

Decision finding Royal Mail contravened its Quality of Service performance targets in 2024/25 and imposing a financial penalty

Non-confidential version – Redactions marked with [X]

Final Decision

Case reference: CW/01299/05/25

Issue Date: 15 October 2025

Contents

Section

1. Overview.....	3
2. Introduction.....	6
3. Regulatory framework for Royal Mail's Quality of Service obligations	7
4. Our assessment of Royal Mail's performance and findings of contraventions of DUSP 1.9.1	11
5. Consideration of financial penalty	14

Annex

A1. Excerpts from DUSP Condition 1 for the 2024/25 regulatory period	22
A2. Ofcom's enforcement action in relation to Royal Mail's QoS.....	23

1. Overview

Royal Mail is required by regulation imposed by Ofcom to achieve certain performance targets, called Quality of Service (QoS) targets, in the delivery of universal service products. This document sets out our findings that Royal Mail failed to achieve two of these targets in 2024/25 - the First and Second Class national performance targets - which are intended to ensure that people receive the services they pay for. In addition, it sets out that we are imposing a financial penalty of £21 million on Royal Mail for these failures.

The QoS targets and Royal Mail's performance in 2024/25

- The First Class target for the 2024/25 period, required at least 93% of First Class mail to be delivered within one working day of collection. In 2024/25 Royal Mail achieved 77%.¹
- The Second Class target for the 2024/25 period, required at least 98.5% of Second Class mail to be delivered within three working days of collection. In 2024/25 Royal Mail achieved 92.5%.²

Royal Mail contravened its obligations

Royal Mail's QoS performance for 2024/25 fell well short of the target levels of performance and concerningly showed limited or no improvement on the previous year's results. Overall, there was only a 2.3 percentage point increase in performance for First Class mail over the year (up from 74.7%) and there was a small deterioration (-0.2 percentage points) in Second Class performance (down from 92.7%).³

This year's poor performance and the limited progress towards providing an adequate level of service should be seen in the context of our decisions in both 2022/23 and 2023/24 where we fined Royal Mail £5.6 million and £10.5 million, respectively, for its failings and set an expectation for improved performance going forward.

In our 2023/24 decision, we specifically said that where performance is poor, we expect Royal Mail to take appropriate steps to deliver significant and continuous improvement. To that end, Royal Mail had developed an improvement plan for the 2024/25 period, setting out its plans to achieve 85% for First Class mail and 97% for Second Class mail by the end of the year. This would have amounted to significant improvement. However, once again, those improvements have not materialised.

Ultimately, this means that consumers were left not only with a poor quality service but with almost no indication from Royal Mail that it was making meaningful progress in restoring service levels to where they should be. This is unacceptable and we expect Royal Mail to improve further and faster to provide a service for its customers that is in line with their expectations.

¹ This figure includes the confidence interval, which, for the First Class mail performance was +/-0.2, see Royal Mail, [Quality of Service and Complaints Report, Quarter 4 2024/25](#), p.6. It also includes an uplift of 0.3 for red weather events.

² The confidence interval for the Second Class mail performance was +/-0.3, see Royal Mail, [Quality of Service and Complaints Report, Quarter 4 2024/25](#), p.6.

³ As above, the figures for 2023/24 include the confidence interval. See Royal Mail, [Year End Adjusted Quality of Service Report 2023/24](#), p.2.

In general, as part of considering whether or not a breach is likely to have occurred, Ofcom will consider whether to exercise its discretion to grant an allowance for exceptional events during the year that have had a quantifiable impact on performance. For this investigation, we do not consider any potential exceptional events in the 2024/25 period to have had an impact large enough to explain Royal Mail's poor performance or lack of improvement.⁴ We therefore consider, based on the reported results, that Royal Mail contravened the First and Second Class delivery targets.

Ofcom has imposed a penalty of £21 million on Royal Mail

Previous penalties have not deterred Royal Mail from repeatedly failing consumers and have not provided a sufficient incentive for Royal Mail to significantly improve performance. After taking account of our penalty considerations, it is our view that that a more substantial penalty would be appropriate and proportionate in this case.

Our objective in imposing a significant financial penalty is to send a clear signal to Royal Mail that it must take steps, without further delay, that deliver significantly better outcomes for customers. It is intended to break the unacceptable cycle of Royal Mail annually failing its customers and then paying a fine for that failure, rather than complying with our conditions; making it clear to senior management that the financial consequences of non-compliance may be substantial. Royal Mail's performance level in 2024/25 means that millions of customers are likely to have suffered harm, with customers who have sent mail not getting the service they paid for and with knock-on effects for mail recipients. It also means that, in effect, Royal Mail received millions of pounds in revenue for services it did not provide.

On 12 July 2025, Ofcom announced revised QoS targets⁵ which means that, among other changes, the First and Second class targets will be lower from 1 April 2026. While we have taken this into account in our penalty consideration, we note that even if the new targets were in force during the 2024/25 period, Royal Mail's performance would still have meant that it missed the targets by a considerable margin.

As such, and having considered the relevant factors set out in our penalty guidelines in the round, we are imposing a penalty of £21 million on Royal Mail for its failure to meet its First and Second Class national performance targets. This includes a 30% discount from the penalty Ofcom would otherwise have imposed. The discount reflects Royal Mail's admissions of liability and its agreement to settle which has allowed Ofcom to bring this matter to a close more swiftly. We consider that this penalty is appropriate and proportionate to the seriousness of the contravention and should incentivise Royal Mail to go further and faster in improving its QoS performance.

Forward Look

The postal service remains important to many people across the UK, enabling communication through letters, cards, and packages, and supporting social cohesion. Royal Mail itself says that it is "*committed to continuing and further strengthening our postal service's reputation for reliability and consistency.*"⁶ It needs to do more to deliver on that commitment.

⁴ See paragraph 3.21.

⁵ See Ofcom, 10 July 2025, [Statement – Review of the universal postal service and other postal regulation](#), page 123

⁶ See Royal Mail, [About Us](#), paragraph 2.

