

Chapter 5

Financial Ombudsman Service Funding

5.1 Application and Purpose

Application

- 5.1.1** **R** Rules and guidance made by the FCA in this chapter apply to every *firm* which is subject to the *Compulsory Jurisdiction*.
- 5.1.1-A** **G** Whilst no *rule* made by the FCA in this chapter applies to *VJ participants*, some of the *guidance* may do. The application of rules made by the *FOS Ltd* in this chapter is set out in ■ FEES 5.5B and described in ■ FEES 5.1.2 AG.
- 5.1.1A** **R** A reference to *firm* in this chapter includes a reference to a *fee-paying payment service provider*, *fee-paying electronic money issuer*, a *CBTL firm*, a *designated finance platform* and a *designated credit reference agency*.
- 5.1.1B** **R** ■ FEES 5.1.1A R does not apply to ■ FEES 5.5B or ■ FEES 5 Annex 2R or ■ Annex 3R unless otherwise stated in rules made by the *FOS Ltd*.
- 5.1.2** **G** The rules set out in the table under ■ FEES 5.1.2 AG are made by the *FOS Ltd*. All other ■ FEES 5 rules are made by the FCA.
- 5.1.2A** **G** Table of ■ FEES 5 rules made by the *FOS Ltd*
- | FEES 5 rules made by the FOS Ltd | Description |
|----------------------------------|---|
| FEES 5.5B | Rules relating to case fees |
| FEES 5 Annex 2R | Annual Levy Payable in Relation to the Voluntary Jurisdiction |
| FEES 5 Annex 3R | Case Fees Payable |
- 5.1.3** **G** [deleted]
- 5.1.3A** **G** [deleted]
- 5.1.4** **R** A *firm* which is exempt under ■ DISP 1.1.12 R is also exempt from ■ FEES 5.1, ■ 5.2, ■ 5.3, ■ 5.4 and ■ 5.6.

Exemption

- 5.1.4A **R** A firm will only be exempt from ■ FEES 5.7 for any given *financial year* if it met the conditions in ■ DISP 1.1.12 R on 31 March of the immediately preceding *financial year*.
- 5.1.5 **R** A firm which ceases to be exempt under ■ FEES 5.1.4 R is to be treated, for the purposes of its contribution to the *general levy*, as a firm to which ■ FEES 5.8 applies.
- 5.1.6 **R** [deleted]
- 5.1.6A **G** Firms which cease to be *authorised* and therefore subject to the *Compulsory Jurisdiction* part way through the year will not receive a refund of their *general levy* except in exceptional circumstances.
- Purpose**
.....
- 5.1.7 **G** The purpose of this chapter is to set out the requirements on *firms* to pay annual fees (through a *general levy* invoiced and collected by the *FCA* on behalf of *FOS Ltd*) and case fees (invoiced and collected directly by *FOS Ltd*) in order to fund the operation of the *Financial Ombudsman Service*. This Chapter also provides for *unauthorised persons* to pay case fees to *FOS Ltd* in respect of any *relevant complaints* which it handles.
- 5.1.8 **G**

5.2 Introduction

- 5.2.1** **G** Paragraph 9 of Schedule 17 to the *Act* (The Ombudsman Scheme) requires *FOS Ltd* to adopt an *annual budget* which has been approved by the *FCA*. The *annual budget* must distinguish between the costs of operating the *Compulsory Jurisdiction* and the *Voluntary Jurisdiction*.
- 5.2.2** **G** Section 234 of the *Act* (Industry Funding) enables the *FCA* to require the payment to it or to *FOS Ltd*, by *firms* or any class of *firm*, of specified amounts (or amounts calculated in a specified way) to cover the costs of:
- (1) the establishment of the *Financial Ombudsman Service*; and
 - (2) its operation in relation to the *Compulsory Jurisdiction*.
- 5.2.2A** **G** [deleted]
- 5.2.2B** **G** [deleted]
- 5.2.3** **G** Paragraph 15 of Schedule 17 to the *Act* enables *FOS Ltd* to require *firms* subject to the *Compulsory Jurisdiction* and any other respondents to a complaint to pay specified fees to it in respect of complaints closed by the *Financial Ombudsman Service*.
- 5.2.3A** **G** [deleted]
- 5.2.4** **G** The *Ombudsman Transitional Order* provides for *unauthorised persons* to be charged fees in respect of any *relevant complaints* against them which the *Financial Ombudsman Service* handles.
- 5.2.5** **G** Paragraph 18 of Schedule 17 to the *Act* enables *FOS Ltd* to require *VJ participants* to pay to it such amounts at such times as it specifies in the *standard terms*.
- 5.2.6** **G** The relevant provisions of the rules in ■ FEES 5 and ■ FEES 2 will be applied to *VJ participants* through the *standard terms* made by *FOS Ltd* under paragraph 18 of Schedule 17 to the *Act* (see ■ DISP 4).

5.2.7

G

This chapter sets out the framework for the funding arrangements of the *Financial Ombudsman Service*, including, where relevant, the method by which fees will be calculated. Details of the actual fees payable will vary from year to year, depending on the *annual budget* of the *Financial Ombudsman Service*. These details will be set out in annexes to this chapter. New annexes will be prepared and consulted on for each *financial year*.

5.3 The general levy

- 5.3.1** **G** Each *financial year*, the FCA and FOS Ltd will consult on the amount of the *annual budget* of the *Financial Ombudsman Service* which is to be raised by the *general levy*.
- 5.3.2** **G** For the purposes of the *general levy*, a *firm* will fall into one or more of the *industry blocks* set out in ■ FEES 5 Annex 1 depending on the business activities which it conducts.
- 5.3.3** **G** The FCA will determine, following consultation, the amount to be raised from each *industry block*. This will be based on the budgeted costs and numbers of *Financial Ombudsman Service* staff required to deal with the volume of complaints which the *Financial Ombudsman Service* expects to receive about the *firms* in each *industry block*. Modified arrangements have been made for certain types of small *firms* (see ■ FEES 5.5.3 R to ■ FEES 5.5.5 G).
- 5.3.4** **G** ■ FEES 5 Annex 1 sets out the fee tariffs for each *industry block*.
- 5.3.5** **G** The FCA will specify a *minimum levy* for *firms* in each *industry block*.
- 5.3.6** **R** A *firm* must pay to the FCA a *general levy* towards the costs of operating the *Compulsory Jurisdiction* of the *Financial Ombudsman Service*.
- 5.3.7** **G** Under the *standard terms*, *VJ participants* will be required to pay to FOS Ltd an amount calculated on a similar basis towards the costs of operating the *Voluntary Jurisdiction* of the *Financial Ombudsman Service*, see ■ FEES 5 Annex 2R. FOS Ltd will be responsible for invoicing and collecting this amount.
- 5.3.8** **R** A *firm's general levy* under the *Compulsory Jurisdiction* is calculated as follows:
- (1) identify each of the tariff bases set out in ■ FEES 5 Annex 1 which apply to the *firm* for the relevant year;
 - (2) for each of those tariff bases, calculate the sum payable in relation to the *relevant business* of the *firm* for that year (except *industry blocks* 2 and 4, in which case calculate the sum payable for that year);
 - (3) add together the amounts calculated under (2).

