



Ministry  
of Justice

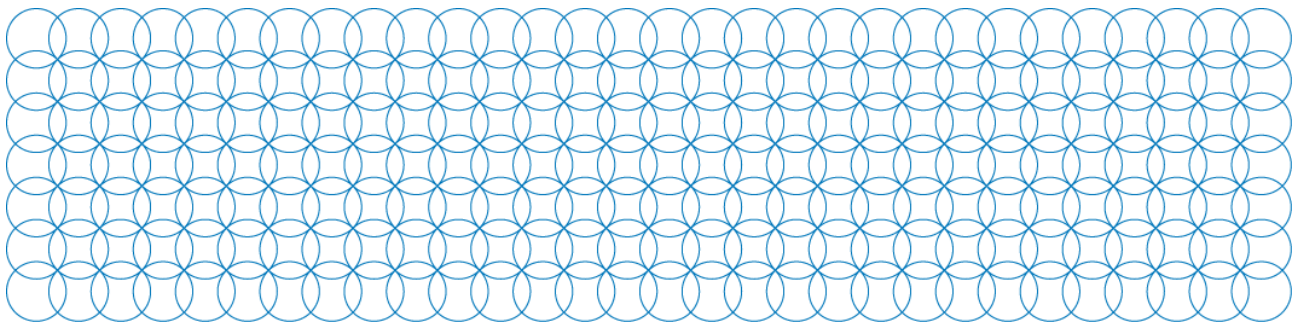
# **Claims Management Regulation**

## Regulation fees paid by claims management companies

**Proposed regulation fee levels for 2014-2015**

This consultation begins on 15 November 2013

This consultation ends on 13 December 2013







Ministry  
of Justice

## **Claims Management Regulation**

Regulation fees paid by claims management companies

Proposed regulation fee levels for 2014-2015

**A consultation produced by the Ministry of Justice. It is also available on the  
Ministry of Justice website at [www.justice.gov.uk](http://www.justice.gov.uk)**

## About this consultation

- To:** All those required to be authorised to provide claims management services under the Compensation Act 2006
- Duration:** From 15 November 2013 to 13 December 2013
- Enquiries (including requests for the paper in an alternative format) to:** Kelly Whittle  
Claims Management Regulation Unit  
Ministry of Justice  
102 Petty France  
London SW1H 9AJ  
Email: [claimsmanagementregulation@justice.gsi.gov.uk](mailto:claimsmanagementregulation@justice.gsi.gov.uk)
- How to respond:** Please send your response by 13 December 2013 to:  
Claims Management Regulation Unit  
Ministry of Justice  
102 Petty France  
London SW1H 9AJ  
Tel: 020 3334 3173  
Email: [claimsmanagementregulation@justice.gsi.gov.uk](mailto:claimsmanagementregulation@justice.gsi.gov.uk)
- Response paper:** A response to this consultation exercise is due to be published by January 2013 at: <http://www.justice.gov.uk>

