

OFFICE FOR LEGAL COMPLAINTS

BUSINESS PLAN AND BUDGET 2025/26

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About the Legal Ombudsman

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

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

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

Introduction: bridging the gap to excellence

In the last few years, LeO has transformed its service.

It has made a step-change in annual output, going from historic levels of around 6,500 complaints or fewer to resolving well over 8,000 complaints in 2024/25 – an increase of approximately 30%. Almost half of LeO's cases are now resolved in under 90 days.

Despite this transformation, and despite being on track to deliver its 2024/25 commitments for the number of cases it resolves, persistently high numbers of people who've relied on legal services at critical times in their lives are turning to LeO. Demand for LeO's help has never returned to pre-pandemic levels, with more than 10,000 new complaints projected for 2024/25 and 2025/26.

Growing demand may, in part, reflect greater awareness among consumers of their right to complain, and the accessibility of channels through which to do so. However, the marked feature of LeO's data is that, over several years, standards of neither service nor complaints handling have improved in legal services. In some areas, they have worsened.

LeO's operating model is fundamentally sustainable. It is meeting – and will continue to meet – high demand on an annual basis, even if demand increases still further. But the overall position is not acceptable: people using legal services need to be able to rely on providers to deliver consistently high standards.

Meeting the challenge

The challenge for LeO is that, at current resourcing levels, it cannot reduce the number of people waiting for an in-depth investigation at the pace required to make meaningful improvements to the experience of these consumers. The higher demand effectively absorbs the increased output that would otherwise reduce the time customers have to wait.

The imperative that LeO bridges this gap between the current position and delivering an excellent customer experience is what underpins this budget and business plan for 2025/26.

The OLC has carefully considered different resourcing options. In particular, the balance to be struck between investing in resource:

- to meet sustained demand increases and reduce the queue of people waiting for investigation;
- to help the legal sector prevent demand and consumer detriment at source; and
- to ensure LeO harnesses technology to enhance its service and generate savings and efficiencies.

Investing to save

On balance, the OLC thinks it is appropriate to invest across all three areas, reflected in a budget of just over £20 million for 2025/26, an 11.4% increase on 2024/25. This investment will ensure that LeO does not merely reduce a historic backlog, but helps to prevent that backlog arising again.

The 2025/26 budget reflects an investment in investigator resource (38% of the increase), the majority of which relates to reducing the queue and improving customers' experience. LeO will reduce waiting times by 33%, against 16% without investment, and end the year with a queue 17% lower than it would be without investment.

In addition, the budget will enable LeO to drive higher standards and enhance transparency by sharing more insight from the complaints we resolve, including through a commitment to publish decisions in the public interest. LeO will also work with the sector and regulators to develop and launch a model complaints handling procedure and standards, and will continue to provide tailored support and share insight to manage specific drivers of demand.

It is important to underline the extent to which LeO's work here connects to the demand challenge we face. The OLC strategy for 2024-27 is founded on two key strategic objectives, for our service and for our impact. These twin objectives are inextricably linked.

The more successfully we are able to deliver impactful insight and guidance on good complaints handling, and the more positively the sector engages with this feedback and experience, the more we will be able to reduce unnecessary demand for LeO's service. And the more effectively we can drive down unnecessary demand, the more quickly we will reduce our queue and achieve the excellent service and customer experience we aspire to deliver.

Listening to feedback

We are grateful to all those who took the time to respond to our consultation, and are publishing alongside this business plan and budget a summary of the feedback we received.

It has shaped our plans in a number of important ways – including our approach to setting the level of LeO's case fee (set out in more detail in the dedicated section on pages 21-22), and to enhancing transparency (pages 23-25).

We have also used the opportunity to conduct a review to identify efficiencies, offsetting a large portion of the significant additional costs we will bear as a result of the increases to employer National Insurance contributions announced as we published our consultation.

A framework for the future

Last year, the Office for Legal Complaints set out a new three-year strategy for the Legal Ombudsman. The strategy provides a framework for the future of LeO – setting a clear ambition for the type of service we want to be delivering, and the impact we want to be having, by the end of March 2027.

This budget and business plan, delivering our second year of ambitious development within the strategy, is a further step towards our ultimate goal: completing LeO's transformation into a world-class ombudsman service.

Elisabeth Davies, Chair, Office for Legal Complaints

Paul McFadden, Chief Ombudsman, Legal Ombudsman

LeO's work in 2025/26

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

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

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

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

Context: demand for LeO over time

From 2019/20 to 2022/23 the number of new customer complaints brought by consumers to LeO rose from approximately 6,400 to more than 9,400: a 47% increase. Demand has never returned to pre-pandemic previous levels, with similar volumes received in 2023/24 and projected for 2024/25 and 2025/26.

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

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

LeO's analysis suggests that other than pandemic-driven issues such as delays, there is no specific driver of demand in terms of area of law or complaint issue (**Chart 2**). The marked feature of LeO's data is that, over several years, standards of neither service nor complaints handling have improved – and in some areas, have worsened. In 2023/24 LeO found evidence of poor service first-tier complaints handling in 46% of complaints it investigated.

Persistently high demand, and persistent findings of service and complaint-handling failings, are clear indicators that consumers are being let down. It's a position that isn't sustainable for those using legal services, who need to be able to rely on

providers to deliver high standards. And as we set out later, it means LeO can't currently deliver acceptable waiting times to the half of customers relying on it for an investigative outcome – even though it has transformed its service, consistently resolving 25% more complaints than it did in the past.