5.3.8A **G** A *VJ participant* which becomes subject to the *Financial Ombudsman Service* part way through a *financial year* must pay a proportion of the annual levy required by ■ FEES 5.3 and ■ FEES 5 Annex 2R, to be calculated as follows:

- (1) a *VJ participant* joining during the first quarter of the *financial year* will pay 100% of the annual levy;
- (2) a *VJ participant* joining during the second quarter of the *financial year* will pay 75% of the annual levy;
- (3) a *VJ participant* joining during the third quarter of the *financial year* will pay 50% of the annual levy; and
- (4) a *VJ participant* joining during the fourth quarter of the *financial year* will pay 25% of the annual levy.

5.3.9 **R** For the purpose of ■ FEES 5.3.6 R and ■ FEES 5.3.8 R, a *member* of the *Society of Lloyd's* or a *managing agent* at Lloyd's will not in that capacity be treated as a *firm*. But the *Society of Lloyd's* will pay a *general levy* in respect of Lloyd's *insurance business* conducted with *eligible complainants*.

5.3.10 **R** For the purpose of ■ FEES 5.3, references to *relevant business* for a *firm* which falls in *industry block* 16 or 17 and which so elects under ■ FEES 5 Annex 1, are references to the *firm's* total amount of annual income reported in accordance with Part 2 of ■ FEES 4.

5.4 Information requirement

- (1) A *firm* must provide the FCA by the end of February each year (or, if the *firm* has become subject to the *Financial Ombudsman Service* part way through the *financial year*, by the date requested by the FCA) with a statement of:
- (a) the total amount of *relevant business* (measured in accordance with the appropriate tariff base(s)) which it conducted; or
 - (b) in the case of *firms* in *industry blocks* 2 and 4, the gross written premium for fees purposes as defined in ■ FEES 4 Annex 1AR (unless ■ FEES 5.4.1R(1A) applies),
- as at or in the year to 31 December of the previous year as appropriate, in relation to the tariff base for each of the relevant *industry blocks* set out in ■ FEES 5 Annex 1.
- (1A) A *firm* in *industry blocks* 2 and 4, has notified the FCA of the amount of gross written premium for fees purposes, as defined in ■ FEES 4 Annex 1AR, that relates to *relevant business*. The notification must be made by the 30 May each year.
- (2) Paragraph (1) does not apply if the *firm* pays a *general levy* on a flat fee basis only or if it is the Bank of England.
- (3) If a *firm* cannot provide a statement of the total amount of *relevant business* as required by ■ FEES 5.4.1 R, it must provide the best estimate of the amount of *relevant business* that it conducted.
- (4) For the purpose of ■ FEES 5.4.1 R, references to *relevant business* for a *firm* which falls in *industry block* 16 or 17 and which so elects under ■ FEES 5 Annex 1, are references to the *firm's* total amount of annual income reported in accordance with Part 3 of ■ FEES 4 Annex 1A.
- (5) If a *firm* does not submit a complete statement by the date on which it is due in accordance with this *rule* and any prescribed submission procedures:
- (a) the *firm* must pay an administrative fee of 250 (but not if it is already subject to an administrative fee under ■ FEES 4 Annex 2A, Part 1, Part 1 or ■ FEES 6.5.16 R for the same *financial year*); and
 - (b) the *general levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10 (or, if a *firm* has become subject to the *Financial Ombudsman Service* part way through the *financial year*, on the basis of the information provided to the FCA for the purposes of ■ FEES 4.4.2 R) or on any other reasonable

basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known.

- 5.4.1-A** **R** (1) In the case of *firms* in *industry blocks 2* and *4* the requirements under ■ FEES 5.4.1R apply in relation to the tariff bases(s) and tariff data in ■ FEES 5 Annex 1R.
- If a *firm* is a UK Solvency II firm, an *incoming EEA firm* or an *incoming Treaty firm* in *industry blocks 2* and *4* in ■ FEES 5 Annex 1R, the *FCA* may use tariff data from the previous reporting period for the periodic fees calculation if the *PRA* or the *FCA* has either:
- (a) not received the necessary tariff data in a timely basis in line with Part 3 and 5 of ■ FEES 4 Annex 1AR; or
- (b) deemed the tariff data received to be incomplete or insufficiently reliable, by reference to a specific *firm* or across all or part of the *industry block*.
- 5.4.1A** **D** The information requirement set out under ■ FEES 5.4.1 R is applied under this direction to a *fee-paying payment service provider* and a *fee-paying electronic money issuer*.
- 5.4.1B** **R** For *firms* in *industry blocks 2* and *4*, if the data source specified in the applicable tariff base in Part 3 of ■ FEES 4 Annex 1AR is not available to the *PRA* or *FCA* for any reason and the same data is available to the *PRA* or *FCA* from an alternative source, the *FCA* may use that alternative source to calculate the tariff rates under ■ FEES 5 Annex 1R.
- 5.4.2** **G** Failure to submit a statement in accordance with the *rules* in this chapter may also lead to the imposition of a financial penalty and other disciplinary sanctions (see ■ DEPP 6.6.1 G to ■ DEPP 6.6.5 G).
- 5.4.3** **G** ■ SUP 16.3 (General provisions on reporting) contains further *rules* on the method of submission of reports under ■ FEES 5.4.1 R.
- 5.4.4** **G** A *firm* should not provide a statement of *relevant business* if it deals only with *eligible complainants* who are not *consumers*. *Relevant business* is defined in the *Glossary* as business done with *consumers* only. So ■ FEES 5.4.1 R does not apply in relation to business done with other types of *eligible complainant* described in ■ DISP 2.7.3R (2), ■ DISP 2.7.6R (12)(a) and ■ DISP 2.7.6R (12)(a); the funding of *FOS Ltd* in relation to that business is by special case fee only (see ■ FEES 5.5.6 R).



