

Feedback on Consultation Paper 7 **Funding of the Channel Islands Financial Ombudsman**

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A: This consultation

The Channel Islands Financial Ombudsman (CIFO) published Consultation Paper 7: Funding of the Channel Islands Financial Ombudsman on 16th December 2015, with a closing date of 15th January 2016. Notifications of the consultation paper were sent to stakeholder representatives.

The consultation paper sought views on proposed changes to the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015¹, referred to in this document as the Jersey Regulations, and the Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) Order 2015², referred to in this document as the Guernsey Order. The proposals would extend the current approach of dividing the overall costs of CIFO's operation evenly between Guernsey and Jersey through to the end of 2018 and would enable CIFO to send levy notices to authorised representatives of registered providers. No submissions were received from stakeholders in response to this consultation.

CIFO subsequently recommended the proposed changes to the Jersey Minister for Economic Development, Tourism, Sport and Culture ("the Minister") and the Guernsey Committee for Economic Development (formerly the Department of Commerce and Employment, "the Committee") and amending secondary legislation based on the recommendations is now in place or in train.

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

² <http://www.guernseylegalresources.qg/CHttpHandler.ashx?id=95899&p=0>

B: Consultation overview

CIFO is the joint operation of the statutory bodies established by the Financial Services Ombudsman (Jersey) Law 2014 [‘the Jersey Ombudsman Law’]² and the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 [‘the Guernsey Ombudsman Law’].³

The Jersey Regulations and the Guernsey Order provide for CIFO to prescribe schemes for case-fees and levies to be paid by certain financial services providers in respect of CIFO’s operating expenses. CIFO was required to consult on any proposed changes to the Jersey Regulations and Guernsey Order and make recommendations to the Minister and the Committee within 12 months of the commencement of the Jersey Regulations and the Guernsey Order.

Based on issues identified during the process for issuing 2015 Levy Notices, CIFO proposed in the Consultation Paper 7 to recommend the following changes to the Jersey Regulations and the Guernsey Order:

1. Modify Regulation 8(2) of the Jersey Regulations and Article 7(2) of the Guernsey Order to enable the Levy Notice to be sent by CIFO to the authorised agent/representative of the registered provider. This will avoid the situation of CIFO, in order to comply with the current Jersey Regulations and Guernsey Order, having to send the Levy Notice directly to the registered provider when the regulatory and/or administrative affairs of that registered provider may be handled on behalf of that registered provider by a Channel-Islands-based entity which is an authorised agent/representative.
2. Extend the current approach of dividing the overall costs of CIFO’s operation evenly between Jersey and Guernsey through to the end of 2018. The extended period will provide for sufficient historical complaint volume data from the first two full years of CIFO’s operation to inform consideration in 2018 of potential alternative approaches to funding the joint operation of CIFO. Any alternative approach, developed in 2018 in consultation with all stakeholders, could be considered for possible implementation in 2019. The current approach should therefore be extended through to the end of 2018.

C: Summary of responses

No responses were received.

² www.jerseylaw.je/Law/display.aspx?url=lawsinforce%5chtm%5cLawFiles%5c2014%2fL-14-2014.htm

³ www.guernseylegalresources.gg/article/115617/Financial-Services-Ombudsman-Bailiwick-of-Guernsey-Law-2014

D: Next steps

After the conclusion of the consultation, CIFO wrote to the Minister and the Committee outlining the recommended changes. Amending secondary legislation based on the recommendations is now in place or in train. In Jersey, the Minister lodged the draft Financial Services Ombudsman (Case-Fee and Levy) (Amendment) (Jersey) Regulations 2016 (P.101/2016) for debate on 15th November 2016⁴. In Guernsey, the Committee signed the Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) (Amendment) Order, 2016⁵ on 1st September 2016, effective from that date, and has lodged the draft Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 (Amendment) Ordinance, 2016 (P.2016/43)⁶.

⁴ <http://www.statesassembly.gov.je/AssemblyPropositions/2016/P.101-2016.pdf>

⁵ <http://www.guernseylegalresources.gg/CHttpHandler.ashx?id=104109&p=0>

⁶ <https://www.gov.gg/itemslodgedforstates>