Chart 1: LeO demand, resolutions and queue over time

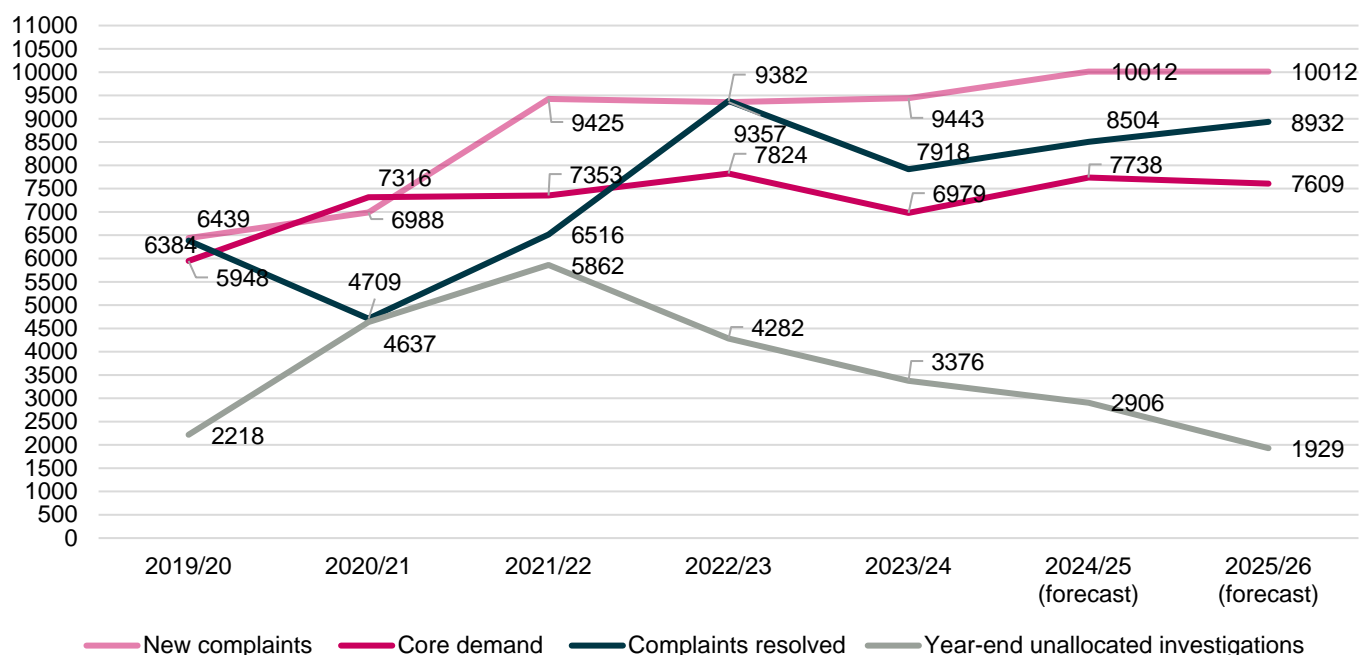
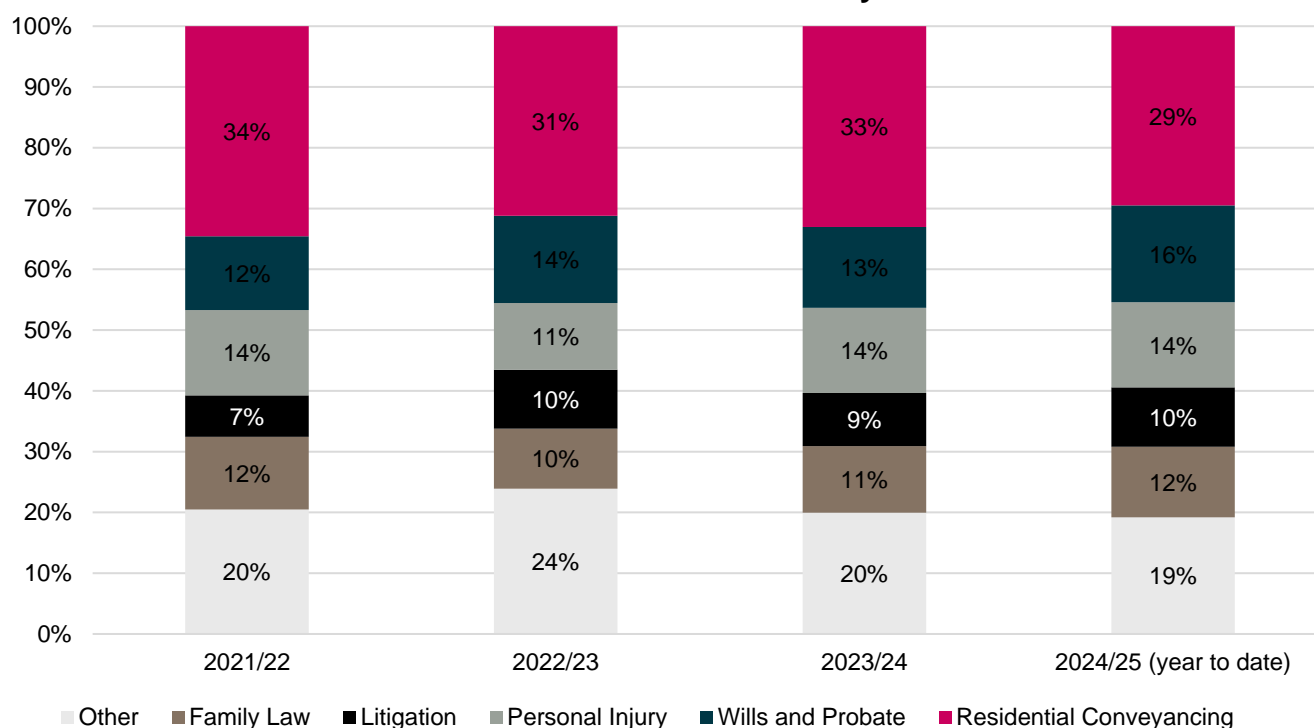


