

FINANCIAL SERVICES (BANKING REFORM) ACT 2013

EXPLANATORY NOTES

COMMENTARY

Part 7 – Miscellaneous

Claims Management Services

Section 140: Recovery of expenditure incurred by Office for Legal Complaints

338. *Section 140* relates to the provisions in section 161 of the Legal Services Act 2007 that give the Office for Legal Complaints jurisdiction over complaints about claims management services. Persons providing such services are regulated by the Claims Management Regulator under the Compensation Act 2006. *Subsections (1) to (3)* amend paragraph 7 of the Schedule to the Compensation Act 2006 to make it clear that the Claims Management Regulator may charge fees in respect of the costs the Claims Management Regulator incurs in meeting the costs of the Office for Legal Complaints in dealing with complaints about claims management services.
339. *Subsection (5)* inserts in the Legal Services Act 2007 a new section 174A which is to have effect at any time when no one is designated as the Claims Management Regulator. Section 5(9) of the Compensation Act 2006 provides that, when (as is the case at the end of 2013) no person is designated as the regulator the Secretary of State is to act as the Regulator. New section 174A(2) ensures that there is no cross-subsidisation by the legal profession of the costs incurred and income received by the Office for Legal Complaints in handling complaints about claims management services. It does this by providing that the costs incurred and income received by the Office for Legal Complaints in connection with the exercise of its functions in relation to complaints about claims management services is to be disregarded from the calculation of the expenditure of the Office for Legal Complaints that can be levied against the regulators of the legal profession.
340. New section 174A(3) enables the Lord Chancellor to make regulations charging fees for those providing regulated claims management services for the purpose of meeting the costs the Lord Chancellor incurs in respect of the expenditure of the Office for Legal Complaints related to claims management services.
341. New section 174A(5) provides that the regulations made by the Lord Chancellor under section 174A(3) may include, amongst other things, provision about how the fees are to be calculated and collected and provision specifying the consequences of failure to pay the fees.
342. *Subsection (6)* makes the regulations made by the Lord Chancellor under section 174A(3) subject to the affirmative procedure.