REDRESS REFORMS (No 2) INSTRUMENT 2026

Powers exercised by the Financial Ombudsman Service Limited

A. The Financial Ombudsman Service Limited:

(1) makes and amends the scheme rules and guidance relating to the complaint handling procedures of the Financial Ombudsman Service;
(2) makes and amends the rules and guidance for the Voluntary Jurisdiction; and
(3) fixes and varies the standard terms for Voluntary Jurisdiction participants,

as set out in the Annexes to this instrument, in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000:

(a) section 227 (Voluntary jurisdiction);
(b) paragraph 8 (Information, advice and guidance) of Schedule 17 (The Ombudsman Scheme);
(c) paragraph 14 (The scheme operator's rules) of Schedule 17;
(d) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
(e) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.

B. The making and amendment of the rules and the fixing and varying of the standard terms by the Financial Ombudsman Service Limited, as set out in paragraph A above, is subject to the consent and approval of the Financial Conduct Authority.

Consent and approval by the Financial Conduct Authority

C. The Financial Conduct Authority consents to the making and amendment of the scheme rules and approves the making and amendment of the Voluntary Jurisdiction rules and the fixing and varying of the standard terms by the Financial Ombudsman Service Limited, as set out in the Annexes to this instrument.

Commencement

D. This instrument comes into force on 1 October 2026.

Amendments to the Handbook

E. The Glossary of definitions is amended by the Board of the Financial Ombudsman Service in accordance with Annex A to this instrument.

F. The Dispute Resolution: Complaints sourcebook (DISP) is amended by the Board of the Financial Ombudsman Service in accordance with Annex B to this instrument.

Notes

G. In the Annexes to this instrument, the notes (indicated by "Note:" or "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

H. This instrument may be cited as the Redress Reforms (No 2) Instrument 2026.

By order of the Board of the Financial Ombudsman Service Limited
3 August 2026

By order of the Board of the Financial Conduct Authority
30 July 2026

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

chargeable case	any c*omplaint* referred to the *Financial Ombudsman Service*, except where:
	(a) the *Ombudsman* considers it apparent from the *complaint*, when it is received, and from any *final response*, *summary resolution communication* or *redress determination* which has been issued by the *firm* or *licensee*, that the *complaint* should not proceed because:
	…
	(iii) the *Ombudsman* considers that the *complaint* should be dismissed without consideration of its merits under ~~DISP 3.3.4 R or DISP~~ <u>*DISP*</u> 3.3.4AR(2) to (5) <u>or *DISP* 3.3.4C R(2) to (9)</u> (Dismissal of complaints without consideration of the merits); or
	(b) the *Ombudsman* considers, at any stage, that the *complaint* should be dismissed under ~~DISP 3.3.4 R (2) or DISP~~ <u>*DISP*</u> 3.3.4A R (1) or <u>*DISP* 3.3.4CR(1)</u> on the grounds that it is frivolous or vexatious; or
	…
ADR entity	any alternative dispute resolution entity, as defined in regulation 4 of the *ADR Regulations* <u>as in force immediately prior to revocation on 6 April 2026</u>.
	[Note: article 4(1) of the *ADR Directive*]

Annex B

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

3 Complaint handling procedures of the Financial Ombudsman Service

…

3.3 Dismissal without considerations of the merits ~~and test cases~~

…

Grounds for dismissal

3.3.4 R ~~The *Ombudsman* may dismiss a *complaint* referred to the *Financial Ombudsman Service* before 9 July 2015 without considering its merits if the *Ombudsman* considers that:~~ [deleted]

~~(1) the complainant has not suffered (or is unlikely to suffer) financial loss, material distress or material inconvenience; or~~

~~(2) the *complaint* is frivolous or vexatious; or~~

~~(3) the *complaint* clearly does not have any reasonable prospect of success; or~~

~~(4) the *respondent* has already made an offer of compensation (or a goodwill payment) which is:~~

~~(a) fair and reasonable in relation to the circumstances alleged by the complainant; and~~

~~(b) still open for acceptance; or~~

~~(5) the *respondent* has reviewed the subject matter of the *complaint* in accordance with:~~

~~(a) the regulatory standards for the review of such transactions prevailing at the time of the review; or~~