Chart 2: Annual demand for LeO by area of law



The table below outlines potential issues that could change demand for LeO in future.

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

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

Developments in the legal market, legal need and wider justice system	<p>The UK legal services market continues to change: overall growth could result in more complaints, simply by volume of transactions. Research by the LSB and Law Society has also demonstrated the extent of unmet legal need. While welcome, progress in addressing this may increase demand for legal services, and in turn for LeO.</p> <p>The MoJ continues to consider how to reduce court backlogs, including increasing the use of online dispute resolution. Ombudsman services are being considered as part of this system and may result in more people being routed to LeO as a result.</p>
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LeO's work during 2024/25

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

- The number of complaints LeO resolved went beyond the upper range of its business plan forecast to 6,164 – a 6.7% increase on the same period in 2023/24.
- At the same time, core demand – demand for LeO's intervention through early resolutions or in-depth investigation – has increased beyond business plan forecasts. Based on the demand in the first three Quarters of 2024/25, LeO's revised forecast for the year is 7,738 to 7,910 cases – an increase of between 10.8% and 13.3% year-on-year. (This includes 600 complaints received in 2023/24 but processed by LeO in 2024/25.)
- The biggest shift has been in demand for investigations – those cases which demand significantly higher levels of resource and which make up the unallocated investigations queue. Based on current rates, this demand has risen from a forecast 3,450 to over 4,300 cases.
- LeO has maintained its focus on reducing the number of unallocated investigations, but higher demand has slowed the rate of decrease. This means the queue is outside the expected range, at 3,362.
- The average end-to-end customer journey time for cases of all complexities is under 290 days, with almost half of LeO's cases now being resolved in under 90 days.
- The average time to resolve complaints by early resolution – which represent around half of LeO's resolutions – was 49 days.
- Overall, 44.7% of cases taken on by LeO for some type of resolution were resolved within 90 days: a marked improvement on LeO's historic performance.
- For cases needing an in-depth investigation, of all complexities, the average time to resolve an investigation once allocated to an investigator is less than 130 days. For all resolved cases, including early resolutions, the average time from allocation to an investigator to resolution is less than 90 days.

- A higher proportion of complaints resolved by LeO in 2024/25 to-date are those needing an in-depth investigation: 14.6% more than the same period last year. This focus on resolving older cases has a bearing on overall average customer journey times, which will continue to fluctuate depending on the nature and age of the complaints being resolved.
- Compared with the same period in 2023/24, LeO has reduced the number of in-depth investigations taking more than 540 days to resolve by 1.5%, and the most complex cases taking over 720 days by almost 2.7%.

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4 (forecast)	Total (forecast)
Contacts	29,172	30,251	28,143	30,000	117,566
<i>Original expectation</i>	34,031	34,906	36,156	37,648	142,741
New complaints	2,529	2,529	2,543	2,411 – 2,652	10,012 – 10,253
<i>Original expectation</i>	2,720	2,720	2,720	2,720	10,880
Core demand	1,905	2,039	1,994	1,800 – 1,972	7,738 – 7,910
Early resolution demand	841	941	880	852 – 937	3,514 – 3,599
Investigations demand	1,064	1,098	1,114	948 – 1,035	4,224 – 4,311
Complaints resolved	2,045	2,054	2,111	2,177 – 2,303	8,387 – 8,513
<i>Original expectation</i>	1,859 – 2,015	2,002 – 2,178	1,875 – 2,049	1,966 – 2,162	7,702 – 8,404
Unallocated investigations queue (end of quarter)	3,495	3,433	3,364	3,133 – 2,906	3,133 – 2,906
<i>Original expectation</i>	3,344 – 3,071	3,185 – 2,655	2,980 – 2,161	2,769 – 1,643	2,769 – 1,643

What LeO expects in 2025/26

LeO's focus on proportionality and efficiency over recent years has significantly increased its output in terms of complaints resolved. It has made a sustained step-change in annual output, going from historic levels of around 6,500 complaints or fewer to resolving a forecast total of between 8,387-8,513 in 2024/25 – an increase of approximately 30%.

To date, the higher demand LeO has seen over recent years has been absorbed without a substantial increase in operational resource. As summarised in the budget section, LeO continues to take action and innovate to deliver further efficiencies and

improvements in customers' experience, as well as value for money. Despite significant challenges, including investigator attrition, in 2023/24 LeO reduced the number of people waiting for an investigation by 21.2%, following a 27% reduction in 2022/23.

At the same time, even the small increase in LeO's capacity to-date has enabled it to substantially increase its analysis of historic and current years' complaints trends. It has been improving the intelligence it is capturing about demand, to ensure it understands fluctuations and drivers, helping to focus support for legal providers. It has identified those generating high volumes of complaints, and/or whose standards of first tier complaints handling are particularly problematic – and has been working with regulators to set out areas of concern where tailored support would be useful.

