

Financial Ombudsman Service  
Exchange Tower  
London  
E14 1JN

By email



3 July 2024

Dear Sir/ Madam,

**Consultation - Charging Claims Management Companies and other professional representatives**

The Panel strongly supports the proposals to charge CMCs and other professional representatives and welcomes the opportunity to comment on the level of fees and proposed mechanism for charging. It will be important that the charging structure is appropriately balanced to ensure fairer apportionment of financial responsibility, deter 'bad actors' and achieve better outcomes for consumers.

We are generally supportive of the proposed differential case fee arrangement, including the principle that the highest fee is applied to a CMC in cases where the outcome is not in favour of the complainant, with a reduced fee payable by the respondent firm. It is also appropriate that where the outcome is in favour of the complainant the fee payable by the CMC is a lower amount. However, for the new charging mechanism to have impact we believe the maximum fee should be set at a much higher level, as a £250 case fee may not provide sufficient deterrent for CMCs determined to exploit the system. We would also be supportive of applying a lower charge (to the proposed £75) for CMCs where the complainant is successful, which would be consistent with the 'polluter pays' principle.

We would also encourage consideration of possible unintended consequences, such as the potential for CMCs to circumvent the charges by coming to an arrangement with the complainant client for the individual to submit a 'prepared' complaint in exchange for a proportion of any award given, without taking care to assess whether the case has any merit. There would be no adverse consequence to the CMC, but consumer expectations would likely be falsely raised, and a significant case fee of £475 would still be payable by the respondent firm, as well as taking up FOS resource.

We would be happy to discuss any of these points further.

Yours sincerely,

[signed]

Andy Mielczarek  
*Chair, FCA Smaller Business Practitioner Panel*