5.5B Case fees

Application

- 5.5B.1 **R** ■ FEES 5.5B applies to *respondents*.
- 5.5B.2 **G** *VJ participants* are included as a result of ■ DISP 4.2.6 R.
- 5.5B.3 **R** Any *firm* falling into either *industry block 13* or *industry block 15* in ■ FEES 5 Annex 1 R is not required to pay any case fee in respect of *chargeable cases* relating to those *industry blocks*.
- 5.5B.4 **G** The *firms* in *industry blocks 13* and *15* are cash plan health providers and small *friendly societies*. The case fee exemption takes into account that the amount in issue is likely to be small relative to the case fee. Instead, the full unit cost of handling complaints against these *firms* will be recovered through the setting of the relevant *general levy*.
- 5.5B.5 **R** A *credit union* which is subject to the *minimum levy* in an *industry block* is not required to pay any case fee in respect of *chargeable cases* relating to that *industry block*.
- 5.5B.6 **G** Arrangements similar to those for *firms* in *industry blocks 13* and *15* have been made for small *credit unions* under ■ FEES 5.5B.5 R.
- 5.5B.7 **R**
- (1) Any of the following *persons* which is exempt under ■ DISP 1.1.12R is also exempt from ■ FEES 5.5B:
 - (a) a *firm*;
 - (b) a *payment service provider*;
 - (c) an *electronic money issuer*;
 - (d) a *designated credit reference agency*; and
 - (e) a *designated finance platform*.
 - (2) However, a *person* will only be exempt from ■ FEES 5.5B in any *financial year* if it met the conditions in ■ DISP 1.1.12R on 31 March of the immediately preceding *financial year*.

Purpose

- 5.5B.8 **R** The purpose of ■ FEES 5.5B is to set out the requirements on *respondents* to pay fees in relation to cases referred to the *Financial Ombudsman Service*.
- 5.5B.9 **R** These fees are towards funding the *Financial Ombudsman Service*, and are invoiced and collected directly by the *FOS Ltd*.
- 5.5B.10 **G** In each of the *Financial Ombudsman Service's* jurisdictions, the *annual budget* reflects the total expected to be raised by levies plus the total expected to be raised by case fees for the relevant *financial year*.
- 5.5B.11 **G** The amount of the case fees will be subject to consultation each year.

Standard case fee

- 5.5B.12 **R** A *respondent* must pay to the *FOS Ltd* the standard case fee specified in ■ FEES 5 Annex 3R Part 1 in respect of each *chargeable case* relating to that *respondent* which is closed by the *Financial Ombudsman Service*, unless the *respondent* is identified as part of a *charging group* as defined in ■ FEES 5 Annex 3R Part 3.
- 5.5B.13 **G** The exclusion of *respondents* that are identified as part of a *charging group* as defined in ■ FEES 5 Annex 3R Part 3 applies only from 1 April 2013. Those *respondents* continue to be liable for the standard case fee under ■ FEES 5.5B.12 R in respect of *chargeable cases* closed by the *Financial Ombudsman Service* before 1 April 2013.
- 5.5B.14 **R** But a *respondent* will only be liable for, and the *FOS Ltd* will only invoice for, the standard case fee in respect of the 26th and subsequent *chargeable cases* in any *financial year*.
- 5.5B.15 **G** Until 31 March 2004 a standard case fee was payable for every *chargeable case*. From 1 April 2004 to 31 March 2005 the standard case was payable for the third and subsequent *chargeable cases*. From 1 April 2005 to 31 March 2013 the standard case fee was payable for the fourth and subsequent *chargeable cases*. ■ FEES 5.5B.12 R does not apply retrospectively to *financial years* before 1 April 2013.
- 5.5B.16 **R** A *respondent* must pay to the *FOS Ltd* any standard case fee which it is liable to pay under ■ FEES 5.5B and which is invoiced by the *FOS Ltd* within 30 calendar *days* of the date when the invoice is issued by the *FOS Ltd*.

Supplementary Case fee

- 5.5B.17 **R** A *respondent* must pay to the *FOS Ltd* the supplementary case fee specified in ■ FEES 5 Annex 3R Part 2 in respect of each *chargeable case (PPI)* relating to that *respondent* which is referred to the *Financial Ombudsman Service*, as well as any standard case fee under ■ FEES 5.5B.12 R, unless the *respondent* is identified as part of a *charging group* as defined in ■ FEES 5 Annex 3R Part 3.

5.5B.18 **G** The exclusion of *respondents* that are identified as part of a *charging group* as defined in ■ FEES 5 Annex 3R Part 3 applies only from 1 April 2013. Those *respondents* continue to be liable for the supplementary case fee under ■ FEES 5.5B.17 R in respect of *chargeable cases (PPI)* referred to the *Financial Ombudsman Service* before 1 April 2013.

5.5B.19 **R** Notwithstanding the above, a *respondent* will only be liable for, and the *FOS Ltd* will only invoice for the supplementary case fee in respect of the 26th and subsequent cases relating to that *respondent* that fall within ■ FEES 5.5B.17 R in any *financial year*.

Special case fee

5.5B.20 **R** If the *respondent* is identified as part of a *charging group* as defined in ■ FEES 5 Annex 3R Part 3, the *charging group* must pay the special case fee calculated under ■ FEES 5 Annex 3R Part 4 (from 1 April 2013) instead of the *respondent* paying the standard case fee or the supplementary case fee.

5.5B.21 **R** The *FOS Ltd*:

- (1) will invoice the special case fee as described in ■ FEES 5 Annex 3R Part 4; and
- (2) may invoice the relevant *charging group* through any of the individual *respondents* in the relevant *charging group*.