In 2023/24 LeO also improved the accessibility of its service through its website, providing better navigation and clearer information for consumers on whether and how LeO can help with their complaint. Early indications during 2024/25 suggest that this has successfully reduced the number of people completing LeO's online complaint form too early. Without this signposting, LeO would otherwise have had to accept these 'premature' contacts into its process as new complaints.

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

In this light, LeO has assessed several scenarios for core demand for its service in 2025/26. These involve trends ranging from a marginal year-on-year decrease of 1.7% – in light of targeted feedback to the sector – to an increase of 7.3%.

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

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

The table below sets out the complaints LeO expects to receive and resolve in 2025/26, and how the queue of people waiting for an investigation will continue to reduce. These expectations are reflected in Chart 1 on page 7.

<i>Central to upper forecasts</i>	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Variance from 2024/25 reforecast
New complaints	2,503 – 2,753	2,503 – 2,753	2,503 – 2,753	2,503 – 2,753	10,012 – 11,012	0.0% – +10%
Total core demand	1,831 – 1,997	1,966 – 2,146	1,876 – 2,047	1,936 – 2,113	7,609 – 8,303	-1.7% – +7.3%
Early resolution demand	835 – 918	970 – 1,067	880 – 968	940 – 1,034	3,625 – 3,987	+3.5% – +4.9%
Investigations demand	996 – 1,079	996 – 1,079	996 – 1,079	996 – 1,079	3,984 – 4,314	-5.7% – +2.1%
Complaints resolved	2,010 – 1,843	2,387 – 2,188	2,223 – 2,034	2,312 – 2,100	8,932 – 8,166	+4.9% – -4.1%
Unallocated investigations queue (end of quarter)	2,736 – 3,235	2,324 – 2,992	2,089 – 2,941	1,949 – 2,986	1,929 – 2,853	-33.6% – -1.8%

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

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

LeO's budget and resourcing plans

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

In this light, the OLC's 2025/26 budget for LeO is £20,000,679. This is £2,051,077, or 11.4% higher, than in 2024/25.

Of the total increase:

- 38% relates to the additional investigator resource, of which just under three-quarters relates to reducing LeO's queue and the remainder to supporting AI development and learning and insight interventions.
- 29% relates to an anticipated 4% pay award.
- 17% relates to the increase in employer National Insurance contributions announced in October 2024.
- 11% relates to non-discretionary or unavoidable costs, described in more detail below.
- 5% relates to the net of savings and other additional resource.

Unavoidable expenditure comprises:

- £596,467 for the proposed pay award, anticipating Civil Service pay remit guidance.
- £348,053 for the increase in employer's National Insurance.
- £90,000 provision for bad debts relating to firm closures following regulatory intervention or insolvency, where LeO can't recover case fees. No provision was made for this in the 2024/25 budget, with LeO diverting resources from other budget lines to compensate for an increasing level of bad debts seen throughout this year. Given the ongoing risk this presents, it has been included for 2025/26 based on 2024/25 levels.
- £52,332 in interest for LeO's new building lease.
- £39,012 for the mandatory apprentice levy.
- £14,839 for lower interest income expectations.
- £11,500 for the anticipated increase in the annual cost of LeO's external service complaints adjudicator.
- £10,500 for an increase in life assurance and income protection policies.
- £6,164 depreciation for assets already on the asset register.

Further low-discretion increases include:

- £83,000 in IT costs for AI/automation development and software subscriptions.
- £11,000 for external legal support and advice on complex casework and Public Interest Decisions.

- £8,000 to cover an anticipated increase in the number and level of service complaint remedies.
- £6,500 in other staff costs, driven by an increase in occupational health provision.

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

2025/26 budget

Salary expenditure	2024/25	2025/26	2024/25 FTE	2025/26 FTE
Corporate	£3,331,105	£3,916,999	54	60
Business Intelligence	£290,628	£305,208	3.9	4.8
Corporate*	£185,232	£976,878	1	7.8
Executive and Board Support	£144,192	£151,860	3	3
Communications, Engagement and Impact	£602,004	£558,430	10.3	9.8
Facilities	£43,080	£44,856	1	1
Finance	£403,452	£308,076	7	6
Human Resources	£608,842	£546,357	10.8	10
IT	£412,305	£494,190	7	9
Legal	£233,280	208,152	4	3.6
Programme Management & Assurance	£408,090	£322,992	6	5
Operations	£11,099,807	£12,107,821	226.8	249.5
General Enquiries Team	£1,074,703	£1,153,440	31.8	34.2
Early Resolutions Team**	£728,980	£652,740	16.1	13.6
Ops Management	£413,040	£317,760	5	4
Ombudsmen	£2,314,648	£2,471,439	35.5	38.4
Resolution Centre	£5,677,148	£6,658,039	126.6	148.3
Service Improvement and Quality	£686,640	£607,464	10.8	11
Operational Transformation and Impact	£83,352	£0	1	0
Staff awards	£121,296	£138,036		
Apprenticeship Levy	£0	£39,012		
Total expenditure	£14,430,912	£15,954,929	280.8	309.5
Increase in Employer National Insurance contributions		£348,053		
Total Salary Expenditure		£16,302,982		

* In 2024/25 'Corporate' included the Chief Ombudsman only. For 2025/26 it includes the whole Executive team.