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## Summary

### Regulation

1. Claims Management Regulation was established in 2007 under Part 2 of the Compensation Act 2006 (the Act). The Regulator is responsible for regulating businesses, commonly known as claims management companies, that handle certain types of claims for compensation in relation to personal injury, financial products and services (such as mis-sold payment protection insurance), employment matters, criminal injuries, industrial injuries disablement benefit and housing disrepair. Regulation is self-financed and recovered from regulated claims management companies paying application and authorisation fees. It is an offence to provide regulated claims management services unless authorised under the Act, exempt, the subject of a waiver or an individual acting other than in the course of a business.
2. The level of the fees is set in advance of the financial year they apply to and based on estimates of the number of claims management companies that are expected to apply for authorisation; the forecast of their turnover; and the number of claims management companies expected to continue their authorisations in the year and into the following year. This consultation sets out the proposed fees for the regulation year April 2014 to March 2015.
3. The claims industry has undergone recent significant changes. Since the regulatory regime began the personal injury sector has been and remains the sector with the largest proportion of regulated claims management companies operating. In April 2013, the Government implemented a ban on the payment and receipt of referral fees for personal injury claims under the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO). Provisions in Part 2 of the Act make it a breach of the regulatory rules to pay or receive referral fees in personal injury cases. This is a ban that we have actively enforced, with claims management companies receiving referral fees for providing access to claimants considered in breach of both the ban and their conditions for authorisation.
4. Before implementation of these reforms there was an expectation that claims management companies receiving referral fees would not be able to continue business in their existing forms, which had the potential to result in market exits if businesses were unable to restructure to ensure compliance. We began to police the ban in April 2013 and expanded our specialist personal injury compliance team to scrutinise business models and work to ensure compliance.
5. The referral fee ban has had an inevitable effect on the claims management landscape. Historically, the largest sector in terms of both annual turnover and the number of authorised claims management companies has been the personal injury sector. For the first time in 2012-2013 the financial products and services sector overtook the personal injury sector in terms of annual turnover, largely due to increased revenue from claims for mis-sold payment protection insurance (PPI). Personal injury remains the largest sector in terms of the number of operational authorised claims management companies; however we have also seen for the first time in 2012-2013 the authorisation of equal numbers of new personal injury and financial products and services claims management companies.

6. As well as the implementation of LASPO 2012, the claims industry has also faced up to a much tougher regulatory regime. In 2013 we introduced a ban on claims management companies offering inducements, cash incentives or otherwise, to make claims. We also stopped claims management companies from taking fees before signed contracts were received, and compelled claims management companies to communicate changes in their authorisation status to their existing clients, and to refer to the 'Claims Management Regulator' in any regulatory statements. This was to help consumers who may have taken 'Ministry of Justice' to mean that a claims management company was working on behalf of, or was endorsed by the Ministry of Justice. In 2013 we began to publish serious enforcement action and/or formal investigations on the Claims Management Regulation website.
7. Claims Management Regulation operates on a full costs recovery basis by charging fees to the claims management companies that we regulate at application for authorisation, and on an annual basis. We acknowledge that the new measures have had an effect, which has the potential to create difficulties in terms of regulatory funding going forward. Between March and October 2013, the industry contracted by 20% with personal injury experiencing the most significant reduction, followed by financial products and services. At the regulated claims market's 2010/2011 peak, there were 3,367 authorised claims management companies. There are currently around 2,300, which represents the dataset that the following proposals are based on, combined with further projected market exits and entrants.
8. Our operation in terms of staffing has expanded by 30% due to continuing detriment caused to consumers, financial service providers and other organisations in the financial products and services sector. The expansion of Claims Management Regulation has also been driven by the PPI mis-selling market, the necessity of policing the referral fee ban and other reforms, and combating 'cash for crash' and other frauds in the personal injury sector.
9. We have taken into account concerns about claims management companies from our various stakeholders and will be consulting on and rolling out a programme of further regulatory reforms over 2014-2015, the costs of which will be recovered from authorised claims management companies.
10. For the next regulation year, 2014-2015, we therefore propose to take the following steps:
  - Increase the annual regulation fee by 10%
  - Increase the fee uplift paid by financial products and services business by 15%
  - Align the cap applied to the fee uplift with the cap applied to the annual regulation fee
11. Considering the potential impact on estimated costs and income projections of the industry changes outlined above, we will continue to have the option of an in-year fees adjustment for claims management companies operating in the financial products and services sector as the sector necessitating the largest proportion of regulatory resource. Should a shortfall be experienced, an in-year adjustment will be considered at this time next year as a contingency to mitigate ongoing uncertainty in the claims market.



12. This will ensure the ongoing stability of regulatory costs recovery; the continued funding of the Regulator's programme of regulatory reforms aimed at the financial services and products sector; the continued monitoring of the personal injury sector in terms of the referral fee ban and 'cash for crash' investigations, and keep claims regulation robust and responsive while retaining proportionality of levied fees on the diverse range of business structures operating in the industry.

