

**FEES MANUAL (FINANCIAL OMBUDSMAN SERVICE CASE FEES 2018/19)
INSTRUMENT 2018**

Powers exercised by the Financial Ombudsman Service

A. The Financial Ombudsman Service Limited:

- (1) makes and amends the scheme rules relating to the payment of fees under the Compulsory Jurisdiction;
- (2) fixes and varies the standard terms for Voluntary Jurisdiction participants relating to the payment of fees under the Voluntary Jurisdiction, and
- (3) fixes and varies the standard terms for the Voluntary Jurisdiction,

as set out in the Annex to this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000:

- (4) section 225 (the scheme and the scheme operator);
- (5) section 227 (Voluntary jurisdiction);
- (6) paragraph 14 (The scheme operator's rules) of Schedule 17;
- (7) paragraph 15 (Fees) of Schedule 17; and
- (8) paragraph 18 (Terms of reference to the scheme) of Schedule 17.

B. The making and amendment of these scheme rules and fixing and variation of these standard terms by the Financial Ombudsman Service Limited is subject to the consent and approval of the Financial Conduct Authority.

Approval by the Financial Conduct Authority

C. The Financial Conduct Authority consents to the making and amendment of the scheme rules and approves the fixing and variation of the standard terms by the Financial Ombudsman Service Limited.

Commencement

D. This instrument comes into force on 1 April 2018, immediately after the Fees (Tariff Data for Insurers from 2018/2019) Instrument 2018 (FCA 2018/14, FOS 2018/2).

Amendments to the Handbook

E. The Fees manual (FEES) is amended by the Board of the Financial Ombudsman Service in accordance with Annex A to this instrument.

F. The Dispute Resolution: Complaints sourcebook (DISP) is amended by the Board of the Financial Ombudsman Service in accordance with Annex B to this instrument.

Citation

- G. This instrument may be cited as the Fees Manual (Financial Ombudsman Service Case Fees 2018/19) Instrument 2018.

By order of the Board of the Financial Ombudsman Service Limited
7 March 2018

By order of the Board of the Financial Conduct Authority
22 March 2018

Annex A

Amendments to the Fees manual (FEES)

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

5 Financial Ombudsman Service Funding

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5.3 The general levy

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5.3.8 R ...

5.3.8A R 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.

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5 Annex Annual Levy Payable in Relation to the Voluntary Jurisdiction 2018/19 2R

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 <i>DISP</i> 2.5.1R	£0.0278	£100

2V	<i>VJ participants</i> undertaking general insurance activities	per £1,000 of gross written premium	{tbe} £0.103	{tbe} £100
3V	<i>VJ participants</i> undertaking life insurance activities	per £1,000 of gross written premium	{tbe} £0.025	{tbe} £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> ; 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 <i>FEES 4 Annex 11 Part 3</i>	£0.15 <u>£0.10</u> per £1000	£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</i>	n/a	n/a	£75

	<p><i>(Credit Information) Regulations or providing specified information under the Small and Medium Business (Finance Platforms) Regulations or would be if it was carried on from an establishment in the United Kingdom</i></p>			
Notes				
<p>(1) For the purposes of <i>FEES 5 Annex 2R</i> and for <i>VJ participants</i> undertaking general insurance activities (<i>industry block 2V</i>) ‘gross written premium’ means:</p> <p>(a) if subject to reporting requirements under the <i>Solvency II Directive</i>, 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 <i>relevant business</i> of the <i>VJ participant</i> (in accordance with <i>DISP 4.2.6(5)R</i> and <i>FEES 5.3.8R</i>); and</p> <p>(b) if not subject to reporting requirements under the <i>Solvency II Directive</i>, the gross premiums written but only in relation to the <i>relevant business</i> of the <i>VJ participant</i> (in accordance with <i>DISP 4.2.6(5)R</i> and <i>FEES 5.3.8R</i>).</p> <p>(2) For the purposes of <i>FEES 5 Annex 2R</i> and for <i>VJ participants</i> undertaking life insurance activities (<i>industry block 3V</i>) ‘gross written premium’ means:</p> <p>(a) if subject to reporting requirements under the <i>Solvency II Directive</i>, 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 <i>relevant business</i> of the <i>VJ participant</i> (in accordance with <i>DISP 4.2.6(5)R</i> and <i>FEES 5.3.8R</i>); and</p> <p>(b) if not subject to reporting requirements under the <i>Solvency II Directive</i>, the <i>minimum levy</i> would apply.</p> <p>(3) ‘Annual quantitative reporting template’ has the meaning given in Fees Chapter 1 Application and Definitions of the <i>PRA Rulebook</i>.</p> <p>(4) ‘Corporate pension business’ has the meaning given in Fees Chapter 1 Application and Definitions of the <i>PRA Rulebook</i>.</p>				

