>		
At 1 April	1,175	836
Charged in year	397	339
<b>At 31 March</b>	<b>1,572</b>	<b>1,175</b>
<b>Carrying value</b>		
<b>Opening net book value</b>	<b>1,788</b>	<b>152</b>
<b>Closing net book value</b>	<b>1,422</b>	<b>1,788</b>

\* The addition to right-of-use assets relates to the capitalisation of an increase in the dilapidations provision of £31,000 and £238,000 in the prior year (2024/25).  
The right-of-use asset relates to the lease of OLC's Birmingham office. The OLC renewed its lease with the landlord for an additional five years. The renewed lease will mature in October 2029.  
The maturity analysis for the lease can be found in note 13: Commitments under leases.

# Notes to the Office for Legal Complaints' accounts

## 6 Intangible assets 2025/26

	Information technology	Software licences	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 April 2025	1,509	411	1,920
Additions	-	8	8
Reclassification*	(37)	37	-
Disposals	(1,054)	(306)	(1,360)
<b>At 31 March 2026</b>	<b>418</b>	<b>150</b>	<b>568</b>
<b>Amortisation</b>			
At 1 April 2025	1,119	406	1,525
Charged in year	89	15	104
Disposals	(1,054)	(306)	(1,360)
<b>At 31 March 2026</b>	<b>154</b>	<b>115</b>	<b>269</b>
<b>Carrying value</b>			
<b>At 31 March 2025</b>	<b>390</b>	<b>5</b>	<b>395</b>
<b>At 31 March 2026</b>	<b>264</b>	<b>35</b>	<b>299</b>

# Notes to the Office for Legal Complaints' accounts

## 6 Intangible assets (continued) 2024/25

	Information technology	Software licences	Total
<b>Cost or valuation</b>			
At 1 April 2024	1,306	377	1,683
Additions	203	34	237
Disposals	-	-	-
<b>At 31 March 2025</b>	<b>1,509</b>	<b>411</b>	<b>1,920</b>
<b>Amortisation</b>			
At 1 April 2024	1,036	376	1,412
Charged in year	83	30	113
Disposals	-	-	-
<b>At 31 March 2025</b>	<b>1,119</b>	<b>406</b>	<b>1,525</b>
<b>Carrying value</b>			
<b>At 31 March 2024</b>	<b>270</b>	<b>1</b>	<b>271</b>
<b>At 31 March 2025</b>	<b>390</b>	<b>5</b>	<b>395</b>

\* The reclassification was made to align intangible assets that were initially recognised as computer software with computer licences. These assets were fully amortised and were disposed of during the year under review.

## 7 Impairments

There were no impairments in 2025/26 (2024/25: none).

# Notes to the Office for Legal Complaints' accounts

## 8 Trade receivables and other current assets

	31 March 2026	31 March 2025
	£'000	£'000
<b>Case fee receivables</b>	<b>169</b>	<b>147</b>
Provision for case fee receivables	(27)	(42)
	<b>142</b>	<b>105</b>
<b>Other contract receivables</b>		
Other receivables	33	68
Prepayments	419	248
Accrued income	37	-
<b>Total</b>	<b>631</b>	<b>421</b>

## 9 Cash and cash equivalents

	31 March 2026	31 March 2025
	£'000	£'000
<b>Opening balance</b>	<b>19,160</b>	<b>18,351</b>
Net change in cash and cash equivalent balances	97	809
<b>Closing balance</b>	<b>19,257</b>	<b>19,160</b>
<b>The following balances were held:</b>		
Government Banking Services	19,257	19,160
<b>Total</b>	<b>19,257</b>	<b>19,160</b>

# Notes to the Office for Legal Complaints' accounts

## 10 Trade payables and other current liabilities

	31 March 2026	31 March 2025
	£'000	£'000
Trade payables	671	733
Other payables	186	168
<b>Trade and other payables</b>	<b>857</b>	<b>901</b>
<b>Intra-government balances</b>		
Taxation	191	145
Social security	208	143
VAT	3	5
Intra group balances – MoJ	61	56
Accruals	890	585
	<b>1,353</b>	<b>934</b>
<b>Total</b>	<b>2,210</b>	<b>1,835</b>