Looking forward, and as explained above, we have made updates to the targets for First and Second Class mail to better reflect people's preferences and support financial sustainability. Royal Mail now has an opportunity to rebuild customer trust as it moves towards compliance.⁷ Our expectation is that as it does so, Royal Mail will be transparent with customers about how and when it plans to make improvements to QoS and that, once its plans have been communicated, it will follow through on those plans.

The overview section in this document is a simplified high-level summary only. The decision we have taken, and our reasoning are set out in the full document.

⁷ Ofcom, 10 July 2025, [Statement – Review of the universal postal service and other postal regulation](#), paragraph 1.33.

2. Introduction

This Decision (the “Decision”) is addressed to Royal Mail Group Limited (“Royal Mail”), whose registered company number is 04138203. Royal Mail’s registered office is 185 Farringdon Road, London, United Kingdom, EC1A 1AA.

Our investigation

2.1 On 23 May 2025, Royal Mail announced and published its performance against its QoS targets.⁸ On the same day, Ofcom opened an investigation to examine the failure of the following targets:

- First Class national performance target; and
- Second Class national performance target.⁹

Structure of this document

2.2 The rest of this document is structured as follows:

- a) In **Section 3**, we set out the legislation, regulation and European Standard relevant to this investigation. We also explain how Royal Mail monitors its QoS performance.
- b) In **Section 4**, we consider Royal Mail’s QoS performance in 2024/25 and our reasons for determining that it contravened its obligations.
- c) In **Section 5**, we set out our decision regarding a financial penalty for this contravention.

2.3 Annex A1 sets out relevant parts of Designated Universal Service Provider (DUSP) Condition 1 which contains the QoS requirements for the 2024/25 regulatory period. Annex A2 sets out a summary of Ofcom’s past decisions in relation to Royal Mail’s QoS.

⁸ Royal Mail, 23 May 2025, [Quality of Service and Complaints Report, Quarter 4 2024/25](#). This was in accordance with its obligations under DUSP 1.10.4.

⁹ Ofcom, 23 May 2025, [Royal Mail's QoS performance in 2024-25](#).

3. Regulatory framework for Royal Mail's Quality of Service obligations

- 3.1 In this section, we explain the regulatory rules, legislation, and European Standards relevant to this investigation. We also explain how Royal Mail monitors its performance against the QoS targets.

Regulatory framework

- 3.2 Royal Mail is required by regulation imposed by Ofcom to achieve certain QoS targets in the delivery of particular universal service products. It is also required to monitor, and publish, for each quarter and for each financial year, its performance against the targets. If Royal Mail fails to meet the targets, Ofcom has powers to take enforcement action against it.

Overview of the QoS regulation

- 3.3 On 27 March 2012, we published a statement designating Royal Mail as the DUSP.¹⁰ We also imposed DUSP conditions in accordance with section 36 of, and paragraph 3 of Schedule 6 to, the Postal Services Act 2011 (the "Act").¹¹
- 3.4 Relevant parts of DUSP Condition 1 set out the Universal Service products that Royal Mail is required to provide and some of the key standards that were required to be met for the 2024/25 regulatory period can be found in Annex A1.¹²
- 3.5 We note that we have recently introduced changes to DUSP Condition 1,¹³ however, the contravention we have found in this case is being assessed against the rules that were in place in 2024/25 when the conduct being examined occurred.

Ofcom's investigatory and enforcement powers

- 3.6 Ofcom's powers to take enforcement action against Royal Mail in relation to its compliance with the QoS performance targets imposed on it are set out in Schedule 7 to the Act.
- 3.7 Under section 54 of, and paragraph 2 of Schedule 7 to, the Act, if Ofcom determines that there are reasonable grounds for believing that Royal Mail is contravening or has contravened a regulatory requirement, Ofcom may give Royal Mail a notification. The notification must:
- a) set out the determination made by Ofcom;
 - b) specify the requirement and contravention in respect of which that determination has been made; and

¹⁰ Ofcom, 27 March 2012, [Securing the Universal Postal Service statement](#).

¹¹ The DUSP conditions can be viewed on [Ofcom's website](#).

¹² Ofcom, 1 March 2017, [DUSP Condition 1 – Services, access points, performance targets, notification and publication and contingency planning](#).

¹³ [Statement - Review of the universal postal service and other postal regulation](#).

- c) specify the period during which Royal Mail has an opportunity to make representations about the notified determination.
- 3.8 Following the issue of such a notification, there are a number of further enforcement actions that Ofcom may consider taking. However, as this case relates to Royal Mail's performance during 2024/25, some actions are not applicable since it would not be possible for Royal Mail to remedy any breach on a retrospective basis.¹⁴
- 3.9 If following a notification under paragraph 2 of Schedule 7 to the Act, Ofcom is satisfied that Royal Mail has, in one or more of the notified respects, been in contravention of the notified regulatory requirement, Ofcom may impose a financial penalty on Royal Mail in accordance with paragraph 6 of Schedule 7 to the Act. The amount of any penalty should be appropriate and proportionate to the contravention(s) for which it is imposed and may not exceed 10% of the turnover of Royal Mail's postal services business for the relevant period. In determining the amount of any financial penalty, Ofcom is also required to have regard to its guidelines on financial penalties.¹⁵

Ofcom's approach to the enforcement of Royal Mail's QoS targets

- 3.10 In this section, we set out Ofcom's approach to the enforcement of Royal Mail's QoS targets. In carrying out such enforcement action, we have had regard to the European Standard which sets out how QoS should be measured. It also identifies circumstances, known as *force majeure* events, the impact of which may be removed from the results of that monitoring, which has the effect of uplifting overall performance.

Measuring QoS

- 3.11 The European Committee for Standardization (CEN) is a European Standardization Organisation that has official recognition as being responsible for developing and defining voluntary standards at a European level.
- 3.12 CEN has approved the "First Class standard"¹⁶ – which measures the QoS of single piece priority or First Class mail – and the "Second Class standard"¹⁷ – which measures the QoS of single piece non-priority Second Class mail. These were implemented in the UK by the British Standards Institute.¹⁸ The standards guide postal operators in measuring the QoS of mail falling within the scope of the USO. It does this by providing a detailed methodology for estimating the QoS – in relation to journey times – of these mail services.
- 3.13 DUSP condition 1.9.2 requires Royal Mail to monitor, or to procure the monitoring of, its performance in relation to the applicable QoS targets using an appropriate testing methodology. Royal Mail complies with this requirement by way of a series of surveys involving test mail items. These are designed by Royal Mail in compliance with the First

¹⁴ This includes the imposition of an enforcement notification together with an Ofcom direction setting out steps to be taken to remedy the breach (provided for under paragraph 5 of Schedule 7 to the Act).

