Complaints Commissioner

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17 September 2026

Final report by the Complaints Commissioner

Complaint number 202500698

The complaint

1. On 18 March 2026, you submitted a complaint to my office about the FCA. I summarise the elements of your complaint and the outcomes below.

   Element One - The FCA has calculated your firm's annual authorisation fees for FY 2025/26 based on the wrong first year tariff figure. You would like the FCA to recalculate the annual fees.

   Outcome: Not upheld. I consider that the FCA acted reasonably in determining the annual fees for your firm because it followed the FCA's fees rules and based the fee on the figure that you provided for your firm's estimated income in its first year following authorisation. However, paragraph 3 sets out the FCA's offer to recalculate the firm's fee using a revised first-year tariff figure provided by you.

   Element Two - You assert that you did not input the estimated income figure and that this was done by the FCA.

   Outcome: Not upheld. I have not seen evidence to show that anyone other than you inputted the income figure.

   Element Three - There were several failings in the FCA's authorisation process, including the Case Officer's failure to locate documents, inaccurate records, and having to correct your firm's name. You had to escalate your concerns to FCA Authorisations Team management, and the Case Officer's mistakes continued despite supervision. You allege that these matters amount to mishandling of your authorisation application, and that this impacted on the integrity of the first-year tariff figure.

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Outcome: Not upheld. I do not accept your characterisation that the FCA mishandled your application for authorisation, nor do I accept that the evidence on which you rely supports that allegation. There is evidence that the FCA initially mistakenly recorded your firm name incorrectly, but this was rectified immediately once you notified the FCA. There is an email which you refer to (but which you have not provided in full) which the FCA does not have on file. These matters amount, at most, to isolated administrative errors and do not demonstrate that the authorisation process as a whole was mishandled, nor that it impacted in any way on the integrity of the first-year tariff figure relied upon by the FCA.

2. On 17 July 2026, you provided detailed comments on the Preliminary Report, which I have considered carefully and raised with the FCA through a number of further enquiries. I have taken them into account, but they do not affect my decision. I have not listed every point but that does not mean that I have not considered them carefully.

3. Notwithstanding my finding on Element 1, the FCA has offered to recalculate the invoiced fee based on a new estimated first financial year income figure, which it invites you to provide. This does not mean that I accept that your comments are correct, nor does it affect my decision. However, as the calculation of the fee is at the heart of your complaint, I consider that the FCA's offer is likely to address your principal concerns.

4. The FCA will contact you directly concerning the offer to provide the revised figure. In the event that you remain dissatisfied with this process, you may make a new complaint to the FCA. If the FCA does not resolve that complaint to your satisfaction, you may then refer it to my office for review.

Background

5. You first applied for authorisation in June 2024, but it was rejected in July 2024 because it did not meet the FCA's minimum information requirements.

6. You submitted a second application in August 2024. Your FCA authorisation application form ("**the Application Form"**) included an estimated first financial year (**"FY"**) income figure of £4.38 million.

7. On 25 June 2025 your firm was authorised by the FCA to conduct certain pensions and investments activity; accordingly, on 1 October 2025 the FCA invoiced your firm for annual authorisation fees for FY 2025/26. This figure was based on the estimated income figure included in the Application Form.

8. On 28 October 2025 you disputed the FCA's invoice and asked for the annual fees to be recalculated on the grounds that your firm was not yet operational and did not have any income. The FCA rejected this request and, in the event that you continued to disagree with the invoice, advised you to raise a complaint with the FCA Complaints Team.

9. On 19 January 2026 you made a complaint to the FCA.

10. On 13 February 2026 the FCA issued its Decision Letter, in which it did not uphold your complaint. The FCA also confirmed that your firm had incurred a £250 fee for late payment of the annual fees invoice.

11. On 18 March 2026 you made a complaint to my office.

Analysis

Element One - The FCA has calculated your firm's annual authorisation fees for FY 2025/26 based on the wrong first year tariff figure. You would like the FCA to recalculate the annual fees

The Estimated First Year Income Figure

12. From your complaint, it appears that your position is that the figure of £4.38 million is not a projection of the firm's "first twelve months of new business after authorisation". Rather, you state that it is "an operational projection for the firm's first year of trading, assuming the business was live and generating revenue". In other words, it appears that you consider the income estimate to be valid only once the firm had become operational, rather than as an estimate that could be used for regulatory fee calculations, irrespective of whether the firm had commenced business.

