

The complaint

Mrs S has complained that Charterhouse Claims Limited ("CCL") charged her for providing claims management services at a time when they were prohibited from taking on new work by the Financial Conduct Authority (FCA).

What happened

Mrs C has instructed CCL to help her recover money in a number of claims. At the end of April 2021, she asked them to make a claim against a business I'll call L. She signed a letter of authority and CCL submitted a claim on her behalf.

Shortly after this, L wrote to Mrs S directly, telling her they would not deal with CCL on behalf of claimants, because CCL had had restrictions placed on its authorisation by the FCA in March 2021. L then dealt with Mrs S directly and, in mid-July, offered her a refund of £651.49. CCL were made aware of this offer and sent Mrs S an invoice for their fee of £273.62.

Mrs S complained to CCL that they'd taken on her claim at a time when they'd no authorisation from the FCA to do so and had charged her a fee when they'd not pursued her claim, because L had refused to deal with them.

In response, CCL provided a copy of L's automated acknowledgement of Mrs S's claim. In respect of their FCA authorisation, CCL said the original restriction contained an error. But, once this was corrected, they were authorised to deal with her claim. CCL said the restriction didn't apply to any existing client of theirs at the date it was imposed. And as they were pursuing claims for Mrs S at that point, she fell into that category.

Mrs S wasn't satisfied with CCL's response and brought her complaint to us. Our investigator considered it and concluded CCL hadn't treated her fairly. He got confirmation from the FCA that the restriction meant CCL could only pursue claims where their clients had given authority for them to do so before it came into effect.

So the investigator said CCL had started Mrs S's claim when they had no authority to do so. He thought to put things right, they should refund the fee Mrs S had paid them, along with simple interest calculated at the rate of 8% per annum.

CCL didn't agree with the investigator's view. So I've been asked to make a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done that, I'm upholding Mrs S's complaint. I'll explain why.

There's no dispute here that Mrs S asked CCL for assistance in making her claim to L, or that CCL did start that claim. The issue is whether CCL had FCA authorisation to do that at the time.

CCL say this wasn't new work, because Mrs S was previously a client. I've thought about that. But I don't agree. And I don't think that interpretation is consistent with the FCA imposing a restriction on CCL which limited them taking on new work. I think it's clear the FCA wanted CCL to wind down its claims management. And I think to allow them to take on new work from clients they'd represented in the past contradicts that aim.

After seeking clarification, our understanding is that the restriction required CCL to run down all existing claims and then to continue to operate as a lead generator. And that they'd only process claims where the letter of authority for the claim in question was signed by the customer before the effective date of the restriction.

I think that makes the position clear each claim should be considered. The restriction was placed on CCL's authorisation in March 2021. Mrs S signed a letter of authority for the claim to L in April 2021. So CCL started that claim when they weren't authorised to do that.

Putting things right

CCL charged Mrs S a success fee equivalent to 35% of her successful claim against L. I've seen evidence she paid them £273.62 on 28 September 2021.

But, because CCL weren't authorised at the time that claim was made, I don't think it's fair they receive a fee. So I think CCL should refund this sum to Mrs S.

And, because they should never have charged it, I think it's fair CCL also pay Mrs S interest, calculated at the rate of 8% per annum, for the period she's been without those funds.

My final decision

For the reasons I've explained, I'm upholding Mrs S's complaint about Charterhouse Claims Limited and directing them to:

- refund Mrs S the £273.62 she paid them;
- pay Mrs S simple interest on this amount, at the rate of 8% per annum, calculated from 28 September 2021 (the day she paid their invoice) until the day they make the refund.

If CCL considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs S how much it's taken off. It should also give Mrs S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 August 2022.

Helen Stacey
Ombudsman