

CHANNEL ISLANDS
FINANCIAL OMBUDSMAN

2025 Annual Report

R.99/2026



I AboutCIFO

Our Purpose, our Values and our Impact

Our purpose is to be a trusted, expert and independent **complaint resolution service** for consumers and their financial service providers who are based in the Bailiwicks of Jersey and Guernsey.

We are committed to upholding the principles of **fairness, reasonableness, integrity, transparency and effectiveness** so that our users and stakeholders can have full **trust and confidence** in our service.

What we do and the quality of our complaint resolution for those global consumers of our Islands' financial services industry helps maintain the reputation of the Islands as leading International Finance Centres by ensuring fair outcomes and encouraging better service delivery.

What We Do

We **investigate**, help **mediate**, and, if required, **determine** complaints brought by consumers against financial service providers who are based in the Islands. We can award **compensation** up to our statutory threshold of £150,000.

It is a **free service** for complainants which is funded by the financial services industry.

Our Key Objectives

Go to Part 2 of the Annual Report for more details on what we plan to do under each objective (see page 37).



Our Governance

We are an Ombudsman service created by statute and with an **appointed board of directors** to oversee our operations and service delivery and to ensure our **independence**.

Our Board reports on its budget and on our operations and performance to both Governments on an annual basis. This is our Annual Report for 2025.

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CEO's Statement

Responding to new pressures while delivering our core Ombudsman role

Introduction

Financial sector dispute resolution operates within a complex and fast moving environment. Priorities set at the outset of the year are frequently reshaped by external developments, emerging risks and rising expectations from consumers, industry and government. 2025 was a clear illustration of this reality.

Against a backdrop of increased fraud, greater challenge to Ombudsman outcomes, and rapid technological change, CFO remained focused on its core purpose: delivering fair, independent and expert complaint resolution. The year required difficult judgements about where to prioritise effort and resources, but it also demonstrated the resilience of our operating model, the professionalism of our people, and the strength of our governance.

Throughout the year, we remained mindful not only of resolving individual complaints, but of the wider systemic impact of our work - supporting confidence in the Islands' financial services sectors and contributing to their long-term reputations as fair and well-governed International Finance Centres.

Case management experience

Fraud

Fraud was the most significant and impactful complaint theme during the year. By the end of 2024, volumes had increased sharply and fraud had become an area of growing concern across industry, government and consumer groups.

In response, we prioritised this issue in 2025, investing time and expertise in developing and clearly articulating our approach to the different types of fraud complaints we see. This work enabled consistent decision-making, supported constructive engagement with financial service providers, and allowed us to resolve our existing fraud complaint inventory before the end of the year.

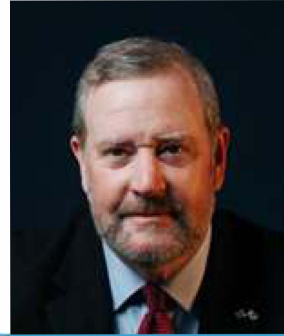
Beyond individual case outcomes, this work has helped shape wider understanding of how fraud complaints should be assessed in the Islands. We expect it to support the development of an appropriate regulatory framework and to contribute to more timely, predictable and fair outcomes for consumers going forward.

Account closures and blocks

Another recurring theme involved transaction restrictions and account closures, often arising from providers meeting their legal and regulatory obligations around anti-money-laundering (AML) and counter-terrorist financing (CTF). These cases sit at the intersection of regulatory compliance, commercial judgement and consumer fairness.

Over the year, we refined our approach to ensure we strike the right balance between respecting providers' legitimate obligations and decisions, while safeguarding consumers' right to fair treatment. Where we identified unreasonable delay or poor communication, we awarded compensation for the distress and inconvenience caused. This work reinforces the importance of proportionality, clarity and timeliness in provider decision making.

Douglas Melville
Principal Ombudsman & Chief Executive



Operations

Service complaints and Data Subject Access Requests (DSARs)

We continued to see an increase in service complaints following final decisions, alongside a rise in complainant DSARs made during and after investigations. This trend reflects broader experience across Ombudsman services and public bodies and indicates heightened consumer expectations around transparency and ability to challenge outcomes.

These developments place additional pressure on our limited capacity and budget and have implications for how an Ombudsman service can continue to operate effectively. Throughout the year, the Board closely monitored this experience, considering how best to balance individuals' data protection rights and transparency with the need to preserve the effectiveness, independence and confidentiality of the Ombudsman process. This remains a key area of focus as we look ahead to 2026.

Stakeholder engagement

This year's Annual Report includes a new section on stakeholder engagement, reflecting both the breadth of our activity and its strategic importance. Effective engagement is essential to maintaining trust and confidence in an Ombudsman service.

Our engagement helps ensure we remain relevant, resilient and responsive. It supports alignment with domestic policy developments, informs continuous improvement, builds predictability and trust in our service with industry, improves consumer understanding of

key risks such as fraud and scams, and enables shared learning with international peers across the financial dispute resolution community.

Demand-led service

As a demand-led, customer-facing service, we have limited control over the volume of complaints referred to our office. What we can control is the quality, consistency and fairness of our analysis and decisions in line with best practice and our statutory public interest mandate.

Our hybrid resourcing model, combining a skilled permanent team with highly experienced contract Ombudsman practitioners, continued to provide flexibility and resilience. Alongside this we piloted new technologies, including enhanced website search tools and artificial intelligence, to improve efficiency and accessibility, while maintaining clear boundaries around decision-making and professional judgement.

The team

Our ability to deliver for users depends entirely on our people. I would like to thank our Jersey-based staff and our panel of contract professionals for their continued professionalism, commitment and resilience during a demanding year.

I also thank our Chair and Directors for their guidance, support and oversight and for their continued focus on protecting CIFO's independence, while ensuring we are accountable for our performance. Together, we remain committed to positioning CIFO to meet the challenges and opportunities for the next decade.

Case Management Report

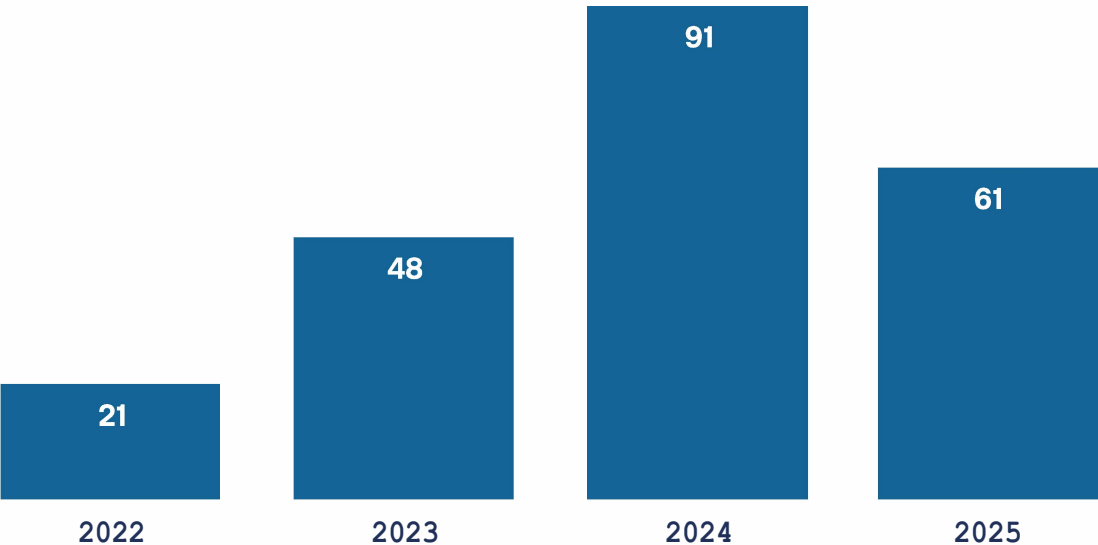
Sector Observations: Banking

Fraud

In many ways, fraud was our defining theme for 2025. It was one of the top three issues raised with us by customers and it was the main issue in 15% of the cases we resolved. While 15% might seem like a relatively small proportion, the amounts of money stolen, the impact on people's lives, and the distressing stories we heard from customers made it the most significant issue we have dealt with so far this decade. Working positively with banks to put things right in these complaints was our biggest success story of the year.

A central part of this success came from our careful work in building our approach to assessing and resolving fraud cases. Our approach, which draws on local legislation and regulation, recognises that a customer's vulnerability arises not only from their personal capacity but also from the specific circumstances surrounding the fraudulent incident. This broader understanding of vulnerability reflects developments in the UK and, more widely, in the EU and internationally, including in sectors beyond financial services. It helped us better understand what it means to be placed in a vulnerable position. As a result, our reviews are more situation-specific, leading to more nuanced, fairer assessments and outcomes that better reflect the realities faced by victims of increasingly sophisticated frauds.

Fraud cases opened

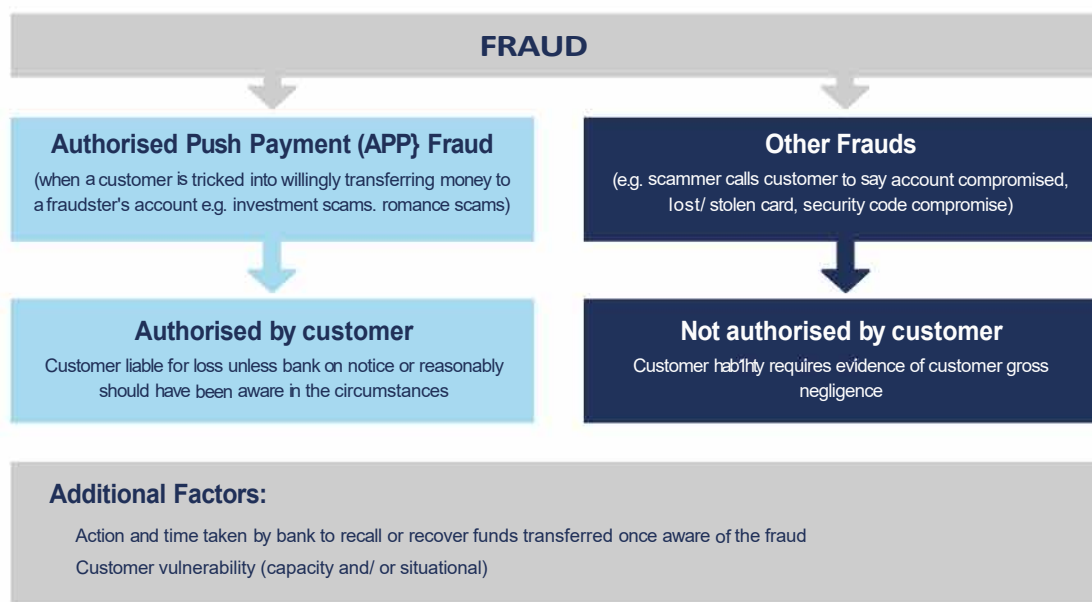


PART 1: OPERATIONAL REPORT

Case Management Report

Sector Observations: Banking

Our approach to resolving fraud cases



Our engagement with banks throughout 2025 was broadly constructive. The banks have shown a willingness to reflect on their internal controls and communication processes, and how to improve them. We consider these reflections to be of great benefit both to the banks themselves and to their customers. Already, several institutions have begun implementing new risk management and fraud prevention systems, informed in part by insights emerging from cases resolved with us. While fraud as an issue is unlikely to go away anytime soon, there is clear evidence that our engagement with an industry willing to listen is fostering a more resilient and responsive environment for customers.

PART 1: OPERATIONAL REPORT

Case Management Report

Sector Observations: Banking

CaseStudy1

Unauthorised payments following OTP scam

What happened A couple received a phone call from someone claiming to be their bank warning them about suspicious payments on their joint account. Believing the call was genuine, they confirmed some of their account details. During the call, a one-time passcode (OTP) was disclosed to the fraudster who then used it to register a new device. Shortly afterwards, three payments totalling £4,750 were made from the account without the couple's knowledge or consent. The bank said that use of the OTP meant the payments were authorised under its terms and conditions.	What we considered - the nature of the scam and its impact on the couple - whether sharing an OTP amounts to authorisation of the transaction - whether it was fair and reasonable for the bank to rely on its own exclusion of liability where there was customer carelessness - whether the couple's actions objectively met the threshold of gross negligence - what the bank did to prevent the customer sharing the OTP inappropriately Key learnings Being deceived into sharing an OTP during a scam does not automatically mean a customer authorises a payment. Each case must be assessed on what is fair and reasonable, taking account of context including reasonable belief about who they are in communication with, clarity of warnings, and the circumstances at the time.	What we found - the couple believed they were dealing with their bank - the payments were not authorised by the customer - sharing the OTP may have been careless but did not amount to gross negligence - the bank's warnings were not sufficient to shift the liability to the couple COMPLAINT UPHELD the bank was required to refund the loss and pay compensation for distress & inconvenience
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CaseStudy2

Multiple unauthorised payments following an impersonation scam

What happened Sarah's work colleague received a scam call claiming there was fraud on Sarah's account. The colleague then sent Sarah a note for her to call them back. Sarah called the number provided. During the call, she was persuaded to log into her online banking, install third-party software and share multiple security codes, enabling the fraudster to gain remote access to her devices, resulting in £24,000 being stolen. Despite feeling uneasy at points, she continued to follow their instructions. The bank declined to reimburse her, stating she ignored warnings, shared security codes and allowed remote access to her devices.	What we considered - the nature of the scam and its impact on Sarah - whether Sarah's actions objectively met the threshold of gross negligence - whether the bank acted reasonably in allowing the payments to proceed - whether the bank acted quickly enough upon notification of the scam to recall the funds from the other bank Key learnings Where a customer takes numerous separate actions that compromise account security, and ignores real-time warnings, their conduct can amount to gross negligence. In this case, it's the combined impact of the customer's actions, not just one error, that resulted in the customer being held responsible.	What we found - Sarah believed she was dealing with her bank - multiple security codes and account credentials were disclosed, and the account security was compromised - the bank provided clear warnings not to share the security codes - Sarah's actions met the threshold of gross negligence COMPLAINT NOT UPHELD the bank was not required to reimburse the loss
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Case Management Report

Sector Observations: Banking

Account Suspensions

In 2025, around 14% of our cases related to bank accounts being frozen or closed. Two main problems kept coming up: first, some banks restricted customers' accounts without explaining why or giving them sufficient warning; and second, some banks took too long to fix these problems, even when the customer had done nothing wrong.

