

CHANNEL ISLANDS
FINANCIAL OMBUDSMAN

2025
Annual Report

Board Report



Channel Islands
Financial
Ombudsman

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

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.

Transparency: 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.

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 CIFO 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 CIFO's law
- Challenges to CIFO'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 CIFO'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.

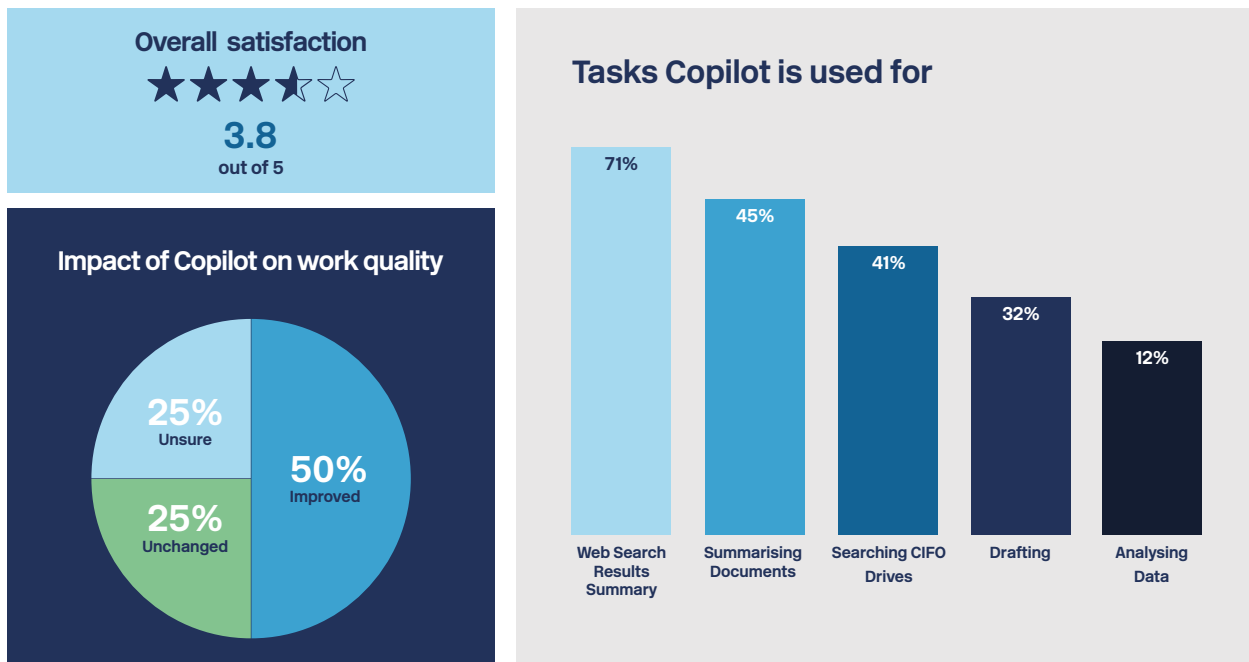
External Factors

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>





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

- **Cost Management**
Undertake a formal review of our costs
- **AI Adoption**
Perform a baseline assessment and identify cost savings through selective adoption of AI and automated processes
- **Upgrade Data Management System**
Undertake operational scoping for upgrade to data management system
- **New User Interface**
Implement new chatbot agent to improve user experience on the website
- **Budget Approval**
Seek to enhance the existing process for CIFO's budget approval with both governments

People

- **Staff Training**
Enhance skills and expertise of team through training
- **CEO and Principal Ombudsman Succession Plan**
Develop succession plan for CEO and Principal Ombudsman
- **Board Succession Plan**
Develop and execute Board succession plan and Board effectiveness review
- **Hybrid Resourcing Model**
Keep hybrid resourcing model under review

2026 Key Objectives

Stakeholder Relations



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

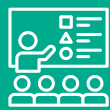


Social Report

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

PART 2: BOARD REPORT

ESG Report



Environmental Report

CIFO 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:

STAFF TRAVEL SURVEY

56%

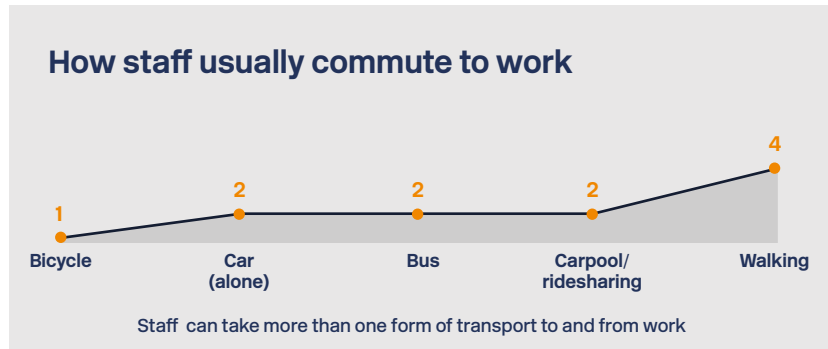
of staff work from home at least 3 days a week

16 business trips

were taken by staff in 2025

78%

of staff said virtual meetings have reduced business travel



BOARD TRAVEL SURVEY

10 business trips

were taken by Board members in 2025