5.5B.22 **R** A *charging group* must pay to the *FOS Ltd* any special case fee (including any year-end adjustment) as described in ■ FEES 5 Annex 3R Part 4 within 30 calendar *days* of the date when the invoice is issued by the *FOS Ltd*.

5.5B.23 **R** In respect of the special case fee, individual *respondents* are jointly and individually liable for the obligations of the *charging group* of which they are identified as forming part in ■ FEES 5 Annex 3R Part 3.

Leaving the Financial Ombudsman Service

5.5B.24 **R** Where a *respondent* ceases to be a *firm*, *payment service provider*, *electronic money issuer*, *CBTL firm*, a *designated credit reference agency*, a *designated finance platform*, *VJ participant* or *claims management company* (as the case may be) part way through a *financial year* it will remain liable to pay case fees under ■ FEES 5.5B in respect of cases within the jurisdiction of the *Financial Ombudsman Service*.

Late payment and remission of case fees

5.5B.25 **R** If a *respondent* does not pay a case fee payable under ■ FEES 5.5B in full to the *FOS Ltd* before the end of the date on which it is due, that *respondent* must pay to the *FOS Ltd* in addition:

- (1) an administrative fee of £250; plus

(2) interest on any unpaid amount at the rate of 5% per annum above the Official Bank Rate from time to time, accruing on a daily basis from the date on which the amount concerned became due.

- 5.5B.26** **G** The *FOS Ltd* may take steps to recover any money owed to it (including interest).
- 5.5B.27** **R** If it appears to the *FOS Ltd* that in the exceptional circumstances of a particular case the payment of any case fee under **■ FEES 5.5B** would be inequitable, the *FOS Ltd* may (unless **■ FEES 5.5B.29 R** applies) reduce or remit all or part of the case fee in question which would otherwise be payable.
- 5.5B.28** **R** If it appears to the *FOS Ltd* that in the exceptional circumstances of a particular case to which **■ FEES 5.5B.27 R** does not apply the retention by the *FOS Ltd* of any case fee which has been paid would be inequitable, the *FOS Ltd* may (unless **■ FEES 5.5B.29 R** applies) refund all or part of that case fee.
- 5.5B.29** **R** The *FOS Ltd* may not consider a claim under **■ FEES 5.5B.27 R** and/or **■ FEES 5.5B.28 G** in respect of any amount overpaid due to a mistake of fact or law by the payer, if the claim is made by the payer more than 2 years after the beginning of the *financial year* to which the payment relates.



5.6 The supplementary levy

- 5.6.1 **G** [deleted]
- 5.6.2 **G** [deleted]
- 5.6.3 **G** [deleted]
- 5.6.4 **G** [deleted]
- 5.6.5 **R** [deleted]
- 5.6.6 **R** [deleted]
- 5.6.7 **G** [deleted]



5.7 Payment

- 5.7.1 **R** A *firm* must pay annually to the *FCA* the *general levy* on or before the later of 1 April and 30 calendar *days* after the date when the invoice is issued by the *FCA*.
- 5.7.2 **R** [deleted]
- 5.7.2A **R** [deleted]
- 5.7.3 **R** [deleted]
- 5.7.4 **R** A *firm* liable to pay fees under **■ FEES 5.7.1 R** must do so using one of the methods set out in **■ FEES 4.2.4 R** save that no additional amount or discount is applicable.

5.8 Joining the Financial Ombudsman Service

5.8.1 **R** A *firm* which becomes subject to the *Financial Ombudsman Service* part way through a *financial year* must pay a rateable proportion of the *general levy* as specified in the formula set out in ■ FEES 4.2.7ER.

5.8.2 **R**

- (1) This *rule* deals with the calculation of:
 - (a) a *firm's general levy* in the 12 *months* ending on the 31 March in which it obtains *permission*, or was authorised under the *Payment Services Regulations* or the *Electronic Money Regulations* or had its *permission* and/or *payment services* activities extended (relevant permissions) and the following 12 months ending on the 31 March; and
 - (b) the tariff base for the industry blocks that relate to each of the relevant permissions.
- (2) Unless this *rule* says otherwise, the tariff base is calculated using the projected valuation for its first year of the business to which the tariff relates.
- (3) The rest of this *rule* only applies to a *firm* that becomes authorised, or extends its *permission* and/or *payment services* activities, on or after 1 April 2009.
 - (a) If the tariff base is calculated using data from a period that begins on or after the date that the *firm* obtains the relevant permission to which that tariff base relates, the *firm* must use that data.
 - (b) If a *firm* satisfies the following conditions it must calculate its tariff base under (c) for the *FCA* financial year following the *FCA* financial year it obtained a relevant permission:
 - (i) the *firm* receives a relevant permission between 1 April and 31 December inclusive; and
 - (ii) the *firm's* tariff base for that relevant permission is, but for this *rule*, calculated by reference to the *firm's* financial year ended in the calendar year ending on the 31 December before the start of the *FCA* financial year or the twelve *months* ending 31 December before the start of the *FCA* financial year.
 - (c) If a *firm* satisfies the conditions in (b) it must calculate its tariff base as follows:

- (i) it must use actual data in relation to the business to which the tariff relates rather than projected valuations;
 - (ii) the tariff is calculated by reference to the period beginning on the date it acquired the relevant permission relating to the tariff and ending on the 31 December before the start of the *FCA* financial year; and
 - (iii) the figures are annualised by increasing them by the same proportion as the period of 12 *months* bears to the period starting from when the *firm* received any relevant permissions to 31 December.
- (d) Where a *firm* is required to use the method in (c) it must notify the *FCA* of its intention to do so by the date specified in ■ FEES 5.4 (Information requirement).
- (e) Where a *firm* is required to use actual data under this *rule* ■ FEES 4 Annex 1R Part 3 is modified in relation to the calculation of that firms valuation date in its second financial year.

Application of FEES 5.8.2R

5.8.3

G

The table below sets out the period within which a *firm's* tariff base is calculated (the data period) for second year levies calculated under ■ FEES 5.8.2R. The example is based on a *firm* that acquires *permission* on 1 November 2014 and has a financial year ending 31 March. Where valuation dates fall before the *firm* receives *permission* it should use projected valuations in calculating its levies.

References in this table to dates or months are references to the latest one occurring before the start of the *FCA's* financial year unless otherwise stated.

