

Chapter 6

Post-contractual requirements

6.2 Fees and fee collection

Explanation of fees and charges

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- (1) A *firm* must provide the *customer* with an itemised bill, in a *durable medium*:
 - (a) if the agreement is terminated under ■ CMCOB 2.1.12R(2)(b), before the *firm* takes any payment (for example, using payment details provided by the *customer*); or
 - (b) before the *firm* takes or deducts its fees and charges from money received from a third party for onward transmission to the *customer*; or
 - (c) when the *firm* presents an invoice or request for payment to the *customer*.
- (2) The itemised bill must explain:
 - (a) what *claims management services* the *firm* has provided; and
 - (b) how the fees and charges have been calculated including, where relevant, by reference to the full amount of any money recovered for the *customer* in respect of damages or compensation, or in settlement of the claim.
- (3) A *firm* must not take or deduct its fees and charges from money received from a third party for onward transmission to the *customer* without the *customer's* consent.
- (4) Where the *FS claims management fee cap* applies to any of the services to which the itemised bill relates, the bill must:
 - (a) explain whether any of the services to which the bill relates fall outside the scope of the *FS claims management fee cap* ; and
 - (b) clearly identify the charges for those services.

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Firms are reminded that they may be carrying on a *credit-related regulated activity* if they permit *customers* to enter into instalment plans or give them an extended period of time to pay fees and charges later than the date on which they are payable (see ■ PERG 2.7.19AG and ■ 2.7.19GG).

Fee collection

6.2.3

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A *firm* must establish and implement clear, effective and appropriate policies and procedures for:

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- (1) dealing with *customers* who are unable to pay fees and charges to the *firm* when they fall due; and
- (2) the fair and appropriate treatment of *customers* in (1) whom the *firm* understands or reasonably suspects to be vulnerable.

- (1) If a *customer* is unable to pay fees and charges to the *firm* when they fall due, a *firm* must:
 - (a) treat the *customer* with forbearance and due consideration, including by allowing the *customer* a reasonable opportunity to pay the fee and charges; and
 - (b) where appropriate, direct the *customer* to sources of free and independent debt advice.
- (2) A *firm* must not impose charges on a *customer* who is unable to pay fees and charges to the *firm* when they fall due unless the charges are no higher than necessary to cover the reasonable costs of the *firm*.

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- (1) *Customers* who have mental health difficulties or mental capacity limitations may fall into the category of particularly vulnerable *customers*.
- (2) In developing procedures and policies for dealing with *customers* who may not have the mental capacity to make financial decisions, *firms* may wish to have regard to the principles outlined in the Money Advice Liaison Group (MALG) Guidelines "Good Practice Awareness Guidelines for Consumers with Mental Health Problems and Debt" (March 2015).

[Note: see <http://malg.org.uk/resouces/malg-mental-health-and-debt-guidelines/>]

- (3) A *firm* should suspend the pursuit of the recovery of fees and charges from a *customer* who is unable to pay those fees and charges when they fall due, when:
 - (a) the *firm* has been notified that the *customer* might not have the mental capacity to make relevant financial decisions and/or to engage at the time in the process for recovery of unpaid fees and charges; or
 - (b) the *firm* understands or ought reasonably to be aware that the *customer* might not have the mental capacity to make relevant financial decisions and/or to engage at the time in the process for recovery of unpaid fees and charges.

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A *firm* must not take or deduct its fees and charges from money received from a third party for onward transmission to the *customer* unless it has written consent from the *customer* to do so, whether given in the *firm's* agreement with the *customer* or by some other means.