



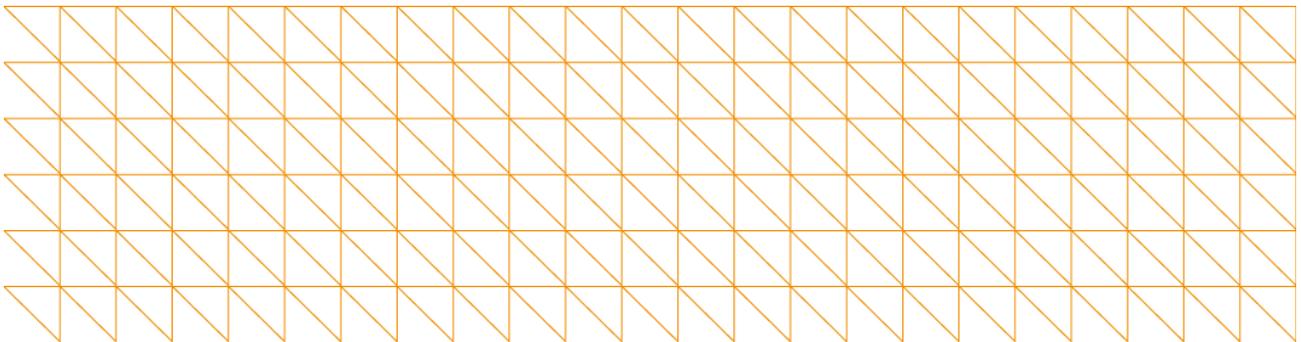
Ministry
of Justice

Claims Management Regulation

Regulation fees paid by claims management companies

Proposed regulation fee levels for 2015-16

This response is published on 5 February 2015





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of Justice**

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Regulation fees paid by claims management companies

Proposed fees levels for 2015-16

Response to consultation carried out by the Ministry of Justice.

This information is also available at <https://consult.justice.gov.uk/>

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Introduction and contact details

This document is the post-consultation report for the consultation paper 'Regulation fees paid by claims management companies, proposed regulation fees levels for 2015-16'.

It will cover:

- the background to the report
- a summary of the responses to the report
- a detailed response to the specific questions raised in the report
- the next steps following this consultation.

Further copies of this report and the consultation paper can be obtained by contacting Mr S Ahmed at the address below:

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This report is also available at consult.justice.gov.uk/

Alternative format versions of this publication can be requested from claimsmanagementregulation@justice.gsi.gov.uk.

Complaints or comments

If you have any complaints or comments about the consultation process you should contact the Ministry of Justice at the above address.

Executive Summary

1. The Claims Management Regulation Unit was established in 2007 within the Ministry of Justice, with responsibility for regulating claims management companies operating in the following sectors: personal injury, financial products and services, criminal injuries, industrial injuries disablement, employment matters and housing disrepair. There are currently just over 2,000 authorised claims management companies.
2. The consultation paper published on 20 November 2014 set out the Claims Management Regulation Unit's proposals to:
 - Increase the application fee from £1,400 to £2,000.
 - Increase the annual regulation fee pay scales for claims management companies paying flat-fees under the threshold of £88,889.
 - Hold the financial products and services uplift at 0.145% of annual turnover from regulated activities in the financial products and services sector.

And either:

Option A –

- Remove the fees cap on the annual regulation fee and the financial products and services uplift fee;
- Increase the percentages of annual turnover levied above the flat-fee threshold of £88,889 to 0.9% of annual turnover up to £1 million, plus 0.8% of annual turnover between £1 million and £5 million, plus 0.75% of annual turnover above £5 million.

Option B -

- Raise the fees cap on the annual regulation fee and the financial products and services fee from £55,000 to £100,000;
- Increase the percentages of annual turnover levied above the flat-fee threshold of £88,889 to 0.9% of annual turnover.