¹⁵ Ofcom, 14 September 2017, [Penalty Guidelines: Section 392 Communications Act 2003](#). See also Section 392 of the [Communications Act 2003](#).

¹⁶ European Standard EN 13850:2020.

¹⁷ European Standard EN 14508:2016.

¹⁸ This is the UK's national standards body.

Class and Second Class standards and are carried out by a market research agency. For the purpose of the 2024/25 QoS survey, the market research agency was Spectos.

- 3.14 To carry out the survey, Spectos recruited a panel of private individuals and businesses across the UK who were directed by Spectos to post items of test mail to each other. Panellists recorded the dates on which test items were posted and the dates on which test items were delivered. The test items were not identifiable to Royal Mail and the participants in the survey were anonymous. This means that where there is an event that impacts QoS, the affected samples can typically be identified and removed, leaving a statistically robust result.
- 3.15 The delivery performance of the test items can then be used to estimate the performance across all mailed items within a 95% probability of the actual performance. Ofcom has acknowledged the confidence interval associated with Royal Mail's QoS performance figures when considering whether to investigate.¹⁹
- 3.16 To further ensure the robustness of the QoS performance results reported by Royal Mail these are subject to review by an independent auditor.²⁰ In the case of the First Class and Second Class national performance targets, the auditor is appointed by, and reports directly to, Ofcom.

Exceptional events for which an additional allowance may be granted

- 3.17 In this section we explain the analytical framework we generally apply in our QoS investigations to determine whether Royal Mail has failed to comply with its obligations to meet the QoS performance targets.
- 3.18 The objective of Royal Mail's QoS performance targets is to ensure that customers receive an adequate level of service. These targets are made meaningful and achievable by being set below 100%, in recognition of the fact that certain events will invariably affect delivery performance and may be beyond Royal Mail's reasonable control. In effect, this means there is a built-in allowance for the type of disruption and operational difficulties Royal Mail faces in a typical year.
- 3.19 The allowance cannot, and is not intended to, account for all types of events that may affect Royal Mail's delivery performance. For this reason, Ofcom has further discretion to determine that a particular event should be considered exceptional and beyond the scope which this allowance is intended to cover. Should Ofcom determine that an event is exceptional, it will then consider whether to grant an additional allowance for that event, on top of the allowance already built into the targets. The assessment of whether an event is exceptional is carried out on a case-by-case basis.
- 3.20 This exercise is intended to enable Ofcom to identify and confirm the extent to which any underperformance by Royal Mail cannot be explained by mitigating factors. Accordingly, where we have found that Royal Mail has still not met its QoS targets notwithstanding any allowances for exceptional events, we may proceed to find that Royal Mail has not complied with its regulatory obligations.

¹⁹ Ofcom, [Annual monitoring update on the postal market – Financial year 2014-15](#), paragraph 3.35.

²⁰ Section 37 of the Act establishes that the USP conditions should include a requirement for the publication by the USP of "an independently audited performance report". This requirement is set out in DUSP 1.9.3.

3.21 For the 2024/25 period, our view is that any exceptional events during the year, for example the red weather events, do not explain Royal Mail's poor performance or lack of improvement.²¹

²¹ The red weather events for the 2024/25 period were i) Storm Darragh (6th to 7th December 2024) and ii) Storm Eowyn (24th January 2025). We are also aware of Royal Mail's claim that its operations were impacted by a sudden spike in volumes around the General Election, which was called earlier than expected. We would be unlikely to make any adjustments for this. We discuss these events further in Section 4 below.

4. Our assessment of Royal Mail's performance and findings of contraventions of DUSP 1.9.1

- 4.1 Despite setting clear expectations in our 2023/24 decision that Royal Mail must take steps to significantly and continuously improve, Royal Mail's results for 2024/25 suggest that this has not happened.²² Instead, Royal Mail's poor performance against the First and Second Class national targets has continued during the 2024/25 period. Further detail is set out in Table 1 below.
- 4.2 For First Class mail, we saw an initial jump in performance in Q1 2024/25 as compared to the previous year, with the QoS level over the quarter being 79.1%. This was an improvement of 4.5 percentage points when compared to the same quarter in 2023/24. However, contrary to our expectation of continuous improvement, the level of performance dropped in the subsequent quarters with Q2 and Q3 seeing performance levels at around 76%.²³ Performance dropped further in Q4 and was also below the Q4 performance for 2023/24. Overall, unadjusted performance for the year only improved by 2 percentage points.
- 4.3 For Second Class mail, Q1 performance at 94.1% was marginally worse than the same quarter in 2023/24. Performance then dropped further in Q2 and Q3, averaging around 92.5%. As with First Class mail, performance dropped further in Q4 to below the level seen in Q4 2023/24. Overall, the annual performance was 0.2 percentage points worse than the previous year.

Table 1: Comparison of Royal Mail's 2024/25 quarterly and annual First Class and Second Class QoS performance results against its 2023/24 results²⁴

First Class		Q1	Q2	Q3	Q4	Annual
Quarterly and annual performance against 93% target	2024/25	79.1%	76.3%	76.2%	74.2%	76.7%
	2023/24	74.6%	74.1%	70.1%	78.0%	74.7%
	Difference	+4.5	+2.2	+6.1	-3.8	+2.0
Second Class		Q1	Q2	Q3	Q4	Annual
	2024/25	94.1%	92.6%	92.3%	89.6%	92.5%
	2023/24	94.3%	91.3%	90.2%	93.6%	92.7%

²² Ofcom, 24 May 2024, [Royal Mail's QoS performance in 2023-24](#), p.20.