~~(b) [deleted]~~

~~(c) any formal regulatory requirement, standard or guidance published by the *FCA* or other regulator in respect of that type of *complaint*;~~

~~(including, if appropriate, making an offer of redress to the complainant), unless he considers that they did not address the particular circumstances of the case; or~~

~~(5A)~~ ~~the *respondent* has reviewed the subject matter of the *complaint* and issued a *redress determination* in accordance with the terms of a *consumer redress scheme*; or~~

~~(6)~~ ~~the subject matter of the *complaint* has previously been considered or excluded under the *Financial Ombudsman Service*, or a *former scheme* (unless material new evidence which the *Ombudsman* considers likely to affect the outcome has subsequently become available to the complainant); or~~

~~(7)~~ ~~the subject matter of the *complaint* has been dealt with, or is being dealt with, by a comparable independent complaints scheme or dispute-resolution process; or~~

~~(8)~~ ~~the subject matter of the *complaint* has been the subject of court proceedings where there has been a decision on the merits; or~~

~~(9)~~ ~~the subject matter of the *complaint* is the subject of current court proceedings, unless proceedings are stayed or sisted (by agreement of all parties, or order of the court) so that the matter may be considered by the *Financial Ombudsman Service*; or~~

~~(10)~~ ~~it would be more suitable for the subject matter of the *complaint* to be dealt with by a court, arbitration or another complaints scheme; or~~

~~(11)~~ ~~it is a *complaint* about the legitimate exercise of a *respondent's* commercial judgment; or~~

~~(12)~~ ~~it is a *complaint* about employment matters from an employee or employees of a *respondent*; or~~

~~(13)~~ ~~it is a *complaint* about investment performance; or~~

~~(14)~~ ~~it is a *complaint* about a *respondent's* decision when exercising a discretion under a will or private trust; or~~

~~(15)~~ ~~it is a *complaint* about a *respondent's* failure to consult beneficiaries before exercising a discretion under a will or private trust, where there is no legal obligation to consult; or~~

~~(16)~~ ~~it is a *complaint* which:~~

~~(a)~~ ~~involves (or might involve) more than one *eligible complainant*; and~~

~~(b) has been referred without the consent of the other complainant or complainants;~~

~~and the *Ombudsman* considers that it would be inappropriate to deal with the *complaint* without that consent; or~~

~~(16A) it is a *complaint* about a pure landlord and tenant issue arising out of a *regulated sale and rent back agreement*; or~~

~~(17) there are other compelling reasons why it is inappropriate for the *complaint* to be dealt with under the *Financial Ombudsman Service*.~~

3.3.4A R The *Ombudsman* may dismiss a *complaint* referred to the *Financial Ombudsman Service* ~~on or after 9 July 2015~~ without considering its merits if the <u>*complaint* was referred to the *Financial Ombudsman Service* on or after 9 July 2015 but before 1 October 2026 and the</u> *Ombudsman* considers that:

…

3.3.4B G Examples of a type of *complaint* that would otherwise seriously impair the effective operation of the *Financial Ombudsman Service* <u>for the purposes of *DISP* 3.3.4AR(5)</u> may include:

…

(4) …

<u>3.3.4C R The *Ombudsman* may dismiss a *complaint* referred to the *Financial Ombudsman Service* on or after 1 October 2026 without considering its merits if the *Ombudsman* considers that:</u>

<u>(1) the *complaint* is frivolous or vexatious; or</u>

<u>(2) the complainant has acted vexatiously, abusively or otherwise unreasonably in engaging with the *Financial Ombudsman Service*; or</u>

<u>(3) the *respondent* has reviewed the subject matter of the *complaint* in accordance with:</u>

<u>(a) the regulatory standards for the review of such transactions prevailing at the time of the review; or</u>

<u>(b) any formal regulatory requirement, standard or guidance published by the *FCA* or other regulator in respect of that type of *complaint*;</u>

<u>(including, if appropriate, making an offer of redress to the complainant), unless the *Ombudsman* considers that the *respondent* did not address the particular circumstances of the</u>

case; or

(4) the *respondent* has reviewed the subject matter of the *complaint* and issued a *redress determination* in accordance with the terms of a *consumer redress scheme*; or

