

16 February 2022

**Final report by the Complaints Commissioner****Complaint number FCA001516***The complaint*

1. On 30 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 to your annual fee. You say that the FCA's fee for this year has increased from approximately £100 to in excess of £800. You say that the only reason you have this permission is to help a few of your long standing customers. You say that the fee is ridiculous and that a mistake must have been made.

*What the regulator decided*

3. The FCA excluded your complaint, they 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 connected to your complaint in order to provide you with a response to the matters raised.

I have checked with Revenue and I can confirm that your fee is accurate and that you have not been incorrectly invoiced. I understand that your fee has increased from £318 to £750.

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 blocks.<sup>1</sup> 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 asked me to review the FCA's decision.

*My analysis*

5. You made a complaint to the FCA regarding the increase in your annual fee. Whilst you accept the reasons the FCA provided for increasing the fees, you are unhappy at having the minimum fee set so high for every single firm. You have told me:

This does not align with one of their three aims of the FCA. It does not promote a competitive market for consumers.

All I want is an explanation of how increasing minimum fees will promote effective competition for all consumers.

6. I can sympathise with your situation, however your complaint about your annual fee does relate to the FCA's legislative functions, so the information the FCA Complaints Investigator gave you was correct. Your complaint about this fee falls outside the Complaints Scheme and for those reasons I am unable to investigate this matter for you.
7. Although the FCA excluded your complaint, I am pleased it provided you with information as to why there has been an increase in your fee.
8. Although the FCA excluded your complaint, there may be a debate to be had about the merits of the FCA's approach to fees, I would suggest you may want to contact your MP about this matter, however I can see from the correspondence you have sent me you already have.

*My decision*

9. For the reasons set out above, I consider your complaint excluded from the Scheme.

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Complaints Commissioner

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