

FCA and FOS set out strategic plans for 2024 and beyond

24 April 2024

FOS 2024/25 Plans and Budget

In April 2024 the [Financial Ombudsman Service \(FOS\) released its 2024/25 Plans and Budget](#).

The document includes information on the volumes of complaints FOS expects to receive and resolve, and the amounts it plans to raise through its levy and case fees, what FOS expects to see in the year ahead and its aims for developing its service.

FOS resolves complaints between [financial services businesses](#) and consumers including in relation to home, car, travel and other types of insurance.

What are key points for insurers?

- FOS intends to reduce its cost to the financial services industry. Its case fee will reduce from £750 to £650. The compulsory and voluntary jurisdiction levy costs to businesses will also reduce.
- FOS is now expecting to see 210,000 complaints (47,400 regarding insurance) during 2024/25; an increase from its previous expectation of 181,300 complaints (44,300 regarding insurance).
- FOS is still considering whether to exercise new powers granted under the Financial Services and Markets Act 2023 to introduce a fee for professional representatives bringing a case to its service on behalf of a consumer. It will publish a further consultation which will outline the feedback it has received on this topic and next steps, during the first quarter of 2024/25.
- FOS expects complaints relating to:
 - travel insurance to remain high into 2024/25, given the impact of flight cancellations.
 - motor insurance to remain high due to the increased costs and supply challenges around parts and labour.
 - consumers reducing the cost of their insurance premiums to help with overall costs, perhaps without realising the potential impact on the type or level of cover provided.
- FOS is expecting to see a fall in complaints about claim delays because of its work to highlight this issue.
- FOS is recruiting and looking to build its regional hubs.

FCA 2024/25 Business Plan

In March 2024 the [FCA published its 2024/25 Business Plan](#) which sets out its areas of focus for the year ahead.

What are key points for insurers?

- The FCA will continue to embed the Consumer Duty and the focus on delivering good outcomes for all consumers.
- Focus on ensuring products deliver value for money.
- Key activities the FCA will start in 2024/25 are:
 - Multi-firm work and market studies on how the [insurance industry](#) responds to claims, including where customers are more likely to show characteristics of vulnerability. The FCA will also look at how firms assess overall product value and respond where they identify unfair value.
 - A review on how customers in vulnerable circumstances are treated.

- The FCA is assessing the impact of AI on UK markets to better understand the risks and benefits. The FCA says: *“We will build on our pro-innovation and technology-agnostic approach to ensure that the outcomes for consumers and markets are beneficial, while recognising there are risks and opportunities.”*
- Continue investigations on digital consumer journeys and firms using sludge practices.

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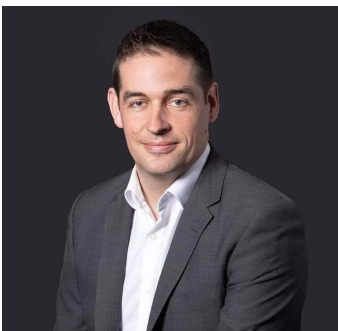
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