



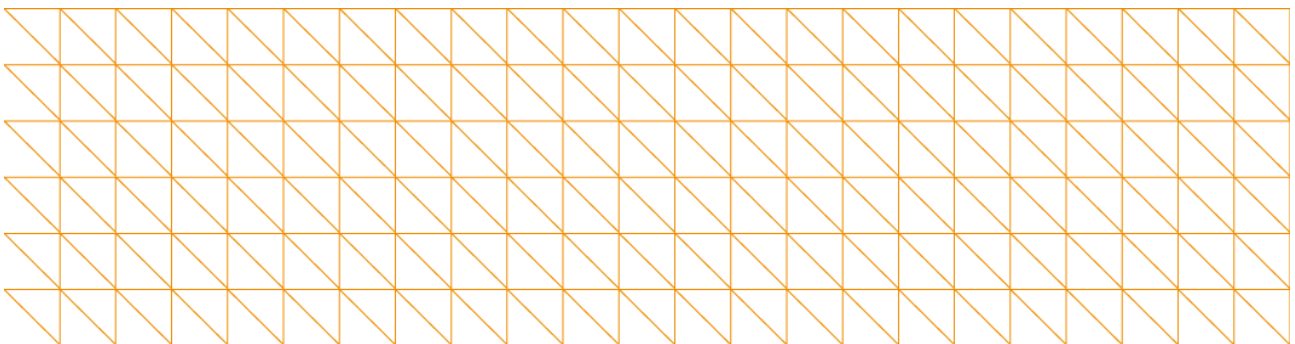
Ministry  
of Justice

# **Claims Management Regulation**

## **Regulatory Enforcement – Financial Penalties**

### **Response to Consultation**

This response is published on 27 June 2014







Ministry  
of Justice

## **Claims Management Regulation**

Regulatory Enforcement – Financial Penalties

**Response to consultation carried out by the Ministry of Justice.**

**This information is also available on the Ministry of Justice website: [www.justice.gov.uk](http://www.justice.gov.uk)**



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## Introduction and contact details

This document is the post-consultation report for the consultation paper, Claims Management Regulation, Regulatory Enforcement - Financial Penalties.

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 the Claims Management Regulation HQ Office at the address below:

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### 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 Ministry of Justice, through its Claims Management Regulation (CMR) Unit “The Regulator”, is directly responsible for regulating the activities of businesses providing regulated claims management services within England & Wales. Claims management regulation covers a number of sectors within the claims management industry namely; personal injury, financial products/services (such as mis-sold Payment Protection Insurance (PPI)), employment matters, criminal injuries, industrial injuries disablement benefit and housing disrepair. All businesses providing regulated claims management services in England and Wales are, unless exempt, required to be authorised.
2. All regulated claims management companies (CMCs) are required to comply with certain conditions of authorisation including adherence to the Conduct of Authorised Persons Rules which are set by the Regulator. Non-compliant CMCs can face statutory enforcement action which can lead to the variation, suspension or cancellation of their authorisation to provide regulated claims management services.
3. The majority of regulated CMCs comply with the conditions of authorisation. However, bad practice by a minority of regulated CMCs, mainly operating in the financial services sector, has created poor outcomes for consumers and defendant businesses, such as financial service providers. Some regulated CMCs have for example submitted claims where no relationship exists between the consumer and the defendant business or have made claims where no relevant product had ever been sold to a consumer. These issues, amongst others, have led to delays in receiving compensation for some consumers who have legitimate claims, and has increased costs for defendant businesses where claims are unsubstantiated.
4. At the end of March 2014, there were a total of 2,097 CMCs authorised to provide regulated claims management services. During the 2013/14 regulatory year, a total of 198 regulated CMCs had their authorisation cancelled, 2 were suspended and 1 CMC had the terms of their authorisation varied.
5. The variation of authorisation conditions, suspension or cancellation of a regulated CMC’s authorisation can be disproportionate to the misconduct in certain cases. In order to provide a more tailored and proportionate enforcement option for consideration in certain cases, the Regulator is expanding its enforcement toolkit to include financial penalties as an available enforcement sanction.
6. The initial consultation set out that, in imposing a financial penalty, the Regulator would follow a similar process to the one currently followed when varying the conditions, suspending or cancelling a regulated CMCs authorisation by:
  - Conducting an investigation to identify whether the regulated CMC is in breach of their conditions of authorisation. The consultation also confirmed that, once the investigation is complete, the regulated CMC would be provided with a written notice of the proposed financial penalty, setting out the amount and the date by which it would be required to be paid, the reasons for the Regulator’s decision and a summary of evidence relied on.