## Introduction

13. This paper sets out for consultation the levels at which regulation fees will be set and proposals for the methods of calculation by which they will be collected from authorised claims management companies.
14. This consultation is undertaken under Regulation 15 of the Regulations, and is aimed at persons authorised to provide claims management services in England and Wales under the Compensation Act 2006 and those claims management companies and individuals contemplating making an application for authorisation. The register of Authorised Persons is available at:  
[www.claimsregulation.gov.uk/search.aspx](http://www.claimsregulation.gov.uk/search.aspx)
15. The consultation will run for a period of 4 weeks. Copies of the consultation papers are being sent to:
  - All authorised claims management companies and organisations, and
  - The Claims Management Regulatory Consultative Group – see **Annex B** for a list of members.

However, this list is not meant to be exhaustive or exclusive and responses are welcomed from anyone with an interest in or views on the subject covered by this paper.

## Background

### Regulation Fee Requirements

16. Fee levels paid by authorised claims management companies are annually reviewed to ensure that regulation remains proportionate and self financing. We are consulting with claims management companies and other interested parties under Regulation 15 of the Compensation (Claims Management Services) Regulations 2006 (the Regulations).
17. The regulatory regime must remain self funded. Operational costs need to be recovered through regulatory fees paid by authorised claims management companies; there is no subsidy from the Ministry of Justice or in turn the taxpayer. Claims management companies seeking authorisation to conduct claims management services must pay an application fee, and if authorisation is successful, an annual regulation fee.
18. The fee level is set in advance of the year the fees apply to and are calculated on the number of new claims management companies predicted to apply for authorisation, the turnover of existing authorised claims management companies and the proportion of claims management companies expected to maintain their authorisation both in year and into the following year. Information is collected in February before invoices are distributed, with all authorised claims management companies expected to pay the annual regulation fee by the end of March in advance of the financial year beginning in April.

### Application Fee

19. Authorisation involves the payment of an application fee followed by a detailed application process (Regulations 8 and 9 of the Regulations). This fee is paid whether or not the application is successful in order to meet the administrative costs of the process which include detailed checks and verification, establishing directors' identities and reviewing contracts, marketing material etc and other checks as necessary. Businesses with complex structures typically incur a greater degree of scrutiny, and additional compliance checks are carried out on those given a higher risk rating.
20. If the Regulator is satisfied that the relevant criteria are met, authorisation is granted. Only authorised persons may provide regulated claims management services (unless exempt, the subject of a waiver or an individual acting other than in the course of a business).

### Annual Regulation Fee

21. Once approved, a business must pay the annual regulation fee before authorisation is granted, and annually thereafter for as long as they remain authorised. New applicants pay an annual fee calculated on a pro-rata basis, to account for claims management companies that gain authorisation halfway through a year. This fee contributes to the costs of monitoring, compliance and enforcement functions,

handling consumer contacts, investigating breaches of the Conduct of Authorised Persons Rules 2013(2), regulatory visits, audits and enforcement action.

22. The Regulator's monitoring and compliance work is proportionally targeted at key areas of non-compliance. The annual regulation fee meets the costs of providing the risk-based work to drive up the consistent application of industry standards and reinforce consumer safeguards.

## Paying for regulation

### The Claims Market

23. The claims industry is adaptable and has demonstrated its potential to react quickly to market developments and changes in economic conditions. This presents a difficulty in forecasting the number of claims management companies that will become and remain authorised with any accuracy. This can impact the fee income received and the cost of regulating the conduct of authorised claims management companies.
24. In the 12 months to November 2012, 2,306 claims management companies applied to renew their authorisation and generated a total turnover of around £1 billion. Over 2012-2013 the personal injury sector remained the largest sector in terms of the number of regulated claims management companies operating in it, however for the first time the financial products and services sector overtook the personal injury sector in terms of annual turnover. The personal injury sector generated 34% of the total turnover and the financial products and services sector generated 65%, with the remaining sectors between them generating 1%. The meant turnover across the claims industry was £437,000.

