



*Association of Mortgage Intermediaries' response to FCA CP17/12
FCA regulated fees and levies: rates proposals 2017/18*

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI). AMI is the trade association representing over 80% of UK mortgage intermediaries.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. Our members also provide access to associated protection products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage and insurance mediation activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

Response

We are concerned with the lack of transparency around the FCA's operating costs. The business plan sets out an additional £24.4m of "professional fees" in 2017/18, but with no explanation. Similarly an extra £22.5m of "sundry income" is budgeted for but with no detail on what this refers to. Given the significant differences in last year's budget we would welcome clarification of these costs and income. We anticipate that these are one-off disbursements that are offset against the income, however if this is not the case and the costs are recurring we would also expect a full consultation.

Questions

Q1. Do you have any comments on the proposed FCA 2017/18 minimum fees and variable periodic fee rates for authorised firms?

We accept the need to increase the minimum fee for 2017/18 to reflect the inflationary increase in operating costs. We understand the proposal to link future minimum fee increases in the same way, so that changes in fees are proportionate across fee-payers. We are however mindful that whilst this year's costs have increased with inflation at 1%, we have seen increases to operating costs of 6% and 5% over the two previous years. The minimum fee increased by 8.4% in 2015/16.

We would note that small intermediary firms, particularly those in our sector, do not pay the "minimum fee" as the consumer credit fee is unjustly charged as an addition, even though firms should not be required to hold this separate permission for activities that are part of intermediation. So any increases to the consumer credit minimum fee are also particularly felt by small firms.

Q2. Do you have any comments on the proposed FCA 2017/18 minimum fees and periodic fee rates for fee payers other than authorised firms?

No.

Q3. Do you have any comments on the proposed adoption of the allocation by exception approach as our allocation policy from 2018/19 (and for the foreseeable future) and that 2013/14 is the baseline?

We agree.

Q4. Do you have any comments on the proposed 2017/18 ring-fencing implementation fee?

No.

Q5. Do you have any comments on our application fees proposals arising out of PSD2?

No.

Q6. Do you have any comments on the proposed method of calculating the tariff rates for firms in each fee block towards the CJ levy and our proposals for how the overall CJ levy should be apportioned?

No.

Q7. Do you have any comments on the proposed Money Advice Service consumer credit levies for 2017/18 set out in table 12.1?

No.

Q8. Do you have any comments on the proposed 2017/18 Money Advice Service levy rates for money advice?

We would like to see the closure of MAS expedited. Mortgage and advice firms need to see these costs eradicated as it has been acknowledged that the mortgage and advice sectors are already well catered for by other firms and activities.

Q9. Do you have any comments on the proposed 2017/18 Money Advice Service levy rates for debt advice?

No.

Q10. Do you have any comments on the proposed 2017/18 pensions guidance levy (PGL) rates?

No.

Q11. Do you have any comments on the proposed 2017/18 pensions guidance providers' (PGPL) levy rates?

No.

Q12. Do you have any comments on the proposed 2017/18 illegal money lending (IML) variable levy rate?

No.