²³ Although we note that the First Class quarterly performance in both Q2 and Q3 in 2024/25 was better than the Q2 and Q3 performance in 2023/24.

²⁴ These are the performance results published by Royal Mail in its quality of service reports showing average performance across the relevant quarter or annual period. See [Quality of Service Reports](#).

Quarterly and annual performance against 98.5% target	Difference	-0.2	+1.3	+2.1	-4.0	-0.2
--	------------	------	------	------	------	------

Source: Royal Mail, [Quality of Service Reports](#), Annual result includes the confidence interval.

- 4.4 Further, we note that the level of improvement we saw from Royal Mail in 2024/25 also fell significantly short of its own improvement plan targets, set out in Table 2 below, which it introduced for the 2024/25 period. While Royal Mail's improvement plan targets are not regulated targets, we note that these were Royal Mail's own projections of what would be an achievable level of improvement. The improvement plan targets set out Royal Mail's expected performance in the final month of each quarter. They are not directly comparable to the quarterly figures in Table 1 which are based on average performance across the quarter.
- 4.5 As noted above, rather than continuously improving over the year, Royal Mail's performance at the end of Q1 was better than its performance at the end of Q4 for both First and Second Class mail (i.e. its performance in the final month of Q1, compared to its performance in the final month of Q4). See Table 2 for further details.

Table 2: Comparison of Royal Mail's 2024/25 First Class and Second Class QoS performance at the end of each quarter against its improvement plan (IP) targets.²⁵

First Class		End of Q1	End of Q2	End of Q3	End of Q4
Performance against IP targets in 2024/25	Target performance at the end of the quarter	80.0%	82.0%	83.0%	85.0%
	Actual performance at the end of the quarter	76.0%	76.6%	74.9%	74.4%
	Difference	-4.0	-5.4	-8.1	-10.6
Second Class		End of Q1	End of Q2	End of Q3	End of Q4
Performance against IP target in 2024/25	Target performance at the end of the quarter	94.5%	95.5%	96.0%	97%
	Actual performance at the end of the quarter	93.6%	91.5%	91.9%	89.7%
	Difference	-0.9	-4.0	-4.1	-7.3

Source: Royal Mail, data presented by Royal Mail to Ofcom

- 4.6 In exercising our discretion with regards to any events that may have impacted Royal Mail's performance, exceptional events we have considered are the two red weather warnings - Storm Darragh on 6 and 7 December 2024 and Storm Eowyn on 24 January 2025.
- 4.7 Based on previous years and available information for the 2024/25 period, and in light of the very substantial scale of its underperformance, we would expect these events to have a

²⁵ The targets shown here are the improvement plan targets that Royal Mail was aiming for in the final month of each quarter, as compared to its actual performance in the final month of each quarter.

minimal impact on Royal Mail's overall performance.²⁶ In a presentation to Ofcom on its Q4 and full year QoS results for 2024/25, Royal Mail indicated that the impact of adverse weather on First Class performance was 0.3%.²⁷ We note that this result is unaudited, however, it is in line with Royal Mail's annual adjusted QoS report which indicated that the impact on its First Class performance of all matters which Royal Mail deems to be beyond its control (i.e. not just red weather) was 0.4%.²⁸

- 4.8 Given our view that red weather warnings are exceptional events, we have uplifted Royal Mail's First Class national performance measure by 0.3%.
- 4.9 In terms of other events, we are aware that the General Election being called earlier than expected may have had an impact on Royal Mail's QoS results due to Royal Mail having limited time to accommodate the sudden spike in volumes. However, this is not something we would deem as exceptional, particularly as UK law required the election to take place before 28 January 2025 and we consider any additional post due to the election to be an established part of the calendar and generally predictable in terms of its scale and impact.²⁹
- 4.10 Ultimately, we consider that, even after accounting for any potential exceptional events from the 2024/25 period, First and Second Class national performance were still far below the expected level.
- 4.11 This means our finding is that:
- a) For First Class Mail, Royal Mail achieved 77% against a target of 93%, including the confidence interval. This means Royal Mail's performance was **16** percentage points below the First Class target.
 - b) For Second Class Mail, Royal Mail achieved 92.5% against a target of 98.5%, including the confidence interval. This means Royal Mail's performance was **6.0** percentage points below the Second Class target.
- 4.12 We, therefore, conclude that Royal Mail's performance against both the First and Second Class national performance targets fell well below what was required in 2024/25 and we did not see sufficient improvement in that performance as compared to the previous year. Taking all of the above into account, our view is that Royal Mail contravened DUSP condition 1.9.1 in 2024/25.

²⁶ For example, in 2023/24, Royal Mail estimated that the combined impact of adjustments for National Highways closures, adverse weather and flight/rail/road delays and cancellations was around 0.2% on First Class USO QoS. See Ofcom, [Royal Mail's QoS performance in 2023-24](#), paragraph 4.36.

²⁷ Royal Mail, Q4 2024-2025 QoS Performance 2025 05 16 (Confidential), at slide 18. We note that 0.3% is likely to be a maximum as Royal Mail's estimate includes all adverse weather impacts, and not just red weather events.

²⁸ Royal Mail, Designated Universal Service Provider Condition 1.10 Annual Adjusted Quality of Service Report 2024/25, at page 5.

²⁹ BBC News 2024, [Rishi Sunak rules out general election on 2 May](#).

5. Consideration of financial penalty

- 5.1 In this section, we set out our consideration of whether it would be appropriate to impose a financial penalty on Royal Mail and, if so, what level of penalty would be appropriate and proportionate. In doing so, we have taken into account the seriousness of Royal Mail's breach; the need for deterrence given the continued failure to significantly improve; and other relevant factors identified in our Penalty Guidelines.

