

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

21st January 2026

To Whom It May Concern,

FOS Plans and Budget Proposal 2026/27

We welcome the opportunity to respond to this consultation. ABCUL is the primary trade association representing credit unions in England, Scotland and Wales with around two thirds of credit unions in mainland Great Britain affiliated to the Association.

Credit unions are co-operative societies that provide financial services – primarily savings and loan facilities – to their member-owners. They are registered as Co-operative Societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers, they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Credit unions have since their inception in Britain in 1964 been closely associated with anti-poverty and financial inclusion. They tend to provide savings and loan facilities to those with limited or no access to financial services from mainstream providers, generally due to their low income and/or lack of a developed credit profile. They have been a central element of numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. They are capped in the interest that they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders.

They are numerous, with over 220 credit unions active in Great Britain today with more than 1.5 million members and £2.7 billion in assets under management. They range from mid-sized businesses of up to 50 staff to small voluntary organisations.

Consultation Response

ABCUL welcomes the opportunity to respond to the FOS's Plans and Budget Proposal 2026/27 consultation. ABCUL will be responding to questions relevant to our member credit unions.

Do you agree with the anticipated volume and trends for 2026/27?

ABCUL largely agrees with the anticipated volume and trends for 2026/27. Most notably, there is a reduction in professionally represented cases received since the changes to charging for these cases. It is welcomed to see a significant reduction in professionally represented cases. The reduction from 152,800 to the projected 2026/27 number of 12,900 is welcomed, whilst maintaining the quality of these cases put forward.

Are there any issues or trends might we see in 2026/27 which we have not included? And what impact do you think they will have on complaint volumes?

We have nothing to add here.

Do you agree with our projection on the volume of complaints we will receive from professional representatives on behalf of consumers?

We agree that the projection on the volume of complaints received from professional representatives on behalf of consumers. Charging professional representatives from 2025 has assisted in the reduction of lower quality, poorly evidenced cases but still provides the opportunity, where cases are based in evidence, to be brought forward to the FOS by professional representatives.

What operational impact do you foresee the FCA's redress scheme for motor finance commission cases will have on our service?

Credit unions are not affected by this redress scheme and so we are not in a position to comment.

Do you agree that the service standards we have set out will help our customers? Are there areas where you think we should have more focus?

We welcome the improvement across most key service standard measures outlined in the consultation. In particular, the increase in consumer confidence and the higher proportion of complaints resolved within three months of conversion are positive developments. However, it is important to note that the forecast for investigation quality shows a reduction from 94% to 90% in the 2026/27 draft budget. We encourage close monitoring of this metric to maintain high standards. ABCUL hopes these figures not only remain stable but continue to improve throughout 2026 and into the 2026/27 period.

We welcome the forecasted improvement in case resolution rates, with the proportion of non-MFC resolved within three months expected to rise from just over 40% in early 2026 to around 60% by 2027. This represents a positive step toward timely outcomes. However, it is important to note that while the projected reduction in open cases shows good progress, volumes risk plateauing at just under 40,000. We urge that this forecast be closely monitored to ensure continued downward momentum.

What more can we do to share insight to prevent complaints and unfairness from arising?

ABCUL continues to welcome the insights that the FOS share with stakeholders. The current insights shared both in engagement with stakeholders and steering group meetings, as well as publication on the FOS website provides good insight to complaints data. We welcome as part of the FOS's package of reforms, the focus on ensuring the insights are relevant and useful. Whilst subject to consultation, we hope to see the publication of thematic reports and decision frameworks moving forward.

Do you agree with our focus and approach to delivering the Modernising Redress package of reforms?

ABCUL supports the overall focus and approach to delivering the Modernising Redress package of reforms. We welcome the creation of a dedicated programme team to translate consultation outcomes into practical solutions. We also support the aim of leveraging off-the-shelf AI capabilities where appropriate, recognising their potential to deliver efficiency gains through rapid deployment, cost-effectiveness, and scalability. Finally, ABCUL endorses the incremental continuous improvement model, where it strengthens the FOS's operating framework and enhances service delivery.

Do you agree with the costs included to support the delivery of our service standards, reducing the volume of cases we have in stock and to support the stable delivery of the changes required?

Noting the unprecedented volume of professional representative cases, among other industry-wide complaints, ABCUL welcomes the largely anticipated reduction in costs in key categories in the 2026/27 draft budget compared to the 2025/26 budget. Where operational efficiency savings can be made without sacrificing casework resolution quality and quantity, this is welcomed.

Do you support our proposal to:

- a) Increase our case fee and CJ Levy for respondent firms?**
- b) Increase the case fee for professional representatives?**
- c) Not to increase our VJ levy for respondent firms?**

ABCUL supports the increase in the case fee for professional representatives, the introduction of case fees for professional representatives has led to a significant reduction in lower quality claims brought to the FOS by professional representatives. However, clarity on the differential percentage uplift in case for case fees and professional representative case fees would be welcomed. We welcome the increase in credit from £175 to £180.

Do you support our proposed budget for 2026/27?

ABCUL broadly supports the proposed 2026/27 budget. However, we would welcome further clarity on the rationale for the differentiated percentage uplift in case fees, 4.6%, compared to the 4% increase for professional representative case fees. While this may reflect inflationary pressures, the differential could risk creating a perception of unfairness. We encourage transparency on the basis for these adjustments.

Do you feel we are offering value for money? If not, where do you think we could improve?

Yes. ABCUL has been encouraged this year by the way in which FOS has addressed the concerns of the credit union sector in relation to the treatment of cases with respect to the credit union exemption from CONC. This has been a positive indication of the Service investing in tangible improvements and addressing the concerns of firms while delivering appropriate redress.

FEES Rules: do you agree with our proposal to withdraw the planned change to the definition of 'relevant business' and maintain the current definition? If not, why not?

We have nothing to add here.

Please contact us at advocacy@abcuk.org if you have any questions about our response to your consultation.

Kind regards,



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ABCUL