

20
25/26

**ANNUAL
REPORT**

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A

PART

GENERAL INFORMATION

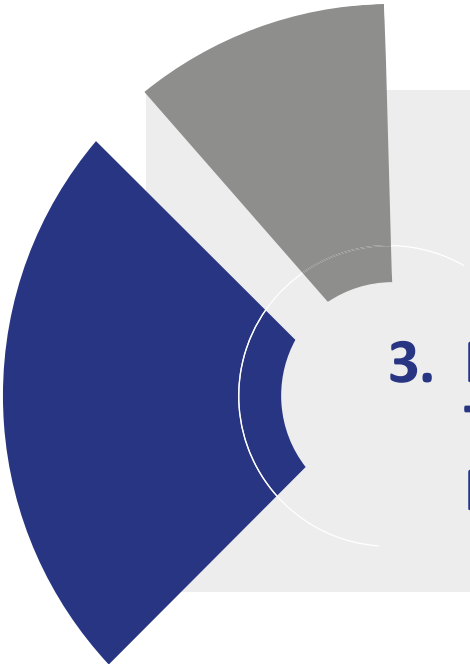
1. Public Entity's General Information

REGISTERED NAME:	Office of the Ombud for Financial Services Providers
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WEBSITE ADDRESS:	www.faisombud.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa
BANKERS:	Standard Bank South African Reserve Bank
COMPANY/BOARD SECRETARY	The FAIS Ombud Governance and Risk Department

2. List of Abbreviations/Acronyms

AFS	Annual Financial Statements	LGD	Loss Given Default
AGSA	Auditor-General of South Africa	PFMA	Public Finance Management Act, Act 1 of 1999
ASB	Accounting Standards Board	PG	Probability of Default
BBBEE	Broad Based Black Economic Empowerment	SARB	South African Reserve Bank
CPD	Corporation for Public Deposits	SCM	Supply Chain Management
EAD	Exposure at Default	SETA	Sector Education and Training Authority
FSCA	Financial Sector Conduct Authority	SICR	Significant Increase in Credit Risk
FSP	Financial Service Provider	TR	Treasury Regulations
ICT	Information Communications and Technology		





3. Foreword by The Minister of Finance



The Governmental priority of building a capable state is served by efficient and effective entities that have a meaningful impact on the lives of its citizens. It gives me great pleasure to present the Annual Report of the Office of the Ombud for Financial Services Providers (FAIS Ombud) for the 2025/26 financial year. The FAIS Ombud continues to play a vital role in South Africa's financial consumer protection landscape, providing an independent, accessible and cost-effective mechanism for resolving disputes between financial consumers and financial services providers.

The Office continued with its mandate to develop and enhance consumer protection and the financial industry. The Office received over 14 000 complaints for the year and awards totaling R39.5m were made where appropriate, resulting in consumers receiving compensation for financial losses they incurred.

The FAIS Ombud continues to adhere to the principles of good governance and financial responsibility. It received a clean audit for the fourth year in succession and achieved 95.4% of its annual performance targets.

The Office's mandate to educate consumers was further supported by the publication of the draft National Consumer Financial Education Policy for public comment, which marks another significant milestone in South Africa's financial sector reform journey. It presents an important step towards advancing the high-level principles on financial consumer protection promoted by the G20 and the Organisation for Economic Co-operation and Development (OECD), particularly those relating to financial literacy, financial education and consumer awareness.

The Global State of Financial Inclusion and Consumer Protection 2022 Report, published by the World Bank Group, highlights a growing global emphasis on Financial Consumer Protection (FCP). More than 97 per cent of responding jurisdictions reported having some form of legal framework dedicated to protecting financial consumers. The report recommends that jurisdictions establish comprehensive FCP regulatory frameworks that cover the full range of financial products and services while retaining sufficient flexibility to respond to the rapidly evolving financial sector.



The report further notes the increasing importance of Alternative Dispute Resolution (ADR) mechanisms in providing accessible and effective avenues for resolving consumer complaints. The number of jurisdictions with ADR mechanisms has grown significantly across all income groups. However, the report also highlights areas for improvement. Only 41 per cent of respondents indicated that their ADR mechanisms have the authority to issue binding decisions, while 40 per cent offer mediation services. The remaining 28 per cent issue only non-binding decisions or recommendations. In addition, approximately half of the surveyed jurisdictions reported that their ADR mechanisms are located within the financial regulator. The report underscores the importance of separating financial consumer protection regulation and supervision from dispute-resolution functions to ensure that supervisory resources remain focused on market-conduct oversight rather than individual complaint handling.

South Africa has demonstrated its commitment to international best practice in this regard. The FAIS Ombud operates independently of the regulatory functions of both the Financial Sector Conduct Authority (FSCA) and the Prudential Authority and has the authority to issue binding determinations. This institutional arrangement strengthens consumer confidence in the fairness, accessibility, and effectiveness of the dispute resolution framework. Following repeated determinations issued against a single provider, the FSCA withdrew its licence. This illustrates the effectiveness of the dispute resolution and regulatory systems working together.

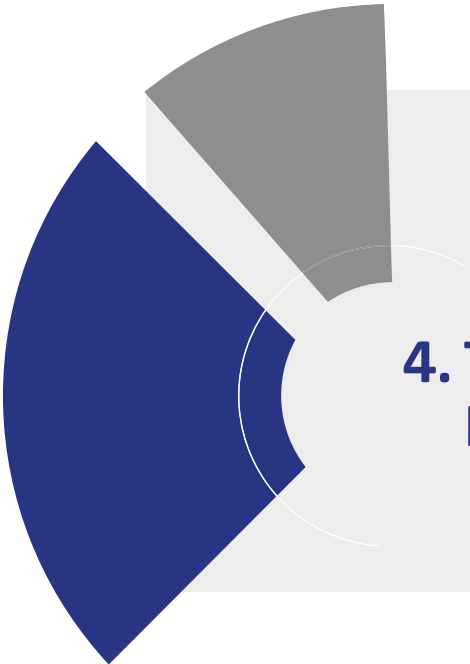
The FAIS Ombud, together with other participants in the financial sector dispute resolution landscape, plays a critical role in promoting consumer awareness and understanding of financial rights and responsibilities. Through ongoing education, outreach and awareness initiatives, these institutions contribute to building a financially capable and informed citizenry. Empowered consumers are better equipped to make sound financial decisions, protect themselves against financial harm, and participate confidently in the financial sector.

The Office's ongoing approach to engagement and to aligning its processes with the National Financial Ombud Scheme (NFO) will help ensure that its future amalgamation into the NFO proceeds efficiently.


Enoch Godongwana, MP
Minister of Finance

Date: 12 August 2026





4. The Ombud's Report



I am pleased to report that it was another good year for the Office. We assisted thousands of consumers in resolving their disputes and provided ongoing guidance to the financial industry to assist their clients.

Our staff complement of 73 (including graduate interns) is now well stabilised, and vacancies are filled quickly where required.

It was necessary to issue twelve determinations during the financial year. Eleven of them were against the same funeral policy provider that failed to pay claims despite numerous undertakings to do so. Due to ongoing complaints, the Financial Sector Conduct Authority (FSCA) initially suspended the Financial Services Provider's (Provider) licence and later withdrew it. The Provider is no longer licenced to provide financial services.

The Office received 3 006 complaints within its jurisdiction and resolved 2 978 cases for the year. In 42% of the resolved cases (including premature complaints), an award was made, or a settlement reached. The approximate R8m increase in compensation compared to the previous year was due to several cases in which large settlements were paid. This can also be attributed to the 2024 increase in the Office's jurisdiction from R800 000 to R3.5m. The cases were closed on average in 55.85 working days, another improvement over the previous year.

The decrease in the number of complaints we received against the large Providers continued from the previous year. With the guidance provided by the Office, the large Providers settle more complaints, which then leads to fewer complaints being reported to the Office. We again commend the Providers for their assistance to consumers. The Office also actively marketed to consumers that they must first report their complaints to the Provider and give the Provider an opportunity to resolve them. This process, together with the premature complaints process, has produced excellent results.

The Office achieved 21 of its 22 Annual Performance Targets, a significant milestone. One employment equity target was narrowly missed by less than a percent due to staff resignations, affecting the ratios at the time. The Office continues to meet or exceed all its core mandate targets on case administration and resolution. We will continue our aim to achieve all of our targets.



Achieving another successive clean audit finding is a source of ongoing pride for us.

The Office completed its project to provide case summaries on its website. The summaries provide consumers and Providers with further guidance on the Office's approach to various issues that arise.

Due to the future amalgamation of the FAIS Ombud with the National Financial Ombud Scheme (NFO), the Office continues to align its processes with the NFO wherever possible. Under the guidance of the Ombud Council, the Office also regularly interacts with the NFO, including collaborating on training and marketing projects.

There were 133 applications to the Financial Services Tribunal seeking reconsideration of the Office's final decision. Only three matters were referred back to the Office for reconsideration. The 97% success rate supports the Office's aim to ensure we issue comprehensive assessments and correct decisions.

The Office's marketing and awareness projects to ensure that rural consumers are informed about the FAIS Ombud have resulted in a gradual but discernible shift in the percentage of complaints by province. Provinces such as Northern Cape, Mpumalanga and North West now reflect a half to one per cent increase compared to the previous year.

My ongoing thanks to the Ombud Council, the governance committees and all stakeholders for their guidance and support.

As a service-driven organisation, the FAIS Ombud staff constitute the core of its success. Thank you for your dedication.

Advocate John Simpson
Ombud

31 July 2026





DETERMINATIONS

M v L

The Complainant took out a funeral policy with the Respondent in 2020. Following the death of an insured family member in July 2024, the Complainant submitted a claim to the Respondent, who was the intermediary and policy administrator. The Respondent did not dispute the validity of the claim and acknowledged liability on multiple occasions.

The Respondent undertook to settle the claim, including agreeing to pay in instalments, but repeatedly failed to honour its undertakings. Only a partial payment of R5 000.00 was eventually made, leaving an outstanding balance of R5 000.00.

The underwriting insurer responsible for the policy was not named by the Respondent. When assessing whether the Respondent's conduct complied with the standards of fairness and professionalism required under the FAIS Act in the provision of financial services, the Office considered the Policyholder Protection Rules and the Treating Customers Fairly (TCF) principles for its investigative purposes.

The Respondent's conduct did not meet the fairness standards set out in the Policyholder Protection Rules. Furthermore, the Treating Customers Fairly (TCF) framework emphasises that customers should not experience unreasonable post-sale barriers when submitting or pursuing valid claims.

The Respondent's conduct did not demonstrate adherence to the standard of acting with due care, skill and diligence, and in the best interest of the Complainant within the context of the FAIS Act and the General Code of Conduct. The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R5 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/P-Mantingani-v-Luvuyo-Burial-and-Consulting-Determination_Redacted-003.pdf

K v L

The Complainant held a funeral policy with the Respondent and added her mother-in-law as an insured life in 2020. Following the insured's death in November 2023, the Complainant submitted a claim for R10 000.00. Although the Respondent initially disputed the existence of an unpaid claim, it later undertook to settle the claim in instalments, but paid only R3 000.00, leaving a balance unpaid.

The Office found that all the claim requirements had been met and that the Respondent did not dispute the validity of the claim, policy coverage, or benefit amount. The Office considered the Treating Customers Fairly (TCF) framework for investigative purposes, which requires financial service providers to ensure that customers experience no unreasonable barriers in accessing benefits. Furthermore, the Respondent's conduct raised general market conduct concerns when viewed against the standards contained in the Policyholder Protection Rules.

The Ombud concluded that the Respondent's conduct was inconsistent with its obligations under the FAIS Act and the General Code of Conduct. The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R7 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/N-Kondile-v-Luvuyo-Burial-and-Consulting-Determination_Redacted-1.pdf

R v E

The Complainant insured her Toyota Prado under a short-term insurance policy arranged through the Respondent. In April 2023, the insurer introduced a new requirement for a tracking device as a condition of cover. The Complainant's vehicle was stolen in November 2023, and her claim was repudiated for non-compliance with this requirement. The Complainant denied having received any communication advising her of the new condition.

The Respondent contended that it had sent multiple email notifications to the Complainant's work email address and relied on its internal systems as proof of communication. However, it failed to produce sufficient audit trail evidence confirming that the emails were actually sent, delivered, or received. The matter raised important issues regarding the burden of proof under section 23 of the Electronic Communications and Transactions Act (ECTA), with reference to *Acrow Ltd v South Mead (Pty) Ltd* [2022] ZAGPPHC 802, which establishes that a sender must prove actual transmission where the transmission is disputed.

The Office evaluated the Respondent's conduct in terms of section 7(1)(a) and section 7(1)(c)(vii) of the General Code of Conduct, which require full disclosure of material policy conditions, and section 3(2), which requires proper record-keeping of client communications. The Respondent failed to demonstrate that it had properly informed the Complainant of the new tracker requirement or retained adequate records to prove such communication.

Moreover, the Office emphasised that the duty of an adviser extends beyond merely sending emails; it includes ensuring that the client is aware of material changes and following up where necessary. This reflects the overarching obligation in section 2 of the Code to act with due skill, care, and diligence. The Respondent's failure to follow up or verify compliance contributed directly to the repudiation of the claim.

Accordingly, the Ombud found that the Respondent breached its statutory duties and acted negligently. The complaint was upheld, and the Respondent was ordered to compensate the Complainant in the amount of R786 300.00, together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/T-Ralph-v-Efficient-Insure-Advisory-Services-Pty-Ltd-Determination-002_Redacted.pdf

J v L

The Complainant took out a funeral insurance policy from the Respondent. The Complainant submitted two death claims for her family members, who were covered for a benefit of R10 000.00 each under the policy. However, the Complainant did not receive the claim payments.

The Respondent made a payment of R2 500.00 to the Complainant and agreed to settle the remaining balance of the claim in multiple monthly instalments of R2 500.00. Based on the evidence submitted, the Complainant had a valid claim; however, the Respondent did not settle the remaining balance. An order was made to uphold the complaint and pay the Complainant R17 500.00, together with interest thereon.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-N-Jikwa-v-Luvuyo-Burial-and-Consulting_Redacted-003.pdf





DETERMINATIONS continued

N v L

The Complainant took out a funeral insurance policy with the Respondent and submitted a claim upon the death of his spouse for the funeral benefit of R20 000.00. The Complainant did not receive the claim payout despite his attempts to follow up with the Respondent. The Respondent did not deny any aspect of the complaint or the claim. On 22 November 2024, the Respondent agreed to pay the Complainant in four equal instalments of R5 000.00 from November 2024 to February 2025, but only paid R5 000.00.

The Respondent did not dispute the payment of premiums, waiting periods, policy coverage, or the benefit amount. Based on the evidence available, the claim amount was payable to the Complainant. For investigative purposes, the Office considered the standards and customer outcomes outlined in the Policyholder Protection Rules and the Treating Customers Fairly (TCF) framework.

The Ombud concluded that the Respondent's conduct did not demonstrate adherence to the standard of acting with due care, skill and diligence, and in the best interest of the Complainant within the context of the FAIS Act and the General Code of Conduct.

The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R15 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-M-Ndeleni-v-Luvuyo-Burial-and-Consulting-003_Redacted-1.pdf

M v L

The Complainant, a dependent under the funeral policy, submitted a claim upon the death of the policyholder for the funeral benefit of R10 000.00 under the policy. The Complainant did not receive the claim payout despite his attempts to follow up with the Respondent.

The Respondent did not deny any aspect of the claim and agreed to pay the Complainant four equal instalments of R2 500.00 from February 2025 to May 2025. Despite this acknowledgment, no payments were made.

The Respondent did not raise any dispute on any aspects related to the payment of premiums, the cover on the policy, or the benefit amount. The Office found that all claim requirements had been met and that the Respondent did not dispute the validity of the claim, policy coverage, or benefit amount.

For investigative purposes, the Office considered the Treating Customers Fairly (TCF) framework, wherein Respondents are expected to demonstrate that they provide products that perform as they have led customers to expect. Customers should also not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim, or make a complaint.

The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R10 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-Mekuto-v-Luvuyo-Funeral-005_Redacted.pdf

N v L

The Complainant had a funeral policy with the Respondent. She submitted a claim for the death of a listed beneficiary under the policy, seeking a funeral benefit of R10 000.00.

The Complainant did not receive the claim payout despite attempts to follow up with the Respondent and sought assistance with the claim payment.

The Complainant provided evidence of the claim form, the death certificate, the identity document of the deceased, the policy document, and the monthly premiums paid. Based on the evidence available, the claim amount is payable to the Complainant.

For investigative purposes, the Office assessed the matter against the Treating Customers Fairly (TCF) framework, which requires Respondents to process claims without unreasonable delay and to ensure that customers do not face unreasonable post-sale barriers when submitting claims. The Respondent furthermore failed to finalise the claim within the prescribed timeframes contained in the Policyholder Protection Rules and did not adhere to its contractual obligations under the policy.

The Ombud concluded that the Respondent failed to render the financial service with due skill, care, and diligence, resulting in the Complainant incurring a financial loss in accordance with the FAIS Act.

The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R10 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-N-Ntantani-v-Luvuyo-Funeral-FAIS-82828-24-25-WC-1_Redacted.pdf

P v L

The Complainant had a funeral policy with the Respondent and submitted a claim upon the death of a listed beneficiary on the policy. The Complainant did not receive the claim payout despite attempts to follow up with the Respondent and sought assistance with the claim payment in the amount of R10 000.00. The Complainant provided evidence of the claim form, the death certificate, the identity document of the deceased, the policy document, and the monthly premiums paid. Based on the evidence available, the claim amount is payable to the Complainant.

For investigative purposes, the Office assessed the matter against the Treating Customers Fairly (TCF) framework, which requires Respondents to process claims without unreasonable delay and to ensure that customers do not face unreasonable post-sale barriers when submitting claims. Furthermore, the Respondent failed to finalise the claim within the prescribed timeframes contained in the Policyholder Protection Rules and did not adhere to its contractual obligations under the policy.

The Ombud concluded that the Respondent failed to render financial services with due care, skill and diligence, resulting in the Complainant incurring a financial loss in accordance with the FAIS Act.

The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R10 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-Pitoyi-v-Luvuyo-Funeral-FAIS-82828-24-25-WC-1_Redacted.pdf





DETERMINATIONS continued

S v L

In this case, the Complainant submitted a funeral claim following the death of her family member, who was added to her policy in 2021. The claim was declined because the deceased's ID number was incorrectly recorded; specifically, the last digit was wrong. The issue was whether this minor error constituted a material misrepresentation that justified repudiation of the claim. The Respondent argued that clients were given six months to correct ID numbers and claimed to have sent bulk SMS reminders, though no proof of such communication was provided. Despite offering to settle the claim in instalments, the Respondent failed to make any payments.

This Office assessed the facts and found that the incorrect digit in the ID number did not materially affect the Respondent's ability to assess risk, as the age and other relevant details remained accurate. For investigative purposes, the Office considered Rule 21 of the Policyholder Protection Rules, which state that minor errors do not invalidate a policy or exclude the insurer's obligations unless they materially impact risk assessment. The Respondent did not dispute other aspects of the claim, such as premium payments or waiting periods.

This Ombud concluded that the claim was valid and that the Respondent acted unfairly and negligently. The complaint was upheld, and the Respondent was ordered to pay R10 000.00 plus interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-Ntloko-v-Luvuyo-Burial_-004_Redacted-1.pdf

N v L

The Complainant submitted a funeral claim of R10 000.00 following the death of a listed beneficiary under his policy. Despite acknowledging the claim and agreeing to pay in two instalments, the Respondent failed to make any payments. The issue was whether the Respondent breached contractual and regulatory obligations when administering the policy. The Respondent did not dispute any aspect of the claim, including policy coverage, premium payments, or waiting periods; thus, the claim was deemed payable.

The Office assessed the matter against the Treating Customers Fairly (TCF) framework, requiring the Respondent to process claims without unreasonable delay and to ensure that customers do not face unreasonable post-sale barriers when submitting claims. Furthermore, the Respondent failed to finalise the claim within the prescribed timeframes contained in the Policyholder Protection Rules and did not adhere to its contractual obligations under the policy.

The Ombud concluded that the Respondent failed to render the financial service with due skill, care, and diligence as required under the FAIS Act, resulting in the Complainant incurring a financial loss. The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R10 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/Determination-Ntloko-v-Luvuyo-Burial_-004_Redacted.pdf

T v L

The Complainant had a funeral policy with the Respondent and submitted a claim upon the death of a listed beneficiary on the policy. The Complainant did not receive the claim payout despite attempts to follow up with the Respondent and sought assistance with the claim payment of R10 000.00. The Complainant provided evidence of the claim form, the death certificate, the identity document of the deceased, the policy document, and the monthly premiums paid. Based on the evidence available, the claim amount is payable to the Complainant.

For investigative purposes, the Office assessed the matter against the Treating Customers Fairly (TCF) framework, requiring the Respondent to process claims without unreasonable delay and to ensure that customers do not face unreasonable post-sale barriers when submitting claims. Furthermore, the Respondent failed to finalise the claim within the prescribed timeframes contained in the Policyholder Protection Rules and did not adhere to its contractual obligations under the policy.

The Ombud concluded that the Respondent failed to render the financial service with due skill, care, and diligence as required under the FAIS Act, resulting in the Complainant incurring a financial loss. The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R10 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/K-Tsholoba-v-Luvuyo_Redacted.pdf

M v L

The Complainant had a funeral policy with the Respondent and submitted a claim upon the death of a listed beneficiary on the policy. The Complainant did not receive the claim payout despite attempts to follow up with the Respondent and sought assistance with the claim payment of R10 000.00. The Complainant provided evidence of the claim form, the death certificate, the identity document of the deceased, the policy document, and the monthly premiums paid. Based on the evidence available, the claim amount is payable to the Complainant.

The Office assessed the matter against the FAIS Act, Policyholder Protection Rules (PPR) and Treating Customers Fairly (TCF) principles, requiring the respondent to process claims without unreasonable delay and to ensure that customers do not face unreasonable post-sale barriers when submitting claims. The Respondent furthermore failed to finalise the claim within the prescribed timeframes and did not adhere to its contractual obligations under the policy.

The Ombud concluded that the Respondent failed to render financial services with due skill, care, and diligence, resulting in the Complainant incurring a financial loss in accordance with the FAIS Act. The complaint was upheld, and the Respondent was ordered to pay the outstanding balance of R10 000.00 together with interest.



The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/FAIS-87398-24-25-WC-1-Mzuzu-v-Luvuyo-Determination_Redacted.pdf



5. Settlements and Case Summaries

The Office of the FAIS Ombud is committed to resolving complaints in a procedurally fair, informal, economical and expeditious manner with reference to what is equitable in all circumstances. In this regard, the FAIS Ombud always explores avenues to resolve a complaint between the parties on an informal basis, without the need for a formal determination.

Detailed below are complaints resolved by conciliated settlement or recommendation of settlement. Some summaries also reflect findings in favour of the Provider but provide valuable guidance to consumers.

Due to confidentiality – all the parties are identified by letters only.

T v S

In October 2020, the deceased client had purchased a single life annuity upon retirement and passed away shortly thereafter, leaving no remaining benefit for his unemployed spouse and minor children.

The Complainant submitted that the advice was unsuitable, maintaining that her husband, who retired due to ill health, would not have selected an option that failed to make adequate provision for his financially dependent family after his death.

The Provider was unable to demonstrate compliance with the suitability obligations under Section 8 of the FAIS General Code of Conduct, as no proper financial needs analysis had been conducted and the recommendations did not adequately take into account the deceased's personal and financial circumstances, including the needs of his dependants.

The matter reinforced the principle that disclosure and suitability are complementary obligations, and that disclosure alone cannot cure advice that is not appropriately tailored to a client's circumstances.

In quantifying redress, actuarial calculations were obtained reflecting the value that would likely have been available had a life annuity with a guaranteed term been recommended.

The Provider accepted the Office's recommendation to make a fair and reasonable settlement offer to the Complainant based on this approach, and the Complainant subsequently accepted the Respondent's settlement offer of R401 877.30.

S v V

The Complainant purchased a funeral policy in May 2024 and submitted that, at the point of sale, it was represented that there was no waiting period and that his mother qualified for immediate funeral cover. However, following her death in September 2024, the claim was rejected because the waiting period had not yet been completed.

The Office requested that the Provider demonstrate compliance with Section 7 of the FAIS General Code of Conduct by providing evidence that the waiting period was properly disclosed during the sales process.

Although the Provider argued that waiting periods are standard industry practice, it was highlighted that a waiting period remains a material term as it directly affects when the risk cover commences and whether a claim will be paid.

Further, Treating Customers Fairly outcome 3 requires clients to receive clear and appropriate information before, during, and after the point of sale. In this matter, the Provider could not demonstrate that adequate disclosure had taken place.

The failure to disclose the waiting period constituted non-compliance with statutory obligations, resulting in prejudice to the Complainant when the claim was rejected. The Provider subsequently accepted this Office's recommendation and made a goodwill payment of R3 500.00 to the Complainant in recognition of the shortcoming identified in the advice process, which the Complainant accepted.



J v F

The Complainant approached the Broker in 2018 seeking income protection specifically linked to his occupation as a professional crop-spraying pilot.

Following a serious accident in 2024, the Complainant sustained a traumatic brain injury and was at risk of developing epilepsy. As a result, the Complainant's pilot licence was suspended, and he could no longer practice his profession.

When he submitted a claim under the life policy, the insurer declined the claim on the basis that the policy only provided functional impairment cover and did not include occupation-based income protection.

The Broker submitted that due to the Complainant's high-risk occupation, several insurers declined to offer occupation-based income protection.

Sections 3, 7, 8, and 9 of the FAIS General Code of Conduct require that advice be appropriate to the client's needs and circumstances, material terms be disclosed, and the advice process be documented.

The Broker was unable to provide a record of advice or any objective evidence disclosing that the recommended functional impairment benefit differed materially from the occupation-based income protection specifically sought by the Complainant, why such cover was not available due to the Complainant's underwriting profile, and how the limitations of the recommended product affected his expressed need for protection against the loss of his occupation and pilot licence.

Given the nature and extent of the deficiencies identified in the advice process, the Office recommended that the matter be resolved through a fair and reasonable settlement. However, during settlement negotiations, the Complainant elected to withdraw the complaint, indicating that he intended to pursue the matter in court.

M v M

In January 2022, the Complainant retired from a provident fund and, based on the Adviser's recommendation, used the retirement proceeds to purchase a life annuity. The complaint arose after the Complainant sought access to a lump sum from the annuity, only to discover that the product did not permit withdrawals due to legislated restrictions applicable to life annuities.

The Complainant submitted that these withdrawal restrictions were never explained and that she was unaware that she would not be able to access the capital once invested.

The Office noted the absence of any objective evidence that the material limitations and restrictions of the product were disclosed before, during, or after the point of sale.

The Office held that the deficiencies in the advice process prevented the Complainant from making an informed decision regarding the suitability and consequences of the recommended product. The Provider accepted the Office's recommendation to resolve the matter by paying a goodwill amount of R50 000.00 to the Complainant, which the Complainant accepted.

N v S

The complaint concerned whether the Broker failed to carry out the Complainant's instruction to cancel insurance cover for his daughter's motor vehicle, resulting in the payment of dual insurance premiums over an extended period.

The Office noted that although the Complainant initially instructed the Broker to remove the vehicle from the policy, the Broker subsequently recommended that cover remain in place to avoid a gap in insurance while alternative cover was arranged. The Complainant accepted this recommendation. Thereafter, the Broker advised the Complainant that formal cancellation documentation was required before the removal could be processed and repeatedly notified the Complainant that the vehicle remained insured under the policy.

Section 3(1)(d) of the FAIS General Code of Conduct requires a Provider to render financial services in accordance with the contractual relationship and reasonable requests or instructions of the client, which must be executed as soon as reasonably possible and with due regard to the interests of the client, which must be accorded appropriate priority over any interests of the Provider.



5. Settlements and Case Summaries continued

The Office considered the objective WhatsApp communication, follow-up correspondence, policy schedules, and annual renewal documentation, all of which demonstrated that the Broker did not ignore the instruction, but rather sought confirmation and completion of the cancellation process.

