

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CLAIMS
MANAGEMENT REGULATOR AND THE FINANCIAL
OMBUDSMAN SERVICE**

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MEMORANDUM OF UNDERSTANDING BETWEEN THE CLAIMS MANAGEMENT REGULATOR AND THE FINANCIAL OMBUDSMAN SERVICE

1. Introduction

1.1 The purpose of this memorandum of understanding (MOU) is to record a mutual understanding of common interest between the Financial Ombudsman Service Limited (the ombudsman service), and the Claims Management Regulator (CMR), currently part of the Ministry of Justice.

1.2 The ombudsman service and the CMR agree that this MOU is to be construed as a statement of intention only and neither the ombudsman service nor the CMR intend this MOU to be legally binding.

2. Statement of intent

2.1 To provide a framework for the relationship between the ombudsman service and the CMR that will lead to a constructive exchange of information and consideration of the impact of claims management businesses on the ombudsman service's work. This will assist the CMR in carrying out its duties in enforcing legislation and rules in the claims management sector and the ombudsman service in resolving disputes between financial businesses and consumers within its jurisdiction.

3. The role of the CMR

3.1 The CMR is responsible for the regulatory regime for claims management activities under Part 2 of the Compensation Act 2006 ("the Act"). The CMR's statutory powers in respect of claims management regulation derive from the Act, and its enforcement and enquiry powers are identified within the following sources:

- Enforcement provisions under the Act, Regulations and Rules.
- The application form for authorisation under the Act, which includes a declaration, signed by the applicant, worded as follows:-

"I authorise the MOJ to make such enquiries and to seek further information as it thinks appropriate to verify the information on this form and third parties to provide private data in response to such enquiries."

- The Conduct of Authorised Persons Rules, which require authorised businesses to respond to reasonable requests for information by the regulator.

3.2 The CMR Enforcement Policy is published on the Claims Management Regulation website at www.claimsregulation.gov.uk.

4. The role of the ombudsman service

4.1 The main role of the ombudsman service is to operate a scheme to resolve disputes, as an alternative to the civil courts, under the Financial Services and Markets Act 2000 as amended (in relation to dispute-resolution) by the Consumer Credit Act 2006. The scheme's statutory objectives are to resolve disputes quickly and with

minimum formality on the basis of what is fair and reasonable in all the circumstances of the case.

4.2 The scheme has three jurisdictions – the compulsory jurisdiction, the consumer credit jurisdiction and the voluntary jurisdiction. Whilst complaints are referred to the ombudsman service from third party complaints handlers such as claims management businesses acting on behalf of eligible complainants, the ombudsman service cannot deal with complaints made about the claims management businesses themselves.

5. Claims Management Regulator and the ombudsman service information needs

5.1 The CMR and the ombudsman service will cooperate over an exchange of information about a claims management business which concerns potential breaches of conditions of authorisation (rule breaches). Both the CMR and the ombudsman service recognise that such an exchange will benefit both parties.

5.2 The CMR acknowledges the need for information on breaches of legislation and rules by claims management businesses. It also acknowledges the need for knowledge of information relating to any changes in the way in which claims management businesses are operating.

6. Information to be exchanged

6.1 Subject to legal constraints, the CMR agrees:

- to provide the ombudsman service with information as requested on claims management businesses and regulation, and actual and contemplated regulatory action that directly concerns the ombudsman service's operations;
- to provide the ombudsman service with information about matters of general principle or importance arising out of the exercise of its regulatory function under the Act;
- to provide the ombudsman service with information about any proposed changes to rules on CMCs when it is relevant to the ombudsman services' functions.

6.2 Subject to legal constraints, the ombudsman service agrees:

- to provide the CMR with high-level information about the number and nature of complaints relating to CMCs and any discernible trends they indicate about CMCs' conduct. If consumers raise with the ombudsman service issues relevant to the CMR, the ombudsman service will usually provide the CMR's website and/or contact details to those consumers so they can themselves directly contact the CMR;
- to provide the CMR with information if it discovers evidence of a serious breach of relevant legislation and/or rules by an individual claims management business, including potentially inappropriate behaviour and poor levels of service;
- to provide the CMR with information about an individual claims management business at its request to assist in the investigating of breaches of the Act;
- to assist the CMR by participating in its Regulatory Consultative Group.

6.3 In relation any unpublished information specific to an individual or business, and subject to its obligations under the Freedom of Information Act, the CMR agrees it will confer with the ombudsman service before responding to a freedom-of-information request that is likely to be relevant to the ombudsman service.

6.4 Information exchanged between the CMR and the ombudsman service will be lawfully disclosed as far as relevant and necessary and used only for their own statutory purposes.

7. Contact points

7.1 The contact point within the ombudsman service for the purposes of this MOU is Debbie Enever, Policy Manager, Financial Ombudsman Service, 183 Marsh Wall, London E14 9SR, telephone 020 3222 9522.

7.2 The contact point within the CMR for the purposes of this MOU is Jan Farenden, Deputy Head of Claims Management Regulation, Ministry of Justice, 4th floor, 102 Petty France, London, SW1H 9AJ, telephone 020 3334 4267.

8. Other assistance

8.1 The contact points within the ombudsman service and the CMR agree to meet at regular intervals to discuss activity in general and provide updates on matters of mutual interest.

9. Review, retention and disposal

9.1 This Agreement will be reviewed annually by both parties.

9.2 Any proposed amendments to the Agreement must be agreed in writing by both Parties.

9.3 Information must not be retained for longer than is necessary for the purpose for which it has been disclosed.

9.4 Information will be disposed of/deleted securely in line with each Party's respective record management procedures.

9.5 Where data is deleted, a permanent record of the Parties' reference for the data must still be retained. This is to ensure an audit trail of transferred data is maintained even after the data itself is destroyed.

9.6 Each party shall bear its own expenses and costs for all negotiations and activities relating to this MOU.

10. Signatories

Authorised Signature



Print Name and Title: Kevin Rousell, Head of Claims Management Regulation

Date: 18 March 2011

Authorised Signature



Print Name and Title: Tony Boorman, Principal Ombudsman and Decisions Director

Date: 18 March 2011