13. You state that the FCA was aware that your firm was not yet operational and was not generating income, and therefore it should not have used the £4.38 million as a basis on which to calculate your firm's fees. In support of your contention that the FCA was aware that you would not generate income

immediately upon authorisation, you suggest that you repeatedly made clear to the FCA during the authorisation process that your firm was not yet operational and would not generate income until it commenced operations. In connection with this, you also suggest that you sought to delay authorisation, but the FCA ignored this and proceeded to authorise your firm regardless.

14. In support of this, you have provided a copy of an email that you sent to the FCA on 6 June 2025, shortly before the FCA granted authorisation, in which you informed the FCA that your firm:

    a. had not signed with a custody provider and broker due to the long diligence process; and

    b. was not an operational business and was not generating revenue.

15. Relatedly, you also assert that the FCA has not taken a proportionate view on what a newly authorised firm could achieve in its first year when it had no business from which to generate income.

16. The FCA does not accept your position concerning how the first year of authorisation fees are calculated. It explained that the annual fee invoice is calculated from the estimated first year income figure (in your case £4.38 million) regardless of whether the firm is trading or not, and that you had in fact signed a declaration which includes confirmation that your firm will be billed regardless of whether it is trading or not. The FCA relies upon several sources of information to substantiate this, as set out in detail below.

The Application Form

17. First, the FCA's Decision Letter provides a screenshot of section 6 of the Application Form, which states, *"*[w]*hen reporting monetary fee tariff data, firms should provide a projected valuation covering the first 12 months from the date of authorisation measured according to the relevant tariff base(s)* [sic]*."*

18. The Application Form provides relevant guidance on the importance of this figure, stating the following:

    a. "*Take care to be as accurate as possible – **a poor estimate or forecast is unlikely to be grounds to revise fees at a later stage***" (emphasis added); and

b. "*…if the answer is 'nil' please write 'nil.'*"

19. The FCA screenshot of the completed Application Form demonstrates that the figure of £4.38 million has been entered.

The FCA Handbook

20. Secondly, the FCA relies upon the FCA Handbook, specifically the Fees Manual ("**FEES**") which states at FEES 4 Annex 11R that *"*[m]*inimum fees apply where relevant, but nil income reported after authorisation does not override the projections used for the current year."* This means that even if your firm reported an *actual* income figure of zero in its first year, this would <u>not</u> replace the estimated first year revenue figure which you provided.

The Firm's interaction with the FCA

21. Thirdly, regarding your contention that the FCA knew your firm was not operational and generating income, the FCA states in the Decision Letter that:

    a. "…*there is no note stating* [the firm] *would not be operational within the first year*"; and

    b. "*Whether this was mentioned or not, this wouldn't have changed the invoice calculation as the invoice is raised from section 6 of your authorisation form*."

22. On the first point raised, I am aware that the FCA has considered whether there is any evidence to support your assertion that you told the Authorisations officer/team that you would not be operational in the first year. Accordingly, the FCA has made enquiries which includes speaking to the Case Officer who handled the authorisation process. The FCA has found no evidence of discussions concerning either the estimated income, the fee, or that your firm would not be operational within the first year following authorisation.

23. On this point, I note your email of 6 June 2025 (paragraph 14 above); however, I have also seen that on 2 June 2025, before authorisation was granted, the Case Officer had informed you that your firm could be authorised before it was operational as long as the permissions granted were *"…used within a few months of the authorisation date (which your timescale suggests* [would] *be the case)."*

24. I consider that the 2 June 2025 FCA email provides useful context for the 6 June 2025 email that followed shortly thereafter. Although your email stated that your firm was not *currently* operational, I do not consider that this indicates that it would not be operational for the first year following authorisation, or that the FCA was granting authorisation in some way conditionally (for example, on the firm not being operational until a certain date, etc.).

25. Relatedly, the FCA states that if you had in fact suggested as part of the authorisation application that your firm would not be operational within the first year, the FCA would have refused the application on the basis that the firm "…*must be resourced and ready to operate from day one and using their permissions within the first year.*" In support of the point, the FCA refers to the power under section 55J Financial Services and Markets Act 2000 which allows the FCA to revoke a firm's permissions if it has not performed a regulated activity for a period of 12 months.