Banks may restrict, freeze or close an account for a range of reasons. In some cases, action is required to meet legal and regulatory obligations, including financial crime controls and other duties that can limit what the bank is able to share with the customer. In other cases, the bank may make a commercial or risk management decision to change its appetite for certain customers, products or jurisdictions.

When customers complain about these actions, our role is to consider whether the bank acted fairly and reasonably in the circumstances. For example, whether it communicated as clearly as it could, applied its processes properly and progressed any necessary checks without undue delay.

Where the restriction or closure is driven by legal and regulatory responsibilities, we will generally defer to the provider on the underlying decision given the legal constraints around sensitive information. We will still consider whether the time taken to carry out reviews was fair and reasonable. Where the action reflects a commercial decision, and the customer has been given appropriate advance notice, we will not generally engage with the decision itself. However, a customer's complaint about such actions of the bank will still be valid if they were not carried out properly.

To help resolve these complaints, we have looked again at how we assess compensation in cases where an account is restricted but the bank has made mistakes. This revised approach encourages banks to talk clearly and promptly with their customers when they restrict an account and to reduce delays when sorting things out, while also respecting the complex legal and regulatory responsibilities that banks face.

PART 1: OPERATIONAL REPORT

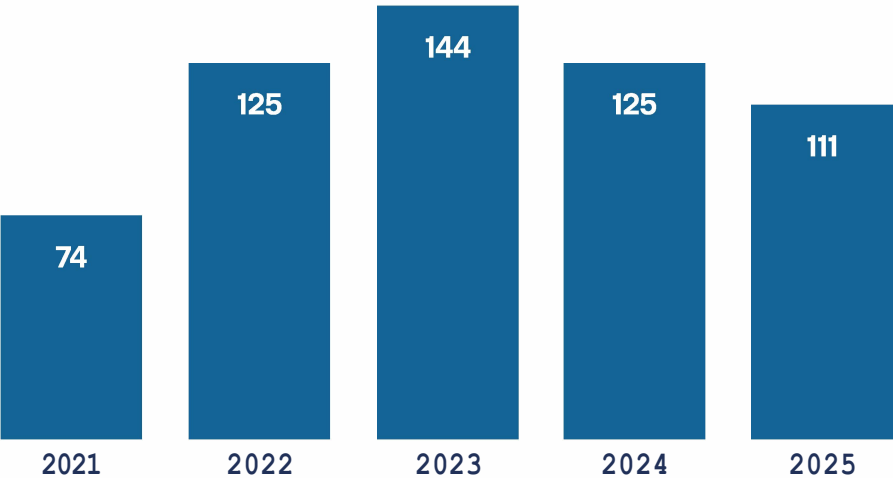
Case Management Report

Sector Observations: Insurance



There was good news in the insurance sector, especially in Guernsey, where the number of cases continued to fall. This reduction likely happened because insurers and brokers are getting better at communicating with their customers, explaining things clearly, and sorting out problems earlier. Our main observation is that when businesses do this, their customers feel better supported and fewer complaints arise. This positive trend demonstrates the value of the effective working relationships that many brokers and insurers have built up with us in recent years.

Insurance cases opened in Guernsey



PART 1: OPERATIONAL REPORT

Case Management Report

Sector Observations: Other

@ Motor finance and consumer credit

If we look to the future, the customer experience of obtaining motor finance and other forms of borrowing is increasingly in the public eye, and we expect this to continue throughout 2026.

Motor finance agreements, especially, have received a lot of publicity in the UK, where the Financial Conduct Authority and the Financial Ombudsman Service are examining potential breaches relating to the non-disclosure of discretionary commission arrangements, the fairness and reasonability of this non-disclosure, and whether it affects customer decisions and cost of credit.

Locally, we are experienced in dealing with lending complaints; even before the recent regulatory framework was introduced in Guernsey, we could look at complaints about whether loans were affordable or properly explained. Toward the end of 2025, we began discussions with a range of groups to understand how we might apply the different laws and regulatory systems in Jersey and Guernsey to motor finance complaints. While we are mindful of the UK approach, we recognise that the financing arrangement is only one part of the overall package when buying a vehicle, and that the wider circumstances of the individual buyer, who may sometimes receive a price discount when financing the vehicle purchase, will also be relevant to our assessment.

The approach we took on fraud cases which emphasised the importance of working together, openness, and clear expectations, will also guide our approach to resolving motor finance complaints. We look forward to engaging with industry and consumer representatives as we review complaints in this area in 2026.

@ AI sector case studies

See all [2025 Case Studies](#)

PART 1: OPERATIONAL REPORT

Case Management Report

Emerging Issues in Complaints Management

AI {Artificial Intelligence}

We have noticed more consumers using AI tools and large language models like ChatGPT to help write the complaints and email messages sent to us. We are broadly supportive of anything that can help customers explain what's happened to them and what they would like to see put right. We also recognise AI is a powerful tool that helps the finance industry articulate their side of the story too. But we are aware of its limitations. For example, we've found some AI-generated messages that are unclear or inconsistent with what the customer has previously told us. Sometimes AI-generated responses include a lot of irrelevant information that is not relevant to our efforts to reach a fair outcome.

We believe AI is here to stay and, while it brings many benefits, we encourage customers and financial service providers to use it in a way that both supports their own views and supports us in our efforts to resolve complaints as efficiently as possible.

PART 1: OPERATIONAL REPORT

Case Management Report

Emerging Issues

Increased challenge to case outcomes

In 2025 we continued to see a trend for increased numbers of Data Subject Access Requests (DSARs) by complainants, and challenges to our decisions in the form of service complaints. This reflects the experience seen by other Ombudsman services and public bodies generally.

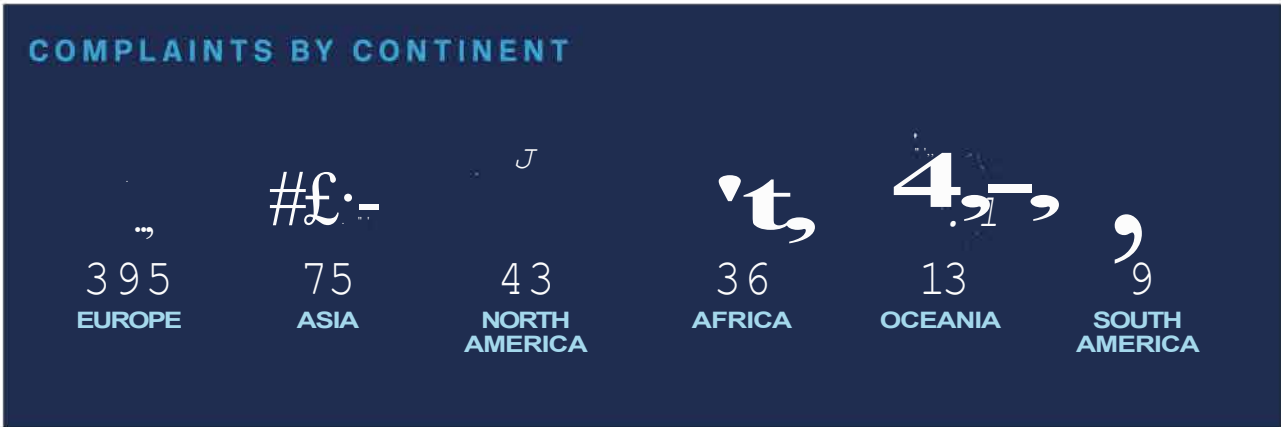
In response to this trend, we are in the process of adopting a new approach to disclosure for our complaint management process. This new approach will allow for earlier sharing of evidence with both parties where it is fair and appropriate to do so. This will ensure there is greater transparency and we are able to build better trust and confidence with our users, particularly complainants, around what we have based our decisions on and why.

We hope this new approach will address some of the underlying concerns we see expressed in the DSARs and service complaints made to our office.



Case Management Report

Case Management Performance Report



PART 1: OPERATIONAL REPORT

Case Management Report

Case Management Performance Report



77%

OF COMPLAINANTS
ARE NOT LOCAL
TO THE CHANNEL
ISLANDS

97%

OF COMPLAINTS
ARE FROM RETAIL
CUSTOMERS

TOP COUNTRIES

UK 201
Jersey 91
Guernsey 39
USA 29
Hong Kong 18

2025 COMPLAINTS STATISTICS

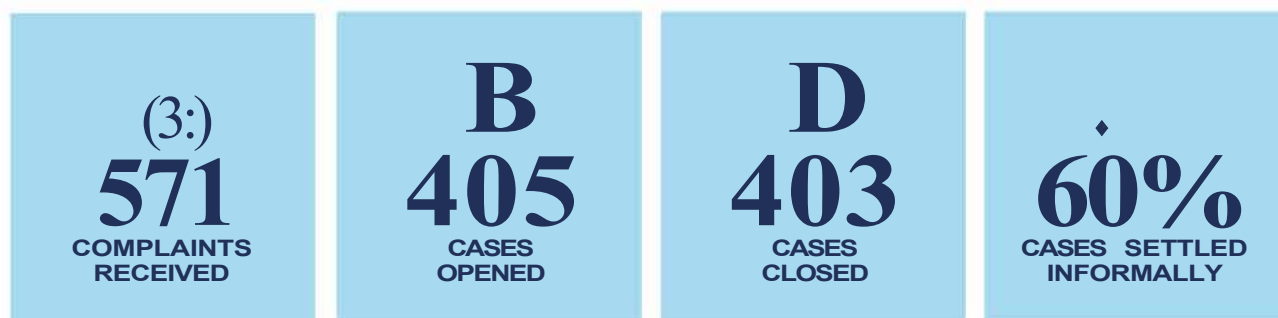
For the detailed statistics for 2025, see our [website](#).

Complaints: are complaints received by CIO about FSPs whether or not they are ultimately confirmed as falling within CIO's statutory mandate
Cases: are complaints that are within CIO's statutory mandate (with some exceptions that may be found to be out-of-mandate after a closer review of the complaint)

PART 1: OPERATIONAL REPORT

Case Management Report

Case Management Performance Report



£1,979,865

CIFO AWARDED IN COMPENSATION

*Total settlement amounts are a multiple of this figure but subject to non-disclosure agreements

TOP SECTORS


64%
BANKING


28%
INSURANCE


4%
PENSIONS


2%
NON-BANK MONEY
SERVICES/CREDIT


1%
INVESTMENTS/
FUNDS

TOP 3 PRODUCTS


52%
CURRENT
ACCOUNTS


12%
HEALTH
INSURANCE


10%
HOME
EMERGENCY
INSURANCE

TOP 3 ISSUES


23%
POOR
ADMINISTRATION
AND DELAY


16%
NON-PAYMENT
OF CLAIM


15%
FRAUD

Complaints: are complaints received by CIFO about FSPs whether or not they are ultimately confirmed as falling within CIFO's statutory mandate

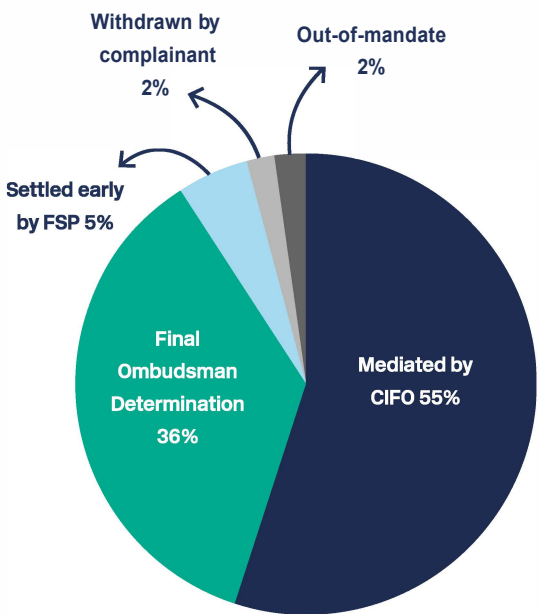
Cases: are complaints that are within CIFO's statutory mandate (with some exceptions that may be found to be out-of-mandate after a closer review of the complaint)