The Office held that the evidence did not support a finding that the Broker negligently failed to execute the Complainant's instruction, particularly where the Complainant remained aware that the vehicle continued to appear on the policy and no complete cancellation instruction was provided.

The Respondent's proposal to refund 50% of the premiums paid in respect of the dual insurance was considered fair and reasonable in the circumstances. The Complainant, however, rejected the proposal.

M v D

In this matter, the Complainant instructed the Respondent to add three newly purchased Isuzu vehicles to their commercial insurance policy. Two of these vehicles were later involved in accidents, and claims totalling R105 508.07 were rejected because they were not listed on the policy. The Complainant submitted that the Respondent failed to carry out their mandate and should be held liable for the loss.

The Respondent argued that it acted on vehicle information received from the dealership. The insurer confirmed that the submitted details did not correspond to the intended vehicles and that other vehicles were instead added to the policy. The key issue was whether the Respondent breached its obligations under section 2 of the General Code of Conduct, which requires a provider to render financial services honestly, fairly, and with due skill, care, and diligence in the interests of clients.

The Office found that the Respondent had acted reasonably and relied on documentation issued by a third party (the dealership). It was held that it would be unreasonable to impose a duty on the broker to verify technical vehicle information provided by a reputable source independently. Accordingly, the Respondent was found not to have breached the standard of care required under section 2 of the Code.

However, the Office also considered the insurer's reliance on alleged discrepancies. It referred to the principle in *Molefe v Miway Insurance Company Ltd* [2023] ZAGPPHC 489, that an insurer must demonstrate material prejudice to justify repudiation of a claim. As the insurer failed to show such prejudice and had in fact received higher premiums, it was suggested that the insurer consider settling the claims or the matter would have to be referred to the National Financial Ombud Scheme (NFO) to consider the insurer's liability.

The insurer accordingly agreed to pay both claims, in the amounts of R19 785.36 and R77 275.26, respectively, to resolve the matter.

D v P

The Complainant arranged insurance for a Toyota Hilux through the Respondent in December 2022. A cover note issued by the Respondent indicated that a tracking device was required, and the Complainant took delivery of the vehicle, believing that the cover was in place. The vehicle was subsequently stolen in January 2023, and the insurer repudiated the claim due to non-compliance with the tracking device requirement.

The Complainant contended that the Respondent failed to properly explain the nature and specifications of the required tracking device, failed to clarify that the existing device was non-compliant, and failed to follow up to ensure compliance. The Respondent argued that disclosure was made via email and that the Complainant, as an experienced insured, bore responsibility for complying with policy conditions.

The Office assessed the matter in light of section 7(1)(a) of the General Code of Conduct, which requires providers to give a clear explanation of the material terms of a contract, and section 7(1)(c)(vii), which requires disclosure of special conditions and circumstances where benefits will not be provided. The Office emphasised that disclosure must be product-specific and that reliance on prior disclosures (in 2021 and 2022) was insufficient for a newly added vehicle.

Importantly, the Office highlighted that the duty of an adviser under the FAIS framework extends beyond mere disclosure and includes taking reasonable steps to ensure the client understands and complies with material

conditions. This interpretation aligns with section 2 of the General Code (due skill, care, and diligence) and the broader Treating Customers Fairly principles. The Respondent's failure to follow up after requesting an installation certificate, combined with the issuance of a cover note suggesting cover was in place, created a reasonable expectation on the part of the Complainant that cover was in place. The Respondent's actions directly contributed to the loss.

The Office found that the Respondent breached its obligations under the FAIS Act and Code, and that this breach causally resulted in the repudiation of the claim. The Respondent agreed to comply with the recommendation to settle the Complainant's claim of R820 000.00.

S v D

In this matter, the Complainant joined the Bonitas medical aid scheme through the Respondent in July 2021. The Respondent submitted a Discovery membership certificate that lacked an end date, resulting in the insurer imposing a 50% late joiner penalty (LJP) on the Complainant's premiums. The penalty remained in place for approximately 23 months until it was removed upon submission of the correct documentation.

The Complainant submitted that the Respondent was negligent in failing to submit a compliant membership certificate and in failing to respond to the insurer's request for a corrected document. The Respondent argued that the LJP was imposed by the insurer and justified by a break in membership.

The Office considered whether the Respondent complied with its duties under section 2 of the General Code of Conduct, requiring due skill, care, and diligence. It was established that the insurer had specifically requested a certificate with an end date, and that the Respondent failed to respond to this request. As an industry professional, the Respondent was expected to know that such documentation must include an end date to constitute valid proof of prior cover.

In determining causation, the Office applied the two-stage test from *International Shipping Co (Pty) Ltd v Bentley* 1990 (1) SA 680 (A), namely, factual causation (the "but-for" test) and legal causation. It was found that, but for the Respondent's failure to provide the correct documentation, the LJP would not have been applied. Furthermore, the loss was not too remote, as there was a direct link between the Respondent's omission and the financial prejudice suffered by the Complainant.

The Office concluded that the Respondent acted negligently and in breach of the FAIS Act and Code. The Respondent agreed with the recommendation to pay R22 097.25.

R v M

The Complainant held a commercial vehicle insurance policy with Santam through the Respondent. The Complainant experienced repeated debit order failures and was advised by the Respondent to pay premiums via EFT directly to the insurer and provide proof of payment to the broker. Despite making payments in this manner, the policy lapsed due to non-payment, and a claim arising from an accident on 31 January 2023 was rejected because the policy had been cancelled before the loss.

The Complainant submitted that the Respondent was negligent in advising the use of EFT payments without ensuring that such payments were authorised by the insurer or properly allocated to the policy. The Respondent contended that EFT payments were standard practice and that the insurer's administrative failures, including incorrect email addresses used for cancellation notices and delays in allocating payments, were the primary cause of the lapse.

The Office considered the matter in terms of section 2 of the General Code of Conduct, requiring due skill, care, and diligence, and also relied on principles of agency law as confirmed in *Rabinowitz and Another NNO v Ned-Equity Insurance Company Ltd* 1980 (1) SA 407 and the Office's Determination of *Bongani Nxumalo v Central Financial Advisors*, which establish that brokers act as agents of the insured and owe fiduciary duties to their clients.

The Office found that the Respondent failed to obtain confirmation from the insurer that EFT payments were acceptable on an ongoing basis and failed to monitor the broker portal for cancellation notices or take corrective action over an extended period.



5. Settlements and Case Summaries continued

Applying the causation test, the Office found that, but for the Respondent's negligent advice and lack of follow-up, the premiums would likely have been correctly paid, the policy would have remained active, and the claim would have succeeded. However, the Ombud also recognised that the insurer contributed to the loss by sending notifications to an incorrect email address, thereby justifying a reduction in liability on equitable grounds.

The Ombud held the Respondent 50% liable for the Complainant's loss. The Respondent accordingly offered R213 142.53 to resolve the matter, which the Complainant accepted.

K v L

The Complainant retired early due to ill health in 2020 and sought advice from a financial adviser of the Respondent regarding the investment of his pension benefits. He elected to invest the majority of his retirement funds into a life annuity, receiving a fixed monthly income. In 2024, he attempted to increase his income or access the capital, but was informed that the life annuity did not permit such changes. He alleged that he had not been made aware of these restrictions and further alleged that his signature had been forged on the relevant documentation.

The Respondent provided evidence that the Complainant had received and signed a Record of Advice and policy documentation that clearly explained the nature of a life annuity, including that the income is fixed, the capital is not accessible, and benefits cannot be surrendered or altered. The Office assessed the matter with reference to section 7(1)(a) and section 7(1)(c)(vii) of the General Code of Conduct, which requires full disclosure of material terms and restrictions of a product.

On the available evidence, the Office found that the material terms of the life annuity were adequately disclosed and that the Complainant had signed the relevant documentation. The allegation of forgery could not be substantiated and fell outside the Ombud's jurisdiction, as a court was more appropriately positioned to determine it. The Office therefore concluded that there was no evidence of negligence or breach of duty by the Respondent.

J v S

The Complainant invested R800 000.00 on the advice of a financial adviser. He submitted that the product underperformed significantly compared to alternative investments and fixed deposits and claimed losses exceeding R300 000.00. He further submitted that the adviser ignored his instructions, failed to explain risks properly, and acted in a self-serving manner.

The Respondent explained that the investment consisted of a diversified portfolio and that performance was adversely affected by market conditions, including the effects of COVID-19, as well as regular withdrawals that exceeded investment returns. The adviser maintained that proper disclosures were made, a needs analysis was conducted, and the product was suitable for the Complainant's risk profile and objectives.

The Office assessed the complaint in terms of section 8(1)(a) of the General Code, which requires advisers to obtain appropriate client information and provide suitable advice, and Rule 4(f), which limits the Ombud's jurisdiction in matters relating purely to investment performance unless performance was guaranteed or indicative of negligence. The Office found that the adviser had conducted a needs analysis, considered the Complainant's risk profile, and recommended a product aligned with his objective of capital growth.

The Office emphasised that poor investment performance alone does not establish negligence, as returns are not guaranteed and are subject to market conditions. There was no evidence that the adviser misrepresented the product or failed to comply with disclosure obligations.

C v M

The Complainant insured a Toyota Hilux through the Respondent and installed a tracking device as required under the policy. Following the vehicle's theft in October 2024, the insurer repudiated the claim on the basis that the installed tracking device's early-warning functionality had not been activated via the mobile application. The Complainant submitted that he was not informed of this requirement and that the Respondent should be held liable.

The Respondent submitted that it had advised the Complainant to install an approved tracking device and facilitated the installation process. The Complainant confirmed that the device was installed and that he received a fitment certificate. The insurer rejected the claim because the required feature was not activated at the time of loss.



The Office assessed the matter with reference to section 7(1)(a) and section 7(1)(c)(vii) of the General Code, which require disclosure of material terms and conditions, and found that the Respondent had adequately informed the Complainant of the requirement to install an early warning tracking device. The obligation to ensure that the device was properly activated and functioning rested with the Complainant.

The Office further held that the broker's duty does not extend to ensuring ongoing compliance with operational requirements of third-party devices, such as activating app-based features. Any failure in this regard fell outside the Respondent's responsibility and instead related to the Complainant or the service provider.

Accordingly, there was no evidence of negligence or breach of duty by the Respondent, and the complaint had no reasonable prospects of success.

T v T

In February 2016, the Complainant purchased a short-term insurance policy covering specific assets, including a motorbike. In June 2025, the Complainant's motorbike was stolen under suspicious circumstances during an attempted private sale. Thereafter, the Complainant submitted a claim to the Insurer, which was declined on the basis that the policy terms and conditions excluded coverage for "theft under false pretences." In response, the Complainant lodged a complaint with the Office against her Provider, alleging that the material exclusion clause had not been disclosed, resulting in a financial loss.

Under Section 7(1)(a) of the FAIS General Code of Conduct, a Provider must provide a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction to a client and, generally, make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision. Furthermore, Section 7(1)(c)(vii) requires that, at the earliest opportunity, the Provider discloses, where applicable, full and appropriate concise details of any special terms or conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions, or circumstances in which benefits will not be provided.

After reviewing the evidence before it, the Office found that the documentary evidence proved the Provider had adequately disclosed the material exclusion contained in the Client Advice Record (CAR), the Financial Needs Analysis (FNA), and the subsequent policy documents issued to the Complainant. As a result, this Office found no basis to hold the Provider liable for the loss.

V v N

The Complainants submitted that they engaged a Provider to process an internal transfer of ownership of an existing investment portfolio from the Complainant to his spouse. The transfer was based on the Provider's advice that, in the event the Complainant were to pass on prematurely, the surviving spouse would not be able to access the proceeds of the investment portfolio.

After the transfer was completed, the Complainants discovered that the Provider had charged a fee of 3.45% (inclusive of VAT), totalling R1 290 455.03 for the transaction. The Complainants submitted that the fees charged to transfer ownership of funds within the same product provider were excessive and unjustified. In response, the Provider contended that the investment owner's spouse had signed the application form and the ROA, which explicitly outlined the fee and the basis for the transaction.

This Office found that the advice given to the Complainants did not adequately meet the suitability test required under Section 8(1)(a)–(c), (2), (4)(a)–(c) of the Code. The advice did not assess alternative options available to the Complainants, other than the transfer. Furthermore, this Office established that no Financial Needs Analysis (FNA) was conducted to support the advice given to the Complainants. After extensive interaction with the Provider, the Complainant accepted a settlement offer for full reimbursement of the fee charged.

C v A

The Complainant submitted that on 26 September 2025, she discovered that the Insurer had failed to deduct her regular premium, which it automatically deducted on the 7th of each month. The Complainant submitted that on 8 September 2025, the Insurer attempted to debit an amount she had not authorised and was not known to her, which she subsequently reversed. The Complainant's vehicle was involved in an accident, and the Insurer declined to honour the claim on the basis that the policy had lapsed due to non-payment of premiums.



5. Settlements and Case Summaries continued

This Office found that the Insurer failed to comply with Rules 15A.1 and 17.11 of the Policyholder Protection Rules (PPRs) of the Long-Term Insurance Act (LTIA). Furthermore, the Office contended that the Insurer failed to comply with outcome 6 of the Treating Customers Fairly (TCF) principles.

The Insurer considered the submissions made by this Office and agreed to settle the claim for R129 564.98, after deducting the outstanding premium due for September 2025.

D v R

The Complainant stated that in or around 2000, she applied for a funeral insurance policy with the Provider that covered her and her family members, with a benefit of R20 000.00. On 27 January 2025, her daughter passed away, and a claim was duly submitted to the Provider, but it was not paid. On 30 July 2025, the Complainant was informed via SMS that the claim had expired for failure to submit outstanding documents. The Complainant maintains that her funeral policy premiums were consistently paid and that she complied with the claims process to justify payment of her funeral benefit.

In response, the Provider stated that the claim was rejected because the birth certificate, properly issued and stamped by the relevant authority, remained outstanding. In reliance on clause 17 of its policy terms and conditions, the Provider noted that the requested document should have been submitted before the 27 July 2025 expiration date.

This Office investigated the matter and found that the Provider misinterpreted clause 17 of its policy terms and conditions, which sets the maximum period for submitting new claims. The Provider's decision contravened Policyholder Protection Rules (PPRs) 2A.8.1, 2A.8.2, 17.2.1, 17.8.4, 17.8.5, 17.10.1, and 17.5.2. In conclusion, this Office found that the cumulative effect of the Provider's conduct demonstrated a gross failure to properly investigate the claim, the imposition of unreasonable and impractical documentation requirements, an incorrect reliance on policy terms to avoid liability, and non-compliance with the PPRs and the principles of Treating Customers Fairly (TCF), specifically outcome 6.

The Provider agreed to pay the Complainant the funeral benefit of R20 000.00 in full and final settlement of the claim.

J v S

The Complainant stated that in May 2022, his father passed away and his mother inherited approximately R2 million. Around May or June 2022, the Complainant appointed the Provider to assist his mother with retirement planning. The Provider recommended purchasing a capital-preserve life annuity (the product) using the inherited capital. The Complainant's mother passed away approximately 13 months after the product's inception. The Complainant submitted that the annuity was unsuitable and that the Provider failed to conduct proper needs and risk analyses. Furthermore, the advice given to his mother was unsuitable, given her personal circumstances. The Complainant approached this Office and sought repayment of the full invested capital (less income received) to the deceased estate. In response, the Provider asserted that the Complainant's mother wanted the product and agreed to absolutely cede the life policy to the Provider.

This Office investigated the matter and found that the Provider's compliance documents were inadequate and did not justify the advice provided to the Complainant's mother. The Office also established that the Provider failed to meet the requirements imposed by Sections 2, 8, 9, and 3(2)(a)(i)–(iii) of the Code.

Further investigations revealed that the cession of the life insurance policy attached to the product in favour of the Provider constituted a clear conflict of interest because it created a direct financial benefit to the Provider arising from the client's policy. Section 3(1)(b) requires a Provider to avoid conflicts of interest, or, where not possible, to mitigate them. Section 3(1)(c)(i)(aa), (bb) and (cc) requires a Provider or a representative to disclose, in writing, measures to avoid or mitigate conflicts of interest, any financial interest, and the nature of the relationship giving rise to the conflict. Section 3(1)(c)(ii) requires a Provider or a representative to disclose, in writing, the conflict-of-interest management policy.

The Provider agreed to offer the Complainant a settlement of R1.5 million, which he duly accepted.

V v M

The Complainant took out homeowners' insurance with the Respondent, insuring her home for R1 853 940.00 based on a valuation from an estate agent.

Following a fire, she claimed R1 229 884.85 for structural repairs. Although the claim was accepted, it was reduced under the averaging principle because the property was found to be 41.36% underinsured. The Complainant signed a settlement agreement for R721 219.57.



The Complainant submitted that the Respondent failed to properly advise her about home insurance requirements, did not conduct or recommend a replacement valuation, and did not explain her duty to disclose changes or the consequences of underinsurance and sought payment of the shortfall in repair costs.

The Respondent argued that it relied on the Complainant's insured value, and that policyholders are responsible for providing accurate values and disclosing changes. It submitted that this obligation was communicated during onboarding and reflected in the policy documentation.

The Complainant purchased the property in 2003, renovated it in 2020, increasing the sum insured. The underinsurance only became apparent at the claim stage, when the replacement value was calculated at R3 161 495.89.

Based on the FAIS Act, the General Code of Conduct, and relevant case law, the Office found that brokers have a positive duty to explain material policy terms, warn clients about underinsurance, and exercise due care and skill. The Respondent failed to demonstrate that it disclosed the consequences of underinsurance or questioned the appropriateness of a retail valuation. A reasonable broker would have advised verification of the replacement value.

The insurer confirmed that, had the property been insured for its full replacement value, the Complainant would have received an additional R508 665.28. The Respondent agreed to settle the shortfall amount.

S v N

The Complainant lodged a complaint regarding advice given in relation to an investment of R262 000.00 into a living annuity.

The Complainant submitted that he was not properly advised that he would be unable to withdraw his invested funds. He contended that he only later became aware that he could access the capital as a lump sum only if the annuity value fell below the statutory threshold of R125 000.00. Facing financial difficulties, he requested access to his funds but was informed that such access was not permitted under the Income Tax Act.

The Respondent maintained that relevant information was disclosed and that the Complainant agreed to the living annuity after considering available options. However, evidence showed that the Record of Advice did not clearly record disclosures regarding withdrawal restrictions, and the section on the accessibility of funds was marked "N/A".

In assessing the matter, this Office found that although the statutory restriction itself was correctly applied, the Respondent failed to discharge its duty under the FAIS General Code of Conduct and Treating Customers Fairly (TCF) Outcome 3. The restriction on access to funds was a material and core feature of the product, and there was no proof that this was disclosed to the Complainant at the point of sale. Disclosure provided only after the Complainant attempted to withdraw funds was not sufficient.

This Office concluded that the failure constituted non-compliance with the Code of Conduct. While the Complainant could not legally access the funds, the lack of proper advice warranted redress. An ex gratia settlement of R20 000.00 was recommended and offered by the Respondent as fair and reasonable compensation for the failure to disclose.

M v B

The Complainant subscribed to a funeral policy with an inception date of 19 October 2023. His mother was listed as an insured life on the policy. The policy had a six-month waiting period for a natural death claim. Based on the inception date as indicated on the policy, the six-month period would end on 19 April 2024.

The insured passed away on 20 May 2024, after the waiting period had ended. The Complainant submitted his claim for R30 000.00 in accordance with the policy conditions, but he was informed the claim was rejected.

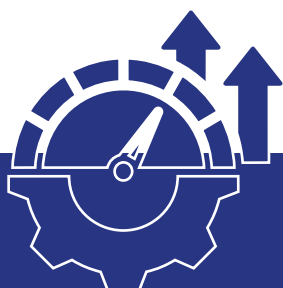
The Respondent submitted that only two premiums of R440.00 each were successfully received in April and May 2024 and submitted a mandate Debi Check report reflecting two transactions, but it was not clear from the report when the payments were made. The Respondent denied that the claim was payable.

Based on the information and evidence, the Complainant paid all required premiums, and the waiting period had lapsed.

There was no evidence that the Respondent informed the Complainant of the premium arrears or that the policy was never accepted by the underwriter.

The Office found that the Respondent's actions were a clear violation of its duties in terms of the General Code of Conduct and, the Long-Term Insurance Act, and the Policyholder Protection Rules. Following a recommendation from the Office, the underwriter settled the claim in full.





OPERATIONAL EFFECTIVENESS

Information and Communication Technology Report

The Audit and Risk Committee continued to provide oversight over the organisation's Information and Communication Technology (ICT) environment by monitoring ICT governance, cybersecurity risks, system performance, and technology-related initiatives that support business operations and strategic objectives.

During the financial year, the organisation focused on strengthening its cybersecurity capabilities and improving operational efficiencies through the implementation of additional security and technology solutions. A significant milestone achieved during the year was the implementation of an Extended Detection and Response (XDR) solution. The XDR capability provides continuous security monitoring, proactive threat detection, incident response support, and improved visibility across the ICT environment to better manage evolving cyber threats.

To further strengthen the organisation's security posture, an automated patch management solution was implemented. The solution enables centralised deployment and monitoring of security updates across systems and devices, reducing vulnerabilities associated with outdated software and improving overall compliance with cybersecurity standards and best practices.

The organisation also undertook enhancements to its financial systems aimed at improving reporting efficiency, strengthening financial controls, and supporting operational effectiveness. These improvements contribute to more streamlined financial processes and improved data reliability.

Recognising the increasing role of emerging technologies in the workplace, the organisation has continued to explore and utilise Artificial Intelligence (AI) solutions to improve productivity and support business processes. In parallel, work is underway to develop and refine AI governance frameworks, policies, and guidelines to ensure the secure, ethical, and responsible adoption of AI technologies within the organisation.

Employee awareness initiatives remained an important component of the organisation's cybersecurity programme during the year. Targeted awareness and training sessions were conducted to educate employees on cybersecurity threats, safe information handling practices, and the importance of maintaining a strong security culture within the organisation.

The organisation did not experience any material cybersecurity incidents, cybercrime events, or significant ICT system failures that adversely impacted business operations. Management continues to monitor the ICT environment proactively to identify and address potential risks and vulnerabilities in a timely manner.

The organisation remains committed to continuously enhancing its ICT environment to support resilient operations, improve security capabilities, and enable efficient service delivery.



ANNUAL REPORT STATISTICS 2025/26

Executive summary

14 544

complaints opened (Inclusive of enquiries, premature complaints and formal complaints). This is a **5.58%** reduction. (2024/25: 15 404)

2 978

formal and premature complaints closed (2024/25: 3 543)

Average closure time for all formal complaints (inclusive of premature complaints) was

55.85

(2024/25: 59.28) working days

26.96%

of closed formal complaints made, resulted in an award or settlement in favour of the complainant. (2024/25: 3 543)

70.91%

of closed premature complaints were resolved in favour of the complainant. (2024/25: 63.10%)

12

determinations issued. (2024/25: 3)

Total amount settled or awarded to consumers was

R39 578 860.00

(2024/25: R31 748 435.00)

133

applications to the Tribunal for reconsideration with 97.74% of all applications dismissed.

(2024/25: 79, with 94.59% of all applications dismissed)

Largest category of formal and premature complaints opened related to long-term insurance (mainly funeral policy-related), **51.67%** of all complaints.

Most complaints opened originated from Gauteng – **37.50%**

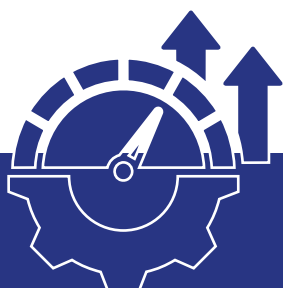
Complaints opened

The Office opened a total of 3 006 complaints (including formal and premature complaints) (3 382 complaints in the previous year).

The Office has always encouraged and guided Financial Services Providers (Providers) to resolve complaints promptly. It has an 'open door' policy that invites them to contact the Office at any stage for guidance in resolving complaints. This could involve general guidance on a principle or specific guidance on a reasonable settlement offer.

Total complaints opened

	No. 2025/26	Percentage 2025/26	No. 2024/25	Percentage 2024/25
Complaints received				
Inquiries	11 538	79%	12 022	78%
Formal Complaints (Inclusive of premature complaints)	3 006	21%	3 382	22%
Total	14 544	100.00%	15 404	100.00%



OPERATIONAL EFFECTIVENESS continued

Enquiries – These complaints do not fall within the jurisdiction of the FAIS Ombud or do not relate to a financial service. Non-FAIS complaints are referred to the appropriate forum, wherever possible.

Formal Complaints – These complaints fall within the FAIS Ombud’s mandate.

Premature Complaints – These complaints are processed through the Premature Complaints process, in terms of Rule 4(iv), which provides that for a complaint to be submitted to this Office: “The respondent must have failed to address the complaint satisfactorily within six weeks of its receipt.”

Formal complaints closed (Inclusive of Premature Complaints)

Total no. of formal complaints closed	No. 2025/26	Percentage 2025/26	No. 2024/25	Percentage 2024/25
Dismissed	1 575 (245)	53%	2 058 (338)	58%
Referred	135	4.5%	29	1%
Settled	1 256 (453)	42%	1 453 (578)	42%
Determination issued	12	0.5%	3	0%
Total	2 978	100%	3 543	100%

* The number in brackets denotes Premature Complaints.

Closed complaints in favour of the complainant	2025/26	2024/25
Formal Complaints	803	783
Premature Complaints	453	670
Determinations	12	3
Total	1 268	1 456

The total number of complaints (Formal complaints, including premature complaints) closed during the 2025/26 financial year was 2 978 (including cases carried over from the previous year and premature complaints). Due to the closure of all the very old cases in the previous year, the number of resolved cases has now stabilised.

It took an average of 55.85 working days to finalise the 2 978 complaints. This is lower than the 59.28 working days it took to finalise complaints in the previous year.

The percentage of complaints (formal complaints, including premature complaints) settled in favour of the consumer, or where an award was made, was 42.18%, compared to 41% in the previous year. The significant contribution made by the Providers in resolving complaints at the initial premature complaints stage continues to have a positive effect.



The percentage of 42.18% comprises formal complaints and premature complaints resolved in favour of the complainant.

Total amount settled or awarded to consumers	2025/26	2024/25
Total	R39 578 860.00	R31 748 435.00

The total amount settled or awarded to consumers was R39 578 860.00 (R31 748 435.00 in 2024/25). This an increase of 24.66% from the 2024/25 financial year.

Premature Complaints

The Premature Complaints process in terms of Rule 4(iv) provides that for a complaint to be submitted to this Office: *“The respondent must have failed to address the complaint satisfactorily within six weeks of its receipt.”*

Where a complaint is received, and there is no indication that it was submitted to the Provider before receipt by this Office, it is designated as a Premature Complaint and sent to the Provider, who is provided with a period of six weeks to either resolve the complaint or to respond as per Rule 4(iv).

During the 2025/26 financial year, the Office opened 2 007 such complaints; of these, 1 237 complaints, where the matter remained unresolved after six weeks, moved to the formal investigation phase.

526 premature complaints were closed without requiring a formal investigation. Of those, 373, or 71%, were resolved directly by the Provider in favour of the complainant.

The average time to resolve these matters was 35.62 working days.

Premature Complaints Opened	No.	Percentage
Dismissed	153	7.5
Settled/Resolved	373	18.5
Still Active as of 31 March 2025	244	12
Converted to Formal Complaints	1 237	62
Total	2 007	100

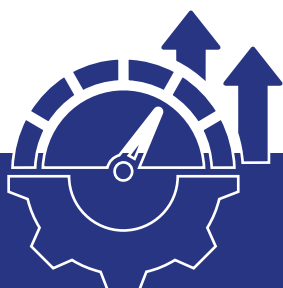
Applications to The Financial Services Tribunal

Applications to the Tribunal	No.
Total applications	133
Leave to reconsider granted	0
Complaint referred back to the Office for reconsideration	3
Application for leave dismissed	130
Awaiting decision from Tribunal	0
Withdrawn	0
Percentage of matters Decided	97.74%

The Office provides detailed reasons for any decision it makes on a complaint. Any party to a complaint who is aggrieved by the final decision may apply to the Financial Services Tribunal (the Tribunal) for a reconsideration of the decision.

