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## Feedback on Consultation Paper 8 **2016 Levy schemes**

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## **A: Summary**

The Channel Islands Financial Ombudsman (CIFO) published Consultation Paper 8: 2016 Levy schemes on 26 February 2016, with a closing date of 28<sup>th</sup> March 2016. Notifications of the consultation paper were sent to stakeholder representatives.

The consultation paper sought views on the proposed Financial Services Ombudsman Levy Scheme (Jersey) 2016 [‘the 2016 Jersey Levy Scheme’] and the proposed Financial Services Ombudsman Levy Scheme (Bailiwick of Guernsey) 2016 [‘the 2016 Guernsey Levy Scheme’].

One response was received. CIFO’s Board of Directors has reviewed the response and, as a result of the feedback, the wording of the proposed levy schemes has not been changed. However, the Board of Directors has reduced the amount of the levy in both schemes to take into account the accounting surplus from 2015 and projected funding needs for 2016. The revised levy schemes are published at [www.ci-fo.org/resource-room/funding/](http://www.ci-fo.org/resource-room/funding/).

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## **B: Consultation overview**

The Channel Islands Financial Ombudsman published Consultation Paper 8: 2016 Levy schemes on 26 February 2016, with a closing date of 28<sup>th</sup> March 2016. Notifications of the consultation paper were sent to stakeholder representatives.

The Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015<sup>1</sup> and the Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) Order 2015<sup>2</sup> give CIFO power to make schemes for levies and case fees to be paid by certain financial services providers in respect of the expenses of CIFO.

CIFO published the following schemes in 2015 and these can be viewed at [www.cifo.org/resource-room/funding/](http://www.cifo.org/resource-room/funding/):

- the Financial Services Ombudsman Levy and Establishment Levy Scheme (Bailiwick of Guernsey) 2015 [the 2015 Guernsey Levy Scheme];
- the Financial Services Ombudsman Fee Scheme (Bailiwick of Guernsey) 2015 [the Guernsey Fee Scheme];
- the Financial Services Ombudsman Fee Scheme (Jersey) 2015 [the Jersey Fee Scheme];
- the Financial Services Ombudsman Levy Scheme (Jersey) 2015 [the 2015 Jersey Levy Scheme].

The consultation paper included the proposed 2016 Guernsey Levy Scheme and 2016 Jersey Levy Scheme, which maintain the same funding approach in 2016 as for 2015. It also outlined that CIFO did not propose to amend the Guernsey Fee Scheme and Jersey Fee Scheme.

The consultation paper asked for comments on the proposed levy schemes and for feedback on the 2015 levy process, such as on the ease of use of the zero-rating certification form and the clarity of the documentation.

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## C: Summary of responses

Only one response was received. This welcomed the overall reduction in the levy amounts payable but stated the view that the funding approach used in the 2015 levy schemes and continued in the proposed schemes for 2016 does not distinguish fairly between the retail banks and private banks.

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## D: Next steps

CIFO will not be amending the proposed 2016 Guernsey Levy Scheme and 2016 Jersey Levy Scheme in the light of the response to the consultation. As stated on page 3 of Consultation Paper 8: 2016 Levy schemes, once CIFO has been in operation for a sufficient time and the volume of complaints becomes clear, there will be an opportunity to review the funding approach and consider alternative means of allocating CIFO's operating costs.

However, in the process of reviewing the 2015 financial accounts for CIFO, the Board of Directors has identified an amount of £50,000 that they have designated as the prior-year surplus for the purpose of calculating the 2016 levy amounts. This has been factored into the calculations of the levy in Schedule B of the 2016 Guernsey Levy Scheme and 2016 Jersey

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<sup>1</sup> [www.jerseylaw.je/law/display.aspx?url=LawsInForce\htm\ROFiles%5cR%26OYear2015%2fR%26O-009-2015.htm](http://www.jerseylaw.je/law/display.aspx?url=LawsInForce\htm\ROFiles%5cR%26OYear2015%2fR%26O-009-2015.htm)

<sup>2</sup> [www.guernseylegalresources.gg/CHttpHandler.ashx?id=95899&p=0](http://www.guernseylegalresources.gg/CHttpHandler.ashx?id=95899&p=0)

Levy Scheme, which has resulted in a reduction of the levy for all sectors of between 13% and 23%.

The revised levy amounts are as shown in the table below. These are based on 2016 data on registered providers, taking into account the latest data on zero-rating certifications and the carry-forward of the 2015 surplus as decided by CIFO's Board of Directors.

<b>Table 1</b>	<b>Banking sector levy</b>		<b>Other sector levy</b>	
	<b>As per CP8</b>	<b>Revised</b>	<b>As per CP8</b>	<b>Revised</b>
<b>Guernsey</b>	£6,361	<b>£5,426</b>	£764	<b>£616</b>
<b>Jersey</b>	£6,116	<b>£4,726</b>	£807	<b>£701</b>

The revised schemes have been published at [www.ci-fo.org/resource-room/funding/](http://www.ci-fo.org/resource-room/funding/). The revised 2016 levy notices will be sent out in May and June 2016.

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## Appendix 1: responses received

1.	<a href="#">Standard Bank Offshore Group</a>
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