



Ministry of
JUSTICE

Regulation of Claims Management Services

Fees Determination 2009

December 2008

Claims Management Regulation

Fees Determination 2009

This Determination is made under Regulations 15 and 16 of the Compensation (Claims Management Services) Regulations 2006¹ and sets out the application and annual fees applicable from 1 March 2009. The Fees Determination 2008 will be revoked from 1 March 2009

Definitions

1. In this determination:

'the Act' means the Compensation Act 2006;

'Regulator' has the same meaning as in Section 14 of the Act;

'Applicant' means a person who has applied for authorisation under the Act;

'Authorisation' means an authorisation to provide regulated claims management services under the Act;

'Authorised Business' means a person who is currently authorised under the Act;

'Client' means a person for whom an authorised business is providing a regulated claims management service;

'Regulated claims management service' means the prescribed services set out in Article 4 of the Compensation (Regulated Claims Management Services) Order 2006;

'Turnover' means the sum of the amounts paid to, or received by, an authorised business in respect of regulated claims management services, including:

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

'Annual turnover' means

a) The authorised business's or applicant's turnover for the 12 months to 30 November 2008.

b) If the business or applicant did not trade for the full 12 months to 30 November 2008, the estimated turnover for the 12 months to 30 November 2009.

c) Where the application for authorisation is made on or after 30 November 2009, the estimated turnover for the 12 months to 30 November 2010.

¹ The Compensation (Claims Management Services) Regulations 2006 are pursuant to Paragraph 7 of the Schedule to the Compensation Act 2006.

Application of this determination

2. This fees determination applies the fees for all applications for authorisation made on or after 1 March 2009 and sets the annual fees for all businesses authorised at and after that date².

Application fee

- 3 An applicant seeking authorisation to provide regulated claims management services must submit the relevant application fee with the application form in accordance with the following table –

Projected Annual Turnover of Authorised Business	Application Fee Payable
Under £0.5 million	£450
£0.5 million - £1 million	£675
Over £1 million	£900

Annual fee

- 4 (1) Authorised businesses will pay an annual fee.
- (2) Subject to sub-paragraphs (3) and (4), the annual fee shall be equal to -
0.386% of annual turnover up to £1 million, plus
0.332% of annual turnover between £1 million and £5 million, plus
0.240% of annual turnover above £5 million.
- (3) The fee under sub-paragraph (2) shall be no more than -
a) £25,000 where there is a contractual relationship with a client, or
b) £10,000 where there is no contractual relationship with clients.
- (4) Where the annual turnover of a business is £103,630 or less, then the annual fee will be a fixed fee of –

Annual Turnover of Authorised Business	Annual Fee Payable
Under £5,000	£100
£5,000 - £14,999	£200
£15,000 - £24,999	£300
£25,000 - £103,630	£400

Compliance

- 5 Where the authorised business does not provide the annual turnover figures requested the Regulator may use the previous year's actual or estimated annual turnover figure to calculate and issue an invoice pending the information required being supplied.

² Certificates of authorisation issued with a commencement date of 1 March 2009 or later will expire on 31 March 2010

Pro rata calculation of annual fee

6. Where an authorisation is given which has effect from a date on or after 1 March 2009, the fee shall be one twelfth of the sum calculated in accordance with paragraph 4 for each month or part of a month for which the Regulator has indicated that he is minded to authorise the business under the Act. This paragraph does not apply to any person who the Regulator is satisfied has been providing regulated claims management services prior to being authorised.
7. Where the Regulator is satisfied that the applicant or those who control the applicant have previously had control of another authorised business then the Regulator may require the applicant to pay an annual fee calculated by reference to the annual turnover of all of those businesses³.

Rebates and adjustments

8. Where an applicant has reported an annual turnover figure based on estimated turnover to 30 September 2009 a rebate shall be made if the actual annual turnover is less than the estimated figure.
9. Where the actual annual turnover is more than the estimated turnover, an additional charge shall be levied based on actual annual turnover to 30 November 2009.
10. Where an authorised business requests cancellation of its authorisation prior to 1 June 2009 the Regulator may rebate 50% of the annual fee paid. Where an authorised business requests cancellation of its authorisation prior to 1 September 2009 the Regulator may rebate 25% of the fee.

³ The Regulator recognises that businesses will change their structure to take account of the regulatory framework; in some cases existing businesses will be closed down and new ones created. Where it is clear that, in practice, the same people who ran previous businesses are running a new business, the turnover of those previous businesses will be taken into account in calculating turnover. This is to ensure fairness between authorised businesses and also to avoid businesses restructuring simply to pay a lower annual fee.