During the 2025/26 financial year, the Tribunal received 133 applications for reconsideration (79 in the previous year).





OPERATIONAL EFFECTIVENESS continued

Of the 133 applications filed with the Tribunal, as of 31 March 2026, 130 (97.74%) applications for leave were dismissed, with three complaints referred back to the Office for further investigation.

Enquiries

Enquiries	No. 2025/26	% 2025/26	No. 2024/25	% 2024/25
Dismissed	2 023	17.5	1 652	14
Referred	9 414	81.5	10 177	85
Carried over	101	1	193	1
Total	11 538	100	12 022	100

Whilst there has been a slight decrease in the total number of enquiries received, the number remains relatively high, indicating that this Office's ongoing marketing and consumer awareness campaigns continue to grow consumers' knowledge of this Office. The Office was able to direct and refer the complaints to the appropriate entity, such as the National Financial Ombud Scheme.

Complaints that fell within the jurisdiction of other Ombud schemes or appropriate forums were referred within 1–4 days of receipt.

Complaints Opened Per Channel

Origin	No.	Percentage
E-mail	13 406	92
FAIS Website Portal	1 060	7
Walk-In	71	1
Post	4	0
Phone	2	0
Fax	1	0
Total	14 544	100

Complaints Opened Per Province

Province	No.	Percentage
Gauteng	4 252	37.50
Western Cape	1 648	14.5
KwaZulu- Natal	1 643	14.5
Eastern Cape	1 100	10
Free State	610	5.5
North West	511	4.5
Limpopo	483	4
Mpumalanga	429	4
Northern Cape	333	3
International	282	2.50
	11 291	100.00

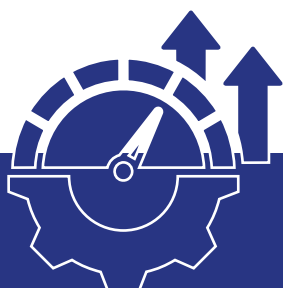
* In 3 253 complaints, no province was provided.

Continuing the trend from the previous year, there was a small reduction in the percentage of complaints originating from Gauteng and a corresponding increase in the percentage of complaints from the smaller provinces. The Office attributes this to the ongoing awareness campaigns being promoted in the more rural areas.

Formal Complaints Opened Per Product

Product – Formal Complaints received	No.	Percentage
Long-term insurance	1 556	
• Funeral Policy	1 234	
• Life Cover	170	
• Endowment Policy	72	51.76
• Credit Life Cover	44	
• Disability Cover	14	
• Income Replacement Policy	8	
• Other	6	
• Critical Illness	5	
• Personal Accident Cover	3	
Investment	383	
• Collective Investment Schemes (Unit Trusts)	212	
• Shares/Equities	111	
• Cash	20	
• Property/Real Estate	16	
• Tax-Free Savings Accounts	7	
• Contracts for Difference (CFD)	7	12.74
• Fixed Deposits	3	
• Commodities	3	
• Money Market	1	
• Exchange Traded Funds (ETF)	1	
• Debentures	1	
• Derivatives	1	
Forex	382	12.71





OPERATIONAL EFFECTIVENESS continued

Product – Formal Complaints received	No.	Percentage
Short-term insurance	318	
• Vehicle Insurance Cover	114	
• Commercial Insurance	67	
• Household Contents Cover	42	
• All Risks Cover	30	
• Homeowners Cover (Building Insurance)	14	
• Warranty Cover	15	
• Cell phone Insurance	8	
• Maintenance Cover	6	10.58
• Other	5	
• Credit Protection Cover	5	
• Credit Shortfall Cover	3	
• Personal Accident Cover	2	
• Salary Protection Cover	2	
• Travel Insurance	2	
• Marine Cover	1	
• Retrenchment Cover	1	
• Pet Insurance	1	
Retirement	226	
• Living Annuity	91	
• Life Annuity	60	7.52
• Retirement Annuity	47	
• Pension Preservation Fund	11	
• Pension Fund	8	
• Provident Preservation Fund	5	
• Provident Fund	2	
• Term Certain Annuity	2	
Medical Assurance	49	
• Primary Healthcare Insurance Policies	23	
• Gap Cover	14	1.63
• Hospital Cash Plan	10	
• Other	2	
Crypto Currency	46	1.53
Non-FAIS	26	0.86
Medical Aid	13	0.43
Wills and Trusts	6	0.20
Banking	1	0.04
	3 006	100.00



Complaints Opened Per Complaint Categories

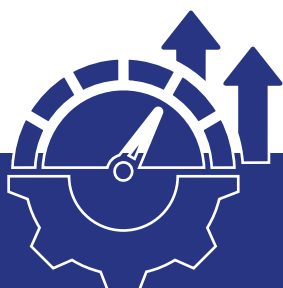
Complaint Categories – Formal Complaints	No.
Treated Unfairly	1 175
Advice Related	613
Non-Payment of Claims	505
Redemption of Investment	294
Financial Service/Service Provided	146
Investment/Premium Contribution Collection	91
Information Provided	67
Lapsing of a Financial Product	39
Fees and Charges	19
Premiums	19
Charges related to a Financial Product/Service	13
Complaints Handling	8
Financial Product/Service Performance	7
Design of Financial Product	2
Financial Product Change/Switch	2
Unregulated Product/s	2
Financial Product Accessibility	2
Other	2
	3 006

Formal Complaints Opened Per TCF Outcome

TCF Outcome	No.
TCF 1 – Fairness culture	1 205
TCF 6 – Claim/Switching/Complaint processes	818
TCF 4 – Appropriate advice	595
TCF 5 – Product performance and service quality	255
TCF 3 – Information/Disclosure	87
TCF 2 – Product/Service design	46
	3 006

TCF or Treating Customer Fairly is a regulatory framework set by the Financial Sector Conduct Authority (FSCA), that governs how a Financial Services Provider (FSP) conducts daily dealings with its clients, ensuring that all clients are treated fairly, during all stages of the product life-cycle and advice process.





OPERATIONAL EFFECTIVENESS continued

The TCF framework is broken down into six TCF outcomes:

1. **Confidence in Corporate Culture:** Customers should feel confident that the financial institution has a culture where fair treatment of customers is central.
2. **Product and Service Design:** Products and services should be designed to meet the needs of specific customer groups and marketed accordingly.
3. **Clear Information:** Customers should receive clear, accurate, and timely information before, during, and after the point of sale.
4. **Suitable Advice:** Any financial advice provided should be suitable for the customer's individual circumstances.
5. **Performance and Service:** Products and services should perform as customers are led to expect, and service standards should be acceptable.
6. **No Unreasonable Barriers:** Customers should not face unreasonable barriers to switching products, submitting claims, or making complaints.

Complaints Referred to Other Forums

A total of 9 547 complaints were referred to other ombud schemes, a decrease of 7.04% on the 10 270 referred during the 2024/25 financial year.

Referred to other Forums	No.	Percentage
National Financial Ombud Scheme	6 119	64.09
National Consumer Commission	1 241	13.00
National Credit Regulator	1 041	10.90
Financial Services Providers	272	2.85
Financial Services Conduct Authority	251	2.63
Other Forums	153	1.60
Pension Fund Adjudicator	152	1.60
Council for Medical Schemes	96	1.00
Motor Industry Ombud	92	1.00
Goods & Services Ombud	70	0.73
JSE Ombud	27	0.28
Tax Ombud	25	0.28
Community Schemes Ombud	8	0.04
	9 547	100.00

Average Turnaround Times

The average turnaround time for all complaints opened (inclusive of enquiries, premature complaints and formal complaints) was 15.14 working days. An improvement from 17.27 working days in 2024/25.

The average turnaround time for formal complaints, excluding premature complaints, was 62.05 working days. An improvement from 73.43 working days in 2024/25.

The average turnaround time for premature complaints was 35.62 working days, which correlates with the 6-week period afforded to Providers as per the Rules on Proceedings of this Office.



Average Turnaround of All Complaints**(Including Enquiries, Premature Complaints and Formal Complaints)**

	No.	Days
Number of Days – Inclusive of Weekends	14 987	22.71
Number of Days – Excluding Weekends	14 987	15.14
	14 987	

Average Turnaround of All Complaints (Excluding Premature Complaints)

	No.	Days
Number of Days – Inclusive of Weekends	14 289	21.20
Number of Days – Excluding Weekends	14 289	14.13
	14 289	

Average Turnaround of Formal Complaints (Including Premature Complaints)

	No.	Days
Number of Days – Inclusive of Weekends	2 978	83.78
Number of Days – Excluding Weekends	2 978	55.85
	2 978	

Average Turnaround of Formal Complaints (Excluding Premature Complaints)

	No.	Days
Number of Days – Inclusive of Weekends	2 280	93.07
Number of Days – Excluding Weekends	2 280	62.05
	2 280	

Average Turnaround of Premature Complaints

	No.	Days
Number of Days – Inclusive of Weekends	698	53.43
Number of Days – Excluding Weekends	698	35.62
	698	

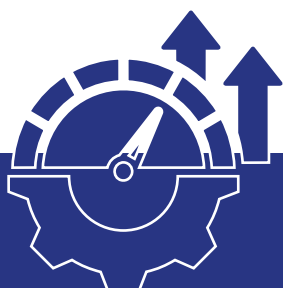
Formal Complaints Resolved within 3, 6 and 9 Months

	Percentage
Complaints Resolved within 3 Months	96.26
Complaints Resolved within 6 Months	98.85
Complaints Resolved within 9 Months	99.78

Vulnerable Consumers**Vulnerable Complainants**

	Received	Closed
Main Category 1: Age (Older than 65)	941	908
Main Category 2: Communication and Understanding (Literacy challenges)	6	5
Main Category 3: Disability (Sight or hearing impaired, etc.)	12	11
Main Category 4: General (Loss of life or retirement savings, etc.)	3	3
	962	927





OPERATIONAL EFFECTIVENESS continued

Vulnerable consumers are assisted by prioritising complaints for the elderly. Complainants with literacy or mental challenges are contacted by telephone, assisted in their own language, and assisted with submitting information wherever possible.

Socioeconomic Information

Effective from the 2025/26 financial year, Complainants were encouraged to submit socioeconomic information for statistical purposes when submitting complaints via this Office's Complaints Portal or where complaints are submitted utilising our Complaint Registration Forms.

This is voluntary, and the results below reflect information obtained from participants in respect of all formal complaints received, including premature complaints.

Gender 2025/26 (Those that Identified)	Percentage
Female	53
Male	47

Age Range of Complainants 2025/26 (Those that Identified)	Percentage
<25	2.13
25–35	15.94
36–45	21.66
46–60	34.15
61–70	17.83
>70	8.29

- It is noted that 81.93% of all complainants who responded to the survey are over the age of 35.
- In addition, 26.12% of all complainants who responded to the survey are over the age of 60.
- This means that the majority of complainants, 55.81%, are between the ages of 35 and 60.

Complaints Per Race 2025/26 (Those that Identified)	Percentage
Black	72.77
White	20.27
Asian/Indian	4.46
Coloured	2.50

Salary Range in R 2025/26 (Those that Identified)	Percentage
0–80 000	50.00
80 000–250 000	19.05
250 000–500 000	18.45
500 000–1 000 000	10.12
>1 000 000	2.38

Where Complainants Live 2025/26 (Those that Identified)	Percentage
Small Town	38.49
Large Town	27.04
City	26.42
Rural/Farm	8.05

6. Statement of Responsibility and Confirmation of Accuracy for The Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements have been prepared in accordance with the GRAP standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human capital information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human capital information and the financial affairs of the entity for the financial year ended 31 March 2026.

Yours faithfully,



Advocate John Simpson
Ombud

31 July 2026



7. Strategic Overview



MISSION

To promote consumer protection and enhance the integrity of the financial industry by the fair and expeditious resolution of complaints reasonably, informally and free of charge.



VISION

To be an independent, effective and trusted alternative dispute resolution office for the resolution of complaints arising from the provision of financial services.



VALUES

1. Respect.
2. Accountability.
3. Compliance.
4. Diversity.
5. Fairness.

Credo

The FAIS Ombud's credo states:

- We believe our first responsibility is to the Constitution of the Republic of South Africa and to the statutory mandate, which created our organisation. We are completely independent and deal with all disputes fairly and impartially.
- Our service is for people from all backgrounds. We will look at the facts of each complaint, not at how well the case is presented. No one should need any special expertise or professional help in order to bring their complaint to us.
- We aim to give clear, sound and logical reasons for our decisions – any fair-minded person should understand why we reached a particular conclusion.
- We are not bound by formal and rigid procedures to resolve complaints, and we aim to be flexible in our approach.
- We will engage all concerned to help both consumers and financial services providers understand their respective rights and responsibilities. Our ultimate aim is to reduce the level of complaints and improve confidence in the financial services industry.
- We must constantly strive to educate both ourselves, and those we serve about our services and make our services easily accessible. We will ensure all parties in a dispute have an opportunity to present their case. In doing so, we will ensure the dignity of those we serve by treating everyone with utmost respect and courtesy.
- We must at all times build a collegiate base that is diverse and equitable and encourages contributions to our core business. We are responsible to ensure that each of our colleagues are regarded as individuals and experience an affirming and empowering learning environment.
- We must be mindful of the ways in which we help our colleagues fulfil their family responsibilities. We must encourage each other to communicate our opinions, feelings and, indeed, our grievances in an environment conducive to amicable resolution, not recrimination. We will support each other to be innovative, to exercise reasonable initiative, and to share our learning.
- We are responsible to the communities in which we live and work and to the larger international community. We must be good citizens and support civic initiatives.
- We believe our final responsibility is to the industry. The business must make a sound profit, underpinned by good corporate governance and moral values. We must explore and suggest fresh approaches to consumer services in the course of our enterprise.
- We believe when we operate according to these principles, we will all realise a significant improvement.



8. Legislative and Other Mandates

The FAIS Ombud was established in terms of section 20 of the Financial Advisory and Intermediary Services Act, (Act 37 of 2002) (FAIS Act). The FAIS Ombud is a schedule 3A entity in terms of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA) and reports to the National Treasury.

FAIS Act

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the FAIS Act, the Code of Conduct for Financial Institutions and the rules promulgated thereunder.

A complaint could arise where, in the rendering of a financial service by a Financial Services Provider or their representative, it is alleged that the financial services provider:

- Has contravened the provisions of the FAIS Act and that the complainant has suffered, or is likely to suffer, financial prejudice or damage.
- Has acted wilfully or negligently in rendering the financial service and has caused, or is likely to cause, prejudice or damage to the complainant.
- Has treated the complainant unfairly.

In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and impartially.

Conduct of Financial Institutions Bill (COFI)

Once enacted, this legislation will repeal the various sectoral pieces of financial sector regulation and will cater for the implementation of singular legislation across all financial services sectors, with market conduct standards being set for each financial services sector. The COFI legislation will centralise the market conduct legislative framework thereby eliminating the silo approach that existed before.

Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act

This legislation caters for the imposition of levies on the financial services industry and will repeal the imposition of levies as previously provided in the FSB Act. The legislation will also create a mechanism for the imposition of levies to fund the FAIS Ombud's office.

Public Finance Management Act

The FAIS Ombud is a National Public entity and is listed under schedule 3A of the PFMA. Accordingly, it is bound by all the provisions of the PFMA. The PFMA regulates financial management in the national and provincial governments; ensures that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively, and it provides for the responsibilities of persons entrusted with financial management in those governments.

Government Priorities

The seventh government administration has set itself the following three priorities:

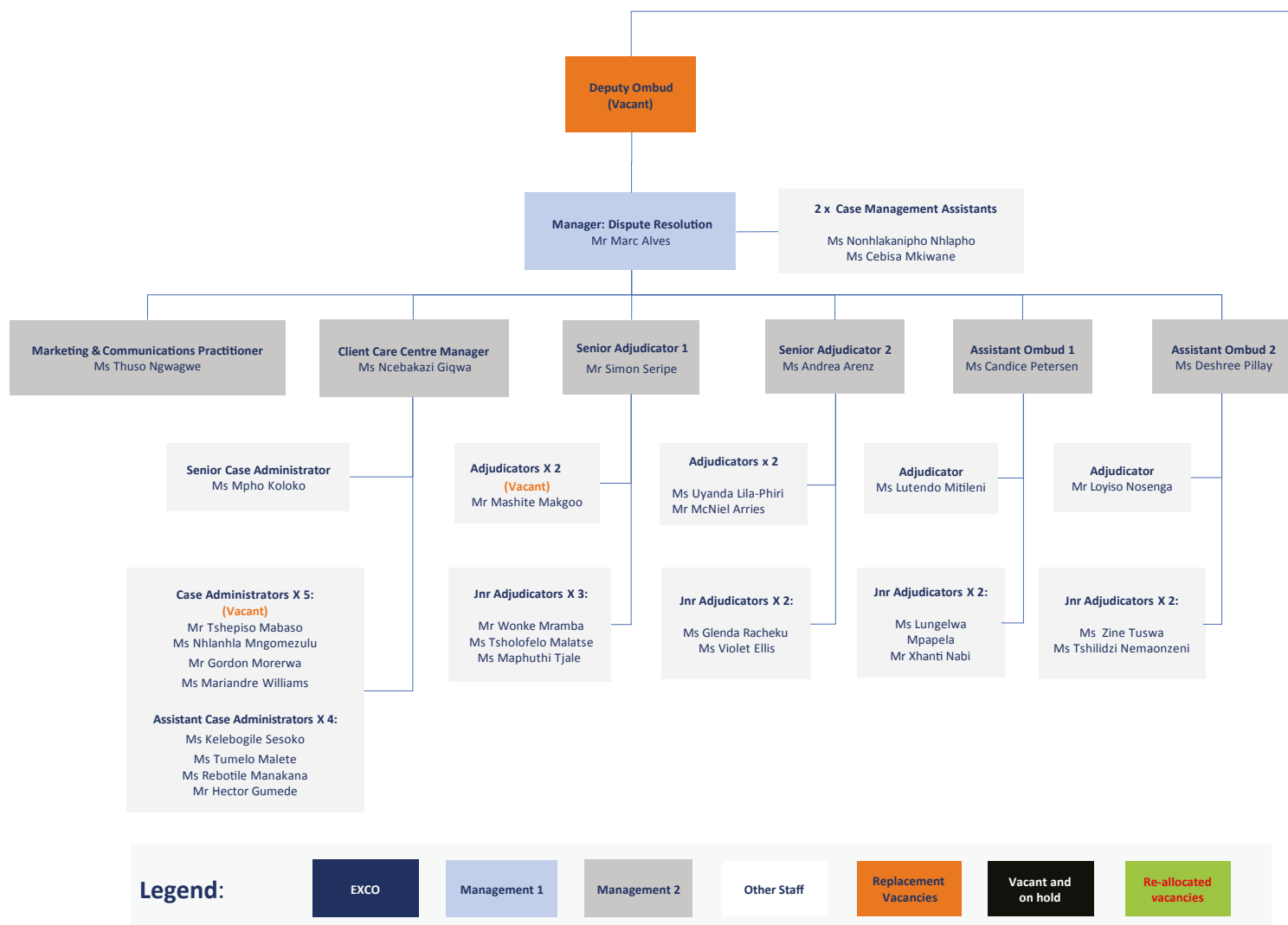
- i. Drive inclusive growth and job creation
- ii. Reduce poverty and tackle the high cost of living
- iii. Build a capable and ethical developmental state

The FAIS Ombud will seek to contribute to the achievement of the government priorities listed above.



9. Organisational Structure

As of 31 March 2026



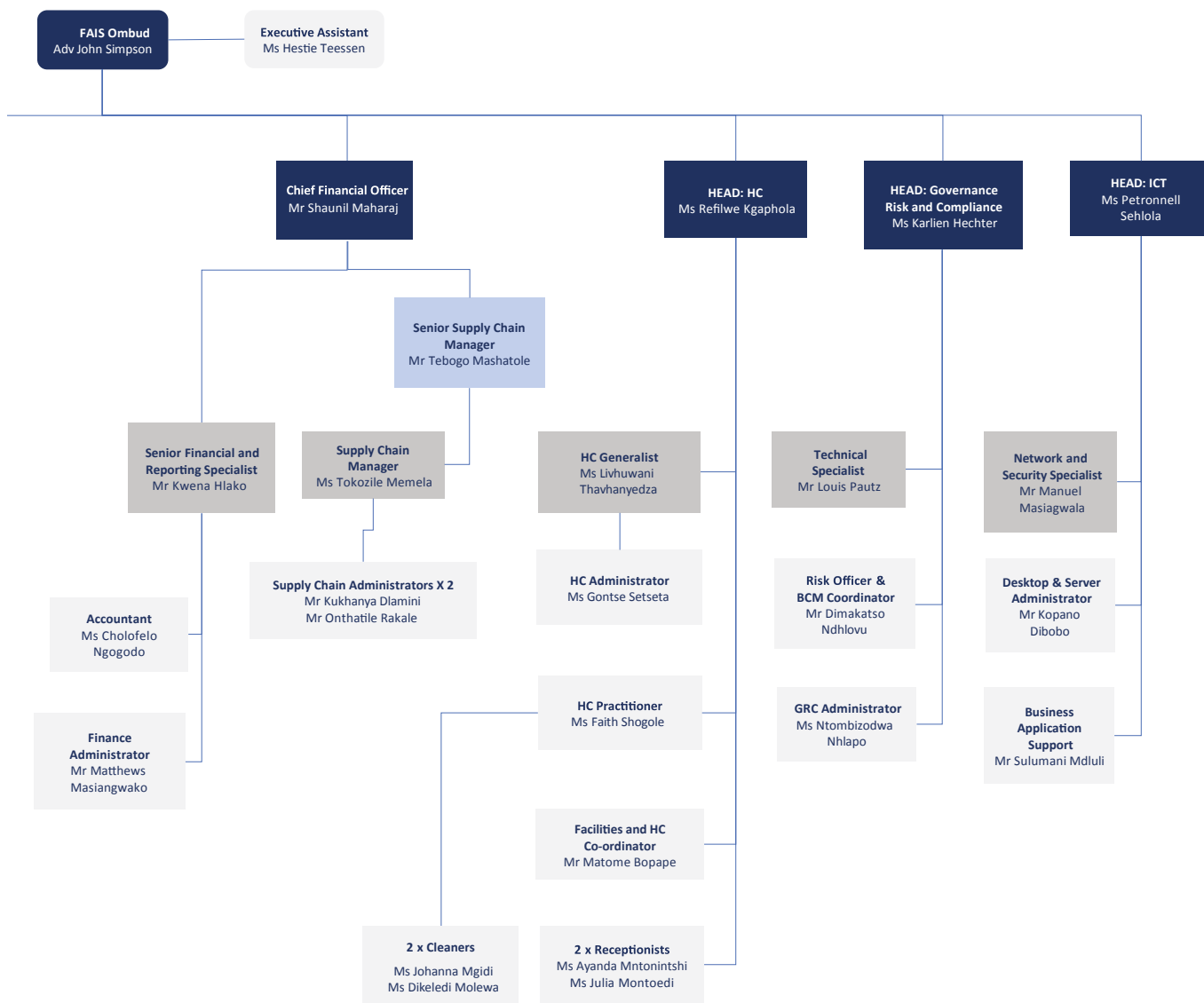
HEAD COUNT (Permanent positions filled as per the approved staff structure) – 59

VACANCIES – 3

- Adjudicator;
- Deputy Ombud; and
- Case Administrator

APPROVED ESTABLISHMENT – 62
(Headcount plus Vacancies)





Current graduates – 12 (APR Target is 9)

Temporary Staff – 2

Total staff employed at the Office – 73



9. Organisational Structure continued

Executive Committee



Adv John Simpson
Ombud



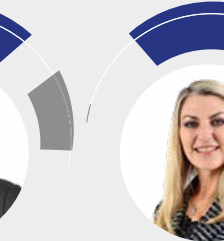
Mr Shaunil Maharaj
Chief Financial Officer



Ms Petronnell Sehlola
Head of Information and Communications Technology



Ms Refilwe Kgaphola
Head of Human Capital



Ms Karlien Hechter
Head of Governance Risk and Compliance

Management



Adv John Simpson
Ombud



Mr Shaunil Maharaj
Chief Financial Officer



Ms Petronnell Sehlola
Head of Information and Communications Technology



Ms Refilwe Kgaphola
Head of Human Capital



Ms Karlien Hechter
Head of Governance Risk and Compliance



Mr Tebogo Mashatole
Senior Supply Chain Manager



Mr Marc Alves
Manager: Dispute Resolution

Ombud Office



Adv John Simpson
Ombud



Ms Hestie Teessen
Executive Assistant

Case Management



Mr Marc Alves
Manager: Dispute
Resolution



Ms Candice Petersen
Assistant Ombud



Ms Deshree Pillay
Assistant Ombud



Mr Simon Seripe
Senior Adjudicator



Ms Andrea Arenz
Senior Adjudicator



Mr Mashite Makgoo
Adjudicator



Ms Lutendo Mitileni
Adjudicator



Ms Uyanda Lila-Phiri
Adjudicator



Mr Loyiso Nosenga
Adjudicator



Mr McNeil Arries
Adjudicator



Ms Tshilidzi Nemaonzeni
Junior Adjudicator



Ms Violet Ellis
Junior Adjudicator



Ms Zine Mahlaka
Junior Adjudicator



Mr Wonke Mramba
Junior Adjudicator



Ms Lungelwa Mpapela
Junior Adjudicator



Mr Xhanti Nabi
Junior Adjudicator



Ms Maphuti Tjale
Junior Adjudicator



Ms Glenda Rachekhu
Junior Adjudicator



Ms Tsholofelo Malatse
Junior Adjudicator



Ms Cebisa Mkiwane
Case Management
Assistant



Ms Nonhlanipho Nhlapho
Case Management
Assistant



Ms Ntandoyenkosi Zulu
Adjudication
Graduate Trainee



Ms Kutloano Thamaga
Adjudication
Graduate Trainee



Ms Mkatoko Baloyi
Adjudication
Graduate Trainee



Ms Thuso Ngwagwe
Marketing and
Communications
Practitioner



Ms Lebogang Baloyi
Marketing and
Communications
Graduate Trainee



9. Organisational Structure continued

Finance and Supply Chain Management



Mr Shaunil Maharaj
Chief Financial Officer

Mr Kwena Hlako
Senior Financial and
Reporting Specialist

**Mr Matthews
Masiangwako**
Finance
Administrator

**Ms Cholofelo
Ngogodo**
Accountant

**Ms Reaobaka
Panana**
Finance Graduate
Trainee

Mr Kgaogelo Moela
Finance Graduate
Trainee



Mr Tebogo Mashatole
Senior Supply Chain
Manager

Ms Thokozile Memela
Supply Chain Manager

Mr Kukhanya Dlamini
Supply Chain Administrator

Mr Onthatile Rakale
Supply Chain Administrator

Mr Dunani Makhubele
Supply Chain Graduate
Trainee

Client Care Centre



Ms Ncebakazi Giqwa
Client Care Centre
Manager

Ms Mpho Koloko
Senior Case
Administrator

Ms Tumelo Maletle
Assistant Case
Administrator

**Ms Nhlanhla
Mngomezulu**
Case Administrator

**Ms Rebotile
Manakana**
Case Administrator

Mr Tshepiso Mabaso
Case Administrator



Mr Gordan Morerwa
Case Administrator

**Ms Mariandre
Williams**
Case Administrator

Mr Nyiko Mabasa
Case Administration
Graduate
Trainee

Mr Clifford Matlhatlha
Case Administration
Graduate
Trainee

**Ms Kelebogile
Sesoko**
Assistant Case
Administrator

Mr Hector Gumede
Assistant Case
Administrator

Information and Communications Technology



Ms Petronnell Sehlola
Head of Information
and Communications
Technology

**Mr Manuel
Masiagwala**
Network and Security
Specialist

Mr Sulumani Mdluli
Business Application
Support

Mr Kopano Dibobo
Desktop and Server
Administrator

**Ms Tshegofatso
Sehata**
Information and
Communications
Technology
Graduate Trainee

Mr Sanele Nzimande
Information and
Communications
Technology
Graduate Trainee

Human Capital



Ms Refilwe Kgaphola
Head of Human Capital



Ms Livhuwani Thavhanyedza
Human Capital Generalist



Ms Faith Shogole
Human Capital Practitioner



Ms Gontse Setseta
Human Capital Administrator



Mr Matome Bopape
Facilities and Human Capital Coordinator



Ms Tlou Manenyena
Human Capital Graduate Trainee



Ms Mbali Mkhumbizi
Human Capital Graduate Trainee

Support



Ms Ayanda Mntonintshi
Receptionist



Ms Julia Montoedi
Receptionist



Ms Johanna Mgidi
Cleaner



Ms Dikeledi Molewa
Cleaner

Governance Risk and Compliance



Ms Karlien Hechter
Head of Governance Risk and Compliance



Mr Louis Pautz
Governance Risk and Compliance Technical Specialist



Mr Dimakatso Ndhlovu
Risk Officer & BCM Coordinator



Ms Ntombizodwa Nhlapo
GRC Administrator





B

PART

PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the report on the Annual Performance Report on Other Legal and Regulatory Requirements section of the Auditor's Report.

