

The CMC Policy Team  
Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN



21 April 2021

Dear CMC Policy Team,

### **CP21/1: RESTRICTING CMC CHARGES FOR FINANCIAL SERVICES AND PRODUCTS CLAIMS**

The Panel is supportive of the FCA's proactive supervisory strategy to improve the quality of CMC services, as set out in the portfolio letter published in October 2020 and the further proposals set out in this consultation. We believe this is a sector which merits regulatory attention. Bearing this in mind, we urge the FCA to work closely with the Solicitors' Regulatory Authority (SRA) to ensure consistency of approach for firms which fall under their jurisdiction. For example, we estimate that around half the firms pursuing claims in the motor finance industry are legal firms, and therefore do not fall under the remit of the FCA. We note that the SRA is carrying out a duty equivalent to the FCA, requiring it to make rules with a view to protecting consumers from excessive CMC fees.

We believe it is especially important that the FCA's interventions remove incentives for firms to flood the system and therefore we support the introduction of a price cap which aims to make it unprofitable for firms to make many unmeritorious claims.

In addition, we believe that firms should require customers specifically to attest to which firms their claims relate. This would prevent CMCs sending complaints to other firms, about which the customer has no wish to complain – it is currently common practice for CMCs to send claims in bulk to dozens of lenders which were not originally named by the customer.

In response specifically to question 1, '*Do you agree with the design of the proposed cap?*', our view is that if a customer cancels following the cooling-off period we recommend that a cap of around £30 on charges to cover administrative costs more fairly reflects the costs incurred than a percentage amount.

In addition, we consider that charges for estimated future costs are wholly inappropriate and should be prohibited. For balance adjustments any charge should be at a separate rate and lower than the original charge.

We would be happy to discuss any of these points further.

Yours sincerely,

Marlene Shiels  
*Chair, FCA Smaller Business Practitioner Panel*