



To

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Response from **Amicus the Union** on the Compensation Act - Regulation of Claims Management Services - Consultation on Application Form and Fees for Applicants.

Responses to both sought by 18 September 2006

**Amicus is the UK's second largest trade union, with a greater number of members in the private sector than any other union and it is the fastest growing in the public sector. Now with 1.2 million members, Amicus has members in a range of industries including financial services, manufacturing, print, media, the voluntary and not for profit sectors, local government and NHS health professionals.**

### **The Union Legal Service**

Amicus members, in common with many other citizens have a need for legal services. Trade Unions are in a unique position to provide advice and assistance particularly in the field of employment law. Indeed the right of members to benefit from the protection the Union can provide is a fundamental human right.

Amicus members in common with the vast majority of other union members in the UK are also provided with advice and assistance in relation to any personal injury claim, whether at work or otherwise and at no cost to the member. This support is also available to the member's family.

The Union also provides a free legal advice service and free wills. There is also a conveyancing and probate service, which is the only part of the Legal Service Package where there is a cost to the member.

# **Compensation Act: Application Form for seeking Authorisation**

## **Response by Amicus the union**

### **Additional remarks on the draft Application Form**

On the form at point 3.1.1, and/or 3.3.2 and at 3.4.2 (in relation to the final bullet point) and 3.5.1, we are strongly of the view that the obligation to advise consumers of the availability and nature of alternative support should be clearly stated.

In particular at 3.3.2 (information for clients) there should be an additional bullet point such as “the availability, nature and effect of alternative advice and assistance, including Before the Event Insurance and Trade Union support to members and their families”. This is not only an issue of cost, but also one of service standards, as Amicus and most other trade unions make specialist legal representation available to members and their families in the case of personal injury and workplace representation and, where appropriate, legal representation in the case of employment matters, at no cost and with no deductions.

Further, preferred wording at point 3.5.1, would be “Does the business seek to ascertain whether clients are members of a trade union or are a family member of a trade union member, or have any Before the Event (BTE) Insurance or other insurance cover and advise properly on the effect of such membership, or cover, which may assist them to pursue claims?”

This would be consistent with Law Society Rules and the draft code for trade unions in relation to their exemption under Part 2 of the Act. It would assist with the desirability of a level playing field and encourage a levelling up of services to the benefit of consumers generally.

We believe that at the second bullet under 3.7.2 the wording should be “keep client’s money separate from that of the business”.

Question 1. **Do you agree with the format of the form? Is it straightforward and simple to complete? If you do not think so, please can you give reasons.**

Comments: Yes, subject to our introductory remarks. In addition we believe that in part 1 there should be space for details of all offices of the business.

Question 2. **Would you find it helpful to have an explanatory note to accompany the form?**

Comments: Yes. For example, in relation to the issue of alternative support.

Question 3. **Do you envisage any difficulties with providing the information in Part 1 and 2 of the form?**

Comments: There are problems with the nature of self certification, which are obvious, but we believe that this is an appropriate addition to regulation generally.

Question 4. **Are there any others within the business who control or have a significant role in the management or decision making that should be added to the list?**

Comments: None that we can suggest.

## **Compensation Act: Fee Scales**

### **List of questions for response**

Question 1. **Should the annual fee be a fixed amount, a sharply truncated scale with a fairly low maximum or a tapered scale?**

Comments: It should have a tapered scale but with a minimum fee amount.

Question 2. **If a tapered scale is used is it appropriate to use the FSA scale for general insurance intermediaries initially? If not what should the scale be?**

Comments: Yes, initially.

Question 3. **Is turnover in the regulated sector the appropriate base for levying fees? How should turnover be defined so as to ensure fairness between regulated businesses? In particular how can receiving services in exchange for referring claims be caught?**

Comments: Total turnover for the business would appear to be a workable basis for levying fees. It is important that any available accounts are supplied to the regulator at least annually, whether the Regulator is in a position to consider these in every case or not. The availability of accounts is a mark of good business, even if it is not conclusive.

Question 4. **Any views on applying a discount fee rate linked to simple / broad categories of claims management activity?**

Comments: We do not think that discounting linked to categories of claims is appropriate.

Question 5. **Is the proposed application fee scale from £400 to £2,000 appropriate?**

Comments: Yes, initially.

Question 6. **If you are a claims management company please indicate how any views you have expressed would affect the fees you would pay and include evidence on the volume of activity in that sector of the market. This will help DCA make a more informed judgement on the final fee scale. Please state clearly if any information provided is considered market sensitive and therefore should be treated as a confidential annex to a public submission.**

Comments: The union is not a claims management company

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18 September 2006

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