



Financial Services (Banking Reform) Act 2013

2013 CHAPTER 33

PART 7

MISCELLANEOUS

Claims management services

139 Power to impose penalties on persons providing claims management services

- (1) The Schedule to the Compensation Act 2006 (claims management regulations) is amended as follows.
- (2) In paragraph 8 (rules about conduct of authorised persons), in sub-paragraph (2)(b), after sub-paragraph (i) insert—
 - “(ia) provision enabling the Regulator to require an authorised person to pay a penalty;”.
- (3) In paragraph 9 (codes of practice about conduct of authorised persons), in sub-paragraph (2)(b), after sub-paragraph (i) insert—
 - “(ia) enable the Regulator to require an authorised person to pay a penalty;”.
- (4) In paragraph 10 (complaints about conduct of authorised persons), after sub-paragraph (2) insert—
 - “(3) Regulations under sub-paragraph (1) may enable the Regulator to require an authorised person to pay a penalty.”
- (5) In paragraph 11 (requirement to have indemnity insurance), in sub-paragraph (2)(b), after “Regulator” insert “to require the payment of a penalty by an authorised person or”.

- (6) In paragraph 14 (enforcement), in sub-paragraph (4), for the words from “impose” to “authorisation” substitute “require an authorised person to pay a penalty, or to impose conditions on, suspend or cancel a person’s authorisation.”.
- (7) After paragraph 15 insert—

“Penalties: supplementary provision

- 16 (1) This paragraph applies in any case where regulations include provision enabling the Regulator to require an authorised person to pay a penalty.
- (2) The regulations—
- (a) shall include provision about how the Regulator is to determine the amount of a penalty, and
 - (b) may, in particular, include provision specifying a minimum or maximum amount.
- (3) The regulations—
- (a) shall provide for income from penalties imposed by the Regulator to be paid into the Consolidated Fund, but
 - (b) may provide that such income is to be paid into the Consolidated Fund after the deduction of costs incurred by the Regulator in collecting, or enforcing the payment of, such penalties.
- (4) The regulations may also include, in particular—
- (a) provision for a penalty imposed by the Regulator to be enforced as a debt;
 - (b) provision specifying conditions that must be met before any action to enforce a penalty may be taken.”
- (8) In section 13 of the Compensation Act 2006 (appeals and references to Tribunal)—
- (a) in subsection (1), omit the “or” at the end of paragraph (d) and after paragraph (e) insert “, or
(f) imposes a penalty on the person.”;
 - (b) after subsection (1) insert—

“(1A) A person who is appealing to the Tribunal against a decision to impose a penalty may appeal against—

 - (a) the imposition of the penalty,
 - (b) the amount of the penalty, or
 - (c) any date by which the penalty, or any part of it, is required to be paid.”;
 - (c) in subsection (3), after paragraph (d) insert—

“(da) may require a person to pay a penalty (which may be of a different amount from that of any penalty imposed by the Regulator);

(db) may vary any date by which a penalty, or any part of a penalty, is required to be paid;”.

140 Recovery of expenditure incurred by Office for Legal Complaints

- (1) The Schedule to the Compensation Act 2006 (claims management regulations) is amended as set out in subsections (2) and (3).
- (2) The provision in paragraph 7 becomes sub-paragraph (1) of that paragraph.
- (3) In paragraph 7, after sub-paragraph (1) insert—
 - “(2) The fees that may be charged by the Regulator by virtue of sub-paragraph (1) include fees in respect of costs incurred by the Regulator for the purposes of meeting any leviable OLC expenditure.”
- (4) The Legal Services Act 2007 is amended as set out in subsections (5) and (6).
- (5) After section 174 insert—

“OLC expenditure relating to claims management services

174A OLC expenditure relating to claims management services

- (1) This section has effect at any time when no person is designated under section 5(1) of the Compensation Act 2006 (the Regulator in relation to claims management services).
- (2) In determining the leviable OLC expenditure for the purposes of section 173, any expenditure incurred, or income received, by the OLC in connection with the exercise of its functions in relation to claims management services is to be disregarded.
- (3) The Lord Chancellor may by regulations charge periodic fees for authorised persons for the purposes of meeting any costs incurred by the Lord Chancellor in respect of relevant OLC expenditure.
- (4) “Relevant OLC expenditure” means the difference between—
 - (a) any expenditure of the OLC incurred in connection with the exercise of its functions in relation to claims management services, and
 - (b) the aggregate of the amounts which the OLC pays into the Consolidated Fund under section 175(1)(g), (h) or (n), so far as relating to the exercise of its functions in relation to such services.
- (5) Regulations made under subsection (3) may, in particular—
 - (a) permit the charging of different fees for different cases or circumstances (which may, in particular, be defined wholly or partly by reference to turnover or other criteria relating to an authorised person’s business);
 - (b) enable the person exercising functions of the Regulator under section 5(9) of the Compensation Act 2006 to collect fees on behalf of the Lord Chancellor;
 - (c) specify the consequences of failure to pay fees (which may include anything which could be specified in regulations under section 9 of that Act as a consequence of a failure to pay fees charged under those regulations).

Status: This is the original version (as it was originally enacted).

- (6) In this section “authorised person” and “claims management services” have the same meaning as in Part 2 of the Compensation Act 2006 (see section 4 of that Act).”
- (6) In section 206 (Parliamentary control of orders and regulations), in subsection (4), after paragraph (o) insert—
- “(oa) section 174A(3) (power to charge fees on persons providing claims management services);”.