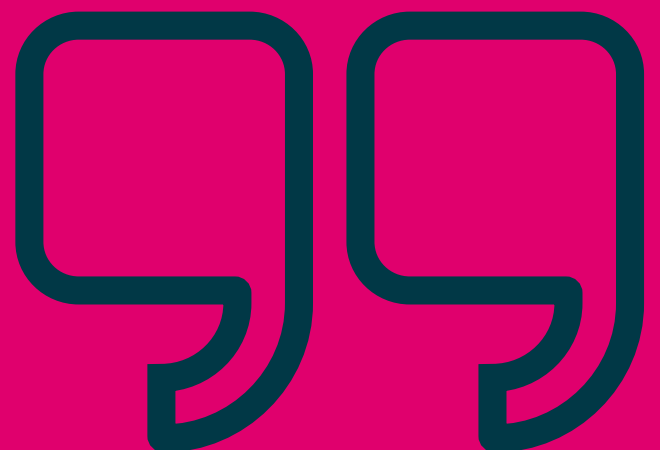


Office for Legal Complaints

# Annual Report and Accounts 2024/25





Office for Legal Complaints

# **Annual Report and Accounts 2024/25**

For the period 1 April 2024  
to 31 March 2025

Presented to Parliament pursuant to Section 118 of the Legal Services Act 2007

Ordered by the House of Commons to be printed on 8 July 2025

HC 1029



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ISBN 978-1-5286-5646-7

E03341184 07/25

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office

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# Performance report

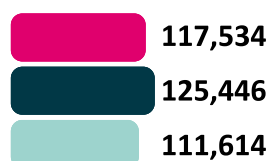
This performance report sets out how far the Legal Ombudsman (LeO) met its strategic objectives and business plan priorities in 2024/25, its performance against its key performance indicators, and the risks it managed. It also details activities relating to LeO's people, highlights work on equality, diversity and inclusion (EDI), and provides updates on other areas of LeO's operations.



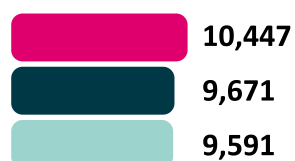
## The Legal Ombudsman's performance in 2024/25

Key ■ 2024/25 ■ 2023/24 ■ 2022/23

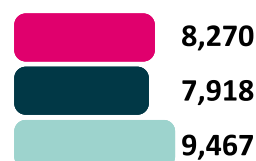
Contacts received



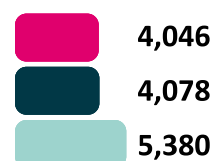
New customer complaints received<sup>1</sup>



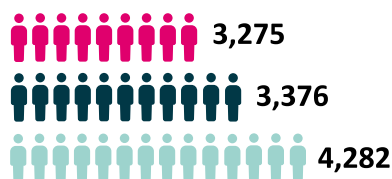
Complaints resolved



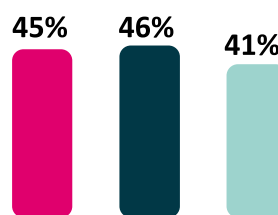
Complaints resolved by early resolution



Queue of people waiting for investigation at 31 March



Complaints resolved within 90 days



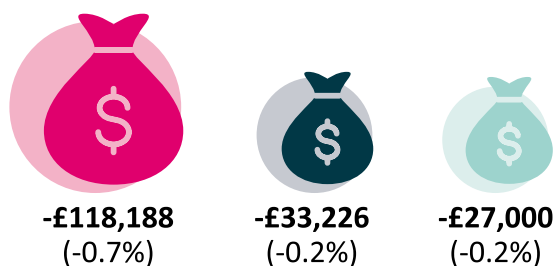
Customer journey time (days) – all cases



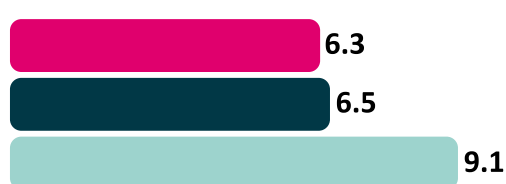
Customer journey time (days) – early resolution



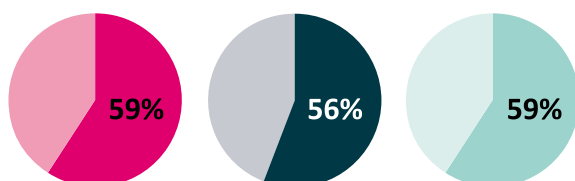
Budget variance



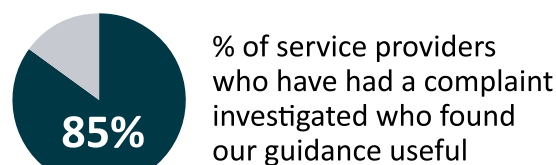
Average complaints resolved per investigator each month



Employee engagement



Rating of our resources



<sup>1</sup> New method introduced 2024/25 (inclusive of new customer complaints received manually).



# Foreword from the Chair of the Office for Legal Complaints



**Elisabeth Davies |**  
**Chair, Office for Legal Complaints**

## **Our strategy – first year of delivery**

Introducing the 2024/25 Office for Legal Complaints' (OLC) Business Plan and Budget, I wrote that LeO was now at a pivotal stage in its evolution. I also said that its 2024/25 plans and new strategy for 2024 to 2027 represented a significant shift and step forward.

We can now look back on the first year of delivery under that strategy, and reflect on both some notable achievements and continuing challenges – for LeO and the wider legal sector.

What has become ever clearer over this last year is the interconnectedness of the two objectives in our strategy: to deliver an accessible, quality service, and to be a constructive and strategic voice for improvement.

## **Virtuous circle**

These objectives are inextricably linked. You cannot have one without the other.

- The more successfully we deliver impactful insight and guidance on good complaints handling, the more we can help reduce unnecessary demand for LeO's service.
- The more effectively we drive down demand, the more quickly we will reduce our queue and achieve the excellent service we aspire to deliver.
- And the quicker we can resolve complaints, the more swiftly we can harness insights to share.

The interlinking of the objectives could not be stronger.

The trajectory of LeO's improvement since 2021/22 is self-evident, and it continued to deliver in 2024/25.

As the Chief Ombudsman notes in his introductory report, LeO performed well on most key metrics last year, and did so facing into a strong headwind. The demand for LeO's help remained significant and elevated, and this materially affected LeO's ability to reduce its backlog in the way it set out to do.

## Collaboration

The drivers of this demand are many and various, so it has been good to see LeO's strengthening collaboration with legal service regulators in 2024/25, as we seek a common approach to improving sector complaint handling.

The success of the OLC's 2024 to 2027 Strategy does not rest with LeO alone. We aim to generate and share more insight. But the sector needs to engage with this feedback positively. Too many complaints are currently being referred to LeO. This is not good for service providers, for LeO, or – most importantly of all – for individual consumers of legal services.

All of us have a collective responsibility to improve first-tier complaint handling – complaint handling at the provider stage.

## Continuous improvement

The demand challenge also shaped LeO's own service development this year, as it sought new ways to enhance efficiency and share knowledge. LeO is an innovation-oriented organisation, and I would highlight two areas of development in particular.

The first is digital transformation, to which the OLC Board is strongly committed. As you will read in both the Chief Ombudsman's introduction and in more detail later in the report, LeO has actively explored how the latest technology could transform its service.

The second is LeO's work to enhance the transparency of its casework. In preparing its plans for 2025/26, LeO has identified a package of measures that will significantly increase transparency in the coming year – including the publication of ombudsman decisions in the public interest.

## People and culture

We never forget that people are at the heart of our work.

We talk about thousands of complaints received, or about measures of customer journey times. But we always remember that behind every datapoint is a person – an individual who might be waiting too long in a queue, or grappling with a problem that fundamentally affects their life or sense of self.

Likewise, we recognise that behind all of LeO's achievements in 2024/25 are its own people. As the Chief Ombudsman notes, building an inclusive culture at LeO underpins all of our plans.

We have heard some questions posed recently by colleagues about the strength of LeO's commitment to equality, diversity and inclusion, in light of wider current debate internationally and, to some extent, in the UK.

We are clear that the success of our EDI Strategy is an essential – not optional – element of our plans and priorities. It is an integral part of LeO, and will remain so into the future.

## Strong governance

The spirit of continual evolution I have referred to applies equally to the OLC Board, which has continued to maintain high standards of governance and accountability in 2024/25.

The OLC Board actively considers its effectiveness on an annual basis. During 2024/25, it has focused on the themes emerging from board members' annual appraisals, as well as diligently implementing the recommendations made by the 2023/24 external board effectiveness review.

The board's commitment to its own development is central to its approach. This will be key as, looking ahead, the board's focus turns to ensuring a smooth transition to a new Chair when my second term concludes, and on LeO's future direction when we start to formulate a new strategy for 2027 and beyond.

I thank all members of the OLC Board, who have once again provided constructive challenge and support to LeO. We said goodbye during the year to Jane Martin and Dale Simon, welcomed Georgina Philippou and Elaine Banton, and were pleased to reappoint Alison Sansome and Harindra Punchihewa.

## Looking ahead

As this annual report sets out, there is much for everyone at LeO to be proud of. And I would like to take the opportunity to record my thanks – and the OLC Board's – to Paul McFadden, our Chief Ombudsman, who will leave LeO later this year to become the Scottish Public Services Ombudsman.

Paul has played a significant role in LeO's transformation and in laying the groundwork for its future success, and he leaves with our very best wishes.

For LeO, however, it's very much 'business as usual' as we look to the future. While we take due pride in everything we've accomplished over the past year, and indeed in the longer trajectory of improved performance at LeO, we know there is no room for complacency.

There is much yet to be achieved to fulfil our vision, and we look forward to delivering the second year of our strategy in 2025/26.

# Report from the Chief Ombudsman



**Paul McFadden | Chief Ombudsman**

## Performance overview

LeO's operational performance has been transformed in recent years.

As this annual report demonstrates, we maintained the pace of our service improvement in 2024/25. We have continued to deliver high performance and resolve historically high numbers of complaints. We have simultaneously invested in building the insight-sharing capability we will need to make a positive, lasting difference in our sector. We have again demonstrated that LeO's improved operating model is both effective and sustainable.

At the same time, the consistently high demand for our help impacted on our ability to deliver some of our 2024/25 plans. The scale of that demand shows we cannot be complacent about our standards and performance.

That is equally true for the wider sector: people using legal services need to be able to rely on providers to deliver consistently high standards. Disappointingly, we once again found evidence of poor service and complaints handling in too many of the complaints we investigated in 2024/25. There is a clear and urgent need for improvement.

## Our service

LeO's vision is to become a leading and trusted ombudsman scheme where every complaint helps drive better legal services. To achieve that, our 2024 to 2027 Strategy focuses on two key objectives: for the service we provide, and for the impact we want to have for the benefit of all our customers.

Our first strategic objective centres on the delivery of our service: to resolve complaints fairly and effectively, and provide an excellent customer experience.

LeO performed very well in 2024/25 on most key measures of its output. Without any increase in operational resourcing, we resolved a total of 8,270 complaints during the year – which is 4.4% more than in 2023/24 (7,918), and at the upper end of the range we committed to in our business plan.

45% of all cases were resolved within 90 days, a key performance benchmark. All other customer journey time metrics have also improved since 2023/24, including in relation to the small number of our most complex and longest-running cases, although persistently high demand for LeO's service meant that these metrics did not improve as significantly as we had targeted. While there is always room for improvement, the overall experience for the majority of our customers in terms of the quality of service they receive and their satisfaction with it, remains high.

### **Sector driven demand – high and increasing**

High and increasing demand also meant we did not see the extent of reductions we had set out to make – or have made in recent years – in the number of people waiting for an in-depth investigation. The most significant increase has been in these more complex cases, which have risen by almost a fifth.

The scale of this demand – with more than 10,000 new complaints received over the year – presents a huge challenge. It effectively absorbs the increased output LeO has generated, which would otherwise reduce waiting times for our customers.

This matters. Behind every complaint that we have resolved, and every complaint waiting for allocation to one of our investigators, is an individual. People who have sought our help at critical times in their lives. It is vital that we seek to resolve their complaints as quickly as we can.

### **Our impact – ‘second, but not secondary’**

This ongoing imperative has underpinned our investment plans for the coming year. It also underscores the importance of the work we have done during 2024/25 to build our insight-sharing capacity and capability.

The second key objective of our strategy is ensuring LeO's independent voice and experience leads to improvement in legal services. Second, but not secondary: sharing learning from complaints and driving improvement is a defining feature of a modern ombudsman scheme, and an essential support and complement to our service objective.

In 2024/25, LeO found evidence of poor service in 69.5% of investigative outcomes, and evidence of poor complaints handling in 48.7% (see graphic on page 13). This is unacceptable – consumers of legal services deserve better. Complaints handling needs a culture change.

Accordingly, we made a small but important investment in our insight resourcing this year – adding four roles to our communications, engagement and impact team, and seconding two senior ombudsmen to our learning and insight work for added casework experience.

This developing area of focus grew in momentum over 2024/25, building on our work of previous years. We created new data reports to improve the intelligence we capture about our casework, initiated a new series of ‘spotlight’ insight articles, and drafted a framework for continuing to strengthen our capability in 2025/26.

We reconvened a committee of the OLC Board which will approve recommendations for publishing decisions in the public interest. We have begun to create a model complaints procedure, to distil our experience for wider benefit. And we have developed our process for identifying service providers where tailored support could significantly improve complaints handling.

Together with a strengthening of our engagement with legal services regulators over the course of the year, this programme of work has laid strong foundations for the remaining years of our strategy.

### **Our supporting strategies and enablers**

LeO has adopted a culture of continuous improvement. This can be seen in the work taken forward throughout 2024/25 in all the critical enablers of our 2024 to 2027 Strategy, and the strategies supporting it.

LeO aspires to be an employer of choice – and we continued our progress towards that aim in 2024/25. We are committed to creating a positive, inclusive people culture. It was good to see that reflected both in our strong People Survey results, and in the ‘substantial’ rating the Government Internal Audit Agency (GIAA) gave us for our EDI approach.

Our improvement of LeO’s employee value proposition helped to drive down our attrition levels significantly over the year. Sickness absence levels are higher than we would like – but these are declining, are being actively managed, and will remain a key focus for our HR team in the year ahead.

We continue to invest in digital transformation and new technologies, including artificial intelligence (AI) and cloud-based technologies, to enhance what we do and support our transition to a national workforce.

We conducted a ‘lean’ review of our operational processes, and identified improvements we will implement in 2025/26. We have robust and effective corporate governance and enhanced our risk management in 2024/25, improving our ability to identify and manage risks proactively.

Finally, because quality is at the heart of any ombudsman scheme, we introduced a new quality framework during the year and remain highly confident in the outcomes reached in our casework. While we rightly continue to look for operational efficiencies, we will not make these at the expense of the quality of the service we provide.

## Looking ahead

Our 2025/26 Business Plan and Budget sets out the second year of ambitious development within our strategy, and a further step towards the completion of LeO's transformation into a leading ombudsman service.

In the second half of this year, in October 2025, I will take up a new role as the Scottish Public Services Ombudsman. It means that 2024/25 is the last full year that I will review as LeO's Chief Ombudsman.

It has been a privilege to lead LeO over the past four-and-a-half years, and I am very confident in the organisation I will leave behind. That's in terms of both its visible performance and the systems and structures sitting underneath.

LeO is performing well – consistently and sustainably. Our audit results give assurance on the quality of our risk management and corporate governance. Our culture has been transformed. And we are taking a more proactive approach to sharing our learning and insight.

None of this would have been possible without the commitment, dedication and hard work of LeO's people, to whom I am – and will remain – very grateful. They can be proud of all that they have achieved and look forward with confidence to the next stage in the organisation's journey.





# Performance overview

## About the Office for Legal Complaints and Legal Ombudsman

The Legal Ombudsman scheme was established by the 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's website gives more detail about how it is governed and organised, including LeO's structure and leadership and the OLC's meetings and committees.

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 its website.

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

Since 2021/22, LeO has focused on rebalancing its service towards the early resolution of complaints wherever this is appropriate. The goal is to reduce waiting times and improve the experience of both legal service users and providers. The year 2024/25 was the first of the OLC's new strategy for LeO, which ran from 1 April 2024 and continues until 31 March 2027. The OLC has also consulted on and published its 2025/26 Business Plan and Budget.

The next page summarises the strategic objectives and business plan priorities for 2024/25 and 2025/26 – all matching our overall 2024 to 2027 Strategy. The OLC's past and current strategies and business plans for LeO are published in full on LeO's website.



## The OLC's 2024 to 2027 Strategy and business plan priorities

<b>Purpose and what LeO is here to do</b>	
Resolving consumer complaints about legal providers, and sharing insight to improve legal services	
<b>Vision and where LeO is heading</b>	
A leading and trusted Ombudsman scheme where every complaint helps drive better legal services	
<b>Strategic objective for LeO's service</b>	<b>Strategic objective for LeO's impact</b>
LeO resolves complaints fairly and effectively, providing an excellent customer experience	LeO's independent voice and experience lead to improvements in 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 learning and insights that help lead to better legal services for consumers
We will be accessible to everyone who needs us	We will use our experience to help legal providers improve their complaints handling
<b>Enablers</b>	
People and culture	
Resources and governance	
Systems and intelligence	
Relationships and collaboration	
<b>Supporting strategies</b>	
People	
Equality, diversity and inclusion	
Future ways of working	
Technology and innovation (proposed)	
Knowledge and insight (proposed)	

From 2021/22 and continuing through 2024/25, LeO has made significant progress in becoming a more proportionate service, rebalancing its approach towards the early resolution of complaints wherever possible. These flexible, pragmatic approaches accounted for 48.9% of all the complaints LeO resolved this year (51.5% in 2023/24, 56.8% in 2022/23 and 18.3% in 2021/22).

In 2024, LeO updated the information on its website about what people can expect when they refer a complaint for an independent view. This sets out the different approaches LeO might take to resolving a complaint, and the choices available to people at each point in the process.

The graphic below shows how many enquiries and complaints LeO resolved in 2024/25 at each stage, and the different areas of law they involved. It summarises LeO's full annual complaints dataset, which will be published on LeO's website in summer 2025.

LeO's 2024/25 data will become a baseline for LeO's ongoing work under the 2024 to 2027 Strategy, including in its role as an independent voice to improve wider legal services. Investigating complaints over recent years, LeO has found a general lack of improvement in service standards and complaints handling. That underlines the importance of this strategic objective.

## What did the Legal Ombudsman see in 2024/25?



How many new customer complaints did LeO receive?

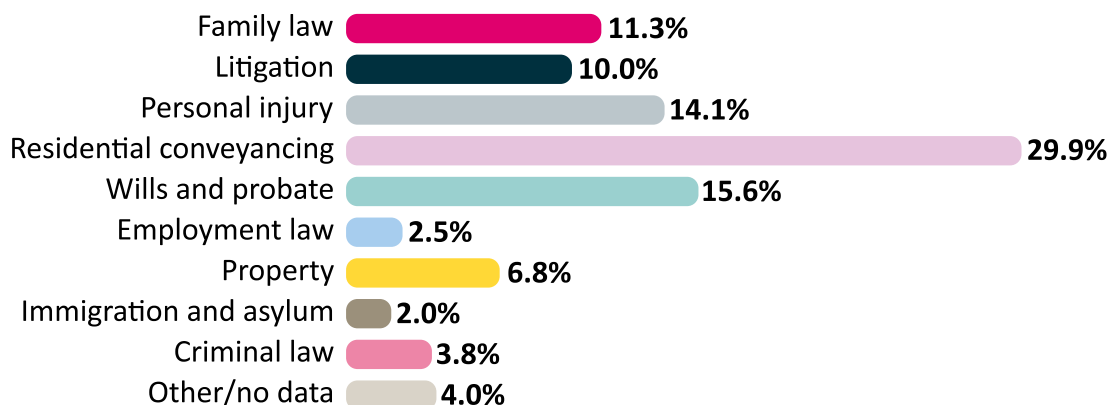
**10,447**



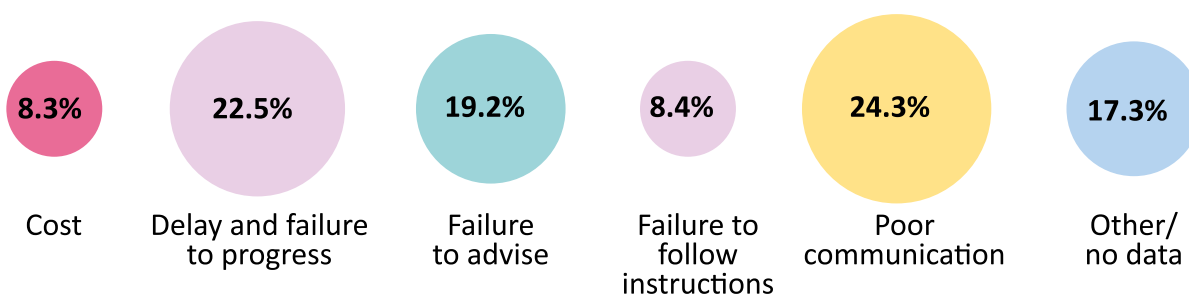
How many complaints did LeO resolve?

**8,270**

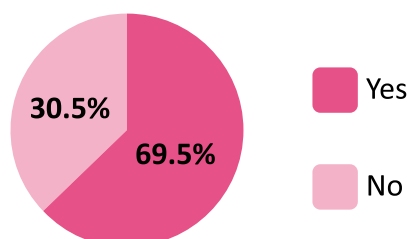
### What areas of law were the accepted new complaints about?<sup>1</sup>



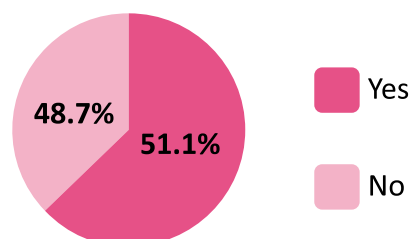
### What issues did consumers complain about?



### Where assessed, did LeO find evidence of poor service?\*



### Where assessed, was the legal providers' own complaints handling reasonable?\*



<sup>1</sup> Core demand - demand for early resolution and in-depth investigations combined - reached 7,721 cases. Though these cases have been assessed as within LeO's jurisdiction, not all cases have the information required from either the service provider or customer to progress immediately to an investigator. During 2024/25, 7,209 cases were ready to progress and accepted for investigation within either the early resolution or in-depth investigations process.

\*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 8,270 cases we resolved in 2024/25, 4,046 were resolved by early resolution. Of the remaining 4,224 cases resolved, we assessed the reasonableness of service and complaints handling in 2,557. We found evidence of poor service in 69.5% of these (1,778) and evidence of unreasonable complaints handling in 48.7% (1,247, with three further cases having incomplete data).



## Key performance indicators

In 2024/25, LeO has strengthened its reporting capability by adding to the key performance indicators (KPIs) which provide a high-level snapshot of its operations. It has introduced manual complaint reporting to record demand more accurately. It has also brought in premature complaints metrics to enhance reporting on learning and insight at a strategic level.

To monitor LeO’s performance internally during the year, we used the National Audit Office’s 4Es model (Economy, Efficiency, Effectiveness and Equity), which includes a wider range of metrics than these KPIs.

With key external stakeholders, we developed a strategic scorecard to give high-level assurance to all parties. An additional balanced scorecard provides further context and detail about how LeO is performing against its 2024 to 2027 strategic objectives.