Paying for Annual Regulation

3. The proposed fee levels are designed to fully recover the costs of operating the regulatory regime from authorised businesses without a subsidy from the taxpayer. The consultation paper recapped a number of significant reforms¹ implemented over

¹ Consultation paper 'Claims Management Regulation fees levels 2015-16, pg 3-4'

the last two years, which have resulted in a smaller claims management industry where the average annual turnover of regulated businesses has reduced². Increases to the levels of regulation fees paid by authorised businesses are therefore necessary to continue the adequate funding of the Claims Management Regulation Unit.

4. A proportion of regulated businesses continue to cause detriment to consumers and unnecessary costs to financial service providers, particularly in the mis-sold payment protection insurance market, by issuing spurious and numerous claims, and contribute to the high-profile issue of nuisance calling. To address such practices the Claims Management Regulation Unit introduced further policy reforms including toughened Conduct of Authorised Persons Rules in October 2013 and the power to fine non-compliant businesses which commenced in January 2015.
5. Despite the recent contraction of the regulated industry, claims management regulation will not be positioned to similarly scale back until a higher level of compliance is established throughout the industry. The numbers of non-compliant businesses remains a minority, but continues to generate disproportionately high levels of complaints and enforcement action. Reductions in the numbers of authorised businesses have not reduced the number of regulatory actions needed to deal with non-compliant business activities.
6. The consultation paper was sent to all regulated claims management companies and members of the Claims Management Regulatory Consultative Group, and was open on the claims management regulation website to other interested parties and the wider general public. A total of 41 responses were received, 35 of which were from authorised claims management companies and six from other respondents affected by or interested in the regulation of the claims management industry. Details of the responses to each of the proposals are set out later in this document.
7. The responses to the consultation paper have been carefully considered and the following will be implemented to maintain adequate funding to operate the Claims Management Regulation Unit. From April 2015 the following measures will be introduced:
 - The application fee will increase from £1,400 to £2,000.
 - The annual regulation fee pay scales for claims management companies paying flat-fees under the threshold of £88,889 will increase to the levels consulted on.
 - The financial products and services uplift levied on annual turnover from regulated activities in the financial products and services sector will hold at 0.145%.

A variation of Option B will be introduced as follows:

- The fees caps on both the annual regulation fee and the financial products and services fee will increase to £150,000.

² Consultation paper 'Claims Management Regulation fees levels 2015-16, pg 3'

- The percentages of annual turnover levied above the flat-fee threshold of £88,889 will increase to 0.9% of annual turnover up to £1 million, 0.8% of annual turnover up to £5 million and 0.75% of annual turnover over £5 million.
- The option of an in-year fee adjustment will be retained for use if necessary should market conditions result in the recouping of insufficient funding.

Background

8. The consultation paper 'Regulation fees paid by claims management companies proposed regulation fees levels for 2015-16' was published on 20 November 2014. It invited comments on the proposed regulation fees for authorised claims management companies in the regulatory year 2015-2016.
9. Under provisions in the Compensation Act 2006, businesses that provide regulated claims management services must be authorised and pay the relevant application and regulation fees. This consultation was conducted pursuant to Regulation 15 of the Compensation (Claims Management Services) Regulations 2006 which enables the Regulator to determine the fees, and under Regulation 16 which permits the Regulator to amend any fee determination.
10. Regulation is intended to be self financing with the costs of the regulatory regime recovered from applicant and authorised businesses. Fee levels are based on estimates of income receipts and the ongoing monitoring, compliance and central costs of operating the Claims Management Regulation Unit, expected to be approximately £5 million over 2015-2016.
11. The consultation period closed on 18 December 2014 and this report summarises the responses, including how the consultation process influenced the final shape/further development of the policy/proposal consulted upon.

A list of respondents is at Annex A.

The Fees Determination 2015-2016 is at Annex B.

Summary of responses

12. A total of 41 responses to the consultation paper were received. Of these, 35 were from authorised claims management companies; two were from affected financial service providers and four from members of the Claims Management Regulatory Consultative Group.
13. Responses were analysed for levels of support for each of the proposals among differentially affected groups; evidence of impact of the proposals and any potential new approaches.
14. Overall there was acknowledgment for the necessity of increasing fees over 2015-2016, and the difficulties this presents in terms of recent industry contraction and the general reduction of average annual turnover in the industry. There was clear support for the proposals to raise the application fee from £1,400 to £2,000 and a high level of support for raising the flat-rate fees beneath the £88,889 annual turnover threshold level.
15. In respect of raising the fees levied as percentages of annual turnover for businesses with annual turnovers exceeding £88,889, opinions of respondents were evenly split with Option A favoured by five stakeholders and five claims management companies, and Option B preferred by one stakeholder and nine claims management companies.
16. Responses to the questions as set out in the consultation are summarised below.