**5 Annex Case Fees Payable for ~~2017/18~~ 2018/19
3R**

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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	<p>Barclays Group, comprising the following <i>firms</i>:</p> <ul style="list-style-type: none"> 3i BIFM Investments Limited Oak Pension Asset Management Limited 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
2	<p>HSBC Group, comprising the following <i>firms</i>:</p> <ul style="list-style-type: none"> CL Residential Limited HFC Bank Limited HSBC Alternative Investments Limited HSBC Bank Malta plc HSBC Bank plc

	<p> HSBC France HSBC Global Asset Management FCP (France) HSBC Global Asset Management (France) HSBC Global Asset Management (UK) Limited HSBC Herveet 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 <u>HSBC UK Bank plc</u> John Lewis Financial Services Limited Marks & Spencer Financial Services plc Marks & Spencer Savings and Investments Ltd Marks & Spencer Unit Trust Management Limited The Hongkong and Shanghai Banking Corporation Limited </p>
3	<p> Lloyds Banking Group, comprising the following <i>firms</i>: 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 </p>

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
Scottish Widows Fund Management Limited
Scottish Widows Limited
Scottish Widows plc
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

	<p>The Elms Financial Services Ltd</p> <p>The Mortgage Business Plc</p> <p>Uberior Fund Manager Ltd</p> <p><u>MBNA Limited</u></p>
4	<p>RBS/NatWest Group, comprising the following <i>firms</i>:</p> <p>Aberdeen Infrastructure Asset Managers Limited</p> <p>Adam & Company Investment Management Ltd</p> <p>Adam & Company Plc</p> <p>Coutts & Company</p> <p>Coutts Finance Company</p> <p>Lombard Finance Ltd</p> <p>Lombard North Central Plc</p> <p>National Westminster Bank Plc</p> <p>National Westminster Home Loans Limited</p> <p>RBOS (UK) Limited</p> <p>RBS Asset Management (ACD) Ltd</p> <p>RBS Asset Management Ltd</p> <p>RBS Collective Investment Funds Limited</p> <p>RBS Equities (UK) Limited</p> <p>RBS Investment Executive Limited</p> <p>The Royal Bank of Scotland Group Independent Financial Services Limited</p> <p>The Royal Bank of Scotland N.V.</p> <p>The Royal Bank of Scotland Plc</p> <p>Topaz Finance Limited</p> <p>Ulster Bank Ireland Designated Activity Company</p> <p>Ulster Bank Ireland Limited</p> <p>Ulster Bank Ltd</p>
5	<p>Aviva Group, comprising the following <i>firms</i>:</p> <p>Aviva (Peak No. 1) UK Limited</p> <p>Aviva Annuity UK Limited</p> <p>Aviva Equity Release UK Limited</p> <p>Aviva Health UK Limited</p> <p>Aviva Insurance Limited</p> <p>Aviva Insurance Services UK Limited</p>

	<p>Aviva Insurance UK Limited</p> <p>Aviva International Insurance Limited</p> <p>Aviva Investors Global Services Limited</p> <p>Aviva Investors London Limited</p> <p>Aviva Investors Pensions Limited</p> <p>Aviva Investors UK Fund Services Limited</p> <p>Aviva Investors UK Funds Limited</p> <p>Aviva Life & Pensions UK Limited</p> <p>Aviva Life Services UK Limited</p> <p>Aviva Pension Trustees UK Limited</p> <p>Aviva Wrap UK Limited</p> <p>CGU Bonus Limited</p> <p>CGU Underwriting Limited</p> <p>Commercial Union Life Assurance Company Limited</p> <p>Gresham Insurance Company Limited</p> <p>Hamilton Life Assurance Company Limited</p> <p>Hamilton Insurance Company Limited</p> <p>Norwich Union Life (RBS) Limited</p> <p>Orn Capital LLP</p> <p>Scottish Boiler and General Insurance Company Ltd</p> <p>The Ocean Marine Insurance Company Limited</p> <p>World Auxiliary Insurance Corporation Limited</p> <p>Friends Annuities Limited</p> <p>Friends Life and Pensions Limited</p> <p>Friends Life FPLMA Limited</p> <p>Friends Life Investment Solutions Limited</p> <p>Friends Life Limited</p> <p>Friends Life Marketing Limited</p> <p>Friends Life Services Limited</p> <p>Friends Provident International Limited</p> <p>Optimum Investment Management Limited</p> <p>Sesame Limited</p>
6	<p>Direct Line Group, comprising the following <i>firms</i>:</p> <p>Churchill Insurance Company Limited</p>