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 2023/24	Target 2024/25	Actual 2024/25	See also
<b>Reasonable outcome</b>  Internal quality measure asking whether the outcome of a communication, investigation, or decision was fair and reasonable.	General enquiries team: <b>85%</b>  Early resolution team (investigators): <b>98%</b>  Early resolution team (ombudsmen): <b>93%</b>  Investigator: <b>75%</b>  Ombudsman: <b>92%</b>	<b>95%</b>	General enquiries team: <b>86.7%</b>  Early resolution team (investigators): <b>96.5%</b>  Early resolution team (ombudsmen): <b>95.8%</b>  Investigator: <b>65.2%</b>  Ombudsman: <b>97.5%</b>	Page 45

Customer experience and quality				
Description	Actual 2023/24	Target 2024/25	Actual 2024/25	See also
<b>Customer journey</b>  The end-to-end customer journey time experienced by customers who have had a file closed or resolved by in-depth investigation each month.	<b>12%</b> of low-complexity complaints resolved in 325 days  <b>16%</b> of medium-complexity complaints resolved in 500 days  <b>16%</b> of high-complexity complaints resolved in 500 days	<b>80%</b> of low-complexity complaints resolved in 325 days  <b>80%</b> of medium-complexity complaints resolved in 500 days  <b>80%</b> of high-complexity complaints resolved in 500 days	<b>24%</b> of low-complexity complaints resolved in 325 days  <b>30%</b> of medium-complexity complaints resolved in 500 days  <b>24%</b> of high-complexity complaints resolved in 500 days	Page 22
<b>Customer satisfaction</b>  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.	Those satisfied with outcome of investigation – satisfied with service: Consumer <b>94%</b>  Provider <b>90%</b>  Those dissatisfied with outcome of investigation – satisfied with service: Consumer <b>7%</b>  Provider <b>13%</b>	<b>85%</b> satisfied with service for those satisfied with the outcome of the investigation  <b>15%</b> satisfied with service for those dissatisfied with the outcome of the investigation.	Those satisfied with outcome of investigation – satisfied with service: Consumer <b>92%</b>  Provider <b>90%</b>  Those dissatisfied with outcome of investigation – satisfied with service: Consumer <b>8%</b>  Provider <b>16%</b>	Pages 42-44

Customer experience and quality				
Description	Actual 2023/24	Target 2024/25	Actual 2024/25	See also
<b>Volume of cases awaiting assessment</b>  Unallocated investigations at 1 April each year.	3,376	2,769	3,275	Pages 22-24

Raising professional standards				
Description	Actual 2023/24	Target 2024/25	Actual 2024/25	See also
<b>Rating of our training and resources</b>  Annual measure of the views of service providers who have had a complaint investigated about whether LeO provides useful and relevant resources.	Guidance – relevant <b>90%</b> useful <b>91%</b>  Training – relevant <b>90%</b> useful <b>89%</b>	n/a*	Guidance – relevant <b>92%</b> useful <b>91%</b>  Training – relevant <b>92%</b> useful <b>92%</b>	Pages 37 and 39

\* We will review this target measure in 2025/26 in the context of having procured a new digital learning platform to deliver these resources.

Efficiency and resilience			
Description	Actual 2023/24	Actual 2024/25	See also
<b>Cost per case resolved</b>  Monthly average cost, looking at the number of cases resolved by quarter against our costs for the quarter.	<b>£2,115</b>	<b>£2,156</b>	Pages 49-51

People and culture				
Description	Actual 2023/24	Target 2024/25	Actual 2024/25	See also
<b>Quarterly and rolling turnover rate</b>  Total leavers for the past 12 months, as a percentage of the average total permanent headcount for the period.	<b>20.1%</b>	<b>21%</b>	<b>13.8%</b>	Page 113



## Summary of strategic risks and issues

Throughout 2024/25, LeO has identified and managed risks and issues that could affect the delivery of its strategic objectives and plans. Early on, we introduced a new risk methodology. This integrates residual risk scores, risk appetite, and tolerance levels into a simplified and accessible risk matrix. It supports a more structured and efficient approach to risk management.

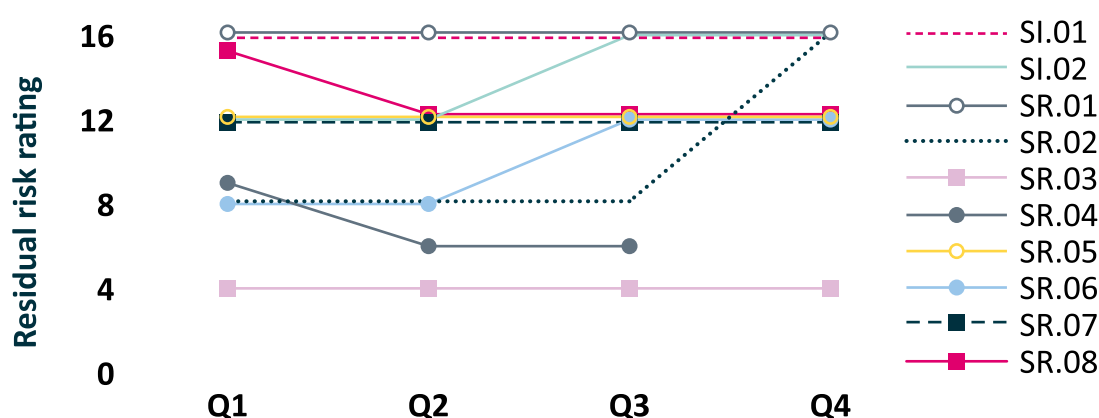
We score each strategic risk and issue from 1 to 5 for likelihood and for severity of impact, assigning a red, amber, or green rating. Pages 101-104 show how we use our new risk methodology to calculate the overall tolerance position. Pages 52-61 give further detail and analysis of individual strategic risks and issues, including how we managed them and how their scores have evolved.

We have seen encouraging progress in the management and evolution of our strategic issues and risks throughout 2024/25. The positive overall trajectory reflects the strength of our proactive efforts in risk governance and strategic alignment.

In 2023/24, we managed scheme rules as a strategic risk. But this year our targeted actions and mitigation strategies have reduced it to a business unit risk – a step forward in operational resilience. By sharpening our focus on attrition, we have reduced that from a strategic issue to a strategic risk and made appropriate governance and strategic mitigation plans to address current and future impacts.

We have reclassified the absorb demand risk as a strategic issue, enabling more immediate and tactical management while ensuring that we go on prioritising continuity and service performance.

### Strategic risks and issues in 2024/25



Strategic risk (SR) or issue (SI)	Residual rating				Strategic objective	Risk appetite	Target score	Trend
	Q1	Q2	Q3	Q4				
SI.01 - Unacceptable queue of cases	16	16	16	16	1	Eager	Within	↔
SI.02 Absorb demand volatility *Escalated to an issue in Q3	12	12	16	16	1	Open	Outside	↑
SR.01 Failure to meet business plan improvements in customer experience	16	16	16	16	1	Eager	Within	↔
SR.02 Leadership resilience	8	8	8	16	1, 2	Cautious	Outside	↑
SR.03 Budget variance against forecast	4	4	4	4	1, 2	Minimal	Within	↔
SR.04 Scheme rules changes	9	6	6	n/a	1	Cautious	Optimal	↔
SR.05 GPA Birmingham hub	12	12	12	12	1	Cautious	Outside	↔
SR.06 Failure to deliver new impact objective	8	8	12	12	2	Open	Within	↑

Strategic risk (SR) or issue (SI)	Residual rating				Strategic objective	Risk appetite	Target score	Trend
	Q1	Q2	Q3	Q4				
SR.07 Staff attrition – corporate and operations roles (other than investigators) *De-escalated to a risk in Q3	12	12	12	12	1	Open	Within	↕
SR.08 Staff attrition – business-as-usual investigators *De-escalated to a risk in Q3	15	12	12	12	1	Open	Within	↑

# Performance analysis

## Delivery against the 2024/25 Business Plan

In recent years, LeO has been significantly raising its standard of service, pursuing a trajectory for improvements which the OLC set out in 2021/22. In particular, it has focused on reducing the queue of complaints waiting for allocation to an investigator. LeO made fundamental changes that rebalanced its service towards minimum formality, by identifying complaints that could be resolved at an early stage and without a full investigation.

As a result of these changes, LeO has made a step change in performance against challenging headwinds. As we discuss below ('managing demand'), those headwinds have only grown stronger in the past year. Even so, in 2024/25 LeO has continued building on prior progress to improve its customers' experience.

- LeO resolved 8,270 complaints – performing at the upper end of its business plan forecast of 8,404. This is also a 4.4% increase on 2023/24, an improvement that is due to further efficiencies.
- LeO received 11.8% more cases for early resolution or in-depth investigation (core demand) than it took on in 2023/24. This core demand rose from 6,907 in 2023/24 to 7,721 cases (including 600 complaints received in 2023/24 but processed by LeO in 2024/25). We expected the new scheme rule time limits to reduce demand by 15%, but instead the sustained upward trend of recent years continued.
- The number of complex cases needing in-depth investigation rose by almost a fifth (18.8%). This was the most significant area of increased demand in 2024/25. Reaching 4,377, it exceeded the upper range of forecasts (4,224 to 4,311 cases) in our re-forecast business plan for the year.
- Counting all contact channels, LeO handled 117,534 contacts (6.3% fewer than 2023/24). It received 9,140 new online customer complaints (5.5% fewer than 2023/24). We had expected LeO's website improvements – which enhance how complainants interact and receive information – to reduce new customer complaints by 15%. The actual figures are a clear indication of underlying, front-line demand for LeO's service.
- Additionally, developments in reporting mean LeO can now accurately report complaints received manually (1,307) rather than via its online complaints form.
- LeO resolved 45% of all cases in under 90 days. Though this is a slightly smaller proportion than in 2023/24 (46%), the increased volume of cases means it was a real increase of 97 cases. It continues LeO's turnaround since 2021/22, when 11% of cases were resolved within 90 days and more than 80% topped 180 days. Despite increases in demand, LeO has kept average resolution time for cases in its early-resolution process substantially stable, at 53 days – only a little longer than in 2023/24 (49 days). There is no wait time after LeO has all the information it needs to determine it has jurisdiction, because the resolution process begins immediately.

- LeO reduced the number of cases awaiting allocation at year's end (31 March 2025) to 3% less than the same day a year ago. This sustains a trend of reduction (21.2% less on 31 March 2024 than a year earlier).
- On average, customers in the queue for in-depth investigation in 2024/25 could expect to wait around 11 months (338 days) before their complaints reached an investigator. This has remained stable (334 days in 2023/24) even while persistent increases in demand for in-depth investigations have hampered LeO's ability to reduce waiting times.
- The volume of cases resolved within less than two years has increased to 94% which is a 2% rise (or 169 additional cases) compared to prior year, despite the overall growth in the number of resolved cases.
- Taking all cases together (both early resolution and in-depth investigation), the average total journey time to conclusion was 282 days, or 7.2% shorter than 2023/24.
- Productivity has remained high. The average number of complaints resolved per investigator, per month was 6.3 – combining 21.6 for early resolution and 3.6 for complaints needing a full investigation.
- Together with LeO's success in cutting investigator attrition rates by almost half, this means there are now more people delivering the same high productivity individually. This has played a key part in delivering increased overall outputs.

## Managing demand

LeO continues to improve customer experience. Performing at the upper end of its commitments, in 2024/25 it delivered 4.4% more resolutions than last year, without additional investment in operational resource.

It has achieved this against a challenging backdrop. Historically stable demand has given way to a sustained increase over recent years.

At the start of 2023/24, we changed our scheme rules to reduce the time limits for complaints. For 2024/25, we projected that these changes would reduce core demand by 15%. Despite this, core demand has increased significantly as part of a longer-term rise in demand driven by the legal sector. This is now hampering LeO's ability to reduce its backlog of cases.

Improvements to the customer contact point in 2024/25 now give customers more information about how to handle queries without the need to contact LeO. This reduced the numbers contacting us by 6.3% from last year. Yet the reduction in contacts hasn't translated into a reduction in the volume of complaints that are within LeO's jurisdiction and require early resolution or in-depth investigation.

Having begun 2024/25 managing demand as a risk, we are now managing it as a live issue. The most significant increase has been in cases requiring in-depth investigation – LeO’s complex cases – which are up by almost a fifth. While these cases wait for allocation to an investigator, they affect how fast LeO can reduce the volume of customers awaiting an in-depth investigation and improve customer journey times for these customers.

However, we have forestalled serious increases to LeO’s backlog by maintaining our focus on reducing complaints in the queue for allocation to an investigator. Increasing efficiencies have reduced how long customers wait in the queue, even if rising demand means the reduction has come more slowly than we hoped.

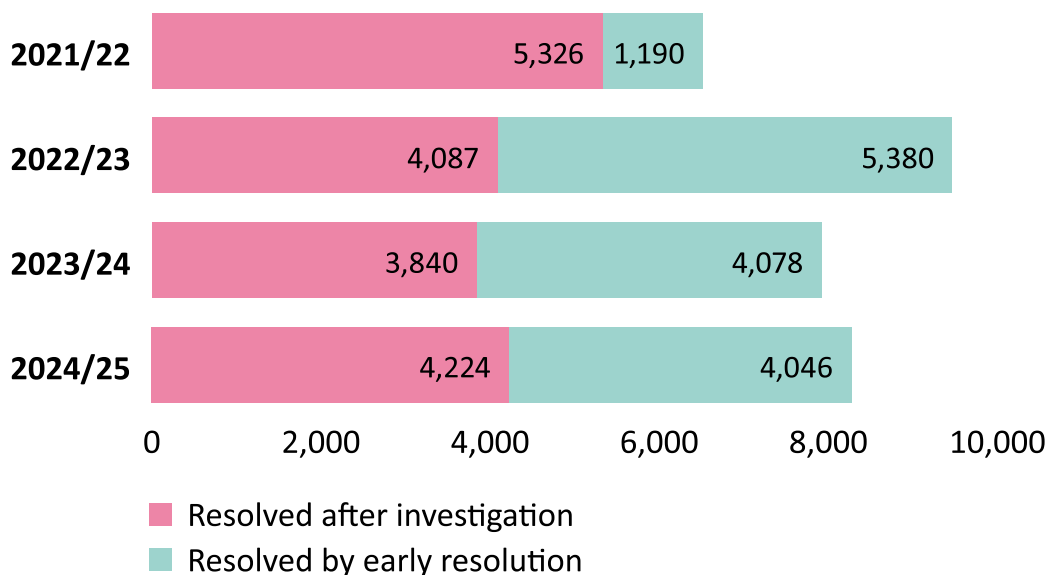
By any measure, LeO reduced its customers’ overall journey time from lodging a complaint to resolution of the case. That includes a quicker journey for the most complex and longest-running cases. Early resolution and low-complexity initiatives enabled LeO to close 45% of all its cases within 90 days.

We are exploring the potential of AI and other technological improvements. In 2024/25, we identified further efficiencies through a ‘lean’ review of operational processes. This year where appropriate we will implement these, while continuing to find further ways of boosting efficiency.

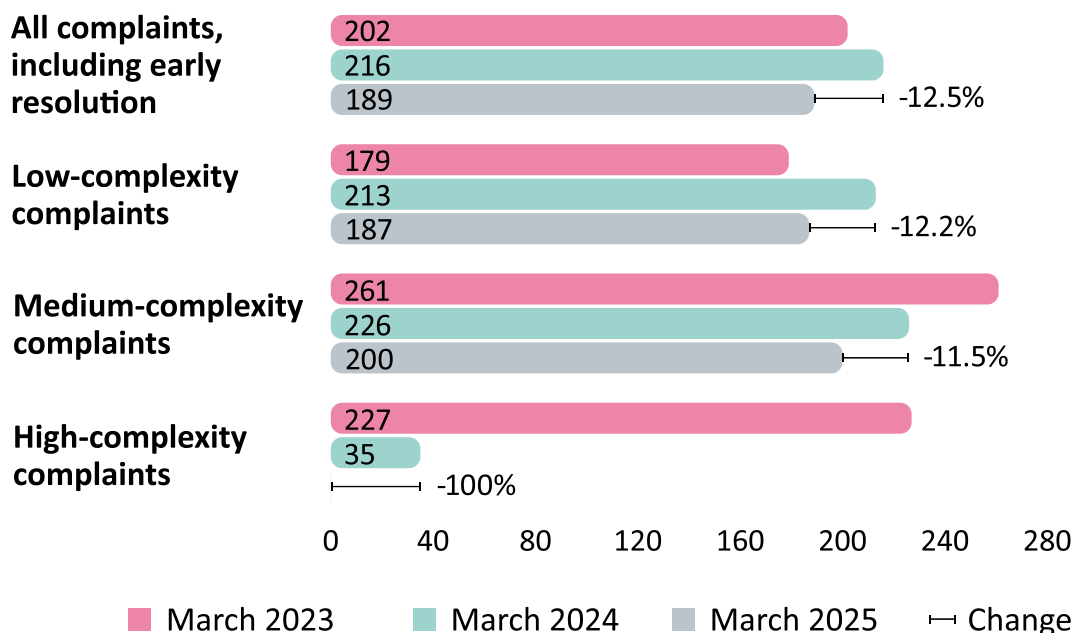
As set out in its latest business plan, LeO expects to reach a working position of around 1,929 cases in the queue in 2025/26. The organisation is equipped to absorb forecast increases in demand for the foreseeable future. It will continue to reduce backlogs, progress towards an excellent customer experience, and further improve customer journey times.



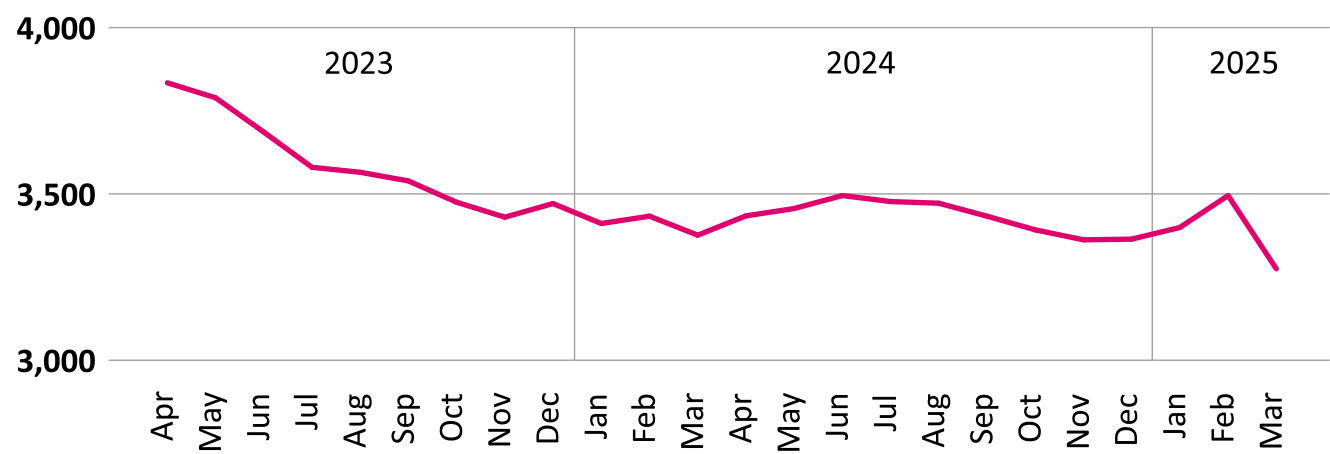
## Increase in complaints resolved by LeO



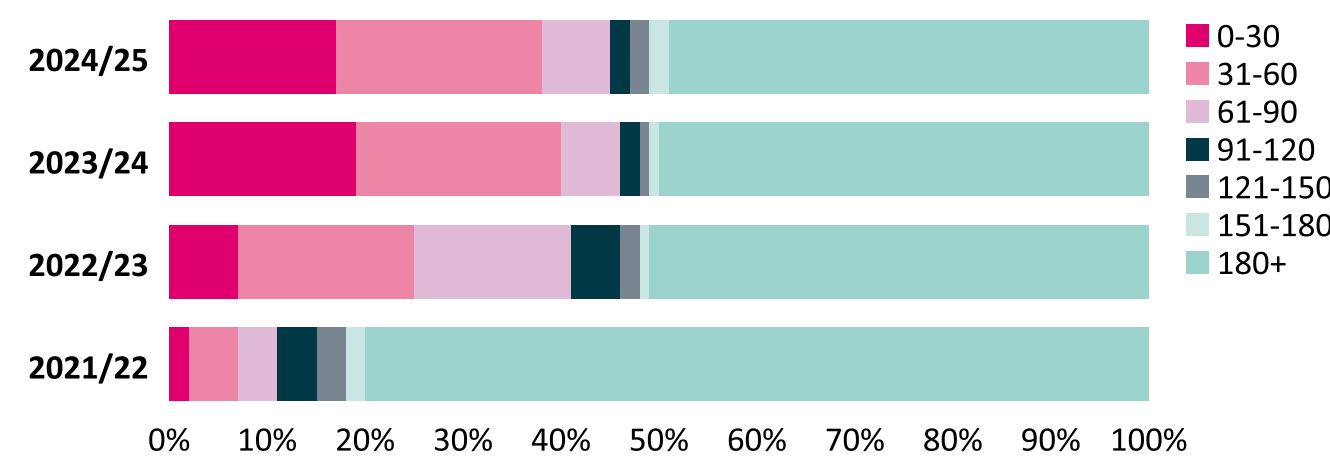
## Waiting times by case complexity



Cases in the investigation queue (unallocated investigations)



Days taken for LeO to resolve complaints



The OLC’s 2024 to 2027 Strategy presents two strategic objectives – one dealing with LeO’s service and the other with its impact. Though we discuss impact here second, it is by no means secondary. We continue to see evidence of poor service and inadequate complaints handling in the legal sector. The more impact our insight and guidance have there, the more we can reduce unnecessary demand for our service and drive down our queue.



The following tables review LeO's progress against each of its business plan objectives, as published in the OLC's 2024/25 Business Plan.

<b>Service objective: Resolve complaints fairly and effectively, providing an excellent customer experience</b>	
<b>Delivering an efficient and proportionate service</b>	
<b>Focus</b>	<b>What we achieved</b>
Respond to around 140,000 contacts, accept 7,700 new complaints, and resolve 8,400 complaints – making further progress toward delivering an excellent customer experience, and sustainably reducing the number of cases waiting for an investigation.	For details and analysis on this, see the beginning of this section, page 22. For more about LeO's progress in improving people's experience in 2024/25, see 'performance analysis', pages 22-26.
Complete a 'lean' review, following work started in 2023/24. The review will involve full mapping of LeO's end-to-end process, in light of the significant and rapid shift to greater use of early resolution. The findings will help LeO identify areas of focus in its aim to further reduce customer journey times and improve customers' overall experience.	We identified potential short and long-term changes via 'lean' workshops on key operational processes (such as assessment, evidence review and case-handling), as well as backlog analysis and performance tracking. A core team is in place to give lean projects effective resourcing and engagement. A roadmap for improvements in 2025/26 outlines priorities for efficiency and customer service.
Research, scope and engage with the legal sector and key stakeholders on potential changes to LeO's case fee arrangements, including how these could incentivise pragmatism in complaint handling and early resolution.	We consulted the legal sector and key stakeholders on options for the future structure and level of LeO's case fees. There was some support for adopting more dynamic structures with incentives for pragmatism and for the resolution of complaints at the earliest possible opportunity. But there were also significant concerns around the impact on the sector. So in 2025/26 we will focus on an inflationary increase to the case fee structure.

