

Meeting	OLC Board Meeting	Agenda Item No.	9
		Paper No.	134.8
Date of meeting	25 July 2024	Time required	10 minutes

Title	Scheme Rules
Sponsor	Steven Pearson, Deputy Chief Ombudsman
Status	OFFICIAL

Executive summary	
<p>The attached paper provides an update on the impacts of the changes to LeO’s Scheme Rules since their launch in April 2023.</p> <p>In terms of impact the principal change still remains the revision to LeO’s time limits – although other changes, like the introduction of SR 5.19/20, are slowly starting to have an impact it still remains too early to comment with any confidence on their likely long-term impacts.</p> <p>In relation to the impact of the time limits provisions, although LeO has seen a significant drop in the number and proportion of out of time complaints that are being submitted, the total number of new complaints received each quarter actually remained stable. This suggested that any reduction in levels of demand that resulted from the change to the time limits provisions was being offset by an increase in levels of inherent demand for LeO’s service.</p> <p>Quarter 1 (2024/25) was the first quarter where we saw the overall level of new complaints received drop (by almost 10% compared to quarter 4). We will continue to monitor levels of demand going forwards.</p> <p>Board can continue to take assurance that the data we collect shows that the changes to the Scheme Rules are not having a disproportionate adverse impact on any group or Groups of LeO’s customers.</p>	
Recommendation / action required	
Board is asked to note the attached paper	
Equality Diversity and Inclusion	
EDI implications	Yes
<p>The paper considers the EDI implications of the changes to LeO’s Scheme Rules on existing and future customers. It also talks to LeO’s plans to collect additional data to provide further assurance on EDI issues.</p>	

Freedom of Information Act 2000 (Fol)	
Paragraph reference	Fol exemption and summary
N/A	N/A

SCHEME RULES UPDATE

1. Impacts of Time Limits changes

It has now been over a year since LeO revised its Scheme Rules and, most significantly, reduced the time limits for bringing complaints to LeO from either six years from date of incident or three years from date of awareness, to a flat one year from date of incident or awareness.

As Board will recall, it was envisaged that of all the changes to the Scheme Rules, this would provide the greatest opportunity to optimise LeO's process by ensuring that the complaints that LeO investigated were fresh, with evidence and recollection easily available and parties (hopefully) more amenable to an early resolution.

It was also identified that the change to time limits posed a risk to access to justice for those customers whose complaints fell outside of those new time limits. For that reason over quarters 1 and 2 LeO's applied a transitional approach to the application of discretion to allow "out of time" complaints to be investigated. From quarter 3 LeO moved away from that transitional approach to the exercise of discretion. As a result the number of complaints received and performance from quarter 3 onwards can be seen as a more reliable indicator of the effects of the changes to LeO's time limits.

As previously reported, in quarter 1 (2023/24) LeO received 2361 online complaint forms. Although, of those only 1886 (79%) were within the new time limits LeO's transitional approach to the exercise of discretion meant that a total of 2183 complaints were accepted.

In quarter 2 the number of complaints received increased to 2615 with 2200 (85%) of those received complaints being within LeO's new time limits. Again, the transitional approach to discretion was applied meaning that overall 2537 complaints were accepted.

In quarter 3 the total number of complaints received dropped to 2310 but of those 2192 (95%) were within LeO's new time limits.

In quarter 4 LeO received 2386 new complaints of which 2338 (98%) were in time.

The data from quarter 1 (2024/25) shows that LeO received 2110 new complaints and although a proportion of those are still being processed, the number of those that fall outside of the new time limits appears to have reduced yet further when compared to quarter 4.

It can be seen from the data that since the launch of the new Scheme Rules the number and proportion of complaints received that are out of time has reduced significantly (from over 500 / 21% in quarter 1 2023/24, to less than 50 / 2% in quarter 4). The initial data for quarter 1 2024/25 suggests that this high conversion rate is

continuing into this new financial year. However, the fact that across 2023/24 the overall numbers of receipts continued to be in excess of 2300 per quarter suggests that any reduction in levels of new complaints received as a result of the Scheme Rules changes was being offset, possibly by an increase in the levels of underlying demand for LeO's service.

LeO's focus on Early Resolutions continues to be as successful for new Scheme Rules cases as it was for cases that had been waiting to be allocated to an investigator and this continued success supports the original premise that the sooner a complaint is brought to LeO the greater the likelihood of it being resolved quickly and informally. As a proportion of new Scheme Rules cases that require a full investigation have yet to be allocated to an investigator, it still remains too early to say whether full investigations of new Scheme Rules cases will also be resolved quicker and more efficiently. We continue to be positive that the changes that we have introduced will mean that investigation times will be shorter for these cases. We will track this data in the coming months.

2. Impacts of other changes

Although the principal change to the Scheme Rules was the change of time limits, Board will recall that the review also introduced a number of other changes which were designed to improve operational efficiency and remove known pinch points within LeO's investigation processes.

Currently a significant proportion of LeO's investigations remain old Scheme Rules cases and because the new rules are not applied retrospectively these old Scheme Rules investigations cannot benefit from the new provisions. Although we are now seeing more new Scheme Rules cases coming through to an investigation it still remains too early to say how often the new rules will be applied and what efficiencies they will deliver.

By way of illustration, since April 2023 only 21 cases have been closed under the new Rule 5.20 process and all of those have been closed since March 2024. Of the other changes, such as the additions to SR 5.7, it was only ever envisaged that these would be deployed in exceptional circumstances where, for example, the complaint was so complex that to investigate it would be detrimental to overall operational performance. As a result, we have not yet seen any instances where these new rules have been deployed

3. EDI impacts of Rule changes

Board will recall that LeO changed its approach to the collection of EDI data to ensure that it could better understand the implications and impacts of the new Scheme Rules on all of the different groups of customers. By moving the collection of EDI data from a relatively manual process once a complaint had been assessed, to including it as

part of the online complaint checker tool LeO increased its EDI data collection rate from an historic 8% to a consistent 36%.

This data has been reviewed by our EDI team on an ongoing basis and they continue to see that the impacts of the rules changes are consistently impacting around 10% of customers across all different EDI groups. As a result, we remain assured that the new Scheme Rules are not having a disproportionate effect on any group(s) ability to access to the Scheme or justice more widely.

Given the numbers of new complaints received each quarter (referred to above), we also remain assured that the changes to the Scheme Rules have not had an adverse impact on the ability of consumers of legal services to bring their complaints to the Legal Ombudsman

We have noted previously that although we now collect more data, there are limitations to how we can use the data. As it cannot be directly linked to a specific person / complaint, we do not currently have the same degree of insight into how the outcome of our investigations varies by reference to EDI characteristics.

Work is ongoing as part of a wider project to further enhance how and when we collect EDI data so that it can be linked to a specific case and be used to provide a more detailed level of insight into our casework.

4. Summary

The data that has been collected and analysed over the year to date shows that the effects of the changes, particularly to LeO's time limits are being felt consistently across all of its customers and continues to provide assurance that there is no evidence of a disproportionate impact on any group(s).

The bulk of new online complaints that LeO receives each quarter are now within the new time limits (based on the information provided by the customer in the first instance). The data would suggest however that any reduction in demand that was likely to be seen as a result of the changes has been offset by an apparent increase in the level of underlying demand for LeO's service.