



Ministry of
JUSTICE

Claims Management Regulation

**Fees Determination
2008**

December 2007

Claims Management Regulation

Fees Determination 2008

This determination is made under Regulations 15 and 16 of the Compensation (Claims Management Services) Regulations 2006¹. It revokes and replaces the Claims Management Regulation Fee Rules 2007.

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 person 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;

'Introducers' has the same meaning as in Article 12 of the Compensation (Exemptions) Order 2007;

'Exemption' means one of the exemptions set out in the Compensation (Exemptions) Order 2007;

'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);

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

- c) where annual turnover is £15,000 - £24,999 £300; and
- d) where annual turnover £25,000 - £103,630 £400.

Pro Rata Calculation of Annual Fee

- 5. Where an authorisation is given which has effect from a date after 29 February 2008, 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.
- 6. But para 5 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 businesses⁴.

Rebates and adjustments

- 8. Where an applicant has reported an annual turnover figure based on expected turnover to the year to 30 September 2008 a rebate shall be made if actual annual turnover is less than the expected turnover. However, if actual annual turnover is more than the expected turnover an additional charge shall be levied based on actual annual turnover in the year to 30 September 2008.
- 9. Where an authorised business requests cancellation of its authorisation prior to 1 June 2008 the Regulator may rebate 50% of the annual fee paid. Where an authorised business requests cancellation of its authorisation prior to 1 September 2008 the Regulator may rebate 25% of the fee.

⁴ 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 a new business is effectively run by the same people who ran previous businesses then the turnover of those 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.