Type of permission acquired on 1 November	Tariff base	Valuation date but for FEES 5.8.2R	Data period under FEES 5.8.2R
Insurers - general	Relevant annual gross premium income and gross technical liabilities	31 March 2014- so projected valuations will be used	1 November to 31 December 2014.
Portfolio managers (including those holding <i>client money/ assets</i> and not holding <i>client money/ assets</i>)	Relevant funds under management	Valued at 31 December	Valued at 31 December
Advisers, <i>arrangers</i> , dealers or brokers holding and controlling <i>client money</i> and/or assets	Annual income as defined in FEES 4 Annex 11A	31 December. This is because the <i>firm's</i> tariff base is calculated by reference to the <i>firm's</i> financial year end in the calendar year before the start of the <i>FCA fee year</i> . Therefore FEES	1 November to 31 December but annualised in accordance with FEES 5.8.2R (3)(c)(iii)

5.8.2R (3)(c)
applies.

[**Note:** Transitional provisions apply to ■ FEES 5.8.1R, ■ FEES 5.8.2R and ■ FEES 5.8.3G – see ■ FEES TP 13]



5.9 Leaving the Financial Ombudsman Service

- 5.9.1 **R** [deleted]
- 5.9.1A **R** [deleted]
- 5.9.2 **G** [deleted]
- 5.9.3 **G** [deleted]

Annual General Levy Payable in Relation to the Compulsory Jurisdiction for 2019/20

Introduction: annual budget

1. The *annual budget* for 2018/19 approved by the FCA is £289.8m.
2. The total amount expected to be raised through the *general levy* in 2018/19 will be £24.5m.

Compulsory jurisdiction - general levy

Industry block	Tariff base	General levy payable by firm
1-Deposit acceptors, <i>home finance providers</i> , <i>home finance administrators</i> (excluding firms in block 14) and <i>dormant account fund operators</i>	Number of accounts relevant to the activities in DISP 2.6.1 R as at 31 December In the case of <i>dormant account fund operators</i> , the tariff base is the number of eligible activated accounts (8).	£0.04466 per relevant account, subject to a minimum levy of £100
2-Insurers - general (excluding firms in blocks 13 & 15)	Gross written premium for fees purposes (GWP) as defined in FEES 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the FCA under FEES 5.4.1R(1A)	£0.069 per £1,000 of GWP or RGWP, subject to a minimum levy of £100
3-The Society (of Lloyd's)	Not applicable	£25,989 to be allocated by the Society
4-Insurers - life (excluding firms in block 15)	Gross written premium for fees purposes (GWP) as defined in FEES 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the FCA under FEES 5.4.1R(1A)	£0.0085 per £1,000 of GWP or RGWP, subject to a minimum levy of £130
5. Portfolio managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	Flat fee	Levy of £230
6. Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Flat fee	Levy of £60
7-Dealers as principal	Flat fee	Levy of £75
8-Advisors, <i>arrangers</i> , dealers or brokers holding and controlling <i>client money</i> and/or assets	Annual income as defined in FEES 4 Annex 11A relating to <i>firm's relevant business</i> .	£0.136 per £1,000 of annual income subject to a minimum fee of £45
9-Advisors, <i>arrangers</i> , dealers or brokers not holding and controlling <i>client money</i> and/or assets	Annual income as defined in FEES 4 Annex 11A relating to <i>firm's relevant business</i> .	£0.033 per £1,000 of annual income subject to a minimum fee of £45

Industry block	Tariff base	General levy payable by firm
10-Corporate finance advisers	Flat fee	Levy of £55
11-fee-paying payment service providers (but excluding firms in any other Industry block except Industry block 18)	For authorised payment institutions, registered account information service providers, electronic money issuers (except for small electronic money institutions), the Post Office Limited, the Bank of England, government departments and local authorities, and EEA authorised payment institutions relevant income as described in FEES 4 Annex 11 Part 3	£0.0003 per £1,000 of relevant income subject to a minimum levy of £75
	For small payment institutions and small electronic money institutions a flat fee	Levy of £35
13-Cash plan health providers	Flat fee	Levy of £65
14-Credit unions	Flat fee	Levy of £55
15-Friendly societies whose tax-exempt business represents 95% or more of their total relevant business	Flat fee	Levy of £65
16-Home finance providers, advisers and arrangers (excluding firms in blocks 13, 14 & 15)	Flat fee	Levy of £90
17 - General insurance distribution (excluding firms in blocks 13, 14 & 15)	Annual income (as defined in MIPRU 4.3) relating to firm's relevant business	£0.4477 per £1,000 of annual income (as defined in MIPRU 4.3) relating to firm's relevant business subject to a minimum levy of £100
18 - fee-paying electronic money issuers	For all fee-paying electronic money issuers except for small electronic money institutions, average outstanding electronic money, as described in FEES 4 Annex 11 Part 3.	£0.0007 per £1,000 of average outstanding electronic money subject to a minimum levy of £40
	For small electronic money institutions, a flat fee	Levy of £50
19 - Credit-related regulated activities with limited permission	For not-for-profit debt advice bodies, a flat fee	Levy of £0
	For all other firms with limited permission, a flat fee	Levy of £35
20 - Credit-related regulated activities	Annual income as defined in FEES 4 Annex 11BR	Levy of £35 Plus £0.01 per £1,000 of annual income on income above £250,000
21 - CBTL firms that do not have permission to carry out any regulated activities	Flat fee	Levy of £35
22 - designated credit reference agencies (but excluding firms in any other industry block)	Flat fee	Levy of £75

Industry block	Tariff base	General levy payable by firm
23 – <i>designated finance platforms</i> (but excluding <i>firms</i> in any other <i>industry block</i>)	Flat fee	Levy of £75
24 – <i>claims management companies</i>	Annual income	£50 plus £3.00 per £1,000 of annual income

Notes

- 4 [not used]
- 5 The *industry blocks* in the table are based on the equivalent activity groups set out in Part 1 of FEES 4 Annex 1A and Part 2 and Part 2A of FEES 4 Annex 11.
- 6 Where the tariff base in the table is defined in similar terms as that for the equivalent activity group in Part 3 of FEES 4 Annex 1A or Part 3 of FEES 4 Annex 11, it must be calculated in the same way as that tariff base - taking into account only the *firm's relevant business* (except for *firms* in *industry blocks* 2 and 4).
- 7 [deleted]
- 8 Eligible activated accounts are the number of *repayment claims* met by the *dormant account fund operator* as at the 31 December.