Refer to page 89 for the Report of the Auditors, published in Part F: Financial Information.

2. Overview of Performance

2.1. Service Delivery Environment

The Office of the FAIS Ombud has the mandate to review and resolve complaints made by clients against financial services providers. This process is conducted fairly, informally, economically, and efficiently, while considering equity in each situation. The Office aims to be an independent, effective, and trusted alternative dispute resolution body for complaints related to financial services. Its goal is to provide a fair and honourable service, ensuring that financial customers have access to affordable alternative dispute resolution options for their complaints.

The FAIS Ombud's mission is to promote consumer protection and enhance the integrity of the financial services industry through fair and expeditious resolution of complaints, informally and free of charge. In resolving complaints, the FAIS Act and the Rules on Proceedings of the Office of the Ombud for Financial Services Providers require that the Office of the FAIS Ombud act independently and impartially.

During the 2025/26 financial year, the FAIS Ombud operated in a service delivery environment that positively contributed to achieving its targets for the year. The processes and procedures within the Client Care Centre and the Case Management Department are designed to enhance the experience of all complainants. The Office has implemented various technologies to meet its business needs effectively, ensuring a streamlined complaints-handling process and enabling prompt investigation and resolution.

The FAIS Ombud Office is dedicated to educating those it serves about its services and ensuring they are easily accessible. Additionally, the Office aims to engage all relevant parties to help both consumers and financial service providers understand their rights and responsibilities. The ultimate aim is to reduce the level of complaints and enhance confidence in the integrity of the financial services industry. To achieve targets related to consumer

education and improve brand awareness, several consumer awareness initiatives have been conducted using various platforms.

2.2. Organisational environment

Advocate John Simpson, appointed by the Minister of Finance, Mr Enoch Godongwana, continued his leadership as the Ombud for Financial Services Providers (FAIS Ombud) during the 2025/26 financial year. He has made significant contributions to the entity's current financial and strategic performance, which maintains a positive outlook for achieving its long-term Strategic Impact Statement.

2.3. Key policy developments and legislative changes

The FAIS Ombud is a statutory entity. It was created by and derives its mandate from the FAIS Act. The legislative environment is currently undergoing proposed amendments, including the intended implementation of the COFI Bill and the resulting repeal of the FAIS Act, which will materially affect the way the FAIS Ombud operates.

The Ombud Council is now responsible for the overall monitoring and governance of the Ombud schemes recognised under the FSR Act. The intended amalgamation of the FAIS Ombud into the National Financial Ombud Scheme will directly impact the FAIS Office. The FAIS Office is fully cooperating with the integration process, which is expected to take place over the next 2 to 5 years.

The Ombud Council has formally recognised the National Financial Ombud Scheme (NFO), headed by the Head Ombud, as an industry ombud scheme, effective from 1 March 2024, in accordance with the Financial Sector Regulation Act of 2017. The NFO was established principally to conduct the business of an industry ombud scheme – to receive, investigate and resolve complaints against any participant in



2. Overview of Performance continued

the NFO scheme rules – and, in that way, protect and promote financial customer rights in relation to financial institutions, products and services.

During the reporting period, the implementation of changes stemming from the establishment of the Ombud Council and NFO continued from the previous financial year and is expected to persist into the next financial year.

In addition, there are legislative prescripts that speak to the FAIS Ombud's support functions. Legislative, regulatory, and policy changes by National Treasury and the Department of Public Service and Administration (DPSA), such as those that speak to cost containment, and affect the entity's operations since they will affect procurement and may also affect staff recruitment.

2.4. Progress towards achievement of institutional Impacts and Outcomes

Impact statement

Promote consumer protection and enhance the integrity of the financial services industry in order to contribute to a robust economy.

Progress on the achievement of the impact statement

The FAIS Ombud is dedicated to aligning its core activities with the national development agenda as outlined in the Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP). As a reputable governance entity, it recognises its crucial role in supporting government initiatives, particularly in promoting the transformation of South Africa's society and economy in pursuit of a capable and developmental state.

To achieve the objectives of the NDP, the FAIS Ombud has initiated and will continue implementing various measures to deliver efficient services. This includes developing the skills of its workforce, providing job opportunities for graduate trainees, and enhancing its overall expertise, all while contributing to the goal of driving inclusive growth and job creation.

Additionally, the FAIS Ombud has established a comprehensive strategy to enhance its visibility and accessibility. It is committed to advancing its consumer education initiatives, which are essential to its mission of building a capable, ethical, and developmental state. Through its consumer protection efforts, it aims to strengthen the integrity of the financial services industry, contributing to the broader national development objectives of reducing poverty and addressing the high cost of living.

Outcomes and progress on the achievement

Achievement of legislative mandate – Satisfied Customers

All processes and procedures within the Client Care Centre and the Case Management Department are designed to enhance the customer experience for all stakeholders involved in a complaint. This includes a deliberate approach to developing outputs aimed at achieving this outcome.

The outputs, detailed below, are designed to measure the effectiveness of the Office of the FAIS Ombud in executing its mandate concerning the expeditious investigation of complaints. Ensuring expeditious resolution of complaints is fundamental to the FAIS Ombud's responsibilities and is essential for achieving satisfaction among all individuals who utilise its services. The following outputs serve to measure the efficacy of the FAIS Ombud in conducting investigations expeditiously and to realise the enhancement of the customer experience and achieving the desired outcome:

- The percentage number of complaints resolved within a period of nine months from the date of receipt – The Office of the FAIS Ombud has committed to ensuring that 92% of all complaints received are resolved within a period of nine months.
- The percentage number of complaints resolved within a period of six months from date of receipt – The Office of the FAIS Ombud has committed to ensuring that 85% of all complaints received are resolved within a period of six months.
- The percentage number of complaints resolved within a period of three months from date of receipt – The Office of the FAIS Ombud has committed to ensuring that 75% of all complaints received are resolved within a period of three months.
- Maximum percentage of active complaints older than nine months – The Office of the FAIS Ombud has committed to ensuring that, at any time, not more than 20% of all active complaints will be older than nine months from date of receipt.
- Efficiency ratio measuring the percentage of closed complaints received in a specific financial year – The Office of the FAIS Ombud has committed to ensuring that a minimum of 80% of all complaints received during the 2025/26 financial year are resolved within the financial year.

In addition to the outputs listed above, the Office of the FAIS Ombud has an additional output that is designed to measure the effectiveness of these outputs in enhancing the customer experience.



At the conclusion of all investigations conducted by the Office of the FAIS Ombud, a Customer Satisfaction Form (CSF) is sent to all parties of a complaint to rate the service provided during the investigation and the effectiveness thereof. This output is detailed below:

The percentage number of satisfied customers as measured on returned CSFs for all resolved cases – The Office of the FAIS Ombud has committed to ensuring that 85% of all CSFs that are returned are positive.

Optimised internal capacity, business processes and systems to enhance operational excellence through support services

Operational excellence is achieved through compliance with applicable legislation/prescripts and is measured by:

- Achieving a clean audit opinion
- Payment of valid invoices to suppliers within 30 days

The graduate trainee programme is a means by which the Office meets its resource requirements and creates a skilled workforce to achieve its strategic goals.

Employment equity statistics contribute to compliance with prevailing legislation.

Enhanced relationships with stakeholders

Given the nature of this Office's work, enhancing stakeholder relationships requires that it engages in several programmes if it is to achieve this objective or outcome. To this end, the Office identifies outreach programmes in various parts of the country, including rural and peri-urban areas, and engagements with industry members.

Consumer education can generally be split into two sub-sections or categories. The first is financial literacy, and the second is consumer literacy in a regulated environment. Financial literacy means an understanding of and ability to apply financial management skills. It will likely lead to consumers seeking financial advice or help to manage their finances adequately. Knowing that you need a financial product may not translate into knowing which one you need. Financial advisers provide a service to assist with the latter.

Consumer literacy in the regulated environment is, however, different. It speaks to knowing how financial products are regulated and that a consumer can identify the processes that must be followed if a dispute arises. Ideally, this should lead to fewer complaints being escalated to the FAIS

Ombud, especially for those complaints based on misinformation.

Where the collective literacy is not sufficient to afford such protection, this Office will continue to serve as a free resource to consumers to resolve such disputes. Especially for those who do not have access to our courts because of the prohibitive costs, lengthy delays and adversarial nature of the litigation process.

The FAIS Ombud views itself as an essential part of the financial industry. A thriving industry enables businesses to generate profitable returns based on strong corporate governance and ethical values. The FAIS Ombud supports the industry by consistently engaging with consumers, financial service providers, industry organisations, the Financial Services Conduct Authority, and the National Treasury.

Improved brand awareness, financial literacy and customer awareness

During the reporting period, the Office continued to invest into reaching South Africans across all walks of life through a deliberate and multi-faceted approach to consumer education and brand awareness. Through radio broadcasts on community and commercial stations, direct outreach at university campuses, community halls, and shopping malls, as well as an active presence across digital and social media platforms, the Office worked consistently to raise consumer awareness.

The Office recognises that consumer education is most effective when delivered in partnership and at scale. Working alongside fellow regulators, government departments, and Ombud schemes, the Office extended its footprint into communities that might not otherwise have easy access to financial consumer education. These collaborative efforts, supported by media engagement and a growing digital presence, reflect the Office's unwavering commitment to ensuring that every South African, regardless of where they live or what language they speak, knows their rights as a consumer of financial services, understands the recourse available to them, and feels confident reaching out to the Office when those rights have not been respected.



3. Institutional Programme Performance Information

3.1. Programme 1: Administration

3.1.1 Purpose: Provide support to core operating divisions of the FAIS Ombud

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

✓ Achieved
 ✗ Not achieved

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2023/24	Actual Audited Performance 2024/25	2025/26		Deviation from planned target to Actual Achievement 2025/26	Reason for deviation
					Planned Annual Target	Actual Achievement		
PROGRAMME: ADMINISTRATION								
Optimised internal capacity, business processes and systems to enhance operational excellence through the support services.	External Audit Report	Clean audit opinion (AGSA)	✔ Clean audit opinion	✔ Clean audit opinion	Unqualified audit opinion	✔ Clean audit opinion	N/A	N/A
	Payment report outlining Supplier invoices paid	Percentage of valid suppliers’ invoices paid within 30 days	✘ 99.83% of valid supplier invoices paid within 30 days	✘ 99.76% of valid supplier invoices paid within 30 days	Pay 100% of valid supplier invoices within 30 days.	✔ 100% of valid supplier invoices paid within 30 days	0%	N/A
	Quarterly report on Employment Equity Targets	Percentage achievement of FAIS Ombud EE targets	✔ 64% female	✔ 61.74 % female	51% female	✔ 59.35% female	+8.35%	Target exceeded. This is driven by attrition rates. This is being addressed with future appointments where other EE targets are prioritised.
			✘ 88% African	✘ 90.43% African	92% black	✘ 91.06% black	– 0.94%	The resignation of staff has affected the current ratios. Future appointments will focus on the employment of suitable EE candidates.
			✔ 6% of employees with disabilities	✔ 5.78% of employees with disabilities	2% employees with disabilities	✔ 6.69% employees with disabilities	+4.69%	Target exceeded due to an increase in the number of employees who declare disabilities.
	Signed trainee contracts	Number of trainees appointed per annum	✔ 12 trainees appointed as at 31 March 2024	✔ 10 trainees appointed as at 31 March 2025	9 trainees appointed by 31 March 2026	✔ 12 trainees appointed by 31 March 2026	+3 trainees appointed as at 31 March 2026	12 trainees were appointed as at 31 March 2026. The target was exceeded as this drive is based on operational requirements and the need to equip the unemployed youth with work experience, making them eligible to enter the labour market and participate in the economy.

3. Institutional Programme Performance Information continued

3.2. Programme: Complaints Resolution

3.2.1. Purpose: Achievement of the legislative mandate – Satisfied Customers

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

✓ Achieved
✗ Not achieved

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2023/24	Actual Audited Performance 2024/25	2025/26		Deviation from planned target to Actual Achievement 2025/26	Reason for deviation
					Planned Annual Target	Actual Achievement		
PROGRAMME: COMPLAINTS RESOLUTION								
Achievement of legislative mandate – Satisfied Customers	Customer satisfaction forms	Percentage of satisfied customers as derived from the CSFs in 2025/26	✔ 86.30% satisfaction rate as derived from the CSFs in the 2023/24 financial year	✔ 85.93% satisfaction rate as derived from the CSFs in the 2024/25 financial year	Achieve 85% satisfaction rate as derived from the CSFs in the 2025/26 financial year	✔ 90.55% satisfaction rate as derived from the CSFs by 31 March 2026	+5.55%	The target was exceeded as the number of complaints older than 9 months was reduced to below 10%. The introduction of Premature Complaints has improved efficiencies, and caseloads in Case Management have been significantly reduced.
	Report complaints responded to within 4 working days of date of receipt of complaint	Percentage of complaints responded to within 4 working days of date of receipt of complaint	✔ Responded to 100% of complaints within 4 days of date of receipt of complaint	✔ Responded to 100% of complaints within 4 days of date of receipt of complaint	Respond to 100% of complaints within 4 days of date of receipt of complaint	✔ Responded to 100% of complaints within 4 days of date of receipt of complaint	0%	N/A
	Report on complaints closed within 9 months of date of receipt	Percentage of complaints closed within 9 months of receipt	✔ 97.15% complaints closed within 9 months of date of receipt	✔ 99.19% complaints closed within 9 months of date of receipt	92% complaints closed within 9 months of date of receipt	✔ 99.79% complaints closed within 9 months of date of receipt	+7.79%	Target exceeded as a result of the introduction of Premature Complaints, which has improved efficiencies and significantly reduced caseloads in Case Management. There is greater emphasis on the expeditious investigation of complaints.
	Report on complaints closed within 6 months of date of receipt	Percentage of complaints closed within 6 months of receipt	✔ 90.06% complaints closed within 6 months of date of receipt	✔ 98.06% complaints closed within 6 months of receipt	85% of complaints closed within 6 months of receipt	✔ 98.85% complaints closed within 6 months of date of receipt	+13.85%	Target exceeded as a result of the introduction of Premature Complaints, which has improved efficiencies and significantly reduced caseloads in Case Management. There is greater emphasis on the expeditious investigation of complaints.
	Report on complaints closed within 3 months of date of receipt	Percentage of complaints closed within 3 months of receipt	✔ 82.07% complaints closed within 3 months of date of receipt	✔ 91.41% complaints closed within 3 months of receipt	75% of complaints closed within 3 months of receipt	✔ 96.26% complaints closed within 3 months of date of receipt	+21.26%	The target was exceeded due to the introduction of Premature Complaints, which has improved efficiency and significantly reduced caseloads in Case Management. There is greater emphasis on expeditious complaint investigation.

3. Institutional Programme Performance Information continued

✓ Achieved
✗ Not achieved

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2023/24	Actual Audited Performance 2024/25	2025/26		Deviation from planned target to Actual Achievement 2025/26	Reason for deviation
					Planned Annual Target	Actual Achievement		
PROGRAMME: COMPLAINTS RESOLUTION								
Achievement of legislative mandate – Satisfied Customers	Report on complaints older than 9 months	Percentage of active complaints that are older than 9 months	✔ 8.1% of all active complaints are older than 9 months as at 31 March 2024	✔ 3.69% of all active complaints are older than 9 months as at 31 March 2025	20% or less active complaints older than 9 months by 31 March 2026	✔ 1.62% of all active complaints are older than 9 months as at 31 March 2026	+18.38%	Target has been exceeded, primarily due to the Assistant Ombuds focusing on the oldest complaints, in conjunction with a targeted approach by Case Management to reduce the number of complaints that become older than 9 months.
	Report on efficiency ratio (% closed complaints vs received complaints within the financial year)	Efficiency ratio	✔ 90.44% Efficiency ratio for the 2023/24 financial year	✔ 93.32% Efficiency ratio for the 2024/25 financial year	80% Efficiency ratio for the 2025/26 financial year	✔ 94.26% Efficiency ratio for the 2025/26 financial year	+14.26%	Target has been exceeded, primarily due to the Assistant Ombuds focusing on the oldest complaints, in conjunction with a targeted approach by Case Management to reduce the number of complaints that become older than 9 months.

3. Institutional Programme Performance Information continued

3.3. Programme: Stakeholder Management

3.3.1. Purpose: Achievement of the legislative mandate – Enhanced relationships (improved co-operation with stakeholders)

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

 Achieved  Not achieved

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2023/24	Actual Audited Performance 2024/25	2025/26		Deviation from planned target to Actual Achievement 2025/26	Reason for deviation
					Planned Annual Target	Actual Achievement		
PROGRAMME: STAKEHOLDER MANAGEMENT								
Enhanced relationships with stakeholders	Stakeholder engagements	Number of stakeholder engagements with key stakeholders, including NT, Governance Committees, Union and Auditors	 17 National Treasury submissions	 13 National Treasury submissions	13 National Treasury submissions	 33 National Treasury submissions	+20	All submissions required in terms of legal prescripts have been submitted to National Treasury in accordance with the legal prescripts.
			 13 Governance committees	 10 Governance committees	8 Governance committee meetings	 10 Governance committee meetings	+2	Additional Special Audit and Risk Committees were scheduled to oversee the 2026/27 Annual Performance Plan and budget prior to submission to National Treasury in accordance with legal prescripts.
			 11 Union engagement meetings	 12 Union engagement meetings	4 Union engagement meetings	 9 Union engagement meetings	+5	The target was exceeded. The target was set for one Union meeting per quarter; however, the Union requested additional meetings.
			 6 Internal Audit Engagement meetings	 5 Internal Audit Engagement meetings	4 Internal Audits	 12 Internal Audits	+8	The target was exceeded, as additional internal audits were required in accordance with the IA annual plan.
			 4 External Audit Engagement meetings	 4 External Audit Engagement meetings	1 External Audit	 1 External Audit	0	N/A

3. Institutional Programme Performance Information continued

Achieved Not achieved

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2023/24	Actual Audited Performance 2024/25	2025/26		Deviation from planned target to Actual Achievement 2025/26	Reason for deviation
					Planned Annual Target	Actual Achievement		
Improved brand awareness, financial literacy and customer awareness	Brand awareness, financial literacy and customer awareness activities	Number of activities relating to brand awareness, financial literacy and customer awareness activities	✓ 1 MoneySmart week	✓ 1 MoneySmart week during Q2	1 MoneySmart week	✓ 1 MoneySmart week	0	N/A
			✓ 429 posts on social media (Twitter, Facebook and LinkedIn)	✓ 323 posts on social media (Twitter, Facebook and LinkedIn)	100 posts on social media (X, Facebook and LinkedIn)	✓ 321 posts on social media (X, Facebook and LinkedIn)	+221	The target was exceeded due to the dissemination of newsworthy information to the public.
			✓ 12 press releases	✓ 13 press releases	12 press releases	✓ 14 press releases	+2	The year-to-date target was exceeded due to the dissemination of newsworthy information to the public.
			✓ 4 Newsletters	✓ 4 Newsletters	4 Newsletters	✓ 4 Newsletters	0	N/A

Linking performance with budgets

Programme/ activity/objective	2025/26			2024/25		
	Budget R'000	Actual Expenditure R'000	(Over) /Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over) /Under Expenditure R'000
Administration	43 351	38 946	4 405	39 810	34 285	5 525
To Resolve Complaints	42 235	38 235	4 000	42 297	34 228	8 069
Enhance Stakeholder Management	4 988	3 814	1 174	5 056	3 459	1 597
Total	90 574	80 995	9 579	87 163	71 972	15 191

4. Revenue Collection

Sources of revenue	2025/26			2024/25		
	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R
Levy – Income	87 310 110	85 541 262	(1 768 848)	84 611 294	86 281 221	1 669 927
Interest income – FSPs	200 000	943 612	743 612		741 488	741 488
	87 510 110	86 484 874	1 025 237	84 611 294	87 022 709	2 411 415

Levy Income – The lower-than-expected levy is attributable to various potential reasons. These reasons include, amongst others, the lower number of registered FSPs, lapsed and/or withdrawn licenses or FSPs whose licenses were suspended. These factors contributed to the actual levy invoiced being lower than budgeted.

Interest Income – Interest income exceeded budget due to a higher than anticipated balance of outstanding receivables at year end. The large FSP balance results from FSPs not settling their invoices within the prescribed 30 days payment terms.



C

PART

GOVERNANCE

1. Introduction

The King V Report on Corporate Governance (2025) describes governance as the exercise of ethical and effective leadership by the governing body to achieve particular governance outcomes, such as ethical culture, good performance, effective control, and legitimacy.

The FAIS Ombud is committed to driving and maintaining a culture that is accountable and upholds values of integrity and honesty. Good corporate governance is not a set of rules but rather principles that organisations, such as the FAIS Ombud, choose to live by.

The governance committees were established under the Financial Sector Regulation (FSR) Act and the Public Finance Management Act

(PFMA) to review, monitor, advise, and make recommendations to the Accounting Authority for decision-making. These committees are responsible for ensuring the institution complies with relevant legislation, codes of good corporate governance, and practices. Each committee has its own terms of reference, which are reviewed annually in line with best practice. These committees also monitor governance standards and assure stakeholders that our business operations are conducted ethically, within prudent risk parameters, and in line with best practices.

Key activities, membership, and attendance of the Human Resources and Remuneration Committee and the Audit and Risk Committee are detailed below.



2. Audit and Risk Committee

As prescribed by the Public Finance Management Act (PFMA), an independent Audit Committee was established, comprising of five (5) external members. The committee provides oversight of financial reporting, internal financial controls, internal and external audits, compliance with legislation, and financial risk management.

The Committee also serves and fulfills the duties of a Risk Committee, and is also responsible for reviewing, monitoring, and advising on the effectiveness of internal controls in managing risks faced by the FAIS Ombud.

The Director-General of National Treasury appoints Risk Committee members for the Financial Sector Conduct Authority (FSCA), and the Commissioner appoints the FSCA's Audit Committee members. The FAIS Ombud then appoints its members from the pool of FSCA committee members.

The Committee has standard terms of reference, approved by the Ombud as Accounting Authority, detailing its roles and responsibilities.



Key activities in 2025/26

- Reviewed the effectiveness of the entity's internal financial control systems, including receiving assurance from management and internal and external audits.
- Evaluated the independence, effectiveness, and performance of the Finance department, including the internal and external auditors.
- Reviewed significant issues raised by the internal and external audit process, including how they were resolved.
- Noted management's actions in addressing identified control weaknesses.
- Reviewed the quarterly reports submitted to the National Treasury in terms of the PFMA and Treasury Regulations.
- Reviewed the policies to ensure compliance with applicable laws and regulations.
- Reviewed the external audit report, indicating no instances of non-compliance.
- Reviewed and recommended the external and internal audit reports and charters for approval by the Ombud.
- Evaluated the internal and external audit functions' independence, effectiveness, performance, and compliance with its mandate.
- Approved the internal audit plan.
- Reviewed and recommended the audit strategy and engagement letter for approval by the Ombud.
- Reviewed and accepted the external audit report.
- Reviewed and recommended the annual Mid-Term Expenditure Framework, 2026/27 Budget, and Materiality & Significant Framework.
- Reviewed and recommended the annual financial statements and annual performance report for the year ended 31 March 2025.
- Reviewed and approved the Audit Committee Report for the year ended 31 March 2025.
- Reviewed the Internal Audit Three-Year Strategic Rolling Plan and Annual Coverage Plan and recommended approval by the Ombud.
- Reviewed and advised on risk management policies, framework, strategy and practices.
- Reviewed and advised on opportunities or risks impacting our ability to achieve the organisational objectives and functions.
- Reviewed the design, implementation, and monitoring of appropriate risk responses, including strategic risk reports, emerging risks, ICT security risk updates, litigation risks, compliance risk updates, the regulatory universe, whistleblowing reports, loss events, and insurance claims.
- Reviewed the Governance, Risk and Compliance-related policies.
- Reviewed the Financial Management policy.
- Reviewed risk integration and embedding of risk management in business activities.
- Reviewed the management report about sustainability, litigation, and ICT licensing risks.
- Reviewed and recommended insurance policies of the organisation for approval by the Ombud.
- Reviewed and advised on the insurance portfolio renewal and how to address insufficient cover options.
- Reviewed and recommended the 2026/27 Risk Appetite Statement.
- Four Audit and Risk Committee members attended the annual Fraud and Strategic Risk Workshop to provide oversight and to advise on potential risks which may impact the achievement of Strategic Outcomes, Outputs, and targets.
- The Committee oversaw the development and implementation of the Combined Assurance Framework to ensure that the FAIS Ombud adopts a coordinated approach to all assurance activities.

Membership and Attendance

The Committee consists of independent members with relevant qualifications and experience in financial and risk matters to fulfil their duties. The Accounting Authority, the Head: Governance, Risk and Compliance, the Chief Financial Officer, the Head: Information, Communications and Technology, and the Head: Human Capital are permanent invitees to Committee meetings, while the external and internal auditors attend by invitation. The internal and external auditors have unrestricted access to the Committee. The Committee met six (6) times during the year.

Member	Qualifications	Total Audit and Risk Committee meetings attended
Mr F.N. Esterhuizen <i>Chairperson</i>	MSc, MPhil, CA(SA), ACA, FCCA, CIA	5/6*
Prof T. Ajam	B. Bus Sc., BA(Honours), MA, M. Bus Sc., PhD (Public Management)	6/6
Ms L.J. Senne	B Com (Honours) Accounting; CA(SA); Postgraduate Diploma in General Management, MBA	5/6
Adv. V. Barthus-Joseph	BA, LLB (Adv SA)	2/2**
Mr L.L. Ntuane	B Com, PGDipMan, Adv Diploma, CISM, CGEIT, CRISC, M.Inst	6/6
Dr. P. Maluleke	National Diploma (IT), BCom (Informatics), Leadership Development Programme, Masters (IT), PhD (IT) Certifications: Project Management Professional, COBIT 5	4/4***

* Mr Esterhuizen attended five (5) meetings out of the six (6) Audit and Risk Committee meetings held during the year; however, he was also compensated for preparation time in the sixth meeting as he provided written and telephonic input despite not being in attendance.

** Adv. Barthus' contract ended as of 31 August 2025. She attended both of the Audit and Risk Committee meetings during her appointment period.

*** Dr. P. Maluleke was appointed with effect from 1 September 2025. She attended four (4) Audit and Risk Committee meetings since her appointment.



3. Human Resources and Remuneration Committee

The Committee advises, oversees, and monitors activities related to social and economic development, ethics, transformation, sustainability, corporate citizenship, the environment, health, public safety, stakeholder relationships, labour, and employment matters. The committee also reviews, monitors, and advises FAIS Ombud Executive Committee (EXCO) members on the remuneration policy.

The Commissioner appoints the members of the FSCA's Human Resources and Remuneration Committee and the Social and Ethics Committee. The FAIS Ombud then appoints its members from the pool of FSCA committee members.

The Committee has standard terms of reference, approved by the Ombud as Accounting Authority, detailing its roles and responsibilities. These are reviewed annually in line with best practices.



