

Chapter 5

Financial Ombudsman Service Funding

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

- 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*.