Annual Levy Payable in Relation to the Voluntary Jurisdiction 2018/19

Voluntary jurisdiction - annual levy for VJ participants				
Industry block and business activity		Tariff basis	Tariff rate	Minimum levy
1V	Deposit acceptors, mortgage lenders and mortgage administrators and debit/credit/charge card issuers and merchant acquirers	number of accounts relevant to the activities in DISP 2.5.1 R	£0.0278	£100
2V	<i>VJ participants</i> undertaking general insurance activities	per £1,000 of gross written premium	£0.103	£100
3V	<i>VJ participants</i> undertaking life insurance activities	per £1,000 of gross written premium	£0.025	£100
6V	Intermediaries	n/a	n/a	£75
7V	Freight-forwarding companies	n/a	n/a	£75
8V	National Savings & Investments	n/a	n/a	£10,000
9V	Post Office Limited	n/a	n/a	£2,000
10V	Persons not covered by 1V to 9V undertaking activities which are: (a) <i>regulated activities</i> ; or (b) <i>payment services</i> ; or would be if they were carried on from an establishment in the <i>United Kingdom</i>	n/a	n/a	£75
12V	Persons undertaking the activity which is the issuance of electronic money or would be if carried on from an establishment in the <i>United Kingdom</i>	average outstanding electronic money as described in FEES 4 Annex 11 Part 3	£0.10 per £1,000	£75
13V	Persons not covered by 1V to 9V undertaking activities which are CBTL activities or would be if they were carried on from an establishment in the <i>United Kingdom</i>	n/a	n/a	£75
14V	Persons not covered by 1V to 9V providing <i>credit information</i> , under the <i>Small and Medium Sized Business (Credit Information) Regulations</i> or providing <i>specified information</i> under the <i>Small and Medium Business (Finance Platforms) Regulations</i> or would be if it was carried on from an establishment in the <i>United Kingdom</i>	n/a	n/a	£75

Notes

Voluntary jurisdiction - annual levy for VJ participants

(1) For the purposes of FEES 5 Annex 2R and for VJ participants undertaking general insurance activities (*industry block 2V*) 'gross written premium' means:

(a) if subject to reporting requirements under the *Solvency II Directive*, the total of items entered under row codes R0110, R0120 and R0130, as expressed in column code C0200 where this column is completed for those row codes, of the annual quantitative reporting template S.05.01.01 but only in relation to the *relevant business* of the VJ participant (in accordance with DISP 4.2.6(5)R and FEES 5.3.8R); and

(b) if not subject to reporting requirements under the *Solvency II Directive*, the gross premiums written but only in relation to the *relevant business* of the VJ participant (in accordance with DISP 4.2.6(5)R and FEES 5.3.8R).

(2) For the purposes of FEES 5 Annex 2R and for VJ participants undertaking life insurance activities (*industry block 3V*) 'gross written premium' means:

(a) if subject to reporting requirements under the *Solvency II Directive*, the item entered under row code R1410, column code C0300 of the annual quantitative reporting template S05.01.01 minus corporate pension business under the annual quantitative reporting template S14.01.01 but only in relation to the *relevant business* of the VJ participant (in accordance with DISP 4.2.6(5)R and FEES 5.3.8R); and

(b) if not subject to reporting requirements under the *Solvency II Directive*, the *minimum levy* would apply.

(3) 'Annual quantitative reporting template' has the meaning given in Fees Chapter 1 Application and Definitions of the *PRA Rulebook*.

(4) 'Corporate pension business' has the meaning given in Fees Chapter 1 Application and Definitions of the *PRA Rulebook*.

Case Fees Payable for 2018/19

Part 1 - Standard case fees

In the:	Standard case fee
Compulsory jurisdiction and Voluntary jurisdiction	[£550] unless it is a <i>not-for-profit debt advice body with limited permission</i> in which case the amount payable is £0

Notes

1	The definition of standard case fee is in FEES 5.5B (Case fees). The definition of <i>chargeable case</i> is in the Glossary to the <i>Handbook</i> .
2	The standard case fee will be invoiced by the <i>FOS Ltd</i> on or after the date the case is closed.
3	A <i>respondent</i> will only be invoiced a case fee for the 26th and subsequent <i>chargeable case</i> in each <i>financial year</i> .
4	The definition of <i>not-for-profit debt advice body</i> is in the Glossary to the <i>Handbook</i> .
5	The definition of <i>limited permission</i> is in the Glossary to the <i>Handbook</i> .

Part 2 - Supplementary case fees

In the:	Supplementary case fee
Compulsory jurisdiction and Voluntary jurisdiction	For the 26th and subsequent <i>chargeable cases (PPI)</i> £0

Notes

1	The definition of supplementary case fee is in FEES 5.5B (Case fees). The definition of <i>chargeable case (PPI)</i> is in the Glossary to the <i>Handbook</i> .
2	The supplementary case fee when payable will be invoiced by the <i>FOS Ltd</i> on or after the date the case is referred to the <i>Financial Ombudsman Service</i> .
3	The supplementary case fee when payable will be invoiced for the 26th and subsequent <i>chargeable cases (PPI)</i> against any <i>respondent</i> referred to the <i>Financial Ombudsman Service</i> in each <i>financial year</i> .

Part 3 - Charging groups

The *charging groups*, and their constituent *group respondents*, are listed below. They are based on the position at 31 December immediately preceding the *financial year*. For the purposes of calculating, charging, paying and collecting the special case fee, they are not affected by any subsequent change of ownership.

