

Range of qualifying measures and guidance introduced by the Claims Management Regulation Unit since May 2015

Claims Management Regulator

RPC rating: **validated**

Description of proposal

The Claims Management Regulation Unit (CMRU)'s assessment covers five measures introduced between July 2015 and November 2016. The measures are:

- A new guidance aimed at businesses that provide claims services for mis-sold packaged bank accounts.
- An update to guidance for businesses that contract customers over the telephone.
- Updated marketing guidance.
- Guidance to businesses regulated by the Bankers Association and the Professional Financial Claims Association.
- Guidance for holiday sickness claims.

Impacts of proposal

The CMRU provided a separate calculator of the impacts on business. The costs are monetised for each item/piece of guidance in the table below.

CMRU special bulletin on packaged bank accounts	Total
Benefit- saved costs from rejected submissions	-£298,460
Familiarisation costs	£19,750
Staff training costs	£205,400
Systems changes/policies/procedures	£158,000
Benefit - saved costs from unnecessary DSARs	-£29,200
Benefit - fewer unsuccessful claims submitted	-£1,173,418
Total	-£1,117,928

Customer info, contracts and signatures	Total
Benefit - saved work on clients that would cancel in the 14-day cooling-off period	£800,000
Cost of lost business	£14,132,861
Familiarisation costs	£19,750
Total	£14,952,611

Marketing guidance	Total
Familiarisation with re-written guidance	£300,000
Total	£300,000

Businesses regulated by the Bankers Association	Total
Familiarisation costs	£19,750
Staff training	£205,400
Benefit - fewer applications rejected	£5,124,320
Total	£5,349,470

Holiday sickness	Total
Familiarisation costs of compliance	£15,200
Changes to websites, cost of notifying CMRU	£15,200
Total	£30,400

Quantifying/Monetising qualifying regulatory provisions to calculate the equivalent annual net direct cost to business (EANDCB)

Proposed/New Regulatory Activity	Price base year	Implementation date	Duration of Policy (years)	Net Present Value Including workings	New cost to business (EANDCB)	Bit Score
CMR Special Bulletin on packaged bank accounts	2017	03/07/2015	3	3.91	-1.31	-3.9
Customer information, contracts and signatures	2015	04/02/2016	3	-38.71	12.86	38.7
New marketing and advertising guidance for CMCs	2016	14/03/2016	3	-0.30	0.10	0.3
Letters of authority to handle Payment Protection Insurance cases	2016	29/07/2016	3	14.60	-4.80	-14.4
Holiday Sickness Claims	2017	21/11/2016	3	-0.09	0.03	0
TOTAL	2016	n/a	3	-20.59	6.9	20.7

Quality of submission

The regulator has provided a detailed narrative analysis of the expected impacts and business impact target (BIT) calculators, and a clearly tabulated summary of the final results of the calculations. It has provided clear explanations of how it has calculated the totals used within the BIT calculators and provided evidence in support of the underlying assumptions. The regulator submitted the five measures in a summary document that was proportionate for the size of the measures.

Issues addressed following the RPC's initial review

The IA now provides sufficient explanation of how the figures used in the calculation of the EANDCB were derived. The CMRU provided clear and transparent EANDCB calculations, proportionate to the relatively substantial costs and benefits described. It also provides clear descriptions of the evidence underpinning its assumptions.

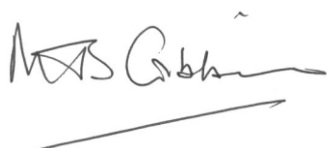
Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net cost to business (EANDCB)	CMRU special bulletin on packaged bank accounts = £-1.31 million Customer information, contracts and signatures = £12.86 million New marketing and advertising guidance for claims management companies (CMCs) = £0.1 million Businesses regulated by the Bankers Association = £-4.8 million Holiday sickness claims = £0.3 million Total = £6.9 million
Business net present value	CMRU special bulletin on packaged bank accounts = £3.91million Customer information, contracts and signatures = £-38.7 million New marketing and advertising guidance for CMCs = £-0.3 million Businesses regulated by the Bankers Association = £14.6 million Holiday sickness claims = £-0.9 million

	Total = £-20.59 million
Societal net present value	£0 million

RPC assessment¹

Classification	Qualifying regulatory provision
EANDCB – RPC validated	CMRU special bulletin on packaged bank accounts = £-1.31 million Customer information, contracts and signatures = £12.86 million New marketing and advertising guidance for CMCs = £0.1 million Businesses regulated by the Bankers Association = £-4.8 million Holiday sickness claims = £0.3 million Total = £6.9 million
Business impact target score	CMRU special bulletin on packaged bank accounts = £-3.9 million Customer information, contracts and signatures = £38.7 million New marketing and advertising guidance for CMCs = £0.3 million Businesses regulated by the Bankers Association = £-14.4 million Holiday sickness claims = £0 million Total = £20.7 million
Small and micro business assessment	Not required
RPC rating of initial submission	Not fit for purpose



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.