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

**Delivering an efficient and proportionate service**

<b>Focus</b>	<b>What we achieved</b>
Continue to seek opportunities to make LeO more agile and flexible in its processes and use of resources, engaging with key stakeholders about the scope and window for legislative change.	Options to increase LeO's available resource, such as through outsourcing of decision making and through wider delegation of ombudsman decision making powers, were explored throughout the year. We found limited appetite and opportunity to pursue the necessary legislative change, so we have not taken these options forward.
Delivering efficiencies based on our review of our quality framework, including ensuring quality checks are proportionate and make best use of operational resource.	The new quality framework introduced this year has started to provide more detail and granularity on the quality of LeO's casework. The volume of checks will provide LeO a proportionate level of assurance on its casework. Where possible, checks have been outsourced to the quality team to minimise the impact on operational resource.
Use the learning from quality assurance and customer feedback to help reduce levels of rework and reinvestigation – in line with a 'right first time' philosophy.	Levels of rework as a result of failure demand (see page 44 ) are very low and we can confidently deliver on a 'right first time' philosophy.
Review manual processes across LeO's operations to identify opportunities for savings and efficiencies through better use of technology and automation.	Focusing on LeO's corporate side (while the operational side underwent the ongoing lean review), we asked each business unit to pinpoint the pain points in their current processes. We considered the most suitable efficiency solutions and collated an automation report.

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

**Delivering an efficient and proportionate service**

<b>Focus</b>	<b>What we achieved</b>
Review and benchmark LeO's use of technology, including the potential of AI, against other organisations, as the basis for a strategy to develop LeO's capabilities.	LeO has been assessing how generative AI could boost its efficiency by drafting final responses for the service complaints team. We delivered a proof of concept that opens up new possibilities for adopting AI across other areas of LeO's work.
Engage with our people around our future ways of working – ensuring we create office space that reflects best practice in supporting collaboration and productivity, helping LeO to provide an excellent service as well as value for money.	LeO completed the renewal of its lease on Edward House, Birmingham. It implemented a revised Hybrid Working Policy with 20% of time spent in-office per month. This project on future ways of working will continue until the projected move into the new Birmingham 3 GPA hub.
Continue to improve LeO's internal forums and channels for generating innovations and continuous improvement, based on previous success of putting LeO's people's ideas at the heart of our transformation. This will include widening the scope of these forums from queue reduction to innovation and transformation across LeO's work – including how everyone contributes to capturing LeO's insights into legal complaints.	In line with putting staff at the heart of transformation, LeO completed the second phase of its 'lean' process review, across six workstreams. One in five operations staff contributed, bringing crucial real-life insight into LeO's current processes and how we can make them more efficient. Additionally, staff can use a new dedicated internal inbox to flag any trends or themes they see in the incoming enquiries and complaints.

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

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

<b>Focus</b>	<b>What we achieved</b>
Use feedback from customer satisfaction surveys, service complaints and external reviews to identify how we can improve our processes and customer service.	We used the feedback from customer satisfaction surveys to help drive the 'lean' review carried out in 2024/25. Other customer feedback will be shared more widely as part of LeO's Service Improvement Committee meetings.
Following our review in 2023/24, implement an agile quality assurance framework – enabling us to provide assurance that we are delivering high-quality service and fair outcomes to complaints. This will also generate efficiencies as set out under the next aim.	The quality assurance framework provides high levels of insight and data on the standard of LeO's casework, with as little impact as possible on operational resource and capacity.
Using the framework to identify areas of risk and or inconsistency across LeO's processes, so we can put in place improvements.	The framework has already helped us to identify areas where processes and policies have not been applied consistently across the organisation. We have fed that information back to operational teams to drive compliance and improvement.
Use the results of internal quality assurance – both areas of improvement and examples of best-practice – to inform changes to LeO's service and the development of LeO's people.	The framework has enabled us to identify, recognise and, where appropriate, reward best practice and to use that to drive improvements in people and processes.
Ensure the way complaints progress through LeO's process is robust and consistent, while flexible enough to support efficient and customer-focused investigations.	We have worked on reducing the number of stages in the complaints process, with proposals now under executive review. Feedback from the service complaints team, team leaders and the Ombudsman Association has identified further efficiencies, including the use of an online service complaints form, updates to our published customer advice, and enhancements to customer relations management.

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

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

<b>Focus</b>	<b>What we achieved</b>
Use customer feedback to ensure that all LeO's customer communications are clear and accessible, contributing to a high-quality service.	We used customer feedback, together with what we have learned from service complaints and legal challenges, to improve individual casework and customer communications.
Identify best practice from other organisations providing services like LeO's to identify how our service could improve.	The quality framework has also been built to enable us to identify and, where appropriate, celebrate examples of best practice seen in our casework.
Work with consumer representatives, suppliers and other organisations to encourage more customers to provide feedback on the service they have received from LeO.	With the company that provides our customer satisfaction data, we have discussed whether we can encourage wider participation. We will pursue this question in our 2025/26 review of the approach to customer satisfaction.

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

**Being accessible to everyone who needs us**

Focus	What we achieved
Continue to monitor the impact of our scheme rules on the accessibility of our service. This includes using data and quality assurance to ensure rules are applied fairly and consistently, irrespective of customers' background or protected characteristics.	The new scheme rules are now fully embedded in our processes and, as a result of our ongoing assessment of their application, we were able to provide assurance that they were applied fairly and consistently to LeO's customers irrespective of background or other protected characteristics.
Work with the Legal Services Consumer Panel and others with an insight into consumers' experience to better understand who isn't using our service, why, and how we can address this.	We engaged with the Legal Services Consumer Panel during the year on topics including this one and hosted a visit from their Chair.
Further strengthen the support we provide customers in vulnerable circumstances, including training more of our team leaders, ombudsmen and our service complaints teams, and analysing the learning from complex situations we've responded to.	We gave vulnerable customer champion training to 18 staff across the organisation, including team leaders, investigators and ombudsmen. An external review highlighted best practices for making our website accessible for disabled users.
Assess our existing customer communication channels and the potential to improve and develop these over the course of the strategy.	We completed a light-touch brand refresh and an audit of our website content during the year.
Review LeO's website for further opportunities self-service and automation, freeing up resource for providing customers with additional support where this is required.	<p>We reviewed the customer sections of LeO's website, enhancing the quality and accessibility of information. It improves customers' access to:</p> <ul style="list-style-type: none"> <li>• guidance about the customer journey with LeO</li> <li>• what LeO can help them with</li> <li>• the steps they need to take before referring their concerns to LeO</li> </ul>

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

**Being accessible to everyone who needs us**

<b>Focus</b>	<b>What we achieved</b>
Develop a customer service charter, setting out what customers can expect from LeO and what we need from them to resolve their complaints fairly and at the earliest possible opportunity.	LeO has concluded that this proposal is not an effective way to promote accessibility and has discontinued the project.
Participate in forums and best-practice networks focused on accessibility, vulnerability and EDI, sharing back insights to improve LeO's customer service.	We attended 27 events aimed at seeking out and sharing best practice. This involved meetings with regulators and organisations in the private and public sector that support vulnerable customers and silent sufferers. Key insights from these interactions were shared with LeO colleagues to support our culture of service improvement.

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

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

Focus	What we achieved
Strengthen our engagement with legal service regulators, so we can effectively and constructively highlight areas for improvement, and build the strategic influence and impact of our work on the regulatory framework.	LeO engaged more closely and collaboratively with sector regulators and its wider network of stakeholders as we further built our profile and voice. The first meetings of our new Regulator Forum discussed how to improve complaints handling in the sector and how LeO can support regulators in implementing the LSB's first-tier complaints-handling requirements.
Contribute insights and perspectives to the challenges set out in the LSB's Reshaping Legal Services Strategy.	New guidance <sup>1</sup> ensures that customers who have paid unexpected legal costs know they can raise a complaint. It also ensures service providers know LeO's position on legal costs so they can: <ul style="list-style-type: none"><li>• respond appropriately to complaints</li><li>• ensure cases are not taken on that have no reasonable prospect of success</li><li>• promote the importance of giving clients accurate and timely cost information</li></ul>
Proactively seek opportunities to share our insights and experience through mainstream and specialist media – increasing awareness and understanding of our role.	We have continued proactively to share our insights and experience – by participating in relevant forums and networks, by contributing to policy discussions and consultations, through the media and social media, and by publishing guidance on hot-topic areas such as complaints about legal costs. <sup>2</sup>

1 Legal Ombudsman, Complaints about legal costs, available at: <https://www.legalombudsman.org.uk/for-legal-service-providers/learning-resources/preventing-complaints/complaints-about-legal-costs/>

2 Legal Ombudsman, Complaints about legal costs, available at: <https://www.legalombudsman.org.uk/for-legal-service-providers/learning-resources/preventing-complaints/complaints-about-legal-costs/>



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

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

Focus	What we achieved
Make greater use of our powers to publish ombudsman decisions in the public interest – while delivering a plan to further increase the transparency and impact of LeO’s decisions, including the potential to publish them in full.	After consulting stakeholders over ways to increase the transparency of LeO’s ombudsman decisions, we proposed to publish them in summary form. The LSB concluded that the set-up and recurring costs of these proposals outweighed their benefits. LeO began work on how to better use its powers (under section 150 of the Legal Services Act 2007) to publish high-impact Public Interest Decisions. A re-established Public Interest Decisions Committee of the OLC Board will meet quarterly to consider suitable cases. With the LSB, we will continue to discuss options for resuming plans to publish summaries of all ombudsman decisions in the future.
Assess and begin to build the capacity and structures we need to deliver an expanded learning, insight and impact programme in future years of the strategy.	LeO’s work on learning and insight in 2024/25 was dominated by laying foundations for future work in the area. This included recruiting to fill new roles in the team. We also identified the building blocks for creating a coherent, effective and sustainable approach to insight at LeO, in the form of an insight ‘lifecycle’. In 2025/26 we will maintain this positive momentum. Together with strong regulator relationships, we will use this developed capacity to share more insight to drive higher standards in the sector, aiming to reduce demand for our service.
Review and increase the forums and channels LeO uses to engage with its stakeholders, building on the mapping completed in 2023/24.	An audit of our stakeholder engagement by the GIAA has positively reinforced key elements of our approach. It also identifies where we can continue to develop. We will implement the audit’s recommendations in 2025/26.

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

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

Focus	What we achieved
Participate in legal, complaints and customer service-focused forums and networks to raise awareness of LeO's work and share insights and best practice.	Via external forums (such as the Law Society's Regulatory Processes Committee and Legal Services Consumer Panel meetings), LeO has continued to talk with key stakeholders about its progress and what more can be done to support consumers and legal service providers. LeO has hosted visits from key stakeholders including the Chief Executive of the LSB, the Chair of the Legal Services Consumer Panel and the President of the Law Society. As a member of the Consumer Reference Group of the Council for Licensed Conveyancers, LeO participates in key discussions that support the consumer voice in policy development.
Contribute to policy discussions and consultations within and beyond legal services, where our unique insight can help shape better decisions.	LeO has contributed its experience and insight on policy matters including: <ul style="list-style-type: none"><li>• consultation by the Competition and Markets Authority on draft guidance on consumer protection law for unregulated providers of will writing, online divorce, and prepaid probate services</li><li>• the Law Commission's review of contempt of court</li><li>• discussions with the Housing Ombudsman on housing disrepair and the crossover between the Housing Ombudsman, LeO and the Financial Ombudsman</li><li>• discussions with the Solicitors Regulation Authority on consumer protection, with joint communications supporting consistent messaging for consumers affected by closures of firms such as SSB Law and Axiom Ince</li><li>• the LSB's survey of legal service prices</li></ul>

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

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

Focus	What we achieved
Increase the timeliness and frequency of information we share about recent themes and trends in complaints and notable decisions, working with stakeholders to identify the most effective formats and channels.	We have increased our insight sharing over the year. This included launching our new 'spotlight' series of articles (referenced below), and putting in place a process that will enable us to publish complaints data on a quarterly basis.
Deliver an annual report of complaint trends, insights and recommendations relating to the legal providers responsible for the most complaints.	Alongside our annual complaints data publication, <sup>3</sup> we have created new data reports to expand the intelligence we capture about our casework. This enabled us to share deeper insights with legal regulators on the evidence of poor service and complaint handling in their sectors.
Deliver in-depth insights into areas of legal services that our own intelligence and consultation with stakeholders identify as a priority.	We have launched a new series of regular 'spotlight' articles sharing insights on topical issues, beginning on 17 March with changes to stamp duty.
Improve the visibility of data, insights and resources we already provide and our understanding of how these are currently used.	We completed a light-touch brand refresh and an audit of our website content during the year. We used our new quality framework to improve our letter templates and style of communication so customers have a better overall experience with us and a clearer understanding of our work.
Assess the range and quality of data and intelligence we currently capture about our casework, to establish the action and investment needed in future years to ensure we deliver valuable and timely insights.	In September 2024, we completed a review of the data we subsequently published in our annual complaints data report. We also began a targeted sampling exercise to inform further ways we can develop the insight and data we share.

3 Legal Ombudsman, Annual Complaints Data and Insight, available at: <https://www.legalombudsman.org.uk/information-centre/data-centre/complaints-data/legal-ombudsman-202324-annual-complaints-data-and-insight/>

Impact objective: Use our independent voice and experience to improve legal services	
Sharing learning and insights that help lead to better legal services for consumers	
Focus	What we achieved
Strengthen our internal insight and knowledge-sharing forums and channels, building on our work in 2023/24 to assess their effectiveness.	We held steering groups for complaint handlers to assess what kind of knowledge-sharing forums we need for gathering further insights. We created new internal channels for identifying emerging themes and trends from casework colleagues, and for sharing regular updates on our insight work.
Scope and begin to develop a knowledge and insight strategy for LeO in future years of the OLC's strategy.	We have taken significant steps to build the capability and capacity we need to deliver the strategic impact objective. We have recruited from inside and outside LeO and have seconded senior ombudsman expertise to the insight team. We will continue to develop our strategic approach to insight and engagement during 2025/26.

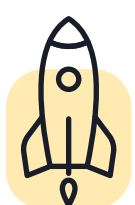
## Impact objective: Use our independent voice and experience to improve legal services

### Using our experience to help legal providers improve their complaints handling

Focus	What we achieved
Use our unique insight to play a central role in the LSB's work around redress and first-tier complaint handling.	We have continued to engage with key stakeholders and regulators to share our unique insight on complaints – including as a member of the LSB's coalition of organisations committed to delivering the best possible redress system.
Define what best practice complaint handling looks like in our experience, and assess the current picture in the sector to identify priority areas for action across the strategy period.	We have taken significant steps towards developing a model complaints resolution procedure, drawing on our experience of best practice, engagement with the legal regulators, and wider research. To meet the LSB's vision for world-class complaints handling in the sector, we will continue to work with the regulatory community on best-practice guidance and collaborate with regulators, representative bodies and consumer groups to develop a procedure they can all subscribe to and recommend to their members.
Redesign our complaints-handling training and learning offer, with a blend of online and face-to-face opportunities that align with priorities highlighted in our casework.	We have procured a new digital learning platform to enhance the training, learning and insight we offer legal service providers from 2025/26. We will roll out new insight content, learning resources and services, including via the platform.

Impact objective: Use our independent voice and experience to improve legal services	
Using our experience to help legal providers improve their complaints handling	
Focus	What we achieved
Pilot and evaluate targeted complaints-handling interventions with legal providers, building an evidence base for what works and the impact this can have.	We have developed our approach to identifying service providers who would benefit from LeO's tailored support to improve their services, complaints handling and engagement with our investigations. It includes creating new data reports to deliver more granular insight into individual providers' levels of service.
Engage with legal providers to explore options for funding this work sustainably, including how we could recover the costs of training to minimise the impact on the levy.	We procured a digital learning platform in March 2025 that we will populate with learning and training resources during 2025/26. This platform's functionality will enable us to recover the cost of the training and learning we provide, should we exercise that option in future.

## How LeO shared its learning and insight



Launched a new series of 'spotlight' insight articles with accompanying case studies – the first focusing on changes to Stamp Duty Land Tax.

**2**

Regulator Forum meetings held, bringing all legal regulators together to discuss opportunities to improve complaints handling.



**186**

requests for technical advice answered.

**2**



blogs and articles published.



Published annual complaints data and insight report, sharing key themes and trends from the complaints dealt with across the year.



Shared in-depth annual complaints data letters with sector regulators, including firm-level data included for the larger regulators.

Identified and engaged with firms as part of tailored support, where we work closely with firms to help them improve their customer service and complaint handling.



**2**

consultation responses submitted: the Law Commission's Contempt of Court review and the Competition and Markets Authority's consultation on draft guidance on consumer protection law for unregulated providers of will writing, online divorce and pre-paid probate services.

**8**

conferences and engagement events attended.



Recorded consumer-facing videos for Legal Choices.

Published guidance on legal costs and costs information.



Delivered a client care letter webinar in conjunction with the Association of Costs Lawyers.

**11**

news articles published on LeO's website.



**4**

visits to LeO hosted – including by the Legal Services Consumer Panel, the Legal Services Board and the Law Society.

## Quality and customer satisfaction

LeO analyses customer feedback, the results of internal quality reviews, and insight into the complaints customers make about its service. This gives a rounded picture of the level of service it provides and how it could improve.

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

### Customer satisfaction

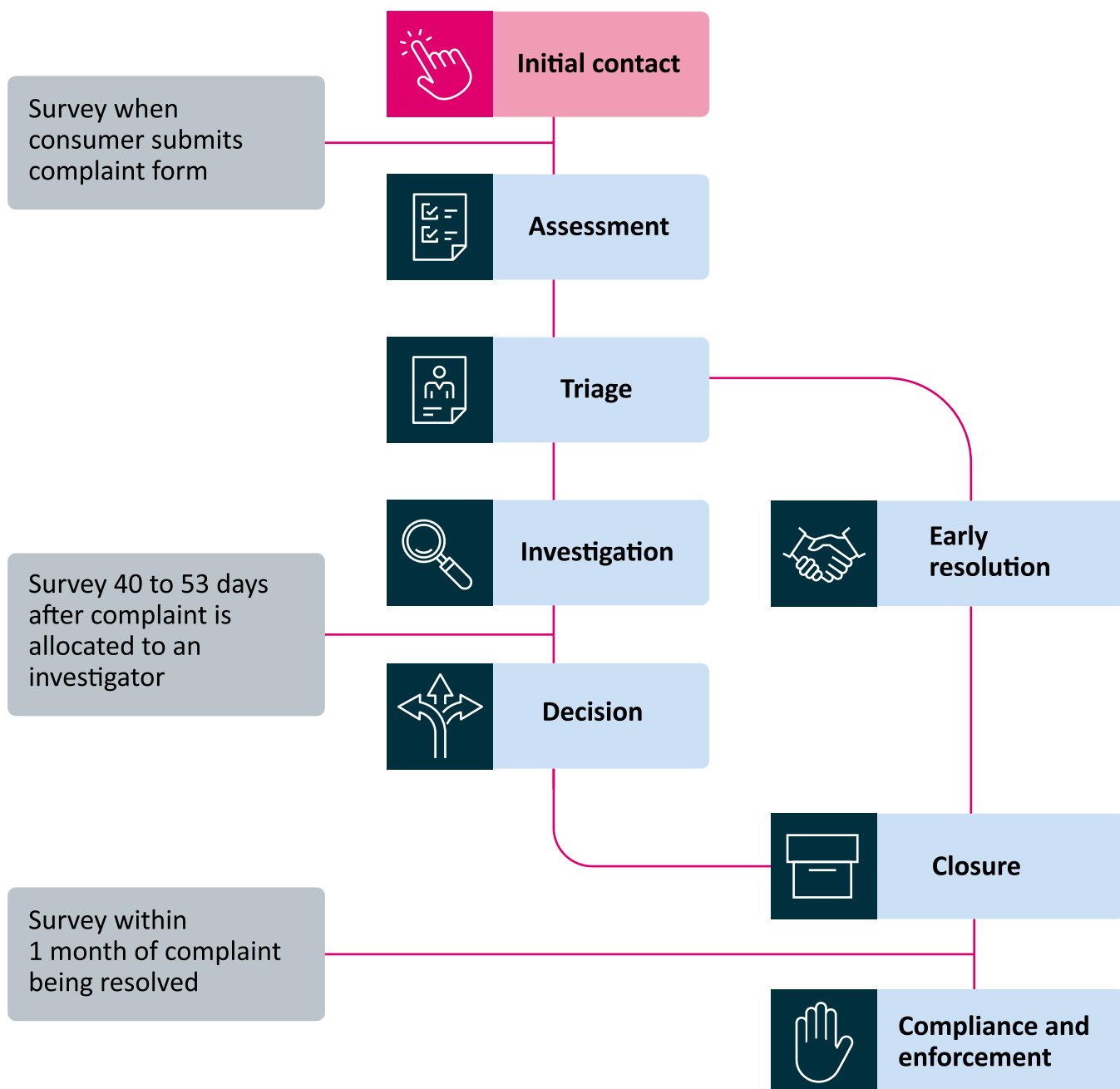
LeO directly asks consumers and legal service providers how satisfied they are with its service. It may do this at different stages of the customer journey:

- when a consumer first submits a complaint using LeO's online complaint checker tool
- during the in-depth investigation
- within a month of the case concluding

LeO customer	After using LeO's complaint checker tool	During the investigation	After receiving the outcome
Consumer	80.9% (no target; 2023/24: 78%)	50.0% (target: 65%; 2023/24: 49%)	Those satisfied with the outcome: 92% (target: 85%; 2023/24: 94%) Those not satisfied with the outcome: 8% (target: 15%; 2023/24: 7%)
Service provider	n/a* * The complaint checker tool is for consumers only	46.0% (target: 65%; 2023/24: 41%)	Those satisfied with the outcome: 90% (target: 85%; 2023/24: 90%) Those not satisfied with the outcome: 16% (target: 15%; 2023/24: 13%)



## Understanding customer satisfaction at LeO



Levels of customer satisfaction with LeO's service remain consistently high. This goes for cases resolved both through early resolution and through in-depth investigations.

We take many steps to improve our processes, resolve cases more quickly, reduce wait times and introduce new processes, tools and ways of working. We are committed to ensuring these changes do not harm our standard of customer service or our confidence in the outcomes we reach for customers. We will continue to learn from what our customers (and our own quality assurance processes) are telling us about the work we deliver. This will help guide further improvements and reduce even further the number of cases where we don't get it right first time and have to do the work again ('failure demand').

The surveys about LeO's service show a strong link between customers' satisfaction and whether the outcome of the complaint was in their favour. Other dispute-resolution schemes show a similar link. Customers' feedback also commonly deals with how LeO communicates with them and how long they've waited for their complaint to be looked into.

Feedback from customers drives LeO's improvements and guides them. The early stages of its process have especially benefited from this. Any concerns raised in the course of an investigation can help LeO to ensure it moves forward smoothly and collaboratively.

In 2025/26, LeO will review its customer satisfaction surveys as part of the ongoing review of its quality assurance framework. This will ensure the questions remain relevant and generate insights that it can use to drive further improvements.

## Quality

The new quality assurance framework introduced in 2024/25 gives us the confidence to say that LeO continues to provide high-quality outcomes and levels of service overall. Almost always, our processes and casework enable us to resolve cases the first time round, so we rarely have to rework the same case.

The framework lets us capture more detail and insight wherever individual or organisational failings do occur. Of course, success is a learning experience too, and the quality framework helps us to identify and celebrate examples of best practice.

We also use our quality assurance framework to monitor how our ombudsmen use their discretion under our new scheme rules. This provides assurance that the rules are being applied fairly and consistently to all our customers. As always, this is subject to what is fair and reasonable in the circumstances specific to each case.