- Providing an opportunity for the regulated CMC to make written submissions in relation to the imposition of the financial penalty, which would be taken into account by the Regulator, before reaching a final decision. The Regulator would then provide a final, written notice of the financial penalty to be imposed and the date by which is required to be paid.
7. Responses to the consultation indicated broad support for the implementation of a CMR financial penalties scheme. Those that responded were in general agreement that a financial penalties scheme would be a necessary deterrent and punishment to those involved in malpractice in the claims management industry.
8. The financial penalties policy is to be implemented as follows. Under the scheme, the Regulator will;
- Make an initial assessment of the overall nature and seriousness of; any breach of the conditions of authorisation, any failure to comply with a notice under regulation 36 of the Compensation (Claims Management Services) Regulations 2006, any obstruction of a warrant or the obstruction of taking copies or possession of material under a warrant (these different reasons for being given a financial penalty are referred to below as “the breach”) which may also include an assessment of the level of detriment or risk to consumers and/or third parties caused. Based on that initial assessment, the Regulator will allocate a financial penalty band within a range of:
    - £0 - £100,000 for regulated CMCs with a turnover of less than £500,000,
    - and
    - 0% - 20% of turnover for regulated CMCs with a turnover of £500,000 or more.
  - Determine an appropriate figure for turnover resulting from regulated claims management activities in the 12 months prior to the giving of the notice that the Regulator is minded to issue a financial penalty. When making this determination the Regulator will have regard to any figure for annual turnover or expected annual turnover used by the Regulator for the purposes of calculating the authorised person’s most recent fee for authorisation and any more up to date information on turnover. When determining the relevant turnover of an authorised person under this regulation, the Regulator may estimate amounts.
  - Consider any aggravating or mitigating factors including, but not limited to, the regulated CMC’s cooperation with the investigation and attempts to remedy the breaches. Once these factors have been considered, the Regulator will re-assess the overall nature and seriousness of any breach and this could result in the removal, reduction of or increase in the level of penalty to be imposed.

## Background

9. The consultation paper Claims Management Regulation Regulatory Enforcement – Financial Penalties was published on 31 March 2014 and ran for a period of 4 weeks. It invited comments on the proposed expansion of the Regulator’s enforcement tools to include a financial penalties scheme. This followed amendments that were made to the Compensation Act 2006 in December 2013 as part of the Financial Services (Banking Reform) Act 2013<sup>1</sup> which give the Secretary of State power to make regulations that enable the Regulator to impose a financial penalty on any regulated CMC in the following circumstances:
- As a consequence of a failure to comply with rules prescribed by the Regulator about the professional conduct of authorised persons (the Conduct of Authorised Persons Rules) or a code of practice;
  - In relation to the investigation of a complaint about the professional conduct of the regulated CMC;
  - As a consequence of a failure to comply with a requirement to take out a policy of professional indemnity insurance;
  - As a consequence of a failure to comply with certain requirements regarding the provision of information or documents;
  - As a result of the Regulator being obstructed in its execution of a warrant to enter and search premises for the purposes of investigating a complaint about the activities of a regulated CMC; or assessing the regulated CMC’s compliance with the conditions of its authorisation; and
  - As a result of the Regulator being obstructed from attempting to take possession of, or copies of written or electronic records found when executing a warrant to enter and search premises.
10. The amendments provide that regulations shall include provision about how to determine the amount of a penalty imposed by the Regulator, and in particular may include provision specifying a minimum and maximum amount. In addition, amendments to the Compensation Act 2006 were also made in order to provide an additional right of appeal to the First-Tier Tribunal against the imposition of any financial penalty as well as the amount set and any date by which a penalty or any part of it must be paid.
11. The consultation period closed on 28 April 2014 and this report summarises the responses including, how the consultation process influenced the final shape and further development of the policy. A list of respondents to the consultation is set out at page 15 of this document.

