



## amendment to rules (changes to the FEES rules for participants joining part way)

### feedback statement

The consultation paper *amendments to rules (changes to the FEES rules for participants joining part way)* proposed changes to the voluntary jurisdiction rules and standard terms of our voluntary jurisdiction, as set out in the Dispute Resolution: Complaints sourcebook (DISP) of the Financial Conduct Authority Handbook.

The ombudsman service currently has two jurisdictions –

- the compulsory jurisdiction (CJ) which covers the activities of UK and EEA authorised firms and their appointed representatives, as well as payment service providers and e-money issuers, when carried out from an establishment in the UK.
- the voluntary jurisdiction (VJ)
  - covers financial businesses that volunteer to join it;
  - covers activities specified in rules made by the ombudsman service with the approval of FCA; *and*
  - covers services directed at the UK from the European Economic Area, as well as services provided in or from the UK.

The FCA is responsible for making the rules for the CJ and the ombudsman service is responsible for making the rules for the VJ, which are approved by the FCA. It is generally the ombudsman service's policy for the rules and standard terms for the VJ to mirror those for the CJ. This is to minimise confusion for consumers and financial businesses, and for operational simplicity.

### changes to the FEES rules for participants joining part way

Under the VJ standard terms, businesses joining the VJ part way through the year are required to pay a proportion of the annual levy usually payable under FEES 5.3 (The general levy) and FEES 5 ANNEX 2R (Annual Levy Payable in Relation to the Voluntary Jurisdiction).

The amount payable was meant to be calculated by reference to the FCA's periodic fee formula set out at FEES 4.2.6R. In 2017 the FCA made some changes to the way its periodic fees are calculated for businesses becoming subject to the fee during the course of a fee year. FEES 4.2.6R was replaced by 4.2.7ER in February 2017.

Rather than adopting the new periodic fee formula set out at FEES 4.2.7ER, this consultation proposed updating the VJ rules and standard terms to simplify the rules relating to the annual levy calculation for new VJ participants joining part way through a financial year.

The consultation proposed that new participants joining in the first quarter of any financial year pay 100% of the levy, those joining in the second quarter pay 75%, those joining in the third quarter pay 50% and those joining in the fourth quarter pay 25%. This simplified formula was proposed to help prospective VJ participants to better understand and assess the costs of joining the VJ and to be more straightforward to administer.

We did not receive any responses to the consultation. These changes were made as part of the FEES manual (Financial Ombudsman Service case fees 2018/19) Instrument 2018 (FOS 2018/3) which came into force on 1 April 2018 and is available [here](#).