# Notes to the Office for Legal Complaints' accounts

## 11 Provisions for liabilities and charges

	Leasehold dilapidations	Other	Total provisions
	£'000	£'000	£'000
<b>Balance at 1 April 2024</b>	<b>455</b>	<b>28</b>	<b>483</b>
Provided in the year	238	48	286
Provisions not required written back	-	-	-
Provisions utilised in the year	-	-	-
<b>Balance at 31 March 2025</b>	<b>693</b>	<b>76</b>	<b>769</b>
Provided in the year	31	197	228
Provisions not required written back	-	(56)	(56)
Provisions utilised in the year	-	(15)	(15)
<b>Balance at 31 March 2026</b>	<b>724</b>	<b>202</b>	<b>926</b>
<b>Expected timing of cash flows</b>			
Not later than one year	-	202	202
Later than one year and not later than five years	724	-	724
<b>Balance at 31 March 2026</b>	<b>724</b>	<b>202</b>	<b>926</b>

Other provisions include judicial reviews and employment tribunals.

# Notes to the Office for Legal Complaints' accounts

## 12 Capital commitments

Contracted capital commitments at 31 March 2026 not otherwise included in these financial statements amounted to nil (31 March 2025: nil).

## 13 Commitments under leases

	2025/26	2024/25
	£'000	£'000
<b>Lease liabilities</b>		
Current	370	362
Non-current	918	1,283
<b>Lease liabilities recognised under IFRS 16 as at 31 March</b>	<b>1,288</b>	<b>1,645</b>
<b>Maturity analysis</b>		
2024/25	-	-
2025/26	-	409
2026/27	409	409
2027/28	409	409
2028/29	409	409
2029/30	142	137
<b>Total undiscounted liabilities</b>	<b>1,369</b>	<b>1,773</b>
<b>Finance charges and other adjustments</b>	<b>(81)</b>	<b>(128)</b>
	<b>1,288</b>	<b>1,645</b>

Lease payments for the current year totalled £409,000, compared to £150,000 in the prior year (2024/25).

# Notes to the Office for Legal Complaints' accounts

## 14 Contingent liabilities disclosed under IAS 37

No contingent liabilities were identified at 31 March 2026. Potential obligations are considered throughout the reporting process and, where the recognition criteria are met, are recognised as provisions in the financial statements in note 11.

## 15 Related-party transactions

The OLC has a direct relationship with the LSB, which has oversight responsibilities for the OLC and the administration of the scheme. Under the Legal Services Act 2007, the LSB appoints OLC Board members and pays their salaries and expenses. Total payments were £132,228 for 2025/26 (2024/25: £133,000), of which £120,173 related to salaries (2024/25: £122,479).

No board member, manager or other related party has undertaken any material transactions with the OLC during the year.

The OLC charges the MoJ for the use of part of its office space; rent, service charges, and other premises costs of £241,053 were charged in 2025/26 (2024/25 £186,749). There is an intra-group balance with MoJ of £61,469 (2024/25 £55,873) representing the cost of self-insurance to the Legal Ombudsman scheme. This is presented in note 10.

## 16 Events after the reporting period

In accordance with IAS 10 (Events After the Reporting Period), events after the reporting period are considered up to the date on which the accounts are authorised for issue. These financial statements were authorised for issue by the Accounting Officer as at the date of the Certificate and Report of the Comptroller and Auditor General.

There were no post-reporting period events.

# Appendices



# Appendix 1: Regulatory objectives

Section 1(1) of the Legal Services Act 2007 outlines nine regulatory objectives. The OLC contributes to these as follows.

	<b>Regulatory objective</b>	<b>How the OLC meets the objective</b>
<b>RO1</b>	Protecting and promoting the public interest.	Providing access to a quality dispute resolution scheme, guided by a robust quality framework and clear service principles.
<b>RO2</b>	Supporting the constitutional principle of the rule of law.	Promoting confidence in the legal system, and the standard of legal representation, by providing a safety net for legal service users.
<b>RO3</b>	Improving access to justice.	Discharging LeO's function of resolving complaints about legal service providers and feeding back to the profession to raise standards.
<b>RO4</b>	Protecting and promoting the interests of consumers.	Publishing reports and guidance and sharing best practice that highlights specific issues and risks affecting consumers.
<b>RO5</b>	Promoting competition in the provision of services (provided by authorised persons).	<p>Publishing open data about the number and types of complaints resolved by LeO each year.</p> <p>Publishing details of all Ombudsman decisions, including the number of decisions made against service providers, and remedy types.</p>
<b>RO6</b>	Encouraging an independent, strong, diverse, and effective legal profession.	<p>Promoting continuous professional development through sharing guidance and training on effective complaint handling.</p> <p>Publishing content and case studies to highlight lessons learned from complaints.</p> <p>Regularly attending and speaking at relevant stakeholder events.</p>

