

Financial Ombudsman Service
Exchange Tower
E14 9SR

29th January 2025

To Whom It May Concern,

Financial Ombudsman Service: Budget Proposal 2025/26

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 who 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 230 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

2. Which novel issues or trends might we see in 2025/26? And what impact do you think they will have on complaint volumes?

The proposed charges for professional representatives may see a decline in the number of complaints brought to the attention of the FOS regarding unaffordable/irresponsible lending – professional representatives will need to look in more detail at the merits and validity of the complaints to bring forward to the FOS. Complaint volumes may, as a result, need to be at manageable levels for both the FOS and Credit Unions.

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

We strongly support the Levy and Case fees being kept at the reduced level for another year, with no inflationary increase. It must be noted that quality of service will be important to maintain – even with no change in levy and case fees, as balancing value for money and the efficiency and speed of case resolutions is integral.

We agree with the projection on the percentage of complaints from professional representatives. The credit union sector has seen a significant rise in professional representatives (PR) producing mass mailings to credit unions in relation to

unaffordable/irresponsible lending complaints, many of which are quoting the FCA's consumer credit sourcebook (CONC) to which credit unions are not obligated to adhere to, which are then being referred to the FOS for review by the PR.

This process is not only costly and time-consuming for the individual credit unions but will also impact the resources of the FOS. Not only are the majority of these cases stating CONC, but many are being pursued without the knowledge of the consumer.

We would like to use this opportunity to urge the FOS Board to expedite the implementation of the fees for PRs to help reduce the number of unscrupulous claims being submitted and to reduce the heavy resources required by FOS to review these cases. The expedition could reduce the resources required by the FOS to review these complaints whilst also protecting our member credit unions, and the wider credit union sector from these unscrupulous claims from PRs, furthermore, introduction of a case fee will allow for PRs to properly look at merits of the case. Without this proposed expedition there may be an unnecessarily prolonged period in which credit unions face additional costs and time-consumption when initially reviewing complaints internally.

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

Kind regards,



Natalie McQuade
Head of Advocacy and Regulatory Affairs
ABCUL