

Chapter 5

Fee caps for regulated claims management activities

5.1 Fee cap for payment protection insurance claims

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- (1) Under section 29(3) of the Financial Guidance and Claims Act 2018, the fee cap applicable to *regulated claims management activity* in connection with a PPI claim is 20% of the amount recovered. The cap applies by reference to a sum comprising all amounts charged for such services in connection with the claim (whether or not charged under a single agreement), exclusive of VAT.
- (2) Section 31 of that Act (PPI claims: interim restriction on charges imposed by authorised persons after transfer of regulation to FCA) prohibits a *firm* from:
 - (a) charging an amount which exceeds the *PPI claims management fee cap*; and
 - (b) entering into an agreement which provides for the payment by a *customer* of charges which would breach or are capable of breaching the *PPI claims management fee cap*.
- (3) Any payment in excess of the *PPI claims management fee cap* is recoverable by the *customer*. The FCA would expect the *firm* to reimburse the *customer* promptly, irrespective of whether the *customer* has asserted that the *firm* has breached the fee cap.
- (4) Any agreement which provides for the payment by a *customer* of charges which would breach or are capable of breaching the *PPI claims management fee cap* is not enforceable to the extent that it provides for such a payment.
- (5) A *firm* that breaches the *PPI claims management fee cap* is subject to the FCA's disciplinary powers in the same way as if the *firm* had breached a *rule*.