Concerns remain over the service provided to customers who have to wait in the queue for their investigation to start. Delays of this kind can lead to more deeply entrenched positions, increase the emotional investment and impact for customers, and make it harder to retrieve information or evidence for the investigation. The quality of LeO's casework improves where complaints are accessed and resolved more quickly.

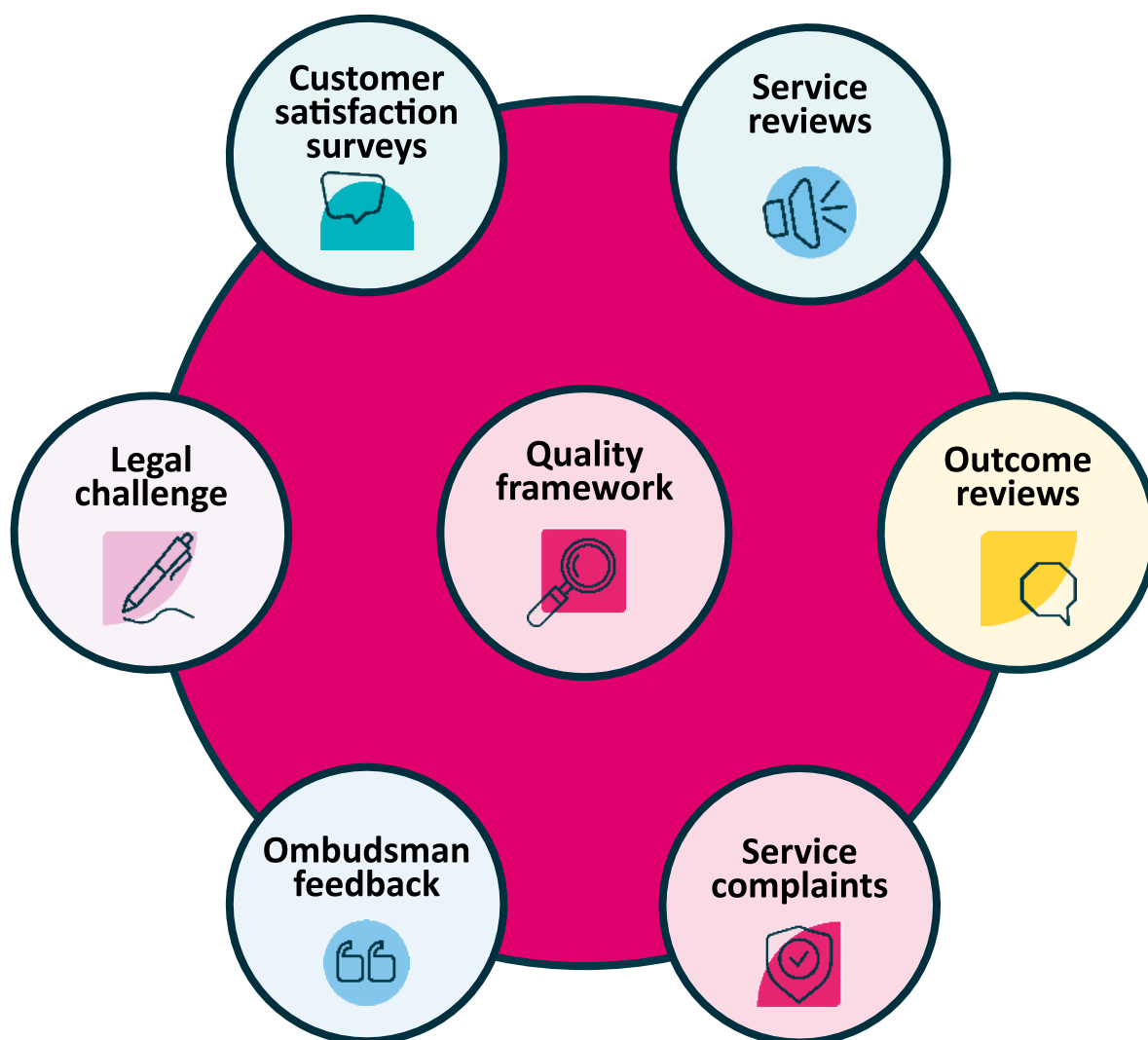
LeO is committed to monitoring quality robustly and proportionately. This will ensure customers receive the level of service they should expect, while enabling LeO's people to be fully productive and engaged in their work.

LeO's internal quality review process reflects LeO's own assessment of whether the outcome of a complaint and the level of service were reasonable.

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

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)	95%	86.7% (2023/24: 85%)	96.5% (2023/24: 98%)	95.8% (2023/24: 93%)	65.2% (2023/24: 75%)	97.5% (2023/24: 92%)
Did we provide a reasonable service?	90%	80.6% (2023/24: 80%)	94.2% (2023/24: 94%)	94.7% (2023/24: 88%)	66.9% (2023/24: 65%)	96.8% (2023/24: 90%)

## Quality assurance at LeO



## The Service Complaints Adjudicator

The Service Complaints Adjudicator investigates complaints about LeO's own standard of service when LeO hasn't been able to resolve them directly with customers. LeO's website<sup>4</sup> gives more information about the complaint process.

The Service Complaints Adjudicator's summary annual report is published as Appendix 2 to this annual report and accounts. 21 cases were referred compared to 17 in 2023/24. The Adjudicator upheld 20 of the 93 separate issues of complaint involved, with 10 partially upheld and 63 rejected.

LeO feeds what it has learned from upheld service complaints back to the staff involved and their line managers.



**I continue to be impressed by the open and transparent approach taken by the service complaints team. It is apparent to me that the service complaints process is used as a vehicle to drive service improvement. I have found the standard of investigation, both in identifying and clarifying service complaints, and the depth of the investigations, to be high.**

**Service Complaints Adjudicator**

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<sup>4</sup> See: <https://www.legalombudsman.org.uk/information-centre/factsheets/if-you-are-unhappy-with-the-service-we-have-provided/>

## Delivery against the 2024/25 budget

Business area	2024/25 budget	2024/25 actual expenditure
Operational delivery	£11,188,340	£10,810,096
Policy and impact work	£602,004	£436,929
Corporate functions and business support	£2,639,812	£2,850,406
<b>Total staff salary expenditure</b>	<b>£14,430,156</b>	<b>£14,097,431</b>
IT and telecoms	£1,608,598	£1,719,250
Premises and facilities	£737,003	£698,712
Other staff expenditure	£278,884	£295,642
Depreciation	£631,380	£607,031
Travel	£30,864	£15,458
Interest receivable	-£309,157	-£445,996
Other costs	£541,874	£843,886
<b>Total non-salary expenditure</b>	<b>£3,519,446</b>	<b>£3,733,983</b>
<b>Total revenue expenditure (after Interest receivable and Corporation tax)</b>	<b>£17,949,602</b>	<b>£17,831,414</b>

LeO continued to absorb demand to minimise costs as it had done in previous years, without any increase to its operational resources. The increase in the OLC's 2024/25 budget – 6.95% higher than 2023/24 – reflects:

- inflationary pressures
- unavoidable one-off costs relating to vital infrastructure supporting LeO's operations
- an estimated 5% pay increase relating to government pay guidance issued in summer 2024 and not known to us when we set the budget

This budget enabled the OLC to manage the pressures of higher numbers of both new and resolved complaints while setting the framework for using technology to improve efficiency and build resilience.

### Ensuring value for money

The OLC is funded primarily through an annual levy on the legal profession, which accounts for approximately 94% of its annual operating costs, as stipulated under the Legal Services Act 2007. A further 5% of the operating costs is covered by case fee income, currently set at £400 per case, payable when a complaint against a service provider is upheld and the provider has not taken reasonable steps to resolve the complaint. The remaining balance is recharged to Family Services for the use of 25% of the leased property in Birmingham. The OLC does not receive funding from the public purse and has no recourse to public funds.

The OLC and LeO remain 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 has maintained a range of processes and assurance to ensure it actively measures and delivers efficiency and value for money.

- Investment of time and resource at the earliest stages of LeO's process has driven higher organisational performance, improving customer journey time and customer experience for a significant proportion of LeO's customers. This has helped support a significantly reduced cost per case (£2,156) compared with historic ways of working.
- We assess spending against the principles outlined in the National Audit Office's 4 Es model.
- We assess all performance-improvement initiatives, all innovations and all changes to process or policy at departmental and, where appropriate, executive level. This is to ensure they are proportionate and have measurable outputs that we can track against predicted improvements in performance and or efficiency. In 2025/26 LeO is acting on its lean review of operational processes, completed in 2024/25.
- The OLC Board Performance Sub-Group ensures that the performance assumptions underpinning the budget and business plan are robustly challenged and tested.
- Alongside our drive for operational efficiency and output, we maintain a robust quality framework and a clear focus on high quality. This is to improve efficiency and drive a right-first-time approach.

- We manage staffing levels in all teams and departments in line with budgetary forecasts and performance assumptions to ensure we keep resource levels within agreed parameters.
- The Chief Ombudsman reviews all recruitment (including direct replacements) to make sure it uses resources in the best way. We closely oversee all recruitment for efficiency and effectiveness, ensuring that time and resources are spent on this proportionately and represent value for money.
- Monthly executive team finance meetings look at organisational spend for the month and year to date, as well as the likely end-of-year position. This provides assurance that all spending stays within acceptable limits. The team rigorously tests and assesses any additional or unbudgeted expenditure before approving it.
- Monthly departmental financial review meetings track spending against the budget and make predictions about future spending.
- Monthly business performance meetings held with each team enable greater oversight of the work and risks that are being managed across the organisation.
- Where appropriate, LeO manages business plan activities by using monthly control and programme boards to ensure it keeps up progress, uses its resources effectively and tightly controls costs.

The table in this section shows LeO's expected expenditure, output and cost per case resolved for the last three financial years, together with a projection for 2025/26.

However, cost per case resolved has limitations as a measure. For example, it doesn't capture LeO's frontline advice, information and signposting for consumers, which are reflected in the 117,534 contacts it dealt with in 2024/25 (6.3% less than in 2023/24, when there were 125,446, but 5.3% more than 2022/23, when there were 111,614). Only a small proportion of early contacts with LeO go on to be formally referred as complaints for resolution, but all require LeO's input and support.

The cost per case resolved also fails to capture the value of LeO's engagement and outreach work aimed at raising standards in the legal services sector. Reflecting strong stakeholder appetite for this work, it is a core objective of the OLC's 2024 to 2027 Strategy for LeO. LeO continues to explore with stakeholders how success and value can be evaluated, recognising the challenges inherent in measuring the impact of preventative interventions.



	2022/23 actual	2023/24 actual	2024/25 actual	2025/26 budget
Expenditure	£15.3 million	£16.8 million	£17.8 million	£20 million
Cases resolved	9,467	7,918	8,270	8,932 (likely case)
Cost per case resolved	£1,618	£2,115	£2,156	£2,239



## Strategic risks and issues

As part of the risk management framework, the LeO's management proactively discusses project, strategic and business-unit risks. We identify new risks and develop mitigations and controls accordingly. Across the year, LeO identified, managed and addressed risks and issues as outlined below. Page 101 explains further improvements made to the OLC's wider risk management and governance.

Strategic risk (SR) or issue (SI)		How it was managed	
<p><b>SI.01:</b> Unacceptable queue of cases</p> <p>LeO still has an unacceptable queue of cases awaiting investigation.</p> <p><b>Strategic objective:</b> 1</p> <p><b>Risk theme:</b> operations</p> <p><b>Risk appetite:</b> eager</p> <p><b>Tolerance:</b> within</p> <p><b>Residual score:</b> 16</p> <p><b>Target score:</b> 9</p> <p><b>SI.02:</b> Absorb demand volatility</p> <p>There is a risk that our existing resources will not let us absorb further increases in customer complaints.</p> <p><b>Strategic objective:</b> 1</p> <p><b>Risk theme:</b> operations</p> <p><b>Risk appetite:</b> open</p> <p><b>Tolerance:</b> outside</p> <p><b>Residual score:</b> 16</p> <p><b>Target score:</b> 9</p>		<ul style="list-style-type: none"><li>• We have introduced more granular reporting to help LeO understand how best to use its resources.</li><li>• We have constantly looked for incremental ways to deliver a more efficient service.</li><li>• We have given leaders of operations and investigations better equipment to identify support needs and improve individual and team productivity.</li><li>• Better nurturing and support for staff at induction has led to more staff staying with LeO for longer, increasing our productivity.</li><li>• We have improved our technological solutions, including a cloud-based SharePoint system and improved email bundling.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
SI.01			
16	16	16	16
SI.02			
12	12	16	16

Strategic risk (SR) or issue (SI)		How it was managed	
<p><b>SR.01:</b> Failure to meet business plan improvements in customer experience</p> <p>There is a risk that we could fail to deliver the improvements in customer experience set out in the business plan, including for customer journeys.</p> <p><b>Strategic objective:</b> 1 <b>Risk theme:</b> strategic <b>Risk appetite:</b> eager <b>Tolerance:</b> within <b>Residual score:</b> 16 <b>Target score:</b> 9</p>		<ul style="list-style-type: none"><li>• We have introduced more granular reporting to help LeO understand how best to use its resources.</li><li>• We have constantly looked for incremental ways to deliver a more efficient service.</li><li>• We have given leaders of operations and investigations better equipment to identify support needs and improve individual and team productivity.</li><li>• Better nurturing and support for staff at induction has led to more staff staying with LeO for longer, increasing our productivity.</li><li>• We have improved our technological solutions, including a cloud-based SharePoint system and improved email bundling.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
SR.01			
16	16	16	16

Strategic risk or issue		How it was managed	
<p><b>SR.02:</b> Leadership resilience</p> <p>There is a risk that pressures or gaps at executive and/or management level could leave us with insufficient leadership resilience to deliver effectively on strategic and business plan commitments, or respond to emerging pressures and demands.</p> <p><b>Strategic objective:</b> 1, 2 <b>Risk theme:</b> strategic <b>Risk appetite:</b> cautious <b>Tolerance:</b> outside <b>Residual score:</b> 16 <b>Target score:</b> 9</p>		<ul style="list-style-type: none"><li>• This strategic risk has remained stable throughout 2024/25. The Chief Ombudsman has closely monitored resilience pressures relating to capacity and workload. The risk stayed within acceptable tolerance levels from Q1 to Q3.</li><li>• Upcoming changes to the executive team announced in Q4 – the planned departure of the Chief Ombudsman and Head of People Strategy and Services – raised the residual score of it materialising, from 8 to 16.</li><li>• We are proactively planning to ensure a smooth transition for these two roles, with the OLC chair leading recruitment for an interim Chief Ombudsman.</li><li>• In Q1, the OLC Board and Chief Ombudsman also discussed wider executive resilience planning.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
8	8	8	16

Strategic risk or issue		How it was managed	
<p><b>SR.03:</b> OLC budget variance</p> <p>There is a risk that the OLC budget variance at the end of the financial year will be outside the tolerance level.</p> <p><b>Strategic objective:</b> 1, 2</p> <p><b>Risk theme:</b> strategic</p> <p><b>Risk appetite:</b> minimal</p> <p><b>Tolerance:</b> within</p> <p><b>Residual score:</b> 4</p> <p><b>Target score:</b> 4</p>		<ul style="list-style-type: none"><li>• We monitored and managed the budget collaboratively, with regular forecast updates from the finance team and input from budget holders and the executive team.</li><li>• Monthly financial review meetings gave budget holders further updates and helped them understand the variances.</li><li>• Then executive financial review meetings considered mitigating actions to ensure the out-turn forecast stayed inside tolerance.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
4	4	4	4

Strategic risk or issue		How it was managed	
<p><b>SR.04:</b> Scheme rules changes</p> <p>There is a risk that the revised scheme rules do not deliver the anticipated improvements in customer experience, efficiency and proportionality or have an unacceptable detrimental impact on any group(s) of customers.</p> <p><b>Strategic objective:</b> 1 <b>Risk theme:</b> strategic <b>Risk appetite:</b> optimal <b>Residual score:</b> 6 <b>Target score:</b> 4</p>		<ul style="list-style-type: none"><li>• We closely monitored the application of new scheme rules to ensure this did not adversely affect any customer groups disproportionately.</li><li>• New time limits apply to all complaints. Data on their impact was reviewed quarterly by the operations team, Deputy Chief Ombudsman, and EDI team. Our data gave assurance to the OLC and the LSB, so we will now only report to them when the impact on any customer group significantly changes.</li><li>• The other scheme rules changes cover discretionary ombudsman powers to dismiss or close a complaint. These do not apply so broadly, making it harder to assess their impact on customer groups. We used a strict sign-off and quality assurance process to ensure we are fair and consistent in using any of the new grounds for dismissing or closing a complaint, and can act immediately if problems are identified.</li><li>• In Q4, the combination of oversight and monitoring allowed us to downgrade this risk from strategic to business-unit level, which our operations team is monitoring.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
9	6	6	n/a

Strategic risk or issue		How it was managed	
<p><b>SR.05:</b> GPA Birmingham hub</p> <p>There is a risk that the Government Property Agency (GPA) hub will not meet the requirements of our Birmingham office headquarters, alongside any budgetary pressures which will need to be factored into future budget submissions.</p> <p><b>Strategic objective:</b> 1 <b>Risk theme:</b> strategic <b>Risk appetite:</b> cautious <b>Tolerance:</b> outside <b>Residual score:</b> 12 <b>Target score:</b> 9</p>		<ul style="list-style-type: none"><li>Following negotiations in 2023/24, we agreed a new five-year lease (break in year three) for Edward House, in collaboration with MoJ and external property consultants.</li><li>We have continued to engage with the GPA about the move to a hub in 2028. We are working closely with the GPA and MoJ to assess whether the hub meets our needs and to understand projected costs for the coming years.</li><li>This is a long-term risk and we will continue to manage it as a strategic risk during 2025/26, with the view that this will be within tolerance once more information becomes available.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
12	12	12	12

Strategic risk or issue	How it was managed
<p><b>SR.06:</b> Failure to deliver new impact objective</p> <p>There is a risk that we will be unable to meet our strategic objective of building on the impact of our learning and insight, and influencing improvement. Risk factors include the ineffective relationships and collaboration, insufficient resource and insufficient development of capacity and capability in this area.</p> <p><b>Strategic objective:</b> 2  <b>Risk theme:</b> strategic  <b>Risk appetite:</b> open  <b>Tolerance:</b> within  <b>Residual score:</b> 12  <b>Target score:</b> 9</p>	<ul style="list-style-type: none"> <li>• By filling our insight vacancies (including a new manager and three officers in learning and insight, as well as two seconded senior ombudsmen), we significantly increased our capability to deliver the strategic objective.</li> <li>• Since our previous Head of Communications, Engagement and Impact left, we have appointed an interim head with significant experience of building an insight function in an ombudsman scheme.</li> <li>• We increased our data analysis and insight sharing. For the first time, LeO wrote to the largest legal regulators detailing the complaints made about their regulated providers. We also wrote to smaller regulators with insight on complaints and poor complaint handling. We will send these complaints insight letters to regulators annually as part of our commitment to work with regulators in creating a positive culture around complaints and driving higher standards.</li> <li>• We are getting a new platform to share our learning and insight with service providers, as well as developing new content to share with them.</li> <li>• In February, we presented to the OLC Board a framework for continuing to build insight capability in the coming year.</li> </ul>



Strategic risk or issue		How it was managed	
<p><b>SR.06 continued:</b> Failure to deliver new impact objective</p> <p>There is a risk that we will be unable to meet our strategic objective of building on the impact of our learning and insight, and influencing improvement. Risk factors include the ineffective relationships and collaboration, insufficient resource and insufficient development of capacity and capability in this area.</p> <p><b>Strategic objective:</b> 2 <b>Risk theme:</b> strategic <b>Risk appetite:</b> open <b>Tolerance:</b> within <b>Residual score:</b> 12 <b>Target score:</b> 9</p>		<ul style="list-style-type: none"><li>• We held our first regular workshop with regulators to improve complaints handling. We are developing a model complaints resolution procedure as well as a way to tailor our support to service providers who would most benefit from our insight</li><li>• The GIAA audited our stakeholder engagement. We will use its findings and recommendations to continue to strengthen our relationships with key stakeholders in 2025/26.</li></ul>	
Residual risk rating movement over 2024/25			
Q1	Q2	Q3	Q4
8	8	12	12

Strategic risk or issue	How it was managed
<p><b>SR.07:</b> Staff attrition – corporate and operations roles (other than investigators)</p> <p>LeO is not attracting and retaining high calibre employees within corporate and operational roles (other than business-as-usual investigators).</p> <p><b>Strategic objective 1 &amp; 2:</b>  <b>Risk theme:</b> strategic  <b>Risk appetite:</b> open  <b>Tolerance:</b> within  <b>Residual score:</b> 12  <b>Target score:</b> 8</p> <p><b>SR.08:</b> Staff attrition – business-as-usual investigators</p> <p>LeO is not attracting and retaining high calibre employees within corporate and operational roles (other than business-as-usual investigators).</p> <p><b>Strategic objective:</b> 1  <b>Risk theme:</b> strategic  <b>Risk appetite:</b> open  <b>Tolerance:</b> within  <b>Residual score:</b> 12  <b>Target score:</b> 8</p>	<p>After the executive team explored potential causes of attrition and mitigating actions across a wide range of areas, in April 2024 we held a board attrition workshop. Reducing attrition through improvements to the employee experience continued to be a key priority throughout 2024/25, reflected in both the People Strategy and EDI Strategy action plans. Key actions included:</p> <ul style="list-style-type: none"> <li>• improving our employee value proposition</li> <li>• ensuring we fully use the pay awards flexibility provided in the Civil Service Pay Remit Guidance</li> <li>• establishing strong consultative, feedback and engagement mechanisms (including a refresh of Staff Council and networks)</li> <li>• making our hybrid working model more flexible</li> <li>• improving family-friendly policies and work-life balance initiatives</li> <li>• continuing improvements over EDI and inclusivity (for example, with our new Menopause Policy and manager training in disability awareness)</li> </ul>

Strategic risk or issue		How it was managed	
<p><b>SR.07 continued:</b> Staff attrition – corporate and operations roles (other than investigators)</p> <p>LeO is not attracting and retaining high calibre employees within corporate and operational roles (other than business-as-usual investigators).</p> <p><b>Strategic objective:</b> <b>Risk theme:</b> strategic <b>Risk appetite:</b> open <b>Tolerance:</b> within <b>Residual score:</b> 12 <b>Target score:</b> 8</p> <p><b>SR.08:</b> Staff attrition – business-as-usual investigators</p> <p>LeO is not attracting and retaining high calibre employees within corporate and operational roles (other than business-as-usual investigators).</p> <p><b>Strategic objective:</b> 1 <b>Risk theme:</b> strategic <b>Risk appetite:</b> open <b>Tolerance:</b> within <b>Residual score:</b> 12 <b>Target score:</b> 8</p>		<ul style="list-style-type: none"><li>• improving our training offer, including leadership development</li><li>• offering extensive secondment opportunities</li><li>• carrying out a lean review to identify efficiencies and reduce process burden</li><li>• making major improvements to recruitment policy and associated processes</li><li>• improving our onboarding and induction</li><li>• hosting Brumfest and improved feedback forums</li></ul>	
Residual risk rating movement over 2024/25 (for both SR.07 and SR.08)			
Q1	Q2	Q3	Q4
15	12	12	12

## People and organisation

### People Strategy

LeO's people are our most important asset. They are crucial to meeting our strategic objectives and central to our success. Together with culture, they act as a key enabler in the OLC strategic plan.

