



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-paragraphs (2) and (3), 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) The fee under sub-paragraph (1) shall be no more than £55,000.
(3) 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	£200
£5,000 - £14,999	£300
£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)