1	Barclays Group, comprising the following <i>firms</i> : 3i BIFM Investments Limited Oak Pension Asset Management Limited
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Barclays Asset Management Limited
Barclays Bank Plc
Barclays Bank Trust Company Limited
Barclays Capital Securities Limited
Barclays Insurance (Dublin) Designated Activity Company
Barclays Insurance (Dublin) Limited
Barclays Insurance Services Company Limited
Barclays Mercantile Business Finance Limited
Barclays Private Clients International Limited
Barclays Sharedealing
Barclays Stockbrokers Limited
Barclays Trust Company Limited
Clydesdale Financial Services Limited
Firstplus Financial Group Plc
Gerrard Financial Planning Ltd
Gerrard Investment Management Limited
Solution Personal Finance Limited
Standard Life Bank Plc
Woolwich Plan Managers Limited

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HSBC Group, comprising the following *firms*:
CL Residential Limited
HFC Bank Limited
HSBC Alternative Investments Limited
HSBC Bank Malta plc
HSBC Bank plc
HSBC France
HSBC Global Asset Management FCP (France)
HSBC Global Asset Management (France)
HSBC Global Asset Management (UK) Limited
HSBC Hervet
HSBC International Financial Advisers (UK) Limited
HSBC Investment Funds
HSBC Life (Europe) Limited
HSBC Life (UK) Limited
HSBC Private Bank (Luxembourg) S.A.
HSBC Private Bank (UK) Limited
HSBC Securities (USA) Inc
HSBC SPECIALIST INVESTMENT FUNDS
HSBC Trinkaus & Burkhardt AG
HSBC Trust Company (UK) Ltd
HSBC UK Bank plc
John Lewis Financial Services Limited
Marks & Spencer Financial Services plc

3

Marks & Spencer Savings and Investments Ltd
Marks & Spencer Unit Trust Management Limited
The Hongkong and Shanghai Banking Corporation Limited
Lloyds Banking Group, comprising the following *firms*:
Aberdeen Investment Solutions Limited
AMC Bank Ltd
Bank of Scotland (Ireland) Limited
Bank of Scotland Plc
Black Horse Limited
Cheltenham & Gloucester plc
Clerical Medical Financial Services Limited
Clerical Medical Investment Fund Managers Ltd
Clerical Medical Investment Group Limited
Clerical Medical Managed Funds Limited
CLERICAL MEDICAL OPEN ENDED INVESTMENT COMPANY
Halifax Assurance (Ireland) Limited
Halifax Assurance Ireland Ltd
Halifax Financial Brokers Limited
Halifax General Insurance Services Limited
Halifax Insurance (Ireland) Limited
Halifax Insurance Ireland Ltd
Halifax Investment Services Ltd
Halifax Life Limited
Halifax Share Dealing Limited
HBOS Investment Fund Managers Limited
Insight Investment Global Investment Funds

Invista Real Estate Investment Management Ltd
IWeb (UK) Limited
LDC (Managers) Limited
Legacy Renewal Company Limited
Lex Autolease Ltd
Lex Vehicle Leasing Ltd
Lloyds Development Capital (Holdings) Limited
Lloyds Bank Plc
Lloyds TSB Financial Advisers Limited
Lloyds Bank General Insurance Limited
Lloyds Bank Insurance Services Limited
Lloyds TSB Investments Limited
Lloyds Bank Private Banking Limited
Pensions Management (SWF) Limited
Scottish Widows Administration Services Limited
Scottish Widows Annuities Limited
Scottish Widows Bank Plc

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Scottish Widows Fund Management Limited
Scottish Widows Limited
Scottish Widows plc

- 4
- Scottish Widows Unit Funds Limited
 - Scottish Widows Unit Trust Managers Limited
 - St Andrew's Insurance plc
 - St Andrew's Life Assurance Plc
 - SW Funding plc
 - The Elms Financial Services Ltd
 - The Mortgage Business Plc
 - Uberior Fund Manager Ltd
 - MBNA Limited
- RBS/NatWest Group, comprising the following *firms*:
- Aberdeen Infrastructure Asset Managers Limited
 - Adam & Company Investment Management Ltd
 - Adam & Company Plc
 - Coutts & Company
 - Coutts Finance Company
 - Lombard Finance Ltd
 - Lombard North Central Plc
 - National Westminster Bank Plc
 - National Westminster Home Loans Limited
 - RBOS (UK) Limited
 - RBS Asset Management (ACD) Ltd
 - RBS Asset Management Ltd
 - RBS Collective Investment Funds Limited
 - RBS Equities (UK) Limited
 - RBS Investment Executive Limited
 - The Royal Bank of Scotland Group Independent Financial Services Limited
 - The Royal Bank of Scotland N.V.
 - The Royal Bank of Scotland Plc
 - Topaz Finance Limited
 - Ulster Bank Ireland Designated Activity Company
 - Ulster Bank Ireland Limited
 - Ulster Bank Ltd
- 5
- Aviva Group, comprising the following *firms*:
- Aviva (Peak No. 1) UK Limited
 - Aviva Annuity UK Limited
 - Aviva Equity Release UK Limited
 - Aviva Health UK Limited
 - Aviva Insurance Limited
 - Aviva Insurance Services UK Limited
 - Aviva Insurance UK Limited
 - Aviva International Insurance Limited
 - Aviva Investors Global Services Limited
 - Aviva Investors London Limited

Aviva Investors Pensions Limited
Aviva Investors UK Fund Services Limited
Aviva Investors UK Funds Limited
Aviva Life & Pensions UK Limited
Aviva Life Services UK Limited
Aviva Pension Trustees UK Limited
Aviva Wrap UK Limited
CGU Bonus Limited
CGU Underwriting Limited
Commercial Union Life Assurance Company Limited
Gresham Insurance Company Limited
Hamilton Life Assurance Company Limited
Hamilton Insurance Company Limited
Norwich Union Life (RBS) Limited
Orn Capital LLP
Scottish Boiler and General Insurance Company Ltd
The Ocean Marine Insurance Company Limited
World Auxiliary Insurance Corporation Limited
Friends Annuities Limited
Friends Life and Pensions Limited
Friends Life FPLMA Limited
Friends Life Investment Solutions Limited
Friends Life Limited
Friends Life Marketing Limited
Friends Life Services Limited
Friends Provident International Limited
Optimum Investment Management Limited
Sesame Limited

6 Direct Line Group, comprising the following *firms*:
Churchill Insurance Company Limited
UK Insurance Limited
UK Insurance Business Solutions Limited

7 Nationwide Building Society Group comprising the following *firms*:
Cheshire Building Society
Derbyshire Building Society
Derbyshire Home Loans Ltd
Dunfermline Building Society (in building society special administration)
E-Mex Home Funding Limited
Nationwide Building Society