Responses to specific questions

1. Do you have any comments on the fee scales and the proposed draft Fees Determination for 2015-2016?

This was a broad question seeking general views on the Claims Management Regulator's approach to finalising the 2015-16 Fees Determination and responses were correspondingly wide. The majority view acknowledged the reasons for the proposed increases, and also the importance to the industry of a robust and sufficiently-resourced regulator. It also registered concerns at the level of increases proposed, particularly at the potential removal of fee caps.

1.1 Alternative models

There were recommendations for alternative fee models including:

- An uplift similar to the financial products and services uplift for users of cold calling;

A 'nuisance call' uplift is unfeasible as this would risk doubling the burden on large, mostly compliantly operated claims management companies that have both customer contact activities and operate in the financial products and services sector.

- A 'polluter pays' model;

The claims management industry is structured with a few, high-earning and largely compliant firms at the top, but comprised of mostly of small to medium businesses (over 90%) with 10 employees or less. Given that the 'pollution' comes from a small portion of businesses the Regulator could not remain self-funding under such a model. The levying of financial penalties cannot be factored into regulatory funding as similarly to the arrangements of the Information Commissioner's Office, the Financial Conduct Authority and other fining regimes, fines collected are allocated to HM Treasury and do not stay with the Regulator.

- A model levying a flat percentage of annual turnover on all authorised claims management companies.

The Claims Management Regulation Unit undertook careful consideration of this option prior to consultation. This is not a realistic proposal at this time given that to obtain the required funding of £5 million, the businesses with the largest annual turnovers would face increases above those proposed in the Option A and Option B scenarios consulted on. However, if the continuing contraction of the industry results in diminished levels of non-compliance, and therefore regulatory resource and cost, this option may be re-visited in the future.

1.2 The minority view

The minority view registered concern that regulation was under-resourced, that fees were considered too low and should be set at a higher level to deter poorly performing businesses from remaining in the industry.

1.3 The Legal Ombudsman

Some respondents used this question to ask further questions about any financial effects of the independent complaints resolution service, the Legal Ombudsman, on claims management regulation.

The consultation paper indicated that the Legal Ombudsman would extend their jurisdiction to handle the complaints of claims management companies' customers in early 2015, and that the Regulator would likely see a reduction in direct consumer contacts³. This led to four questions from claims management companies seeking further clarification on the nature of the Legal Ombudsman's new function, and how this would affect the Regulator in terms of financial resource.

The Regulator does not anticipate an immediate cessation of consumer contacts. Although the Regulator could and did intervene in cases where consumers had been unfairly treated, there were few satisfactory options for consumer redress and such contacts were used to supplement regulatory intelligence, helping to determine where investigatory resource should be applied.

The point of Legal Ombudsman involvement with claims management companies is to address this deficit, benefitting consumers by the new provision of redress, which is not currently offered by the Regulator. This is the introduction of a new service; the Legal Ombudsman is not 'taking over' an existing regulatory function, and a reduction in regulatory costs does not necessarily follow.

The Regulator's consumer team will continue to handle day-to-day business queries such as consumers checking whether a CMC is authorised; consumers reporting potential unauthorised trading; suspected fraud etc which will remain in the remit of the Regulator. There is likely to be a reduction in consumer contacts over time, and the Regulator will redirect those resources to the upkeep of intelligence levels by liaising directly with the Legal Ombudsman, following up reports with consumers as required and conducting investigations, given that the focus of data obtained by the Legal Ombudsman will be different from data required by the Regulator to determine regulatory rule breaches. For these reasons there are no expected financial reductions anticipated over 2015-2016, particularly as the system imbeds and the Regulator continues to assist the Legal Ombudsman with implementation. The cost of the Regulator's consumer contacts will then be re-evaluated when setting 2016-2017 fee levels.