### Regulation Costs and Fee Income

#### Costs

25. The cost of the regulatory regime consists of numerous components, some of which have a degree of consistency and offer clear lines of prediction. Some are less so, based on intrinsic and extrinsic regulatory, governmental, legislative and economic market shifts and events, and our need to identify and respond to those influencers.
26. The costs of dealing with non-compliant claims management companies continues to increase, with regime expansion necessary to continue to robustly regulate the two largest sectors with the financial products and services sector continuing to generate the significant majority of complaints. The Regulator has identified a need to increase resources to implement a programme of enforcement and policy reforms.
27. The costs of consumer complaint handling will continue to be incurred by the Regulator until the jurisdiction of the Legal Ombudsman Service is extended.

28. Further to the above, despite the 20% industry contraction recorded from March 2013 to date, it is not anticipated that the costs incurred through enforcement casework will reduce accordingly. This is owing to the fact that non-compliant behaviour has always been carried out by only a minority of claims management companies, therefore the current level of market exits are unlikely to impact the current targeted and risk-based caseload. Particularly pertinent is that the highest level of contraction is in the personal injury sector, whereas the highest level of consumer detriment/non-compliance is in the financial products and services sector. The reforms in the personal injury sector have nonetheless resulted in increased regulatory costs through policing the ban on referral fees, regardless of the contraction, however it follows that the financial products and services sector requires a greater application of regulatory resource, and the proposal to increase the financial services fee uplift is designed to mitigate the continued risk that this sector presents to regulatory costs.
29. Among the costs that cannot be accurately forecast are the legal costs incurred in defending appeals against the Regulator's decisions to refuse, cancel, suspend or vary a claims management company's authorisation.
30. In summary, the regulation costs predicted for 2014-2015 include:
- The maintenance and expansion of monitoring, compliance and enforcement activities both in general, and those focused on the personal injury and financial products and services sectors.
  - Measures to tackle organised fraud in the personal injury sector.
  - Measures to tackle non-compliant marketing practices and particularly ongoing cross-industry action with other regulators on unsolicited calls and SMS text marketing.
  - Continued monitoring of the bans on referral fees in the personal injury sector and inducements to make a claim.
  - Further policy reforms as identified.
31. The costs of regulation for 2014-2015 are expected to be approximately £4.7m made up of monitoring and compliance costs and central costs. The increase from the 2012-2013 costs is caused by increased regulatory resource generally and regulatory policy reform driven particularly by the financial products and services sector and from claims management companies handling mis-sold PPI claims. The development and implementation of reforms will be ongoing over 2014-2015, as will enforcement work requiring additional resource.

### **Fees income**

32. The regulated claims industry is characterised by a small proportion of firms with high turnovers, and a high number of firms with small turnovers.
33. The amount of fees paid by individual claims management companies is affected by a number of different factors. Not all claims management companies will continue to be authorised in the following regulatory year; some will have their authorisation cancelled as a result of enforcement action, and some will voluntarily surrender their authorisation.

34. It is necessary to amend the annual regulation fees in order to ensure that the ongoing regulatory reforms and sector specific compliance projects are adequately resourced, given that the necessary revenue required to meet full costs recovery in 2014-2015 has been estimated at £4.7m. Without any change, only £3.78m would be recovered which would be insufficient to fund the regime over 2014-2015.

#### **In Year Fee Adjustment**

35. The Regulator is on target to achieve full costs recovery for 2013-2014. The claims industry will continue to contract, and the regulatory regime will expand as necessary to tackle the level of detriment that exists. It is therefore uncertain that full costs recovery will be achieved in 2014-2015 and in the event a shortfall materialises, the Regulator will seek to implement an in-year fee adjustment and potentially retain the contingency in the 2015-2016 fees determination.

## Proposals

### Annual Regulation Fee Scales for 2014-2015

#### Application Fee

36. We propose to hold the existing application fee of £1,400 as this is a reasonable sum which has not been prohibitive to new market entrants and can be recouped without difficulty by businesses once they are authorised and begin trading. It remains necessary to recover the costs of higher levels of scrutiny applied to applications received from both the personal injury and the financial services and products sectors and therefore lowering the fee was not a consideration for this fees determination.