- 8 Nationwide Independent Financial Services Limited
Portman Building Society
The Mortgage Works (UK) Plc
UCB Home Loans Corporation Ltd
Santander Group, comprising the following *firms*:
Abbey National Treasury Services Plc
Abbey Stockbrokers Limited
Cater Allen Limited
Santander Cards UK Limited
Santander Consumer (UK) Plc
Santander UK Plc
Santander ISA Managers Limited
Hyundai Capital UK Limited

Part 4 - Special case fees

The special case fee shall be calculated and paid as follows:

1 Proportions:

(1) In the calculations that follow in (2), (3) and (4):

new chargeable cases (PPI) for group respondents -

A = twice the number of *new chargeable cases (PPI)* that were referred to the *Financial Ombudsman Service* in respect of *group respondents* from 1 July to 31 December (both dates inclusive) in the immediately preceding *financial year*.

new chargeable cases (PPI) for all firms -

B = twice the number of *new chargeable cases (PPI)* that were referred to the *Financial Ombudsman Service* in respect of all *firms* (whether or not they are part of a *charging group*) from 1 July to 31 December (both dates inclusive) in the immediately preceding *financial year*.

open chargeable cases (PPI) for group respondents -

C = the number of *chargeable cases (PPI)* referred to the *Financial Ombudsman Service* in respect of *group respondents* before 1 January in the immediately preceding *financial year* which had not been closed before 1 January in the immediately preceding *financial year*.

open chargeable cases (PPI) for all firms -

D = the number of *chargeable cases (PPI)* referred to the *Financial Ombudsman Service* in respect of all *firms* (whether or not they are part of a *charging group*) before 1 January in the immediately preceding *financial year* which had not been closed before 1 January in the immediately preceding *financial year*.

new chargeable cases (general) for group respondents -

E = twice the number of *new chargeable cases (general)* that were referred to the *Financial Ombudsman Service* in respect of *group respondents* from 1 July to 31 December (both dates inclusive) in the immediately preceding *financial year*.

new chargeable cases (general) for all firms -

F = twice the number of *chargeable cases (general)* referred to the *Financial Ombudsman Service* in respect of all *firms* (whether or not they are part of a *charging group*) from 1 July to 31 December (both dates inclusive) in the immediately preceding *financial year*.

open *chargeable cases (general)* for *group respondents* -

G = the number of *chargeable cases (general)* that were referred to the *Financial Ombudsman Service* in respect of *group respondents* before 1 January in the immediately preceding *financial year* which had not been closed before 1 January in the immediately preceding *financial year*.

open *chargeable cases (general)* for all *firms* -

H = the number of *chargeable cases (general)* referred to the *Financial Ombudsman Service* in respect of all *firms* (whether or not they are part of a *charging group*) before 1 January in the immediately preceding *financial year* which had not been closed before 1 January in the immediately preceding *financial year*.

(2) 'Proportion X' for each *charging group* is a percentage calculated as follows -
 $A / B \times 100$

(3) 'Proportion Y' for each *charging group* is a percentage calculated as follows -
 $\{A + C\} / \{B + D\} \times 100$

(4) 'Proportion Z' for each *charging group* is a percentage calculated as follows -
 $\{E + G\} / \{F + H\} \times 100$

2 The special case fee is intended to broadly reflect the budgeted workload capacity of the *Financial Ombudsman Service* and comprises elements in respect of:

- (1) new *chargeable cases (PPI)*;
 - (2) closed *chargeable cases (PPI)*; and
 - (3) closed *chargeable cases (general)*;
- with a free-case allowance of:
- (4) 125 new *chargeable cases (PPI)*; and
 - (5) 125 closed *chargeable cases (general)*.

3 The special case fee for each *charging group* is a total amount calculated as follows:

- (1) in respect of new *chargeable cases (PPI)* - $\{£0 \times [220,000] \times \text{the 'proportion X'}\} - \{£0 \times 125\}$
- (2) in respect of closed *chargeable cases (PPI)* - $\{£550 \times [250,000] \times \text{the 'proportion Y'}\}$
- (3) in respect of closed *chargeable cases (general)* - $\{£550 \times [160,000] \times \text{the 'proportion Z'}\} - \{£550 \times 125\}$

4 The *FOS Ltd* will invoice each *charging group* for the special case fee (calculated as above) in four equal instalments, payable in advance on the following dates during the *financial year*:

- (1) 1 April (or, if later, when *FOS Ltd* has sent the invoice);
- (2) 1 July;
- (3) 1 October; and
- (4) 1 January.

5 Year-end adjustment:

- (1) If the actual number of new *chargeable cases (PPI)* referred to the *Financial*

Ombudsman Service in respect of *group respondents* during the *financial year* is more than 10,000 and is more than [115%] of {[220,000] x the 'proportion X':

(a) the *FOS Ltd* will invoice the relevant charging group; and

(b) the relevant *charging group* will pay to *FOS Ltd*; an additional £35,000 for each block of 100 (or part thereof) new *chargeable cases (PPI)* in excess of the [115%].

(2) If the actual number of *chargeable cases (general)* closed by the *Financial Ombudsman Service* in respect of *group respondents* during the *financial year* is more than [115%] of {[160,000] x the 'proportion Z':

(a) the *FOS Ltd* will invoice the relevant charging group; and

(b) the relevant *charging group* will pay to *FOS Ltd*; an additional £55,000 for each block of 100 (or part thereof) closed *chargeable cases (general)* over the [115%].

(3) If the actual number of *chargeable cases (general)* closed by the *Financial Ombudsman Service* in respect of *group respondents* during the *financial year* is less than [85%] of {[160,000] x the 'proportion Z'}, the *FOS Ltd* will promptly repay to the relevant *charging group* £55,000 for each block of 100 (or part thereof) closed *chargeable cases (general)* under the [85%].

Definition of annual income for the purposes of the FOS general levy where the firm is a claims management company

Annual income definition

Income is defined as turnover.

“Turnover” means the sum of the amounts paid to, or received by, an authorised *claims management company* in respect of *regulated claims management activities* in *Great Britain*, including:

- (a) charges, commission, the share of any compensation, fees and subscriptions;
- (b) the monetary value of any services received by the *claims management company* 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 *claims management company* that it has not paid for out of funds referred to in sub-paragraphs (a) and (b).