** In 2024/25 the 'Early Resolutions Team' was referred to as the 'Front End Team'.

Non-salary expenditure	2024/25	2025/26
Accommodation, travel and subsistence	£30,864	£21,084
Depreciation	£631,380	£637,544
Interest receivable	-£309,157	-£294,318
IT and telecoms	£1,608,598	£1,692,004
Other costs	£541,874	£725,891
Other staff costs	£278,884	£295,512
Premises and facilities	£736,247	£619,980
Total non-salary expenditure	£3,518,690	£3,697,697

Total expenditure	2024/25	2025/26
Total expenditure: salary and non-salary	£17,949,602	£20,000,679

With an increase of 20.05 FTE investigators, LeO will have additional capacity to resolve complaints and improve customers' experience, as well as to adopt a longer-term 'invest to save' approach to AI innovations and learning and insight activities. This has the potential to deliver further efficiencies in the medium to long term, while also delivering meaningful reductions in unallocated investigations throughout 2025/26.

Under LeO's central scenario, additional resourcing would result in a 17.1% greater reduction (497 cases) in the volume of unallocated investigations in 2025/26, with further improvements across 2026/27 and 2027/28 as the full effect of established investigators takes effect.

It also means LeO would expect to reduce waiting times by 33% in the coming year, against 16% without the additional resource. LeO recognises the limitation of the average current waiting time metric, but has used it as the basis for anticipated improvements because the average time cases have actually waited on leaving the queue can't be accurately projected. In 2024/25 to date, it is 329 days.

Charts 3 and 4 below show relative levels of output under this arrangement, compared with the picture if operational resource wasn't increased.

