



17 February 2025

Final report by the Complaints Commissioner

Complaint number 202400457

The complaint

1. On 04 October 2024, you submitted a complaint about the FCA.

Your FCA complaint

2. Your complaint to the FCA was twofold:
 - a. Part one was about the fact that whilst you submitted your application to cancel your FCA permissions shortly after your business stopped trading on 6 April 2024, you were invoiced for the full annual fee for the financial year 2024/25. You do not believe this is fair and you asked the FCA to 'equitably apportion' the fee payable.
 - b. In Part two of your complaint, you raised a concern that the annual FCA fees applicable to your business were increased at a much higher rate than what you were expecting based on the information on the FCA's website. You stated that in your view this level of increase unfair.

What the regulator decided

3. In its Decision Letter dated 16 September 2024 (the Decision Letter), the FCA informed you that it did not uphold your complaints.
4. In its response, the FCA explained that:

"Under the FCA's fee rules, any firms still authorised on 1 April will be included in the invoice population for that fee year. This is unless the firm have made an application to cancel by 31 March and are not still authorised past 30 June. That population is billed accordingly to raise the annual funding requirement. [Firm X] was a regulated firm on 1 April 2024

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and was therefore correctly included in the invoice population for 2024/25 and formed part of our financial modelling and forecasting.

It is important for the financial services industry that the FCA is fully funded, allowing it to carry out its essential functions. The FCA know firms also value certainty and predictability, to allow them to manage their cashflow. It is for these reasons that the FCA do not offer fee refunds when a firm cancels, as this risks a funding shortfall and a consequent need to raise further invoices for firms that remain in the sector. While this can feel unreasonable in the individual case, overall the FCA believe it is the fairest way to share the regulatory burden amongst firms. The cancellation requirements are set out in our handbook, at <https://www.handbook.fca.org.uk/handbook/FEES/4/2.html> .”

5. The FCA did not investigate Part two of your complaint on the grounds that it fell outside of the scope of the Complaints Scheme as it relates “*to the FCA’s terms and conditions and the increasing of regulatory fees*”, which is not a relevant function of the FCA, as set out in “*Part 6 of the Financial Services Act 2012, and broadly speaking cover the FCA’s regulatory functions that arise under the Financial Services and Markets Act 2000*”.

Why you are unhappy with the regulator’s decision

6. You explained in your complaint to my Office that:
 - a. You appreciate that had you applied to have your permissions cancelled before the deadline of 31 March 2024 no fees would have been payable, but you made your application when you did as you only stopped trading on 6 April 2024. You also ask for discretion to be used in the circumstances so that you only have to pay a proportion of the fees, if anything at all. (Element one)
 - b. You calculated the annual fee increase applied to your firm to be 64.4%. You believe this is much higher than the increase other firms have had, and you feel some discretion should be applied to the level of increase by the FCA in cases such as yours. (Element two)

My analysis

Element one

7. The FCA correctly informed you that the cancellation deadline date is 31 March of every year. Consequently, any Firm that gives notification or remains authorised after 31 March will still be liable to pay the annual fee for the following year.
8. As you cancelled your permissions in April 2024, your firm was liable for the fees due for the year ending 31 March 2025. In response to similar complaints, the FCA has confirmed to my office that its communication is clear when firms apply to cancel. The cancellation application which firms must fill out says:

“If you submit your cancellation application to us before 31 March (or before the last day in February, if you are also regulated by the PRA), you will not have to pay the annual fee for the following financial year. If, however, your business continues to operate for 3 months beyond this deadline – that’s to say, past 30 June – then you will have to pay the annual fee for the financial year”.
9. Whilst I appreciate it is frustrating to have to pay the annual fee in its entirety, the rules about this are clear, well communicated to all firms and the FCA has provided an explanation as to why they are followed rigidly in most cases. The FCA must meet its funding requirements through raising fees and it would not be fair on firms remaining authorised if the FCA had to retrospectively increase their annual fees because other firms decided to cancel during the financial year. For these reasons, I **do not uphold** this element of your complaint.

Element two

10. Under the rules of the [Complaints Scheme](#), neither the FCA nor I, the Commissioner, can investigate complaints about the FCA’s legislative functions, such as rule-making, issuing guidance, or statements of policy. These activities are considered essential to its regulatory role which should not be disrupted, and are not subject to the complaints process. As such, I am unable to investigate this element of your complaint.

11. However, I note that the FCA said to you in its “Scoping Letter” dated 29 August 2024, reiterating the point in its Decision Letter, that *“In relation to the advertised fee rate increase on the FCA website, there [sic] are the FCA’s Annual Funding Requirement (AFR) figures which demonstrate a 10.7% increase. This is not the same as annual regulatory fees for firms.”*
12. The above assertion seems to be suggesting that the annual increase applied to the fees payable by your firm is not of concern. The [policy statement](#) referred to by the FCA seems to indicate otherwise. It says the following at page 6, paragraph 1.11 and at page 10, paragraph 2.5 respectively:
- a. “Our April 2024 fee-rate consultation (CP24/6) set out our proposals for fee and levy rates for 2024/25. Our key proposals included:
 - *increasing minimum, flat rate, and application (including transaction and notification) fees, in line with the increase in our ORA costs (8.75%)”*
 - b. *“Our increase in ongoing regulatory activity costs has instead been limited to 8.75%.”*
13. Whilst this complaint is excluded from the Complaints Scheme, in order to clarify to you the level of the increase applied to your fees and the amount payable by you, I asked the FCA to provide information about what % the fees were increased by generally and why.
14. The FCA provided the information as requested, for which I am grateful. In the response, the FCA said the following:
- “The increase in fees was over 60% but that was because [the complainant] is a minimum fee payer and as outlined on the fee movement page, the increase for minimum fee payers was deferred initially due to COVID and subsequently due to the cost of living crisis but the increase was always expected to revert to our previous plan which was confirmed in the 2024/25 policy statement and the table below:*

	2023/24	2024/25	2025/26	2026/27
Fee-block A.0				
	£1,500	£1,750	£2,000	£2,200
Fee-block CC.1 (limited consumer credit permission)				
Consumer Credit Related Income	2023/24	2024/25	2025/26	2026/27
Up to £10,000	£350	£600	£800	£1,100
£10,000 -£100,000	£700	£900	£1,100	
Over £100,000	£1,000	£1,100	£1,100	
Fee-block CC.2 (full consumer credit authorisation)				
Up to £50,000	£1,000	£1,250	£1,500	£2,200
£50,000 - £100,000	£1,250	£1,500	£1,750	
Over £100,000	£1,500	£1,750	£2,000	

15. As your firm is a minimum fee payer, your turnover does not affect the amount of your annual fees. Further information about this can be found through the following links:

- [FCA fee rate movements 2024/25](#)
- [CP23/22: Regulatory fees and levies: policy proposals for 2024/25](#)

16. I exclude this element of your complaint and agree the FCA excluded it correctly. I understand this is not the outcome you were hoping for, but I hope the information above, and in the links attached, will help you understand the reason your fees increased as they did.

My decision

17. I do not uphold Element one of your complaint and exclude Element two of your complaint for the reasons I give above.

The Complaints Commissioner

Complaints Commissioner

17 February 2025