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<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2013/33/section/139/enacted>

## Summary of responses

12. 25 responses to the consultation were received; 18 (72%) of which came from Financial Services providers, CMC trade bodies and other organisations. 7 (28%) responses were received direct from regulated CMCs. Broad support for the implementation of the financial penalties policy was generally received from those that responded to the consultation.
13. The responses were analysed for evidence of the potential impact or costs to business that may result from the proposals set out. In addition, the Regulator encouraged suggestions for improvements to the proposed financial penalties scheme to ensure that it operates as effectively as possible.
14. The Financial Ombudsman Service (FOS) indicated their support for the proposals stating that they were pleased that the Regulator was now able to broaden its regulatory enforcement toolkit. The FOS went on to state that although in their experience the poor handling of complaints is rarely malicious, it is vital that the Regulator has the power to act, both to impose financial penalties and require other forms of redress or restitution where appropriate and would therefore support the proposals put forward by the Regulator.
15. The Solicitor's Regulation Authority (SRA) stated that they consider that a broad range of flexible and proportionate sanctions that can be applied in cases of regulatory non-compliance at an earlier stage would improve outcomes for society as a whole, and that they support the Regulator's proposals to include a financial penalty component within its current enforcement toolkit. The SRA also noted that the proposed scheme paid close regard to the findings of Professor Macrory's report<sup>2</sup> regarding new approaches to regulatory sanctions which stated, amongst a number of other recommendations, that a sanction should aim to change the behaviour of the offender, eliminate any financial gain or benefit from the instance of non-compliance and be proportionate to the nature of the offence or harm caused. The SRA considered that the proposals would provide a consistent and transparent approach to levying financial penalties thus achieving a fair and proportionate fining regime.
16. Royal and Sun Alliance Insurance Plc (RSA) stated that they welcomed the proposals set out in the consultation. RSA indicated that the proposed scheme would bring the regulator into line with those of other UK financial services regulators including the Financial Conduct Authority (FCA).

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<sup>2</sup> <http://www.ukela.org/content/page/2247/ELM-20-5-Macrory-final.pdf>

## Responses to specific questions

17. A number of responses to specific questions set out in the consultation were also received. A summary of the responses received and further clarification relating to some of these specific areas are summarised below;

**Q1. Do you have any comments regarding the manner in which an initial assessment of the nature and seriousness of a breach or breaches will be made in order to formulate an initial proposed penalty level?**

18. Generally, responses to the consultation agreed that an initial assessment of the nature and seriousness of a breach was appropriate. Some responses however, suggested that further guidance should be provided as to how the nature and seriousness of a breach is to be assessed.
19. The British Bankers' Association (BBA) believed that the framework to assess the initial category of a breach was fair and transparent providing there is clear evidence to support the scores given to the 'nature' and 'seriousness' factors. The BBA did however propose that if a CMC has pro-actively remediated or compensated a customer for any breaches it could be included within a separate category as this might encourage good behaviours where a CMC identifies a problem and seeks to remedy it pro-actively. The BBA also felt that it would be useful to provide examples of what behaviours could potentially fall under the Low/Medium/High assessment and suggested that varying degrees of cooperation could be included as part of any assessment of compliance.
20. The UK Cards Association (UKCA) stated that they supported the proposed manner and the transparency that the 'nature' & 'seriousness' table provides in the proceedings. The UKCA also mentioned that the Regulator may also wish to consider providing some examples in the seriousness section that shows the behaviours that it has in mind and to draw out the distinction between a 'moderate loss' and a 'significant loss'.