Therefore for the purposes of 2015-2016 a reduction in costs is not anticipated, and the Regulator must ensure adequate funding given the strong industry and Government disinclination to recover any shortfall from taxpayers.

³ Consultation paper 'Claims Management Regulation fees levels 2015-16, pg 5'

2. Do you have any comments on the proposal to increase the application fee from £1,400 to £2,000?

There were 34 responses to this question. 27 responses supported the proposed increase, and seven did not. Of the 27 supportive responses, six were from members of the Regulatory Consultative Group and 21 from authorised businesses.

There was a general understanding among respondents that an increase in the application fee is necessary to offset the reduced number of market entrants, and there continues to be high support for the careful scrutiny of new industry applicants.

The minority view included two claims management companies proposing that the application fee should be even higher to discourage speculative applications; contribute to higher industry reputation and a concern from one claims management company that the cost of application had become prohibitive, and risks an increase to unauthorised trading.

3. Do you have any comments on the proposal to increase the annual fee brackets of regulated businesses with an annual turnover of £88,889 or below £88,889?

There were 21 answers to this question, with 13 respondents supporting the proposal, and eight respondents against it. Of the endorsing responses, nine were claims management companies and four were from other affected stakeholders. All eight of the responses against the proposal were from claims management companies.

Four claims management companies thought that small businesses should pay less or be exempt from fees completely to prevent market exits, which may adversely affect consumer choice. Five claims management companies thought that the flat-fees should be increased further as it was no less costly to regulate smaller businesses, the costs of which are not fully recovered from those businesses, and they considered that this led to the subsidisation of smaller businesses by larger ones.

4. Do you have any comments in relation to the proposal to increase the percentages levied on annual turnovers of more than £88,889?

There were 18 responses to this question with 10 respondents acknowledging that an increase in this bracket of fees was necessary, and eight respondents disagreeing that there should be an increase.

Of the respondents agreeing with the proposals to increase, three were claims management companies and four were other affected stakeholders. All of the respondents disagreeing with the proposal to increase this fee bracket were claims management companies. The claims management companies agreeing with the proposal cite the fact that businesses above the flat-fee threshold pay smaller percentages of their annual turnovers than companies under the flat-fee threshold. The claims management companies that disagree with the proposed increases believe they risk penalising larger, compliant businesses that would find the level of proposed increases difficult to accommodate.

There were questions in the consultation regarding the methodology by which the threshold is set, where fees are split between a flat-fee and a percentage of annual turnover. This was prompted by the different threshold for this year's proposals of £88,889 compared to last year's £142,000. The top level of flat fees is carefully evaluated, as is the lower level of percentages to be levied. The threshold is simply the numerical intersection at which a fee levied as a percentage of annual turnover is greater than the uppermost flat fee.

5. Do you have any comments in relation to the alternative options of (a) removing the caps on both the annual regulation fee and the financial products or services sector uplift or (b) retaining the fees caps but increasing them to £100,000?

There were 26 responses to this question, six of which expressed a 'neither' opinion; 10 of which favoured the adoption of Option A and 10 of which favoured Option B.

Of the respondents favouring Option A, five were claims management companies and five were affected stakeholders. The responding claims management companies were generally smaller sized firms that recognised that claims management companies with sufficient annual turnover to hit the proposed fee caps were paying significantly smaller percentages of their annual turnover as regulation fees.

The responding stakeholders recognised that the market was top-heavy, that self-funding regulation needed to rely on the highest earning businesses and that removing the caps would result in a fairer distribution of percentage levies.

The respondents favouring Option B comprised nine claims management companies and one member of the Regulatory Consultative Group. Their responses pointed to the size of the potential increases, the relatively short notice period and generally considered Option A to be a 'punishment' for success.

A number of claims management companies that would not incur the fees caps nevertheless supported Option B for commercial reasons; predominantly that the uncapped Option A represented a risk to funding for the Regulator as it relied on a very small amount of businesses, whereby Option B spread the bulk of regulatory funding over a larger number of businesses, offering a firmer contingency in the event of market exits in the larger turnover brackets.