Our People Strategy continues to drive our ambition to make LeO a great place to work. We have made significant progress across all key themes of the strategy.

LeO's people continue to be engaged and feel valued, as the very positive responses to 2024 People Survey show. This reflects LeO's commitment to staff engagement over recent years and its focus on improving the overall employee experience.

We review the People Strategy every year to make sure it stays relevant and can meet any changing requirements and contexts. In 2024/25, we have built on the good progress of previous years, further developing and refining the current 2024 to 2027 People Strategy as LeO continues moving towards being an employer of choice. Key strategy additions cover the implications of its evolving digital transformation – and AI – for people and equality across the organisation and in HR.

Staff attrition has previously posed a notable challenge on LeO's path to improvement. Our ability to attract and retain staff is still limited by governance constraints on providing a competitive pay and benefits package.

This year, LeO has successfully dealt with the challenge of attrition, keeping numbers well within target and at manageable levels. Attrition fell significantly, both overall and among investigators. Having begun the year managing these two areas of attrition as strategic issues, we have now downgraded them to risks.

We have invested further in training, leadership and development and delivered increased pathways with internal promotion and secondment. Guided by our People Strategy, we also pushed forward throughout the year with activities that improve employee experience, such as promoting effective staff engagement and creating an inclusive environment.

We have been actively recruiting to fill vacancies in three permanent roles in HR. We have filled two posts, one with a temporary appointment, and have one vacancy left to fill.

Though an increase in sickness absence has counteracted the positive impact of reduced attrition, we are actively managing the problem and reducing it. Levels have been falling since Q2. We completed a deep-dive review of long-term and recurrent absences and are now assessing next steps. The HR business partners (members of the HR team who work closely with managers on employee casework) continue to strive for timely intervention on absence management and support. To help with this, we have improved our reporting mechanisms.

A number of HR and equality initiatives are in place to support employees, including:

- improved wellbeing resources and support through LeO's employee benefits offer
- regular internal communications on wellbeing, including on mental health
- wellbeing champions
- a Reasonable Adjustment Policy and reasonable adjustment passports

LeO continues to watch legislative change so it can keep pace by ensuring all its HR policies comply fully with employment law. The table below summarises progress made under the People Strategy in 2024/25. Related items also appear under 'Training and personal development' on page 71.

Activity	Progress in 2024/25
<b>Recruitment</b>	LeO worked extensively on improved recruitment policy and practices, being rolled out across the organisation this July. They will provide greater structure and rigour, strong alignment with good HR and EDI practice, and an improved candidate experience. We developed new, detailed guidance for line managers on good recruitment practice, with a briefing on the new policy and processes.
<b>Onboarding and induction</b>	Following a review of onboarding and induction, we developed a new Induction Policy and online core induction process so they could be rolled out at the start of 2025/26. This gives all new employees an introduction to LeO, across a range of important areas that is not only detailed and focused, but also positive and welcoming. A new onboarding portal, with easy access to key pre-employment information, will keep new employees engaged with LeO from when they get their job offer to the day they start work.
<b>Attraction and retention</b>	LeO is developing a new attraction and retention strategy to complement its People Strategy. Supported by the strategic review of attrition, it will improve recruitment processes and further develop our employee offering.

Activity	Progress in 2024/25
<b>Time off and sickness</b>	LeO strengthened a number of HR policies after completing its annual review in July 2024. It made improvements to the Time Off Work Policy on eligibility for bereavement leave. While updating this policy to reflect new legislation, LeO has proactively allowed for carers to get paid leave across an extended range of circumstances. It enhanced the Sickness Absence Policy to enable earlier intervention and support for employees on long-term sick leave.
<b>Protecting against sexual harassment</b>	LeO also strengthened its Dignity at Work Policy to reflect new legislative employee protections against sexual harassment.
<b>Staff Council</b>	We completed extensive work to refocus the role of the Staff Council. Detailed terms of reference and newly defined roles and responsibilities are now in place. Raising the Council's profile and visibility, these will maximise members' engagement with LeO's people and ensure everyone has a voice. We also introduced 'facilities time' (protected time away from business-as-usual roles) to help Staff Council representatives carry out their duties effectively.
<b>Apprenticeship</b>	LeO developed a new framework that structures its approach to recruiting apprentices and providing existing staff with suitable apprenticeships as part of our learning and development offer. The framework supports key People Strategy priorities. It will help attract and retain skilled people across the organisation. It will also support our employees in reaching their full potential and developing the skills they need now and in future.

Activity	Progress in 2024/25
<b>Mentoring</b>	The mentoring programme piloted in 2023/24 showed its value in offering development opportunities and supporting our People Strategy priorities of attraction and retention, skills development, talent management and succession. LeO rolled out the mentoring programme organisation-wide in June 2024. It includes both traditional mentoring and reverse mentoring, where senior colleagues benefit from junior team members' knowledge, their perspectives and their experience as individuals with protected characteristics.
<b>Leadership</b>	Our ongoing leadership development programme continues to equip managers with the knowledge and skill to deal with people issues consistently and fairly. Managers attended bespoke guidance sessions on the employment tribunal process, on flexible working and on new legal protections against sexual harassment.
<b>Future leaders</b>	LeO has been developing a new Aspiring Leaders programme in preparation for a first session in June 2025. The programme will equip first-time managers with the skills they need, increase LeO's leadership capability and support succession planning.
<b>Succession planning</b>	We are now developing a new framework for succession planning and talent management. This structured, holistic approach to succession planning will encompass leadership development and mentoring programmes. It will also introduce new initiatives such as coaching and work shadowing.

## Civil Service People Survey

As part of LeO's commitment to being a great place to work, it aims to learn from its people's feedback, including the annual Civil Service People Survey. The 2024 survey shows positive improvements on the 2023 survey. Fully 60% of LeO's people took part – three percentage points up from the previous year and only one percentage point lower than the Civil Service's overall 61%.

Of the nine core themes, eight showed an improvement on 2023 while the other showed no change ('My manager', at 75%). We are particularly pleased by 94% score for organisational objectives and purpose – five percentage points up from last year and 11 higher than the overall Civil Service score. Pay and benefits, typically the lowest scoring theme, saw a year-on-year decrease over the period 2021 to 2023 but in 2024 this also improved, increasing from 23% to 26%.

The findings of the People Survey will be shared with all staff. As was the case last year, 'safe space' meetings will be held with the networks to explore further the experiences of staff with protected characteristics and caring responsibilities. Manager-led sessions with individual teams will also be held to obtain further general feedback. We will take findings into account in the 2025/26 People Strategy deliverables and in EDI Strategy and action planning, where applicable.

A breakdown of headline results is shown below.

Engagement statement	2024 (%)	2023 (%)	2022 (%)	Difference
I am proud when I tell others I am part of my organisation	59	57	59	+2%
I feel a strong personal attachment to my organisation	45	42	44	+3%
My organisation inspires me to do the best in my job	48	45	47	+3%
My organisation motivates me to help it achieve its objectives	50	47	45	+3%
I would recommend my organisation as a great place to work	45	42	46	+3%



Where are we now?	2024 (%)	2023 (%)	2022 (%)	Difference	Civil Service Score 2023 (%)
Engagement Index	59	56	59	+3	64 (0)
My work	77	73	75	+4	77 (-1)
Organisational objectives and purpose	94	89	88	+5	83 (-1)
My manager	75	75	78	0	78 (=)
My team	77	74	75	+3	84 (+1)
Learning and development	56	51	49	+5	56 (=)
Inclusion and fair treatment	79	75	78	+4	81 (=)
Resources and workload	77	74	77	+3	76 (+1)
Pay and benefits	26	23	26	+3	34 (+2)
Leadership and managing change	56	55	56	+1	52 (=)

## Equality, diversity and inclusion

### LeO's people

LeO's internal commitment to EDI focuses on ensuring that all LeO's people feel valued, included and empowered to perform at their best. Embedding EDI into everyday practices and future planning, LeO seeks to create a culture where people can thrive at work.

LeO continued delivering its four-year EDI Strategy and supporting action plans. This work closely aligns with LeO's priority to attract, develop, and retain talented and motivated individuals, which is essential to improving customers' experience.

In respect of LeO's people, the focus on representation has taken several forms.

- LeO analysed diversity in its workforce and is publishing the findings on its website in Q1 2025/26. It aims to continually review reporting to better draw insights from this data.
- LeO expanded its annual social mobility reporting to include not only board, executive and wider management (as before) but also our Senior Ombudsmen and ombudsman colleagues. A higher proportion of these LeO leaders come from working/lower-class socio-economic backgrounds than the national and legal-sector averages.
- LeO narrowed its gender pay gap by three percentage points, to 8%, thanks to ongoing female representation at senior levels and targeted efforts to promote a diverse and inclusive culture.
- Our HR team completed a full review of recruitment processes and updated LeO's application form to incorporate best practices on inclusive language and disabled accessibility. LeO adopted – and is now embedding – best practices for inclusivity on neurodivergence and disability.
- We continued to involve staff in business change, using feedback from Staff Council and staff networks to develop staff policies collaboratively.
- Throughout the year, LeO gave its remote workers opportunities to visit its Birmingham office and engage with colleagues.
- We introduced EDI champions in our Leeds and Cardiff hubs to help our people there feel valued and included in celebrations and awareness-raising events, to promote EDI as everyone's responsibility everywhere, and to strengthen cross-office connections.
- To promote an inclusive culture where our people can feel safe and perform at their best, we used weekly internal communications to raise awareness of EDI and wellbeing topics.
- In Q3, we rolled out new guidance on how to handle microaggressions.
- Inclusion is an aspect of the 'people and culture' enabler of the OLC's 2024 to 2027 Strategy for LeO, which is supported by its EDI and people strategies.
- During Q2 LeO achieved the highest assurance rating from our external EDI audit by the GIAA.

## LeO's customers

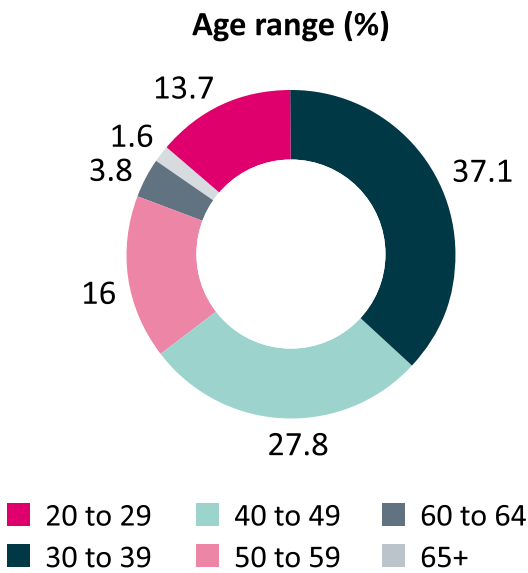
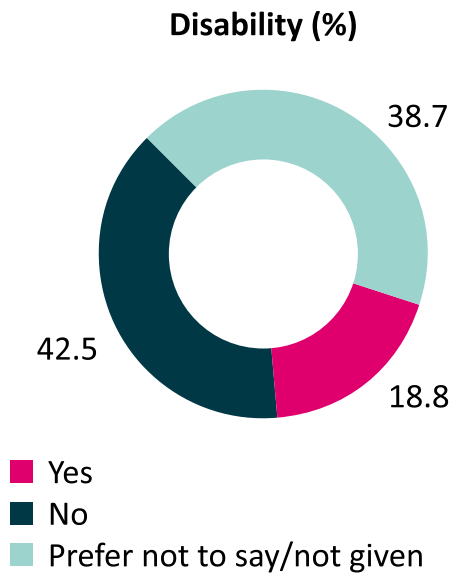
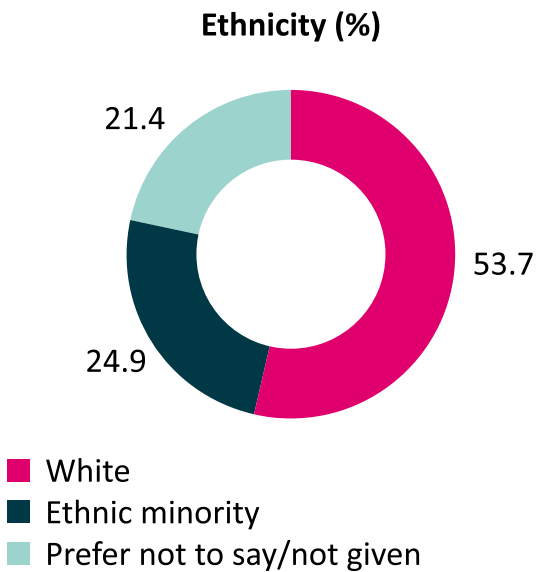
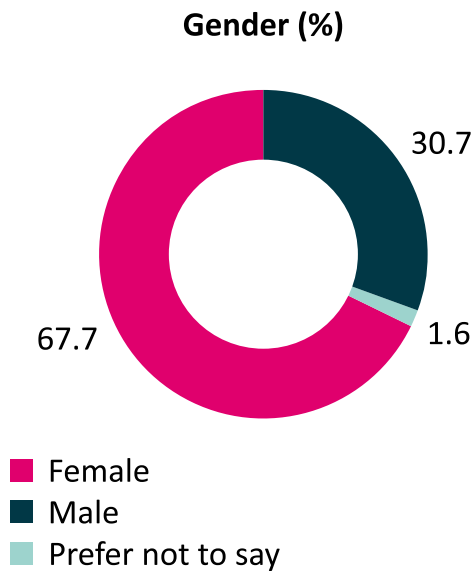
LeO's EDI focus also extends to the service it provides to consumers – supporting the OLC's new strategic objective around LeO's accessibility, under its strategic aim for LeO's service. There were several highlights in 2023/24.

- Our IT team worked on updating our online complaint form to incorporate best practices on inclusive language and disabled accessibility. The new form is being deployed in Q1 2025-26.
- The Shaw Trust externally tested LeO's website and our IT and communications teams will implement its recommendations on best practice.
- Analysis of customer diversity will be completed in Q1 of 2025/26 and published on LeO's website in Q2 to support its engagement with the legal sector. It focuses on preventing complaints and improving how they are handled, as well as ensuring the same service standards for all customers, including those with protected characteristics.
- LeO continued to train, support and develop its Multi Disciplinary Team of Vulnerable Customer Champions to give staff essential extra support on cases where customers with disabilities require complex reasonable adjustments. The team discussed 33 cases and shared insights with colleagues on how to manage such cases.
- To keep pace with best practice, LeO continued to develop relationships with legal-sector and other organisations that support consumers including those who are vulnerable. These organisations included other ombudsman schemes, regulators, industry bodies and cross-sector networks. The EDI team attended 27 meetings and shared insights from them to help LeO improve the service it provides.



The diversity of LeO’s people

Data correct at 29 April 2025



## Wellbeing

During 2024/25, LeO maintained its commitment to supporting employees' wellbeing, whether they work in the office or remotely. LeO took action as follows.

- In Q1, the EDI team discussed our Civil Service People Survey results in safe-space engagement sessions with staff networks. Line managers ran similar sessions with their people. We incorporated feedback into our EDI action plan and HR People Strategy.
- LeO delivered a GP-led women's health webinar and developed a new Menopause Policy, rolled out in Q4.
- LeO delivered a GP-led men's health webinar in November (Men's Health Awareness Month).
- We continued to embed EDI and wellbeing in the annual personal development review process, with managers discussing and formally noting any support and adjustments their people need.
- LeO continued to promote the support offered by its wellbeing champions, employee assistance programme and neurodiversity champions.
- Wellbeing and EDI are at the heart of LeO's leadership development programme, including specific modules on flexible working requests and preventing sexual harassment.

Sickness absences have begun to fall since Q2, reflecting LeO's focus on absence management. LeO is assessing next steps after completing a 'deep-dive' review of long-term and recurrent absences. There is more information about sickness absence on pages 111-112.

## Training and personal development

At LeO, we have continued to help our people develop their expertise in the types of complaint we get from different areas of law and in effective complaint handling. We have also continued to help them in their personal development. The 2024 People Survey saw positive ratings of learning and development rise to 56% – up from 51% in 2023 and 49% in 2022. We aim to continue this upward curve.

LeO continued its leadership development programme and introduced a new apprenticeship framework – both described in the table on pages 64-65. Several other activities listed in that table also feature training and personal development elements, including:

- detailed new guidance for line managers on LeO's improved recruitment practice, with a briefing on the new Recruitment Policy and processes
- guidance for line managers on the new Induction Policy

Other learning and development activity in 2024/25 included:

- acquisition of an online training module for preventing workplace sexual harassment (rolled out in April 2025)
- executive training including strategic AI and communications skills
- AI training for corporate managers and operational leads

LeO's personal development review process, launched in 2022/23, continues to play a key role in identifying training needs and career aspirations.

## New hybrid working model

Maximising flexibility is a key component in improving LeO's employee offer. Feedback has shown how much our people value it – and that they would welcome greater flexibility over time spent working in the office or from home.

Following active engagement with the Staff Council, we formally consulted on options for a revised hybrid working model. The goal was to balance greater flexibility with the need for in-person collaboration, team working and training.

Starting in February 2025, our new hybrid working model requires staff to spend at least 20% of their working time in the office, spread over a month – halving the previous minimum of 40%. We have developed detailed guidance on the new arrangements and expectations, alongside support for managers on how to implement the increase in remote working effectively.

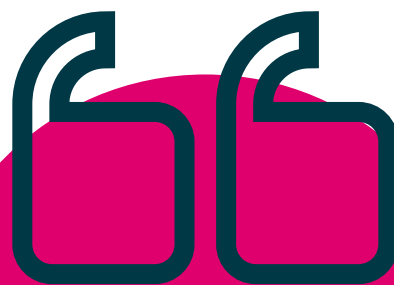
## Office use

After agreeing a new five-year lease at Edward House, Birmingham – part of LeO's wider future ways of working project – we have been working to improve the office experience there. Refurbishment has increased space for collaboration and made the working environment more attractive. Meanwhile, with the GPA and MoJ, we are assessing whether the MoJ Birmingham hub meets our needs and seeking to understand projected costs if we move there in 2028.

## People priorities for 2025/26

In terms of its people, LeO's key priorities for 2025/26 are to:

- begin developing a workforce planning process to ensure that staffing capacity, structures and roles are appropriately resourced and fit for purpose, and that they support our strategic objectives
- begin to identify and address implications that LeO's Digital Transformation and AI Strategy have for its people and for equality, analysing their potential impact on workforce planning, training, job design, organisational structure and culture
- identify job families (groups of jobs that share skills, career paths and other characteristics) and develop career paths that help staff progress and help LeO plan succession
- develop and implement a competency framework setting out our expectations of employees in different roles and at different levels
- review family-friendly and work-life balance policies and initiatives



# Sustainability report

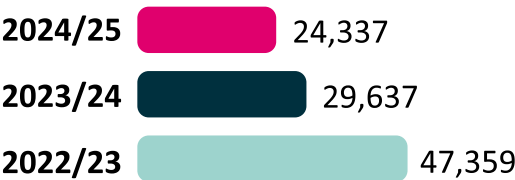
## Energy use (electricity)



kWh



## Paper use (pages printed)



## Travel for LeO staff

### Total expenses claimed

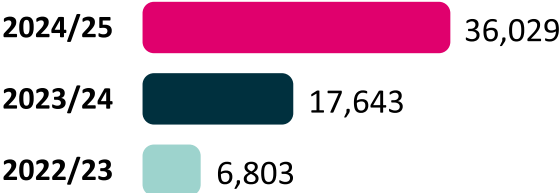
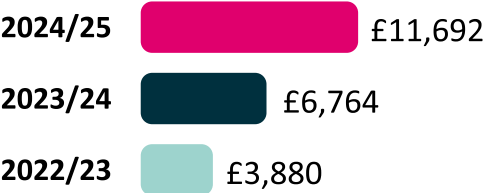
#### Road



### Total miles travelled



#### Train



As highlighted in the governance statement on page 87, the OLC is committed to following best practice in the governance and management of LeO. This extends to ensuring LeO is a sustainable and socially responsible organisation, both in its capacity as a public service and as an employer. LeO employees complete mandatory e-learning which includes a module on environmental awareness.

LeO's shared office arrangements (see below) mean it can't access a full range of sustainability data, or gauge with any accuracy its individual impact on climate change. This section presents the available information and outlines any action LeO has taken to minimise its climate impact. It also signposts other areas of this report that together provide a more complete picture of the impact of LeO's operations.

## Office footprint

LeO operates a hybrid working arrangement except for national home workers. All employees operate hybrid working, using the Birmingham office or Cardiff and Leeds hubs, depending on where they live. While setting a general minimum expectation for office working, LeO aims to offer considerable flexibility, recognising the positive impact this has on employee wellbeing, engagement and retention, against a backdrop of LeO's growing output and culture of innovation and improvement.

Energy consumption data isn't available for LeO's hub offices, so the data above relates to Birmingham only. However, in sharing with the MoJ and its other arm's-length bodies, LeO's hubs and any additional space it takes will be subject to initiatives to reduce the environmental impact of government. The sustainability of LeO's working arrangements is a central feature of its strategy on future ways of working, which continued to develop during 2024/25.

## Reducing the impact of IT

LeO has continued to reduce environmental impact using smart technologies. The first floor of Edward House has also been refurbished for collaboratively working, greatly reducing the number of electrical devices in use. In the long term, this should further reduce energy consumption at Edward House as the number of desks on the first floor has reduced from approximately 85 to 12.

## Energy use

Data for energy use comes directly from energy suppliers. However, building efficiency, which is the landlord's responsibility, has a major impact on energy loss.

## Travel for LeO staff

LeO's city-centre locations, including its original Birmingham office and hubs, allow many employees to get to work on public transport. LeO pays expenses for people based outside Birmingham to travel to Edward House for engagement days several times a year. These are important opportunities for hearing employee feedback and strengthening engagement within and across LeO's teams and with its strategy and purpose, and have received very positive feedback from LeO's people.



## Paper use

Paper use has decreased again, indicating a continuing reduction in unnecessary printing.

## Waste, waste minimisation and water consumption

LeO's landlord does not hold data relating to individual organisations that share the building.

LeO's kitchen spaces use Ziptap's energy-efficient 'sustainability' taps, which undergo regular services to ensure they work efficiently.

## Sustainable procurement

The OLC doesn't come within the scope of carbon reduction plans for procurement due to the size of its overall expenditure. It uses the Crown Commercial Service for relevant procurement, and the Crown Commercial Service works with its framework suppliers on carbon reduction plans.

## Other reporting

### Capital expenditure

In 2024/25 the OLC had a capital expenditure budget of £461,494 allocated by MoJ (2023/24: £250,000). Total expenditure for 2024/25 was approximately £448,000 (2023/24: £248,000). The capital investment included £237,000 on IT software and website, £80,000 on IT hardware, £103,000 on furniture and fittings, £19,000 on stamp duty for the commercial lease and £9,000 on leasehold improvements. In addition to the £448,000, the OLC renewed its lease for Edward House for a five-year term starting on 30 October 2024 and ending on 29 October 2029.

## Payment of creditors

The OLC is committed to paying supplier invoices by the due date or within 30 days of receipt if no due date is specified. It promptly addresses payment queries or notifies suppliers of any delays. The OLC paid 93% of invoices within agreed terms in 2024/25 – an improvement of six percentage points on 2023/24 (87%). On average, creditors were paid in 25 days (27 days in 2023/24).