PART 1: OPERATIONAL REPORT

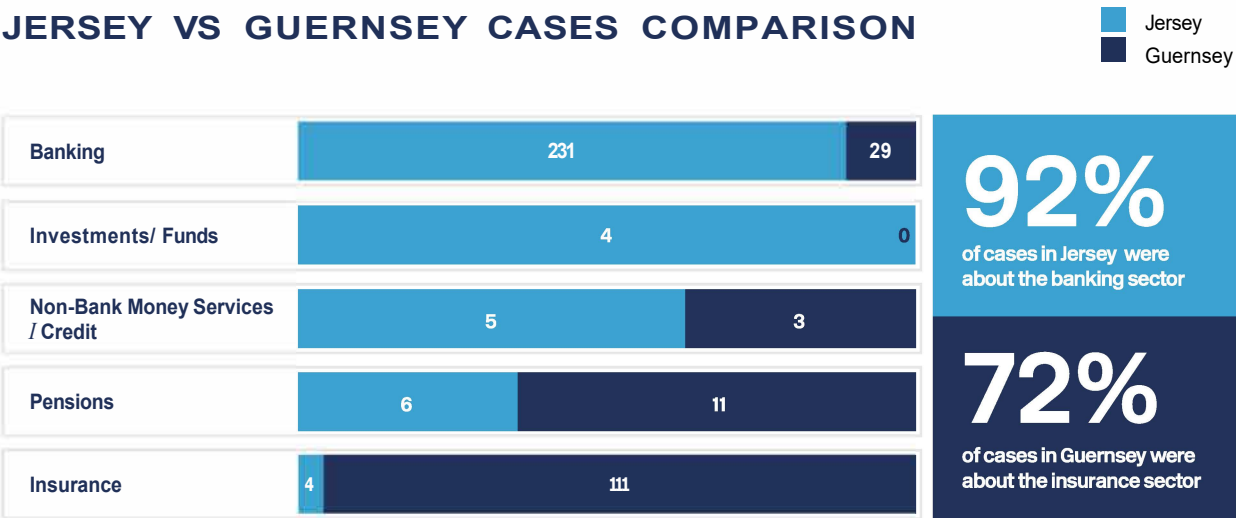
Case Management Report

Case Management Performance Report

OUTCOME OF CASES OPENED



JERSEY VS GUERNSEY CASES COMPARISON



Complaints: are complaints received by CIFO about FSPs whether or not they are ultimately confirmed as falling within CIFO's statutory mandate
Cases: are complaints that are within CIFO's statutory mandate (with some exceptions that may be found to be out-of-mandate after a closer review of the complaint)

PART 1: OPERATIONAL REPORT

Operations Report

DSAR and Service Complaint Report

In compliance with the orders imposed on us by the Jersey Information Commissioner in 2025, following a complaint made against our office in relation to our management of a complainant's DSARs, we have updated our internal policies and procedures around the management of DSARs and service complaints and delivered internal training to our staff. These are now aligned to best practice and, also demonstrate our commitment to transparency and the integrity of our office.

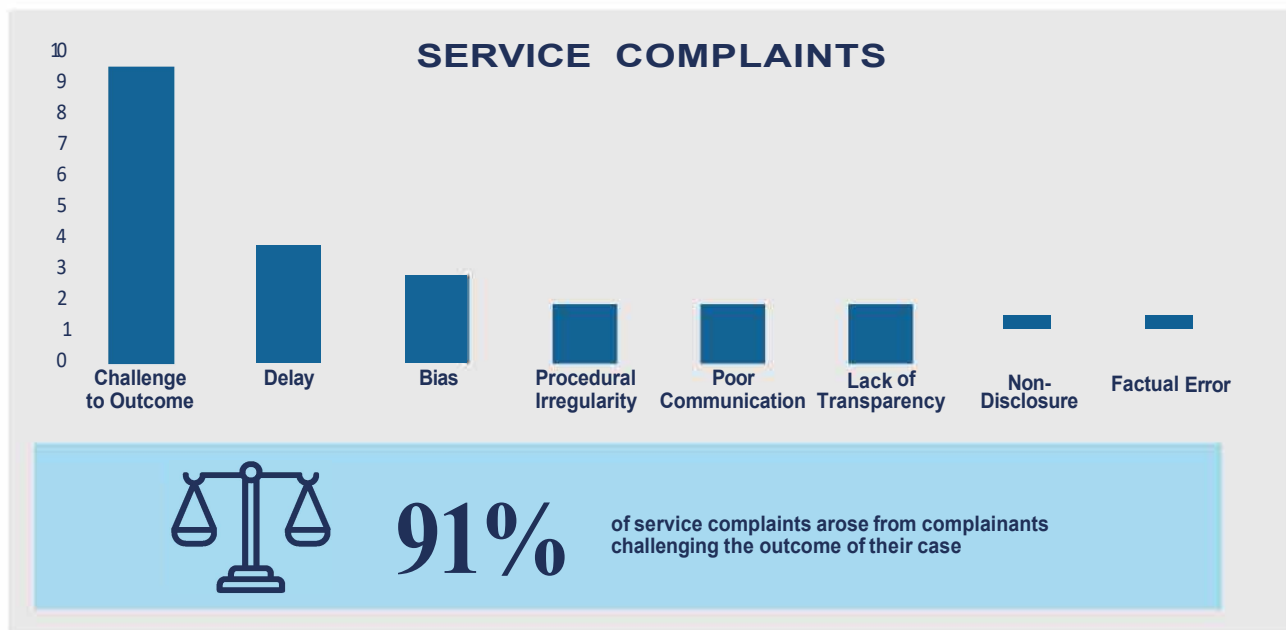
We have also adopted quarterly reporting to the Board of our DSAR and service complaint experience, and we have incorporated it into our Annual Report in this new section.

DSAR and service complaints statistics

In 2025, we received 8 DSARs. This was 3 more than in the previous year. All DSARs came from CIFO complainants, and 3 came from the same complainant. In all cases, the complainant was dissatisfied with the provisional or final decision made on their complaint.

In 2025 we recorded 10 service complaints; 1 was later withdrawn.

We have reviewed the interaction between our DSAR and service complaint experience over time to assess what trends are emerging and can already see there is a close interaction between them.

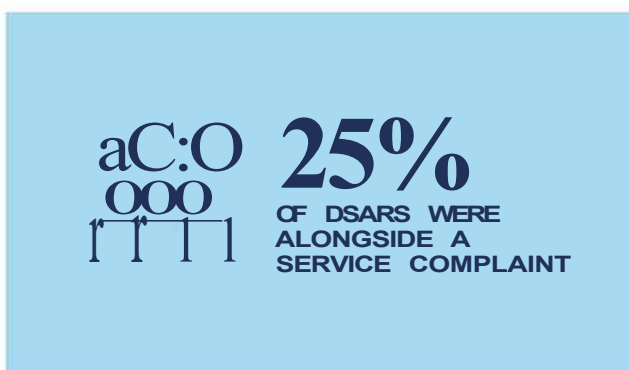


Multiple reasons for service complaints account for the data provided.

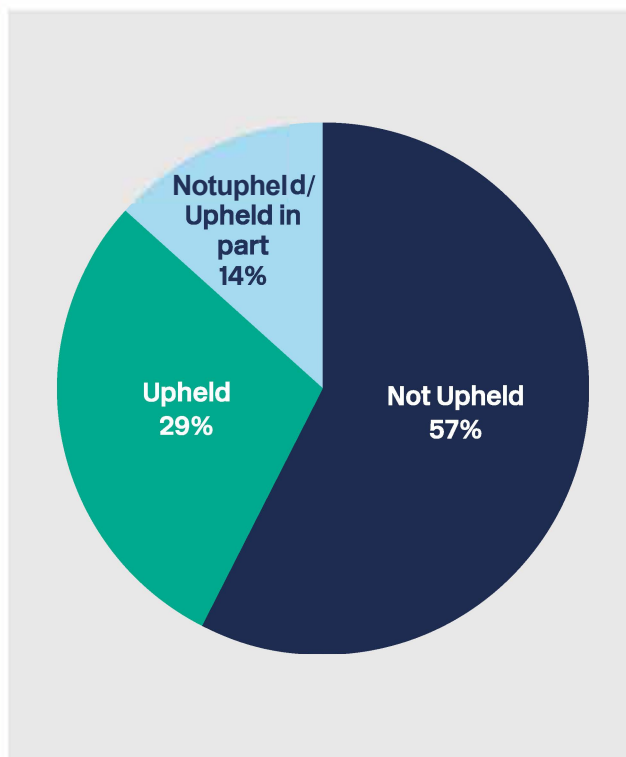
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DSAR and Complaint Statistics

DSARS



OUTCOME OF COMPLAINT



STAGE OF COMPLAINT WHEN DSAR WAS RECEIVED



Operations Report

Staffing Report

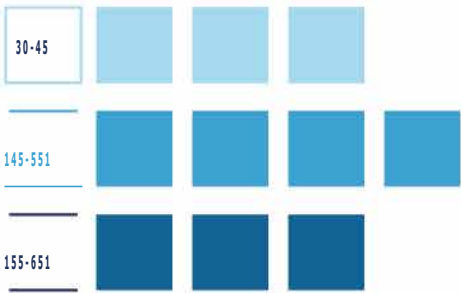
Our staffing remains stable, and we operate a hybrid office and remote working policy for our staff.

We remain committed to the development and training of our staff and their well-being. As part of our staff-relationship programme, we carried out a staff benefit survey to assess if we were continuing to meet their needs. The outcome of this survey confirmed that flexible working and supporting their healthcare and retirement benefits remained our staff's priorities.

Staffing statistics

KEY STAFF STATISTICS	2025
Number of Staff	10
Ratio Part-time to Full-time	1:9
Staff Turnover	10%
Total Hours of Staff Training	151 hours
Employment Claims	0

AGE PROFILE



STAFF GENDER RATIO

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MANAGEMENT GENDER RATIO

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PART 1: OPERATIONAL REPORT

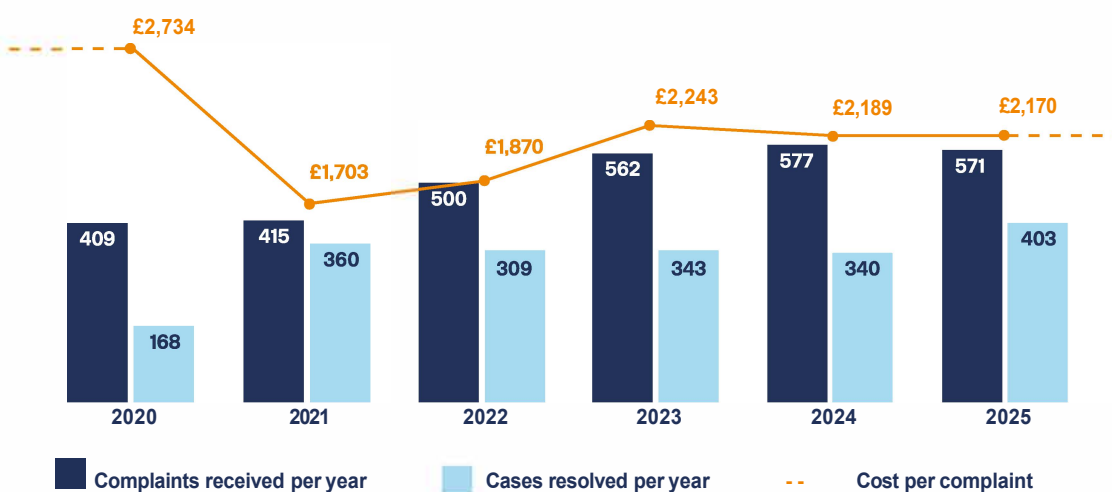
Operations Report

Our Resourcing Model

We outsource our Human Resources and Information Technology functions to external providers. This allows us to control our costs, but also benefit from the specialty expertise they provide.

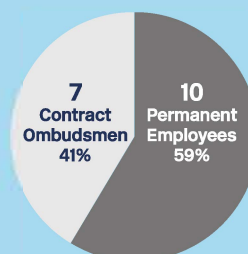
For our complaint management, we continue to use a hybrid resourcing model made up of both permanent and contract staff. This allows us to leverage the experience and additional capacity offered by our contract Ombudsman panel and new contract Adjudicator, sourced mostly from the UK Financial Ombudsman Service, while maintaining a permanent workforce to manage our core workload. This also allows us to keep our staffing costs down, which remains our greatest recurring annual expense. All staff operate on our secure IT platform, which is monitored and tested for its resilience against cyber-attacks. We undertake regular staff training and have in place policies and procedures to protect individuals' personal data and to ensure all data is kept secure.

Hybrid resourcing model



Our introduction of a hybrid mixed model of employee and contract ombudsmen has enabled CIFO to keep on top of its growing caseload while simultaneously containing costs.