Chart 3: Three-year trajectory - investigator increase compared with no increase

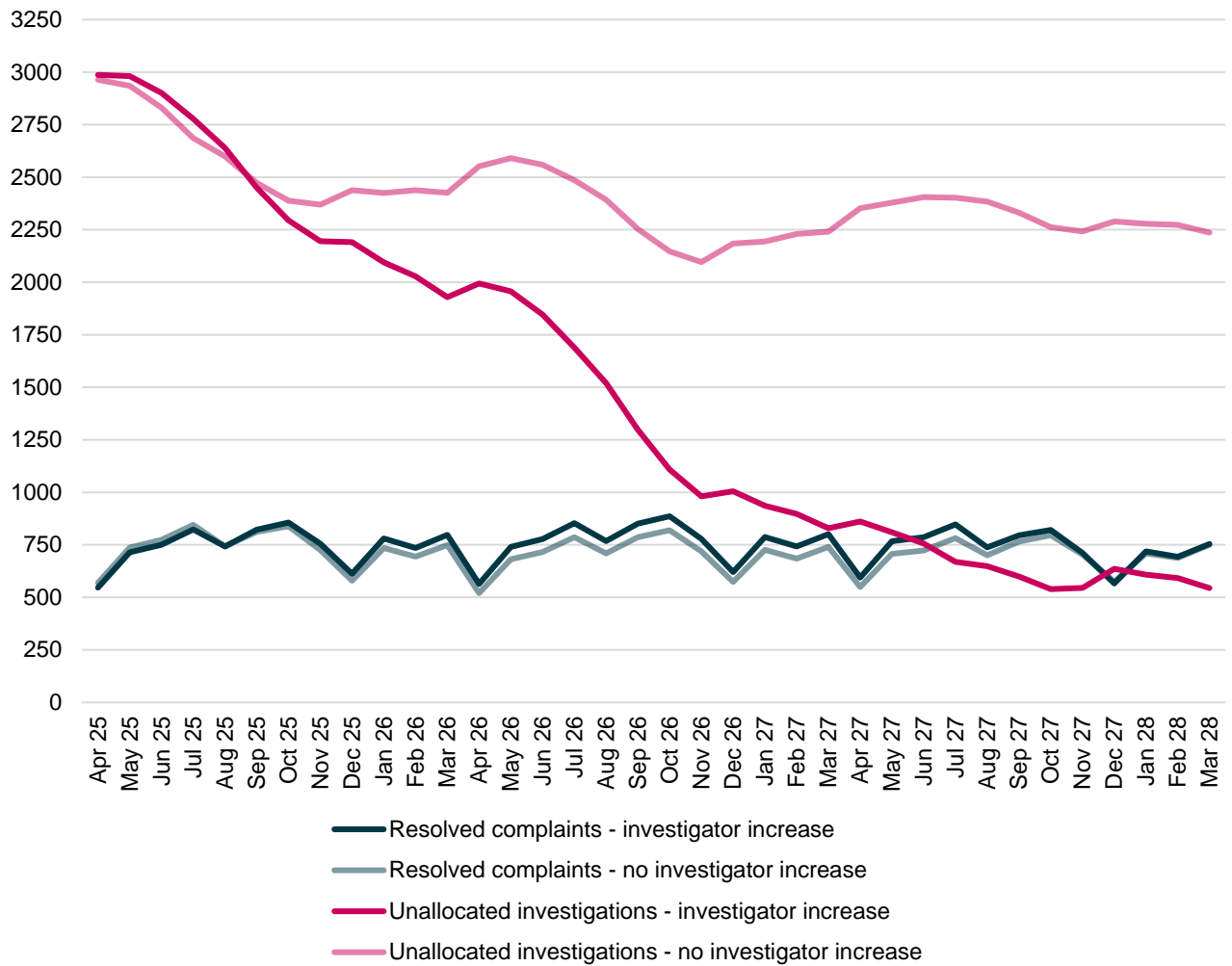
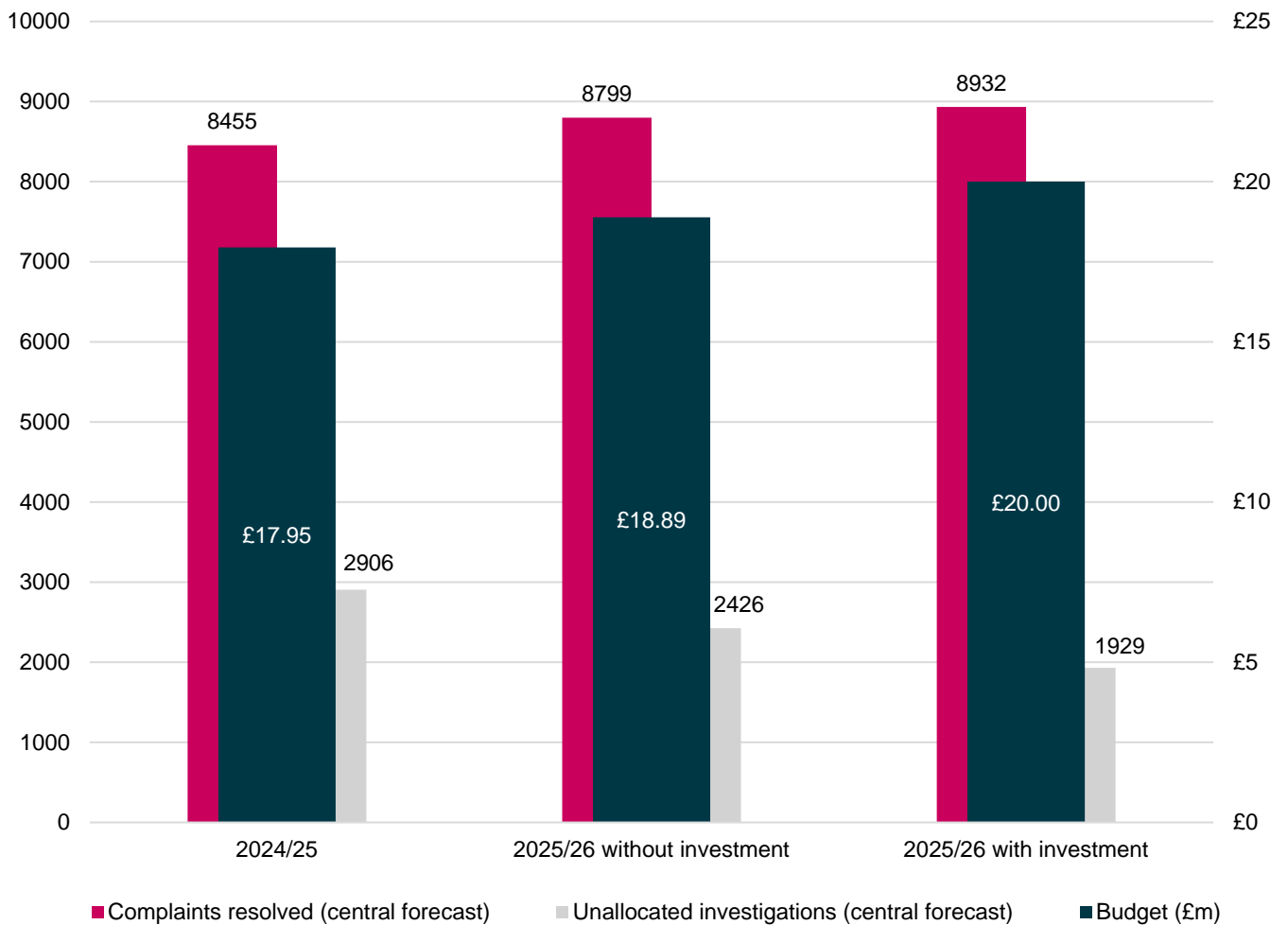


Chart 4: LeO 2025/26 budget (£m) against expected performance



Demand outlook

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

- If demand increases at a similar rate as seen this year for two years (5%), then LeO would reach an acceptable position in terms of its queue and wait times by the end of Quarter 3 2026/27.
- Even in a worst-case scenario, with 10% higher demand, LeO could still cover incoming demand, with the queue continuing to fall – albeit very slowly.

- For 2027/28 – into the new strategy period – in a central scenario, even with increasing demand, LeO would not need to replace investigators leaving the service, enabling a managed decrease of investigation resource and budget.

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

If demand trends reversed, then LeO would be able to improve customers' experience more quickly. For every 1% reduction in in-depth investigation demand, it would see 40 fewer unallocated investigations at year-end. A 5% reduction in 2025/26 would see the backlog at approximately 1,729 (instead of 1,929) and working-level queue by Quarter 2 2026/27.

Value for money

The OLC and LeO are committed to working efficiently and providing value for money – recognising both the public sector context and the impact of LeO's funding on the legal services sector.

Reflecting this, LeO will maintain the robust approach it has taken in previous years to ensure efficiency and value are embedded, measured and delivered, including assessing spending against the principles of the National Audit Office's '4 Es' model.