26. After reviewing all of the evidence, I have reached the conclusions set out below.

27. **The Estimated First Year Income Figure:** In its Decision Letter, the FCA made clear its position that the £4.38 million estimated annual income figure was a first-year projection. In addition:

    a. The Application Form requires an estimated income figure for the first year following authorisation, and in the event that no income would be generated by the applicant firm, the form clearly stated that a nil figure could be inputted.

    b. The evidence indicates that the FCA does not take a view on how much income a newly authorised firm with no business could generate in its first year, nor was this required. The FCA may envisage that a firm may only be trading for six months of the first year, but the income figure for the first year should still reflect the estimated income for the entire first year. The FCA specifically requests, and is entitled to rely upon, an applicant's estimate.

    c. For completeness, where the estimated income for your firm was entered in the authorisation application form as £4.38 million, I consider it would be unreasonable to expect the FCA to have proactively questioned whether your

firm would be operationally ready to use its permissions within the first year following authorisation.

d. Accordingly, the FCA was entitled to rely upon the estimated annual income figure when calculating the first-year tariff amount.

28. **Operational readiness:** The operational status of your firm post-authorisation would not have impacted the fee calculation because the invoice was raised from section 6 of the Authorisation Form. The FCA's authorisation application form describes the first-year projection figure as an "*estimate for the first year of authorisation*" and makes no reference to a firm being operationally ready to use its permissions upon authorisation.

29. I do not think it is unreasonable to assume that firms applying to the FCA for authorisation intend to become operational, and provide regulated services, shortly after they are authorised. Although the Case Officer's 2 June 2025 email demonstrates that the FCA did not expect firms to be operationally ready on the date of authorisation, it expected firms to use permissions *"within a few months of the authorisation date."* In the event that you had told the FCA that your firm would not be operationally ready to use its permissions within the first year, it is apparent that it would not have been authorised.

30. I have not seen evidence that you explicitly tried to delay the authorisation process for your firm until such time as it was operationally ready. If this had been the case, I am of the view that the FCA would almost certainly have advised you to withdraw your application and to reapply at a later date.

31. I consider that the FCA's authorisation process made it clear that your firm would be invoiced on the estimated income figure irrespective of whether it was trading or not. Accordingly, I am of the view that the FCA acted reasonably in issuing your firm with an annual fees invoice based on the estimated income figure of £4.38 million.

32. For the above reasons I do not uphold Element One of your complaint.

Additional points raised in response to the Preliminary Report: Element One

33. You have commented on the Preliminary Report by asking me to consider questions about the scope of permissions under I008/I009, CASS status, and

the custody/control model for your firm. These are new issues which were not raised in your complaint to the FCA and were not considered in the FCA's complaint decision. The Complaints Scheme provides that complaints should be considered by the FCA in the first instance. If you wish to pursue these new matters, you should therefore raise them with the FCA so that it has an opportunity to investigate and respond.

34. In any event, as explained in paragraph 3, the FCA has offered to recalculate the invoiced fee using a revised estimate of your firm's first-year income. I therefore do not consider it necessary to address whether the further matters you have raised would affect the calculation.

35. However, it may assist you to know that the FCA has confirmed that your firm should be classified under I009 and that this will be corrected in future invoices. This did not affect the amount invoiced for the first year, because the minimum fee under both I008 and I009 was £45. For subsequent years, the applicable rates are £0.251 per £1,000 of annual income under I008 and £0.203 per £1,000 under I009.

Element Two - The estimated income figure was inputted by the FCA, not by you.

36. After the FCA issued its Decision Letter, you wrote to the FCA to query who had inputted the first-year income projection. You asserted that it was in fact inputted by an FCA Case Officer from the Authorisations Team, which meant that it did not represent a *"…clean, self standing first-year tariff statement by the Firm."*

37. The FCA Complaints Team addressed this point in an email of 5 March 2026, in which the FCA requested any evidence in your possession which demonstrated that the figure that was entered in your authorisation form was different from the figure on the form submitted to the FCA (along with a *"…complete audit trail without redaction."*). You have not provided any evidence to the FCA or my office in support of your position.