Legal framework

- 5.2 In Section 4 above, we set out our view that Royal Mail contravened DUSP 1.9.1 in 2024/25 by failing to achieve the First Class and Second Class national performance targets.
- 5.3 As explained in Section 3 above, under paragraph 6 of Schedule 7 to the Act, Ofcom may impose a financial penalty on a person who has, in one or more of the respects notified by Ofcom, been in contravention of a regulatory requirement.
- 5.4 In determining whether to impose a penalty for a contravention, and the size of that penalty, we must have regard to Ofcom's Penalty Guidelines,³⁰ which state that the central objective of imposing a penalty is deterrence. In addition, and in accordance with the Act,³¹ any penalty we impose must be appropriate and proportionate to the contravention in respect of which it is imposed.
- 5.5 In line with our regulatory enforcement guidelines for investigations, we also have regard to our statutory duties. This includes our duty under section 29 of the Act to secure the provision of a universal postal service having regard to the need for that service to be financially sustainable and efficient, and our more general duty under section 3 of the Communications Act 2003 to further the interests of citizens and consumers, where relevant by promoting competition.³²
- 5.6 When determining the level of a penalty, Ofcom must have regard to any representations made by Royal Mail and any steps taken by Royal Mail to comply with the relevant regulatory requirements.

Decision to impose a financial penalty

- 5.7 Royal Mail failed to meet its QoS targets for First and Second Class mail in both 2022/23 and 2023/24 and was issued with a fine in each of these years. Despite these fines, our view is that Royal Mail has continued to take insufficient and ineffective measures to address the issues it has faced. The outcome of this is that it has failed repeatedly to deliver significant and continuous improvements in its QoS performance, resulting in further consumer harm, with millions of customers once again not getting the service they paid for.

³⁰ Ofcom, 14 September 2017, [Penalty Guidelines](#), see also Section 392 of the [Communications Act 2003](#)

³¹ Paragraph 7(1) of Schedule 7 to the [Postal Services Act 2011](#)

³² Ofcom, 12 December 2022, [Regulatory Enforcement Guidelines for investigations: Guidelines](#); [Postal Services Act 2011](#) and [Communications Act 2003](#)

- 5.8 Deterrence is an important objective in determining whether it would be appropriate and proportionate to impose a penalty in this case. Royal Mail was fined £10.5m for its failures in 2023/24 and £5.6 million for similar failings in 2022/23. Despite these fines, Royal Mail's performance in 2024/25 against the First and Second Class national performance targets showed only a small level of improvement, if any, on its reported performance in 2023/24. These previous penalties therefore appear not to have deterred Royal Mail from providing such a poor level of service and it is important it is incentivised to significantly improve its performance.
- 5.9 Setting aside the need for deterrence, Ofcom takes compliance with QoS targets very seriously and we would expect to impose a financial penalty in any circumstances where there has been a non-trivial failure to meet the required targets and/or where significant improvement has not been made. In this case, we believe such a failure has occurred.
- 5.10 If we had determined that Royal Mail had a credible improvement plan in place and had made significant improvement in its QoS performance in line with that plan, we may not have considered it necessary to issue a penalty. This will continue to be a relevant consideration as Royal Mail takes steps to come into compliance with the updated targets which come into force in 2026/27, especially given its performance in 2024/25 fell way below these new lower targets by a considerable margin.
- 5.11 Taking all of the above into account, it is our view that the imposition of a penalty in this case is appropriate and proportionate. This is because of the need to deter Royal Mail from continuing to take insufficient and ineffective steps to quickly and significantly improve its QoS performance and because of the seriousness of the contravention.

Penalty amount

- 5.12 In considering the level of penalty which we have decided to impose, Ofcom has had regard to its published Penalty Guidelines. We have set out below the factors which we consider to be relevant to this case.

Deterrence

- 5.13 As detailed above, Ofcom's Penalty Guidelines set out that the central objective of imposing a penalty is deterrence.
- 5.14 We consider that deterrence is a particularly important element in this case, given Royal Mail's repeated failure to make significant improvements in its performance against the First and Second Class national performance targets.³³ These repeated failures and lack of any, or any significant and continuous, improvement cause considerable and ongoing harm to customers, whilst Royal Mail continues to receive millions of pounds for services that are not being delivered.
- 5.15 As set out in our Penalty Guidelines, it should also not be the case that it is more profitable for Royal Mail to break the law and pay the consequences, than it is to deliver better performance for customers.³⁴ The level of penalty must therefore be sufficient to deter

³³ Further detail on the history of Royal Mail's contraventions is set out below and in Annex A2.

³⁴ See paragraph 1.5 of our [Penalty Guidelines](#).

Royal Mail from the current annual cycle of failing customers and paying a fine, rather than taking the necessary steps to improve QoS performance and complying with our conditions.

- 5.16 In considering the need for deterrence, we have also taken into account Ofcom's statement on the changes we have made to the USO requirements, particularly the QoS targets.

Seriousness, financial gain and degree of harm

- 5.17 The national performance targets are a minimum service level that Royal Mail is expected to achieve. For this reason, DUSP condition 1.9.1 imposes a clear and unambiguous regulatory requirement on Royal Mail.
- 5.18 The purpose of the requirement is to ensure that customers receive an adequate level of service, and we consider that any failure to meet this standard is inherently serious. This is because of the actual effect that it has on customers who purchase a service and do not receive what they have paid for.
- 5.19 For the purpose of this investigation, we note that the relevant regulatory rules are those set out in the DUSP conditions which were in force during the 2024/25 regulatory period. We have, however, considered the proportionality of our proposed penalty taking into account the new QoS targets set out in our recent statement on the future of the USO, including how those new targets may impact on the seriousness, financial gain and degree of harm relating to our findings in this case.³⁵ We would however note that even if the new targets were in force during the 2024/25 period, Royal Mail's performance would still have meant that it missed the targets by a considerable margin.
- 5.20 Our view for the 2024/25 period is that Royal Mail's First and Second Class QoS performance in 2024/25 resulted in significant consumer harm which cannot be directly remedied.
- 5.21 We have taken into account the fact that Royal Mail updates its Service Updates page on its website to inform customers of offices experiencing issues, as well as the fact that it has a complaints procedure in place which includes compensation.
- 5.22 However, even where customers are aware of poor service levels, alternatives for those looking to post an item are limited and customers may still choose to use First and Second Class post. Where customers do use those services, they are required to pay full price, despite service levels being far below what they should expect to receive.
- 5.23 Turning to the resulting financial gain, Royal Mail sold a considerable number of First and Second Class services but provided a lower quality of service than expected. As such, our view is that Royal Mail gained money from consumers while not delivering as expected.
- 5.24 In order to estimate the scale of the harm associated with the First Class under-performance, our assessment is that Royal Mail's miss of the First Class target by 16 percentage points equates to around **[3<] million** First Class letters which took more than one working day to be delivered.³⁶ This is a substantial number of items which were delivered to a service level lower than that expected by customers.