#### Annual Regulation Fee

37. We propose to increase the annual regulation fee pay scale for 2014-2015. Over 2013-2014 2,306 CMCs applied to renew their authorisation and generated a turnover of £1 billion. We propose to increase the percentage increments levied on annual turnovers above the flat-fee threshold and the turnover brackets they apply to as below.

38. The Fees Determination consultation of 2013/2014 proposed the potential removal of the fees cap, and in the consultation response that followed we advised that the removal of the cap may be revisited. Removing the cap is not a proposal at this time; however we do propose to increase the cap from £50,000 to £55,000 to achieve full costs recovery.

39. The fee scale for lower income brackets has not been significantly revised since the beginning of the regulatory regime. In order to proportionately distribute income across all CMCs, 10% has been added to these bands. The proposed annual regulation fee scales for 2014-2015 are set out in Table 2.

**Table 2 – Annual Regulation Fee Scales 2014-2015**

Turnover under £5,000	Fee = £220
Turnover £5,000 - £14,000	Fee = £330
Turnover £15,000 – 24,999	Fee = £440
Turnover £25,000 - £74,999	Fee = £550
Turnover £75,000 - £142,000	Fee = £710
Turnover more than £142,000	Fee = 0.500% of annual turnover up to £1 million Fee = 0.360% of annual turnover between £1 and £5 million Fee = 0.260% of annual turnover above £5 million



## Financial Products and Services Uplift

40. The Claims Management Regulation Annual Report 2012-2013 states that of all consumer complaints received by the Regulator, the overwhelming majority (94%) came from the financial products and services sector. We also received 2,021 complaints from financial service providers including major banks, building societies, representative bodies and independent financial advisors, of which the most common complaint was about claims management companies failing to obtain sufficient information from consumers or look into the merits of a potential claim before contacting them. Proportionally, more regulatory resource is used on the financial products and services sector than on other sectors, which we propose to reflect by continuing to levy a fee uplift on claims management companies operating in this sector.
41. The financial products and services uplift was successfully applied in 2013-2014 to 650 businesses, with a total of £700,416.24 received by the Regulator. This funding was used to underpin the up-scaled programme of audits that was carried out over summer 2013 by our dedicated PPI team and to expand frontline staffing numbers. Given the continuing high-level of detriment reported in this sector and the enforcement and policy measures planned to combat this over 2014-2015, we propose to increase the financial products and services uplift by 15% to 0.145% of annual turnover from regulated activities in the financial products and services sector. We also propose to increase the present cap of £25,000 to £55,000 which will align both fees caps. The charge remains applicable to both new and existing claims management companies.
42. Some claims management companies undertake regulated claims management activities in more than one sector, and in such instances businesses must be clear how much turnover is generated from each regulated claims sector so that the financial products and services sector-specific uplift is applied only to the regulated activities carried out in that sector and not to the aggregate turnover.
43. Any rebate of annual regulation fees will be payable in accordance with Regulation 19 of the Compensation (Claims Management Services) Regulations 2006 (the Regulations).

## Questionnaire

We would welcome responses to the following questions set out in this consultation paper.

### Paying for Regulation

- 1) Do you have any comments on the proposal to hold the application fee at £1,400?
- 2) Do you have any comments on the fee scales as set out above and the proposed draft Fees Determination for 2014-2015 at Annex A?
- 3) Do you have any comments in relation to the proposal to increase the annual fee brackets of claims management companies with a turnover below £142,000 by 10% in respect of the annual regulation fee?
- 4) Do you have any comments in relation to the proposal to increase the percentages levied on annual turnovers in excess of £142,000?
- 5) Do you have any comments on the proposal to increase the fees cap by 10% to £55,000?
- 6) Do you have any comments on the proposal to increase the uplift on the annual regulation fee for claims management companies in the financial products and services sector to 0.145% of annual turnover?
- 7) Do you have any comments in relation to the proposal to raise the financial products and services cap to £55,000?
- 8) Do you have any other comments related to these proposals?

