



CILEx Regulation response to the Office for Legal Complaints Business Plan and Budget 2026/2027 Consultation

Summary

CRL welcomes the opportunity to respond to the Office for Legal Complaints 2026/27 Business Plan Consultation. We support the OLC's aims and objectives and recognise the progress made towards improving the quality and consistency of LeO's service. We also value the continued focus on early resolution and the commitment to strengthening learning across the sector.

While we understand the operational pressures facing LeO, the proposed rise in costs is not justified. This view reflects feedback from the regulated community, the fact that this would represent a second substantial uplift within two years, the limited reference to forthcoming first tier complaints handling improvements, and the uncertainty surrounding the projected rise in complaints.

Despite these concerns, we remain committed to working constructively with LeO and the OLC to support an effective, efficient and proportionate redress system for consumers and providers.

1. What insight can you share on the complaint volumes and trends LeO should expect to see in 2026/27 in the following areas of law?

- **Residential conveyancing**
- **Wills and probate**
- **Personal injury**
- **Litigation**
- **Family law**
- **Property**
- **Other areas of law (including immigration & asylum, employment & criminal)**

While we do not have specific insight into changes that would significantly affect complaint volumes in 2026/27, there are various factors that may have some impact as set out below.

The High Court's judgment in *Mazur v Charles Russell Speechlys* 2025 may have an impact on complaint volumes. Although it is too early to assess the full impact of the judgment, it *may* result in:

- Additional complaints from consumers about previous litigation cases involving individuals not authorised to conduct litigation.
- Transitional compliance and resourcing pressures for some firms, particularly where non authorised staff have previously carried out aspects of litigation work.

- Adjustments in business models across parts of the market that could result in delay, disruption or uncertainty.

In employment law, prospective changes to statutory employment rights and workplace regulations may increase demand for advice. This could lead to higher usage of legal services, although the impact on complaint volumes is uncertain and will depend on how well providers manage client expectations during periods of legislative transition.

In immigration and asylum, ongoing legislative reform may generate increased activity and greater consumer uncertainty. Providers may face higher volumes of urgent or complex matters, which could place pressure on communication and timescales. While this may increase the potential for dissatisfaction, the extent to which this translates into additional complaints to LeO is unclear and may be influenced by external factors such as Home Office processing times.

2. What new or emerging issues might we see in 2026/27, and what impact do you think they would have on the volume of complaints LeO should prepare to receive?

We recognise the emerging themes set out in the consultation (page 9) including the potential influence of generative AI, economic pressures and high volume issues such as motor finance commission cases. From a regulatory perspective, however, we do not consider the available evidence to support a material increase in the number of eligible complaints that would require LeO intervention during 2026/27.

We agree that generative AI may facilitate longer and more frequent complaint submissions. However, the evidence available at this stage mainly relates to the impact of AI on the volume and complexity of initial contacts. It remains unclear whether this trend will lead to a meaningful rise in complaints that proceed beyond triage. We would expect LeO to continue refining its triage processes so that proportionality is maintained and cases that require ombudsman review are clearly distinguished from broader contact trends. Economic pressures may also influence how consumers express dissatisfaction, but we do not see any significant increase in service complaints among CRL regulated firms for the past 3 years that would indicate higher demand for LeO's intervention. Dissatisfaction driven by external factors such as court delays or third party backlogs should not be assumed to reflect failures in legal service provision.

The consultation highlights that weaknesses in first tier complaint handling remain a key driver of escalation. Legal regulators are actively working to strengthen expectations in this area. Our recent application to the LSB seeks to align our first tier complaints rules with the revised policy statement, with a view to improving clarity of process, timeliness of responses and effective signposting. We expect these enhancements to support earlier resolution and help reduce avoidable escalation to LeO.

3. Do you agree with our projection for the numbers of new customer complaints LeO should expect to receive in 2026/27? If not, do you think our 'likely' and 'worst case' scenarios are too high, or too low?

We have considered the projections set out in the draft Business Plan, including the likely forecast of 13,812 new complaints and the worst-case scenario of 15,880 complaints. We appreciate the transparency of the modelling and the challenges involved in forecasting demand. However, based on the evidence currently available, we are not persuaded that the

figures need to be set at this level and consider that a more cautious approach may be appropriate. A central point for us is that an increase in initial contacts does not automatically mean that a similar rise will occur in eligible complaints that require investigation. The LSCP Tracker Survey¹ shows that first tier complaints handling is not functioning as effectively as it should across the sector. For example, 46 percent of LeO investigative outcomes found that complaint handling at first tier was not reasonable and 69 percent identified poor service issues. These findings indicate a wide opportunity to resolve issues earlier and more effectively before they escalate to LeO.

The same research highlights that many consumers do not know how to make a complaint. Only 51 percent say they know how to complain and of those, fewer than half would raise the issue with the firm first. This means a very small proportion of consumers are using the system as intended. These behavioural patterns can drive premature or avoidable escalation and therefore distort LeO's demand picture.

With the LSB's new requirements for clearer and more accessible first tier complaints guidance, we expect improvements in this area during 2026/27. From a regulatory perspective, these developments should support more effective early resolution and help reduce the number of cases that need to progress to LeO, particularly where concerns could reasonably be addressed at source. Taking all of this into account, our view is that both the likely and worst-case scenarios appear higher than the current evidence would suggest. A more proportionate forecast would give greater weight to the expected improvement in first tier resolution and would avoid treating increases in contacts as a direct indication of rising investigative demand.

Transforming the scheme to meet future challenges

4. Do you agree with the proposal that LeO should undertake a review of the type described to enable it to identify options for transforming the Scheme?