Weekly payment runs are now integrated into the finance team's purchase ledger process, ensuring all invoices are paid within the extended terms. The team continues to mitigate the risk of fraud and errors by reviewing each payment run and collaborating closely with relevant budget holders. Internal auditors gave the supplier payment process a moderate rating in 2024/25, commending the thoroughness of the checking processes.

## Counter fraud, corruption and bribery

Fraud poses a significant risk to the UK public sector, with far-reaching consequences for finance, reputation and service delivery. The National Audit Office urged the government in 2023 to do more about this hidden crime.

The government's functional standard for managing fraud (outlined in GovS 013: Counter Fraud) sets expectations for the management of fraud, bribery and corruption risks in government organisations. This standard was developed by senior fraud experts, approved by the Finance Leaders Group and launched by the Minister for the Constitution in 2017. It applies to all government departments and their arm's-length bodies.

The OLC collaborates with the MoJ Counter Fraud Centre of Expertise to minimise exposure to fraud risks and ensure that the Anti-Fraud Policy and fraud risk assessment remain effective. The OLC conducted a five-day anti-fraud awareness campaign in International Fraud Week (November 2024), sharing bulletins on fraud prevention measures with all staff. The OLC continues to review its policies, procedures and the Counter Fraud Continuous Improvement Assessment Framework to ensure they are fit for purpose.

### Cyber security

LeO has adopted a hybrid working model that integrates home working with multiple office locations. Our cyber security plan has multiple layers of protection. We use a system where no one is automatically trusted, we require multiple steps to verify identity and we limit access to only what's necessary.

### Enhancements and upgrades

Throughout 2024/25, LeO has continued to enhance its security measures across routine operations for both employees and IT infrastructure. In response to Microsoft's announcement that it will end support for Windows 10 in October 2025, we have initiated a comprehensive program to update laptops and deploy new devices, ensuring its complete phase-out by then.

### Education and awareness

Our cyber security education initiatives included regular, concise training videos covering a broad spectrum of topics to increase staff awareness on this critical issue.

### Risk mitigation

The primary security risks we face include data loss due to unintended actions and external threats, particularly phishing (the use of emails purporting to be from trustworthy sources to trick their recipients into revealing passwords or other sensitive information). We mitigate these risks through a combination of technical security measures, an automated cloud protection tool (SaaS) that monitors the Microsoft M365 environment for suspicious activities, and an advanced email management system that uses AI to scrutinise emails and their content. This system blocks potentially harmful emails and requires AI verification of suspect links before user access.

### Geopolitical context

Amid ongoing geopolitical conflicts, LeO has observed an increase in login attempts and malicious activities. Our policy of restricting access to UK-based users, determined by their source IP address, has significantly reduced attacks from malicious entities.

### Review and best practices

In 2024, with the support of a CREST-accredited third party, LeO conducted a review of its M365 configuration, aligning it with industry best practices. At the start of Q1 LeO introduced additional cyber security training with a series of regular videos to raise awareness on common cyber security risks. These training videos cover a wide range of cyber security topics including ransomware, zero trust, strong passwords, multi-factor authentication fatigue, impersonation attacks, and physical access and security.

## Looking ahead

### 2025/26 Business Plan and Budget

As incoming complaints continue to grow, LeO's current resources will not enable it to cut its investigations queue fast enough to meaningfully improve the experience of customers waiting in the queue.

Our 2025/26 Business Plan and Budget responds directly to this challenge from rising demand. It enables LeO to increase its own investigator resources to tackle more effectively the complaints it takes on. The new budget boosts LeO's ability to share its learning and insight with the legal sector, in order to help reduce the problems that give rise to complaints in the first place. The budget also invests in digital transformation so LeO can become more efficient. By investing now, we aim to turn the tide against demand and so save money in the long term. So in 2025/26, LeO will:

- answer growing levels of demand by responding to 120,000 new contacts and resolving nearly 9,000 complaints
- increase its investigator resource to reduce customer waiting times by 33% (against 16% without investment) and end the year with the queue of waiting people 17% lower than it would be without investment

- identify and assess areas of its operational process where AI and technology can be implemented to drive further efficiencies
- provide tailored support and accessible learning and insights that help manage specific drivers of demand
- enhance the transparency of its casework, by publishing high-impact Public Interest Decisions and significantly expanding its case study library
- work with the sector and regulators to develop and launch a model complaints handling code and procedure – and emphasise the commitment needed in delivering a cultural shift in legal complaint handling
- identify and implement a revised case fee that strikes a balance between reflecting inflationary increases over the last 14 years and recognising other competing priorities

As detailed elsewhere in this report, in shaping the business plan, budget and strategy, the OLC engaged with a wide range of stakeholders representing both providers and users of legal services.

A summary of the consultation process and responses, together with the final documents, is available on LeO's website.<sup>5</sup>

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<sup>5</sup> Legal Ombudsman, Corporate Publications, available at: <https://www.legalombudsman.org.uk/cy/who-we-are/corporate-publications/>

## Strategy for 2024 to 2027 and budget 2025/26

Strategic objectives	Area of expense	2025/26 budget
LeO's service <sup>1</sup>	Operational delivery	£12,037,930
LeO's impact <sup>2</sup>	Policy, impact and engagement	£558,430
LeO's service and impact – critical enablers <sup>3</sup>	Total corporate salary expenditure less communications, engagement and impact	£3,358,569
	Increase in employer's National Insurance contributions	£348,053
	<b>Total staff salary expenditure</b>	<b>£16,302,982</b>
LeO's service and impact – critical enablers <sup>3</sup>	IT and telecoms	£1,692,004
	Premises and facilities	£619,980
	Other staff expenditure	£295,512
	Depreciation	£637,544
	Travel	£21,084
	Interest receivable	-£294,318
	Other costs	£725,891
	<b>Total non-salary expenditure</b>	<b>£3,697,697</b>
	<b>Total revenue expenditure</b>	<b>£20,000,679</b>

<sup>1</sup> **Strategic objective for LeO's service:** LeO resolves complaints fairly and effectively, providing an excellent customer experience.

<sup>2</sup> **Strategic objective for LeO's impact:** LeO's independent voice and experience lead to improvements in legal services.

<sup>3</sup> **Enablers:** People and culture, resources and governance, systems and intelligence, relationships and collaboration.

Income source	2025/26 budget
Levy	£18,855,000
Case fees	£965,000
Sundry (from Family Services' occupancy of Edward House office)	£180,000
<b>Total income</b>	<b>£20,000,000</b>

For 2025/26 the OLC's budget for LeO is £20 million, against £17.95 million in 2024/25 – an 11.4% increase. Inflation has not been applied as a blanket increase. Instead, it has been targeted to specific areas where inflationary cost pressures are known or anticipated. Of the proposed increase, 4% relates to a proposed pay award, and 11% to non-discretionary or unavoidable costs.

Of the total increase:

- 38% is allocated to additional investigator resources, of which nearly three-quarters is dedicated to reducing LeO's queue and the rest supports AI development, learning, and insight interventions
- 29% is earmarked for an anticipated 4% pay award
- 17% is designated for the increase in employer National Insurance contributions announced in October 2024
- 11% covers non-discretionary or unavoidable costs, including interest on LeO's renewed building lease, the mandatory apprentice levy, and provisions for bad debts related to firm closures following regulatory intervention or insolvency, where LeO cannot recover case fees
- 5% accounts for net savings and other additional resources

A significant majority of LeO's budget comes from its levy income, with case fee income only covering approximately 4.8% of expenditure. Case fees are not charged where no investigation has been carried out by LeO, including cases resolved through early resolution, and only in certain circumstances where cases are investigated. LeO expects that a fee will apply in around half of in-depth investigation case closures in 2025/26.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

23 June 2025

# Accountability report

This accountability report explains the governance structures supporting the work of the OLC and LeO and the codes and good practice they reflect. It includes the directors' report, the statement of Accounting Officer's responsibilities and the governance statement. It also sets out how risks and issues are managed and the 2024/25 internal audit opinion.



# 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 operate in accordance with the published framework document<sup>6</sup> which sets out the basis for the operating partnership between the OLC, MoJ and LSB. Under the Legal Services Act, the LSB is the oversight regulator for the legal sector.

I have been Chief Ombudsman and Accounting Officer since January 2021 and have been the Accounting Officer throughout the reporting period. I am responsible for the day-to-day operations and running of LeO. I work under the direction of the OLC Board, and as Accounting Officer I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer.

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 composition





Schedule 15.1 of the Legal Services Act 2007 requires the OLC Board to consist of a chair and at least six, but no more than eight, other persons. It must have a lay (non-legal) majority and reflect the experience and knowledge set out in Schedule 15.4 of the Act.

Board members' biographies can be found on LeO's website.<sup>7</sup>





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6 Legal Ombudsman, Governance frameworks, available at: <https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks/>

7 Legal Ombudsman, Our board, available at: <https://www.legalombudsman.org.uk/who-we-are/our-people/our-board/>

The OLC Board	Term	Role
<b>Elisabeth Davies</b> 	1 April 2020 to 31 March 2023 and 1 April 2023 to 31 March 2026	Non-Executive Director and OLC Chair
<b>Elaine Banton</b> 	1 October 2024 to 30 September 2028	Non-Executive Director and member of Remuneration and Nominations Committee (RemCo)
<b>Rachel Cerfontyne</b> 	1 March 2023 to 30 April 2027	Non-Executive Director and member of RemCo
<b>Jane Martin</b> 	1 May 2018 to 30 April 2021 and 1 May 2021 to 30 April 2024	Non-Executive Director



The OLC Board	Term	Role
<b>Georgina Philippou</b> 	1 May 2024 to 30 April 2028	Non-Executive Director and member of Audit and Risk Assurance Committee (ARAC)
<b>Harindra Punchihewa</b> 	1 October 2020 to 30 September 2024 and 1 October 2024 to 30 September 2028	Non-Executive Director and Chair of ARAC
<b>Alison Sansome</b> 	1 August 2021 to 31 July 2024 and 1 August 2024 to 31 July 2028	Non-Executive Director, Chair of RemCo and member of ARAC
<b>Dale Simon</b> 	1 August 2021 to 31 July 2024	Non-Executive Director, member of RemCo and board EDI sponsor

The OLC Board	Term	Role
<b>Martin Spencer</b> 	1 August 2021 to 11 May 2025	Non-Executive Director and member of ARAC
<b>Patricia Tueje</b> 	1 March 2023 to 30 April 2026	Non-Executive Director

## Registration of interests

The OLC Board members' register of disclosable interests can be found on the LeO website.<sup>8</sup>

## Auditors

The MoJ provides internal audit services to the OLC through the GIAA. During 2024/25 the cost of audit work was £60,472 (2023/24: £58,218). 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. For the year to 31 March 2025 the C&AG has estimated the costs at £51,000 (2023/24: £46,000). The services provided by the C&AG staff relate only to statutory audit work.

## Going concern

The OLC is a statutory body established by the Legal Services Act 2007. Under the Legal Services Act 2007, the OLC is funded by a levy on the legal profession. Levy funding is provided by the Approved Regulators annually in arrears. As at the date of signing (23 June 2025), the OLC has enough cash resources to meet anticipated expenditure and other net liabilities for the next 12 months.

## 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>8</sup> Legal Ombudsman, Governance, available at: <https://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 for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OLC and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the 'Government Financial Reporting Manual' 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 'Government Financial Reporting Manual' have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

- confirm that the annual report and accounts as a whole 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.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

23 June 2025

## Governance statement

The governance statement sets out the basis on which the OLC is governed and managed, and how it is accountable. It identifies the risk management processes, and the effectiveness of the governance and risk arrangements.

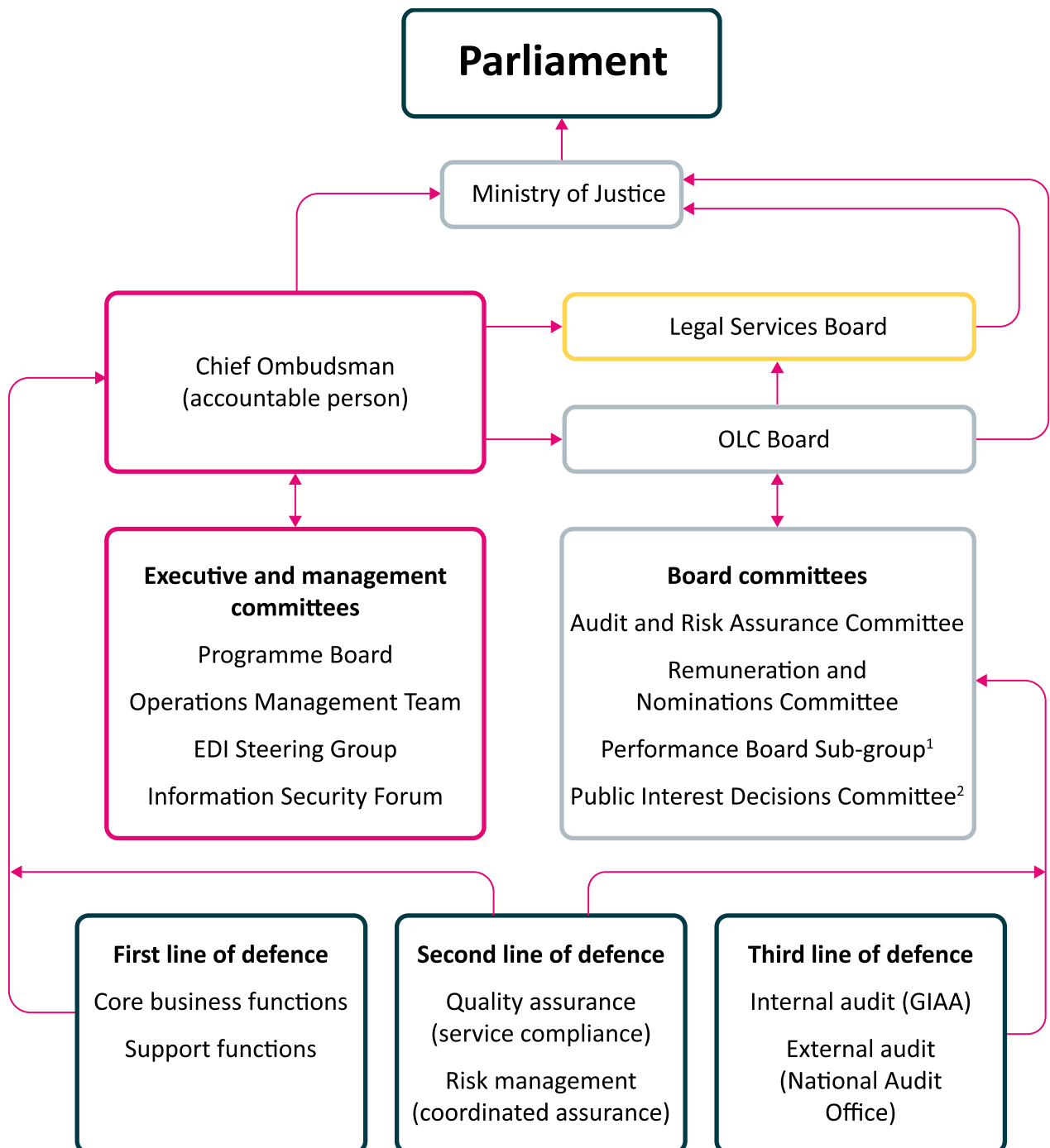
In all its work, the OLC considers good practice and standards for both the Ombudsman and legal sectors. LeO has continued to be a member of the Ombudsman Association, and the OLC takes account of the views of board members who have experience from other Ombudsman schemes. The OLC Board has regard to the regulatory objectives laid out in the Legal Services Act 2007, and Appendix 1 of this report sets out the primary ways it meets these objectives.

Under the leadership of the Head of Finance and IT, the finance team has worked closely with the organisation's management team, to improve the financial management across the organisation, and to ensure that budgetary monitoring and control are a shared executive responsibility. In previous years budget holders were supported to ensure they understand and effectively manage their budgets, jointly updating financial forecasts. The executive team held monthly financial review meetings focused on monitoring emerging budgetary variances and implementing mitigating actions. This has led to the overall actual expenditure being -0.70% of the budgeted expenditure.

The Head of Finance and IT and the Finance Manager provide assurance on financial governance through close monitoring of financial transactions. This is aided by ensuring that monthly balance sheet reconciliations are completed and reviewed, and financial processes are followed, including the separation of duties.

Regular reporting to the OLC Board has continued in 2024/25, with the Chair of the ARAC asking for further information as required to provide assurance of appropriate financial management.

In 2024/25, internal audit rated the OLC's work on its overall framework of governance, risk management and control as substantial, recognising the ongoing work the OLC has done to build on the work to strengthen this.



1 This is not a subcommittee of the board but part of the budget and business plan cycle which enables the board to assure itself of the integrity of the forecasting models each year.

2 Committee did not meet in 2024/25, but has been reconvened for 2025/26 and will meet quarterly.

## Governance framework and management structure

Section 117 of the Legal Services Act 2007 requires the OLC to “have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it”. The OLC is a statutory body accountable to both the MoJ and the LSB. The Tripartite Operating Protocol<sup>9</sup> describes how the three organisations will work together, and requires the OLC to “apply appropriate internal governance that supports effective delivery of its scheme and commands the confidence of the LSB and MoJ”.

The OLC Board is accountable to the LSB for its administration of the Legal Ombudsman scheme, and the LSB is in turn accountable to the Lord Chancellor (MoJ) for the performance of its statutory duties, including those which it has in relation to the OLC. In their capacity as Accounting Officer, the Chief Ombudsman is separately accountable to the MoJ Principal Accounting Officer for the OLC’s performance in relation to ‘Managing Public Money’.

The protocol respects the independence of the LSB and OLC in discharging their statutory duties. This means the MoJ has established both organisations as executive non-departmental public bodies, rather than Crown servants or agents.

LeO, which is overseen by the OLC, is independent, and its decisions can’t be influenced or overturned except by judicial review. The general principles that underpin the agreement reflect those set out in ‘Partnerships between Departments and Arm’s-Length Bodies: Code of Good Practice’.

As the chart above shows, the OLC’s governance framework follows the ‘three lines of defence’ model. This framework is published in full on LeO’s website,<sup>10</sup> following a full refresh in 2022/23. LeO staff sign a declaration to confirm they have read and understand the organisation’s policies, and proactive engagement with LeO’s people ensures policies are followed. Annually, ARAC reviews an executive summary of the assurance map, which will set out a ‘red, amber, green’ status based on assurance coverage.

To ensure it effectively discharges its statutory duties and makes high-quality decisions, the OLC Board has established committees that make recommendations to the board (see ‘OLC committees’ below). It has also established a Performance and Quality Sub-Group. Through its ongoing scrutiny of LeO’s business information, forecasting and reporting arrangements – supported by reporting using Microsoft Power BI – the OLC Board is satisfied that the data it uses to support its decision-making is robust.

9 Legal Ombudsman, Tripartite Operating Protocol, available at: <https://www.legalombudsman.org.uk/media/ekufbxrw/moj-lsb-olc-tripartite-operating-protocol-january-2023.pdf>

10 Legal Ombudsman, Governance Framework, available at: <https://www.legalombudsman.org.uk/media/lq3c4zyd/governance-framework-legal-ombudsman.pdf>

## Key relationships

While the net funding for the OLC comes from a levy on the legal profession, the OLC's costs are classified as public expenditure. This means the OLC is directly accountable to the MoJ for its financial management. The LSB approves the OLC's budget and oversees the OLC's discharge of its responsibilities for LeO.

Alongside these formal governance relationships, the OLC has a wide range of external stakeholders, including regulators, other ombudsman schemes and complaint-handling bodies, professional associations, legal service providers and representatives of legal services consumers. The OLC has working arrangements in place with all the frontline regulators of legal services, which are set out in a series of Memoranda of Understanding available on LeO's website.<sup>11</sup>

LeO staff are also core stakeholders of the OLC. There is more about employee engagement and wellbeing under 'people and organisation'.

Our relationships are critical in delivering our strategy, and in achieving our impact objective. LeO's progress continues to be rooted in strong stakeholder confidence. The strength of our key relationships is matched by positive feedback on the openness of our engagement and the high levels of stakeholders' trust in LeO and its leadership.

By substantially improving its service, LeO has strengthened its platform for sharing more of its knowledge and insight – responding to a clear appetite. It has engaged more closely and collaboratively with sector regulators, the consumer panel and its wider network of stakeholders, as we further build our profile and voice.

An audit of our stakeholder engagement by the GIAA has positively reinforced key elements of our approach, as well as identifying areas where we can continue to develop.

## 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). As a statutory body, the OLC complies with the Code where it is practical and relevant to its circumstances. The OLC's governance arrangements satisfy the requirements of the main principles that are relevant to the OLC and there are no departures to report.

The Code recommends an independent evaluation of board effectiveness at least every three years. In keeping with this, the OLC commissioned a review in 2022/23. The board considered the full review last year and is reviewing the subsequent action plan annually. Key actions include the following.

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<sup>11</sup> Legal Ombudsman, Governance Agreements, available at: <https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-agreements/>



The board, alone or with the executive team, is undertaking further developmental work. This has included:

- board workshops to focus on complex areas (such as strategy) in more detail
- further recognising the board responsibility for shaping the culture and ways of working that will be needed to support delivery of the strategy

The board is reviewing its forward plan and redesigning its meeting agendas around strategic items – so it spends less time on performance detail and instead refocuses on strategy, oversight and assurance. This has included:

- moving to a single performance report that includes a dashboard showing all performance indicators that the board should see
- a reduction in supporting information to focus instead on providing assurance on improvement actions where there is underperformance
- clarifying the hierarchy of oversight provided by the board, committees, and the executive team to ensure that the performance information reviewed at each level is aligned to roles
- cementing board ownership of risk management – a key area for the board – following a risk workshop, the main risks are now included in the Chief Ombudsman's report at every meeting and in every performance report

This development is a central plank of the board's ongoing evolution.

In addition, in Q4 each year each board member undergoes a competency-based appraisal of their performance, with appraisals shared with the LSB. Earlier in the year, a review of the key themes from the annual reviews was shared at a board meeting.

Ahead of every board meeting, the Chair instructs two board members (one non-executive and one executive) to give feedback at the end of the meeting on its effectiveness. In keeping with the external review of board effectiveness, questions were adapted last year to ask:

- which session has worked particularly well strategically during the board meeting and why?
- which paper was particularly useful strategically and why?
- where would you suggest there is learning and value in doing things differently in the future and in order to occupy more strategic space?

Findings are minuted and reviewed in the next planning meeting. In 2024/25, in keeping with recommendations of the externally commissioned review, further changes and ongoing improvements continued to be made so that:

- performance reporting occupies more strategic space
- duplication is avoided in what is considered by the full board and by a delegated subset of board committee members
- formal written reports from board committees are used to avoid over-reliance on minutes

The OLC has continued to make good use of pre-board sessions. These have included more informal discussions with LeO staff (particularly those from staff networks) as well as open lunches, to ensure greater visibility of the board among LeO colleagues.