	UK Insurance Limited UK Insurance Business Solutions Limited
7	Nationwide Building Society Group comprising the following <i>firms</i> : 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 Nationwide Independent Financial Services Limited Portman Building Society The Mortgage Works (UK) Plc UCB Home Loans Corporation Ltd
8	Santander Group, comprising the following <i>firms</i> : 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 <i>chargeable cases (PPI)</i> for <i>group respondents</i> – A = twice the number of new <i>chargeable cases (PPI)</i> that were referred to the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> from 1 July to 31 December (both dates inclusive) in the immediately preceding <i>financial year</i> . new <i>chargeable cases (PPI)</i> for all <i>firms</i> – B = twice the number of new <i>chargeable cases (PPI)</i> 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	<p>The special case fee is intended to broadly reflect the budgeted workload capacity of the <i>Financial Ombudsman Service</i> and comprises elements in respect of:</p> <p>(1) new <i>chargeable cases (PPI)</i>;</p> <p>(2) closed <i>chargeable cases (PPI)</i>; and</p> <p>(3) closed <i>chargeable cases (general)</i>;</p> <p>with a free-case allowance of:</p> <p>(4) 125 new <i>chargeable cases (PPI)</i>; and</p> <p>(5) 125 closed <i>chargeable cases (general)</i>.</p>
3	<p>The special case fee for each <i>charging group</i> is a total amount calculated as follows:</p> <p>(1) in respect of new <i>chargeable cases (PPI)</i> – $\{£0 \times [180,000 \ 220,000] \times \text{the 'proportion X'}\} - \{£0 \times 125\}$</p> <p>(2) in respect of closed <i>chargeable cases (PPI)</i> – $£550 \times [280,000 \ 250,000] \times \text{the 'proportion Y'}$</p> <p>(3) in respect of closed <i>chargeable cases (general)</i>– $\{£550 \times [150,000 \ 160,000] \times \text{the 'proportion Z'}\} - \{£550 \times 125\}$</p>
4	<p>The <i>FOS Ltd</i> will invoice each <i>charging group</i> for the special case fee (calculated as above) in four equal instalments, payable in advance on the following dates during the <i>financial year</i>:</p> <p>(1) 1 April (or, if later, when <i>FOS Ltd</i> has sent the invoice);</p> <p>(2) 1 July;</p> <p>(3) 1 October; and</p> <p>(4) 1 January.</p>
5	<p>Year-end adjustment:</p> <p>(1) If the actual number of new <i>chargeable cases (PPI)</i> referred to the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> during the <i>financial year</i> is more than 10,000 and is more than [115%] of $\{[180,000 \ 220,000] \times \text{the 'proportion X'}\}$:</p> <p>(a) the <i>FOS Ltd</i> will invoice the <i>relevant charging group</i>; and</p> <p>(b) the <i>relevant charging group</i> will pay to <i>FOS Ltd</i>;</p> <p>an additional £35,000 for each block of 100 (or part thereof) new <i>chargeable cases (PPI)</i> in excess of the [115%].</p>

- | |
|---|
| <p>(2) If the actual number of <i>chargeable cases (general)</i> closed by the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> during the <i>financial year</i> is more than [115%] of {[150,000 <u>160,000</u>] x the 'proportion Z'}:</p> <p>(a) the <i>FOS Ltd</i> will invoice the <i>relevant charging group</i>; and</p> <p>(b) the <i>relevant charging group</i> will pay to <i>FOS Ltd</i>; an additional £55,000 for each block of 100 (or part thereof) closed <i>chargeable cases (general)</i> over the [115%].</p> |
| <p>(3) If the actual number of <i>chargeable cases (general)</i> closed by the <i>Financial Ombudsman Service</i> in respect of <i>group respondents</i> during the <i>financial year</i> is less than [85%] of {[150,000 <u>160,000</u>] x the 'proportion Z'}, the <i>FOS Ltd</i> will promptly repay to the <i>relevant charging group</i> £55,000 for each block of 100 (or part thereof) closed <i>chargeable cases (general)</i> under the [85%].</p> |

Annex B

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

4.2 Standard terms

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4.2.6 R The following *rules* in *FEES* apply to *VJ participants* as part of the *standard terms*, but substituting ‘*VJ participant*’ for ‘*firm*’:

...

(3) ~~*FEES 4.2.6R(1)(b)*~~ (periodic fees); [deleted]

...

(5) *FEES 5.3.8R* (calculation of general levy) but substituting:

(a) ‘*Voluntary Jurisdiction*’ for ‘*Compulsory Jurisdiction*’; and

(b) ‘*FEES 5 Annex 2R*’ for ‘*FEES 5 Annex 1R*’;

...

(11) ~~*FEES 5.8.1R*~~ (joining the Financial Ombudsman Service) *FEES 5.3.8AR*; and

...

...