Key activities in 2025/26

- Reviewed the human resources and social and ethics quarterly reports;
- Monitored employee wellness programmes;
- Monitored key appointments;
- Reviewed and advised on the changes to labour legislation;
- Reviewed the implementation of the corrective measures on findings of the climate/change readiness survey that was conducted in the prior year;
- Reviewed and approved the employment equity annual report (Department of Labour submission);
- Reviewed and advised on the HR Policies and Procedures;
- Reviewed the organisational strategic risk register and the HR departmental risk register;
- Reviewed and advised on the quarterly reports;
- Reviewed the implementation and monitoring of whistleblowing reports;
- Reviewed and advised on the fraud and corruption prevention plan;
- Reviewed and advised on all HR related policies;
- Reviewed the B-BBEE report and certificate;
- Reviewed and advised on the ethics management annual report – Declaration of interest report;
- Reviewed and advised on the remuneration aspects and discretionary incentives;
- Reviewed and recommended salary increases and performance bonuses to EXCO for approval;
- Reviewed and advised on the Remuneration policies and procedures;
- Considered the retirement benefit report and performance report (year-end);
- Evaluated and recommended the budget provisions (salaries, bonuses, incentives) to EXCO;
- Approved the remuneration statement for the annual report; and
- One member attended the annual Fraud and Strategic Risk Workshop to provide oversight and to advise on HR related risk which could potentially impact the achievement of Strategic Outcomes, Outputs, and targets.

Membership and Attendance

The Committee consists of independent members with relevant qualifications and experience in human resources, ethics and remuneration practices to fulfil their duties. The Accounting Authority, the Head: Human Resources, Head: Governance Risk and Compliance, Chief Financial Officer, and Head: Information Communications and Technology, are permanent invitees to Committee meetings. The Committee met 4 times during the year.

The members of the Committee, together with their qualifications and attendance record, are listed below.

Member	Qualifications	Total Human Resources and Remuneration Committee meetings attended
Ms H.L. Molebatsi <i>Chairperson</i>	BA (Psychology), Senior Executive Program, Post Graduate Diploma: Rural Development & Management and Senior Management Development Program	3/4
Ms V. Balgobind	BA (Honours) – Industrial Psychology; Masters (Industrial Psychology); MBL	3/4
Mr E.T. Kharametsane	LLB Degree, Certificate in Legislative Drafting, Regulatory Examination (1) Certificate, Certified Director (Directors Assoc)	4/4
Dr E.P. Mokgobu	PhD; MBA; M.Admin; B.Admin; B.Admin (Honours); Diploma in Labour. Program in Human Resources Management. ENSP	4/4
Dr K.V. Mofuoa	PhD; MPhil; MPSM; Professional PGDip (GRC); PGDip (Law); BA	2/4

Remuneration of Committee members

Name	Remuneration	Other allowance	Other re-imbursements
Mr F.N. Esterhuizen (Audit & Risk Committee Chairperson)	R3 233.00 per hour	None	None
Prof T. Ajam	R3 233.00 per hour	None	None
Ms L.J. Senne	R3 233.00 per hour	None	None
Adv. V. Barthus-Joseph (Contract ended on 31 August 2025)	R3 233.00 per hour	None	None
Mr L.L. Ntuane	R3 233.00 per hour	None	None
Dr. P. Maluleke (Appointment effective 1 September 2025)	R3 233.00 per hour	None	None
Ms H.L. Molebatsi (HR and REMCO Chairperson)	R3 233.00 per hour	None	None
Adv V. Balgobind	R3 233.00 per hour	None	None
Mr E.T. Kharametsane	R3 233.00 per hour	None	None
Dr E.P. Mokgobu	R3 233.00 per hour	None	None
Dr K.V. Mofuoa	R3 233.00 per hour	None	None



4. FAIS Ombud Risk Management Philosophy

The FAIS Ombud's philosophy is to ensure a safe working environment for employees, wherein risk is effectively managed, and service delivery is improved for the benefit of all stakeholders.

While the Accounting Authority is ultimately responsible for ensuring that effective, efficient, and transparent systems of financial and risk management and internal control are maintained, every official in the Office of the FAIS Ombud plays a part in risk management.

The Office is further committed to conducting risk management activities in a cost-effective manner that is commensurate with the principles of fairness, accountability, responsibility, and transparency.

To this end, the Executive Committee of the FAIS Ombud is committed to ensuring that:

- There is a sound and effective system of internal controls and an enterprise-wide risk management plan in place.
- The FAIS Ombud's risk management framework ensures risk ownership from line management to the Executive Committee of the FAIS Ombud.
- This framework is embedded in the operations of the FAIS Ombud, and all measures are taken to ensure its effectiveness.
- The FAIS Ombud's risk management strategies are consistently reviewed.
- There is an effective system of monitoring and reporting.



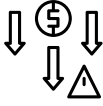
5. Risk Management within the FAIS Ombud

The EXCO exercises ongoing oversight of risk management and sets the direction for how risk should be approached and addressed in the organisation. In making decisions, risks are treated as integral. EXCO sets the tone for the organisation through its commitment to risk management and its support of internal policies.

The EXCO further exercises oversight over the operations of the FAIS Ombud through monthly reporting by the organisation's respective departments and/or sub-committees. This ensures accountability, transparency, and fairness. The aforesaid function is supported by regular internal and external audits.

Risk management is the responsibility of every employee at the FAIS Ombud, and each department in the organisation actively manages its risk register regularly. It is imperative that all employees understand the risks confronting the FAIS Ombud in their day-to-day activities and how to manage these risks.

Below is a list of the ten (10) strategic risks identified by EXCO and the Governance Committee members during the 2025/26 financial year at the annual Strategic and Fraud Risk Workshop to reassess the organisation's strategic risk landscape. Detailed assessments of these risks are conducted quarterly and at the annual strategic risk workshop.

No.		Risk
1		Cybersecurity attack and data protection failure risk – the risk of unauthorised/illegal access to the FAIS Ombud infrastructure, systems, or data, or the failure to adequately protect confidential and personal information.
2		Fraud and corruption risk – Exposure to tender and procurement fraud, fraud with cases and bribes to influence decisions, etc.
3		Business continuity risk – Inability of the FAIS Ombud to continue functioning in the case of a disaster (including ICT, day-to-day operations, key man dependencies, etc.)
4		Disruption or failure of critical infrastructure and third-party service providers (including ICT systems, network services, and cloud platforms).
5		Amalgamation risk – Uncertainty with regards to the amalgamation into the NFO (staff retention, recruitment etc.)
6		Change management risk – How the uncertainty of the amalgamation into the NFO would affect staff.
7		Funding risk – Levies environment and impact on liquidity.
8		Compliance risk – Non-compliance with legislation, mandate and internal policies.
9		Reputational risk – Loss of reputation and credibility of the FAIS Ombud by stakeholders.
10		Limited visibility and public awareness of the FAIS Ombud brand, its mandate, services, and offerings.



6. Compliance with Laws and Regulations

In terms of the PFMA and Treasury Regulations, quarterly regulatory compliance reports were submitted to National Treasury, and reports were reviewed by the Audit and Risk Committee. No deviations were noted. Internal policies and procedures were reviewed to ensure compliance with applicable laws and regulations. The external audit report indicated that no instance of non-compliance was identified.

7. Fraud and Corruption

Fraud and corruption in the public sector are a reality and are regarded as one of the major risks faced by public entities. No entity is immune to fraud, and the FAIS Ombud, therefore, manages this risk relentlessly. Not only are newly-appointed employees made aware of the FAIS Ombud's zero tolerance to fraud, but throughout an employee's stay at the FAIS Ombud, they are reminded by means of training and information sessions.

The FAIS Ombud's fraud and corruption prevention strategy includes its Fraud and Corruption Prevention Policy, Fraud and Corruption Prevention Plan, Fraud and Corruption Response Plan, and Whistle-Blowing Policy. An independent service provider manages the whistle-blowing hotline. A register of tip-offs is maintained to ensure that all tip-offs received that fall within the mandate of the FAIS Ombud are followed up on. Tip-offs that fall within the mandate of other regulators are passed on to them. Ethical conduct and organisational integrity are key to preventing fraud and corruption in any organisation.

8. Minimising Conflict of Interest

In line with section 72 of the FSR Act and section 50(3) (a) of the PFMA, all governance committee and EXCO members must disclose annually and at a meeting any direct or indirect interest in any matter being tabled. Where a conflict of interest is identified, it is resolved transparently and fairly. The Secretariat keeps a register of these declarations. There were no significant conflicts during the year.

9. Code of Conduct

The FAIS Ombud's code of conduct and ethics/credo statement establishes norms and standards related to integrity, ethics, professional conduct, and anti-corruption. It serves as a guideline for employees on ethical conduct, both in their individual conduct and in their relationships with others. It helps uphold organisational integrity and build a value-driven workplace.

The code/credo statement spells out the spirit in which employees should perform their duties, how to avoid conflicts of interest, and what is expected of them regarding their personal conduct. Compliance with the code of conduct and ethics enhances professionalism and helps ensure confidence in the Office of the FAIS Ombud. The code/credo statement always places a duty and responsibility on the employees to behave ethically. Employees will be subject to disciplinary action if they breach the code of conduct and ethics.



10. Health, Safety and Environmental Issues

In terms of the Occupational Health and Safety Act No. 85 of 1993 (OHS Act) and Regulations, the Office must ensure and maintain a safe working environment for employees.

The FAIS Ombud remains committed to ensuring that the entity continues to operate while prioritising the health and safety of its employees. The FAIS Ombud has developed a hybrid working model that adheres to the OHS Act.

11. Social Responsibility

The Office remains committed to sustainable business operations.

11.1. Environment

As an office-based organisation, the Office of the FAIS Ombud has a limited environmental impact. Its office buildings incorporate many green features, particularly energy- and water-saving measures.

11.2. Electricity Consumption

Some of its sustainable initiatives include the auto detector for switching off lights and basement fans when no movement is detected, or after hours and over weekends. Light sensors were installed in the bathrooms, meeting rooms, and training rooms.



12. B-BBEE Compliance Performance Information

The FAIS Ombud's B-BBEE status was verified during the year under review and the overall B-BBEE Contribution level received was "Non-compliant".

The scoring is as follows:

Score card element	Entity Score	Weighing Points
Management control	9.57	20.00
Skills development	0.00	25.00
Enterprise and supplier development	32.00	50.00
Socio-economic development	0.00	5.00
Total	41.57	100.00

The FAIS Ombud will continue to put measures in place to ensure an improved rating in future.



D

PART

HUMAN CAPITAL MANAGEMENT

1. Introduction

Overview of HC matters at the public entity

The Human Capital (HC) function continued to serve as a strategic enabler in strengthening employee experience, organisational capability, and leadership effectiveness as key enablers of performance and value creation to support the Office's mandate. During the 2025/26 financial year, the focus was on culture, engagement, leadership, and talent sustainability.

A key priority was the employee experience, advanced through an employee engagement survey that provided insights into sentiment and culture, guiding targeted actions. Ongoing efforts addressed areas for improvement to foster a more inclusive culture. In parallel, the Office strengthened its change management capability through targeted capacity-building initiatives to enhance organisational readiness and improve how change is communicated, implemented, and sustained. Leadership participation in these interventions was central, with a focus on equipping leaders to drive change that builds trust, strengthens alignment, and enhances employee buy-in.

Leadership development remained a key strategic focus, supported by an executive coaching programme for executive leadership. The programme aimed to contribute to greater self-awareness, stronger stakeholder engagement, and a deeper understanding of leadership's influence on organisational culture. These outcomes reinforced leadership's role in shaping a culture characterised by accountability, collaboration, cohesion, and high performance. Efforts are still underway to fully implement the Office's Talent Management Strategy.

Self-awareness and interpersonal effectiveness initiatives were rolled out to boost team dynamics and organisational effectiveness. These initiatives created a shared language for behavioural awareness, helping employees understand differences in work approach, communication, and decision-making. The initiatives were integrated into team development efforts to strengthen cohesion and improve overall team performance.

The Office refined its workforce reporting methodology by excluding graduate trainees and fixed-term contract employees from the approved establishment and vacancy calculations. This approach provides a more accurate reflection of the Office's permanent workforce capacity and aligns with its organisational requirements. Accordingly, all reported headcounts, appointments, terminations, and vacancy metrics relate exclusively to permanent, funded positions.

The Office had an approved permanent

establishment of 62 positions during the 2025/26 financial year, comprising funded occupied and vacant posts. As at 31 March 2026, 59 permanent employees were in employment, resulting in a vacancy rate of 4.8%, compared to 9.45% reported in the previous financial year. Permanent employee numbers increased from 53 in the previous reporting period to 59 in the current period, representing an 11.3% increase in workforce capacity.

In addition to the permanent establishment, the Office employed twelve (12) graduate trainees and two (2) fixed-term employees as at 31 March 2026, bringing the total to seventy-three (73). As these appointments form part of graduate development and short-term operational requirements, they are reported separately from the approved establishment. Accordingly, vacancy, turnover, and related workforce metrics are calculated against the approved establishment of sixty-two (62) positions.

Employee retention continued to improve during the reporting period, with turnover decreasing from 24% in 2023/24 to 13.51% in 2024/25 and further 5.3% in 2025/26. This positive trend reflects the Office's continued investment in employee engagement, leadership development, organisational culture, and workforce stability.

From an industrial relations perspective, union representation remained steady at 54.1%, with the recognised union continuing to hold majority representation. The stable labour relations environment supported constructive engagement between management and organised labour, culminating in the successful conclusion of the 2026 collective bargaining process in March 2026.

Overall, the HC function remains focused on embedding a positive employee experience, strengthening leadership capability, and building a sustainable talent pipeline to support long-term organisational resilience and value creation.

Set HC priorities for the year under review and the impact of these priorities

The focus was on a targeted set of strategic interventions aimed at strengthening organisational effectiveness, leadership capability, and employee experience.

Employee Experience: Boosted engagement with structured feedback like surveys and targeted plans to improve culture and responsiveness.

Change Readiness: Improved organisational change capacity via capacity-building, focusing on leadership and organisational readiness for upcoming regulatory and structural changes.



Workforce Planning and Operational Efficiency:

Collaborated with senior leadership to improve resource allocation and efficiency. Integrated Adjudication into Case Management, boosting capacity use, workload distribution, and operational oversight.

Organisational Effectiveness and Self-Awareness:

Enhanced effectiveness via self-awareness and behavioural insights, improving understanding of work styles and strengthening collaboration.

Leadership Development: Strengthened leadership capability through an executive coaching programme for executive leadership, aimed at enhancing leadership effectiveness, accountability, and alignment with the organisational culture intentionally cultivated within the Office.

These focus areas collectively supported the Office's broader objective of building a capable, cohesive, and high-performing organisation, while strengthening the foundations for sustainable value creation through people.

- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**

The Office uses a people-centred workforce planning approach to ensure long-term sustainability, capability, and operational effectiveness in a specialised environment. A defining feature of this approach is its intentional focus on building internal capability and developing talent from within. Given the specialised nature of the core functions, the Office prioritises employee development through structured exposure, and targeted capability building, ensuring readiness for future roles as organisational needs evolve.

The graduate trainee programme is vital for attracting and developing young talent, with high-performing graduates transitioning into available entry-level roles to build a sustainable pipeline. The Office prioritises internal growth and mobility, offering employees meaningful opportunities to advance. This approach maintains continuity, retains knowledge, and fosters a culture of development and opportunity. For support functions, the Office adopts a balanced recruitment approach, leveraging external markets to source scarce or specialised skills where required, while still prioritising suitable internal candidates where capability exists.

This approach reflects a workforce strategy that is grounded in developing people from within while selectively attracting external expertise, ensuring a capable, stable, and future-ready organisation that continues to deliver on its mandate effectively.

- **Employee performance management framework**

The Office's performance management framework fosters accountability, alignment, and collective ownership of outcomes. It promotes a performance-driven culture by aligning employee efforts with strategic priorities. Its collective approach to performance and accountability involves shared responsibility for outcomes, including annual audits. This encourages collaboration and a culture of accountability, continuous improvement, and ethical, sustainable performance.

- **Employee wellness programmes**

Employee wellbeing remained a strategic priority during the year under review, reflecting a continued commitment to a people-centred and supportive workplace culture. The Office implemented a range of preventative and awareness-driven wellness initiatives aimed at promoting the holistic wellbeing of employees and strengthening a healthy, resilient, and productive workforce.

Through wellness initiatives and support programmes, the Office demonstrated its commitment to creating a supportive environment where employees felt valued and empowered. The focus was on raising awareness, promoting proactive wellbeing, and increasing access to support. The Office recognises that organisational performance depends on employee wellbeing and continues to prioritise wellness as essential for building a sustainable, engaged, high-performing organisation.

- **Policy development**

The Office continued to strengthen HC policy governance through structured review and monitoring processes aimed at ensuring that people's practices remain relevant, compliant, and aligned to organisational needs. HC policies are reviewed on a cyclical basis to maintain alignment with applicable employment legislation, governance requirements and evolving workforce priorities. This approach supports consistent people management practices, strengthens regulatory compliance and reinforces the Office's commitment to sound governance and a people-centred organisational culture.

- **Highlight achievements**

During the 2025/26 financial year, the HC function made significant progress in advancing organisational capability, workforce stability, and employee experience. Key achievements included the successful conclusion of the Office's first formal collective bargaining process, reflecting



1. Introduction continued

constructive engagement with organised labour and reinforcing a stable employee relations environment. The Office also strengthened workforce sustainability, reducing both vacancy and employee turnover rates compared to previous financial years. These improvements contributed to greater organisational stability and continuity while supporting the delivery of the Office's strategic objectives.

Leadership and organisational capability were further enhanced through executive coaching aimed at strengthening leadership effectiveness, accountability, and organisational stewardship. Employee engagement was also advanced through structured feedback mechanisms and the implementation of targeted action plans informed by employee engagement survey outcomes.

Work commenced on strengthening the Human Capital strategic framework, with foundational work already underway on the development of a more structured People Strategy, intended for formal implementation in the following financial year. This work was complemented by strengthened workforce planning, succession management, and talent development initiatives to build internal capability and improve organisational readiness.

The learning and development environment continued to strengthen, with increased uptake of academic and professional studies, reflecting a growing culture of continuous learning and self-development supported by the organisation. HC governance was also maintained through structured policy reviews and alignment with applicable legislative and regulatory requirements. In addition, the Office continued to invest in employee well-being through preventive and awareness-based wellness initiatives, reinforcing a people-centred approach to sustaining a healthy and resilient workforce.

- **Challenges faced by the public entity**

The primary HC challenge during the year under review was the uncertainty surrounding the pending amalgamation. As the process is still in its early stages, key aspects relating to the future organisational structure, operating model, and the implementation approach have not yet been finalised, making it challenging to provide definitive, structured communication on future organisational design and implications. In addition, the Office continued to face constraints in sourcing specialised skills for niche senior roles, reinforcing the importance of internal capability development and succession planning. The vacancy of the Deputy Ombud position posed a key succession risk, while limited depth in certain critical roles highlighted the need to strengthen

talent pipelines. Despite these challenges, the Office has proactively advanced change readiness initiatives, leadership development, and internal talent strategies to mitigate risk and strengthen organisational resilience.

- **Future HC plans/goals**

For the 2026/27 financial year, the focus will be on strengthening organisational capability, deepening employee experience, and enhancing future readiness to support the Office's evolving strategic environment.

A key priority will be the formalisation and full embedding of the People Strategy, providing an integrated framework to guide workforce planning, talent development, and organisational capability building.

The Office will continue to prioritise employee experience enhancement, with a strong focus on implementing and tracking action plans derived from the employee engagement survey, including structured six- and twelve-month interventions to strengthen culture, communication and engagement.

A further focus area will be strengthening change readiness and organisational agility, with continued investment in change management capability-building to ensure the organisation is prepared, aligned, and responsive to anticipated regulatory developments, including increased awareness and readiness for potential structural changes.

Leadership and management capability development will remain a key priority, with continued focus on strengthening leadership depth, accountability and cultural stewardship to support a high-performing and values-driven organisation.

The Office will further intensify efforts to strengthen talent management, succession planning and internal mobility, ensuring improved visibility of critical skills and a more structured approach to identifying and developing future leaders from within.

A strategic institutional goal for the period is the professionalisation and certification of the HC function through the South African Board for People Practices (SABPP), thereby strengthening HR governance maturity, credibility, and alignment to recognised professional standards. These focus areas position HC as a key strategic enabler of organisational resilience, capability development, and long-term value creation.



2. Human Capital Oversight Statistics

The following oversight statistics reflect the various personnel costs recorded for the review period.

2.1 Personnel related expenditure

Personnel Cost by Programme/Activity/Objective

Employee wellbeing remained a key HC priority during the reporting period. Investment continued in initiatives that support employee health, wellbeing, and engagement, including the Employee Wellness Programme (EWP), wellness screenings, awareness campaigns, wellness talks, team effectiveness initiatives, and health and safety programmes.

The EWP continued to provide employees and their immediate family members with 24/7 access to confidential psychosocial support. Wellness initiatives during the year also promoted mental health, diversity and inclusion, and overall employee wellbeing. Total expenditure on employee wellness amounted to R584 550.44. The table below summarises expenditure across the various wellness initiatives.

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel exp. as a % of total exp. (R'000)	Number of employees	Average personnel cost per employee (R'000)
Employee Wellness Programme	50 946.92	8.72	68	749.22
Wellness Screening	8 914.00	1.52	52	171.42
Vaccination Drive	4 189.11	0.72	19	220.48
General Wellness Events	113 356.25	19.39	182	975.12
Wellness Talks	94 644.01	16.19	182	520.02
Team Effectiveness Initiatives	308 159.25	52.72	103	2 991.84
Health and Safety	4 340.90	0.74	63	68.90

Personnel cost by salary band

The FAIS Ombud applies a remuneration philosophy that supports the attraction, retention, and motivation of talent while ensuring fairness, internal equity, and fiscal sustainability. Remuneration is informed by market benchmarking and the Office's approved salary structure. The personnel expenditure reflected below represents remuneration paid across all salary bands during the reporting period, including employees who have since left the employment of the FAIS Ombud.

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top Management	10 635 074	23.55	5	2 127 014
Senior Management	3 333 458	7.38	2	1 666 728
Professional qualified	5 461 735	12.09	5	1 092 347
Skilled	16 546 237	36.64	26	636 393
Semi-skilled	7 147 593	15.83	19	376 189
Unskilled	346 322	0.77	2	173 161 59
Temporary	1 686 589	3.73	14	120 470
Total	45 157 011	100	73	618 589



2. Human Capital Oversight Statistics continued

Performance Rewards

Performance-related incentives may be awarded at the end of the financial year, subject to a formal review and recommendation by HR and REMCO to the Accounting Authority. These incentives are designed to reinforce a culture of accountability and excellence, while remaining sensitive to budgetary constraints and governance expectations. The performance reward costs reflected below relate to all employees who have been rewarded by the Office for the review period.

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost	Average personnel cost per employee (R'000)
Top Management	4	879 538	25.34	219 884
Senior Management	2	381 897	11.01	190 948
Professional qualified	5	530 515	15.29	106 103
Skilled	14	1 007 345	29.03	71 953
Semi-skilled	16	632 595	18.23	39 537
Unskilled	2	35 196	1.01	17 598
Temporary	1	3000.00	0.09	3 000
Total	44	3 470 086	100	92 717

Training costs

Investments in the development of employees as part of Employee Value Proposition (EVP) demonstrates the commitment to the growth of its employees and enhances the Office's appeal to both current and prospective employees. The Office supports the continuous development of its employees by granting financial assistance and study leave at the employer's sole discretion. Each case is considered based on its merits to ensure that the studies an employee wishes to pursue are in the organisation's best interest and support the aspirations of its employees. The combined training budget for the review period was R1 979 354.60. The table below reflects the various training initiatives the office invested in for the review period, indicating a total spend of 94.32% for the review period.

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	Number of employees trained	Average training cost per employee
Short Studies	512 769	27.47	48	10 682.69
Formal Studies	808 979	43.33	19	42 577.84
Seminars and Conferences	63 430	3.40	5	12 686
Professional Services	481 740	25.80	4	120 435

Employment and vacancies

During the reporting period, the Adjudication and Case Management departments were consolidated to support workflow management and operational efficiency. The Deputy Ombud position remained vacant at year-end, with the recruitment process being managed by National Treasury.

Programme/activity/objective	2025/26 Approved Posts	2025/26 Number of Employees	2026/27 Vacancies	% of vacancies
Top Management	6	5	1	1.61%
Senior Management	2	2	0	0%
Professional qualified	5	5	0	0%
Skilled	27	26	1	1.61%
Semi-skilled	20	19	1	1.61%
Unskilled	2	2	0	0%
Total	62	59	3	4.83%



Employment changes

During the reporting period, three (3) permanent employees exited the organisation, resulting in an annualised employee turnover rate of 5.3%.

The employment movements reflected below include external appointments, internal employee movements and permanent employee exits. During the reporting period, two (2) employees were internally appointed from the Semi-skilled to the Skilled occupational level, demonstrating internal career progression and supporting workforce capability.

Salary Band	Employment at beginning of period	Appointments	Internal Movement	Terminations	Employment at end of the period
Top Management	5	0	0	0	5
Senior Management	2	0	0	0	2
Professional qualified	5	0	0	0	5
Skilled	20	7	0	1	26
Semi-skilled	19	4	2	2	19
Unskilled	2	0	0	0	2
Total	53	11	2	3	59

Reasons for staff leaving

During the reporting period, three (3) permanent employees resigned, resulting in an annual employee turnover rate of 5.3%. Knowledge transfer arrangements supported business continuity while recruitment processes to fill the vacancies were initiated.

Reason	Number	% of total Number of staff leaving
Death	0	0
Resignation	3	5.3
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Other	0	0
Total	3	5.3



2. Human Capital Oversight Statistics continued

Contract Programme Completion/Exit

To provide an accurate reflection of workforce stability, HC distinguishes between permanent employee turnover and completion of fixed-term programmes. Graduate trainees and fixed-term contractors are appointed on fixed-term contracts and are therefore reported separately from permanent employee turnover.

During the reporting period, seven (7) graduate trainees exited the programme. Of these, six (6) completed their fixed-term contracts as planned, while one (1) resigned before the expiry of the contract after securing employment elsewhere. The table below summarises graduate programme exits during the reporting period.

Reason	Number
Expiry of contract	6
Other (Resignation)	1
Total	7

Labour Relations: Misconduct and disciplinary action

Labour relations remained stable throughout the reporting period, with no recorded verbal warning, suspensions, or dismissals. One (1) disciplinary matter was finalised, resulting in the issuing of a written warning following the conclusion of a formal disciplinary process. An additional matter was referred to the CCMA during the reporting period; the matter remains pending.

Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0
CCMA Referrals	1

HC continued to promote sound employee relations through fair and consistent employment practices, constructive engagement, and adherence to established labour relations processes. This approach supports a respectful workplace and the effective resolution of employee relations matters.

Equity Target and Employment Equity Status

During the reporting period, the Office continued to make progress towards its approved Employment Equity targets through targeted recruitment and appointment decisions. Key appointments strengthened representation across identified occupational levels in line with the Employment Equity Plan.

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	1	1	1	1
Senior Management	1	1	0	0	0	0	1	1
Professional qualified	2	2	0	0	0	0	0	0
Skilled	7	9	1	1	0	0	1	1
Semi-skilled	8	9	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	18	22	1	1	1	1	3	3



Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	0	0	0	1	1
Senior Management	0	0	0	0	0	0	0	0
Professional qualified	0	0	2	2	1	1	0	0
Skilled	16	14	0	0	0	0	1	1
Semi-skilled	10	11	1	1	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
Total	30	29	3	3	1	1	2	2

The Office exceeded the employment target for persons with disabilities, achieving a representation rate of 6.77% against the prescribed target of 3%. Awareness and inclusion initiatives continued to support an inclusive workplace and the meaningful participation of employees with disabilities.

Levels (%)	Disabled Staff		
	Male	Female	Target
	Current	Current	
Top Management	0	0	3
Senior Management	1.69	0	
Professional qualified	0	0	
Skilled	0	1.69	
Semi-skilled	3.39	0	
Unskilled	0	0	
Total	5.08	1.69	





E

PART

PFMA COMPLIANCE REPORT

1. Irregular, Fruitless and Wasteful Expenditure and Material Losses

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2025/26 R'000	2024/25 R'000
Opening balance	0	0
Add: Irregular expenditure confirmed	0	0
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	0	0

No irregular expenditure was identified during the 2025/26 financial year.