38. You have commented on the Preliminary Report to assert that it is not proven that a Case Officer entered the first year income projection. Nevertheless, I consider that it is significantly more likely that you inputted the figure, rather than a Case Officer.

39. In the absence of supporting evidence, I am unable to make a finding that the figure was entered or amended by an FCA Case Officer.

40. Accordingly, I do not uphold Element Two of your complaint.

Element Three: There were several failings in the FCA's authorisation process concerning lost documentation and inaccurate record keeping, which necessitated escalation and senior oversight within the FCA.

41. You have raised several allegations with my office concerning the FCA's authorisation process, which you have not previously raised with the FCA. Under the Complaints Scheme, which applies to the regulators and my office, it is standard practice for the regulator to consider complaints in the first instance. However, to ensure that your complaint is investigated expeditiously, I have suggested that the FCA provide a response that can be considered in my report. Consequently, I have asked the FCA a number of questions based upon your complaint, to which the FCA has replied, and the conclusions below are based on the answers.

42. First, you assert that the first application for authorisation *"was rejected without proper explanation, discussion, call or meeting."* Having checked this with the FCA, it is apparent that in fact a letter was sent to you by the FCA, which:

    a. explained that your application omitted required documents and information;

    b. confirmed that your application was rejected;

    c. noted an unsuccessful attempt to discuss this decision with you by way of a telephone discussion, but explained that a written rejection letter was sent so as not to delay the matter[1]; and

    d. explained that you could resubmit an application including the required information.

43. Secondly, you have suggested that:

[1] I note that, during a telephone call with you on 24 September 2024, the FCA later apologised for not making more attempts to call you before issuing this letter.

a. you asked that a manager be involved in your second application and that *"senior FCA personnel"* accepted that the initial authorisation application refusal had been handled incorrectly; and

b. that you had to resend documents to the FCA because the Case Officer indicated they could not locate the ones which you had previously submitted.

44. Although the FCA did involve a senior manager, it does not accept the view that the involvement of a manager in your second application demonstrates that it accepted that the Case Officer had mishandled the original application. The FCA states that escalation *"… appears to have been a request for additional oversight rather than evidence that senior FCA staff had accepted that the original rejection had been mishandled."* The FCA suggests that this was *"a proportionate step intended to support progress of the application"*. I have not seen any evidence that supports the view that the FCA accepted the initial rejection had been handled incorrectly.

45. Thirdly, you have suggested that the FCA lost information or documentation on a number of occasions. I have reviewed the evidence and considered these below, in date order:

a. The FCA held a call with you on 29 September 2024 and discussed the need for further documents to support your application. In my view, this suggests that you had not provided sufficient information (rather than the FCA had lost your documents).

b. You point to an email which you sent to the FCA on 16 September 2024 and assert that it shows that the FCA was asking for documents you had previously submitted; however, you have provided an extract rather than the full email. The FCA has stated that it has no record of this email, and in its absence, I cannot properly consider its content and context.

c. You refer to a 20 December 2024 email, in which the Case Officer recorded that he could not locate an SMF approval or the IT assessment material. The FCA has considered this and confirmed that:

i. your SMF application was still missing information, including the Statement of Responsibilities, which led to the Case Officer requesting more detail and documents; and

ii. the IT assessment form was blank and needed completing.

d. You refer to a 13 January 2025 email and assert that the Case Officer told you that there were issues with the FCA portal and they could not locate a document. The FCA has checked its records and confirmed that the Case Officer informed you that your application was still being assessed. However, it did not locate any record to show that it had asked you to provide a document.

e. You note that on 16 January 2025 you asked for your application to be escalated to a manager, to which the FCA agreed, and that this shows your concerns about the authorisation process. The email which you refer to dates from September 2024 and has been covered in the paragraphs above.

f. You suggest that in an email on 2 June 2025, the Case Officer: (i) was pressuring you to continue with the authorisation process; and (ii) could not find evidence of your firm's capital on file. The FCA does not agree, and suggests that on the same day:

i. it told you, *"…from a regulatory standpoint we are always keen to authorise shortly after making our determination"*; and

ii. you had not provided any evidence of your firm's capital, and that this was why the Case Officer requested evidence to enable your authorisation assessment to progress.

