

## The complaint

Mrs B complains Consumer Compensation Bureau Ltd trading as Claiming Made Simple (CMS) are asking her to pay fees for mis-sold PPI claims she said she didn't ask them to make.

## What happened

In March 2020, Mrs B said she thought she'd a message from her bank and saw she'd received a payment of around £1,017 into her bank account. She said she later got a call from CMS asking her to pay their success fee for a mis-sold PPI claim. Mrs B said she didn't recognise CMS but she'd contacted her bank and they confirmed that the payment was for mis-sold PPI. In March 2020 she paid CMS their fee - £416.94. But in June 2020 CMS sent her an invoice asking her to pay a further £500.33. Mrs B said she didn't remember signing any authorisations for CMS to act her, and that the amount she'd already paid was too much. She complained to CMS.

Mrs B said CMS didn't respond to her complaint, so she referred her complaint to us. Our investigator asked CMS to provide details about Mrs B's claims with them. CMS sent an email trail of their communications with Mrs B. He didn't think this was sufficient to show Mrs B had agreed to them acting as her representative in making any mis-sold PPI claims. He said CMS should refund the fee Mrs B had paid plus 8% simple interest.

CMS didn't respond so the complaint has been referred to an ombudsman to decide.

I issued a provisional decision in June 2022 that said:

## 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 so I'm currently minded to partially uphold this complaint. I'll explain why.*

*The Financial Conduct Authority (FCA) deemed 29 August 2019 as the deadline for PPI claims to be made. Leading up to the August PPI deadline many claims management companies, such as CMS, amended their terms and conditions in recognition of the expected high volume of claims. And reflected that lenders could investigate any claim based on a data subject request. Any further information such as that provided in a PPI questionnaire could be used to strengthen the claim that the PPI policy was mis-sold. So, for some lenders the submission of a letter of authority (LoA) was accepted as a claim for mis-sold PPI and no further information was needed for them to investigate the mis-sold PPI claim. This is generally referred to as the claim being "auto converted". Any claim received after the 29 August 2019 deadline wouldn't have been accepted by the lender(s) unless there were exceptional circumstances for doing so.*

*I can see from the email trail that CMS said Mrs B signed a LoA in August 2019 asking them to act for her in making a mis-sold PPI claim. And that in March 2020 Mrs B was told that*

one of the claims with a lender I'll call "B" was successful. The compensation paid by "B" was £1069.08 (before 20% income tax deducted). I can see that CMS asked Mrs B to pay a fee of £416.94 for the successful claim.

I know Mrs B said she didn't remember agreeing to CMS acting for her, but after discussing this with "B", she paid CMS their fee. And while CMS hasn't provided the LoA to us, I have seen an LoA dated 21 August 2019 from CMS sent to "B" on behalf of Mrs B. I have also seen the letter "B" sent to Mrs B that confirmed she'd been mis-sold PPI and the amount of compensation she'd receive. The letter also said:

*"I have made my decision after reviewing the information provided by you, the information provided by Consumer Compensation Bureau Ltd and our internal system evidence."*

So I'm persuaded that Mrs B did authorise CMS to act for her in making a mis-sold PPI claim. And as Mrs B didn't challenge this until after the compensation was awarded, I don't think she'd cancelled the agreement.

The agreement Mrs B would have had with CMS was on a "No win No fee" basis. This means CMS charged a percentage success fee, not a fee based upon the amount of work they did. This meant any work done on any unsuccessful claims would be done for free. Where a claim was successful, CMS's fee maybe more or less than the value of the work they actually did. This is the risk taken by all parties in this type of agreement. As I think Mrs B's claim was submitted by CMS just prior to the August deadline, and the claim was successful. I think CMS can charge a success fee for this.

The Financial Guidance and Claims Act 2018 required the introduction of a fee cap for mis sold PPI claims. The fee cap came into force on 10 July 2018. From this date, claims management companies couldn't legally charge a success fee of more than 20% plus VAT. The LoA I've seen, is dated 21 August 2019, so CMS's authorisation happened after the introduction of the fee cap. Mrs B's compensation from "B" was for £1069.08, so the fee cap would have limited the fee CMS could charge to £256.58 inclusive of VAT. But I can see that CMS charged Mrs B £416.94 which equated to a fee of 39% inclusive of VAT. So, while I think CMS can charge a fee, I don't think they could charge the amount they have.

Mrs B has shown us an invoice sent by CMS in June 2020 asking her to pay £500.33, the only reference to what this fee is for is "not provided". Mrs B said she'd been asked to sign other forms by CMS but she hadn't done so as she was unsure about what she was being asked to sign. As CMS hasn't provided any details as to what this further fee was for or the terms and conditions that Mrs B would have agreed to. And I haven't seen any other evidence of them acting for Mrs B with any other lenders I don't think they can ask Mrs B to pay anything further to them.

### **Responses to my provisional decision.**

Neither party have asked for any further representations to be considered.

### **My final decision**

I'm partially upholding this complaint. And ask Consumer Compensation Bureau Ltd trading as Claiming Made Simple to:

- refund Mrs B the difference between £416.94 and £256.58 (£160.36) plus 8% simple interest from date of payment to date of settlement; and
- waive the additional fee of £500.33.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 August 2022.

Anne Scarr  
**Ombudsman**