The reactive nature of our work means that there will be periods when the volume and complexity of complaints referred to CIFO varies. It is more cost-effective to bring in contractors than additional permanent hires to meet additional variable demand.



Operations Report

Stakeholder Engagement Report

2025 stakeholder engagements

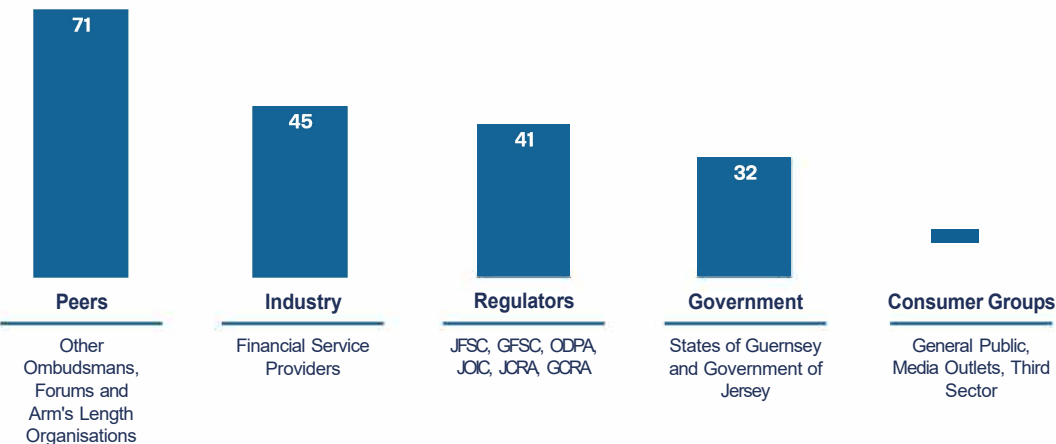
2025 was a busy year for CIFO and its stakeholder engagement. We benefitted from the additional resources provided by our new Head of Legal, Policy and Compliance who supported our CEO and Principal Ombudsman in CIFO's stakeholder engagement activities.

Key highlights from the year were:

- the policy work we undertook with Government of Jersey on fraud and consumer lending
- the presentations we gave to the newly-elected members of the Committee for Economic Development in Guernsey and to the Jersey Government Scrutiny Panel for Economic and International Affairs about our operations and impact
- team representatives at the annual events of the Ombudsman Association's and the International Network of Financial Service Ombudsman Schemes (INFO) Network's annual conferences

In Q4 of 2025 we also recruited a new Stakeholder Outreach and Communications Officer to support the team in undertaking its stakeholder outreach and media management.

As part of our new and transparent approach to our performance, we have mapped those stakeholder engagements we undertook during 2025 into categories of stakeholder group (see below):



PART 1: OPERATIONAL REPORT

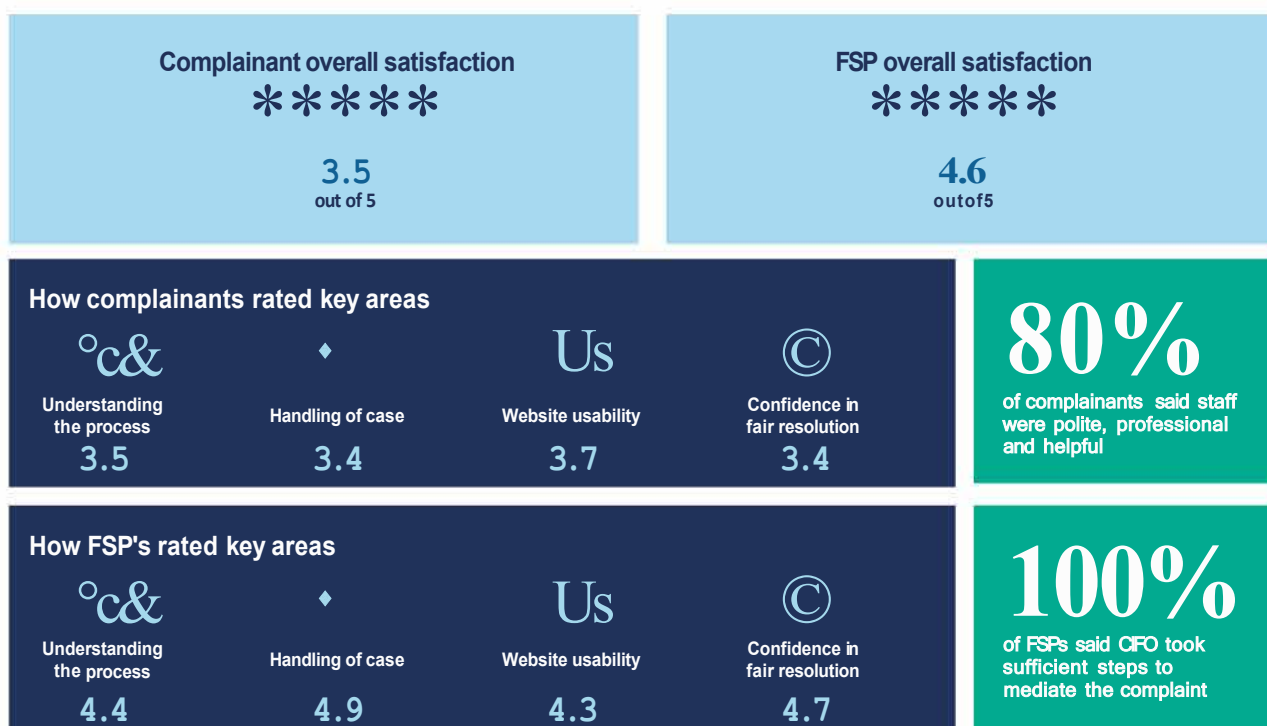
Operations Report

User survey

One of our deliverables for 2025 was to introduce a user survey for our Ombudsman service. It was launched in May. It was designed to be automatically sent by our case management system to the complainant and financial service provider (FSP) upon case file being closed. The results are anonymised.

We have had a good response uptake, with a response rate of approximately 20-25% since its inception. This compares well with our peers who typically have a response rate of 20% or less.

Its purpose was to help us understand what we were doing well and where we can make improvements in the future. The Board has been kept advised of results each quarter. We have been encouraged to see a consistent improvement in our users' experience since the survey was launched, with the results showing our performance to be in the top quartile for nearly all aspects of our service delivery.



Looking forward to 2026

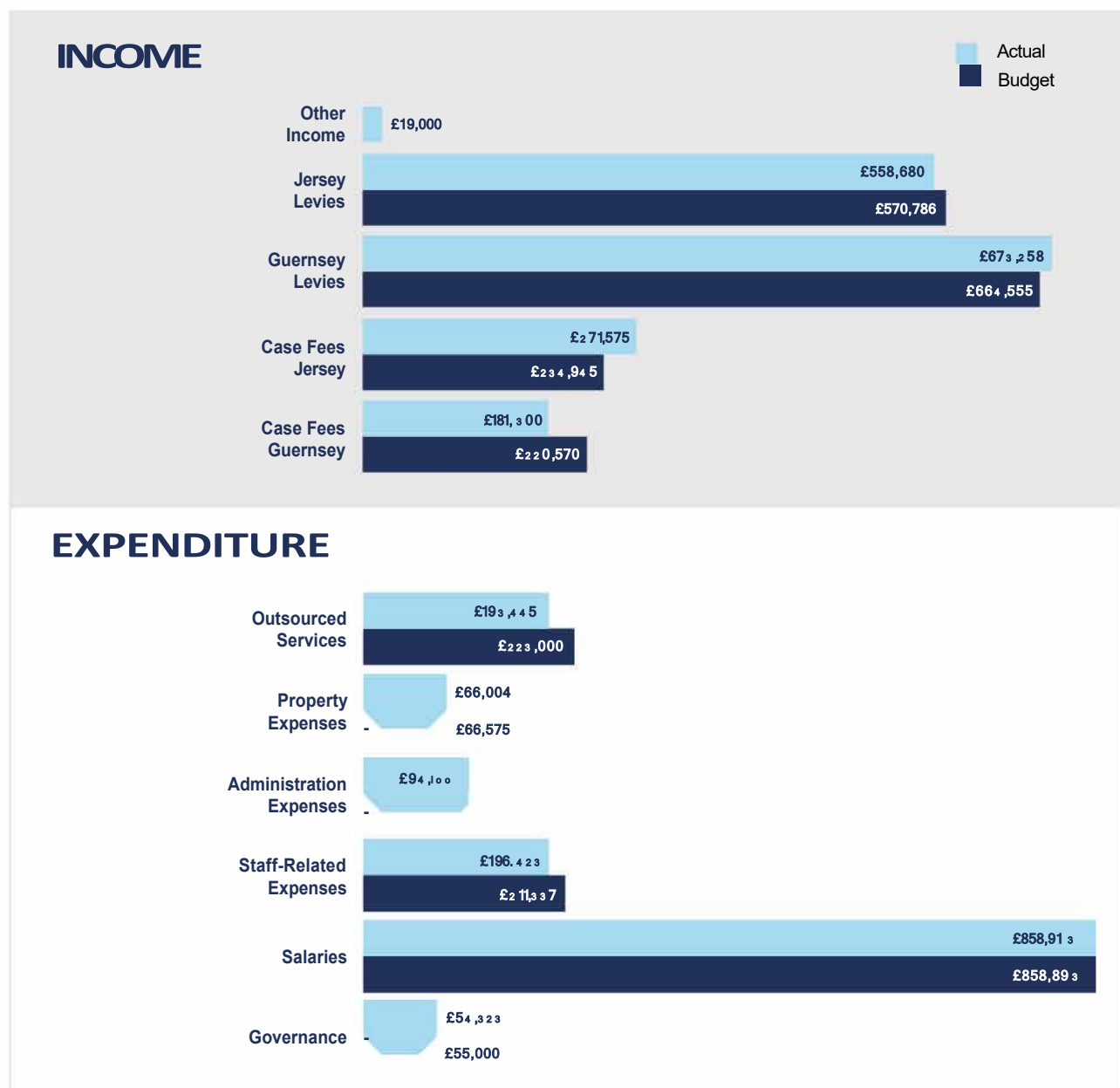
Following complainant feedback in 2025, we have initiated additional mediation training for our case management team. Another area we identified for improvement was to better manage complainants' expectations as to the likely outcome of their complaints. We expect to undertake further work on this during 2026.

PART 1: OPERATIONAL REPORT

Financial Performance Report

Summary of 2025 Annual Financial Results

Our performance against our 2025 budget was satisfactory with a surplus of £72,000 (£13,000 additional income and £59,000 cost savings). This performance reflects the overall positive result we saw in our cashflow during 2025 as we shifted our funding framework to a more user-pays model with the new higher case fees and continued rigorous expenditure management.



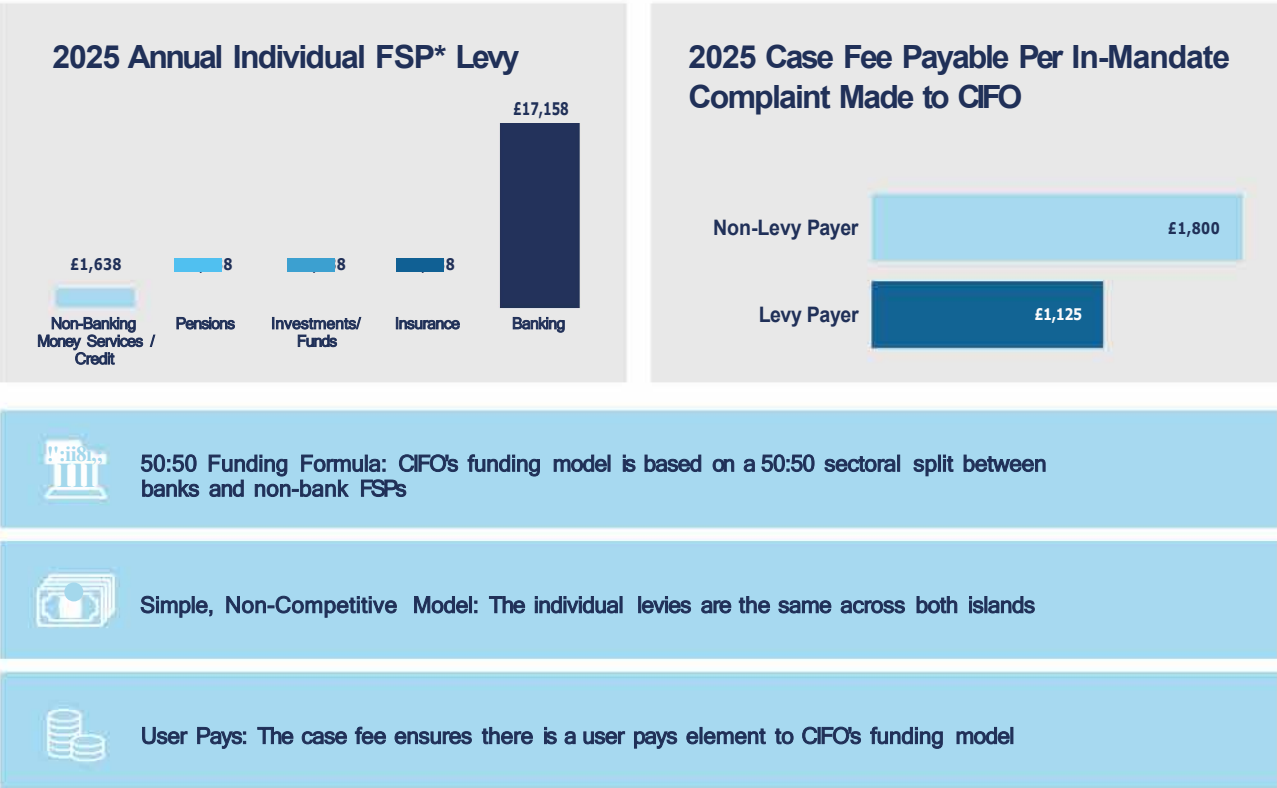
PART 1: OPERATIONAL REPORT

Financial Performance Report

CIFO's 2025 Funding Model: Levy and Case Fees

At the end of 2024 we saw an increase in the proportion of banking complaint cases. This took banking complaints back to around 50% of the complaints CIFO received during the year. As a result, the Board determined that the existing levy allocation and funding model remained fair and appropriate to the size and scale of CIFO's operations. Industry supported this position in our 2025 Levy Consultation.

