
Consultation Paper 21 and feedback on CP20

Quarterly Case Fees



Issued: 7 November 2022

A: Feedback on consultation paper 20

Issues

We consulted about:

- increasing the proportion of CIFO's funding that comes from case fees;
- giving the CIFO board power to waive case fees in exceptional cases; and
- exempting Guernsey Community Savings LBG from CIFO case fees.

We set out some options for increasing the user-pays element of CIFO's funding by increasing the proportion that comes from case fees, and reducing the proportion that comes from levies –

Option number	Proportion of CIFO's income that comes from case fees	Lower case fee (levy payers)	Higher case fee (other FSPs)
1	about 15 per cent	£600	£1,100
2	about 20 per cent	£850	£1,350
3	about 25 per cent	£1,100	£1,600

The proposed power to waive case fees could be exercised by the CIFO board where it would be inequitable to charge the case fee because of exceptional circumstances. These might include a sudden surge of unmeritorious cases against one financial service provider (FSP), perhaps fostered by some sort of campaign.

Guernsey Community Savings LBG is a registered charity, largely staffed by volunteers, that provides access to basic financial services for the financially or socially disadvantaged in Guernsey, as well as mentoring and emergency financial support. The exemption from CIFO case fees was approved subsequent to the consultation CP16 to treat Guernsey Community Savings LBG in the same way as Jersey Community Savings Ltd. As the Guernsey case fee scheme was not updated at that time, the previously approved exemption will be reflected in the new Guernsey case fee scheme.

Responses to the consultation

Three responses were received to the consultation, two from individual financial service providers and one from an industry association that was received after the deadline for comments but is included here nevertheless. All three were generally supportive of a user pays approach and therefore supported an increase in the proportion of CIFO's funding to be derived from case fees. There was a preference expressed for a gradual increase to case fees to enable an assessment of potential unintended consequences, such as unwelcome behaviour to suppress the referral of complaints to CIFO. There was also general support for the proposed approach to enable CIFO to use its discretion to waive fees in exceptional circumstances, such as where multiple similar complaints without merit were brought against a financial service provider. One respondent suggested future consultations should be combined for case fees and levies noting the inherent interdependencies between the two funding sources.

What the CIFO board has decided

The CIFO board has decided that, for cases received by CIFO from 1 January 2023, case fees will be increased as follows:

- The lower case fee, payable by FSPs that also pay the levy, will be £850.
- The higher case fee, payable by FSPs that do not pay the levy, will be £1,350.

The CIFO board has also decided to:

- adopt the power to waive case fees in exceptional cases; and
 - implement the previously approved exemption for Guernsey Community Savings LBG from CIFO case fees.
-

B: This consultation

Issue

Currently, CIFO invoices case fees annually in arrears, save that it may issue an interim case fee invoice to any FSP that accumulates 10 or more case fees. This means that case fees are usually received long after work on the case has been completed.

Increasing the proportion of CIFO's funding that comes from case fees means that a larger proportion of CIFO's income would be deferred, and also increases the overall volatility of CIFO's funding.

Both factors have an impact on the prudent level of reserves that CIFO should hold. Reserves are funded out of the levy. To mitigate the impact, the board is considering the option of CIFO invoicing case fees quarterly in arrears.

Accordingly, we are now consulting on the option of moving to invoicing case fees quarterly in arrears. If adopted, the new arrangements would apply from 1 January 2023, with the first quarterly case fee invoices covering the quarter ending 31 March 2023.

We would welcome the views of stakeholders on this proposed change. The consequent changes to the 2023 case fee schemes are in paragraphs 6 and 7 of the attached revised drafts.

Q1: Do you agree that CIFO should move to invoicing case fees quarterly (rather than annually) in arrears.

Q2: Do you have any comments on the attached revised draft Guernsey and Jersey fee schemes?

How to respond

Please send any response in writing by email to consultations@ci-fo.org or by post to Channel Islands Financial Ombudsman, P O Box 114, Jersey, JE4 4QG.

Responses may be published. Any parts of a response that a respondent considers to be confidential (for example, because they disclose security systems or commercially confidential data) should be clearly marked as such, indicating why they are considered to be confidential. This will be considered by the Principal Ombudsman in deciding what to publish.

Responses must reach us by no later than Wednesday 7 December 2022.

Bailiwick of Guernsey

Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 [the Law]¹

Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) Order 2015 [the Order]²

Financial Services Ombudsman

[Revised draft] Fee Scheme (Bailiwick of Guernsey) 2023

- 1 This fee scheme is made:
 - on 23 December 2022;
 - by the Office of the Financial Services Ombudsman (OFSO) established by the Law; and
 - in accordance with Article 1 of the Order.

- 2 This scheme:
 - is for 2023 and subsequent years (until any subsequent fee scheme is made);
 - will be published on 23 December 2022; and
 - will come into effect on 1 January 2023 for all chargeable complaints.

It will be published at www.ci-fo.org – the website of the Channel Islands Financial Ombudsman (CIFO), which is the joint operation of OFSO and the equivalent financial services ombudsman in the Bailiwick of Jersey.