Reconciling notes

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure brought forward	0	0
Irregular expenditure that relates to 2022/23 and identified in 2023/24	0	0
Irregular expenditure for the current year	0	0
Less: Condoned and written off	0	0
Total	0	0

b) Details of current and previous year's irregular expenditure (under assessment, determination, and investigation)

Description ¹	2025/26 R'000	2024/25 R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total²	0	0

No irregular expenditure was identified during the 2025/26 financial year.

c) Details of current and previous year's irregular expenditure condoned

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure condoned	0	0
Total	0	0

No irregular expenditure was identified during the 2025/26 financial year.

¹ Group similar items

² Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)



1. Irregular, Fruitless and Wasteful Expenditure and Material Losses continued

d) Details of current and previous year's irregular expenditure removed (not condoned)

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

e) Details of current and previous year's irregular expenditure recovered

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure recovered	0	0
Total	0	0

f) Details of current and previous year's irregular expenditure written off (irrecoverable)

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure written off	0	0
Total	0	0

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	2025/26 R'000	2024/25 R'000
N/A		
Total		

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2025/26 R'000	2024/25 R'000
N/A		
Total		

i) Details of current and previous year's disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

No irregular expenditure was identified during the 2025/26 financial year.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2025/26 R'000	2024/25 R'000
Opening balance	0	0
Add: Fruitless and wasteful expenditure confirmed	0	0
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	0	0
Closing balance	0	0

No fruitless and wasteful expenditure was experienced during the 2025/26 reporting year.

Reconciling notes

Description	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure that was under assessment in 2024/25	0	0
Fruitless and wasteful expenditure that relates to 2024/25 and identified in 2025/26	0	0
Fruitless and wasteful expenditure for the current year	0	0
Total	0	0

b) Details of current and previous year's fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ³	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total⁴	0	0

c) Details of current and previous year's irregular expenditure recovered

Description	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure recovered	0	0
Total		0

d) Details of current and previous year's irregular expenditure not recovered and written off

Description	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure written off	0	0
Total		0

³ Group similar items

⁴ Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)



1. Irregular, Fruitless and Wasteful Expenditure and Material Losses continued

e) Details of current and previous year's disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken

None

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) and (iii)

a) Details of current and previous year's material losses through criminal conduct

	2025/26 R'000	2024/25 R'000
Material losses through criminal conduct		
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	0	0

No material losses were experienced during the 2025/26 reporting period.

b) Details of other material losses

	2025/26 R'000	2024/25 R'000
Nature of other material losses		
None	0	0
Total	0	0

c) Other material losses recovered

	2025/26 R'000	2024/25 R'000
Nature of losses		
None	0	0
Total	0	0

d) Other material losses written off

	2025/26 R'000	2024/25 R'000
Nature of losses		
None	0	0
Total	0	0

2. Supply Chain Management

2.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
N/A				
Total				

2.2. Contract variations and expansions

Reporting of Expansions and Variations of Contracts

No	Project Description	Name of Supplier	Contract Number	Reason for expansion or variation of contract	Original contract value	Value of contract expansion or variation of contract	Value of previous contract expansion or variation of contract	Award date	Contract start date	Contract expiry
1	Insurance Portfolio	Guardrisk Insurance Company (Pty) Ltd	RFQ202324-R0135	The FAIS Ombud Office's current insurance policy does not include public liability cover. This cover is essential for protecting against third-party claims for injury, property damage, or related liabilities during official events. Furthermore, public liability cover is a mandatory requirement for securing event space at public malls and shopping centers; without it, the Office is unable to host events at these venues. The current insurance portfolio was therefore expanded by 23,57% to include public liability cover. This cover could not be procured from other insurance companies as the Office has an existing insurance portfolio.	R251 999.57	R59 400.00	N/A	21 Aug 2025	1 Sept 2025	24 Aug 2026



3. Disclosure in terms of Section 248(8) of the FSR Act

Disclosure in terms of Section 248(8) of the FSR Act		
Section 248(8)(a)	The total number of persons who paid fees determined by that financial sector body in the financial year	Not applicable
Section 248(8)(b)	The total number of supervised entities who paid levies imposed in accordance with section 237(1)(b)	10174
Section 248(8)(c)	The total fees collected by the financial sector body	Not applicable
Section 248(8)(d)	The total levies collected on behalf of and received by the financial sector body	R80,938,768.00
Section 248(8)(d)	The total levies collected on behalf of and received by the financial sector body	R79,369,576.00



F

PART

FINANCIAL INFORMATION

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* These do not form part of the audited information.



Accounting Authority's Responsibilities and Approval

The Ombud, as Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the Office as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that he is ultimately responsible for the system of internal financial control established by the Office and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, he sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Office and all employees are required to maintain the highest ethical standards in ensuring the Office's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Office is on identifying, assessing, managing and monitoring all known forms of risk across the Office. While operating risk cannot be fully eliminated, the Office endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the Office's cash flow forecast for the years 1 April 2026 to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the Office has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the Office is a going concern and that the Office has neither the intention nor the need to liquidate or curtail materially the scale of the Office.

Although the Accounting Authority is primarily responsible for the financial affairs of the Office, he is supported by the Office's external auditors.

The external auditors are responsible for independently reviewing and reporting on the Office's annual financial statements. The annual financial statements have been examined by the Office's external auditors and their report is presented on page 89.

The annual financial statements set out from page 94, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2026.



Adv JR Simpson

Accounting Authority



Audit and Risk Committee Report

The Audit and Risk Committee is pleased to present its report for the financial year ending 31 March 2026.

Audit Committee members and attendance

As prescribed by the PFMA, an independent Audit Committee was established, comprising five (5) external members. The committee provides oversight over financial reporting, internal financial controls, internal and external audits, compliance with legislation, and financial risk management.

The Committee also serves and fulfils the duties of a Risk Committee, and is also responsible for reviewing, monitoring, and advising on the effectiveness of internal control to manage risks faced by the FAIS Ombud.

The Audit and Risk committee consists of the members listed hereunder and, in accordance with its approved Terms of Reference, is required to meet at least four (4) times per annum. During the current year, six (6) Audit and Risk Committee meetings were held.

Member	Total number of Audit and Risk Committee meetings attended	27 May 2025	24 Jul 2025	23 Sep 2025	27 Nov 2025	26 Jan 2026	26 Mar 2026
Mr F.N. Esterhuizen (Chairperson)	5/6*	✓	✓	✗	✓	✓	✓
Prof T. Ajam	6/6	✓	✓	✓	✓	✓	✓
Ms L.J. Senne	5/6	✓	✓	✓	✓	✓	✗
Adv. V. Barthus-Joseph	2/2**	✓	✓	✗	✗	✗	✗
Mr L.L Ntuane	6/6	✓	✓	✓	✓	✓	✓
Dr P. Maluleke	4/4***	✗	✗	✓	✓	✓	✓

* Mr Esterhuizen only attended five (5) meetings out of the six (6) Audit and Risk Committee meetings held during the year, he was also compensated for preparation time in the 6th meeting as he provided written and telephonic input despite not being in attendance.

** Adv. Barthus-Joseph's contract ended as of 31 August 2025. During her appointment period, she attended only two (2) Audit and Risk Committee meetings.

*** Dr P Maluleke was appointed with effect from 1 September 2025. She attended four (4) Audit and Risk Committee meetings since her appointment.

The Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The Committee further reports that it has adopted formal terms of reference through its approved Audit and Risk Committee Charter, has regulated its affairs in compliance with the Charter, and has discharged all responsibilities contained therein.

Risk Management

The Committee has been established under the Financial Sector Regulation Act No. 9 of 2017 to oversee risks associated with the entity. The Accounting Authority has committed the FAIS Ombud to a risk management process that is aligned with the principles of good corporate governance and supported by the requirements of the PFMA.

The Accounting Authority has delegated certain responsibilities relating to the assessment and evaluation of the internal control environment, annual financial statements, internal and external audit, and risk management to the Audit and Risk Committee.

The Committee is composed solely of non-executive members. Its primary purpose is to support the Accounting Authority in fulfilling its responsibilities relating to risk and financial management by ensuring that management identifies significant environmental risks affecting the FAIS Ombud's operations and develops appropriate frameworks to manage them. In this regard, an Enterprise Risk Management Framework and Policy, as well as a Fraud and Corruption Prevention Strategy, have been developed and implemented.



Risk Management continued

The Committee fulfils an oversight role over financial reporting risks, internal financial controls, compliance risks, fraud risks, and information technology risks, as they relate to financial reporting.

The Committee has fulfilled its oversight responsibility for risk management by ensuring that:

- The Enterprise Risk Management Framework, Policy, and associated risk management plans and practices were considered;
- The Enterprise Risk Management Framework, covering strategic, operational and financial risks, were reviewed and approved;
- The risk appetite statement for the 2026-27 financial year was reviewed and approved;
- The risk management strategy incorporates a Fraud and Corruption Prevention Strategy, which in turn incorporates the Fraud Prevention Policy, the Fraud Prevention Plan, the Fraud Response Plan and the Whistle Blowing Policy;
- Ongoing monitoring of opportunities and risks impacting the achievement of the FAIS Ombud's objectives and functions was undertaken;
- The risk management plan is integrated into the daily activities of the FAIS Ombud;
- Management has identified significant risks associated with the environment within which the FAIS Ombud operates and has developed a framework for managing these risks;
- The Enterprise Risk Management Framework is implemented, embedded in the business activities, and that risk responses are monitored, including strategic risk reports, emerging risks, ICT security risk updates, litigation risks, compliance risk updates, the regulatory universe, whistleblowing reports, loss events, and insurance claims;
- The Governance, Risk and Compliance-related policies, including the Business Continuity Management framework, were reviewed and approved;
- The management report about sustainability, litigation, ICT, licensing and retirement funds risks was considered.
- The insurance policies and insurance portfolio were renewed, and sufficient cover options were addressed;
- The risk management systems are adequate and effective;
- The independence, effectiveness, and performance of the Finance department, including the internal and external auditors, were reviewed;
- Significant issues raised by the internal and external audit process, including how they were resolved, are monitored;
- Quarterly reports submitted to the National Treasury in terms of the PFMA and Treasury Regulations were reviewed;
- Policies and procedures were reviewed to ensure compliance with applicable laws and regulations;
- Internal and external audit functions' independence, effectiveness, performance, and compliance with its mandate were evaluated;
- The Internal Audit Three-Year Strategic Rolling Plan, Annual Coverage Plan and audit strategy were reviewed;
- The Committee has reviewed and accepted the external audit report;
- The annual Mid-Term Expenditure Framework, 2026-2027 Budget, and Materiality & Significant Framework were reviewed and recommended for approval; and
- Four Audit and Risk Committee members attended the annual Fraud and Strategic Risk Workshop to provide oversight and to advise on potential risks which may impact the achievement of Strategic Outcomes, Outputs, and targets.
- The Committee oversaw the development and implementation of the Combined Assurance Framework to ensure that the FAIS Ombud adopts a coordinated approach to all assurance activities.

The effectiveness of internal control

The entity's system of internal controls over financial and risk management is effective, efficient, and transparent. In line with the PFMA requirements, Internal Audit and management provide the Committee with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors to the Auditor-General of South Africa, it was noted that no significant matters were reported indicating any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was adequate, efficient, and effective.



Audit and Risk Committee Report continued

Evaluation of annual financial statements

The Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The Committee has discussed and agreed on the conclusions of the Auditor-General of South Africa on the annual financial statements. The Committee has recommended the annual financial statements to the Accounting Authority for approval.

In-Year Management and Monthly/Quarterly Report

The Committee is satisfied with the quality of the in-year reports that were presented at the Audit Committee meetings.

Internal audit

The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Office and its audits.

The following internal audit work was completed during the year under review. Internal audit reports and feedback on the following subject matter were issued:

- Annual Financial Statements (AFS) Review of the 2024-25 financial year
- Annual Performance Report (APR) Review of the 2024-25 financial year
- ICT Adequacy and Effectiveness Review
- Finance Management Adequacy and Effectiveness Review
- Procurement and Contracts Management Adequacy and Effectiveness Review
- Case Management Review
- Follow-Up of previously identified audit findings Review
- Audit of Pre-determined Objectives, including the 1st, 2nd, 3rd and 4th quarter Performance information

Auditor-General of South Africa

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Mr Frans Nicolaas Esterhuizen

Chairperson: Audit and Risk Committee

Report of the Auditor General to Parliament on the Office of the Ombud for Financial Services Providers

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Office of the Ombud for Financial Services Providers (the public entity) set out on pages 94 to 143, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the public entity as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP), as issued by the Accounting Standards Board of South Africa, and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to the audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with the Independent Regulatory Board for Auditors (IRBA) code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER – RESTATEMENT OF CORRESPONDING FIGURES

6. As disclosed in note 38 to the financial statements, the corresponding figures for 2025 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 2026.
7. My opinion is not modified in respect of this matter.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, as issued by the Accounting Standards Board of South Africa and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 92, forms part of my auditor's report.



Report of the Auditor General To Parliament on The Office of The Ombud for Financial Services Providers continued

REPORT ON THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Programme – Complaints Resolution presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Percentage of satisfied customers as derived from the CSFs in 2025/26
 - Percentage of complaints responded to within four working days of date of receipt of complaint
 - Percentage of complaints closed within nine months of receipt
 - Percentage of complaints closed within six months of receipt
 - Percentage of complaints closed within three months of receipt
 - Percentage of active complaints that are older than nine months
 - Efficiency ratio
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and apply consistently, and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected indicators.

OTHER MATTER

18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.



REPORT ON COMPLIANCE WITH LEGISLATION

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

24. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
25. My opinion on the financial statements and my findings on the reported performance information and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

28. I considered internal control relevant to the audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
29. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2026



Annexure to the auditor's report

The annexure includes the following:

- The auditor's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout the audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify opinion on the financial statements. My conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A.9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10;
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



Statement of Financial Position

as at 31 March 2026

	Note(s)	2026 R	2025 Restated* R
Assets			
Current Assets			
Receivables from exchange transactions	2	108 425	739 109
Receivables from non-exchange transactions	3	1 569 201	817 780
Statutory receivables from non-exchange transactions	4	11 604 542	8 011 793
Prepayments	5	2 278 775	1 244 993
Cash and cash equivalents	6	104 655 005	94 855 153
Other financial assets	7	1 436 388	4 667
		121 652 336	105 673 495
Non-Current Assets			
Other financial assets	7	–	1 510 123
Property, plant and equipment	8	2 714 948	2 728 200
Intangible assets	9	1 144 393	1 962 424
		3 859 341	6 200 747
Total Assets		125 511 677	111 874 242
Liabilities			
Current Liabilities			
Finance lease obligation	10	–	56 512
Payables from exchange transactions	11	4 644 587	3 139 849
Short-term employee benefits	12	4 983 177	4 180 501
		9 627 764	7 376 862
Total Liabilities		9 627 764	7 376 862
Net Assets		115 883 913	104 497 380
Accumulated surplus		115 883 913	104 497 380
Total Net Assets		115 883 913	104 497 380



Statement of Financial Performance

	Note(s)	2026 R	2025 Restated* R
Revenue			
Revenue from exchange transactions			
Interest received	15	5 865 664	4 709 843
Other income	13	205 147	569 766
Profit on disposal of assets	14	13 836	–
Total revenue from exchange transactions		6 084 647	5 279 609
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	16	86 101	78 799
Levies received from FSPs	17	86 484 874	87 022 709
Total revenue from non-exchange transactions		86 570 975	87 101 508
Total revenue	15	92 655 622	92 381 117
Expenditure			
General expenses	18	(20 674 276)	(20 238 120)
Loss on disposal of assets	14	–	(32 223)
Operating lease rentals	19	(4 615 224)	(4 545 403)
Employee costs	20	(50 289 460)	(44 494 784)
Depreciation and amortisation	21	(2 551 080)	(2 534 101)
Finance costs	22	(30 170)	(106 762)
Impairment loss	23	(2 808 394)	(1 777 252)
Total expenditure		(80 968 604)	(73 728 645)
Surplus for the year		11 687 018	18 652 472



Statement of Changes in Net Assets

	Accumulated surplus/deficit R	Total net assets R
Balance at 01 April 2024	85 844 908	85 844 908
Changes in net assets		
Surplus for the year – restated*	18 652 472	18 652 472
Total changes	18 652 472	18 652 472
Opening balance as previously reported	104 857 196	104 857 196
Adjustments		
Correction of errors – Note 38*	(359 816)	(359 816)
Change in accounting policy – Note 37*	(293 570)	(293 570)
GRAP 104R transition adjustment – remeasurement to amortised cost**	(6 915)	(6 915)
Restated Balance at 01 April 2025	104 196 895	104 196 895
Changes in net assets		
Surplus for the year	11 687 018	11 687 018
Total changes	11 687 018	11 687 018
Balance at 31 March 2026	115 883 913	115 883 913

* See Note 37 & 38

** The GRAP 104R transition adjustment results from the remeasurement of other financial assets from cost to amortised cost.



Cash Flow Statement

	Note(s)	2026 R	2025 Restated* R
Cash flows from operating activities			
Receipts			
Levies received		78 704 903	88 902 486
Interest income		5 806 191	4 709 843
Other income		658 528	286 648
		85 169 622	93 898 977
Payments			
Suppliers		(30 097 609)	(27 189 412)
Employment costs		(43 148 692)	(43 484 474)
		(73 246 301)	(70 673 886)
Net cash flows from operating activities	24	11 923 321	23 225 091
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1 536 712)	(708 649)
Proceeds from sale of property, plant and equipment	8	42 409	122 235
Purchase of intangible assets	9	(211 659)	–
Net cash flows from investing activities		(1 705 962)	(586 414)
Cash flows from financing activities			
Finance lease payments		(56 510)	(40 534)
Finance costs		(30 170)	(106 762)
Net cash flows from financing activities		(86 680)	(147 296)
Net increase/(decrease) in cash and cash equivalents		10 130 679	22 491 381
Cash and cash equivalents at the beginning of the year		94 855 153	72 363 772
Loss allowance – Financial assets		(330 827)	–
Cash and cash equivalents at the end of the year	6	104 655 005	94 855 153

* See Note 37 & 38.



Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received from financial institutions	4 999 980	–	4 999 980	5 865 664	865 684	33
Other income	30 000	–	30 000	205 147	175 147	
Total revenue from exchange transactions	5 029 980	–	5 029 980	6 070 811	1 040 831	
Revenue from non-exchange transactions						
Transfer revenue						
Levies received from FSPs	87 510 110	–	87 510 110	86 484 874	(1 025 236)	33
Total revenue	92 540 090	–	92 540 090	92 555 685	15 595	
Expenditure						
Personnel	(55 399 428)	2 917 000	(52 482 428)	(50 289 460)	2 192 968	33
Depreciation and amortisation	(2 938 000)	–	(2 938 000)	(2 551 080)	386 920	
Finance costs	(153 600)	–	(153 600)	(30 170)	123 430	
Operating lease rentals	(4 967 344)	–	(4 967 344)	(4 615 224)	352 120	33
General expenses	(27 111 669)	(2 145 000)	(29 256 669)	(20 674 276)	8 582 393	33
Total expenditure	(90 570 041)	772 000	(89 798 041)	(78 160 210)	11 637 831	
Operating surplus	1 970 049	772 000	2 742 049	14 395 475	11 653 426	
Amount allocated to capital expenditure	(1 970 049)	(772 000)	(2 742 049)	–	2 742 049	
Surplus before taxation	–	–	–	14 395 475	14 395 475	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	–	–	–	14 395 475	14 395 475	
Reconciliation						
Basis difference						
Government grants and subsidies				86 101		
Profit on disposal of assets				13 836		
Impairment loss on statutory receivables				(2 771 136)		
Impairment loss on financial assets				(37 258)		
Actual Amount in the Statement of Financial Performance				11 687 018		

* The Office did not budget for a surplus. The R1, 970 million relates to the budgeted capital expenditure.



Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance and are in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the ASB in accordance with Section 91(1) of the Public Finance Management Act (PFMA) (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the Office. Where applicable, the amounts are rounded off to the nearest Rand.

1.2 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the Office will continue to operate as a going concern for at least the next 12 months.

1.3 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The FAIS Ombud Materiality and Significance Framework is used to assess whether an omission or misstatement is material and could influence the user's decision. The approved materiality amount for the 2025/26 financial year is R425 680.

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the FAIS Ombud's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed below:

Impairment – expected credit losses (ECL)

The Office measures expected credit losses (ECL) on financial assets measured at amortised cost using estimates of the probability of default, loss given default, and exposure at default. The following formula is applied for the impairment calculation:

$$ECL = PD \times LGD \times EAD$$

ECL measurement involves significant judgement, including in:

- defining “default” and segmenting exposures into appropriate groups;
- estimating probabilities of default, loss given default and exposures at default;
- assessing the impact of collateral and other credit enhancements; and
- incorporating forward-looking information and any post-model adjustments where model outputs do not fully capture emerging risks.



Accounting Policies

The following table summarises the estimates and assumptions applied in calculating the impairments on financial assets:

Financial asset	Assumptions and estimates
Current bank account	The probability of default estimate was based on the bank's standalone credit rating that reflects the bank's creditworthiness before any external support. The LGD was aligned to Basel III Foundation Internal Ratings-Based (F-IRB).
CPD accounts	The probability of default estimate was based on the sovereign credit rating as the CPD does not have its own credit rating. The LGD is based on Basel III input floor of 25% for senior unsecured exposures.
Deposits	The probability of default was based on Standard & Poor's (S & P) published default rate tables for B-rated entities. The LGD was based on Moody's average recovery rates for senior unsecured instruments.

Significant Increase in Credit Risk (SICR)

The Office assesses whether there has been a significant increase in credit risk (SICR) since initial recognition using both quantitative and qualitative indicators. The Office applies the rebuttable presumption in GRAP 104 that credit risk has increased significantly when contractual payments are more than 30 days past due, unless there is reasonable and supportable information showing otherwise.

For exposures that are not past due, SICR is assessed using indicators such as changes in internal and external credit assessments, watch-list status and adverse changes in the debtor's operating environment.

Depreciation and amortization

During each financial year, management reviews property, plant and equipment and intangible assets to assess whether the useful lives and residual values applicable to each asset are appropriate.

At the end of each financial year management assesses whether there is any indication that the FAIS Ombud's expectations about the residual value and the useful life of assets included in property, plant and equipment have changed since the preceding reporting date.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the Office measures an impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the Office considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Office discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

The impairment indicators include invoices that are outstanding for more than 30 days. In assessing whether impairment exists, the Office considers the payment history of the debtor, the aging of the outstanding balance, and any other relevant information that may indicate uncertainty regarding recoverability.

Impairment testing for non-financial assets

The Office has judged all non-financial assets to be non-cash generating based on the Office's objective of using these assets to deliver a service and not to generate a commercial return. The Office reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable service amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and assumptions.

In assessing whether there is any indication that a non-financial asset may be impaired, the Office considers, as a minimum, the following indicators:

- Observable physical damage to property, plant and equipment.
- Obsolescence of computer software or licenses due to technological advances.

The carrying amounts relating to the non-financial assets are disclosed in notes 8 & 9.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 – Provisions.

1.5 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

An impairment loss is recognised immediately in surplus or deficit.

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Office; or
- the number of production or similar units expected to be obtained from the asset by the Office.



Accounting Policies

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Office assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Office estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the Office also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The Office assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Office estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Office; and
- the cost of the item can be measured reliably.



The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation of an asset ceases at the date that the asset is derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	Up to 10 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	3 to 10 years
Computer equipment	Straight-line	3 to 15 years
Leasehold improvements	Straight-line	Lease period
Equipment under finance lease	Straight-line	Lease period

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Office. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Office assesses at each reporting date whether there is any indication that the Office expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Office revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The Office separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.



Accounting Policies

1.7 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Office; and
- the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the date that the asset is derecognised.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Licenses	Straight-line	2–5 years
Data management system	Straight-line	7 years
Website	Straight-line	6–7 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.8 FINANCIAL INSTRUMENTS – GRAP 104 (REVISED 2019)

Applied from 1 April 2025, being the effective date prescribed for the Office by regulation of the Minister of Finance and the applicable Directive (see Changes in accounting policy note – 38).

Definitions

Initial Recognition

The Office recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The Office recognises financial assets using trade date accounting.

Classification and subsequent measurement

Financial Assets

The following financial assets have been identified:

- Receivables from exchange transactions
- Cash and cash equivalents
- Other financial assets

These financial assets are measured at amortised cost because both of the following conditions are met:



- (a) These financial assets are held with the objective to collect contractual cash flows; and
- (b) The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of Financial Liabilities

The Office classifies all financial liabilities, i.e., payables arising from exchange transactions, excluding accrued leave pay and operating lease liabilities, as subsequently measured at amortised cost.

Initial measurement

At initial recognition, the Office measures receivables from exchange transactions, other financial assets and payables from exchange transactions at their transaction price, as the initial credit period granted or received of 30 days or less is consistent with the terms used in the public sector.

For all other financial assets and liabilities subsequently measured at amortised cost, the entity initially measures these at their fair value plus or minus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Write-off

The gross carrying amount of a financial asset is written off when the FAIS has no reasonable expectation of recovering the financial asset in its entirety or a proportion thereof. Upon write-off, the FAIS directly reduces the gross carrying amount by the approved amount for write-off, the loss allowance is reduced by the portion previously recognised for that specific asset, and any remaining difference between the gross carrying amount written off and the reduction in the loss allowance is recognised immediately in surplus or deficit.

Write-offs are executed upon formal approval by the Accounting Authority or its duly delegated structure.

The write-off of a financial asset does not necessarily extinguish the Office's right to recover the debt. Any subsequent recoveries of amounts previously written off are recognised in surplus or deficit in the period in which they are received.

Impairment

General approach

The Office applies the general approach and recognises a loss allowance for expected credit losses on cash and cash equivalents and other financial assets.

Except for credit-impaired financial assets, at each reporting date, the entity measures the loss allowance for these financial instruments at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition.

When a credit risk is low, the ECL is measured at the 12-month ECL.

Except for credit-impaired financial assets, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

At each reporting date, the Office recognises an impairment gain or loss in surplus or deficit for the amount required to adjust the loss allowance to its required balance. This gain or loss is measured as the difference between the existing loss allowance balance and the amount determined at the reporting date in accordance with the expected credit loss model.



Accounting Policies

Credit risk

The Office assesses whether the credit risk of cash and cash equivalents and other financial assets has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date with the risk of default at the date of initial recognition. This assessment is based on all reasonable and supportable information that is available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Office's historical loss experience and informed credit assessment, that includes forward-looking information.

Simplified approach

The Office applies the simplified approach and recognises a loss allowance for expected credit losses on receivables from exchange transactions. The Office always measures the loss allowance for these instruments at an amount equal to lifetime expected credit losses.

Measurement of expected credit losses

The Office measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Derecognition

Derecognition of financial assets

The Office derecognises a financial asset only when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph is recognised in surplus or deficit in the period of the transfer.

Derecognition of financial liabilities

The Office removes a financial liability from its statement of financial position when it is extinguished.

1.9 FINANCIAL INSTRUMENTS – GRAP 104 (PREVIOUS POLICY APPLIED IN COMPARATIVE PERIOD)

Classification

The Office has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at cost

The Office has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:



Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Trade and other payables from non-exchange transactions	Financial liability measured at amortised cost

Subsequent measurement of financial assets and financial liabilities

The Office measures all financial assets and financial liabilities after initial recognition using the following categories: Financial instruments at amortised cost – subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Financial instruments at cost – subsequently measured at cost less accumulated impairment losses. All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The Office assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Receivables from exchange transactions

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method less allowance for impairment. An allowance for impairment is established when there is objective evidence that not all amounts due will be collected in accordance with the original terms, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflow, discounted at the effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment, which is recognised in the statement of financial performance. When the receivable is uncollectable, it is written off and subsequent recoveries of amounts previously written off are credited in operating expenses in the statement of financial performance.

Trade and other payables from exchange from exchange and non-exchange

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash held at banks in the current account and in the SARB CPD account. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are recognised at amortised cost.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities (or a part of a financial liability) are removed from its statement of financial position when, and only when, they are extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expired.