6. Do you have any views on any potential equalities impacts (race, sex, disability, sexual orientation, religion or belief, age, marriage, civil partnership, gender reassignment, pregnancy and maternity) on individuals regarding the proposed fee determination? If so, please give reasons where possible to support your views.

There were no equality issues identified in the proposals.

7. Bearing question 6 in mind, are there any particular forms of mitigation in relation to any potential equalities impacts that should be considered?

There were no equality issues identified in the proposals.

Conclusion and next steps

1. The consultation recapped the various changes that have occurred within the regulated claims management industry from the implementation of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 and policy reforms introduced by the Regulator that have been implemented, such as changes to the Conduct of Authorised Persons Rules 2014, and are imminent such as the power to fine and the extension of the jurisdiction of the Legal Ombudsman to encompass complaints from the customers of claims management companies.
2. Numerous consultation responses cited that it was unfair to increase regulatory costs in the face of a decreasing claims market. However as stated in the consultation, because detriment caused to consumers and others affected by claims management activities has always been attributed to a small number of companies whose actions have a disproportionate effect, regulatory costs over 2015-16 are not forecast to reduce given there has been no corresponding reduction in the number of regulatory interventions carried out.
3. Some responses referenced the rate of inflation as a comparator for regulatory increases, and also the levels of increases introduced by other regulators such as the Financial Conduct Authority and the Solicitors Regulatory Authority. It is not possible to increase costs only by the level of inflation as this would produce insufficient income to operate the regulatory regime. Likewise, the history of the Claims Management Regulation Unit since its inception in 2007 has seen a marked growth in the regulated industry (900% increase from 2007 to the industry peak in 2013) and therefore it is not possible to use comparator fees from regulators in industries that have not faced the same challenges. The Regulator must, to achieve sufficient levels of funding, recoup its entire cost from the regulated industry regardless of the funding arrangements of other regulators, Ombudsman schemes etc. There is no appetite from the Government nor the claims management industry to see regulation subsidised by taxpayers.

Application Fee

4. A clear majority of responses supported the increase, with many recognising that this fee has not increased since the 2013 Fees Determination and that, given the reducing volumes of companies applying authorisation, this step is required so as to avoid existing claims management companies subsidising the detailed investigations conducted into new applicants.
5. The application fee will increase to £2,000. The greatest level of support was for this proposal with no credible evidence adduced for reducing; further increasing or retaining the fee at its existing level.

Fee scales – Flat-fees under the £88,889 threshold

6. A clear majority of responses supported the increase, with cogent arguments made for both lowering the fees, and increasing them beyond the levels consulted on. No new evidence or arguments were submitted over the consultation period that had not been anticipated, and all opinions were considered fully.
7. The annual regulation fee for claims management companies with annual turnovers under £5,000 will remain at £200 without increase. This low turnover will distinguish micro operations where claims handling is an ancillary activity, including consultants operating in the employment sector who are authorised on a contingency basis without necessarily engaging in claims management activity.
8. The annual regulation fee bands for claims management companies with annual turnovers between £0 - £88,889 will be implemented as consulted:
 - Turnover under £5,000 Fee = £200
 - Turnover £5,000 - £14,999 Fee = £350
 - Turnover £15,000 - £24,999 Fee = £500
 - Turnover £25,000 - £74,999 Fee = £650
 - Turnover £75,000 - £88,889 Fee = £800

Fee scales – annual turnover above the £88,889 threshold

9. Although support for both models consulted on, Option A and Option B, was evenly distributed, the point is taken that the removal of the fee caps as posited in Option A would see a notable increase in the fees of a very small amount of authorised businesses. The responses from these businesses were carefully considered owing to the skewed impact that Option A would have.
10. Further to the equitable aspect of assigning greater regulatory burden to a small number of businesses which are on the whole well operated and compliant, the Claims Management Regulation Unit has also considered the risk to funding presented by Option A. Although potential market exits are carefully modelled with contingencies built into all proposals to account for market exits, Option A does not deliver sufficient protection from even a small number of market exits within the group affected.
11. Option A as consulted on would represent a lesser fee increase to businesses turning over between £1 million and £12.8 million, as the percentages of turnover levied are stepped at 0.9% up to £1 million, 0.8% between £1 million and £5 million and 0.75% over £5 million. Under Option B as consulted, fees are levied at 0.9% of annual turnover without variation, increasing fees for affected companies (those turning over between £1 million and £12.8 million) in order to maintain a fees cap.
12. The final proposal has been carefully evaluated to raise fees to a level sufficient to recover projected 2015-2016 costs, and also limit the main detriments identified in both proposals consulted on. The detriments associated with Option A; the clear risk