	<b>Regulatory objective</b>	<b>How the OLC meets the objective</b>
<b>RO7</b>	Increasing public understanding of the citizen's legal rights and duties.	<p>Providing information and signposting through responding to enquiries and social media messages.</p> <p>Continuing to review and discuss the transparency of decision data with a view to increasing the availability of quality information for consumers.</p>
<b>RO8</b>	Promoting and maintaining adherence to the professional principles.	Making referrals to the relevant regulatory bodies where there may be evidence of professional misconduct.
<b>RO9</b>	Promoting the prevention and detection of economic crime.	Maintaining robust internal counter-fraud measures, and making referrals to the relevant regulatory bodies where there may be evidence of professional misconduct.

# Appendix 2: Service Complaints Adjudicator's Annual Report 2025/26

## Introduction

1. This report and accompanying annexes<sup>8</sup> set out a summary of the service complaints escalated to me as the Service Complaints Adjudicator for the Legal Ombudsman in 2025/26.
2. Having concluded 8,199 lawyer complaints in 2025/26, the Legal Ombudsman received 340 complaints about their own customer service. This represents a customer service complaint being raised in approximately 4% of cases. Most service complaints were resolved at Stage 1 of the service complaints process, with 55 complaints being escalated to Stage 2, and 16 complaints being escalated to me at Stage 3.
3. My observations and recommendations made in those 16 complaints are included in the annexed reports provided to the OLC Board in October 2025 and March 2026. This annual report provides a summary of my observations on complaint themes; areas for improvement; and general observations on the Legal Ombudsman's Service Complaint process.

## Complaint themes

4. Of the 16 complaints I have considered at Stage 3, 15 were from users of legal services, and one was raised by a service provider.

5. Whilst relatively small numbers of complaints have been escalated to me during this time, I have noted themes of customer concern as: delays during an investigation; unhappiness with aspects of a staff member's communication; and whether reasonable adjustments are being accommodated. Other customer concerns I have considered have included: wait times; how linked investigations are co-ordinated; and the substance and timeliness of the service complaint investigation itself.

## Areas for service improvement

6. In 15 of the 16 complaints I have considered, the outcome of my review was consistent with the findings made by the Legal Ombudsman in their Stage 2 response. In the one instance where I concluded a different outcome, this was due to an imbalance of approach in communication between the parties of the lawyer complaint, which had not previously been upheld. I found the service provider who had raised this service complaint had not been kept reasonably updated and there had been delay in responding to their requests.
7. Where my findings have been consistent with the Legal Ombudsman's own findings, I have also made recommendations for remedial action and future improvement on four complaints.

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<sup>8</sup> The annexes are the Service Complaints Adjudicator's board reports for October 2025 and March 2026. They are available online, along with this annual report from the Adjudicator, at: <https://www.legalombudsman.org.uk/who-we-are/corporate-publications/reports-and-plans>

8. In two cases the recommendations were specific remedial action for those customers. This included an apology for a customer who had received inaccurate information on the likely wait time for an investigation; and considering whether a customer's questions that had gone unanswered could be answered retrospectively.
9. In the other two cases, my recommendations included consideration of service improvements that would have a wider benefit to other customers.
10. In the first, I highlighted the importance of having oversight of investigations taking longer than usual, recommending that the previously used process of reviewing 'aged' cases was revisited. Alternatively, I suggested that a more proportionate approach of oversight might be introduced to ensure cases reaching a certain age were reviewed systemically.
11. The second wider service improvement recommended relates to the Legal Ombudsman's record keeping of customer contact records. Individual remedial action was required to ensure duplicate records were resolved for the customer concerned. However, wider learning was recommended to consider whether proportionate management intervention was needed to avoid similar instances in future, and whether the Legal Ombudsman needed to improve staff knowledge on the importance of accuracy in these records, particularly in regard to recording customer reasonable adjustment needs.

## Overall impression

12. In my first year as the adjudicator, I have found the standard of consideration of complaints by the Service Complaints team to be excellent. I have seen the positive impact of recent changes to the service complaints process, by way of improved timeliness in the handling of customer complaints, and I am confident that my recommendations for future improvement will be implemented.

**Sally Berlin**

Service Complaints Adjudicator

April 2026



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