Demand-led service and a successful and sustainable funding solution designed in response to the views of industry



*FSP - Financial Service Provider

Looking forward to 2026

CIFO's current funding model continues to be a suitable formula for raising income to cover our operating costs. We received no adverse feedback on the 2026 proposed levy amounts in our levy consultation and our case fees for 2026 remain the same as they were in 2025.

In 2026 we are looking to deliver some infrastructure projects to enhance and modernise our service delivery and our compliance and data management systems.

Chair's Statement

Taking our responsibilities seriously

Marking a decade of service and leadership

As we mark the Channel Islands Financial Ombudsman's (CIFO) tenth anniversary, I present my third annual statement as Chair of the Board. This milestone gives us an opportunity to reflect on a decade of dedicated service, growth and accountability to our stakeholders. The Board is committed to overseeing CIFO's responsibilities with seriousness and foresight, ever mindful of its duty to protect fairness, integrity, and confidence in the financial sector.

Governance

Our approach to governance this year has been defined by continuous improvement and alignment with best practices. The Board responded to the findings of the Jersey Office of the Information Commissioner (JOIC) on data protection, implementing recommendations to enhance data management, transparency and accountability. We have updated our policies for Board effectiveness and governance. These measures have ensured our governance is robust and fit for purpose to the standards expected by both governments and those we serve.

Ombudsman service performance

Throughout 2025, we placed a renewed emphasis on our users' experience, drawing insights from new feedback surveys and our direct engagements. Case closures have increased and settlement rates reflect the dedication of our team to resolving disputes efficiently and fairly without the need to go to a formal determination. New performance measures were introduced to better track outcomes and inform future improvements, ensuring that our service continues to evolve and respond to the needs of its users. Cost per complaint has fallen, while the team continues to meet our published timeliness requirements.

Operations

Operationally, CIFO has embraced technological advances. The adoption of AI tools has initiated our programme to streamline case management functions and enhance user support. These innovations are not just modern conveniences. They are strategic investments in CIFO's ability to serve stakeholders with agility and responsiveness.

Antony Townsend
Chair, CIFO Board of Directors



Financial performance

Sound financial stewardship and maintaining fairness and equity in our industry funding model remains a priority. During 2025, CIFO maintained disciplined cost management, generating a modest surplus despite budgetary challenges. Prudent resource allocation has enabled us to invest in service enhancements while safeguarding financial sustainability. The Board scrutinises financial performance, ensuring our operations are both efficient and resilient against future uncertainties, with prudent levels of operational reserves. During 2026 we will undertake a further review of our costs.

Risk

In 2025, the risk environment became more complex. The widespread adoption of AI has contributed to increased legal challenge, including higher volumes of data subject access requests, service complaints and judicial review threats. At the same time, expanding regulatory and governance obligations and greater expectations of our transparency, have heightened our compliance risk and prompted changes to how we deliver our Ombudsman service. We also faced operational pressure from a surge in mass fraud complaints and continuing legislative gaps relevant to our mandate, which test our case management and place strain on resources. The Board has responded by reviewing risks and strengthening mitigation to support CIFO's resilience.

External factors

The year has been affected by significant external influences: geopolitical tensions, economic fluctuations and regulatory developments have all affected our operating context. Market disruption caused by the rapid proliferation of AI technologies underscores the importance of adaptability and foresight. The Board closely monitors these trends, factoring them into our strategic planning to safeguard CIFO's relevance and effectiveness for the decade ahead.

Looking forward to 2026

As we look forward to 2026, the Board remains fully committed to delivering on our responsibilities. Our past ten years have been marked by progress, learning, and a steadfast dedication to fairness. Our excellent links with stakeholders in both jurisdictions have been critical to our success and we look forward to maintaining that dialogue. We remain committed to guiding CIFO and to sharing our expertise and experience to help deliver good outcomes for the organisation, its users and the two governments. We also continue to make plans for Douglas Melville's eventual succession as CEO and Principal Ombudsman, and for his team's progression.

Finally, I wish to thank my fellow Board members for their expertise and dedication, and Douglas, his team and our external Ombudsmen for ensuring their continued delivery of a high-quality service for the Islands' financial services industry and their users.

PART 2: BOARD REPORT

The CIFO Board



Antony Townsend
Chair

Appointed:
31st January 2022

Current term due to end
31st January 2030

[Read Bio](#)



Hayley North
Director

Appointed:
31st January 2023

Current term due to end
31st January 2028

[Read Bio](#)



Rob Girard
Vice Chair

Appointed:
31st January 2022

Current term due to end
31st January 2028

[Read Bio](#)



Jennifer Carnegie
Director

Appointed:
31st January 2023

Term ended on 31st
December 2025

[Read Bio](#)

CIFO BOARD ATTENDANCE & REMUNERATION

Board Member	Position	Board Attendance	Attendance Rate	Total 2025 Pay	Bonuses and other incentives
Antony Townsend	Chair	4/4	100%	£24,000	NIL
Rob Girard	Vice-Chair	4/4	100%	£7,500	NIL
Hayley North	Director	2/4	50%*	£7,500	NIL
Jennifer Carnegie	Director	3/4	75%	£7,500	NIL

*On maternity leave during part of 2025.

We'd like to thank Jennifer Carnegie for her valuable contributions as a board member from 31 January 2023 to 31 December 2025.

We have undertaken a recruitment and selection process for a new Board member, with the assistance of the Jersey Appointments Commission and representatives from the Governments of both Islands. A candidate has been identified and recommended by the Chair to the relevant Guernsey Committee and Jersey Minister responsible for CIFO's board appointments and we are waiting for the process to be completed.

PART 2: BOARD REPORT

Governance

Governance Overview

As a Board we have reviewed our own performance and identified improvements we can make to our board governance and effectiveness which reflect best practice. We have adopted a new Board governance and effectiveness framework which documents our current practices and incorporates enhancements.

We, as CIFO's Board, are responsible for its strategic planning, the financial and performance oversight of its operations and to oversee its risk management. We will also undertake each year to make a declaration of effectiveness following an internal self-assessment programme.

To facilitate our new framework, we have adopted a governance matrix tool for the decisions we make as a Board.

Governance matrix

1. Risk

Identify risks
Assess likelihood and impact
Update Risk Register
Determine risk management plan and timetable

4. Budget

Assess expenditure and cash flow against budget
Assess if changes required to budget
Review management proposals and assess if within budget or additional income or capital required, and if reserve to be used



2. Key Objectives

Assess risks and required actions against objectives
Review management proposals
Prioritise projects aligned to strategic objectives

3. Operational Impact

Assess impact on staff resourcing and budget
Determine any new appropriate KPIs and reporting lines
Identify any system changes/controls

PART 2: BOARD REPORT

Governance

Governance Principles

Built within our new framework are our governance principles, which are supported by internal policies and controls:

Independence: Board conflicts policy, evidence-based decision-making to ensure objective decision-making, risk assessment framework, education of elected representatives to ensure independence of CIFO and its operations are protected.

"O'ansparency: we are committed to robust reporting and transparency with our users and stakeholders. We publish our board remuneration, the minutes of our meetings and board directors' attendance records.

Accountability: adopted a new board decision-making protocol with action log and action tracking, evidence-based decision-making and integration with risk management policy, undertake statutory annual reporting of CIFO's performance and board self-assessment and annual evaluation programme.

Diversity and Inclusion: appointments made in line with public appointment rules for diversity and inclusion ensuring representation from both islands and for the board to be constituted with individuals who hold skills and experience relevant to public body governance, financial services and consumer protection.

Integrity: We are committed to maintaining the highest standards of ethical conduct as a board and have adopted an internal board code of conduct.



PART 2: BOARD REPORT

Governance

2025 Board Governance Statistics

CIFO BOARD REGISTER OF INTERESTS

Interest Category	Antony Townsend	Robert Girard	Hayley North	Jennifer Carnegie
Board				
Public Paid	••	••		••
Public Honorary				
Private Company Honorary				
Employment/Consultancy/Trusteeship				
Public	••			
Private		•	•	•
Professional Membership				
Ordinary Member		•		
Committee Member				

Details of interests can be found on our [website](#)

■ UK ■ Guernsey ■ Jersey

Upon appointment of the new Jersey Director, this register will be updated.

PART 2: BOARD REPORT

Risk Report

Risk Overview

In 2025, the Board saw a marked escalation across all key risk categories, driven in part by global geopolitical instability and by internal operational pressures. Although these risks were effectively managed, largely through internal resources, they constrained progress on some longer-term strategic projects to modernise and enhance the Ombudsman service.

To strengthen our approach, we reviewed and updated our risk management processes. The revised framework provides clearer, more systematic monitoring of risk indicators and management actions, and enables the Board to better assess, track and communicate the short-, medium- and long-term impacts of emerging and ongoing risks.

The framework identifies six risk categories and distinguishes between internal risks and those arising from external factors beyond CIFO's control.

See the Board's new risk matrix with the number of identified risks which escalated in 2025.

Risk matrix



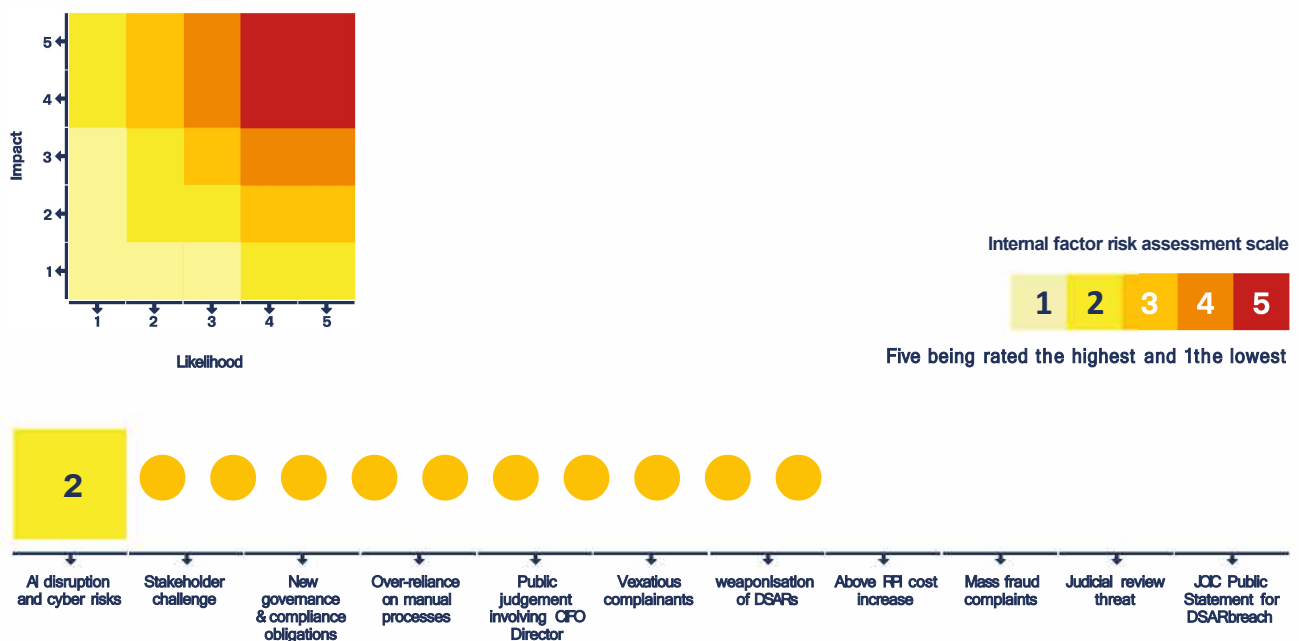
PART 2: BOARD REPORT

Risk Report

Business (Internal) Risks

In accordance with our new Risk Framework, the specific risks we identified in 2025 have been rated as to the seriousness of the risk so that we, as a Board, were able to take actions to resolve or reduce the risk documented. Many of these risks created impacts across one or more of the CIFO key risk categories.