Thank you for participating in this consultation exercise.

## About you

Please use this section to tell us about yourself

<b>Full name</b>	
<b>Job title</b> or capacity in which you are responding to this consultation exercise (e.g. member of the public etc.)	
<b>Date</b>	
<b>Company name/organisation</b> (if applicable):	
<b>Address</b>	
<b>Postcode</b>	
If you would like us to acknowledge receipt of your response, please tick this box	<input type="checkbox"/> (please tick box)
Address to which the acknowledgement should be sent, if different from above	

**If you are a representative of a group**, please tell us the name of the group and give a summary of the people or organisations that you represent.

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## Contact details/How to respond

Please send your response by 15 December 2013 to:

**Kelly Whittle**  
**Claims Management Regulation Unit**  
**Ministry of Justice**  
**102 Petty France**  
**London SW1H 9AJ**

**Email: [claimsmanagementregulation@justice.gsi.gov.uk](mailto: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.

### Extra copies

Further paper copies of this consultation can be obtained from this address and it is also available on-line at <http://www.justice.gov.uk/index.htm>.

Alternative format versions of this publication can be requested from [claimsmanagementregulation@justice.gsi.gov.uk](mailto:claimsmanagementregulation@justice.gsi.gov.uk)

### Publication of response

A paper summarising the responses to this consultation will be published in January 2014. The response paper will be available on-line at <http://www.justice.gov.uk/index.htm>.

### Representative groups

Representative groups are asked to give a summary of the people and organisations they represent when they respond.

### Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Ministry.

The Ministry will process your personal data in accordance with the DPA and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

## 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>

## Annex A: Draft Fee Determination 2014



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## Fees Determination 2014-2015

*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 2014.*

### 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 2013.
- b) If the business or applicant did not trade for the full 12 months to 30 November 2013, the estimated turnover for the 12 months to 30 November 2014.
- c) Where the application for authorisation is made on or after 30 November 2013, the estimated turnover for the 12 months to 30 November 2014.

### Application of this determination

2. This fees determination applies to fees for all applications for authorisation made on or after 1 April 2014 and sets the annual fees for all businesses authorised at and after that date to the end of March 2015.

### Application fee

3. An applicant seeking authorisation to provide regulated claims management services must submit an application fee of £1,400.00 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-paragraph (2), authorised businesses shall pay an amount equal to 0.500% of annual turnover up to £1 million, plus 0.360% of annual turnover between £1 million and £5 million, plus 0.260% of annual turnover above £5 million.  
(2) Where the annual turnover of a business is £142,000 or less, then the amount payable will be a fixed fee of –

Annual Turnover of Authorised Business	Annual Fee Payable
Under £5,000	£220
£5,000 - £14,999	£330
£15,000 - £24,999	£440
£25,000 - £74,999	£550
£75,000 - £142,000	£710

### 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 2014, 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 2014 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 2014.



### **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 £55, 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 2014 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 2014, 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 2014 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 2014.