(5) the subject matter of the complaint has previously been considered or excluded under the *Financial Ombudsman Service* (unless the *Ombudsman* considers that material factual new evidence which is likely to affect the outcome has subsequently become available to the complainant); or

(6) issues relevant to the subject matter of the *complaint* have been dealt with, or are being dealt with, by a comparable complaints scheme, regulatory or law enforcement body or dispute-resolution process; or

(7) the subject matter of the *complaint*:

- (a) has been the subject of court proceedings such that it would be inappropriate for the *Financial Ombudsman Service* to consider the merits of the complaint; or

- (b) is the subject of current court proceedings, unless proceedings are stayed or sisted (by agreement of all parties, or order of the court) so that the matter may be considered by the *Financial Ombudsman Service*; or

- (c) would be more suitable to be dealt with by a court, arbitration or another complaints scheme or dispute resolution process; or

- (d) is about employment matters from an employee or employees of a *respondent*; or

- (e) is about investment performance; or

- (f) is about:

  - (i) a *respondent's* decision when exercising a discretion under a will or private trust; or

  - (ii) a *respondent's* failure to consult beneficiaries before exercising a discretion under a will or private trust, where there is no legal obligation to consult; or

(8) it is a *complaint* which:

- (a) involves (or might involve) more than one *eligible complainant*; and

- (b) has been referred without the consent of the other complainant or complainants; and

(c) the *Ombudsman* considers that it would be inappropriate to deal with the *complaint* without that consent; or

(9) there are other compelling reasons why it is inappropriate for the *complaint* to be dealt with under the *Financial Ombudsman Service*.

3.3.4D G Examples of other compelling reasons why it would be inappropriate for the *complaint* to be dealt with under the *Financial Ombudsman Service* may include (but are not limited to):

(1) the complainant has not suffered (or is unlikely to suffer) financial loss, material distress or material inconvenience; or

(2) the *complaint* clearly does not have any reasonable prospect of success; or

(3) the *respondent* has already made an offer of compensation (or a goodwill payment) which is:

(a) fair and reasonable in relation to the circumstances alleged by the complainant; and

(b) still open for acceptance; or

(4) with knowledge of the right to refer a complaint to the *Financial Ombudsman Service*, the complainant has already concluded a full and final settlement with the *respondent* regarding the subject matter of the *complaint*; or

(5) the *Ombudsman* considers that the *complaint* is about the legitimate exercise of a *respondent's* commercial judgment; or

(6) the compensation sought under the *complaint* would significantly exceed the award limit in *DISP* 3.7.4R.

…

3.4 Referring a complaint to another complaints scheme or court

3.4.1 R The *Ombudsman* may refer a *complaint* to another complaints scheme where:

(1) he considers that it would be more suitable for the matter to be determined by that scheme~~; and~~.

(2) ~~the complainant consents to the referral.~~ [deleted]

Test cases

3.4.2 R The *Ombudsman* may~~, with the complainant's consent,~~ cease to consider the merits of a *complaint* so that it may be referred to a court to consider as a test case, if:

…

3.4.3 G Factors that the *Ombudsman* may take into account in considering whether to cease to consider the merits of a *complaint* so that it may be the subject of a test case in court include (but are not limited to):

…

(6) any representations made by the *respondent* or the complainant, <u>including but not limited to, the likelihood that the *respondent* or the complainant will refer the merits of the *complaint* to a court to consider as a test case</u>; and

…

3.5 Resolution of complaints by the Ombudsman

…

Evidence

…

3.5.9 R The *Ombudsman* may:

…

(4) <u>dismiss a *complaint*</u> or treat the *complaint* as withdrawn and cease to consider the merits if a complainant fails to supply requested information.

…

Procedural time limits

…

3.5.15 R If a complainant fails to comply with a time limit, the *Ombudsman* may:

…

(2) <u>dismiss the *complaint* or</u> treat the *complaint* as withdrawn and cease to consider the merits.

3.6 Determination by the Ombudsman

Fair and reasonable

…

3.6.4 R In considering what is fair and reasonable in all the circumstances of the case, the *Ombudsman* will take into account what was, at the time of the act or omission complained of:

(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time.