**Q2. Do you have any comments regarding the intention to separate the applicable penalty scales between CMCs that report less than £500,000 and those that report £500,000 or above turnover in the 12 months prior to the start of an investigation?**

21. Responses regarding the proposed separation of penalty bands were generally split as to whether or not the level of turnover should have any bearing on the level of fine imposed for different sizes of business. The IFR Group stated that the effect could be that a small CMC with a turnover of below £500,000 could receive a fine which is a much greater percentage of its turnover (potentially 100% or more of turnover) than a large CMC, for which the fine is capped at a maximum of 20% of turnover. The IFR Group suggested that this may be unfair on small CMCs, particularly as a breach by a large CMC is likely to affect a much larger number of consumers than a breach by a small CMC.

22. The BBA stated that they concur that segmenting the penalty scales across the CMC population is an appropriate measure. The BBA went on to state that a number of BBA members had reported that the majority of CMC poor practices they witness occur in the 90% of CMCs that would most likely fall in to the bracket of turnover less than £500,000, where a financial penalty is more likely to be deterrent than enforcement action.

**Q3. Do you have any comments regarding the proposed minimum financial penalty of £500 for CMCs that report less than £500k turnover and 0.1% of turnover for those that report £500,000 turnover or above?**

**Q4. Do you have any comments regarding the proposed maximum financial penalty of £100,000 for CMCs that report turnover of less than £500,000 and 20% of turnover for those that report £500,000 or above?**

23. Responses to questions 3 & 4 suggested that the initial minimum penalty of £500 or 0.1% of turnover may not provide for proportionate penalties to be imposed in certain instances, particularly where more minor breaches may have been identified. The Association of Regulated Claims Management Companies (ARC) stated that their members were most concerned with the fact that all breaches regardless of how trivial appear to attract a penalty and indicated that the minimum penalty should therefore start at £0.
24. The ARC indicated that their concern was that the table will be used and the discretion that appears to be available will simply remain unused in the vast majority of cases. The ARC went on to state that the impact of a penalty at £500 on a company with a turnover of £50,000 is far more severe than 0.1% of turnover to a much larger company and thus the penalty structure set out seems to administer much harsher punishment on smaller CMC's.
25. The Finance and Leasing Association (FLA) stated that it was their view that the proposed maximum penalties would act as a good deterrent. The FLA did state however that they were concerned at some of the lower proposed penalty levels in relation to both the actual amounts and percentages as they felt that the range was far too low and would be extremely unlikely to act as a deterrent, especially for minor breaches.

**Q5. Do you have any comments regarding the proposed manner in which the Regulator intends to make a final assessment of a financial penalty?**

**Q6. Do you have any other comments regarding the intention to remain consistent with the current enforcement procedure when considering and imposing a financial penalty?**

26. Responses to questions 5 & 6 suggested that it was crucial that the enforcement process remained consistent and that the imposition of a financial penalty was considered in line with the current enforcement process. EMC advisory Services Ltd stated that, currently the Head of Claims Management Regulation and compliance officers decide if formal enforcement action is appropriate and that in light of some of the questions raised relating to consistency and fairness of application, it may be considered appropriate to introduce something similar to the FCA's Regulatory Decisions Committee – an independent panel that considers whether formal enforcement action should be taken upon viewing all of the evidence available to them.

**Q7. Do you have any comments regarding the proposed changes to surrender of authorisation procedure?**

27. All responses recognised that the proposed changes to the surrender of authorisation procedure would be necessary to enable the penalty scheme to operate effectively. Responses indicated that without this amendment, the financial penalties policy could not work as intended.