Accounting Policies

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as finance income or finance costs in surplus or deficit.

Offsetting financial instruments

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.10 STATUTORY RECEIVABLES

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another Office in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The Office recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the Office and the transaction amount can be measured reliably.

Initial measurement

The Office initially measures statutory receivables at their transaction amount.

Subsequent measurement

The Office measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.



Impairment losses

The Office assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the Office considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the Office measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an Office considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Office discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The Office derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the Office transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the Office, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Office:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The Office considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.



Accounting Policies

1.11 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential associated with the asset will flow to the Office;
- and the fair value of the asset can be measured reliably.

Measurement of assets on initial recognition

An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

1.13 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, and deposits held at call with banks.

1.14 EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.



Short-term employee benefits include items such as:

- Wages, salaries and social security contributions
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees

Short-term paid absences

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The Office measures the expected cost of accumulating paid absences as the additional amount that the Office expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Performance Bonus and incentive payments

The Office recognises the expected cost of bonus, incentive and performance related payments when the Office has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Office has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an Office pays fixed contributions into a separate Office (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.15 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.



Accounting Policies

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Office; or
- the number of production or similar units expected to be obtained from the asset by the Office.

1.16 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Office has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Office settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.17 COMMITMENTS

Items are classified as commitments when the Office has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are not recognised in the statement of financial position but disclosed in the notes to the annual financial statements.



1.18 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Office receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Office has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Office retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Office; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Revenue arising from the use by others of Office assets yielding interest, or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Office, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.19 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a Office, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a Office either receives value from another Office without directly giving approximately equal value in exchange, or gives value to another Office without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions relates to the Levies received from industry as outlined in terms of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act No. 12 of 2022 and the Financial Sector Regulations Act No. 9 of 2017.

The Office is funded from levies from the financial sector industry where the various financial services providers are levied on an annual basis. These levies are collected on behalf of the office by the FSCA. Once collected, the levy is transferred over to the Office where it is utilised for its operational requirements. The full levy is recognised in October every year after the Office invoices the industry.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.



Accounting Policies

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Office.

When, as a result of a non-exchange transaction, the Office recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Interest is recognised using the effective interest rate method, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Services in-kind

Except for financial guarantee contracts, the Office recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the Office and the fair value of the assets can be measured reliably.

1.20 ACCOUNTING BY PRINCIPALS AND AGENTS

Identification

An agent is an Office that has been directed by another Office (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an Office that directs another Office (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one Office (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another Office (the principal).

Identifying whether an entity is a principal or an agent

When the Office is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a Office is a principal or an agent requires the Office to assess whether the transactions it undertakes with third parties are for the benefit of another Office or for its own benefit.

Recognition

The Office is a party to a principal-agent arrangement with the FSCA, in which the Office is the principal. The FSCA is responsible for the collection and administration of levies in terms of Financial Sector and Deposit Insurance Levies Administration Act on behalf of the Office.

The Office, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The Office, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Office recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.



1.22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc.

1.23 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) the PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) the Office's supply chain management policy.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.24 SEGMENT INFORMATION

A segment is an activity of an Office:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Office);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.25 BUDGET INFORMATION

The entity is typically subject to budgetary limits in the form of budgets authorised by the Accounting Authority, which is given effect through authorising legislation.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.26 RELATED PARTIES

A related party is a person or an Office with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an Office that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an Office so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting Office and a related party, regardless of whether a price is charged.

Management are those persons responsible for planning, directing and controlling the activities of the Office, including those charged with the governance of the Office in accordance with legislation, in instances where they are required to perform such functions.



Accounting Policies

1.27 ACCUMULATED FUNDS AND RESERVES

Accumulated Surplus

The accumulated surplus comprises funds available to support the organisation's operations and is utilised to finance working capital requirements, capital expenditure, budgeted deficits (if any), and unforeseen events.

An accordance with applicable legislative requirements, approval is obtained from the National Treasury at the end of each financial year to retain the accumulated surplus.

The accumulated surplus includes both cash and non-cash components, such as revenue recognised but not yet collected. Consequently, the year-end accumulated surplus balance does not necessarily reflect the organisation's cash position.

1.28 PREPAYMENTS

Prepayments are payments made in advance for services that have not been delivered for which the Office expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

Prepayments are subsequently expensed when the goods and services are received in condition and location desired by management.

1.29 NEW STANDARDS AND INTERPRETATION

New Standards and Interpretation Description		Impact/Effective Date
GRAP 1	Presentation on Financial Statements	Minimal/1 April 2027
GRAP 103	Heritage Assets	Not Applicable/1 April 2027
GRAP 105	Transfer of Functions Between Entities Under Common Control	Not Applicable/1 April 2027
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	Not Applicable/1 April 2027
GRAP 107	Mergers	Not Applicable/1 April 2027



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
2. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables from exchange transactions		
Study advances*	102 887	358 664
Sundry debtors	5 538	380 445
Total Receivables from exchange transactions	108 425	739 109

* The study advances are recoverable from employees in terms of the study agreements, including through agreed salary deductions. The balances become due and payable in the event of failure or resignation. The amounts are expensed as bursaries once the employee has successfully passed and completed the required work-back period in accordance with the agreement. Comparative figures have been restated to correct an error, refer to Note 38.

The impairment of financial assets included in receivables from exchange transactions and was assessed for both the 2025 and 2026 financial periods and was found to be immaterial. Consequently, no expected credit loss was recognised.

Fair value of receivables from exchange transactions

The carrying amount of receivables from exchange transactions approximates their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	–	20 770
Amounts written off as uncollectible	–	(20 770)
	–	–

Split between non-current and current portions

Split between financial instruments and non-financial instruments

Other non-financial instruments related	5 256	5 968
Carrying amount of non-financial instruments	5 256	5 968
Carrying amount of financial instruments	103 169	733 141
Total split between financial instruments and non-financial instruments	108 425	739 109
Split of carrying amount of financial instruments into categories		
Financial assets measured at amortised cost	103 169	733 141

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Financial Sector Conduct Authority	1 569 201	817 780
The funds held by the FSCA on behalf of the Office will be used for operational expenditure, including salary payments for the Office.		
Split between financial instruments and non-financial instruments		
Statutory related	1 569 201	817 780
Carrying amount of non-financial instruments	1 569 201	817 780
Total split between financial instruments and non-financial instruments	1 569 201	817 780

4. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Statutory Debtor – Levies Receivable	16 178 319	10 391 724
Less: Impairment loss	(4 573 777)	(2 379 931)
Total Receivables from non-exchange transactions	11 604 542	8 011 793



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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Fair value of statutory receivables from non-exchange transactions

The carrying amount of receivables from non-exchange transactions approximates their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

Reconciliation of provision for impairment of statutory receivables from non-exchange transactions

Opening balance	(2 379 931)	(653 110)
Impairment loss: current year	(2 771 136)	(1 767 251)
Impairment loss utilised	577 290	40 430
	(4 573 777)	(2 379 931)

The maximum exposure to credit risk at the reporting date is the fair value of each statutory receivable mentioned above. The Office does not hold any collateral as security.

5. PREPAYMENTS

ICT services	135 156	160 299
Licenses	151 041	538 092
Other prepaid expenses	1 545 865	147 182
Rent	446 713	399 420
	2 278 775	1 244 993

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	7 000	2 798
Current account	31 349 804	12 054 766
Short-term deposits – retained funds	17 251 498	–
Loss allowance	(305 579)	–
Short term deposits – accumulated savings	56 352 282	82 797 589
	104 655 005	94 855 153

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating – Gross carrying amounts

	104 953 584	94 852 355
Standard Bank F1+(zaf) (Fitch)	31 349 804	12 054 766
Corporation for Public Deposits (CPD) – retained funds: Ba2 (Moody's)	17 251 498	–
Corporation for Public Deposits (CPD) – accumulated savings: Ba2 (Moody's)	56 352 282	82 797 589



EXPECTED CREDIT LOSS

The credit risk for the Standard Bank account was assessed to be low and consequently a 12 months expected credit loss (ECL) was recognised. The low credit risk results from the fact that commercial banks are regulated, well capitalised and are subject to prudential supervision.

The credit risk for the CPD account was assessed to be low as the Corporation for Public Deposits is a wholly owned subsidiary of the South African Reserve Bank (SARB) and it is fully backed by the SARB. Due to low credit risk assessment, a 12 months credit loss was recognised. The credit rating for the CPD account was aligned to the sovereign rating as the CPD does not have an external standalone rating. The Moody's local currency sovereign rating was Ba2 at 31 March 2026.

The detailed reconciliation of the expect credit loss is disclosed in note 29.

7. OTHER FINANCIAL ASSETS

Rental deposit – Office premises	–	1 510 123
Rental deposit on the office building is repayable at the end of the five-year lease in January 2027.		
Short term deposits	1 461 636	4 667
Short-term deposits comprise of holding deposit for the telephone management system and the rental deposit for the Office premises. The deposit on the office building earns a fixed interest of 4.17% until termination of the lease. Due to GRAP104R, the Office had to account for this deposit at amortised cost and therefore having to account for interest.		
Loss allowance	(25 248)	–
The Office assessed the credit exposures and the resulting loss allowances were measured at a 12-month ECL, due to a low credit risk assessment. This loss allowance applies to both deposits.		
Total other financial assets	1 436 388	1 514 790
Split between non-current and current portions		
Non-current assets	–	1 510 123
Current assets	1 436 388	4 667
Total other financial assets	1 436 388	1 514 790

EXPECTED CREDIT LOSS

The credit risk relating to the rental deposit was assessed as low using an expected credit loss (ECL) model. In the absence of a direct external credit rating, a proxy S&P B credit rating was applied based on the counterparty's profile as a property and asset investment vehicle. A 12-month expected credit loss was recognised.

The credit risk relating to the holding deposit for the telephone management system was assessed as low using an expected credit loss (ECL) model. Due to the absence of an external credit rating and limited counterparty-specific financial information, a proxy S&P B-credit rating was applied based on published market benchmarks. A 12-month expected credit loss was recognised.

The detailed reconciliation of the expect credit loss is disclosed in note 29.



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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8. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
Figures in Rand	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	333 669	(269 008)	64 661	317 572	(214 559)	103 013
Motor vehicles	449 828	(335 302)	114 526	449 828	(307 361)	142 467
Office equipment	180 728	(140 935)	39 793	165 244	(123 952)	41 292
Computer equipment	4 496 240	(2 480 963)	2 015 277	3 922 589	(2 561 113)	1 361 476
Leasehold improvements	3 216 815	(2 736 124)	480 691	3 216 815	(2 162 934)	1 053 881
Equipment under finance lease	96 231	(96 231)	–	96 231	(70 160)	26 071
Total	8 773 511	(6 058 563)	2 714 948	8 168 279	(5 440 079)	2 728 200

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2026

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	103 013	16 098	–	(54 450)	64 661
Motor vehicles	142 467	–	–	(27 941)	114 526
Office equipment	41 292	15 484	–	(16 983)	39 793
Computer equipment	1 361 476	1 505 130	(28 573)	(822 756)	2 015 277
Leasehold improvements	1 053 881	–	–	(573 190)	480 691
Equipment under finance lease	26 071	–	–	(26 071)	–
	2 728 200	1 536 712	(28 573)	(1 521 391)	2 714 948

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2025

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	156 346	–	–	(53 333)	103 013
Motor vehicles	173 152	–	–	(30 685)	142 467
Office equipment	23 929	30 456	–	(13 093)	41 292
Computer equipment	1 575 111	678 193	(59 008)	(832 820)	1 361 476
Leasehold improvements	1 632 595	–	–	(578 714)	1 053 881
Equipment under finance lease	74 184	–	–	(48 113)	26 071
	3 635 317	708 649	(59 008)	(1 556 758)	2 728 200

PLEDGED AS SECURITY

No assets have been pledged as security and there are no restrictions on the assets.



	2026 R	2025 Restated* R
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PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The Office disposed of fully depreciated items of property, plant and equipment for R42 409 (2025: R122 235).

9. INTANGIBLE ASSETS

	2026			2025		
	Cost/ valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	211 659	(52 346)	159 313	–	–	–
Data management system	5 967 830	(4 994 062)	973 768	5 967 830	(4 020 294)	1 947 536
Website	130 950	(119 638)	11 312	130 950	(116 062)	14 888
Total	6 310 439	(5 166 046)	1 144 393	6 098 780	(4 136 356)	1 962 424

RECONCILIATION OF INTANGIBLE ASSETS – 2026

	Opening balance	Additions	Amortisation	Total
Computer software	–	211 659	(52 346)	159 313
Data management system*	1 947 536	–	(973 768)	973 768
Website*	14 888	–	(3 576)	11 312
	1 962 424	211 659	(1 029 690)	1 144 393

RECONCILIATION OF INTANGIBLE ASSETS – 2025

Data management system*	2 921 303	–	(973 767)	1 947 536
Website*	113 913	(95 450)	(3 575)	14 888
	3 035 216	(95 450)	(977 342)	1 962 424

* These intangible assets were internally developed.

10. Finance lease obligation

Minimum lease payments due

– within one year	–	88 101
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Present value of minimum lease payments due

– within one year	–	56 512
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The Office entered into a finance lease agreement for the procurement of computer equipment (tablets) for a period of two years. The lease term concluded in the current year, and ownership of the leased assets has transferred to the Office in terms of the agreement.



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
11. Payables from exchange transactions		
Trade payables	755 638	460 834
Operating lease liability	593 469	986 081
Accrued leave pay	1 777 067	1 454 465
Other accrued expenses	1 518 413	238 469
	4 644 587	3 139 849
Split between financial instruments and non-financial instruments		
Other non-financial instruments related	2 370 536	2 440 556
Carrying amount of non-financial instruments	2 370 536	2 440 556
Carrying amount of financial instruments	2 274 051	699 293
Total split between financial instruments and non-financial instruments	4 644 587	3 139 849

12. SHORT-TERM EMPLOYEE BENEFITS

RECONCILIATION OF SHORT-TERM EMPLOYEE BENEFITS – 2026

	Opening balance	Additions	Utilised	Total
Staff bonuses	3 438 843	3 918 553	(3 452 089)	3 905 307
Ombud's unpaid bonus pending approval	601 784	336 212	–	937 996
Ombud's structural increase and annual increase	139 874	–	–	139 874
	4 180 501	4 254 765	(3 452 089)	4 983 177

RECONCILIATION OF SHORT-TERM EMPLOYEE BENEFITS – 2025

Staff bonuses	3 061 181	3 322 231	(2 944 569)	3 438 843
Ombud's unpaid bonus pending approval	210 000	391 784	–	601 784
Ombud's structural increase and annual increase	139 874	–	–	139 874
	3 411 055	3 714 015	(2 944 569)	4 180 501

UNPAID BONUS PENDING APPROVAL

The Ombud, as the head of the organisation, met the criteria for performance bonuses for the 2022/23 and 2023/24 financial periods based on the scores achieved during the respective performance appraisals. The performance bonus recommendations followed the applicable governance processes and were recommended by the Human Resources and Remuneration Committee for the Minister's approval. For the 2024/25 financial period, engagements with National Treasury are still ongoing in this regard. As at the reporting date, the matter remains an open agenda item with the Office of the Minister pending the Minister's consideration.



	2026 R	2025 Restated* R
13. Other income		
Other income	205 147	569 766
Other income comprises mainly of funds received from an insurance company as reimbursement for a disability claim for an employee.		
14. Profit or loss on disposal of assets		
Property, plant and equipment	13 836	(32 223)
The Office sells assets that have reached their end of useful life to staff. The profit on disposal are excluded from revenue as they are not revenue in nature.		
15. Total revenue		
Interest received	5 865 664	4 709 843
Profit or loss on disposal of assets	13 836	–
Levies and interest received from FSPs	86 484 874	87 022 709
Other income	205 147	569 766
SETA Income	86 101	78 799
	92 655 622	92 381 117
Interest received comprises mainly of interest earned on short term deposits held at the Corporation for Public Deposits and interest recognised for deposit made for the Office premises.		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received	5 865 664	4 709 843
Other income	205 147	569 766
	6 070 811	5 279 609
The amount included in revenue arising from non-exchange transactions is as follows:		
SETA Income	86 101	78 799
Levies and interest received from FSPs	86 484 874	87 022 709
	86 570 975	87 101 508
16. Revenue from non-exchange transactions: Government grants		
Operating grants		
SETA Income	86 101	78 799
The Office receives mandatory grants from SETA for continuous development of its employees through funding of training and financial assistance towards study fees.		
17. Revenue from non-exchange transactions: Financial Services Providers		
Levies received from FSP	85 541 262	86 281 221
Interest received from FSP	943 612	741 488



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
	86 484 874	87 022 709
18. General expenses		
Assets expensed	14 925	–
Auditors remuneration	2 679 718	2 324 941
Bank charges	43 680	40 449
Cleaning	102 309	40 166
Committee members remuneration	712 877	678 930
Conferences and seminars	63 431	60 095
Consulting and professional fees	1 371 527	3 268 882
Entertainment	9 112	25 558
Flowers	3 929	3 898
ICT expenses*	5 114 236	5 370 461
Insurance	437 116	323 681
Library costs	128 546	23 009
Litigation fees	1 851 379	370 348
Motor vehicle expenses	14 291	14 630
Operating cost – office building	810 679	755 568
Postage and courier	4 311	2 395
Printing and stationery	212 180	266 975
Promotions	341 904	181 909
Recruitment and advertising	200 231	666 089
Repairs and maintenance*	297 529	460 765
Security	12 432	11 461
Staff welfare	584 550	497 889
Subscriptions and membership fees	130 723	129 525
Telephone and fax	743 869	670 971
Training**	2 032 592	1 282 152
Travel – international	70 389	126 006
Travel – local	213 091	309 325
Water and electricity	2 472 720	2 332 042
	20 674 276	20 238 120

* To enhance financial reporting and improve classification, comparative ICT expenses have been reclassified from repairs, maintenance and support to the ICT expenses line item.

** Comparative figures for training fees have been restated as a result of the correction of a prior-period error relating to study advances granted as financial assistance to employees. The impact of the correction is disclosed in note 38.



	2026 R	2025 Restated* R
19. Operating lease rentals		
Premises		
Contractual amounts	4 521 084	4 464 329
Equipment		
Contractual amounts	94 140	81 074
	4 615 224	4 545 403
These are payments effected towards the rental of the office premises, office printers and water coolers.		
Office premises: An operating lease agreement was entered into in February 2022 for the lease of the new office premises. The lease term is for a period of five years with an annual escalation of 8%.		
Office printers: The operating lease for the office printers is for a period of three years, the agreement was entered into in July 2024.		
Water coolers: The operating lease for the water coolers is for a period of three years, the agreement was entered into in June 2025.		
20. Employee costs		
Accrued leave pay charges	322 602	176 748
Basic salary	44 923 169	39 894 548
Bonus payments	3 470 089	2 962 569
Compensation Fund Contributions	52 529	64 116
Long-service awards	96 000	72 000
Provision for bonus	802 676	769 446
Skills Development Levy	439 783	394 077
Travel allowances	49 294	37 883
Unemployment Insurance Fund	133 318	123 397
	50 289 460	44 494 784
21. Depreciation and amortisation		
Property, plant and equipment	1 521 391	1 556 758
Intangible assets	1 029 689	977 343
	2 551 080	2 534 101
22. Finance costs		
Finance leases	30 170	106 762
The finance costs relate to the finance lease.		



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
23. Impairment loss		
Debt Impairment – Other	2 808 394	1 777 252
The amount included in debt impairment are as follows:		
Financial Services Providers	2 771 136	1 767 252
Fraudulent salary advance written off	–	10 000
Impairment of financial assets	37 258	–
	2 808 394	1 777 252
24. Cash generated from operations		
Surplus	11 687 018	18 652 472
Adjustments for:		
Depreciation and amortisation	2 551 080	2 534 101
(Loss) gain on sale of assets	(13 836)	32 223
Finance costs – Finance leases	30 170	106 762
Impairment of statutory receivables	2 771 136	1 777 252
Movements in provisions	802 676	769 446
GRAP 104R transition adjustment – remeasurement to amortised cost*	(6 915)	–
Impairment of financial assets	37 258	–
Changes in working capital:		
Receivables from exchange transactions	630 684	(138 368)
Impairment of statutory receivables	(2 771 136)	(1 777 252)
Statutory receivables from non-exchange transactions	(3 592 749)	(2 836 594)
Prepayments	(1 033 782)	(82 532)
Receivables from non-exchange transactions	(751 421)	6 355 751
Payables from exchange transactions	1 504 736	(1 688 282)
Rental deposit	78 402	(3 145)
Levies received in advance	–	(476 743)
	11 923 321	23 225 091
* The GRAP 104R transition adjustment results from the remeasurement of other financial assets from cost to amortised cost.		
25. Auditors' remuneration		
External audit	2 201 346	1 826 086
Internal audit	478 372	498 855
	2 679 718	2 324 941

26. CONTINGENT LIABILITIES

The Office is involved in labour-related matters currently before the CCMA and one matter before the Magistrate's Court. Management has assessed the matters and considers the likelihood of an outflow of resources as possible but not probable. The financial effect cannot be reliably estimated at this stage.



27. RELATED PARTIES

Relationships

Public Entities in National Sphere of Government

Financial Sector Conduct Authority

Both entities report to the National Treasury

Key management

Refer to note 28

RELATED PARTY BALANCES

Amounts included in receivables from non-exchange transactions

Financial Sector Conduct Authority	1 569 201	817 780
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RELATED PARTY TRANSACTIONS

Services in kind

The FSCA has provided the following services in kind to the Office for the financial year under review:

- The payroll function for the Office, which includes processing and paying of salaries and effecting the payment of employee-related taxes to the designated authorities.

The payroll services received are not deemed to be significant to the operations of the Office. From a legislative perspective, the following services were rendered to the Office by the FSCA:

- The complete invoicing and collection of levy from industry process as required per the FSR Act.
- The above service included the function of levying interest on overdue debtor accounts as well as implementing the debt collection process on behalf of the Office.

28. MEMBERS' AND PRESCRIBED OFFICERS' REMUNERATION AND OTHER BENEFITS PAID, PAYABLE OR RECEIVABLE

EXECUTIVE

2026	Emoluments	Other benefits*	Pension paid	Performance bonus	Leave commutation	Long service bonus	Total
JR Simpso, Ombud	2 525 800	26 166	–	–	96 798	–	2 648 764
S Maharaj Chief Financial Officer	2 016 632	–	217 634	267 857	21 404	–	2 523 527
KE Hechter Head: Governance, Risk and Compliance	1 949 668	–	284 598	223 214	–	6 000	2 463 480
R Kgaphola Head: Human Capital	1 462 926	–	157 815	194 234	62 084	–	1 877 059
PD Sehlola Head: Information Communications and Technology	1 462 926	–	157 815	194 234	62 084	12 000	1 889 059
	9 417 952	26 166	817 862	879 539	242 370	18 000	11 401 889



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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28. MEMBERS' AND PRESCRIBED OFFICERS' REMUNERATION AND OTHER BENEFITS PAID, PAYABLE OR RECEIVABLE continued

2025	Emoluments	Other benefits	Pension paid	Performance bonus	Leave commutation	Total
JR Simpson , Ombud	2 415 000	27 453	–	–	84 479	2 526 932
S Maharaj , Chief Financial Officer	1 935 740	4 322	209 124	319 553	109 110	2 577 849
KE Hechter , Head: Governance Risk and Compliance	1 871 394	–	273 470	192 938	–	2 337 802
R Kgaphola , Head: Human Capital	1 403 684	2 631	151 645	198 252	55 875	1 812 087
PD Sehlola , Head: Information Communication and Technology	1 403 684	–	151 645	219 299	62 084	1 836 712
	9 029 502	34 406	785 884	930 042	311 548	11 091 382

COMMITTEE MEMBERS

	Human Resources and Remuneration Committee	Audit and Risk Committee	Other meetings	Total
2026				
K Mofuoa	38 796	–	–	38 796
L Molebatsi	54 961	–	–	54 961
L Ntuane	–	90 524	6 466	96 990
L Senne (Reappointed 1 May 2025)	–	58 194	6 466	64 660
N Esterhuizen	–	75 976	6 466	82 442
P Maluleke	–	67 893	–	67 893
P Mokgobu	64 660	–	–	64 660
T Ajam	–	90 524	–	90 524
T Kharametsane	71 126	–	6 466	77 592
V Balgobind	–	51 728	–	51 728
V Barthus	22 631	–	–	22 631
	252 174	434 839	25 864	712 877
2025				
K Mofuoa	74 359	–	3 233	77 592
L Molebatsi	74 359	–	21 014	95 373
L Ntuane	–	61 427	–	61 427
L Senne (Resigned 30 November 2024)	–	32 330	–	32 330
N Esterhuizen	–	71 126	–	71 126
P Mokgobu	67 893	–	–	67 893
PJ Sutherland*	9 699	–	–	9 699
T Ajam	–	61 427	–	61 427
T Kharametsane	–	74 359	3 233	77 592
V Balgobind	51 728	–	4 850	56 578
V Barthus	–	67 893	–	67 893
	278 038	368 562	32 330	678 930

* Relates to services rendered by a former committee member.



29. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND OTHER DISCLOSURES

SIGNIFICANCE OF FINANCIAL INSTRUMENTS FOR FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Statement of financial position

Carrying amounts of financial assets

Class of financial instrument

	Note	At amortised cost	At amortised cost
Receivables from exchange transactions	2	103 169	733 141
Cash and cash equivalents	6	104 655 005	94 855 153
Other financial assets	7	1 436 388	1 514 790
		106 194 562	97 103 084

Carrying amounts of financial liabilities

Class of financial instrument

	Note	At amortised cost	At amortised cost
Payables from exchange transactions	11	2 274 051	699 293

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

In the course of the entity's operations, it is exposed to credit, liquidity, and market risk (currency, interest rate and other price risk). The entity has developed a strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal audit reports are submitted quarterly to the Audit and Risk Management Committees, independent committees that monitor risks and policies implemented to mitigate risk exposures. The entity is not exposed to significant currency risk or other price risk. The risk management process relating to each of these risks are discussed under the headings below.

Financial assets that potentially subject the Office to concentrations of credit risk consist mainly of cash and cash equivalents. The entity's cash and short-term deposits are placed with high-quality financial institutions as well as the Corporation for Public Deposits. The entity's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the receivables. Accordingly, the entity has no significant concentration of credit risk.

CREDIT RISK

Credit risk is the risk of a counterparty to a financial instrument defaulting on its obligation to the Office, thereby causing financial loss. Credit risk primarily consists of cash equivalents, other financial assets and receivables from exchange transactions. The Office only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

Credit risk on receivables from exchange transactions and other financial assets are managed through strict credit control.

Regardless of the qualitative or quantitative assessment performed, the Office applies the rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Office has reasonable and supportable information demonstrating that a significant increase in credit risk has not occurred.

There have been no significant changes in the Office's exposure to credit risk or in its objectives, policies, and processes for managing credit risk during the reporting period.



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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29. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND OTHER DISCLOSURES

continued

Methods, assumptions and information used to measure ECL

The GRAP 104 (Revised 2019) standard requires entities to assess financial assets for impairment based on either 12-month or lifetime Expected Credit Losses (ECL). Per the standard:

“The impairment requirements for financial assets are based on a forward-looking expected credit loss (ECL) model. Under the model, a dual measurement approach is followed where the expected credit losses are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on the approach and credit risk of a financial asset.”

There are two approaches to the recognition of impairment under the standard:

- the general approach
- the simplified approach

APPLICATION OF THE STANDARD

Under the GRAP 104 (Revised 2019) general approach, entities are required to recognise a loss allowance at an amount equal to 12-month expected credit losses on initial recognition for all financial assets not classified as receivables which require impairment. At each subsequent reporting date, the entity assesses whether credit risk on the financial asset has increased significantly since initial recognition; if so, the loss allowance is measured at the amount of lifetime expected credit losses. The general approach has been applied to cash and cash equivalents throughout this report.

