

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.

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

## **CHANNEL ISLANDS FINANCIAL OMBUDSMAN**

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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>
<b>Gross surplus</b>		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
<b>Surplus for year</b>		<u>240,809</u>	<u>237,650</u>
<b>Retained earnings brought forward</b>		<u>717,536</u>	<u>479,886</u>
<b>Retained earnings carried forward</b>		<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
<b>Fixed assets</b>					
Intangible assets	5		3,473		7,831
Tangible assets	5		3,476		5,281
			<u>6,949</u>		<u>13,112</u>
<b>Current assets</b>					
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>	
<b>Creditors: Amounts falling due within one year</b>					
Creditors and accruals	9	56,921		49,372	
		<u>56,921</u>		<u>49,372</u>	
<b>Net current assets</b>			<u>951,396</u>		<u>704,424</u>
<b>Net assets</b>			<u><u>958,345</u></u>		<u><u>717,536</u></u>
<b>Capital and reserves</b>					
Accumulated surplus	11		<u>958,345</u>		<u>717,536</u>
			<u><u>958,345</u></u>		<u><u>717,536</u></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
<b>Cash flows from operating activities</b>			
Surplus for year		240,809	237,650
<b>Adjustments for:</b>			
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)
<b>Net cash generated from operating activities</b>		<u>161,731</u>	<u>234,682</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets	5	-	(4,026)
Interest received		19,247	7,443
<b>Net cash generated from investing activities</b>		<u>19,247</u>	<u>3,417</u>
<b>Net increase in cash and cash equivalents</b>		180,978	238,099
Cash and cash equivalents at the beginning of the year		652,846	414,747
<b>Cash and cash equivalents at the end of the year</b>		<u><u>833,824</u></u>	<u><u>652,846</u></u>
<b>Cash and cash equivalents at the end of the year comprise:</b>			
Cash and cash equivalents	8	<u><u>833,824</u></u>	<u><u>652,846</u></u>
<b>Net debt reconciliation</b>			
	<b>As at 1 Jan 2025</b>	<b>Cash flows</b>	<b>As at 31 Dec 2025</b>
<b>Cash and cash equivalents</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
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.

## CHANNEL ISLANDS FINANCIAL OMBUDSMAN

### 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 under-pinning 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

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### 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:

	<b>GBP</b>
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

## CHANNEL ISLANDS FINANCIAL OMBUDSMAN

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

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#### 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.

**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.

**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.

**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:

	<b>2025 GBP</b>	<b>2024 GBP</b>
<b>Case fees</b>		
Guernsey OFSO	181,300	157,575
Jersey OFSO	271,575	188,450
<b>Levies</b>		
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

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#### 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**

	<b>Tangible</b>	<b>Intangible</b>	<b>Intangible</b>	
	<b>Computer</b>	<b>Website</b>	<b>Complaint</b>	
	<b>equipment</b>	<b>and Brand</b>	<b>Management</b>	
	<b>GBP</b>	<b>GBP</b>	<b>system</b>	<b>Total</b>
			<b>GBP</b>	<b>GBP</b>
<b>Cost</b>				
At 1 January 2025	9,865	25,830	55,360	91,055
Additions in year	-	-	-	-
At 31 December 2025	<u>9,865</u>	<u>25,830</u>	<u>55,360</u>	<u>91,055</u>
<b>Depreciation / amortisation</b>				
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	<u>6,389</u>	<u>23,451</u>	<u>54,266</u>	<u>84,106</u>
<b>Net book value</b>				
At 31 December 2025	<u>3,476</u>	<u>2,379</u>	<u>1,094</u>	<u>6,949</u>
At 31 December 2024	<u>5,281</u>	<u>4,206</u>	<u>3,625</u>	<u>13,112</u>

**6 Unbilled case fees**

	<b>2025</b>	<b>2024</b>
	<b>GBP</b>	<b>GBP</b>
Case fees (see note 1.3)	150,150	79,600
	<u>150,150</u>	<u>79,600</u>

**7 Debtors and prepayments**

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

## 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:

	<b>2025 GBP</b>	<b>2024 GBP</b>
Balance at the start of year	1,232	1,232
Write off	(1,232)	-
Balance at end of year	<u>-</u>	<u>1,232</u>

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

	<b>2025 GBP</b>	<b>2024 GBP</b>
Cash at bank	<u>833,824</u>	<u>652,846</u>

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

	<b>2025 GBP</b>	<b>2024 GBP</b>
Accruals	25,000	23,514
Trade and other creditors	31,921	25,858
	<u>56,921</u>	<u>49,372</u>

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

#### 10 Financial instruments

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

## 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:

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

#### 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.





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