



UK's Financial Ombudsman Service annual review highlights increasing numbers of complaints

July 23, 2024

United Kingdom

On 12 July 2024, the Financial Ombudsman Service ("FOS") published its latest annual complaints data and insight report: [Annual complaints data and insight 2023/24 \(financial-ombudsman.org.uk\)](https://www.financial-ombudsman.org.uk).

The data includes details of all complaints received and overall uphold rates by FOS over the course of the 2023/24 financial year. It is a helpful insight into the work of FOS and industry trends.

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Headlines

- The volume of complaints increased significantly to 198,798 (up from 165,149 for the previous financial year).
- Slight increase to the percentage of the complaints it upheld, increasing from 35% to 37%.
- The top 5 products complained about are:
 - Current accounts (30,635 complaints)
 - Credit cards (24,402 complaints)
 - Hire purchase (motor) (21,411 complaints)
 - Car/motorcycle insurance (16,322 complaints)
 - Conditional sale (motor) (7,829 complaints)
- Conditional sale (motor) is new to the top 5, overtaking insurance related complaints.
- The total number of complaints received about banking and payments reaching a ten year high, with the overall uphold rate at 40%. FOS suggests that this rise is largely due to concerns about current accounts and credit cards, as well as complaints about fraud and scams.
- Around half of the over 27,000 new fraud and scam cases related to Authorised Push Payment (“APP”) scams.
- Hire purchase (motor) cases nearly doubled to 21,411 with commission complaints making up the majority of these cases. 90% of these were submitted by CMCs or other professional representatives. Many complaints in this area have been paused given the [FCA’s review into discretionary commission arrangements](#) and we expect this will continue to be a growing area following the outcome of the FCA’s investigation. An update from the FCA is expected in Q3 of this year.

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- Unaffordable lending complaints continue to rise as a rapid pace, making up a large proportion of complaints in relation to credit cards (c13,000). Unaffordability complaints also appear in relation to other financial products (over c9,000 complaints).
- There was an increase in complaints brought to FOS by claims management companies (“CMCs”) and other professional representatives to 25% (18% in the previous year). This is interesting in light of the current [FOS consultation on the proposal to charge CMCs and professional representative sending cases to FOS in order to make the model fairer and better reflect the cost drivers being seen](#). Responses to the consultation have been lodged and we are awaiting news on next steps.

Commentary

Abby Thomas, Chief Executive of Chief Ombudsman of FOS noted in the FOS press release that she felt the increase in cases rising so significantly was “concerning...particularly when so many people are struggling in the current economic climate”.

The FOS press release also noted that professional representatives can take a significant proportion of the redress and encouraged consumers to contact FOS directly and keep 100% of any compensation for themselves. James Dipple-Johnstone, Deputy Chief Ombudsman noted that professional representatives “gain financially from our service without contributing to the running costs”. It was also noted that “there is sometimes little evidence of due diligence by some representatives to ensure claims they advance have merit”. Hopefully the consultation proposals will help flush out some of these baseless cases as the financial cost may cause CMCs to pause before pursuing weak cases further.

Overall, it appears FOS may be struggling to cope with the significant increase in volumes of complaints as customer satisfaction rates continue to fall. Although timescales have improved in recent years, it appears further increasing volumes may be looming due to CMC focused activity, particularly in relation to motor and affordability/irresponsible lending complaints. This is likely to be exacerbated further by the FOS’ generous interpretation around the scope of the own jurisdiction.

Overall, a busy year that could be beaten in 2024/2025 due to the combination of factors outlined above unless swift action is taken on the CMC proposals to stem the tide of low quality complaints.

Further reading

[UK’s Payment Systems Regulator’s rules for Mandatory Reimbursement \(eversheds-sutherland.com\)](#)

[FCA to undertake work in the motor finance market | FCA](#)

[FCA issues policy statement on motor finance discretionary commission models and consumer credit commission disclosure \(eversheds-sutherland.com\)](#)

The FOS has powers to award significant sums against

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organisations that don't adequately resolve customer complaints.

For more information about effectively managing customer complaints or the role of the FOS, please get in touch.

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