³⁵ Ofcom, 10 July 2025, [Statement – Review of the universal postal service and other postal regulation](#).

³⁶ This is based on the following calculation: the total number of First Class letters (including large letters) in 2024/25 (c. **[3<]** million) multiplied by the scale of the miss (16%) and multiplied by an adjustment factor to account for items during the Christmas Exemption Period (11/12).

- 5.25 We consider that some indication of the level of consumer harm and Royal Mail's financial gain can be given by the estimation of the additional revenue associated with the premium charged for First Class items over Second Class items. In the case of First Class letter services, this kind of estimation suggests that Royal Mail received additional revenue of up to approximately **£[X] million** from customers that paid for the service and whose items were not delivered on time.³⁷
- 5.26 We note that this is a high-level estimate based on various assumptions. It also represents the upper range of potential consumer harm based on our findings that Royal Mail breached its current First Class performance target. In particular, we recognise that the consumer harm will be lower than the above estimate on the basis that:
- a) some letters may have arrived within two working days and before the three working day target for a Second Class service; and
 - b) many customers may have still opted to pay for a First Class service even if they knew it was going to be delayed (because, for example, it may still have arrived before a Second Class service).
- 5.27 While we cannot make the same kind of premium calculation for Second Class mail, we note that harm was also suffered by customers who purchased Second Class mail items that were delivered late. Given our conclusion that Royal Mail missed the Second Class national performance target by 6 percentage points, this equates to around **[X] million** Second Class letters not having been delivered on time.³⁸ Had they known of the delay at the time of purchasing the service, some customers may have chosen not to go ahead with their purchase.
- 5.28 While the consumer harm associated with First and Second Class parcel services is more difficult to quantify due to the number of price points associated with those services, it is likely some customers of these services would also have been harmed by Royal Mail's poor service.
- 5.29 We also note that Royal Mail's failure to meet its First and Second Class national performance targets would have had a greater effect on some customers than others and that some customers may have been harmed as a result of knock-on effects of mail arriving later than scheduled.
- 5.30 The postal service remains an important aspect of daily life for a significant number of people with nearly all UK households receiving letters each week³⁹ and the majority of people agreeing that there will always be things that need to be sent by post.⁴⁰ Receiving post can also have an emotional importance for customers, where it promotes social cohesion, especially for those consumers that are vulnerable or live in isolated areas.

³⁷ This is based on the average price differential between First and Second Class letter services, and assuming that those individuals that purchased a first class service but did not receive one may have instead purchased a second class service.

³⁸ Similar to the First Class measure, this is based on the following calculation: the total number of Second Class letters (including large letters) in 2024/25 (c. [X] million) multiplied by the scale of the miss (6.0%) and multiplied by an adjustment factor to account for items during the Christmas Exemption Period (11/12).

³⁹ Ofcom, 30 January 2025, [Consultation: Review of the universal postal service and other postal regulation](#), p39 para 3.33.

⁴⁰ Ibid, para 3.34.

Responses from the public to our Call for Input on the future of the postal service highlighted its importance.⁴¹

- 5.31 While it may not be possible to quantify the exact amount of consumer harm in this case, our view is that the consumer harm was significant, and given the number of late items, it is likely to have impacted millions of customers. We have taken this into account in our penalty considerations, and in particular the fact it should not be more profitable for Royal Mail break the law and pay the consequences, than it is to deliver significant and continuous improvements to its QoS performance.

Whether appropriate steps were taken to prevent or mitigate the impact of the contravention

- 5.32 We have also considered whether, in all the circumstances, appropriate steps were taken by Royal Mail to prevent the contravention we have found. Royal Mail outlined in its full results, as well as to Ofcom directly, a number of measures that it introduced to prevent or mitigate the contraventions in this case, in line with its improvement plan. A summary of these is set out in Box 1 below.
- 5.33 We note that it is not possible to retrospectively remedy the contravention in this case. This is because the contravention is established at the end of the regulatory reporting period and there is no way for Royal Mail to know which customers were harmed.

Box 1: Steps taken by Royal Mail in 2024/25 to address QoS performance issues⁴²

Attrition and Recruitment

- Introducing the payment of joining and retention bonuses to enhance the recruitment offer in order to increase workforce and reduce reliance on agency staff.
- [X Ensuring an appropriate and effective balance of full time and variable resource] based on region to support improved resourcing stability.
- Review of recruitment offers in difficult to recruit areas.
- Returning recruitment decision to hiring managers at delivery offices.
- Ensuring new starters are kept on the same route for a minimum period of 6 weeks.
- Providing ongoing training, coaching, and support.

⁴¹ See [The future of the universal postal service](#), responses.

⁴² Royal Mail, 23 May 2025, [Quality of Service and Complaints Report, Quarter 4 2024/25](#); Royal Mail, 16 May 2025, Royal Mail meeting with Ofcom and Royal Mail slides “Quality of Service Q4 and Full Year 2024/25”; Royal Mail meeting with Ofcom and Royal Mail slides “Quality Q3 Ofcom Update”.

Focus on high impacting delivery offices

- The deployment of Operational Support teams to high impact units.
- Introducing contingency walk rotations to seek to ensure that if mail is not delivered one day it is delivered the next day.
- Continued route revisions to seek to optimise operations.
- Conducting weekly reviews of performance data and customer complaints to target problem areas.
- The development of Operational Performance Lead and unit action plans combined with onsite coaching.
- Increasing compliance visits to seek to ensure that the lowest performing delivery offices are focused on improving performance. It is noted that on average 309 visits were completed each month during the period, with resulting dismissal of managers not adhering to standards.