to funding and the high-level increases to a very small number of businesses will be mitigated by retaining fee caps on both the annual regulation fee and the financial products and services uplift.

13. The detriment identified in Option B, a higher level of increases to businesses turning over between £1 million and £12.8 million to sustain a fee cap, will be mitigated by raising the fees caps to £150,000. This will allow the Regulator to retain the stepped levies of 0.9% up to £1 million of annual turnover, 0.8% between £1 million and £5 million and 0.75% over £5 million which will result in smaller increases to affected businesses.
14. The final proposal will result in an increase in fees to all but the smallest regulated businesses; however the increases are neither more nor less than required in order for regulation to remain self-funded. The final determination achieves a proportionate balance between acquiring an adequate level of funding and a fair apportionment of the fees across the industry. The Claims Management Regulation Unit has previously consulted on the proposal to remove caps on regulation fees, and this may be revisited in future fee determinations as necessary depending on the developments of both the market landscape and required funding.

Financial products and services uplift

15. The consultation proposed to hold the uplift at last year's level of 0.145% of annual turnover. This fairly apportions the additional costs of regulatory resource which continues to be created by the financial products and services sector, particularly regarding mis-sold payment protection insurance activities, while recognising the sector has produced no sizeable increases to resource other than those the uplift accounted for over 2014-2015.
16. As noted, the fee cap applied to the financial products and services uplift will rise in line with the fee cap on the annual regulation fee to £150,000.

Consultation principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

www.gov.uk/government/publications/consultation-principles-guidance

Annex A – List of respondents

Claims management companies

Action 365 Ltd
APJ Claims
Arianna Direct Claim Ltd
Capital Claim Management
Compare Legal Costs
Credo Claims
Daho Marketing Ltd
Debonator
Easy Claim Limited
ECS
EMCAS
Employment Law Associates
Family Money Savers Ltd
Financial Services Redress (UK) Ltd
First4Lawyers
Fresh Contacts
Gladstone Brookes
Ikanna Accident Claims
Interactive Law
Loan Redress Ltd
National Accident Helpline
Opera Claims Ltd
Philip J Milton & Company Plc
PPI Claims Team Ltd
Quantum Refunds Ltd
Real Time Claims Ltd
Sun Lane Ltd
The Claims Guys Ltd
UKAR
VAS System Ltd
Whitehall Randall & Associates Ltd
4 x Anonymous CMCs

Other respondents

Barclays Bank
British Bankers Association
Finance and Leasing Association
Lloyds Banking Group
Professional Financial Claims Association
UK Cards Association

Annex B – Fees Determination 2015-2016



Fees Determination 2015-2016

This Determination is made under Regulation 15 of the Compensation (Claims Management Services) Regulations 2006 and sets out the application and annual fees applicable from 1 April 2015

Definitions

1. In this determination:

'the Act' means the Compensation Act 2006;

'Regulator' has the same meaning as in Section 14 of the Act;

'Applicant' means a person who has applied for authorisation under the Act;

'Authorisation' means an authorisation to provide regulated claims management services under the Act;

'Authorised Business' means a person who is currently authorised under the Act;

'Client' means a person for whom an authorised business is providing a regulated claims management service;

'Regulated claims management service' means the prescribed services set out in Article 4 of the Compensation (Regulated Claims Management Services) Order 2006;

'Turnover' means the sum of the amounts paid to, or received by, an authorised business in respect of regulated claims management services, including:

- a) charges, commission, the share of any compensation, fees and subscriptions, and
- b) the monetary value of any services received by the authorised business where it makes no payment for those services or where the payment received is worth less than the monetary value of the services, and
- c) the monetary value of any advertising in respect of the authorised business that it has not paid for out of funds referred to in sub-paragraphs (a) and (b).