More broadly, LeO ensures value for money through:

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

begun in conjunction with the Government Internal Audit Agency, who have successfully implemented this solution in a similar way. If this is successful, and justifies further investment with the challenges and risks carefully managed, in 2025/26 LeO will identify and assess areas of its operational process where this technology can be implemented.

Unit cost

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

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

	2022/23 actual	2023/24 actual	2024/25 (central forecast)	2025/26 (central forecast)
Budget	£15.3m	£16.7m	£17.8m	£20.0m
Cases resolved	9,467	7,918	8,455	8,932
Cost-per-case	£1,618	£2,115	£2,136	£2,239
Cases resolved by early resolution	5,380	4,078	4,057	4,105
Cost per early resolution	£316*	£457	£497	£499
Cases resolved by investigation	4,107	3,840	4,398	4,827
Cost per investigation	£1,750	£1,800	£1,614	£1,723
Number of contacts	111,614	125,446	117,566	120,000
Cost per contact	£137	£134	£153	£167

** In 2022/23 no specific cost centre was assigned to early resolution, so this figure is an estimate based on known staff in place.*

LeO's case fee – current picture and future changes

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

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

LeO expects that around 50% of investigation case closures in 2025/26 (48% at the end of Q3 in 2024/25, and 43% in 2023/24) will be subject to a case fee. Based on forecast made at the end of Q3, case fee income will cover 6.6% of LeO's expenditure in 2024/25 (£844,416). Although the number of cases attracting a case fee (and therefore the overall amount of case fee income) is likely to increase in 2025/26, it will only account for 4.8% of LeO's expenditure. LeO also expects that 9.4% of its invoices won't be collectable in 2024/25 due to firm failure.

Reviewing the level of the case fee and other potential changes

As highlighted in previous years, there is a strong case for reviewing LeO's case fee arrangements. Considering that the level of the case fee has not been reviewed since LeO opened in 2010, we believe that an increase is justified and appropriate in light of the inflationary increase in LeO's costs alone. LeO further believes that from a commercial angle, and especially during challenging economic conditions, a higher fee could also help in appropriately incentivising the earliest possible resolution of complaints.

As noted above, LeO is funded by a combination of a levy contribution and case fee income. Any increase in case fee income will therefore reduce the amount of the levy contribution or help mitigate the impact of an increase in the levy. Alternatively, extra income generated through an increase in the case fee could be viewed as a means of offsetting the cost of future investment in LeO's programme of insight and engagement to drive better outcomes across the legal sector. (Moving forwards, LeO will also assess whether, like some other ombudsman schemes, it could recover some of the costs of activities such as training from those making use of them.)

Accordingly, in its consultation on the draft Business Plan and Budget for 2025/26, LeO proposed that the level of its case fee should rise from £400 to £800. It also sought to capture stakeholders' views on broader options for reforming the case fee structure to incentivise more pragmatic first-tier complaint handling. These included adopting either a tiered fee structure (based on the stage in LeO's process at which a complaint is resolved), or a framework based on the 'polluter pays' principle (where

the case fee charged would increase the more upheld complaints a service provider had in a year).

Consultation feedback and final proposal

The feedback LeO received to its consultation indicated a general level of support and consensus in relation to the merits of an inflationary increase to the case fee.

However, some stakeholders commented that an increase from £400 to the proposed £800 was too large, and could significantly impact smaller service providers or those operating in sectors with particularly tight margins. Respondents also raised considerations that would need to be taken into account if more dynamic charging structures were implemented.

Having reflected on this feedback, LeO now intends to focus its initial efforts on retaining the existing case fee structure (charging a flat fee irrespective of the number of upheld complaints or the stage at which they are resolved), and increasing the level of the case fee from £400 to reflect inflation over the last 14 years. Given the consultation feedback on the proposed increase to £800, however, LeO will reflect more widely on the level of increase it should adopt. It will engage with stakeholders in 2025/26 to identify a level of increase that strikes an appropriate balance between competing priorities.

Because we need to consult on any changes to the case fee, amend our Scheme Rules and get the approval of the Lord Chancellor, the implementation timeline is likely to extend up to the end of 2025/26.

Although LeO will not be pursuing either the tiered approach or ‘polluter pays’ principles at this time, it will continue to assess the viability and practicality of introducing those or other alternative dynamic charging structures.

LeO will consider the role that more dynamic charging structures might play in improving first tier complaint handling, incentivising early resolution of complaints or reducing demand for LeO’s services. As part of this ongoing review, LeO will also reflect on how other similar organisations approach the setting and review of their case fee structures, and the frequency of any such reviews, to assess whether it’s possible to keep LeO’s case fees more closely aligned to inflationary increases.

Enhancing the transparency of LeO's casework

The OLC and LeO have made clear their commitment to transparency – both in principle, as a cornerstone of confidence in service providers and the Legal Ombudsman scheme, as well as in the specific example of planning for publishing summaries of LeO's ombudsman decisions as one way of sharing learning and insight from LeO's unique vantage point.

In its 2025/26 Budget consultation, LeO set out a range of activities to deliver over the course of 2025/26 to enhance the visibility of the wider insight and learnings that can be drawn from LeO's casework.

LeO's operations had also stabilised sufficiently to once again progress plans for publishing ombudsman decisions in some form. At the same time, given the significant impacts of this change, LeO needed to carefully consider a range of issues as it moved forward, including preparing for the operational changes and impact as detailed in the [consultation](#) at the end of last year.