Embedding culture of continuous improvement

- Embedding core standards and adherence to standard operating procedures.
- The development, launch, and embedding of new operations software including a new Compliance App to audit standards in delivery offices, and a PDA Delivery Point coverage app to identify those delivery points that have not been rotated and so may not have had recent deliveries. Royal Mail have also sought to embed and expand the use of its operating system across all mail centres and delivery units.
- Developing quarterly reviews and action plans to reduce delivery failures.

Reducing sick absence

- Introducing new absence policies and standards to seek to reduce sick absence, as well as embedding a wellbeing programme.

Organisational design

- Strengthening organisational design, reducing spans of control between Operations Performance Leaders and Customer Operations Managers [X].
- Creating, and refreshing roles such as the new Processing Director to enable a focus on last mile operations and USO reform.
- Run a programme to increase the skill set of employees to ensure they are trained to undertake their roles.

Addressing workload volatility

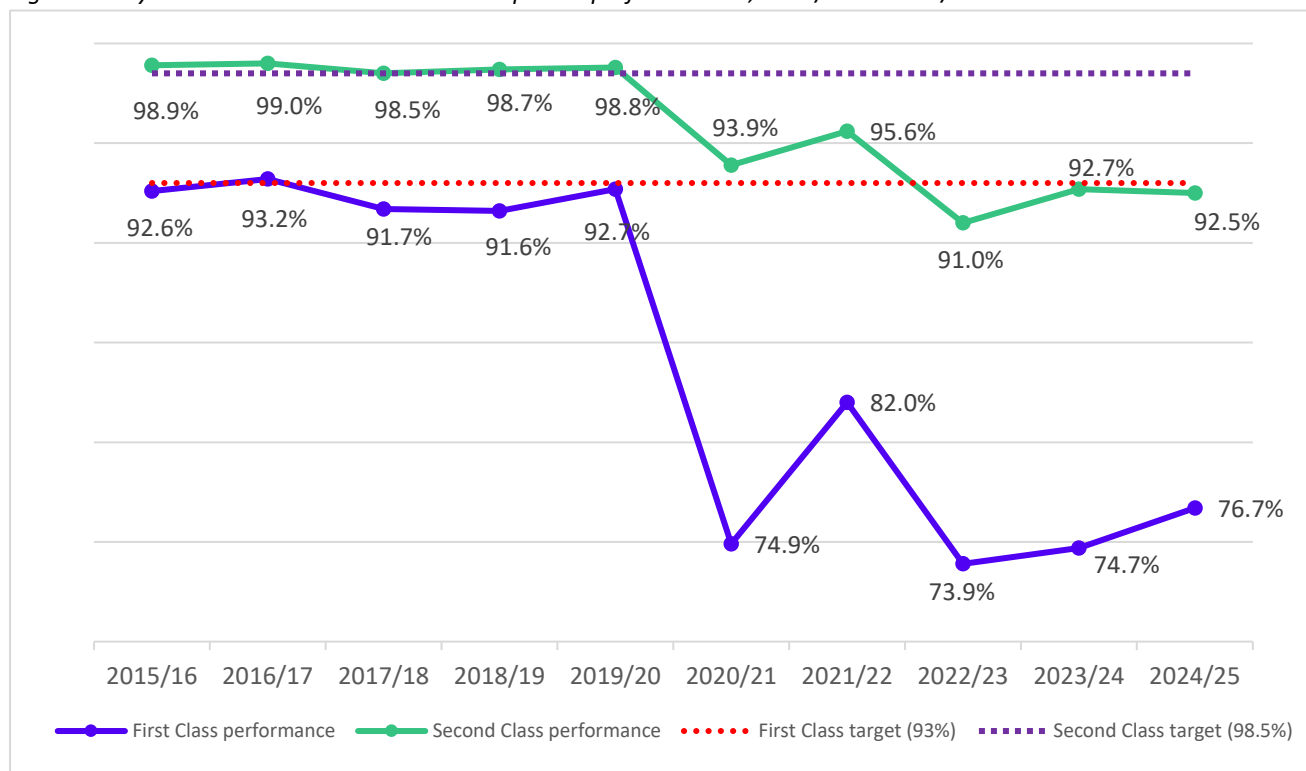
- Improving forecasting through the introduction of a new forecasting tool to plan for fluctuations in volumes.

5.34 While we acknowledge that Royal Mail took a number of steps intended to improve QoS performance in the 2024/25 period, it is our conclusion that these steps were ultimately insufficient or ineffective in terms of their scope, timing and/or implementation to the extent that they did not result in meaningful improvement, despite this being the projected outcome in Royal Mail's improvement plan.

History of contraventions

5.35 Figure 1 shows Royal Mail's reported performance against the First Class and Second Class national performance targets since 2015/16.

Figure 1: Royal Mail's First and Second Class reported performance⁴³, 2015/16 to 2024/25



Source: Ofcom, using data from Royal Mail

- 5.36 In all of the cases where Royal Mail's reported performance has fallen below the targets, we considered whether enforcement action would be appropriate, as set out in Annex A2. We issued the most significant fines in the 2022/23 and 2023/24 periods where we fined Royal Mail £5.6 million and £10.5 million, respectively. We told Royal Mail that we expected it to show significant and continuous improvement, and it has not done so.
- 5.37 As such, this is the third year in a row where we have found that customers have received an unacceptable level of service. We have taken into account the above history of contraventions in our penalty considerations, in particular the fact Royal Mail is a recidivist that has breached its obligations in consecutive years.

Turnover and financial position

- 5.38 The maximum penalty that Ofcom can impose, in accordance with paragraph 7(2) of Schedule 7 to the Act is 10% of Royal Mail's turnover from its postal services business. We do not consider that this statutory limit is engaged in this context.
- 5.39 In making our assessment as to the appropriate and proportionate level of penalty, we have also carefully considered Royal Mail's overall financial position, including its profitability and cash flow position. This is based both on public statements and confidential regulatory financial information.

⁴³ Including the confidence interval but not taking into account adjustments to its performance for events which we deemed to be exceptional.