I do not consider that there is evidence to support the assertion that the FCA pressured you to progress your authorisation application, nor that it had mislaid information which you had already provided. In further support of the point about evidence of your firm's capital, the FCA notes that, at a later date (on 12 June 2025), you reported that your firm was waiting for funds to enter its account.

g. You have also suggested that on 25 June 2025, the Case Officer acknowledged that your application had the wrong firm name, and that they apologised and corrected the name. You assert that this is evidence that the FCA maintained inaccurate records. The FCA has advised that it originally recorded the firm name which you had given in your application, but that when you flagged the error, the Case Officer apologised and corrected the name. The FCA holds that there is no basis to believe that a discrepancy in firm name impacted your application.

46. The FCA's position is that it does not uphold your complaint. I maintain that it has not identified evidence that its handling of the authorisation process was undermined by record inaccuracies, inappropriate escalation, or any failure in document retention that materially affected the progression or outcome of the application.

47. The FCA says *"The case records show that the case officer repeatedly identified missing, inconsistent or incomplete information, both at the point of the initial rejection and during the later processing of the application, including core application documentation. Where the Firm refers to missing or unrecorded communications, I have not identified evidence that any absence from the case file materially affected the integrity of the assessment, the tariff input relied upon, or the outcome of the application. The involvement of a manager followed the Firm's request for escalation and was a proportionate oversight step to support progression of the application, it does not, on the evidence available, demonstrate that the case officer had previously mishandled the application. Similarly, the issue relating to the Firm's name reflected the information submitted within the application itself and was corrected promptly once the discrepancy was identified. In these circumstances, I am satisfied that the FCA acted reasonably and proportionately in progressing the application, and I have not identified evidence that the application was affected by maladministration, unfairness, inadequate investigation or the use of an incorrect tariff input."*

48. I do not accept that your characterisation of the events which you rely upon in support of your complaint, that the FCA has mishandled your application for authorisation, is supported by the evidence. While there was a degree of correspondence between you and the FCA during the application process, I do

not consider this to be unusual in the context of an authorisation application. I acknowledge the administrative error relating to the firm's name. However, this was corrected promptly once identified and there is no evidence that it affected either the assessment or outcome of your application.

49. Similarly, in relation to the email of 16 September 2025, even assuming in your favour that the FCA requested information which had already been provided, I have seen no evidence that this had any material impact on the consideration of your application. In my view, these matters amount, at most, to isolated administrative errors and do not demonstrate that the authorisation process as a whole was mishandled.

50. For the reasons above, I consider that the FCA handled your application for authorisation reasonably, and I do not uphold Element Three of your complaint.

Additional points raised in response to the Preliminary Report: Element Three

51. In response to the Preliminary Report, you have confirmed that you do not challenge the validity of the authorisation. However, you argue that Element Three should be ‘partially upheld’ because the acknowledged mistakes should be recognised and their effect on the tariff complaint assessed. You also request disclosure of the FCA’s material so that you can respond further.

52. I do not accept that the issues identified in the authorisation process affected the estimate of first-year income that you provided. In my view, these types of minor issues are not uncommon, nor unreasonable, in a complex process and they were promptly remedied. Consequently, they do not amount to a mishandling of your application.

53. In any event, as explained in paragraph 3, the FCA has offered to reconsider the invoiced fee on the basis of a new estimate of first-year income. In light of that offer, I do not consider it necessary to address your further comments in detail. This should not be taken as acceptance of those comments or as altering my finding on Element Three.

54. You also ask me to recommend that the FCA cancel any fees for late filings and any other administrative fees, and that it delays any action to collect the unpaid annual fees for 90 days after the Final Report is issued. Given the FCA’s offer to recalculate the invoiced fee, and as it is best placed to identify the nature and

status of any other fees or charges and decide how they should be treated, I consider that these requests should be addressed directly to the FCA rather than by my office. As explained above, the FCA will write to you about its offer. Once you have received that correspondence and engaged with the offer, you should raise these requests directly with the FCA.

55. Finally, with regard to the authorisation process, you have also asked me to recommend that the FCA issue a written apology and that it make certain process improvements. I consider that the apology which the FCA has already made is sufficient. Given that the issues identified were of limited significance and corrected promptly where necessary, I do not consider it proportionate to recommend wider process improvements.

Complaints Commissioner

17 September 2026