- 3 In this scheme:
 - ‘providers’ means financial services providers within OFSO’s jurisdiction;
 - ‘registered providers’ has the same meaning as defined in the Order;
 - ‘ombudsman’ means any CIFO ombudsmen;
 - ‘levy’ means the levy payable under the relevant levy scheme made by OFSO under the Order; and
 - ‘chargeable complaint’ means a complaint for which a case fee is payable as shown in paragraph 4.

- 4 Each provider must pay to OFSO a case fee for each complaint against the provider that is referred to OFSO, unless, in the opinion of an ombudsman:
 - on receipt of the complaint, it is apparent that it is not eligible or should be rejected; or
 - at any time, the complaint is rejected as frivolous or vexatious.

¹ <http://www.guernseylegalresources.gg/article/115617/Financial-Services-Ombudsman-Bailiwick-of-Guernsey-Law-2014>

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

- 5 The amount of the case fee for each complaint received on or after 1 January 2023 will be:
 - Nil for Guernsey Community Savings LBG;
 - £850 for any registered provider that is liable to pay a levy; and
 - £1,350 for any other provider.

- 6 OFSO will invoice any case fees quarterly in arrears, in respect of the quarters ending 31 March, 30 June, 30 September and 31 December each year.

- 7 The quarterly invoicing of case fees will begin with the quarter ending 31 March 2023.

- 8 Any case fee invoice (including any interim case fee invoice) is due and payable within 28 days of the date of the invoice. If it remains unpaid, OFSO may add interest at 6% per annum from the due date until paid plus any debt collection costs incurred by OFSO.

- 9 The board of OFSO may reduce, remit or refund all or part of a case fee if:
 - the provider by which it is payable applies to the Principal Ombudsman in writing, with its reasons, before paying the case fee or within 1 month after paying it; and
 - in the opinion of the board of OFSO it would be inequitable to charge or retain the case fee because of exceptional circumstances.

- 10 This scheme may be cited as the Financial Services Ombudsman Fee Scheme (Bailiwick of Guernsey) 2023.

David Thomas

Chairman of the Board of OFSO

Jersey

Financial Services Ombudsman (Jersey) Law 2014 [the Law]³

Financial Services Ombudsman (Case-Fee and Levy) (Jersey) Regulations 2015 [the Regulations]⁴

Financial Services Ombudsman

[Revised draft] Fee Scheme (Jersey) 2023

- 1 This fee scheme is made:
 - on 23 December 2022;
 - by the Office of the Financial Services Ombudsman (OFSO) established by the Law; and
 - in accordance with regulation 2 of the Regulations.

- 2 This scheme:
 - is for 2023 and subsequent years (until any subsequent fee scheme is made);
 - will be published on 23 December 2022; and
 - will come into effect on 1 January 2023 for all chargeable complaints.

It will be published at www.ci-fo.org – the website of the Channel Islands Financial Ombudsman (CIFO), which is the joint operation of OFSO and the equivalent financial services ombudsman in the Bailiwick of Guernsey.

- 3 In this scheme:
 - ‘providers’ means financial services providers within OFSO’s jurisdiction;
 - ‘registered providers’ has the same meaning as defined in the Regulations;
 - ‘ombudsman’ means any CIFO ombudsmen;
 - ‘levy’ means the levy payable under the relevant levy scheme made by OFSO under the Regulations; and
 - ‘chargeable complaint’ means a complaint for which a case fee is payable as shown in paragraph 4.

- 4 Each provider must pay to OFSO a case fee for each complaint against the provider that is referred to OFSO, unless, in the opinion of an ombudsman:
 - on receipt of the complaint, it is apparent that it is not eligible or should be rejected; or
 - at any time, the complaint is rejected as frivolous or vexatious.

³ www.jerseylaw.je/Law/Display.aspx?url=LawsInForce%2fhtm%2flawfiles%2f2014%2fl-14-2014.htm

⁴ www.jerseylaw.je/Law/display.aspx?url=lawsinforce%5chtm%5cROFiles%5cR%26OYear2015%2fR%26O-009-2015.htm

- 5 The amount of the case fee for each complaint received on or after 1 January 2023 will be:
 - nil for Community Savings Limited;
 - £850 for any registered provider that is liable to pay a levy; and
 - £1,350 for any other provider.

- 6 OFSO will invoice any case fees quarterly in arrears, in respect of the quarters ending 31 March, 30 June, 30 September and 31 December each year.

- 7 The quarterly invoicing of case fees will begin with the quarter ending 31 March 2023.

- 8 Any case fee invoice (including any interim case fee invoice) is due and payable within 28 days of the date of the invoice. If it remains unpaid, OFSO may add interest at 6% per annum from the due date until paid plus any debt collection costs incurred by OFSO.

- 9 The board of OFSO may reduce, remit or refund all or part of a case fee if:
 - the provider by which it is payable applies to the Principal Ombudsman in writing, with its reasons, before paying the case fee or within 1 month after paying it; and
 - in the opinion of the board of OFSO it would be inequitable to charge or retain the case fee because of exceptional circumstances.

- 10 This scheme may be cited as the Financial Services Ombudsman Fee Scheme (Jersey) 2023.

David Thomas

Chairman of the Board of OFSO