### **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)

## Annex B: Claims Management Regulatory Consultative Group

Advisory, Conciliation and Arbitration Service (ACAS)	<a href="http://www.acas.org.uk">www.acas.org.uk</a>
Advertising Standards Authority (ASA)	<a href="http://www.asa.org.uk">www.asa.org.uk</a>
Association of British Insurers (ABI)	<a href="http://www.abi.org.uk">www.abi.org.uk</a>
Association of Mortgage Intermediaries (AMI)	<a href="http://www.a-m-i.org.uk">www.a-m-i.org.uk</a>
Association of Personal Injury Lawyers (APIL)	<a href="http://www.apil.org.uk">www.apil.org.uk</a>
Association of Professional Financial Advisors (APFA)	<a href="http://www.apfa.net">www.apfa.net</a>
Association of Regulated Claims Management Companies	<a href="http://www.arcmc.org.uk">www.arcmc.org.uk</a>
British Bankers Association (BBA)	<a href="http://www.bba.org.uk">www.bba.org.uk</a>
British Insurers Brokers Association (BIBA)	<a href="http://www.biba.org.uk">www.biba.org.uk</a>
Building Societies Association (BSA)	<a href="http://www.bsa.org.uk">www.bsa.org.uk</a>
Citizens Advice Bureau (CAB)	<a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a>
Claims Standards Council (CSC)	<a href="http://www.claimscouncil.org">www.claimscouncil.org</a>
Council of Mortgage Lenders (CML)	<a href="http://www.cml.org.uk">www.cml.org.uk</a>
Employment Appeal Tribunal Service	<a href="http://www.employmentappeals.gov.uk">www.employmentappeals.gov.uk</a>
Financial and Leasing Association (FLA)	<a href="http://www.fl.a.org.uk">www.fl.a.org.uk</a>
Financial Conduct Authority (FCA)	<a href="http://www.fca.org.uk">www.fca.org.uk</a>
Financial Ombudsman Service (FOS)	<a href="http://www.financial-ombudsman.org.uk">www.financial-ombudsman.org.uk</a>
Financial Services Compensation Scheme (FSCS)	<a href="http://www.fscs.org.uk">www.fscs.org.uk</a>
Law Society	<a href="http://www.lawsociety.org.uk">www.lawsociety.org.uk</a>
Legal Ombudsman Service	<a href="http://www.legalombudsman.org.uk">www.legalombudsman.org.uk</a>
Motoring Accident Solicitors (MASS)	<a href="http://www.mass.org.uk">www.mass.org.uk</a>
National Debtline	<a href="http://www.nationaldebtline.co.uk">www.nationaldebtline.co.uk</a>
Office of Communications (OFCOM)	<a href="http://www.ofcom.org.uk">www.ofcom.org.uk</a>
Office of Fair Trading (OFT)	<a href="http://www.oft.gov.uk">www.oft.gov.uk</a>
Professional Financial Claims Association (PFCA)	<a href="http://www.pfca.org.uk">www.pfca.org.uk</a>
Solicitors Regulation Authority (SRA)	<a href="http://www.sra.org.uk">www.sra.org.uk</a>
The Direct Marketing Association (DMA) Ltd	<a href="http://www.dma.org.uk">www.dma.org.uk</a>
UK Cards Association	<a href="http://www.theukcardsassociation.org.uk">www.theukcardsassociation.org.uk</a>
Unison/TUC	<a href="http://www.unison.org.uk">www.unison.org.uk</a>
Which?	<a href="http://www.which.co.uk">www.which.co.uk</a>

## Annex C: The proposals - Illustrative table

*Illustrative fees for different CMCs and how they may change under the proposals compared to 2013/14 fee levels*

CMC total turnover	CMC financial services turnover	FPS fee	2013/14 Total fee	2014/2015 proposals			CMR fee increase from 2013/14
				CMR fee	FPS fee	Total CMR fee	
£	£	£	£	£	£	£	£
40,000,000	-	-	50,000	55,000	-	55,000	5,000
25,000,000	25,000,000	25,000	75,000	55,000	55,000	110,000	35,000
10,000,000	-	-	30,180	32,400	-	32,400	2,220
10,000,000	10,000,000	12,500	42,680	32,400	15,000	47,400	4,720
1,000,000	-	-	4,900	5,000	-	5,000	100
1,000,000	1,000,000	1,250	6,150	5,000	1,500	6,500	350
500,000	-	-	2,450	2,500	-	2,500	50
500,000	500,000	625	3,075	2,500	750	3,250	175
100,000	-	-	650	710	-	710	60
100,000	100,000	125	775	710	150	860	85
50,000	-	-	500	550	-	550	50
50,000	50,000	63	562	550	75	625	63
20,000	-	-	400	440	-	440	40
20,000	20,000	25	425	440	30	470	45
10,000	-	-	300	330	-	330	30
10,000	10,000	13	313	330	15	345	32
2,500	-	-	200	220	-	220	20
2,500	2,500	3	203	220	4	224	21









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