

Chapter 5

Financial Ombudsman Service Funding

5.2 Introduction

- 5.2.1

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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

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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*.

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5.2.2B

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5.2.3

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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*.

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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.

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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*.

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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).
- FEES 5/2
- www.handbook.fca.org.uk
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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*.