OLC Board		
Operating framework and rules of procedure	<a href="https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks/">https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks/</a>	
Membership and attendance	Name	Attendance at meetings, seminars and workshops
	Elisabeth Davies (Chair)	8/8
	Elaine Banton	4/4*
	Rachel Cerfontyne	8/8*
	Jane Martin	1/1
	Georgina Philippou	7/7
	Harindra Punchihewa	7/8*
	Alison Sansome	7/8*
	Dale Simon	3/3
	Martin Spencer	5/8*
	Patricia Tueje	8/8
<p>* Elaine Banton and Rachel Cerfontyne attended the October 2024 board meeting for agenda items 1 to 8 and 1 to 9, respectively. Harindra Punchihewa attended the April 2024 board meeting for agenda items 1 to 5 and 8 to 13. He and Alison Sansome sent apologies for the February 2025 board workshop. Martin Spencer sent apologies for the April 2025 board meeting. He resigned on 11 May 2025.</p>		

## OLC Board

### Key activities and focus areas in 2024/25

- Review of feedback from ARAC on the 2023/24 annual report and accounts.
- Scrutinising progress against the 2024/25 Business Plan and Budget and 2024 to 2027 Strategy, including delivery on LeO performance improvements.
- Horizon-scanning for risks and opportunities, with particular focus on demand and our ability to deliver on strategic objectives and enablers.
- Developing and approving the 2025/26 Business Plan and Budget and budget acceptance criteria for submission to the LSB, with focus on demand and assurance over the robustness of LeO's forecasts.
- A strategic risk workshop, with the approval of strategic risks and issues, risk appetite and tolerances, and risk appetite statement.
- A workshop on attrition to assess root causes, changing profile, and what LeO can do to reduce it.
- Assessing options for increased transparency of ombudsman decisions, resolving to make greater use of current powers to publish high-impact Public Interest Decisions and leaving, for now, the question of full publication of ombudsman decisions.
- Considering the potential of AI to improve efficiency and productivity while reducing demand, with a proof-of-concept study (with the GIAA) on initial AI drafting of responses to service complaints about LeO.
- Developing and implementing a three-year strategy and action plan, overseen by a steering group, to integrate EDI principles into LeO's business plans, policies, practices, leadership and customer service.
- Reviewing progress on the recommendations of the 2023 external board effectiveness review.
- Annual review of governance documents, including scheme of delegations, committee terms of reference, and OLC rules of procedure and operating and governance frameworks.

## OLC committees

Audit and Risk Assurance Committee		
Terms of reference	<a href="https://www.legalombudsman.org.uk/media/o5rdfs/gs/arac-terms-of-reference_december-2023.pdf">https://www.legalombudsman.org.uk/media/o5rdfs/gs/arac-terms-of-reference_december-2023.pdf</a>	
Membership and attendance	Name	Attendance
	Harindra Punchihewa (Chair)	4/4
	Georgina Philippou	3/4*
	Alison Sansome	4/4*
	Martin Spencer	3/4*
	Elisabeth Davies (observer)	4/4
<p>* Martin Spencer and Georgina Philippou sent apologies for the January 2025 and October 2024 ARAC meetings, respectively. Alison Sansome attended the October 2024 ARAC meeting for agenda items 1 to 14. Elisabeth Davies observed the January 2025 ARAC meeting for agenda items 1 to 6.</p>		

## Audit and Risk Assurance Committee

### Key activities and focus areas in 2024/25

- Annual review of ARAC's terms of reference.
- Advising the OLC Board on the annual financial statements. This includes providing assurance on compliance with good practice, accounting standards, and the accounting policies adopted by the OLC. ARAC's advice is based on a thorough review of both internal reports and external auditor reports.
- Work on improving risk management and securely embedding it across the organisation. Each meeting considered strategic residual risk scores based on their risk appetite and mitigations. Inputs from this went into business planning to ensure we manage risks and minimise potential impact. The committee also scrutinised risk tolerances and reporting of risks that are outside tolerance in terms of their risk appetite. (GIAA uses some of our risk management work to demonstrate best practice.)
- Obtained assurances on our annual audit plan from GIAA and executive team (with evidence on other matters). We also analysed MoJ feedback on the risk assurance process, evaluated business assurance meetings, and conducted our annual review of the assurance map.
- Approving the internal audit plan, considering progress on and results of the internal audit programme.
- Reviewing the external audit plan and progress made in delivering it.
- Reviewing the final audit reports on governance and EDI.
- Private meetings with both sets of auditors.
- Lessons learned from the 2023/24 annual report and accounts process.
- Work on the 2025/26 budget acceptance criteria, assurance on the budget-setting process, and lessons learned from the 2024/25 budget.

Audit and Risk Assurance Committee	
Key activities and focus areas in 2024/25	<ul style="list-style-type: none"> <li>• Annual self-assessment of ARAC effectiveness, including an update on actions arising from the 2022 effectiveness review.</li> <li>• Annual reviews and reports on data assurance, information rights, risk management, health and safety, cybersecurity, counter fraud, financial governance and business continuity.</li> <li>• Annual update on the business continuity plan.</li> <li>• A deep-dive review of the General Data Protection Regulation (GDPR) in relation to information and data protection.</li> </ul>

Remuneration and Nominations Committee		
Terms of reference	<a href="https://www.legalombudsman.org.uk/media/s3ylthg4/remco-terms-of-reference.pdf">https://www.legalombudsman.org.uk/media/s3ylthg4/remco-terms-of-reference.pdf</a>	
Membership and attendance	Name	Attendance
	Alison Sansome (Chair)	2/2
	Rachel Cerfontyne	2/2
	Elisabeth Davies (observer)	2/2
	Dale Simon	0/2*
<p>RemCo meetings in 2024/25 took place on 27 November 2024 and 20 March 2025.</p> <p>* Dale Simon left before either of these meetings took place.</p>		



## Remuneration and Nominations Committee

### Key activities and focus areas in 2024/25

- Monitoring and scrutiny of HR performance data on effectiveness and coherence of key people policies.
- Assuring the OLC Board about key HR policies and statutory obligations and their effectiveness.
- Approving the updated 2024 to 2027 People Strategy following its annual review, overseeing the delivery of its 2024/25 annual objectives, and planning its objectives for 2025/26.
- Scrutiny of health and safety compliance report.
- Review and approval of the gender pay gap report.
- Considering terms of references and effectiveness of meetings in context of the wider OLC Board effectiveness review.
- Drawing conclusions from Civil Service Survey results 2024/25 to improve engagement and outcomes.
- Chief Ombudsman pay for 2024/25.
- Annual meeting with LeO's Staff Council following its refresh and relaunch to support and strengthen its operation and effectiveness.
- Refreshing the scheme 'Celebrating Success' to redefine more clearly what it is designed to reward.
- The scrutiny and approval of annual review of HR policies (out of committee).
- Comprehensive development of onboarding and induction, with new onboarding portal, Induction Policy and guidance for managers, and online core induction programme to give new staff a professional, informative and welcoming introduction to LeO.
- Strong focus on absence management, with improved absence policy, absence reporting, and support for employees.

Performance Sub-Group	
Terms of reference	Rather than being a standing committee with ongoing delegated responsibilities, the group focuses on specific aspects of performance and quality as required and in relation to the budget and business planning cycle.
Key activities and focus areas in 2024/25	<ul style="list-style-type: none"> <li>• Discussing and agreeing 2025/26 aims, actions and next steps.</li> <li>• Reviewing the MacPherson criteria.</li> <li>• Reviewing, validating and (where required) adjusting the planned assumptions and expected incoming customer demand in line with known 2023/24 performance.</li> <li>• Reviewing the impact of demand on trajectories and staffing in 2024/25.</li> <li>• Reviewing the impact of sickness absences.</li> </ul>

Public Interest Decisions Committee	
Terms of reference	<a href="https://www.legalombudsman.org.uk/media/cxljufhs/category-1-publications-committee_-terms-of-reference_october-2021.pdf">https://www.legalombudsman.org.uk/media/cxljufhs/category-1-publications-committee_-terms-of-reference_october-2021.pdf</a>
Key activities and focus areas in 2024/25	The OLC established a Category One Publications Committee to guide the OLC in the exercise of its discretion under Section 150 of the Legal Services Act 2007. This means it oversees the approval process to publish decisions that highlight a serious risk to the public. The committee did not meet in 2024/25, but it has been reconvened for 2025/26 and will meet quarterly to consider cases that may be suitable for publication in the public interest. LeO has continued to engage with key stakeholders about the transparency of its ombudsman decisions more broadly, and will continue this work under the OLC's 2024 to 2027 Strategy.

## Risk management and risk assurance

The following provides an overview of how the OLC and LeO identify, manage, and report on risks. As independent bodies, we align our practices with government standards, internal audit ratings and the Orange Book guidance, to ensure a consistent and structured approach to risk across the organisation.

- Project risks are identified by the programme and project team. The team records them in a project risk log which it regularly updates and jointly reviews each quarter with LeO's Enterprise Risk Manager. Project risks are also reported monthly to a Programme Board, which makes informed decisions on any actions required.
- Business unit risks are reviewed every quarter as part of routine risk reviews. These reviews are informed by controls and risk indicators, and any concerns can be escalated to the executive team, following our established risk framework.
- The executive team owns strategic risks and issues – that is, it identifies, monitors and updates them – and discusses them every quarter. In addition, there is a quarterly in-depth review of the strategic risks and issues, which drives risk reporting and assurance to ARAC and the OLC Board.

## Positive progress in 2024/25

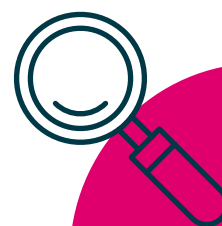
The rollout of a new risk management system at LeO has brought meaningful improvements – greater consistency, clearer reporting, and stronger assurance. At the beginning of the year, we introduced an updated methodology that combines residual risk scoring, risk appetite, and tolerance into a single risk matrix. This has made risk reporting more efficient, structured and insightful, strengthening our ability to manage risk effectively and confidently.

## Risk management process

### 1. Identification and assessment

All staff in the organisation can identify and raise a risk, as well as prioritising how risks should be managed. The key stakeholders involved in the identification process are:

- individual members of staff
- Enterprise Risk Manager
- Head of Programme Management and Assurance
- project team
- management team
- executive team



### 2. Risk treatment

- Risk owners are in charge of identifying, designing and implementing controls or mitigations, so that 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
- internal audit actions

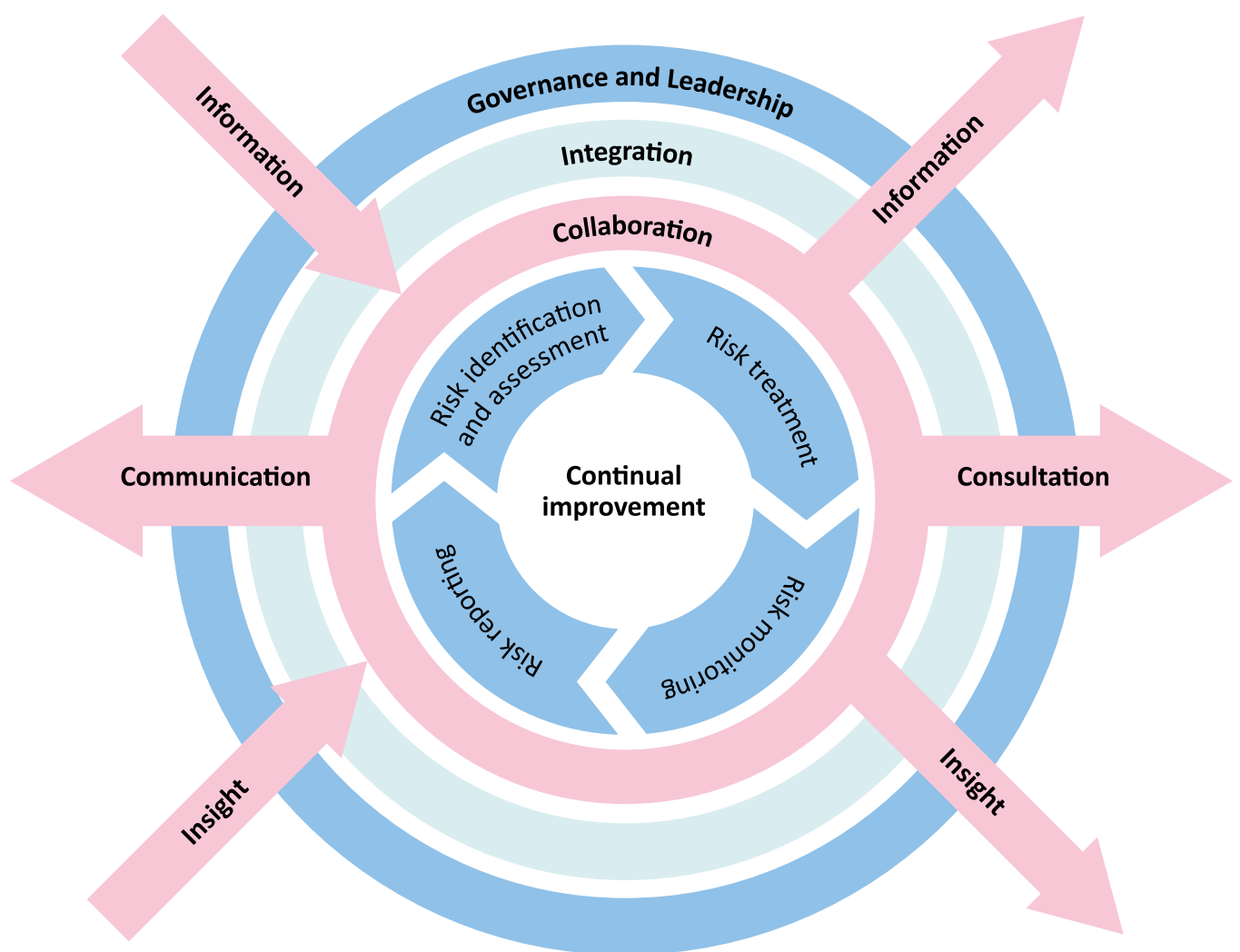


### 4. Risk reporting

The Enterprise Risk Manager and Head of Programme Management and Assurance conduct risk reporting 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
- risk management system
- annual strategic risk workshop with OLC Board





Looking ahead, when the OLC assesses strategic decisions it will consider how to identify opportunities as well as risks. For example, while we must consider how AI may impact on our people and equality, we will also consider its potential for transforming LeO's operations and improving its efficiency.

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

The GIAA annual internal audit opinion and report for 2024/25 gave the OLC an overall rating of moderate, with the following individual audit ratings.

Audit	Opinion
Governance	Substantial
EDI	Substantial
Contract management	Moderate
Supplier payments	Moderate
Stakeholder management	Moderate

In 2024/25 two reports were rated substantial (40%) and three reports were rated moderate (60%). In comparison to three substantial and one moderate opinion in 2023/24.

GIAA have made 16 recommendations in total; eight medium and eight low priority across the five audit reports. In comparison GIAA made nine recommendations in total (two medium and seven low priority) across four reports in 2023/24.

The reduction in the number of substantial opinions and the increase in the number of recommendations made in GIAA's reports in 2024/25 has resulted in a small move in the overall direction of travel. The OLC has maintained adequate systems of governance, internal control and risk management and continues to seek to improve, however there remains scope for improvement.

## Data incidents and e-learning

LeO handled over 117,000 contacts during the year, from early support with the complaint process through to full investigations of complex complaints. To carry out this role effectively, it needs to ask for and use a wide range of personal and sometimes sensitive information. During 2024/25 there were 69 data-related incidents (2023/24: 97). We formally reported to the Information Commissioner's Office (ICO) the only one of these incidents that met the threshold for such reporting (2023/24: 0).

During 2024/25, 92% of LeO staff completed e-learning on data protection. Of the remainder, 7% were on long-term sickness or parental leave or left LeO before completing this, and 1% still have 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.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

23 June 2025

# 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 and terms of OLC Board members

During 2024/25, two members were reappointed. Harindra Punchihewa, who served from 1 October 2020 to 30 September 2024, was reappointed from 1 October 2024 to 30 September 2028. Alison Sansome, who served from 1 August 2021 to 31 July 2024, was reappointed from 1 August 2024 to 31 July 2028.

Two members were appointed: Georgina Philippou from 1 May 2024 to 30 April 2028 and Elaine Banton from 1 October 2024 to 30 September 2028.

Two members left: Jane Martin, who had served two terms from 1 May 2018 to 30 April 2024, and Dale Simon, who had served from 1 August 2021 to 31 July 2024.

Martin Spencer was appointed on 1 August 2021 and resigned on 11 May 2025.

## Board remuneration

The remuneration of OLC Board members is shown in the tables below. 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	Annual rate £'000	2024/25 £'000	2023/24 £'000
Elisabeth Davies (Chair)	50-55	50-55	50-55
Rachel Cerfontyne	10-15	10-15	10-15
Jane Martin	10-15	0-5	10-15
Harindra Punchihewa	10-15	10-15	10-15
Dale Simon	10-15	0-5	10-15
Alison Sansome	10-15	10-15	10-15
Martin Spencer	10-15	10-15	10-15
Patricia Tueje	10-15	10-15	10-15



Member	Annual rate £'000	2024/25 £'000	2023/24 £'000
Elaine Banton	10-15	0-5	–
Georgina Philippou	10-15	5-10	–
Elisabeth Bellamy	10-15	–	–
Annette Lovell	10-15	–	–

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, £2,146 was accrued for the PAYE Settlement Agreement for 2024/25, and £10,743 of expenses was paid to board members in 2024/25 (including accrued amounts) (2023/24: £8,351).

All expenses relating to board attendance in Birmingham are reviewed to ensure the correct contributions are paid to HMRC.

## Executive remuneration

Year to 31 March 2025		Role		2024/25		Annual equivalent	
		Salary	Pension benefits to nearest	Total	Salary	Pension benefits to nearest	Total
		£'000	£'000	£'000	£'000	£'000	£'000
P McFadden	Chief Ombudsman	145-150	15	160-165	145-150	15	160-165

Comparative figures for 2023/24 are in the table below.

Year to 31 March 2024	Role	2023/24			Annual equivalent		
		Salary	Pension benefits to nearest	Total	Salary	Pension benefits to nearest	Total
		£'000	£'000	£'000	£'000	£'000	£'000
P McFadden	Chief Ombudsman	130-135	9	140-145	130-135	9	140-145

## Staff numbers and related costs

2024/25				2023/24		
	Permanent staff	Other staff	Total	Permanent staff	Other staff	Total
	£'000	£'000	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	11,462	558	12,020	10,914	467	11,381
Social security costs	1,188	—	1,188	1,070	—	1,070
Other pension costs	889	—	889	822	—	822
	13,539	558	14,097	12,806	467	13,273
Exit packages	—	—	—	—	—	—
Total net costs	13,539	558	14,097	12,806	467	13,273

The annualised salary band of the highest-paid individual in the OLC in 2024/25 was £145,000 to £150,000, mid-point £147,500 (2023/24: £130,000 to £135,000, mid-point £133,500).

The mid-point of the highest-paid individual’s banded salary was 3.99 times the median salary of the workforce in March 2025, which was £36,922 (2023/24: 3.91 times, £35,164).

Including awards paid to staff, the mid-point of the highest-paid individual’s banded remuneration was 3.98 times the median remuneration of the workforce in March 2025, which was £37,097 (2023/24: 3.88 times, £35,477).

The mid-point of the highest-paid individual’s banded salary was 4.34 times the 25th percentile employee’s salary (£33,967) (2023/24: 4.25 times, £32,350). Including awards paid to staff, the mid-point of the highest-paid individual’s banded remuneration was 4.34 times the 25th percentile employee’s remuneration (2023/24: 4.25 times, £32,350).

The mid-point of the highest-paid individual’s banded salary was 3.25 times the 75th percentile employee’s salary (£45,327) (2023/24: 3.3 times, £41,622). Including awards paid to staff, the mid-point of the highest-paid individual’s banded remuneration was 3.19 times the 75th percentile employee’s remuneration (£46,177) (2023/24: 3.28 times, £41,975).

	2024/25		2023/24	
	Total salary and allowances	Bonus payments	Total salary and allowances	Bonus payments
Staff average	5%	63%	4.8%	68%
Highest-paid director	9%	100%	9%	–

The highest paid director’s salary in 2024/25 has increased by 9%.

In 2024/25 no employees received remuneration in excess of the highest-paid director (2023/24: none). Remuneration ranged from £23,423 to £145,000–150,000 (2023/24: £21,437 to £130,000–135,000). These figures exclude piece-rate workers.

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, which are repayable over 10 months or on 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.

	2024/25			2023/24		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	289.2	281.5	7.7	279	274	5
Not directly employed	1.6	–	1.6	–	–	–
<b>Total</b>	<b>290.8</b>	<b>281.5</b>	<b>9.3</b>	<b>279</b>	<b>274</b>	<b>5</b>

## Number of Senior Civil Service staff (equivalent)

	2024/25			2023/24		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	1	1	0	1	1	0
Not directly employed	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>

At 31 March 2025, there was one Senior Civil Service equivalent on the executive team.

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

## Gender balance and pay (unaudited)

As at 31 March 2025, 67.7% of colleagues employed were female (2023/24: 68%), which amounts to 212 female staff, 96 male, and 5 prefer not to say. There is a difference in the median salary of 4.4%.

The difference in the mean average salary is 10.6% in favour of men (2023/24: 10%). This is driven by higher-paid roles (team leaders, corporate managers, operations managers, executive) having a 58% female bias (2023/24: 56%) rather than the 68% bias in the overall workforce (2023/24: 68%).

## Staff policies applied during the year (unaudited)

Following an annual review of its HR policies, LeO has further strengthened several key policies. Notable improvements include enhanced eligibility for bereavement leave in the Time Off Work Policy, and the bolstering of the Sickness Absence Policy to facilitate earlier intervention and support for employees on long-term sick leave.

LeO remains vigilant and responsive to legislative changes, ensuring all HR policies are fully compliant with employment law. The carers' leave section of the Time Off Work Policy has been updated to reflect recent legislative changes, and proactively expanded to allow for paid carers' leave across a broader range of circumstances.

Additionally, the Dignity at Work Policy has been reinforced in response to new employee protections against sexual harassment. A new online training module on preventing sexual harassment in the workplace has been acquired and will be rolled out to the business in April 2025. Furthermore, all HR policies have been reviewed by the EDI Manager to ensure the use of inclusive language.

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

There were no exit packages in 2024/25 (2023/24: none).

## Staff sickness (unaudited)

As highlighted in 'people and organisation', LeO has continued to invest in activities to promote employees' wellbeing, as well as boosting managers' capacity to give effective support on wellbeing and absence. The People Strategy has led to the development of stronger policies, with HR providing additional support for staff experiencing physical or mental challenges to health. As a result of the annual review of HR policies, LeO strengthened its Absence Management Policy to ensure earlier intervention and support for staff on long-term sick leave.

Under the leadership development programme rolled out a year ago, managers took part in a key session on staff sickness. LeO's personal development review process allows it to identify and formally capture any support needed, including reasonable adjustments.

Sickness absence levels increased by 1% compared to prior year. The main reason for long-term sickness absence continues to be mental health.

	2024/25	2023/24	2022/23
Average days per employee lost to sickness	16.1 (FTE) (15.0 per head)	13.5 (FTE) (12.6 per head)	12.4 (FTE) (11.6 per head)
<b>Total working days lost due to sickness absence</b>	<b>6.2%</b>	<b>5.2%</b>	<b>5.0%</b>

## Pensions

The OLC has agreed that LeO has a defined contribution group personal pension scheme to which the OLC makes fixed contributions but has no other liabilities. During the year, the OLC allowed employees to elect to sacrifice a proportion of their basic pay in return for correspondingly increased contributions to their pension scheme.

The OLC makes matching contributions of twice the amount contributed by individual employees up to a maximum of 10%. Reductions in employer National Insurance contributions resulting from this salary sacrifice arrangement are also contributed into the employee pension scheme.

The pension scheme provided by LeO to its employees in 2024/25 remained the same as in 2023/24.