GRAP104 (Revised 2019) further stipulates that the ECL for exposures modelled under the general model should be calculated as Probability of Default (PD) × Loss Given Default (LGD) × Exposure at Default (EAD). All exposures were assessed as low credit risk at the reporting date. Accordingly, loss allowances have been measured at a 12-month ECL rather than a lifetime ECL. The assessment of low credit risk was based on the following factors: the counterparties have a low risk of default; they have a strong capacity to meet contractual cash flows in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce their ability to fulfil their obligations. The credit risk rating used to support this assessment is an external credit rating from an internationally recognised credit rating agency (Moody's).

Receivables arising from exchange transactions comprise Study Advances and Sundry Debtors, which were assessed using the simplified impairment approach in accordance with GRAP 104 (Revised 2019).

The impairment allowances relating to these receivables were evaluated against the Office's audited total expenditure of R73 368 826 as disclosed in the 2024/25 Annual Report. Applying the materiality threshold, the impairment allowance was determined to be below the materiality threshold and is therefore considered immaterial for reporting purposes.

General approach: Cash and cash equivalents

GRAP 104 (Revised 2019) applies to cash and cash equivalents – which expose the Office to credit risk on the underlying counterparty. All cash and cash equivalents are assessed as low credit risk at the reporting date. Accordingly, loss allowances have been measured at a 12-month ECL rather than a lifetime ECL.

The Office cash and cash equivalents portfolio at the reporting date comprises of:

- A cheque-account balances held with Standard Bank.
- Call-account investments held with the Corporation for Public Deposits

The ECL on each exposure is calculated as $PD \times LGD \times EAD$. The inputs are summarised below:



COMMERCIAL BANK DEPOSITS

Commercial banks are regulated, well-capitalised counterparties subject to prudential supervision, and are considered to be of low credit risk. A 12-month ECL has therefore been recognised. The credit rating applied is the Moody's Baseline Credit Assessment (BCA), which reflects the bank's standalone creditworthiness before any external support. As at 31 March 2026, this rating is Ba2. Moody's BCA was selected because it yields the most conservative (highest PD) outcome among the three agencies considered: Moody's BCA, S&P's long-term issuer rating, and Fitch's Issuer Default Rating (IDR).

Given the limited population of South African bank defaults, there is insufficient historical loss data to derive a statistically credible LGD. The Basel III Foundation Internal Ratings-Based (F-IRB) supervisory LGD has therefore been adopted as a proxy. While the Basel parameters are calibrated for regulatory capital purposes rather than GRAP 104 (Revised 2019) reporting, they are anchored in extensive cross-jurisdictional default and recovery data collected by the Basel Committee and are widely accepted as a reasonable proxy where entity-specific recovery experience is unavailable. The F-IRB LGD specifically applies to senior unsecured exposures to banks, which matches the nature of the deposits held.

CORPORATION FOR PUBLIC DEPOSITS

The CPD is a wholly owned subsidiary of the South African Reserve Bank (SARB) and operates as the vehicle through which surplus public-sector funds are invested. As the CPD is fully backed by the SARB, it is considered to be of low credit risk, and a 12-month ECL has been recognised. The CPD does not have an external standalone credit rating. As it is a SARB subsidiary, the South African sovereign's credit risk can serve as a proxy, and the Moody's local-currency long-term sovereign rating has therefore been used. As at 31 March 2026, this rating is Ba2.

The LGD applied is the Basel III input floor for senior unsecured exposures. The economically appropriate LGD for the CPD is likely low, given that any CPD stress event would be addressed through direct SARB intervention (the SARB has both the mandate and the monetary capacity to ensure the CPD meets its obligations). Because true LGD is expected to be near zero, but cannot be precisely quantified, the Basel III prudential floor has been adopted as a conservative proxy. Use of the floor – rather than a lower entity-derived figure – also avoids reliance on a parameter that cannot be substantiated with observable data.

General approach: Other financial assets

The other financial assets are based on deposits that are held with non-banking entities. These are assessed for an ECL under GRAP 104 (Revised 2019) based on the credit risk of the underlying counterparty. The credit risk associated with the 'Other Financial Assets' has been assessed as low, and thus a 12-month ECL has been determined.

The 'Other Financial Assets' at the respective reporting dates consist of:

A rental deposit, held with Abheka Holdings (Pty) Ltd, which is repayable at the end of the five-year lease agreement.

A deposit for the telephone management system, held as security to cover any outstanding amounts in the event of early contract termination.

Rental deposits

In the absence of an external credit rating for the landlord directly, a B rating has been adopted as a proxy, consistent with the counterparty's profile as a property and asset investment vehicle operating within the Group. The group structure and consolidated financial backing support a non-investment-grade but performing credit profile. The corresponding one-year cumulative default rate is sourced from Standard and Poor's (S&P) published default rate tables for B-rated entities and applied as the base PD.

The deposit is unsecured – with no guarantee attached to the deposit amount – and insufficient entity-specific default history exists to derive an internal LGD estimate. Accordingly, a LGD has been applied, based on Moody's average recovery rates for senior unsecured instruments, representing the market-observed complement to a ~38% recovery rate on unsecured debt obligations.

Interest is not contractually receivable under the lease agreement; however, interest accrues within the separately held deposit account. The EAD is therefore the present value of the nominal deposit balance, discounted over the remaining lease term at 4.17% – consistent with management's amortised cost treatment and reflective of the interest rate applicable to the deposit account.



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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29. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND OTHER DISCLOSURES continued

Holding deposits

The counterparty is a company that specialises in telecommunication systems. In the absence of company-specific default history or readily available financial information, proxy assumptions are derived from S&P and Moody's published benchmarks.

A B-minus proxy rating has been assigned, reflecting the absence of an external credit rating and the limited information available regarding the counterparty's financial position. The corresponding S&P's one-year cumulative default rate is applied as the base PD. The deposit is unsecured with no guarantee attached. Consistent with the approach applied to comparable deposits, a LGD is applied by reference to Moody's average recovery rates for senior unsecured instruments.

Given the short-term nature of the deposit, no interest accrual has been assumed per management's assessment. The EAD is therefore the nominal deposit balance at the reporting date.

Default is assumed to occur at contract termination, approximately one year from the reporting date. The effects of discounting are immaterial due to the short term nature of the deposit.

Forward-looking information

The ECL estimates incorporate Forward-Looking Information (FLI) through a macroeconomic overlay applied to the base PD assumptions. This overlay is derived from South Africa's sovereign credit rating history, using S&P ratings as a proxy for prevailing and expected credit conditions.

A 15-year historical rating profile was analysed and mapped to implied PDs using S&P default tables (adjusted for emerging market conditions). As at March 2025, the prevailing rating implies a PD of 0.89% compared to a long-term average of 0.44%, resulting in a scaling factor of 2.04 applied to base PDs. As at March 2026, the implied PD of 0.45% relative to the same long-term average results in a scaling factor of 1.03, indicating conditions broadly aligned with historical norms

Definition of default

The Office considers a financial asset to be in default when the debtor is unlikely to pay its obligation to the FAIS in full, or when the financial asset is more than 30 days past due. The 30-day threshold is applied consistently across all financial assets as it aligns with the Office's internal credit monitoring processes.

Grouping of instruments for collective ECL measurement

Cash and cash equivalents are assessed individually for ECL purposes, with Corporation of Public Deposits balances and commercial bank deposits balances assessed separately, as each institution has distinct credit characteristics.

Other financial assets are assessed individually for ECL purposes, as each counterparty has distinct credit characteristics. Therefore, no financial instruments were grouped and assessed on a collective basis.

Write-off policy

All effort to collect the receivable is aligned to normal processes and is concluded when there is no reasonable expectation of recovery. The Office has a policy of writing off the gross carrying amount when the financial asset is 30 days past due, based on historical recovery experience. After all effort was done to collect the receivable aligned to normal processes, it is concluded that there is no reasonable expectation of recovery, and the Accounting Authority then approves the write off.



	2026 R	2025 Restated* R
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QUANTITATIVE INFORMATION ABOUT AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES

Changes in loss allowance and gross carrying amount

Receivables from exchange contracts – reconciliation of loss allowance (simplified approach)

Receivables arising from exchange transactions comprise Study Advances and Sundry Debtors, which were assessed using the simplified impairment approach in accordance with GRAP 104 (Revised 2019).

The impairment allowances relating to these receivables were evaluated against the FAIS Ombud's audited total expenditure of R73 368 826 as disclosed in the 2024/25 Annual Report. Applying a conservative materiality threshold, the impairment allowance was determined to be below the materiality threshold and is therefore considered immaterial for reporting purposes.

Comparative disclosure as per the 2025 annual financial statements: Reconciliation of provision for impairment of trade and other receivables

Opening balance	–	20 770
Provision for impairment	–	–
Amounts written off as uncollectible	–	(20 770)
Unused amounts reversed	–	–
Closing balance	–	–

Cash and cash equivalents – reconciliation of loss allowance (general approach)

	12-month ECL 2026	
Loss allowance at the beginning of the year	245 566	–
Transfer to Stage 2 – Lifetime ECL	–	–
Transfer to Stage 1 – 12-month ECL	–	–
Write-offs	–	–
Changes in models, assumptions and risk parameters	60 013	–
Loss allowance at the end of the year	305 579	–

There were no significant changes in the gross carrying amount of cash and cash equivalents that contributed to changes in the loss allowance.

The 2025 comparative is nil as GRAP 104 (2009) was applied in that period.

Other financial assets – reconciliation of loss allowance (general approach)

Loss allowance at the beginning of the year	48 003	–
Transfer to Stage 2 – Lifetime ECL	–	–
Transfer to Stage 1 – 12-month ECL	–	–
Write-offs	–	–
Changes in models, assumptions and risk parameters	(22 755)	–
Loss allowance at the end of the year	25 248	–

There were no significant changes in the gross carrying amount of other financial assets that contributed to changes in the loss allowance.

The 2025 comparative is nil as GRAP 104 (2009) was applied in that period.

Credit risk exposure

For purposes of determining the ECL loss allowances, the Office assesses the credit quality of each financial asset at the end of the reporting period. For cash and cash equivalents and other financial assets, credit quality is assessed using external credit ratings.



Notes to the Annual Financial Statements

						2026 R	2025 Restated* R
Cash and cash equivalents – credit quality based on external credit ratings							
Financial instrument	Note	Credit rating	Weighted average loss rate	Gross carrying 2026	ECL loss allowance 2026	Net carrying amount 2026	Net carrying amount 2025
Commercial Bank Deposits	6	Ba2	0.42%	31 349 804	132 610	31 217 194	12 054 766
Corporation for public deposits (CPD)	6	Ba2	0.24%	73 603 780	172 969	73 430 811	82 797 589
				– 104 953 584	305 579	104 648 005	94 852 355

The 2025 comparative is presented under GRAP 104 (2009). No ECL was recognised in 2025, and the net carrying amounts equal the gross carrying amounts.

Other financial assets – credit quality based on a proxy of an external credit ratings

Financial instrument	Note	Credit rating	Weighted average loss amount	Gross carrying 2026	ECL loss allowance 2026	Net carrying amount 2026	Net carrying amount 2025
Rental deposit	7	B	1.72%	1 458 636	25 158	1 433 478	1 510 123
Holding deposit	7	B-	3.31%	3 000	90	2 910	4 667
				1 461 636	25 248	1 436 388	1 514 790

Note that the holding deposits ECL accounts for the time value of money in the above results – using the earlier-described discounting approach – and reflect a discounting impact of R9 at March 2026.

The 2025 comparative is presented under GRAP 104 (2009). No ECL was recognised in 2025, and the net carrying amounts equal the gross carrying amounts.

The maximum exposure to credit risk

The following table presents the Office's maximum exposure to credit risk. The maximum exposure is the net carrying amount after deducting the ECL loss allowance, without taking account of collateral or other credit enhancements. The FAIS holds no collateral or other credit enhancements against any financial asset.

Financial instrument class	Note	Maximum exposure to credit risk 2026	Maximum exposure to credit risk 2025
Receivables from exchange transactions	2	103 169	733 141
Cash and cash equivalents (bank balances)	6	104 953 584	94 855 153
Other financial assets	7	1 461 636	1 514 790
Total		106 518 389	97 103 084

The Office holds no collateral and no other credit enhancements against any of the above financial assets.

The 2025 comparative is presented under GRAP 104 (2009) with no ECL recognised; the carrying amount equals the maximum exposure.



LIQUIDITY RISK

Scope and objectives

The Office's risk to liquidity stems from the funds available to cover future commitments. Considering the Office's current funding structures and available cash resources, the Office regards this risk as low.

The entity manages liquidity risk through an ongoing review of future commitments and cash flow forecasts.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity analysis of contractual undiscounted cash outflows – non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2026				
Payables from exchange transactions	2 274 051	–	–	–
2025				
Payables from exchange transactions	699 293	–	–	–

MARKET RISK

Interest rate risk

The Office's exposure to interest risk is managed by investing, on a short-term basis, in the CPD, to ensure maximum interest on surplus funds within the prescribed legislation. The risk arises when there are interest rate changes downward, as this will reduce the interest income on invested funds. The entity manages its interest rate risk by only investing its funds in accounts at financial institutions wherein the accounts accrue interest at market related interest rates. In terms of National Treasury Regulation (section 31.3.3), all surplus funds are deposited in the call account – CPD.

The Office is exposed to interest rate changes in respect of returns on its investments with financial institutions. The Office's exposure to interest rate risk is reflected under the respective notes. As part of managing the entity's exposure to interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The Office manages its cash flow interest rate risk by using variable interest rates. As a result, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

A change in the market interest rate would have increased/(decreased) the surplus for the year by the amounts below:

Interest rate profile

The interest rate profile of interest-bearing financial assets at the reporting date was as follows:

	Average effective rate 2026 (%)	Carrying amount 2026
Variable rate instruments – assets	–	–
Cash and cash equivalents (gross)	7	104 655 005

Note to the table: The interest rate portfolio was not disclosed in the prior financial year (31 March 2025). The year 2025 was not restated.



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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Interest rate sensitivity analysis

The Office's exposure to interest risk is managed by investing, on a short-term basis, in the CPD, to ensure maximum interest on surplus funds within the prescribed legislation. The risk arises when there are interest rate changes downward, as this will reduce the interest income on invested funds. The entity manages its interest rate risk by only investing its funds in accounts at financial institutions wherein the accounts accrue interest at market related interest rates. In terms of National Treasury Regulation (section 31.3.3), all surplus funds are deposited in the call account – CPD.

The Office is exposed to interest rate changes in respect of returns on its investments with financial institutions

The gross CPD balance on 31 March 2026 was R73 603 780 and the Office earned an average interest of 7%. The interest income is aligned with the repo rate and thus fluctuations in the repo rate directly impacts the interest earned.

The average CPD balance for the year ended 31 March 2026 amounted to R78 200 685. The Office used this balance as a reasonable approximation of the interest-bearing cash and cash equivalents exposed to changes in market interest rates. A 1% change in the market interest rate would have increased or decreased the surplus for the year by R782 006.

30. SEGMENT INFORMATION

GENERAL INFORMATION

Identification of segments

The Office is organised and reports to management on the basis of its core mandate as set out in the Financial Advisory and Intermediary Services Act 37 of 2002. Due to the nature and design of the services provided by the Office, management reviews and evaluates the Office's risks as a whole, as all risks, resources and financial matters of the Office are directed to the delivery of its mandate.

The Office's operations are located in Pretoria, its only office in the country. Although the office services the public throughout the country, its operational risks and financial costs are limited to a single location. It is on this basis that management views the Office as a single segment to which adequate disclosure has been made in these Financial Statements.

31. CREDIT QUALITY OF STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Statutory receivables and receivables from non-exchange transactions

	2026 R	2025 R
Group 1	11 823 059	1 353 059
Group 2	184 189	–
Group 3	5 740 272	9 856 444
	17 747 520	11 209 503

Group 1 – debtors outstanding for less than 90 days and with no defaults.

Group 2 – new debtors outstanding for more than 90 days and with no defaults.

Group 3 – existing debtors outstanding for more than 90 days and with some defaults.

The total gross carrying amount of the impaired receivables as at reporting date R17 747 520 (2025: R11 209 503) and the associated total impairment is R4 573 777 (2025: R2 379 931).



32. EVENTS AFTER THE REPORTING DATE

There are no significant post balance sheet events to report.

33. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

The budget is prepared on the accrual basis. The reasons for differences between the budget and actual amounts are provided below where significant variances were identified. The internally approved Materiality and Significance Framework was used as a basis in determining the material variances to be explained. For the 2025/2026 financial period, the approved materiality level was R425 680.

INTEREST RECEIVED FROM FINANCIAL INSTITUTIONS

The actual interest earned on the funds invested at the Corporation for Public Deposits is higher than the budgeted amount due to the prudent measures implemented by the Office because of the delay in the invoicing process. Additionally, the higher interest earned was due to higher-than-expected savings at the CPD.

LEVIES RECEIVED FROM FSPs

The actual total levy invoiced to the industry is less than the budgeted amount due to various possible reasons. These possible reasons include, amongst others, the reduced number of registered FSPs, lapsed licenses, and licenses that were withdrawn or suspended.

PERSONNEL COSTS

The variance is due to funded vacant positions that were not filled during the year, resulting in savings. The Executive Committee approved the reallocation of funds from the salary budget to address funding shortfalls of other expenditure line items.

OPERATING LEASE RENTALS

The difference due to the lease smoothing adjustment recognised for the office rental operating lease during the year.

DEBT IMPAIRMENT

The Office recognised an impairment for statutory debtors (Levies receivable) on statutory debtors outstanding at year end whose recoverability is in doubt.

OTHER OPERATING EXPENSES

The variance is mainly attributable to several operating expenditure items that were budgeted for but did not materialise, as well as the approved budget reallocation from personnel costs. Overall, the Office's activities during the year resulted in lower than budgeted expenditure due to cost containment measures implemented by the Office.

BUDGET ADJUSTMENTS

Budget adjustments were made in an effort to cover shortfalls in general expenses and other line items that reached their budget limit. The Executive Committee approved all budget reallocations.



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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34. EMPLOYEE BENEFIT OBLIGATIONS

DEFINED CONTRIBUTION PLANS

The Office pays contributions towards the pension fund established for its employees which forms part of the cost to company package payable to staff. Other than these monthly contributions, the Office has no other obligation to provide retirement benefits to its employees. The amounts recognised in the statement of financial performance are as follows:

Pension fund contributions	3 953 129	3 497 392
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35. COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE

There were no capital expenditure commitments to disclose at year end.

Operating leases – as lessee

Minimum lease payments due

– within one year	4 361 675	4 951 598
– in second to fifth year inclusive	13 639	4 429 433
	4 375 314	9 381 031

Office premises lease: An operating lease agreement was entered into in February 2022 for the lease of the new office premises. The lease term is for a period of five years with an annual escalation of 8%.

Printer lease: The operating lease for the printers was entered into in July 2024. This lease has no escalation clause and it is for a period of three years.

Water coolers lease: The operating lease for the water coolers is for a period of three years; the agreement was entered into in June 2025.

36. CHANGE IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

The useful life of property, plant and equipment was reassessed and management have revised their estimates as these items are expected to be used for longer period than previously expected. The effect of this revision has decreased the depreciation charges for the current period by R14 974.84 (2025: R33 525). In future periods the depreciation charges will increase by R33 525.

The impact of the change in estimate per class of assets on the surplus/deficit is as follows.

Increase in property, plant and equipment due to change in estimate

Computer equipment	5 488	13 634
Furniture and fittings	–	925
Leasehold improvements	5 523	11 047
Office equipment	3 963	7 919
	14 974	33 525



37. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with GRAP on a basis consistent with the prior year except for the adoption of GRAP 104 Financial Instruments (revised 2019).

FINANCIAL INSTRUMENTS (GRAP 104, REVISED 2019)

Nature of change

During the current reporting period, the Office applied GRAP 104 (revised 2019) for the first time. The revised Standard became effective for the FAIS on 1 April 2025.

The revised Standard introduces, inter alia:

- a new classification model for financial assets, based on the Office's management model for managing financial assets and on the characteristics of the contractual cash flows (SPPI condition).
- a new expected credit loss (ECL) model for the impairment of financial assets measured at amortised cost, replacing the previous incurred-loss model.

Retrospective application – transitional provisions

The Office applied GRAP 104 (revised 2019) retrospectively, in accordance with GRAP 3, except as specified otherwise in the transitional provisions. GRAP 104 (revised 2019) was not applied to items that had already been derecognised at the date of initial adoption.

Despite the requirement to apply GRAP 104 (revised 109) retrospectively, the Office was not required to restate prior periods.

The Office did not restate prior periods and recognised any difference between the previous carrying amount (i.e. 31 March 2025) and the carrying amount at the beginning of the reporting period (i.e. 1 April 2025), including the date of initial adoption, in the opening accumulated surplus on 1 April 2025.

Classification and measurement – transitional elections

At the date of initial adoption, the Office assessed its management model for managing financial assets on the basis of the facts and circumstances that existed at that date. The resulting classification was applied retrospectively, irrespective of the Office's management model in prior reporting periods.

Impairment – Expected credit losses (ECL)

The Office applied the impairment requirements retrospectively in accordance with GRAP 3.

As the Office did not restate comparative information, applying the impairment requirements retrospectively means the Office measured impairment losses using expected credit losses as of the date of adoption (1 April 2025). The Office recognised any difference between the previous loss allowance and the loss allowance at the beginning of the reporting period that includes the date of initial adoption in the opening accumulated surplus of the annual reporting period that includes the date of initial adoption.



Notes to the Annual Financial Statements

							2026 R	2025 Restated* R
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Impact on the financial statements

Reconciliation of measurement categories and carrying amounts – at the date of initial adoption (1 April 2025)

2025: Financial assets

Class of instrument	Notes	Carrying amount (old) – Line Item /Class	Non-FI Portion (excluded)	Carrying amount (old) – FI	GRAP 104 (2009) category	GRAP 104 (2019) category	Carrying amount (new) – FI	Change in carrying amount (new-old) – FI	Of which: change arising from change in measurement attribute
Receivables from exchange transactions	2	739 109	(5 968)	733 141	Amortised cost	Amortised cost	733 141	–	–
Cash and cash equivalents	6	94 855 153	–	94 855 153	Amortised cost	Amortised cost	94 609 587	(245 566)	(245 566)
Other financial assets	7	1 514 790	–	1 514 790	Amortised cost	Amortised cost	1 466 787	(48 003)	(48 003)
		97 109 052	(5 968)	97 103 084			96 809 515	(293 569)	(293 569)

Refer to note 38 for restatement of prior year. The figures in the table represent the restated figures

- Non-FI portion excluded from trade and other payables: Accrued leave pay for R1 454 465 and operating lease liability for R986 081
- No change in measurement category arose on adoption. All financial assets and financial liabilities continue to be measured at amortised cost.

2025: Financial liabilities

Class of instrument	Notes	Carrying amount (old) – Line Item/Class	Non-FI Portion (excluded)	Carrying amount (old) – FI	GRAP 104 (2019) category	Carrying amount (new) – FI
Payables from exchange transactions	11	3 139 849	(2 440 556)	699 293	Amortised cost	699 293

The column “Non-FI portion (excluded)” comprises balances outside the scope of GRAP 104. They are shown only to bridge to Statement of Financial Position. No GRAP 104 category is assigned to these amounts.

Reconciliation of impairment allowances to opening loss allowances – at the date of initial adoption (1 April 2025)



					2026 R	2025 Restated* R
Class of instrument	Notes	GRAP 104 (2009) category	GRAP 104 (2019) category	Adjustments arising solely from change in measurement category	Difference recognised in opening accumulated surplus/(deficit)	Opening loss allowance under revised GRAP 104 at date of initial adoption
Cash and cash equivalents	6	Amortised cost	Amortised cost	245 566	245 566	245 566
Other financial assets	7	Amortised cost	Amortised cost	48 003	48 003	48 003
				293 569	293 569	293 569

Notes:

- No impairment allowance existed under GRAP 104 (2009) for cash and cash equivalents immediately before adoption, as no objective evidence of impairment had been identified for any instrument.
- No adjustments arise from changes in the measurement category as no reclassifications occurred on adoption.
- The difference recognised in opening accumulated surplus represents ECL loss allowances recognised for the first time on adoption.

38. PRIOR PERIOD ERRORS

Previously, study advances were recognised as receivables in terms of agreements entered into between the Office and employees who elected to undertake studies. During the 2024/25 financial period, the Office revised the terms of these study agreements.

During the 2025/26 financial period, management identified that the revised agreements did not give rise to a receivable, as the updated terms effectively resulted in the amounts being bursaries rather than study loans. Accordingly, the amounts should have been recognised as study cost expense when the revised agreements came into effect.

Management has therefore corrected the error retrospectively from the 2024/25 financial period, being the period in which the revised agreements became effective. The correction of the error results in adjustments as follows:

	2026 R	2025 Restated* R
Statement of Financial Position		
Decrease in receivables from exchange transactions	—	359 819
Decrease in accumulated reserves	—	359 819
Statement of financial performance		
Increase in operating expenses	-	359 819
Decrease in surplus for the year	—	359 819
Cash Flow Statement		
Cash flow from operating activities		
Decrease in amounts received as levies and from	—	359 819
Increase in payments to suppliers and employees	—	359 819



Notes to the Annual Financial Statements

	2026 R	2025 Restated* R
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39. GOING CONCERN

We draw attention to the fact that at 31 March 2026, the Office had an accumulated surplus of R115 883 913 and that the Office's total assets exceed its liabilities by R115 883 913.

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. There is no indication that the Office will not be able to meet its commitment when it comes due.

40. FRAUD, CORRUPTION AND THEFT

The Office maintains a strict zero tolerance towards fraud and corruption, and all related incidents will be reported. No incidents occurred during the 2025/26 financial year.

41. ACCOUNTING BY PRINCIPALS AND AGENTS

The Office is a party to a principal-agent arrangement.

Details of the arrangement is as follows:

Section (2)(1)(a) of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act, 2022 (Act No. 12 of 2022) provides that the FSCA is responsible for the collection and administration of the financial sector levy and the special levy referred to in sections 2 to 8 and 12 of the Levies Act read with Schedules 2 to 5 to that Act, to provide for the funding of the FAIS Ombud.

Furthermore, section (2)(1)(b) of the Levies (Administration) Act provides that the financial sector levy referred to in section 4(1)(a) of the Levies Act and the special levy referred to in section 8(2)(a) of that Act, must be collected and administered by the FSCA and paid to the financial sector bodies referred to in paragraph (a) under section 246 of the FSR Act.

On 1 April 2023, the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act, 2022 (Act No. 12 of 2022) (Levies (Administration Act)) came into effect. Based on the above legislation, the principal-agent agreement came into effect, whereby the FSCA invoiced the financial services industry on behalf of the FAIS Ombud, the levy applicable for the 2025/26 financial period. The full invoicing and collection process was undertaken by the FSCA on behalf of the Office as the FSCA are the custodians of all the FSP information as all FSPs are required to be licensed with the FSCA.

The Office is the principal. More information relating to the services in kind received from the FSCA is disclosed in the related party note 27.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources that have been recognised by the agent in its financial statements at year end amount to R1 569 201. The remittance of resources during the financial year amounted to R79 369 567.

The expected timing of remittance of the remaining resources by the agent to the Office is June 2026.

Fee paid

The principal-agent arrangement does not include a fee for the agent.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

There will be no cost implications should the principal-agent arrangement be terminated as the arrangement is legislated.



42. AMALGAMATION INTO THE NATIONAL FINANCIAL OMBUD SCHEME SOUTH AFRICA (NFO)

On 1 March 2024, the Chief Ombud of the Ombud Council recognised the National Financial Ombud Scheme South Africa (NFO) as the industry ombud scheme in terms of section 194 of the Financial Sector Regulation Act, Act No.9 of 2017. The NFO has seen the amalgamation of the various volunteer ombud schemes, which combined the:

- Ombud for Banking Schemes
- The Credit Ombud
- Ombud for Long-term Insurance and,
- Ombud for Short-term Insurance

into a single body. The FAIS Ombud, as the statutory ombud scheme, will also be amalgamated into the NFO.

At the reporting date, there was no indication when the amalgamation would occur as various pieces of legislations; such as the Conduct of Financial Institutions (COFI) Bill that is still to be finalised and promulgated.



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