**Q8. Do you have any evidence regarding the potential impact that the availability of an additional financial penalty sanction could have on businesses? We would be particularly interested to understand the impact the proposals might have on Micro, Small and Medium sized businesses.**

28. There were no significant issues raised regarding any potential effects on CMCs generally. EMC Advisory Services Ltd (EMCAS) stated that they believed the changes along with more stringent conduct rules, were essential to driving up standards in the sector. EMCAS outlined that they had persistently called for the introduction of fines through their fees determination submissions and were glad that the Government has chosen to take this measure forward.

**Q9. We welcome your views in terms of any potential equality impacts of the proposals. Are there other ways in which these proposals are likely to impact on race, sex, disability, sexual orientation, religion and belief, age, marriage and civil partnership, gender reassignment or pregnancy and maternity that you are aware of? If so, please tell us how, together with any supporting extra sources of evidence.**

29. None of the responses to the consultation raised any significant issues with regards to any potential equality impacts of the proposals. Consultant Lawyer Solutions Ltd stated that there was no prima face basis upon which to consider the question in respect of the effect of imposing fines for non-compliance on CMCs. Consultant Lawyers Solutions Ltd went on to state that, once in place, it would be necessary to determine the impact on CMCs generally and drill down into the demographics, especially to ensure that CMCs which cease to trade, resulting in the loss of jobs, do not have a particular class of demographic.

## Final CMR Financial Penalties Policy

30. Responses to the consultation have proved very constructive, insightful and have aided and influenced the formulation of the final financial penalties policy. The final CMR financial penalties policy as well as responses to some of the concerns raised via responses to the consultation can be confirmed as follows;
31. Where the imposition of a financial penalty is deemed appropriate, the Regulator will make an initial assessment of the overall nature and seriousness of any breaches and will use the consideration table (**Annex A** – Page 16) to assist the initial determination. Factors such as (but not limited to); the level of business co-operation during investigation, the level of inconvenience, loss, detriment, impact and/or risk to consumers/other third parties and the level of benefit gained or loss avoided will be considered.
32. The level of penalty for consideration will take account of a business' turnover as determined by the Regulator – a practice which is consistent with other regulators. In response to some of the concerns regarding the scope for full proportionality, the applicable penalty bracket for CMCs with a reported turnover of below £500,000 in the 12 months prior to the notice that the Regulator is minded to impose a penalty will have no minimum figure. This will allow the Regulator to be fully flexible in imposing penalties towards the lower end of the scale. The maximum penalty for CMCs reporting turnover above £500,000 in the 12 months prior to the notice will be £100,000.
33. The penalty bracket for CMCs with greater means - a reported turnover of £500,000 and above in the 12 months prior to the notice - will be based on a percentage of turnover. There will also be no minimum penalty figure for CMCs in this category and the maximum penalty will be 20% of turnover for the 12 months prior to the notice.
34. The final scheme has been subject to amendment following feedback received from the consultation process and further internal analysis. As outlined above, there will be no minimum penalty level for any CMC (as opposed to the initial proposed £500 for CMCs declaring turnover below £500k and 0.1% of turnover for CMCs declaring turnover of £500k and above). This is in order to ensure that the Regulator can exercise maximum flexibility and proportionality in deciding an appropriate figure for non-compliant CMCs of all sizes and will allow the Regulator to tailor the imposition of a financial penalty once the means of a CMC have been assessed.
35. An assessment of the nature and seriousness of the breaches will then provide the Regulator with a score, which will identify a potential penalty range for consideration (**Annex B** – Page 17). The Regulator will also consider any aggravating or mitigating factors before reaching a penalty amount and CMCs will be able to provide written representations in response to any initial notification of the intention to impose a penalty before a final penalty is imposed.
36. We have noted that some responses to the consultation commented that further guidance on how penalties will be used in practice would be helpful in addition to information on the types of breaches that are likely to attract a penalty and the relevant penalty levels. As well as the necessary updates being made to the CMR enforcement policy, we can confirm that further guidance will be issued in this area to assist the understanding of how the scheme will work accordingly.