See below a heatmap of those specific risks which were reviewed during 2025:



We have used this new risk framework to help us determine our priorities for the team and what their deliverables should be for 2026. This is to ensure that any identified risks which are outstanding from 2025 are properly mitigated.

External Factors

Risks

The Board's assessment of the global and local political landscape identified the following 4 key risks in 2025 which had either a direct or an indirect impact on ClFO and its operations.

- New and additional conflicts being created between the operation of its statutory framework as an Ombudsman service and its legal obligations as a public body under an evolving legal and regulatory landscape. This new landscape creating different rights for its users and stakeholders which may partially or fully conflict with those set out under ClFO's law
- Challenges to ClFO's mandate and the resolution of complainants' complaints created by the growing dissonance between our domestic financial services' regulatory rules and international rules
- Potential changes in the number of licensed financial service providers in the Islands who are levy payers subject to ClFO's mandate
- An international shift in the public, political and industry perception of the value of regulators and ombudsman services

To address external risk, we have added them to our risk management programme, risk rated them, identified strategic responses and put in place 2026 deliverables for the team to help mitigate the impact of these risks, where possible. We will keep them under review.



PART 2: BOARD REPORT

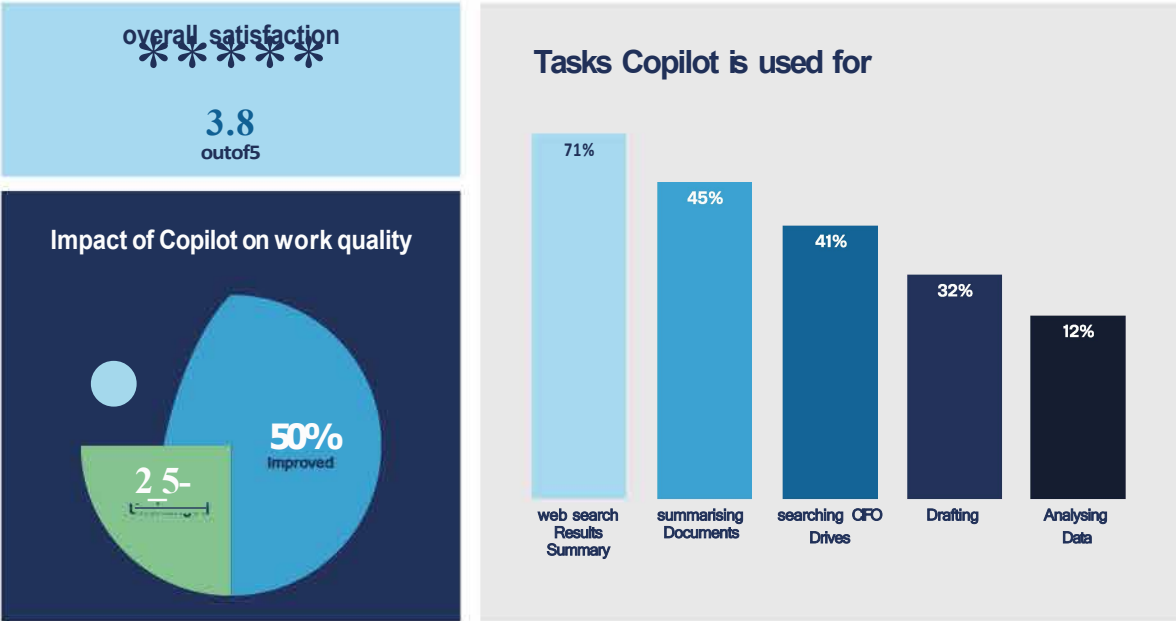
External Factors

Opportunities

The Board also monitored potential opportunities presented by the global environment. The introduction of Microsoft 365 Copilot at the end of 2023, together with the global trend for uptake of AI by businesses and financial services during 2024 and early 2025, presented us with an opportunity to see how AI could support our operations on a secure platform within our existing IT software infrastructure.

The team was authorised to undertake a pilot of Microsoft 365 Copilot, obtain the necessary licences for its permanent staff, and put in place an AI use policy which prohibited its use for any Ombudsman decision-making functions.

We tested the benefits of Copilot with a staff survey, the feedback showing a high uptake by staff across a variety of tasks with a general perception that it had improved the quality of their work output.



*Copilot - staff can use for more than one category of task

In addition, the team identified that further training was required to ensure consistent use by our staff of Copilot and better communication, internally and externally, as to when it had been used. This to ensure better internal quality assurance and governance over internal use of AI.

We expect this careful adoption of AI to continue to deliver better outcomes for our organisation and its users over 2026 and beyond, and this forms part of our deliverables for 2026.

PART 2 BOARD REPORT

2025 Year End Performance Framework

OPERATIONAL			
AIM	2025 OBJECTIVES	RATING	PERFORMANCE PROGRESS
AI Implementation	Improve operational infrastructure		<i>Adopted Microsoft Copilot</i>
Ombudsman Association Validation	Undertake mapping exercise for CIFO compliance		<i>Preparatory work undertaken</i>
Operations Management	Address FSP delays in the case management process		<i>Performance improved</i>
PEOPLE			
AIM	2025 OBJECTIVES	RATING	PERFORMANCE PROGRESS
Staff-Relationship Programme	Benchmark staff salaries and benefits and undertake a staff benefits survey to ensure CIFO remains an employer of choice		<i>Ran a staff culture team training event</i> <i>Issued a staff benefits survey to all permanent staff</i> <i>Compensation benchmarking exercise</i>
STAKEHOLDER RELATIONS			
AIM	2025 OBJECTIVES	RATING	PERFORMANCE PROGRESS
Improve User Experience	Build an automated user survey into case management function on case closure		<i>User survey launched with feedback reported to Board</i>
Stakeholder Engagement	Enhance stakeholder engagement to increase frequency of in-person and virtual stakeholder engagement		<i>Increased stakeholder engagement with introduction of new reporting mechanism</i>
CIFO Mandate	Monitor impact on CIFO's mandate of the new consumer credit regimes in the islands and other policy developments		<i>Policy work undertaken with both Islands</i> <i>Undertook analysis of UK Supreme Court motor finance case</i> <i>Continue review of draft Jersey credit legislation</i>
Funding Model	Monitor and review CIFO's funding model		<i>Quarterly board review and 2025 levy and case fee consultation</i>
Reporting KPIs	Review and enhance CIFO's KPIs		<i>Introduced change of outcome reporting, DSAR and Service Complaint reporting and analysis</i>

PART 2: BOARD REPORT

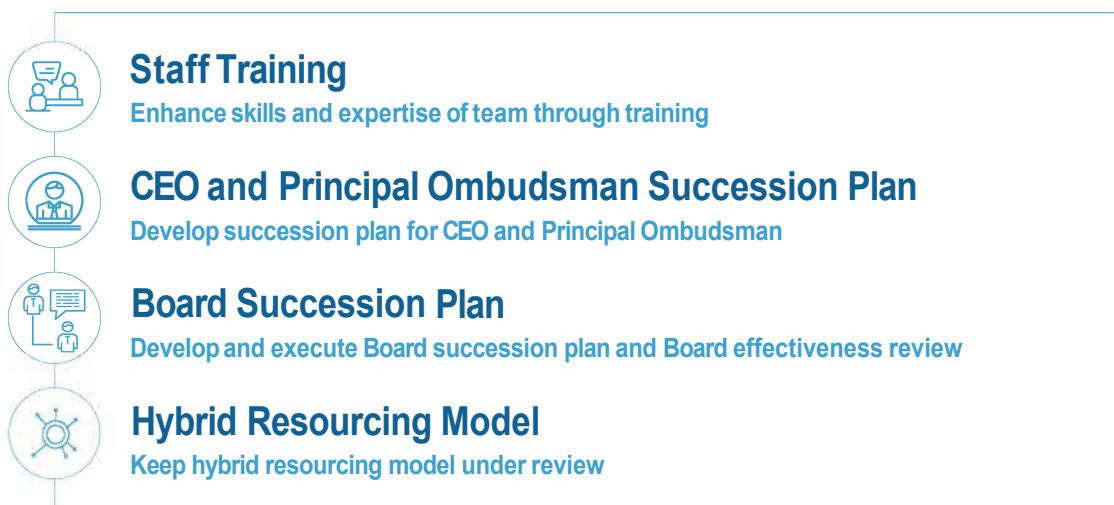
2026 Key Objectives

As part of our update to our risk management and governance frameworks, we have reviewed the performance of our 2025 deliverables and put in place new deliverables for 2026. Below are our 2026 deliverables.

Operational



People



2026 Key Objectives

Stakeholder Relations



PART 2: BOARD REPORT

Environmental Social Governance (ESG) Report

ESG Overview

We have tailored our ESG priorities in line with the role we play as an Ombudsman service, an institution whose objective is to deliver justice, and which has a global reach. Our inter-connected objective is to ensure we maintain staff with the relevant expertise and experience to deliver fair and just outcomes to our users. In doing so, we seek to deliver good environmental impacts where we can.

This section reflects our organisational prioritisation of these goals, with Governance being recognised as our highest priority goal.



Governance Report

As an Ombudsman service, our priority is to deliver access to justice and fair outcomes to our users.

We actively seek to share our experiences and learn from our peers, those based in the Islands and those within our international professional network.

Highlights from 2025



Participating member of Jersey Regulators' Forum and Guernsey Consumer Council Forum



Contributing member of Fraud Policy Stakeholder Groups with delivery of targeted campaigns around World Fraud Prevention Week



Hosted a visit to Jersey by colleagues from the Financial System Mediator in Armenia for a shared learning experience



Participation in international conferences of our peers and sharing expertise with the World Bank around financial dispute resolution

ESG Report



Social Report

To deliver a high quality and expert Ombudsman service, we believe it is essential that we invest in our staff and their well-being and provide a supportive framework for their diversity and inclusion.



Highlights from 2025



As part of our staff-relationship programme, we delivered a team culture workshop, employee benefits survey and team day out



We aligned staff salaries and board remuneration following a peer benchmarking exercise and ensure pay equality across the skills bands



We operate a Diversity, Equity and Inclusion (DEI) recruitment policy compliant with relevant public body guidelines

ESG Report

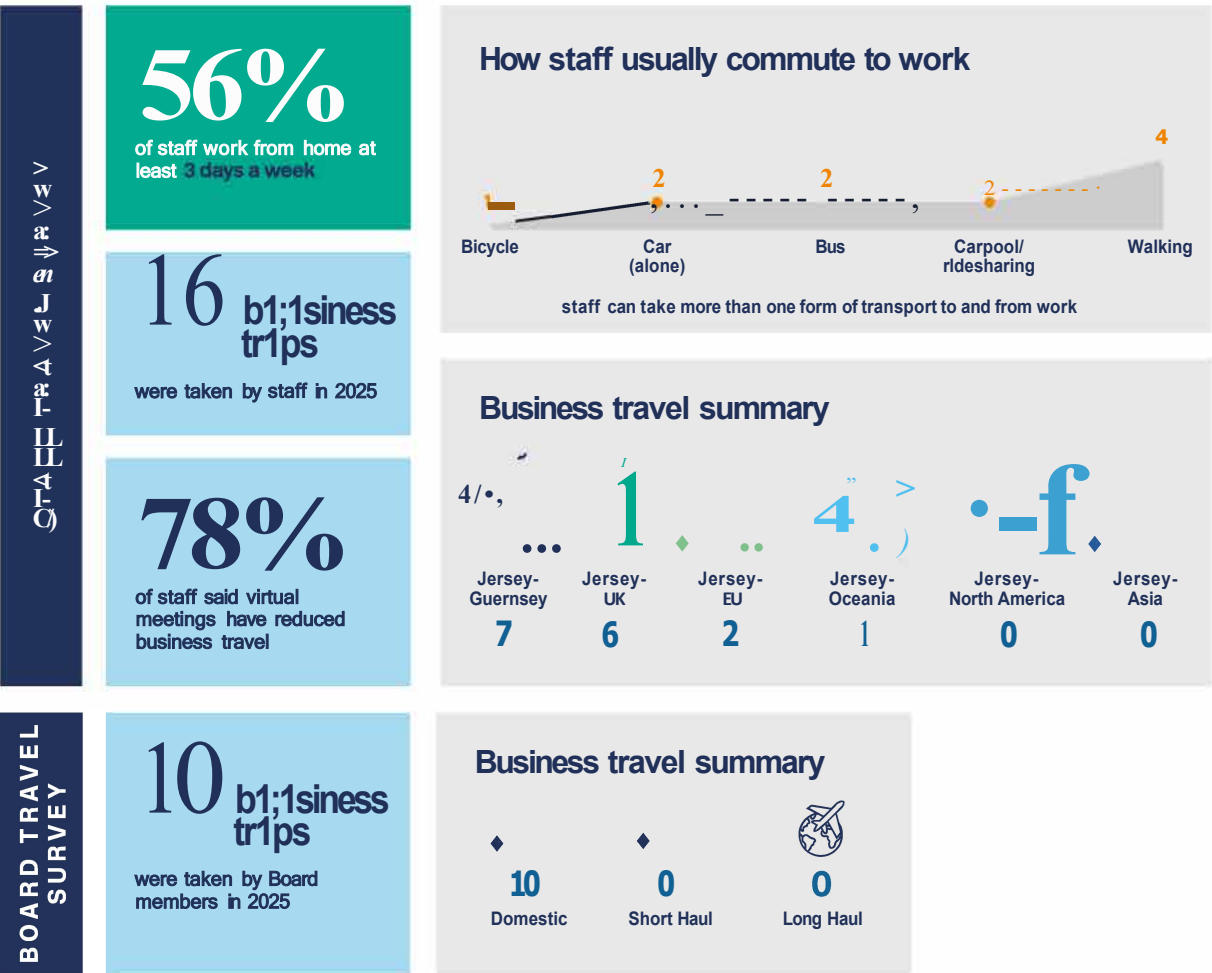


Environmental Report

CFO as an organisation is committed to reducing our carbon footprint where it is operationally possible but without compromising our user and stakeholder experience which is vital to our role as an Ombudsman service.