'Annual turnover' means

- a) The authorised business's or applicant's turnover for the 12 months to 30 November 2014
- b) If the business or applicant did not trade for the full 12 months to 30 November 2014 the estimated turnover for the 12 months to 30 November 2015
- c) Where the application for authorisation is made on or after 30 November 2014 the estimated turnover for the 12 months to 30 November 2015

Application of this determination

2. This fees determination applies to fees for all applications for authorisation made on or after 1 April 2015 and sets the annual fees for all businesses authorised at and after that date to the end of March 2016

Application fee

3. An applicant seeking authorisation to provide regulated claims management services must submit an application fee of £2,000.00 with the application form.

Annual Fee

4. Authorised businesses will pay an annual fee. This fee will be equal to the sum of the amounts payable in relation to regulation and the financial products and services uplift, as set out by this determination.

Amount payable in relation to regulation

5. (1) Subject to sub-paragraphs (2) and (3), authorised businesses shall pay an amount equal to 0.90% of annual turnover up to £1 million, plus 0.80% of annual turnover between £1 million and £5 million, plus 0.750% of annual turnover above £5 million.
 (2) The fee under sub-paragraph (1) shall be no more than £150,000.
 (3) Where the annual turnover of a business is £88,889 or less, then the amount payable will be a fixed fee of –

Annual Turnover of Authorised Business	Annual Fee Payable
Under £5,000	£200
£5,000 - £14,999	£350
£15,000 - £24,999	£500
£25,000 - £74,999	£650
£75,000 - £88,889	£800

Pro rata calculation of amount payable in relation to regulation

6. Where an authorisation is given which has effect from a date on or after 1 April 2015, the fee shall be one twelfth of the sum calculated in accordance with paragraph 5 for each month or part of a month for which the Regulator has indicated that he is minded to authorise the business under the Act. This paragraph does not apply to any person who the Regulator is satisfied has been providing regulated claims management services prior to being authorised.
7. Where the Regulator is satisfied that the business or those who control the business have previously had control of another authorised business then the Regulator may require the business to pay an annual fee calculated by reference to the annual turnover of all of those authorised businesses.

Adjustments

8. Where an applicant has reported an annual turnover figure based on estimated turnover to 30 November 2015 and the actual annual turnover is more than the estimated turnover, an additional charge shall be levied based on actual annual turnover to 30 November 2015.

Financial products and services uplift

9. (1) Subject to sub-paragraph (2), authorised businesses shall pay an amount equal to 0.145% of annual turnover they received from regulated claims management services in relation to financial products and services.
(2) The fee under sub-paragraph (1) shall be no more than £150,000.

Pro rata calculation of financial products and services uplift

10. Where an authorisation is given which has effect from a date on or after 1 April 2015 or an authorised business begins to carry out regulated activities in relation to financial products and services, from a date on or after 1 April 2015, the fee shall be one twelfth of the sum calculated in accordance with paragraph 9 for each month or part of a month for which the Regulator has indicated that he is minded to authorise the business under the Act. This paragraph does not apply to any person who the Regulator is satisfied has been providing regulated claims management services prior to being authorised.
11. Where the Regulator is satisfied that the business or those who control the business have previously had control of another authorised business then the Regulator may require the business to pay an annual fee calculated by reference to the annual turnover in relation to financial products and services of all those authorised businesses.

Adjustments

12. Where an applicant has reported an annual turnover figure in relation to financial products or services based on estimated turnover to 30 November 2015 and the actual annual turnover in relation to financial products or services is more than the estimated turnover, an additional charge shall be levied based on actual annual turnover to 30 November 2015.

Compliance

13. Where the authorised business does not provide the annual turnover figures requested, the Regulator may use the previous year's actual or estimated annual turnover figure to calculate and issue an invoice pending the information required being supplied.

Kevin Rousell



(Head of Claims Management Regulation)



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