The rest of this section sets out the key questions we have considered, and how our thinking and plans have developed since the consultation. This includes further discussions with the Legal Services Board about how to achieve best value for money in this area, and to clarify the steps we would take to materially improve the transparency of LeO's insights over the year ahead.

Our consultation proposals

In our consultation, we put forward proposals to resource LeO to publish full redacted ombudsman decisions within the framework of the Legal Services Act and some restrictions within that.

Responses to the consultation from consumers, and those representing the consumer voice, remained strongly supportive of LeO publishing its ombudsmen's decisions. Other submissions, though, registered some concerns: about the perceived value of publishing decisions; about the impact on LeO's operational efficiency; and about legal considerations around privilege and associated redaction risks.

After careful assessment, having considered all the points made by those responding to the consultation, LeO concluded that a realistic pathway to fulfil its commitment to transparency was to pursue the delivery of summaries of all Ombudsman decisions in their current form – while continuing to assess options for publishing decisions in full in the longer term.

We believed that delivering summaries of decisions struck a pragmatic balance: LeO's ombudsman decisions are, by their nature, detailed, technical and designed to set out the evidence on complex facts and withstand challenge from both complainants and providers, including through the courts. In doing so, however, they

don't necessarily focus on drawing out sharp lessons and insight for a wider audience.

Accessible insights

The LSB carefully considered the proposals we developed, including through engagement with LeO on detailed aspects of the plans. However, the specific element of our budget application for 2025/26 relating to publishing summaries of decisions was not approved by the LSB Board in March 2025. Whilst the LSB Board approved 98% of the OLC budget for 2025/26, it concluded that the set-up and recurring costs of the transparency proposals were too high, and did not represent value when set against the benefits.

Instead, we have enhanced activities and outputs already within the framework of our plan for 2025/26 to make clear our commitment to deliver improved transparency without that specific budget provision. These include, for example, a clearer commitment to our plans to make use of our existing powers to publish decisions where it is in the public interest to do so, and sharing more insight and case studies to enable the sector to learn and improve from what we see.

LeO's planned package of wider initiatives to deliver increased transparency in 2025/26 includes:

- Publishing high-impact **Public Interest Decisions**, building our capacity and processes to enable the publication – subject to the identification of suitable cases – of approximately 30-50 decisions per year.
- Publishing more complaint **case studies**. We will significantly expand the library of case studies on our website by publishing an additional 40-50 over the year.
- Increasing the volume and frequency of our **published insights and data**, including quarterly complaints data and more regular insight publications.
- Harnessing **Artificial Intelligence** to support further transparency, including exploring ways to generate better and more timely analytics.

Taken together, we believe this package of activities will generate momentum in an area of considerable stakeholder interest and establish a strong foundation for building on further in subsequent years. As part of that, we will continue to discuss with the LSB potential options for resuming plans to publish summaries of all ombudsman decisions in the future.

Public Interest Decisions

A key component of our package of proposals to increase transparency in 2025/26 is the use of our powers to publish individual ombudsman final decisions deemed to be in the public interest.

These powers to issue a 'Public Interest Decision' derive from section 150 of the Legal Services Act 2007. They have been used very rarely since LeO's inception, having been envisaged to be used only in exceptional cases. As such they do not lend themselves to being used for the wider publication of *all* ombudsman decisions.

That said, LeO considers that it is possible to make better use of the powers as part of its commitment to increased transparency, and began work during 2024/25 to explore where it would be appropriate and proportionate to do so. Systems and processes have already been developed to identify ombudsman decisions on cases where there is evidence of significant poor service or a pattern of behaviour that warrants being publicised.

A re-established Public Interest Decisions Committee of the OLC Board will meet in the near future, with its work already having been reviewed and approved as part of the OLC's governance framework. It will meet on a quarterly basis to consider ombudsman decisions that might merit publication.

2025/26 Business Plan activities

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

We will deliver an efficient and proportionate service

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

In 2025/26 LeO will:

- Respond to 120,000 contacts, receive over 10,000 new customer complaints, take on over 7,600 complaints for early resolution or investigation, and resolve almost 9,000 complaints.
- Resource our service so we can continue to improve waiting times and reduce the number of people waiting for their investigation to begin, while responding to high and changing demand.
- Act on the findings of the lean review completed in 2024/25, with a focus on improving the investigations process – generating efficiencies and a better service for consumers and service providers.
- Research, develop and test artificial intelligence solutions that we could use in LeO's investigations process, helping us to resolve more complaints and bring down waiting times more quickly by reducing administration time.
- Implement more intelligent automation across all areas of LeO, using technology as a platform to deliver efficiencies into the future.
- Building on previous years' work to improve our induction and performance management processes, put in place an enhanced support and development programme for our investigators – replacing high-volume quality testing with focused support around quality from the outset.
- Apply our Scheme Rules in a way that ensures investigations can be carried out efficiently and effectively, without unnecessary frustration and barriers. This includes escalating complaints for an Ombudsman's final decision only in cases where this route of redress make a difference in helping the parties move forward.
- Develop and consult on changes to our case fee levels.
- Progress our plans to put in place future ways of working that enable effective collaboration and productivity, engagement and wellbeing, and value for money.

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

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

In 2025/26 LeO will:

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

We will be accessible to everyone who needs us

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

In 2025/26 LeO will:

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

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

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

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

In 2025/26 LeO will:

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

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

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

In 2025/26 LeO will:

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

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

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

In 2025/26 LeO will:

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