Our hybrid remote working policy for staff and our staff printing policy allow us to limit our staff's carbon footprint.

Highlights from Travel Survey:



Channel Islands Financial Ombudsman

2025 Audited Financial Statements

for the year ended 31 December 2025

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

INFORMATION

The financial statements of the Channel Islands Financial Ombudsman are the combined financial statements of the Office of Financial Services Ombudsman Guernsey and the Office of the Financial Services Ombudsman Jersey, referred to in the body of the financial statements as the OFSOs.

Directors	Antony Townsend - Chair Robert Girard - Vice Chair Jennifer Carnegie - resigned 31.12.2025 Hayley North
Administration Office	Channel Islands Financial Ombudsman No 3 The Forum Grenville Street St Helier Jersey JE2 4UF
Independent auditors	RSM Channel Islands (Audit) Limited PO Box 179 13/14 Esplanade St Helier Jersey JE4 9RJ
Principal Ombudsman	Douglas Melville

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

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Statement of financial position	8
Statement of cash flows	9
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**CHANNEL ISLANDS FINANCIAL OMBUDSMAN
CHAIR'S STATEMENT
for the year ended 31 December 2025**

1

The Chair presents his statement on the 2025 accounts.

The Channel Islands Financial Ombudsman ("CIFO") is the joint operation of the Offices of the Financial Services Ombudsman (the "OFSOs") established by the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 and the Financial Services Ombudsman (Jersey) Law 2014. The joint operation is provided for in a Memorandum of Understanding between the States of Guernsey and the States of Jersey and in the relevant legislation in each Bailiwick.

These financial statements are prepared on a combined basis to reflect the joint operation. Expenses are covered by amounts raised from relevant financial services providers through annual levies, charged on the same basis in each Bailiwick, plus case fees.

Income for 2025 increased due to an increase in billable case fees. While there was an increase in expenditure due to inflation, there was an operating surplus at the end of the 2025.

The accumulated surplus at the end of 2025 represents the operating reserve. This represents six months of reserves intended to provide a buffer to cover the unforeseeable volatility inherent in a demand-led case-working organisation, and to guard against the risk of irrecoverable legal expenses.

Antony Townsend
Chair

The directors present their report and the financial statements for the year ended 31 December 2025.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

The Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 and the Financial Services Ombudsman (Jersey) Law 2014 require the directors to prepare financial statements for each financial year. Under those laws they have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law.

Under the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 and the Financial Services Ombudsman (Jersey) Law 2014 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Offices of the Financial Services Ombudsman ("OFSOs") and the profit or loss of the OFSOs for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess OFSOs' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the OFSOs or to cease operations, or have no realistic alternative but to do so; and
- submit the financial statements and report to the Guernsey Committee for Economic Development (the "Committee") and the Jersey Minister for Sustainable Economic Development, (the "Minister") not later than 4 months after the end of each financial year.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the OFSOs' transactions and disclose with reasonable accuracy at any time the financial position of the OFSOs and enable them to ensure that the financial statements comply with the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 and the Financial Services Ombudsman (Jersey) Law 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the OFSOs and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the OFSOs' website. Legislation in Guernsey and Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PRINCIPAL ACTIVITY

The OFSOs' primary function is to ensure that complaints about financial services are resolved:

- independently, and in a fair and reasonable manner;
- effectively, quickly, with minimum formality, and so as to offer an alternative to court proceedings that is more accessible for complainants; and
- by the most appropriate means, whether by mediation, referral to another forum, determination by an Ombudsman or in any other manner.

RESULTS

The Statement of Income and Retained Earnings for the year is set out on page 7.

DIRECTORS

The directors who held office during the year were:

Antony Townsend - Chair
Robert Girard
Jennifer Carnegie - resigned 31.12.2025
Hayley North

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who are directors at the time when this Report of the Directors is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the OFSOs auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the OFSOs auditor is aware of that information.

INDEPENDENT AUDITOR

RSM Channel Islands (Audit) Limited was appointed as auditor on 29 June 2020.

This report was approved by the board on 15 April 2026 and signed on its behalf.

Director

INDEPENDENT AUDITORS' REPORT TO THE MINISTER FOR SUSTAINABLE ECONOMIC DEVELOPMENT OF THE STATES OF JERSEY (THE "MINISTER") AND THE COMMITTEE FOR ECONOMIC DEVELOPMENT OF THE STATES OF GUERNSEY (THE "COMMITTEE")

Opinion

We have audited the financial statements of the Channel Islands Financial Ombudsman (the "Body Corporate"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes 1 to 13 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Body Corporate as at 31 December 2025 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the Financial Services Ombudsman (Jersey) Law 2014 and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this report. We are independent of the Body Corporate in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey and Guernsey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Body Corporate's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information, which comprises the Report of the Directors. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusions thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the terms of our engagement require us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with United Kingdom Accounting Standards and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MINISTER FOR SUSTAINABLE ECONOMIC DEVELOPMENT OF THE STATES OF JERSEY (THE "MINISTER") AND THE COMMITTEE FOR ECONOMIC DEVELOPMENT OF THE STATES OF GUERNSEY (THE "COMMITTEE") (continued)

Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for assessing the Body Corporate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Body Corporate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Body Corporate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Body Corporate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Body Corporate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is explained below.

The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITORS' REPORT TO THE MINISTER FOR SUSTAINABLE ECONOMIC DEVELOPMENT OF THE STATES OF JERSEY (THE "MINISTER") AND THE COMMITTEE FOR ECONOMIC DEVELOPMENT OF THE STATES OF GUERNSEY (THE "COMMITTEE") (continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the Body Corporate's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

We obtained an understanding of the legal and regulatory frameworks that the Body Corporate operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These included compliance with Financial Services Ombudsman (Jersey) Law 2014 and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014.

Our testing included:

- enquiries of management regarding known or suspect instances of non-compliance with laws and regulations;
- enquiries of management regarding known or suspect instances of irregularities, including fraud;
- undertaking analytical procedures to identify unusual or unexpected relationships;
- review of minutes of Board meetings throughout the period;
- testing the appropriateness of journal entries and other adjustments; and
- agreement of the financial statements disclosures to underlying supporting documentation.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatement of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with the directors who should not rely on the audit to discharge those functions.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Minister and the Committee, in accordance with Schedule 2 Article (4)(1)(5)(a) of the Financial Services Ombudsman (Jersey) Law 2014 and Schedule 1(5)(4)(a) of the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 respectively. Our audit work has been undertaken so that we might state to the Minister and the Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Body Corporate, the Minister and the Committee, for our audit work, for this report, or for the opinions we have formed.

**Phil Crosby
For & on behalf of
RSM Channel Islands (Audit) Limited
Chartered Accountants
Jersey, C.I.**

15 April 2026

STATEMENT OF INCOME AND RETAINED EARNINGS
for the year ended 31 December 2025

	Notes	2025 GBP	2024 GBP
Revenue	3	<u>1,684,813</u>	<u>1,479,833</u>
Gross surplus		1,684,813	1,479,833
Administrative expenses	4	<u>(1,463,251)</u>	<u>(1,249,626)</u>
Operating surplus		221,562	230,207
Interest receivable		19,247	7,443
Surplus for year		<u>240,809</u>	<u>237,650</u>
Retained earnings brought forward		717,536	479,886
Retained earnings carried forward		<u><u>958,345</u></u>	<u><u>717,536</u></u>

All the items dealt with in arriving at the above results relate to continuing operations.

The accompanying notes on pages 10 to 21 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2025

	Notes	2025		2024	
		GBP	GBP	GBP	GBP
Fixed assets					
Intangible assets	5		3,473		7,831
Tangible assets	5		3,476		5,281
			<u>6,949</u>		<u>13,112</u>
Current assets					
Unbilled case fees	6	150,150		79,600	
Debtors and prepayments	7	24,343		21,350	
Cash and cash equivalents	8	833,824		652,846	
		<u>1,008,317</u>		<u>753,796</u>	
Creditors: Amounts falling due within one year					
Creditors and accruals	9	56,921		49,372	
		<u>56,921</u>		<u>49,372</u>	
Net current assets			951,396		704,424
Net assets			<u>958,345</u>		<u>717,536</u>
Capital and reserves					
Accumulated surplus	11		958,345		717,536
			<u>958,345</u>		<u>717,536</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 April 2026.

Director

The accompanying notes on pages 10 to 21 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

	Notes	2025 GBP	2024 GBP
Cash flows from operating activities			
Surplus for year		240,809	237,650
Adjustments for:			
Interest receivable		(19,247)	(7,443)
Depreciation / amortisation	5	6,163	8,290
(Increase) in unbilled case fees		(70,550)	(4,000)
(Increase)/decrease in debtors and prepayments		(2,993)	764
Increase/(decrease) in creditors and accruals		7,549	(579)
Net cash generated from operating activities		<u>161,731</u>	<u>234,682</u>
Cash flows from investing activities			
Purchase of tangible assets	5	-	(4,026)
Interest received		19,247	7,443
Net cash generated from investing activities		<u>19,247</u>	<u>3,417</u>
Net increase in cash and cash equivalents		180,978	238,099
Cash and cash equivalents at the beginning of the year		652,846	414,747
Cash and cash equivalents at the end of the year		<u><u>833,824</u></u>	<u><u>652,846</u></u>
Cash and cash equivalents at the end of the year comprise:			
Cash and cash equivalents	8	<u><u>833,824</u></u>	<u><u>652,846</u></u>
Net debt reconciliation			

	As at 1 Jan 2025 GBP	Cash flows GBP	As at 31 Dec 2025 GBP
Cash and cash equivalents			
Cash	652,846	180,978	833,824
Overdrafts	-	-	-
Cash equivalents	-	-	-
	<u><u>652,846</u></u>	<u><u>180,978</u></u>	<u><u>833,824</u></u>

The accompanying notes on pages 10 to 21 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

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1 Accounting policies

A summary of the principal accounting policies, all of which have been consistently applied throughout the period, and the preceding year, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Channel Islands Financial Ombudsman are the combined financial statements of the Office of Financial Services Ombudsman Guernsey and the Office of the Financial Services Ombudsman Jersey, referred to in the body of the financial statements as the OFSOs.

The financial statements have been prepared on the historical cost basis and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the OFSOs' accounting policies (see note 2).

1.2 Going concern

The OFSOs continue to adopt the going concern basis in preparing their financial statements for the following reasons:

- All statutory aspects of the mandate are in place making the OFSOs mandatory;
- There is statutory ability to levy industry to cover operating costs;
- There is a strong cash position and prudent operating reserves;
- Case files and associated case fee income are in line with expectations; and
- As regards the pan-Channel Islands joint operation of the OFSOs, there is a Memorandum of Understanding in place between the Guernsey Committee for Economic Development and the Jersey Minister for Sustainable Economic Development.

1.3 Revenue

The intent underpinning the design of the OFSOs funding regime is to charge on a basis that is transparent, fair and simple to administer.

The Financial Services Ombudsman (Case-fee and Levies) (Bailiwick of Guernsey) Order 2015, as amended by the Financial Services Ombudsman (Case-fee and Levies) (Bailiwick of Guernsey) (Amendment) Order 2018 and the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015, as amended by the Financial Services Ombudsman (Case-fee, Levy and Budget-Amendments) (Jersey) Regulations 2018, provided for the OFSOs to prescribe schemes for case fees and levies to be paid by certain financial services providers in respect of the expenses of the OFSOs.

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2025

11

1 Accounting policies - continued

1.3 Revenue - continued

Sources of revenue

The principal sources of revenue are annual levies and case fees.

Annual levy

The detail regarding the levies for 2025 is set out in the Financial Services Ombudsman Levy Scheme (Bailiwick of Guernsey) 2025 (the '2025 Guernsey Levy Scheme') and the Financial Services Ombudsman Levy Scheme (Jersey) 2025 (the '2025 Jersey Levy Scheme'). The detail regarding the levies for 2024 is set out in the Financial Services Ombudsman Levy Scheme (Bailiwick of Guernsey) 2024 (the '2024 Guernsey Levy Scheme') and the Financial Services Ombudsman Levy Scheme (Jersey) 2024 (the '2024 Jersey Levy Scheme').

