

**COMPLAINTS SOURCEBOOK
(FINANCIAL OMBUDSMAN SERVICE GENERAL LEVY 2004/2005)
INSTRUMENT 2004**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers);
 - (3) section 157(1) (Guidance); and
 - (4) section 234 (Funding).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force on 1 April 2004.

Amendment of the Complaints sourcebook

- D. The Complaints sourcebook (DISP) is amended:
- (1) in accordance with Annex A to this instrument; and
 - (2) by inserting, as DISP 5 Ann 1R (2004/5), the provisions in Annex B to this instrument.

Citation

- E. This instrument may be cited as the Complaints Sourcebook (Financial Ombudsman Service General Levy 2004/2005) Instrument 2004.

By order of the Board
18 March 2004

Annex A

Amendments to the Complaints sourcebook

In this Annex underlining indicates new text and striking through indicates deleted text.

- 5.2.1 G The purpose of this chapter is to set out the requirements on *firms* to pay annual fees (through a *general levy* and *supplementary levy* invoiced and collected by the FSA on behalf of FOS Ltd) and case fees ~~to (invoiced and collected directly by FOS Ltd)~~ in order to fund the operation of the *Financial Ombudsman Service*.
- ...
- 5.4.6 R A *firm* must pay to ~~FOS Ltd~~ the FSA a *general levy* towards the costs of operating the *Compulsory Jurisdiction* of the *Financial Ombudsman Service*.
- 5.4.7 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*. FOS Ltd will be responsible for invoicing and collecting this amount.
- ...
- 5.7.5 R A *firm* must pay to ~~FOS Ltd~~ the FSA a *supplementary levy* towards the costs of establishing the *Financial Ombudsman Service*.
- ...
- 5.8.1 R A *firm* must pay annually to the FSA the *general levy* and any *supplementary levy* to which it is subject ~~to FOS Ltd either:~~
- (1) ~~annually~~, on or before the later of 1 April and 30 calendar days after the date when the invoice is issued by ~~FOS Ltd~~, or the FSA.
- (2) ~~provided the amount payable exceeds the minimum levy~~, quarterly, at the beginning of each quarter, ~~by direct debit agreement.~~
- ...
- 5.8.5 G ~~FOS Ltd~~ The FSA will issue invoices for the *general levy*, and any supplementary levy; FOS Ltd will issue invoices for standard case fees and special case fees. ~~The Each~~ invoice will be payable within 30 calendar days. Invoices will be sent to the *firm's* Compliance Officer at the principal place of business in the *United Kingdom* last notified to the *FSA*. A firm which is liable to pay under DISP 5.8.1R may do so by direct debit agreement.

...

5.8.7 G If a *firm* (or *unauthorised person*) subject to the *Compulsory Jurisdiction* fails to make payment under this chapter of standard or special case fees, after expiry of the 30 *day* period, *FOS Ltd* may:

(1) take steps to recover any money owed (including interest);

(2) refer the matter to the *FSA* so that the *FSA* may take whatever disciplinary action it considers necessary.

5.8.7A G If a *firm* (or *unauthorised person*) fails to make payment under this chapter of the *general levy* and *any supplementary levy* to which it is subject, after the expiry of the 30 *day* period, the *FSA* may take whatever action it considers appropriate including steps to recover any money owed (with interest) and commencing disciplinary proceedings.

Annex B

Amendments to the Complaints sourcebook (DISP)

The following Annex is inserted as DISP 5 Ann 1R.

DISP 5 Ann 1R: Annual Fees Payable in Relation to 2004/05

Introduction: annual budget

1 The *annual budget* for 2004/05 approved by the FSA is £45m.

Part 1: General levy and supplementary levy

2 The total amount expected to be raised through the *general levy* in 2004/05 will be £12.5m.

Part 2: Fee tariffs for general levy and supplementary levy

3 No *establishment costs* will be raised in 2004/05 by the *supplementary levy*.

Table: fee tariffs for industry blocks

Industry block	Tariff base	General levy payable by firm
1-Deposit acceptors, <i>mortgage lenders</i> and <i>administrators</i> (excluding <i>firms</i> in block 14)	Number of accounts relevant to the activities in <i>DISP</i> 2.6.1R	£0.0069 per relevant account, subject to a minimum levy of £200
2- <i>Firms</i> that undertake insurance activities, subject to prudential regulation only (excluding <i>firms</i> in blocks 13 & 15)	Relevant annual gross premium income	£0.081 per £1,000 of relevant annual gross premium income, subject to a minimum levy of £200
3-The <i>Society</i> (of Lloyd's)	To be allocated by the <i>Society</i>	£47,266 to be allocated by the <i>Society</i>

4-Firms that undertake insurance activities, subject to both prudential and conduct of business regulation (<i>long-term insurers</i>) (excluding <i>firms</i> in block 15)	Relevant adjusted annual gross premium income	£0.093 per £1,000 of relevant adjusted annual gross premium income, subject to a minimum levy of £100
5-Fund managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	Relevant funds under management	£0.00255 per £1,000 of relevant funds under management, subject to a minimum levy of £100
6-Operators, trustees and depositaries of collective investment schemes	Flat fee	Levy of £75
7-Dealers as principal	Flat fee	Levy of £75
8-Advisory arrangers, dealers or brokers holding and controlling <i>client money</i> and/or assets	Number of relevant <i>approved persons</i> (<i>controlled functions</i> 21, 22, 24, 25, 26)	£65 per relevant <i>approved person</i> (<i>controlled functions</i> 21, 22, 24, 25, 26), subject to a minimum levy of £75
9-Advisory arrangers, dealers or brokers not holding and controlling <i>client money</i> and/or assets	Number of relevant <i>approved persons</i> (<i>controlled functions</i> 21, 22, 24, 25, 26)	£30 per relevant <i>approved person</i> (<i>controlled functions</i> 21, 22, 24, 25, 26), subject to a minimum levy of £75
10-Corporate finance advisers	Flat fee	Levy of £75
11-	N/A for 2004/05	
12-	N/A for 2004/05	
13-Cash plan health providers	Flat fee	Levy of £50
14-Credit unions	Flat fee	Levy of £50
15-Friendly societies whose tax-exempt business represents 95% or more of their total relevant business	Flat fee	Levy of £50

- 5 The *industry blocks* in the table are based on the equivalent activity groups set out in Part 1 of *SUP 20 Ann 1R*.
- 6 Where the tariff base in the table is defined in similar terms as that for the equivalent activity group in Part 2 of *SUP 20 Ann 1R*, it must be calculated in the same way as that tariff base - taking into account only the *firm's relevant business*.