

News

New rules on fees in financial mis-selling work

04 July 2024

Our new rules that will restrict excessive fee-charging when firms make compensation claims for mis-sold financial products come into effect on 26 July.

We have an obligation under the Financial Guidance and Claims Act 2018 to make rules that prevent excessive fees being charged for claims management activities connected to financial products or services. We published a [discussion paper](https://jobs.sra.org.uk/sra/consultations/discussion-papers/restricting-fees-for-some-claims-management-services/) [https://jobs.sra.org.uk/sra/consultations/discussion-papers/restricting-fees-for-some-claims-management-services/] in 2021, which set out our proposed approach, which was to closely align any new rules to those of the Financial Conduct Authority (FCA), which regulates the vast majority of this sector.

Once the FCA approved their rules, we [consulted](https://jobs.sra.org.uk/sra/consultations/consultation-listing/excessive-charges-financial-claims/?s=0) [https://jobs.sra.org.uk/sra/consultations/consultation-listing/excessive-charges-financial-claims/?s=0] on our new rules last spring, as well as meeting with stakeholders in this area, such as claimant firms representatives and consumer groups.

The rules were approved by the Legal Services Board last month and will become part of our Standards and Regulations in three weeks.

If your firm represents clients during financial service claims, then from 26 July there are maximum charges in place for claim representation progressed through financial service redress schemes.

We will be publishing guidance in due course to explain how there are some circumstances where reasonable charges may be made and how firms can also apply to us to request approval for such charges.

We will update our website with the new rules and supporting guidance when they go live at the end of July. Copies of these updated [rules](https://legalservicesboard.org.uk/wp-content/uploads/2024/05/Annex-1-rules-accessibility-checked.pdf) [https://legalservicesboard.org.uk/wp-content/uploads/2024/05/Annex-1-rules-accessibility-checked.pdf] and [guidance](https://legalservicesboard.org.uk/wp-content/uploads/2024/05/Annex-4-draft-guidance-accessibility-checked.pdf) [https://legalservicesboard.org.uk/wp-content/uploads/2024/05/Annex-4-draft-guidance-accessibility-checked.pdf] are available now on the LSB website.