We agree that there is value in LeO reflecting on how the Scheme might evolve over the longer term. A review of this kind could provide a helpful opportunity to consider how the Scheme can best respond to future challenges and remain effective. It will be important, however, for any review to be carefully scoped and proportionate. The consultation outlines a wide ranging transformation exercise that could extend to legislative change, amendments to the Scheme Rules and potential structural reform, and at this stage the purpose and extent of such an exercise would benefit from further clarity.

Our priority is to ensure that LeO delivers a timely and reliable complaints handling service for consumers and providers, in line with its statutory role. We consider it important that this remains the central focus while performance continues to stabilise. The consultation notes that LeO is still experiencing operational pressures and that demand has exceeded its own forecasts this year. In this context, a large scale transformation review may place additional demands on resources and could risk slowing progress in areas where improvement work is already under way. It may therefore be helpful for LeO to demonstrate sustained delivery against its current commitments before embarking on a broader review.

¹ Legal Services Consumer Panel (2025). *Tracker Survey 2024: First-Tier Complaints Briefing*.

We would also expect any review to begin with a clear definition of the issues it is seeking to address. It is not yet clear which specific elements of the Scheme are preventing LeO from delivering an efficient and timely service, and therefore not clear what a transformation exercise is seeking to resolve. Without that clarity, there is a risk that the review becomes a broad exploration rather than a targeted examination of areas where change would genuinely deliver public value.

5. Which areas of LeO's legislative and Scheme Rules framework, policy approach or wider ways of working would you recommend we investigate during our proposed review? What changes would you like to see?

If LeO proceeds with a review, we believe it would be most helpful to focus on areas that could strengthen proportionality and improve the efficiency of the existing Scheme. This should be guided by a clear understanding of where the current framework may create avoidable delay or cost, and where targeted adjustments could support quicker and more effective resolution. First, there may be value in considering whether earlier filtering and signposting can be strengthened. Rising contact volumes, including contacts outside LeO's jurisdiction, create pressures that are not always linked to service quality. A review could explore whether the current framework provides sufficient tools for redirecting unsuitable matters at an early stage. Second, the review could examine whether the Rules offer enough flexibility for early and informal resolution. While the Scheme has evolved, further refinements may help reduce the need for full investigations in straightforward cases, supported by clearer criteria and guidance.

Third, it may be helpful to look at the respective responsibilities of providers and LeO across the complaints journey. Evidence shows that first tier complaints handling is not always working effectively, and strengthening expectations at source may reduce escalation. A review could therefore consider whether the Scheme Rules fully support the intention that most concerns should be resolved before reaching LeO.

Budget options for 2026/27

6. Do you support LeO's recommended budget option for 2026/27 (Option 3)?

We recognise the pressures that LeO is managing, and the progress made in stabilising performance. However, we are not persuaded that Option 3 is the most appropriate choice at this stage. The scale of the proposed increase would place additional pressure on levy funded bodies at a time when affordability remains a significant concern for the regulated community. It would also be the second significant increase in a succession. Given that LeO is still working towards delivering sustained improvements within its current budget, a more proportionate option may be preferable, with a continued focus on consolidation and efficiency.

7. Do you support the additional funding provision in the 2026/27 budget options to enable LeO to carry out its proposed Scheme Transformation Review?

We recognise the intention behind the proposed review and the potential value it could offer. At this stage, however, we are not convinced that additional funding is necessary. The purpose and scope of the review would benefit from further definition before new expenditure is considered. Given the ongoing pressures on LeO's core operations, it may be more appropriate for the initial phase of this work to be delivered within existing resources

and focused on areas that can most directly support performance. Additional funding could be considered once there is a clearer case for the review and once LeO has demonstrated steady and reliable delivery against its current commitments.

8. Do you have any comments on benefits or risks of the alternative budget options presented for 2026/27 (Options 1, 2 and 4)?

Option 1 presents the lowest financial risk and would help maintain affordability, although it may slow the pace of improvement and there is limited evidence that higher spending would secure better performance.

Option 2 provides a balanced approach. It maintains LeO's current level of activity without a significant budget increase and supports gradual operational consolidation. In the current context, this appears the most proportionate option.

Option 4 carries the greatest risk, involving a substantial increase in expenditure and staffing without clear evidence of benefit. Given wider sector pressures and the need for LeO to demonstrate sustained delivery within its existing resources, we do not consider this option appropriate at this stage.

Business plan activities for 2026/27

9. Do you support the activities we propose in 2026/27 to deliver our strategic objective for LeO's service?

We support the aim of improving the quality and timeliness of LeO's service. Activities that strengthen triage, reduce delays and improve consistency in decision making are welcome. However, it is important that these activities remain focused on the effective delivery of LeO's core statutory function and are undertaken within a proportionate budget.

10. On which topics, complaint themes or areas of law could LeO most usefully share learning and insight to help prevent drivers of demand at source?

It would be most helpful for LeO to focus its insight work on the issues that most commonly lead to avoidable escalation. Recent findings suggest that weaknesses in first tier complaints handling remain a concern, with many consumers unsure how to complain and some matters not being resolved effectively at source. Insight that supports clearer communication, better signposting and improved early resolution would be particularly valuable.

Further learning on themes such as delay, communication, clarity of costs and the reasons why some consumers approach LeO prematurely would also assist regulators and providers in addressing issues earlier. Targeted insight of this kind would support more effective first tier resolution and help reduce avoidable demand across the sector.

11. Do you support the activities we propose in 2026/27 to deliver our strategic objective for LeO's impact?

We agree with the intention to deliver targeted learning and insight that supports improvement across the sector. Impact related activity should remain focused and

proportionate, with an emphasis on helping to prevent avoidable escalation and strengthening first tier resolution.

12. Do you have any other comments or feedback on this consultation and our proposed budget and business plan for 2026/27?

We would welcome continued engagement as the plan is refined.