## Consultancy (unaudited)

There was no consultancy expenditure in 2024/25 (2023/24: none).

## Off-payroll engagements (unaudited)

One individual – the Service Complaints Adjudicator – is considered an off-payroll engagement due to the independence requirement of the role. Following a competitive tender, the OLC appointed a new Service Complaints Adjudicator, who took up office on 1 April 2025 on an initial two-year contract with the scope for future extension. The Adjudicator is contracted on a £24,000 fixed annual fee basis (including VAT) and is not paid a salary. The OLC undertook no other off-payroll engagements in 2024/25.

## Staff turnover (unaudited)

LeO significantly reduced attrition both overall and among investigators, so that it has downgraded these from strategic issues to risks. The attrition figure here represents those employees who voluntarily left the organisation during the year.

	Actual 2024/25	Target 2024/25	Actual 2023/24
Turnover	13.8%	21%	20.1%
Attrition	12.5%	19%	19.8%

# Parliamentary accountability and audit report (audited)

## Regularity of expenditure

### Losses and special payments

No special payments were made during 2024/25 (2023/24: none).

### Gifts

No gifts made by the organisation in 2024/25 (2023/24: none) that exceeded limits prescribed in 'Managing Public Money' (HM Treasury).

### Remote contingent liabilities

There are no remote contingent liabilities to report in 2024/25 (2023/24: none).

### Financial instruments

The OLC does not have borrowings. Its cash requirements primarily rely on 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 the first full year of operation was £17.3 million in the legal jurisdiction. This reduced in each subsequent operating year until 2017/18, when there was a small increase for one year relating to the one-off costs of LeO's modernisation programme. In 2021/22 and 2022/23 budgets of £14.5 million and £15.3 million respectively were approved to respond to performance challenges, and subsequently to take into account partial inflation and the full-year impact of recruitment in 2021/22. The OLC spent £16.8 million in 2023/24, reflecting significant inflationary pressures, especially on salaries. The OLC spent £17.95 million in 2024/25 and approved a budget of £20 million for 2025/26.

### Fees and charges

Analysis of fees and charges is disclosed on page 137.

### Government functional standards

The OLC continues to assess its compliance with appropriate functional standards across its operations, in line with its adherence to 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 2025 under the Legal Services Act 2007.

The financial statements comprise the Office for Legal Complaints’:

- Statement of Financial Position as at 31 March 2025;
- 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 2025 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.

## Other information

The other information comprises information included in the annual report and its appendices, but does not include the financial statements and my auditor's certificate. 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 during 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 during 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 audit or 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, the 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;

- 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 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**  
Comptroller and Auditor General

**25 June 2025**

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 2025. The notes from pages 128 to 148 are part of the statements.



# Statement of comprehensive net expenditure

For the year ending 31 March 2025

		2024/25		2023/24	
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Income from operating activities	3		(17,831)		(16,750)
<b>Total Income</b>			<b>(17,831)</b>		<b>(16,750)</b>
Staff costs	2	14,097		13,273	
Depreciation, amortisation and impairment	4, 5, 6	607		662	
Provision expense	11	48		(79)	
Other operating expenditure	2	3,525		3,334	
<b>Total operating expenditure</b>	2		<b>18,277</b>		<b>17,190</b>
<b>Net operating expenditure</b>			<b>446</b>		<b>440</b>
Interest and charges received			(595)		(586)
Taxation			149		146
<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 128 to 148 are part of these financial statements.



# Statement of financial position

As at 31 March 2025

		31 March 2025		31 March 2024
	Note	£'000	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment	4	222		184
Right-of-use asset	5	1,788		152
Intangible assets	6	395		271
<b>Total non-current assets</b>			<b>2,405</b>	<b>607</b>
<b>Current assets</b>				
Trade and other receivables	8	421		615
Cash and cash equivalents	9	19,160		18,351
<b>Total current assets</b>			<b>19,581</b>	<b>18,966</b>
<b>Total assets</b>			<b>21,986</b>	<b>19,573</b>
<b>Current liabilities</b>				
Trade and other payables	10	(901)		(426)
Provisions	11	(76)		(483)
Other liabilities	10	(934)		(875)
Lease liability	13	(362)		(52)
<b>Total current liabilities</b>			<b>(2,273)</b>	<b>(1,836)</b>
<b>Total assets less current liabilities</b>			<b>19,713</b>	<b>17,737</b>

# Statement of financial position (continued)

		31 March 2025		31 March 2024
	Note	£'000	£'000	£'000
<b>Non-current liabilities</b>				
Provisions	11	(693)		–
Lease liability	13	(1,283)		–
<b>Total non-current liabilities</b>			<b>(1,976)</b>	<b>–</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>



**Paul McFadden**

Chief Ombudsman and Accounting Officer

23 June 2025

The notes from pages 128 to 148 are part of these financial statements.

# Statement of cash flows

For the year ending 31 March 2025

		2024/25		2023/24	
	Note	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net expenditure pre interest and tax		(446)		(440)	
Adjustments for non-cash transactions	2	394		468	
(Increase)/decrease in trade and other receivables	8	194		(260)	
Increase/(decrease) in trade and other payables	10	385*		(335)	
Increase in provisions	11	286		115	
Interest received		595		586	
<b>Net cash inflows from operating activities</b>			<b>1,408</b>		<b>134</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4,5	(212)		(18)	
Purchase of intangible assets	6	(237)		(230)	
<b>Net cash outflows from investing activities</b>			<b>(449)</b>		<b>(248)</b>
<b>Cash flows from financing activities</b>					
Payments in respect of leases (IFRS16)	13	(150)		(293)	
<b>Net cash outflows from financing activities</b>			<b>(150)</b>		<b>(293)</b>
<b>Net increase in cash and cash equivalents in the year</b>			<b>809</b>		<b>(407)</b>

## Statement of cash flows (continued)

	Note	2024/25		2023/24	
		£'000	£'000	£'000	£'000
Cash and cash equivalents at the beginning of the year	9		18,351		18,758
Cash and cash equivalents at the end of the year	9		19,160		18,351

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

The notes from pages 128 to 148 are part of these financial statements.

# Statement of changes in taxpayers' equity

For the year ending 31 March 2025

	Total Reserves
	£'000
<b>Balance at 31 March 2023</b>	<b>17,737</b>
Grants from Ministry of Justice	–
Net expenditure for the year after interest and taxation	–
Notional transfer to Consolidated Funds	16,750
Notional receipts from Ministry of Justice	(16,750)
<b>Balance at 31 March 2024</b>	<b>17,737</b>
Grants from Ministry of Justice	–
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>

The notes from pages 128 to 148 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 Government Financial Reporting Manual (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 the Legal Services Act 2007, the OLC is funded by a levy upon the legal profession. Levy funding is provided by the Approved Regulators annually in arrears. As at the date of signing (23 June 2025), the OLC has enough cash resources to meet anticipated expenditure and other net liabilities for the next 12 months.

### 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.

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 2025 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 enables 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 the service providers at a value 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.

## 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 in the year of acquisition any individual expenditure of less than £500 on capital equipment and furnishings. 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 of bringing the asset 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 lease or 10 years
- furniture and equipment: three to ten years
- 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 costs 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 licenses: in equal monthly instalments over three years or the life of the licence
- 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.



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 which OLC considers as 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 for 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 (measurement 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 value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of 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 was 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 its lease agreement for Edward House, Birmingham, effective from 30 October 2024, following the expiration of the previous lease on 28 August 2024. The new lease term is five years, ending on 29 October 2029, and includes a five-month rent-free period at the start.

In compliance with IFRS 16: Leases, the OLC has recognised a right-of-use asset and a corresponding lease liability as of the commencement date. The lease liability is calculated at the present value of lease payments over the lease term, discounted using HM Treasury's prescribed incremental borrowing rate of 3.5%. The rent-free period has been treated as a lease incentive, reducing the initial values of both the right-of-use asset and the lease liability.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease liability is adjusted for interest costs and lease payments made during the period.

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

Description	2024/25 (£000)
Right-of-use asset	(1,788)
Lease liability (current)	(362)
Lease liability (non-current)	(1,283)
Depreciation expense	(339)
Interest expense	(25)

## 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 and therefore most of the expenditure and the capitalised value of non-current assets includes 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 the OLC makes contributions 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.

### **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 receivables and payables (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 are stated at carrying value in recognition 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 the application of the entity's accounting policies, which are described in note 1, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are 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.

#### **Critical judgements in applying the entity's accounting policies**

Management are of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements.

### **Key sources of estimation uncertainty**

In the process of applying its accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management are of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 2 Expenditure

Further analysis of staff costs is located in the remuneration and staff report on pages 106-113.

		2024/25		2023/24	
	Note	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<b>Staff costs</b>					
Wages and salaries		12,020		11,381	
Social security costs		1,188		1,070	
Other pension costs		889		822	
<b>Total staff costs</b>		<b>14,097</b>		<b>13,273</b>	
IT and telecoms		1,699		1,503	
Uncollectible debts		96		81	
Facilities services		147		224	
External communications		132		125	
Staff wellbeing		123		135	
Legal and professional fees		347		287	
VAT on lease payments		75		40	
Recruitment costs		65		226	
Premises costs		540		452	
Other running costs		35		60	
Training		108		81	
External audit fees		51		46	
Internal audit fees		60		58	
Travel and subsistence		22		14	
<b>Total cash operating expenditure</b>		<b>3,500</b>		<b>3,332</b>	
<b>Total cash items</b>		<b>17,597</b>		<b>16,605</b>	

## Expenditure (continued)

		2024/25		2023/24	
	Note	£'000	£'000	£'000	£'000
Loss/(profit) on disposal of assets		–		4	
Depreciation		155		258	
Depreciation – IFRS16 lease		339		370	
Amortisation		113		30	
<b>Depreciation, amortisation and impairment</b>			<b>607</b>		<b>662</b>
Change in dilapidations provision*		–		–	
Change in other provision		48		(79)	
Corporation tax		149		146	
Interest charge – IFRS16 lease		25		2	
<b>Total non-cash items</b>			<b>829</b>		<b>731</b>
<b>Total</b>			<b>18,426</b>		<b>17,336</b>
Total cash operating expenditure		3,500		3,332	
Interest charge – IFRS16 lease		25		2	
<b>Total other operating expenditure</b>		<b>3,525</b>		<b>3,334</b>	

\* While there has been an increase in dilapidations provision for 2024/25, there is no impact on expenditure. The additional provision has been capitalised to the right-of-use asset, consistent with the approach taken in 2023/24.

### 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 2024/25 (see note 1.3).

	2024/25	2023/24
	£'000	£'000
<b>Income</b>		
Levy income in respect of the Legal Ombudsman scheme	16,739	15,726
Case fee income	905	825
Other income	187	199
<b>Total</b>	<b>17,831</b>	<b>16,750</b>

## 4 Property, plant and equipment

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>



## 2023/24

	Information technology	Leasehold improvements	Furniture and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2023	703	833	542	2,078
Additions	4	–	14	18
Disposals	(59)	–	(28)	(87)
<b>At 31 March 2024</b>	<b>648</b>	<b>833</b>	<b>528</b>	<b>2,009</b>
<b>Depreciation</b>				
At 1 April 2023	536	634	480	1,650
Charged in year	95	134	29	258
Disposals	(58)	–	(25)	(83)
<b>At 31 March 2024</b>	<b>573</b>	<b>768</b>	<b>484</b>	<b>1,825</b>
<b>Carrying value</b>				
<b>At 31 March 2023</b>	<b>167</b>	<b>199</b>	<b>62</b>	<b>428</b>
<b>At 31 March 2024</b>	<b>75</b>	<b>65</b>	<b>44</b>	<b>184</b>

## 5 Right-of-use asset

Cost or valuation	2024/25	2023/24
	£'000	£'000
At 1 April	988	794
Additions	1,975*	194
<b>At 31 March</b>	<b>2,963</b>	<b>988</b>
<b>Depreciation</b>		
At 1 April	836	466
Charged in year	339	370
<b>At 31 March</b>	<b>1,175</b>	<b>836</b>
<b>Carrying value</b>		
<b>Opening net book value</b>	152	328
<b>Closing net book value</b>	<b>1,788</b>	<b>152</b>

\* Included in the addition amount of £1,975k to the right-of-use asset is stamp duty amounting to £19k, which was paid in full.

The right-of-use asset relates to the lease on the Birmingham office of OLC. The OLC renewed its lease with the landlord for an additional five years on 30 October 2024. The renewed lease will mature on 29 October 2029.

The maturity analysis for the lease can be found in note 13: commitments under leases.

## 6 Intangible assets

2024/25

	Information technology	Software licences	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 April 2024	1,306	377	1,683
Additions	203	34	237
<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
<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>

## 2023/24

	Information technology	Software licences	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 April 2023	1,076	377	1,453
Additions	230	-	230
Disposals	-	-	-
<b>At 31 March 2024</b>	<b>1,306</b>	<b>377</b>	<b>1,683</b>
<b>Amortisation</b>			
At 1 April 2023	1,009	373	1,382
Charged in year	27	3	30
Disposals	-	-	-
<b>At 31 March 2024</b>	<b>1,036</b>	<b>376</b>	<b>1,412</b>
<b>Carrying value</b>			
<b>At 31 March 2023</b>	<b>67</b>	<b>4</b>	<b>71</b>
<b>At 31 March 2024</b>	<b>270</b>	<b>1</b>	<b>271</b>

## 7 Impairments

There were no impairments in 2024/25 (2023/24: none).

## 8 Trade receivables and other current assets

	31 March 2025	31 March 2024
	£'000	£'000
<b>Case fee receivables</b>	<b>147</b>	<b>166</b>
Provision for case fee receivables	(42)	(45)
	<b>105</b>	<b>121</b>
Other contract receivables	68	72
<b>Other receivables</b>		
Prepayments	248	370
Accrued income	—	52
<b>Total</b>	<b>421</b>	<b>615</b>

## 9 Cash and cash equivalents

	31 March 2025	31 March 2024
	£'000	£'000
<b>Opening balance</b>	<b>18,351</b>	<b>18,758</b>
Net change in cash and cash equivalent balances	809	(407)
<b>Closing balance</b>	<b>19,160</b>	<b>18,351</b>
<b>The following balances were held:</b>		
Government Banking Services	19,160	18,351
<b>Total</b>	<b>19,160</b>	<b>18,351</b>

## 10 Trade payables and other current liabilities

	31 March 2025	31 March 2024
	£'000	£'000
Trade payables	733	269
Other payables	168	157
<b>Trade and other payables</b>	<b>901</b>	<b>426</b>
<b>Intra-government balances</b>		
Taxation	145	135
Social security	143	148
VAT	5	12
Intra group balances – MoJ	56	51
Accruals	585	529
	<b>934</b>	<b>875</b>
<b>Total</b>	<b>1,835</b>	<b>1,301</b>

## 11 Provisions for liabilities and charges

	Leasehold dilapidations	Other	Total provisions
	£'000	£'000	£'000
<b>Balance at 1 April 2023</b>	261	107	368
Provided in the year	194	—	194
Provisions not required written back	—	(79)	(79)
Provisions utilised in the year	—	—	—
<b>Balance at 31 March 2024</b>	<b>455</b>	<b>28</b>	<b>483</b>
Provided in the year	238	48	286
Provisions not required written back	—	—	—
<b>Balance at 31 March 2025</b>	<b>693</b>	<b>76</b>	<b>769</b>
<b>Expected timing of cash flows</b>			
Not later than one year	—	76	76
Later than one year and not later than five years	693	—	693
<b>Balance at 31 March 2025</b>	<b>693</b>	<b>76</b>	<b>769</b>

Other provisions include judicial reviews and employment tribunals.



## 12 Capital commitments

Contracted capital commitments at 31 March 2025 not otherwise included in these financial statements amounted to nil (31 March 2024: nil).

## 13 Commitments under leases

	31 March 2025	31 March 2024
	£'000	£'000
<b>Lease liabilities</b>		
Current	362	52
Non-current	1,283	–
<b>Lease liabilities recognised under IFRS16 as at 31 March</b>	<b>1,645</b>	<b>52</b>
<b>Maturity Analysis</b>		
2024/25	–	52
2025/26	409	–
2026/27	409	–
2027/28	409	–
2028/29	409	–
2029/30	137	–
Total undiscounted liabilities	<b>1,773</b>	<b>52</b>
Finance charges and other adjustments	<b>(128)</b>	<b>–</b>
	<b>1,645</b>	<b>52</b>

Lease payments for the current year totalled £150k, compared to £293k in the prior year (2023/24).

## **14 Contingent liabilities disclosed under IAS 37**

Given the nature of the Legal Ombudsman scheme, it is inevitable that some of our ombudsman decisions will be challenged by way of judicial review. The OLC has a number of ongoing judicial review cases in the Administrative Court. The OLC has proceeded to defend all the judicial review matters and does not believe that these have a realistic prospect of success. A number of cases are ongoing in the administrative courts, which are not financially material.

## **15 Related-party transactions**

The OLC has a direct relationship with the LSB. The LSB has certain oversight responsibilities in relation to the OLC and its responsibilities to administer the scheme. Under the Legal Services Act 2007 the LSB is responsible for appointing and paying the salaries and expenses of the OLC Board members, which for the whole reporting period amounted to £133,000 for 2024/25 (2023/24: £141,000). The payment for salaries of the OLC Board members for 2024/25 was £122,479 (2023/24: £125,000).

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 our office space and charged £186,749 in 2024/25, £198,627 in 2023/24 for rent and service charges. There is an intra-group balance with MoJ of £55,873 2024/25 and £50,785 in 2023/24, 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 IAS10 (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 contributed to these in 2024/25 as set out in the table below.

	Regulatory objective	How the OLC met the objective
<b>a</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>b</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>c</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>d</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>e</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 number of decisions made against service providers, and remedy types.</p>

	Regulatory objective	How the OLC met the objective
<b>f</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 on lessons learned from complaints.</p> <p>Regularly attending and speaking at relevant stakeholder events.</p>
<b>g</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>h</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>i</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 2024/25

## Introduction

1. This report sets out a summary of the service complaints I have dealt with in 2024/25, the nature of the complaints, outcomes, and recommendations I have made, along with the LeO's responses.
2. This year has seen a very slight increase in the number of complaints escalated to stage 3, however there has been a reduction in the proportion of stage 2 complaints that remain unresolved. Annex 1 provides the detail.
3. 21 cases have been referred to me (one was subsequently withdrawn), and I provide a brief summary of the issues and my recommendations, alongside action taken by the LeO, in Annex 2\*. 20 complaints were brought by (or on behalf of) users of legal services, and one by a service provider.

## Complaint themes and areas for service improvement

4. Last year I reported that some of the service complaints reaching me had arisen out of processes that no longer exist, because the LeO has taken positive steps to, for example, reduce queue times in appropriate cases. I am pleased to say that the benefits of new processes to reduce waiting times in appropriate cases are now embedded. Whilst a number of the complaints escalated to me this year have primarily arisen from dissatisfaction that the lawyer complaint was dismissed without investigation (and service issues were secondary), it has been very positive to see that those customers had

comparatively very short wait times before the dismissal decision was made. This was because the lawyer complaints were dealt with by the early resolution team. I am no longer seeing customers waiting well over a year for their lawyer complaint to be dismissed without investigation.

5. In the majority if not all the complaints I have seen, the customer has been dissatisfied with the decision in the lawyer complaint. It is often difficult for customers to see a clear distinction, and this is a driver for service complaints. Having been informed that they cannot have lawyer complaints re-opened via the service complaint process, some customers have framed issues as service complaints in an attempt to challenge an ombudsman's decision via the back door. I have been impressed by how the service complaints team has explained remit and set clear expectations as to what the process can and cannot achieve.
6. In the first half of this year, I made a recommendation that customers who request escalation to me are sent my terms of reference so that they are aware of my remit. This was implemented straight away and I believe has reduced the number of complaints escalated where the real concern is the decision in the lawyer matter and not service.

7. I have only had one matter escalated where I could not address the customer's ongoing concern. This was where he had been prompted to make a service complaint by an ombudsman (told he could, for example complain about delays) when he expressed dissatisfaction with their decision in the lawyer complaint. He had not raised service issues at that time. He then complained to the service complaints team about delays (which were minor), only to admit when reaching me that his complaint was never about delays. Feedback has since been given to ombudsmen to ensure they only direct customers to the service complaints team when there is a concern within the service complaints remit.
8. I have seen fewer complaints about a lack of reasonable adjustments this year, and those I have seen have generally not been upheld. I am pleased to see that the service's introduction of Vulnerable Customer Champions is assisting customers and that the service more generally is recognising and responding appropriately to differing customer needs, often around communication.
9. As previously, review of compensation offered in the earlier stages of LeO's service complaints process has been a fairly a common reason for escalation. Complainants often do not believe that the compensation offered reflected the impact of the poor service. I in the main disagreed, and found that complainants were factoring in matters that resulted from the underlying legal matter.
10. Finally, whilst I have seen a number of cases where the service complaints team has proactively included and upheld complaints that the customer experienced unreasonable delays in the service complaint process, I am pleased to see that the team is now better resourced. There remains work to get through the backlog of service complaints, but very positive progress is being made, as can be seen from the figures in Annex 1.
11. The service complaints team continues to actively identify areas for learning and service improvement through the complaints process, and appropriate individual feedback is given to members of staff where relevant. It is evident that the team are providing high quality and well-reasoned responses, as shown by the number of cases where I have made no recommendations or simply endorsed the compensation already offered.

## Overall impression

12. I continue to be impressed by the open and transparent approach taken by the service complaints team. It is apparent to me that the service complaints process is used as a vehicle to drive service improvement. I have found the standard of investigation, both in identifying and clarifying service complaints, and the depth of the investigations, to be high.
13. An observation I made two years ago, that I encouraged the LeO to reflect on, is the number of stages in the service complaint process. The fact that there are three, or on occasion four stages (where initial concerns have been responded to by a Team Leader at 'stage 0'), means that complainants who escalate their complaints to me are often weary and find the process to have been long and drawn out. I understand that there is a plan in place to reduce the number of stages, which I am pleased to see as my term comes to an end.
14. Whilst there will always be room for this, I have found the team receptive to my recommendations. Positive changes to LeO process have been made behind the scenes, that now benefit customers in terms of both wait times and support to access the service.

\* For privacy reasons, Annex 2 is not published alongside this annual report and accounts.

**Susan Bradford**

Service Complaints Adjudicator

April 2025



# Annex 1

## Service complaint data – stages

Year	Number of complaints Stage 1	Number of complaints Stage 2	Percentage Stage 1 (response) to Stage 2	Number of complaints Stage 3	Percentage Stage 2 (response) to Stage 3
2023/24	95 (120 responses issued)	58 (45 responses issued)	48%	19	42%
2024/25	93 (113 responses issued)	30 (61 responses issued)	27%	21	34%

This year has seen very slightly more complaints escalated to me as compared to last year, but at the same time a slight drop in the escalation rate (42% down to 34%). Given the small numbers, the percentages may be misleading to some extent, but the general direction of travel continues to be positive, with a greater proportion of complaints being resolved to the customers’ satisfaction at earlier stages of the process.

The number of complaints received at stage 1 has remained fairly constant over the last three years. It is reassuring to see that there has been a notable increase in the number of stage 2 responses issued this year. A backlog had developed at stage 2 going back to 2022/23 when the Senior Ombudsman in the team was the sole person providing these. She now has a second member of staff, undertaking the majority of stage 2 responses. This has resulted in both increased output, and has freed up some of the Senior Ombudsman’s time to focus on service improvement.





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**978-1-5286-5646-7**