## Practical Application of the Financial Penalties Policy

37. Some responses to the consultation indicated concerns that the policy may be used in an arbitrary manner and that this could have a disproportionately detrimental effect on CMCs, particularly where breaches identified are towards the less serious end of the scale. Overall, it is important to make clear that the policy is designed to provide an additional, more tailored and proportionate regulatory sanction to be used against non-compliant CMCs, in certain circumstances where currently other enforcement action is likely to be taken. It will not be used by default as an initial response to breaches.
38. The 'Nature & Seriousness' and 'Penalty Band' consideration tables have also been developed to ensure consistent application of the imposition of any penalty and provides clear assessment criteria to guide the determination of an appropriate penalty. This will help ensure that all cases where the imposition of a penalty is deemed appropriate will be considered fairly and proportionately, based on the specific circumstances seen.
39. It should also be noted that 90% of regulated CMCs have reported turnover below £500,000. However, where larger organisations (who are overall, in the general minority) are proven to have committed a breach it is also important that any financial penalty imposed has the same relative impact to the business in order to punish, deter and ensure future compliance where possible. It is likely that breaches by these types of businesses would have the potential to have an impact on a greater number of consumers or other organisations in some instances.
40. Proportionality is key and the Regulator will remain consistent with the general approach to enforcement as set out in the current enforcement policy. Therefore, where appropriate, the Regulator will work to bring a business into compliance before taking any further action as is currently the case. This may involve issuing compliance advice and warnings regarding the potential for enforcement action if any identified breaches were to persist. Financial penalties will not normally be used as an alternative to compliance advice or warnings in the first instance. The Regulator will however, be able to impose a financial penalty where it considers that compliance can not be achieved in a satisfactory manner or where the effects of a breach warrant this type of action based on the specific circumstances – particularly where the effects of any breaches can be clearly monetised. The necessary assessments in line with the policy as set out will be made.
41. The consideration of whether or not a financial penalty should be imposed will take account of a CMCs means and ability to pay and this will form a fundamental part of whether a penalty or other type of enforcement action is appropriate. Following feedback received via responses to the consultation, the minimum penalty level has been removed to ensure that the Regulator is able to remain completely proportionate and fully tailor any final proposed penalty amount towards the lower end of the scale where necessary.
42. It will be crucial to ensure that any penalty imposed is imposed on a CMC that is in a position to pay the penalty but also continue operations in a compliant manner moving forwards. The Regulator already has sufficient powers to vary, suspend or ultimately cancel the authorisation of a regulated CMC where breaches of the conditions of authorisation are deemed serious enough and so the Regulator does not intend to impose any penalty that would effectively



require a CMC to cease operations. The financial penalties policy has in fact been designed to provide a more proportionate enforcement option where current provisions may be too harsh.

43. Once it has been identified that a penalty is appropriate, the nature & seriousness and penalty band consideration tables will assist the determination of an appropriate figure but will be flexible once all factors have been considered.
44. All potential enforcement decisions, including the new financial penalty provision, are and will continue to be subject to a full internal review before any final recommendation of a level of penalty is made. This is to ensure that any final decision made is not only robust but proportionate and consistent with the approach set out in the enforcement policy. In addition, as with the current enforcement process, any regulated CMC informed of an intention to impose a financial penalty will be given the opportunity to provide written representations which could, dependent on their nature, prospects of future compliance and the overall behaviour of a CMC, mean that the level of penalty set could be reduced or removed completely where deemed appropriate.

## Implementation

45. Once commenced, the CMR Financial Penalties Policy will be effective from the date of commencement and will not have retrospective effect. The Regulator will only be able to impose a financial penalty where breaches occur after the date of commencement.
46. Subject to parliamentary clearance, the Regulator intends to implement the financial penalties policy by the end of 2014. An updated CMR enforcement policy in addition to further detail with regards to commencement of the financial penalties policy will be published in due course.