The OFSOs' levies are payable by 'Registered Providers', as defined in the Financial Services Ombudsman (Case-fee and Levies) (Bailiwick of Guernsey) Order 2015 and the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015. Broadly these are providers that are required to register with the Guernsey and Jersey Financial Services Commissions ("the Commissions") or are licensed or hold a certificate or a permit under the regulatory laws as specified. Data on registered providers is provided by the Commissions to the OFSOs, as set out in the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 and the Financial Services Ombudsman (Jersey) Law 2014.

The 2025 levy was payable per sector of activity, for which, on 8 January 2025, a provider was registered with or held a licence, permit or certificate from the Commissions, unless the Registered Provider was entitled to zero-rating in accordance with the 2025 Guernsey Levy Scheme or 2025 Jersey Levy Scheme. Levy notices were sent out from March to July 2025 and Registered Providers were required to pay to the OFSOs the levy as specified in the levy notice, unless they have certified as zero-rated in accordance with the procedure specified in the levy notice.

The levies raised the funding required for the operation of the OFSOs in 2025. In setting the amount to be raised in levies the OFSOs' board was mindful of the need to manage the reserves. The total levy amount required was £1,235,340 an increase of 5% of the total levy required for 2024.

Levy income is recognised in the period to which the levy relates. No adjustment is made in respect of any changes to providers' licences after 8 January 2025, with any changes in providers' licences coming into effect from the 2026 year of assessment.

Actual 2025 levy amounts per sector:

	GBP
Banking	617,688
Insurance and/or general insurance mediation business	203,112
Investment business and/or fund functionary	244,062
Money service business	63,882
Lending, credit and finance providers	62,244
Registered credit provider	40,950

1 Accounting policies - continued

1.3 Revenue - continued

Case fees

Case fees are set in the Financial Services Ombudsman Fee Scheme (Bailiwick of Guernsey) 2025 and the Financial Services Ombudsman Fee Scheme (Jersey) 2025. Case fees are charged on a fixed basis irrespective of the outcome and the time and other costs incurred relating to the specific case. Each financial services provider ("FSP") must pay to the OFSO a case fee for each complaint against the provider that is referred to the OFSO, unless, in the opinion of an ombudsman:

- on receipt of the complaint, it is apparent that it is not eligible or should be rejected; or
- at any time the complaint is rejected as frivolous or vexatious.

The amount of the case fee for each complaint received on or after 1 January 2025 is:

- £nil for Community Savings Limited;
- £1,125 for any registered provider that is liable to pay a levy; and
- £1,800 for any other provider.

Case fee income

Case fee income is recognised when it is billable. A complaint becomes billable once it has completed the initial jurisdictional checks and has not been rejected as ineligible or for other reasons in accordance with the legislation. Ordinarily, the OFSO will invoice any case fees quarterly in arrears. If any provider accumulates 10 or more cases since the previous case fee invoice the OFSO may issue an interim case fee invoice.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

1 Accounting policies - continued

1.4 Intangible and tangible assets

Intangible assets are predominantly the OFSOs' website and brand and its bespoke complaint management system ("CMS"). These assets are initially recognised at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 5 years.

The estimated useful lives for intangible assets are as follows:

Website and brand	5 years
Complaint management system	5 years

Intangible asset amortisation commences upon commissioning of the asset in question.

Tangible assets comprise computer equipment. These assets are initially recognised at their purchase price, including any incidental costs of acquisition. Depreciation is calculated to write down the net book value on a straight-line basis over the expected useful economic life of the asset.

The estimated useful life for tangible assets is 4 years.

The board's policy is only to capitalise costs over £1,000 in total per item.

1.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts (if applicable) that are repayable on demand and form an integral part of OFSOs' cash management.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

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1 Accounting policies - continued

1.6 Financial instruments

Financial instruments are classified as basic or other financial instruments in accordance with Section 11 and 12 of FRS 102. Basic financial instruments include unbilled case fees, debtors and prepayments, cash and cash equivalents, creditors and accruals. There are no other financial instruments in these financial statements.

(i) Financial assets

Unbilled case fees and debtors are recognised initially at the transaction price adjusted for attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial assets measured at amortised cost are assessed at the end of each reporting period for impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

Financial assets are derecognised when the contractual rights to cash flows from the asset expire or are settled.

(ii) Financial liabilities

Creditors and accruals are recognised initially at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

(iii) Offsetting

Financial assets and liabilities (and related income and expenses) are only offset and the net amounts presented in the Statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

No financial assets and liabilities have been offset at the year end date.

(iv) Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation, using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

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1 Accounting policies - continued

1.6 Financial instruments - continued

(v) Impairment of assets

At each reporting date, assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of income and retained earnings.

1.7 Taxation

The income of the OFSOs is not subject to income tax under the Income Tax (Guernsey) Law 1975 or the Income Tax (Jersey) Law 1961.

1.8 Foreign currency translation

Functional and presentation currency

The OFSOs' functional and presentational currency is pound sterling because that is the currency of the primary economic environment in which the OFSOs operate.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings.

1.9 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1 Accounting policies - continued

1.10 Pensions

The OFSOs provide membership to an outsourced defined contribution plan for its employees. A defined contribution plan is a pension plan under which the OFSOs pay fixed contributions into a separate entity. Once the contributions and administration fees have been paid, the OFSOs have no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown within creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the OFSOs in independently administered funds.

1.11 Interest receivable and similar income

Interest receivable is recognised in the Statement of income and retained earnings using the effective interest method.

1.12 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

1.13 Rents

Rentals under licence agreements are charged to the Statement of income and retained earnings on a straight-line basis over the term of the agreement.

1.14 Expenses

Expenses are accounted for on an accruals basis.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Recoverability of unbilled case fees and debtors are the key areas of judgement.

In assessing unbilled income recoverability, management have considered each entity's awareness of the OFSOs' case fee and levy schemes and whether the entity to be billed is still in operation.

In assessing debtor recoverability management have considered any certifications regarding zero rating, whether the entity is still in operation and whether the entity is still a Registered Provider (see note 1.3).

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2025

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3 Analysis of revenue

An analysis of revenue is provided below:

	2025 GBP	2024 GBP
Case fees		
Guernsey OFSO	181,300	157,575
Jersey OFSO	271,575	188,450
Levies		
Guernsey OFSO	673,258	609,324
Jersey OFSO	558,680	524,484
	<u>1,684,813</u>	<u>1,479,833</u>

Contingent asset

A portion of the time costs (salaries) of the Principal Ombudsman and Case Manager will be charged against eligible pension providers when the new Jersey occupational pension legislation comes in to effect, currently timeline is uncertain. The time spent during 2022 and 2023 was recorded and monitored and it is more likely than not that an inflow of benefits will occur once the legislation is in place. The amount recorded for the year was £Nil (2024 £Nil).

CHANNEL ISLANDS FINANCIAL OMBUDSMAN**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2025**18****4 Administrative expenses**

	2025 GBP	2024 GBP
Directors' remuneration	46,500	46,500
Governance costs	8,308	6,148
Staff salaries	858,913	731,605
Contract case handlers	96,953	84,591
Employer social security	44,613	38,808
Staff pension costs	74,239	67,124
Staff training & ESG initiatives	14,457	22,139
Hotels, travel, subsistence	11,003	8,618
IT costs	76,731	51,002
HR & legal costs	19,761	5,577
Auditor's remuneration	27,564	23,500
Bad debts	-	850
Rent and rates	61,425	61,425
Insurances	66,064	52,830
Recruitment and licence fees	1,431	20
Stationery	195	208
Postage	388	334
Telephone	3,979	3,775
General office expenses	8,850	7,388
Trade subscriptions and CPD	8,847	6,580
Bank charges	1,407	1,201
Line of credit charge	2,500	2,500
Annual report & Stakeholder relations costs	13,320	18,613
Data protection costs	9,595	-
Depreciation / amortisation expense	6,163	8,290
Loss on forex	45	-
	<u>1,463,251</u>	<u>1,249,626</u>

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2025

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5 Intangible and tangible assets

	Tangible	Intangible	Intangible	
	Computer	Website	Complaint	
	equipment	and Brand	Management	
	GBP	GBP	system	Total
			GBP	GBP
Cost				
At 1 January 2025	9,865	25,830	55,360	91,055
Additions in year	-	-	-	-
At 31 December 2025	9,865	25,830	55,360	91,055
Depreciation / amortisation				
At 1 January 2025	4,584	21,624	51,735	77,943
Charge for year	1,805	1,827	2,531	6,163
At 31 December 2025	6,389	23,451	54,266	84,106
Net book value				
At 31 December 2025	3,476	2,379	1,094	6,949
At 31 December 2024	5,281	4,206	3,625	13,112

6 Unbilled case fees

	2025	2024
	GBP	GBP
Case fees (see note 1.3)	150,150	79,600

7 Debtors and prepayments

	2025	2024
	GBP	GBP
Trade debtors	-	1,803
Bad debt provision	-	(1,232)
Prepayments	24,343	20,779
	24,343	21,350

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2025

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7 Debtors and prepayments - continued

During the year, the directors took the decision to fully write off the amounts disclosed below:

	2025 GBP	2024 GBP
Balance at the start of year	1,232	1,232
Write off	(1,232)	-
Balance at end of year	-	1,232

The debt was in relation to the 2022 levy. The entity was subject to sanctions and placed in administration. Initially the entity had sufficient assets however it has now been in administration since 2022 and the administrator has advised this year it is likely there will be insufficient assets to settle all claims.

8 Cash and cash equivalents

	2025 GBP	2024 GBP
Cash at bank	833,824	652,846

The OFSOs share one current account, one savings account, and one money market deposit under the account name "The Offices of the Financial Services Ombudsman - CI". The current account has an unutilised overdraft facility of £250,000 (2024: £250,000).

The current account has a corporate card facility of £20,000 (2024: £20,000).

9 Creditors and accruals

	2025 GBP	2024 GBP
Accruals	25,000	23,514
Trade and other creditors	31,921	25,858
	56,921	49,372

There is no unused annual leave as at 31 December 2025 (2024 £nil).

10 Financial instruments

	2025 GBP	2024 GBP
Financial assets		
Financial assets measured at amortised cost	1,008,317	753,796
Financial liabilities		
Financial liabilities measured at amortised cost	(56,921)	(49,372)

CHANNEL ISLANDS FINANCIAL OMBUDSMAN

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2025

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11 Accumulated surplus

The accumulated surplus includes all current and prior period retained surpluses and deficits.

The Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 and the Financial Services Ombudsman (Jersey) Law 2014 states that the OFSO may, in accordance with any guidelines set by the Minister for Treasury and Resources:

- (a) accumulate a reserve of such amount as it considers necessary, and
- (b) invest that reserve and any of its other funds and resources that are not immediately required for the performance of its functions.

12 Other financial commitments

On 4 December 2023 the OFSOs entered into an licensed office agreement with Polygon Serviced Offices Limited for an annual rental of £61,425, fixed until 31 December 2025. A new agreement was entered into on 5 September 2025 for an annual rental of £64,360 fixed until 31 December 2027. The agreement has been classified as an operating lease. The future commitments are as follows:

	2025 GBP	2024 GBP
Due within one year	64,360	61,425
Due 1 - 5 years	64,360	-
	<u>128,720</u>	<u>61,425</u>

13 Related party transactions

During the year, board remuneration of £24,000 (2024: £24,000) was paid to Antony Townsend, the chair and £22,500 (2024: £22,500) was paid to the non-executive directors. No amounts were outstanding at the year end (2024: £nil).

The principal ombudsman is considered to be key management personnel. Remuneration in respect of the principal ombudsman comprises a salary of £236,768 (2024: £231,448), pension contributions of £28,412 (2024: £27,774) and insurance costs of £12,000 (2024: £12,000). At the year end the principal ombudsman owed CIFO £Nil (2024: £nil).

During 2024 CIFO engaged with similar organisations, to ensure staff salaries and benefits were inline with market rates. This exercise will be undertaken again in 2026. The board are satisfied that CIFO salaries and benefits are fair and that pay equity is being met.

the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.1 billion to 1.5 billion.

As the world's population grows, the demand for food and other resources will increase. This will put pressure on the environment and on the world's food supply.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture.

Another way to meet this demand is to increase the efficiency of food production. This can be done by using better farming techniques.

One of the most important ways to increase the efficiency of food production is to use fertilizers. Fertilizers help plants grow faster and produce more food.

There are many different types of fertilizers. Some are made from natural materials, and some are made from synthetic materials.

One of the most common types of fertilizers is nitrogen. Nitrogen is an essential nutrient for plants, and it is found in many different fertilizers.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

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CONTACT

Channel Islands Financial Ombudsman
PO Box 114
Jersey
Channel Islands JE4 9QG

Jersey: 01534 669800

Guernsey: 01481 722218

International: +44 1534 669800

www.ci-fo.org

enquiries@ci-fo.org

AUDITORS

RSM Channel Islands (Audit) Limited
13/14 Esplanade
Jersey

Jersey: 01534 816000

www.rsm.global/channelislands

Credits for production and layout: **The Refinery**, Jersey, Channel Islands