



08 December 2025

## Final report by the Complaints Commissioner

### Complaint number 202500443

#### *The complaint*

1. On 19 August 2025, you submitted a complaint to my office about the Financial Conduct Authority (FCA).
2. You assert in your complaint that your Firm ("Firm X") has been charged the full annual FCA fee of £876.15 for the 2025/26 financial year, despite submitting an application for cancellation of your permissions on 4 April 2025. You assert that:

#### 3. **Element One**

- a. Firm X did not know that the cancellation deadline was 31 March each year; and
- b. Firm X did not undertake any regulated activity beyond 3 April 2025. You believe that FCA rules stipulate that the full fee should only be charged where a firm continues to operate beyond 30 June of the given financial year. On this basis, you consider the fee excessive and disproportionate, and as a remedy, you are asking that Firm X is permitted to pay a pro-rata amount covering the annual regulatory fee between 1–3 April 2025.

**Outcome:** Not upheld

4. **Element Two:** In your complaint you also set out your concerns about the annual regulatory fee being considerably higher than in previous years. This is Element Two of your complaint.

**Outcome:** Excluded

## *Background*

5. Firm X submitted a request to cancel its FCA authorisation on 4 April 2025. Following this, the FCA issued an invoice for the full annual regulatory fee of £876.15.
6. In correspondence with the firm, the FCA explained that because the cancellation request was received four days after the cancellation deadline of 31 March 2025, the annual regulatory fee was automatically applied in full. The FCA confirmed this position in its email communications dated **8 April 2025** and again on **15 April 2025**, advising the Firm that the charge would stand.
7. The Firm disputes this outcome, continuing to assert that no regulated activity was carried on beyond 3 April 2025 and that applying the full annual regulatory fee is inconsistent with the FCA's rules. It has offered instead to pay a pro-rata fee for the period 1–3 April 2025.

## *Analysis*

### ***Element One***

8. The FCA's deadline for submitting applications to cancel permissions is 31 March of every year, irrespective of how much, if any, regulated activities are conducted in the following financial year. Consequently, any Firm that submits an application to cancel its permissions after 31 March will still be liable to pay the full annual regulatory fee for the following financial year. The FCA correctly informed you of this in its Decision Letter of 1 August 2025. As the Firm applied to cancel its permissions on 4 April 2025, under the rules set by the FCA, the Firm was liable for the fees due for the financial year ending 31 March 2026.
9. Whilst you argue that Firm X was not aware of this deadline, regulated firms are expected to have appropriate systems and controls in place to ensure they understand all their regulatory obligations, including how the cancellation process works.
10. Additionally, the FCA notified the Firm in two separate pieces of correspondence, dated 3 and 4 March 2025, how the cancellation process works and the Firm was told "*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".*

11. Therefore, I do not accept the argument that the Firm was not aware of the rules and the deadlines.
12. I note your assertion that the FCA misapplied its own rules, presumably based on the statement that "*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*". However, the rule is that in order to avoid paying annual fees for the following financial year, cancellation applications must be submitted by 31 March of any given year, **and** the firm must stop carrying out regulated activities by 30 June of that year. The two requirements go hand in hand. If a firm submits an application and stops carrying out regulated activities before 30 June of any given year, it will not be liable for the full annual regulatory fee. If a firm submits its application to cancel its permissions before 31 March, but it continues carrying out regulated activities after 30 June, it will still be liable for the full annual fee. As such, you appear to have misunderstood this rule.
13. **I do not uphold** this Element of your complaint for the above reasons. The FCA correctly applied its rules.
14. Complainants are often unhappy because some of their concerns arise directly from the FCA's rule-making and guidance, for example, the way in which the FCA determines deadlines for submitting cancellation applications and whether these attract the annual regulatory fee. Such matters can feel unfair, particularly where a firm is required to pay the full year's regulatory fees despite ceasing business shortly after missing a cancellation deadline by only a few days, as it receives no service in exchange for that fee. However, these issues fall outside the scope of the Complaints Scheme, as the FCA's legislative functions are excluded from it by statute. My Annual Report, and a number of Final Reports published on my website, note that this statutory limitation can be deeply frustrating for complainants. While I am unable to investigate such matters, it

remains my view that this restriction leaves some complainants without a clear route to redress. Noting the need for stability and the FCA's funding requirements, I **suggest** that the FCA consider whether there might be a way to lessen the impact on firms that apply to cancel their permissions and cease trading shortly after the deadline.

***Element Two***

15. Whilst I note your concerns about the way in which the FCA's annual regulatory fee increased, this complaint is excluded from the Complaints Scheme because it relates to the FCA's rule-making functions. Nevertheless, I find that the FCA adequately explained how it sets its fees and why they may increase.

*Decision*

16. I do not uphold Element One of your complaint and Element Two of your complaint is excluded.

*The Complaints Commissioner*

Complaints Commissioner

08 December 2025