## 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.

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

## List of respondents

**Association of Regulation Claims Management Companies (ARC)**

**BarclayCard**

**British Bankers Association (BBA)**

**Building Societies Association (BSA)**

**Citizen's Advice Bureau (CAB)**

**Claims Central**

**Consula Consultant Lawyer Solutions**

**Confidential Response (x2)**

**Direct Marketing Association (UK) Ltd (DMA)**

**EMC Advisory Services Ltd (EMCAS)**

**Equality in Finance Ltd**

**Excalibur Litigation Services Ltd**

**Experiences Connect Limited (ECL Home)**

**Finance & Leasing Association (FLA)**

**Financial Ombudsman Service (FOS)**

**Lloyds TSB**

**Professional Financial Claims Association (PFCA)**

**Royal & Sun Alliance Insurance (RSA)**

**Solicitors Regulation Authority (SRA)**

**The IFR Group**

**The Legal Ombudsman (LeO)**

**The Protection Specialist Ltd**

**The Trading Standards Institute**

**UK Cards Association (UKCA)**

## Annex A - 'Nature & Seriousness' Consideration Table

Nature	Score
<p><b>Basic</b></p> <ul style="list-style-type: none"> <li>• Authorised person has cooperated fully with regulatory investigation</li> <li>• Breach was not intentional, negligent or reckless</li> <li>• Breach has ceased after authorised person notified of non-compliance</li> <li>• Breach did not form a pattern of misconduct or result from systemic failures</li> <li>• Administrative / Technical breaches (i.e. renewals, change of details on application form etc)</li> </ul>	1
<p><b>Escalated</b></p> <ul style="list-style-type: none"> <li>• Minimal/Some cooperation from authorised person with regulatory investigation</li> <li>• Breach as intentional, negligent or reckless but minor in nature</li> <li>• Breaches continued after notification of non-compliance</li> <li>• Breach may have formed a pattern of misconduct or resulted from systemic failures</li> </ul>	2
<p><b>Severe</b></p> <ul style="list-style-type: none"> <li>• Authorised person has been uncooperative during investigation</li> <li>• Breach was intentional, negligent or reckless</li> <li>• Breaches continued after notification of non-compliance</li> <li>• Breach formed a pattern of misconduct or resulted from systemic failures</li> </ul>	3
Seriousness	Score
<p><b>Low</b></p> <ul style="list-style-type: none"> <li>• Inconvenience but no/minimal loss, detriment, impact or risk to consumers/other persons or bodies</li> <li>• Administrative / Technical breaches (i.e. renewals, change of details on application form etc)</li> </ul>	2
<p><b>Medium</b></p> <ul style="list-style-type: none"> <li>• Moderate loss, detriment, impact or risk to consumers/other other persons or bodies</li> <li>• Potential for moderate loss, detriment, impact or risk to consumers/other other persons or bodies</li> </ul>	4
<p><b>High</b></p> <ul style="list-style-type: none"> <li>• Significant loss, detriment, impact or risk to consumers/vulnerable consumers)/other persons or bodies</li> <li>• Potential for significant loss, detriment, impact or risk to consumers/vulnerable consumers/other persons or bodies</li> <li>• Wide scale detriment</li> </ul>	6

## Annex B - 'Penalty Range' Consideration Table

Band	Nature / Seriousness Rating	Score	Penalty Range (Fixed) - Turnover up to £500,000 in previous 12 months)	Penalty Range (%) - Turnover £500,000 or more in previous 12 months
A	Basic/Low	3	£0 - £3,000	0% - 0.6%
B	Escalated/Low	4	£3,000 - £12,500	0.6% - 2.5%
	Basic/Med	5	£12,500 - £25,000	2.5% - 5%
	Severe/Low			
C	Escalated/Med	6	£25,000 - £40,000	5% - 8%
	Basic/High	7	£40,000 - £50,000	8% - 10%
	Severe/Med			
D	Escalated/High	8	£50,000 - £75,000	10% - 15%
	Severe/High	9	£75,000 - £100,000	15% - 20%



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