Conclusion on penalty

- 5.40 In the specific circumstances of this case and having considered all the relevant factors discussed above, we have decided that it is appropriate to impose a penalty on Royal Mail for its failure to meet its national performance target for First and Second Class mail.
- 5.41 Having regard to the factors set out above, we have decided that a penalty of £21 million is appropriate and proportionate to the contravention and should have an appropriate deterrent effect. This includes a 30% discount from the penalty Ofcom would otherwise have imposed. The discount reflects Royal Mail's admissions of liability and its agreement to settle which has allowed Ofcom to bring this matter to a close more swiftly.
- 5.42 This penalty balances the factors identified in this Section, in particular: the significant consumer harm, which is likely to have impacted millions of customers; the need for deterrence; our recognition of Royal Mail's financial position; and the changes Ofcom has made to the QoS targets as part of our USO review. Our view is that this penalty is appropriate and proportionate to incentivise Royal Mail to make significant improvements to its QoS performance so that customers see improved performance and a better service.

Forward look

- 5.43 The postal service remains important to many people across the UK, enabling communication through letters, cards, and packages, and supporting social cohesion. Royal Mail itself says that it is "*committed to continuing and further strengthening our postal service's reputation for reliability and consistency*".⁴⁴ It needs to do more to deliver on that commitment.
- 5.44 Looking forward, we have made updates to the targets for First and Second Class mail to better reflect people's preferences and support financial sustainability. These updated targets will apply from 1 April 2026 and Royal Mail now has an opportunity to rebuild customer trust as it moves towards compliance.⁴⁵ Our expectation is that as it does so, Royal Mail will be transparent with customers about how and when it plans to make improvements to QoS and that, once its plans have been communicated, it will follow through on those plans.

Interpretation

- 5.45 Words or expressions used in this Decision have the same meaning as in the Act except as otherwise stated in this Decision.

Ian Strawhorne

Director of Enforcement

15 October 2025

⁴⁴ Royal Mail, [About Us](#), paragraph 2.

⁴⁵ Ofcom, 10 July 2025, [Statement – Review of the universal postal service and other postal regulation](#), paragraph 1.33.

A1. Excerpts from DUSP Condition 1 for the 2024/25 regulatory period

- A1.1 DUSP condition 1.6.1(a) requires Royal Mail to provide a 'USO priority service' with a target routing time of one working day for conveying postal packets from the deemed date of collection to the date of delivery (also known as "D+1").
- A1.2 DUSP condition 1.6.1(b) requires Royal Mail to provide a 'USO standard service' with a target routing time of three working days for conveying postal packets from the deemed date of collection to the date of delivery (also known as "D+3").
- A1.3 Royal Mail refers to D+1 and D+3 products as First Class and Second Class products respectively. For ease of reference, we have also adopted these terms in this document.
- A1.4 DUSP condition 1.9.1 requires Royal Mail to meet certain QoS performance standards, including:
- a) a First Class national performance standard, which requires at least 93% of First Class mail to be deemed to have been delivered with an actual routing time of no more than one working day i.e. within one working day of collection; and
 - b) a Second Class national performance standard, which requires at least 98.5% of Second Class mail to be deemed to have been delivered with an actual routing time of no more than three working days i.e. within three working days of collection.
- A1.5 DUSP condition 1.9.1 requires Royal Mail to meet these standards in respect of each annual period ending on 31 March, with the exception of the 'Christmas period', which is defined as the period beginning on the first Monday in December and ending on the New Year public holiday in the following January.⁴⁶
- A1.6 DUSP condition 1.9.2 requires Royal Mail to monitor, or to procure the monitoring of, its performance in relation to the specified QoS standards using an appropriate testing methodology.

⁴⁶ In Scotland, the Christmas period extends to the Scottish New Year public holiday.

A2. Ofcom's enforcement action in relation to Royal Mail's QoS

QoS Year	Decision	Penalty
2012/13	We decided that enforcement action would not be a proportionate response on this occasion, with a relevant factor in this decision being the impact on quality of service of Royal Mail's ongoing modernisation programme.	N/A
2015/16	We issued a contravention decision for failing to meet the First Class national (and Post Code Area (PCA) target) but decided not to impose a financial penalty because the miss was relatively narrow after adjusting Royal Mail's performance to take into account mitigating circumstances.	£0
2017/18	We issued a contravention decision for failing to meet the First Class national performance target but imposed no penalty because the miss was relatively narrow and after taking into account the steps Royal Mail had taken to improve performance. ⁴⁷	£0
2018/19	We found Royal Mail in breach of the First Class national and PCA target. After adjusting Royal Mail's performance to account for events we deemed to be exceptional, it still failed to meet the performance targets by a significant margin.	£1.5m ⁴⁸
2019/20	Royal Mail was on track to meet the First Class national target during March 2020 before the Covid-19 outbreak. Accordingly, in July 2020, we announced that, taking into account the impact of Covid-19 on Royal Mail's operations, we were satisfied that Royal Mail had met its obligations.	N/A
2020/21	We did not investigate Royal Mail in light of the uniquely difficult circumstances of Covid-19 which had a substantial impact on Royal Mail's QoS performance.	N/A
2021/22	We decided that it would not be appropriate to find Royal Mail in breach of its QoS targets given the continued persistent and unpredictable effects of Covid-19. However, we warned Royal Mail that its QoS performance needed to improve.	N/A
2022/23	We found Royal Mail in breach of the First Class, Second Class and Delivery routes completed targets. Even after taking account of events which we deemed to be exceptional, and adjusting Royal Mail's performance accordingly, it still failed to achieve its targets by a significant margin.	£5.6m ⁴⁹

⁴⁷ After adjusting Royal Mail's performance to account for mitigating factors and taking into account the confidence interval, we decided that Royal Mail had achieved the Second Class national target.

⁴⁸ The penalty was for breaching the First Class target, not the PCA target.

⁴⁹ The penalty only applied to the First and Second class targets and included a 30% discount for settlement of the case.

QoS Year	Decision	Penalty
2023/24	We found Royal Mail in breach of the First Class and Second Class targets. Even after taking account of events which we deemed to be exceptional, and adjusting Royal Mail's performance accordingly, it still failed to achieve its targets by a significant margin.	£10.5m ⁵⁰

⁵⁰ The penalty included a 30% discount for settlement of the case.