

15 December 2021

Final report by the Complaints Commissioner**Complaint number FCA001446***The complaint*

1. On 7 October 2021 you asked me to investigate a complaint about the FCA.

What the complaint is about

2. The FCA summarised your complaint as follows:

My understanding of your complaint is that you are unhappy with the increase in fees and would like the FCA to reverse their decision to increase fees.

You have explained that the change in rules that made it mandatory for your firm to have FCA authorisation has been of inconvenience. You state that the maximum you've ever paid for limited authorisation is £160, which has now almost doubled. You have explained that "at a time where businesses have been put under massive pressure with a global pandemic" you feel this is "unacceptable" and "unwise".

You have explained that if the FCA does not reverse its decision you will be speaking to your MP and asking her to raise the issue in PMQ's.

What the regulator decided

3. The FCA did not uphold your complaint, it advised you:

Paragraph 3.4(c) of the Scheme explains that this type of complaint is excluded from the Scheme. This is because your complaint relates to the performance of the regulators' legislative functions as defined in the Financial Services Act 2012 (including making rules and issuing codes and general guidance).

Although I have not investigated your complaint formally under the Scheme, I have liaised with the area of the FCA most closely

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connected to your complaint in order to provide you with a response to the matters raised.

The FCA is funded entirely through fees from the firms it regulates and receives no government grants or other subsidies. We set fees to recover costs and not to influence policy.

The minimum fees for consumer credit activities have fallen behind our other minimum fees and so the shortfall is being picked up by other firms. That is why, as we explained in our April 2021 Consultation Paper, we have started to realign them with the fees paid by other firms in the 'A' fee blocks¹.

Our aim is to merge consumer credit with the minimum fee for 'A' blocks so that firms which have additional credit-related permissions, including IFAs, pay only one minimum fee. The consumer credit revenue was originally kept separate to target recovery of the costs of setting up the consumer credit regulatory regime when it was transferred to the FCA in 2014. Those costs have now been recovered and so there is no longer a need to maintain the distinction.

Why you are unhappy with the regulator's decision

4. You have told me that:

The FCA changed the rules some time ago, forcing us into the position of having to have limited permission, paying around £160 per year for authorisation. Every year, it's a nil return as we do not make commission on our leases, we don't even do a lot of leases, they have zero work to do for their £160.

With the Pandemic the amount of work was actually zero, as we had zero leases to put through, yet the FCA think that its right and fair to almost double the fees we pay to them, at £305 this year.

It's completely wrong. A more suspicious individual would see the change in the rules as a way of bringing in more money in the first place. An

unnecessary change, just to rip small businesses off. Now they've managed to get their change in the rules ratified, they think they are free to charge what they like and its unacceptable, especially at a time when small businesses are on the brink of closure due to the pandemic.

I need this raised as a complaint, I want this fees decision reversed.

My analysis

5. The FCA was right to say your complaint was excluded and would not be investigated under the Scheme. Although the FCA excluded your complaint, there may be a debate to be had about the merits of the FCA's approach to fees, as such I said in my preliminary report you may wish to approach your MP about this matter. You have confirmed in your response to my preliminary report your MP has already raised this with the FCA.

My decision

6. I realise you may be disappointed with my decision but for the reasons outlined above I am unable to uphold your complaint.

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Complaints Commissioner

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