



SPRING 2023 BULLETIN

Are you FCA Regulated?



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Summary

In this bulletin, we draw your attention to the insurance considerations of being a Financial Conduct Authority (FCA) regulated Practice.

We are increasingly aware that some Practices have found themselves required to seek Financial Conduct Authority (FCA) Authorisation, usually at the behest of certain lenders unwilling it seems to rely on RICS Regulation as a Designated Professional Body (DPB).

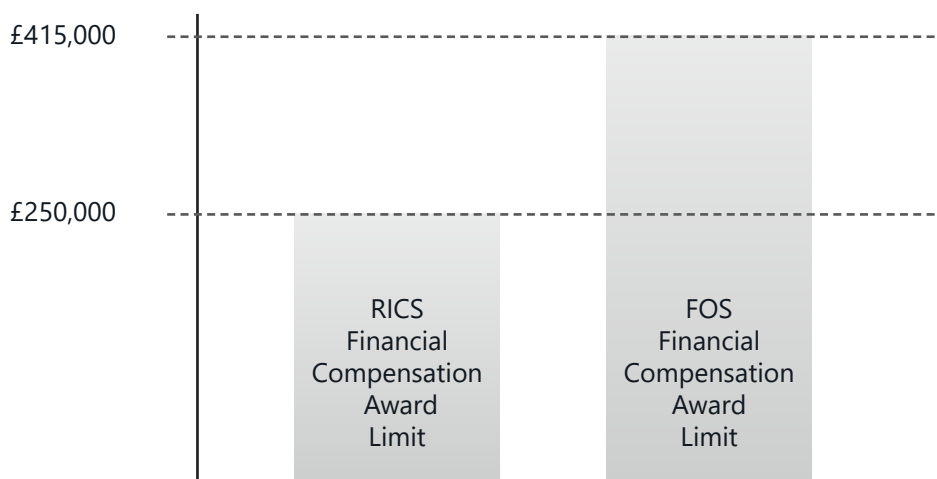
This does mean that the practice is subject to the Financial Ombudsman Service (FOS), the FCA's financial services dispute resolution service. Those FCA regulated Practices may therefore find themselves subject to complaints being referred to, the FOS.

What Are The Implications of This?

The FCA have long since created a mechanism whereby the maximum award the FOS might make increases each year in line with the Consumer Price Index (CPI). The current limit, for example, for awards in respect of complaints referred to the FOS on or after 1 April 2023 about the Practice's acts or omissions that happen on or after 1 April 2019, is £415,000.

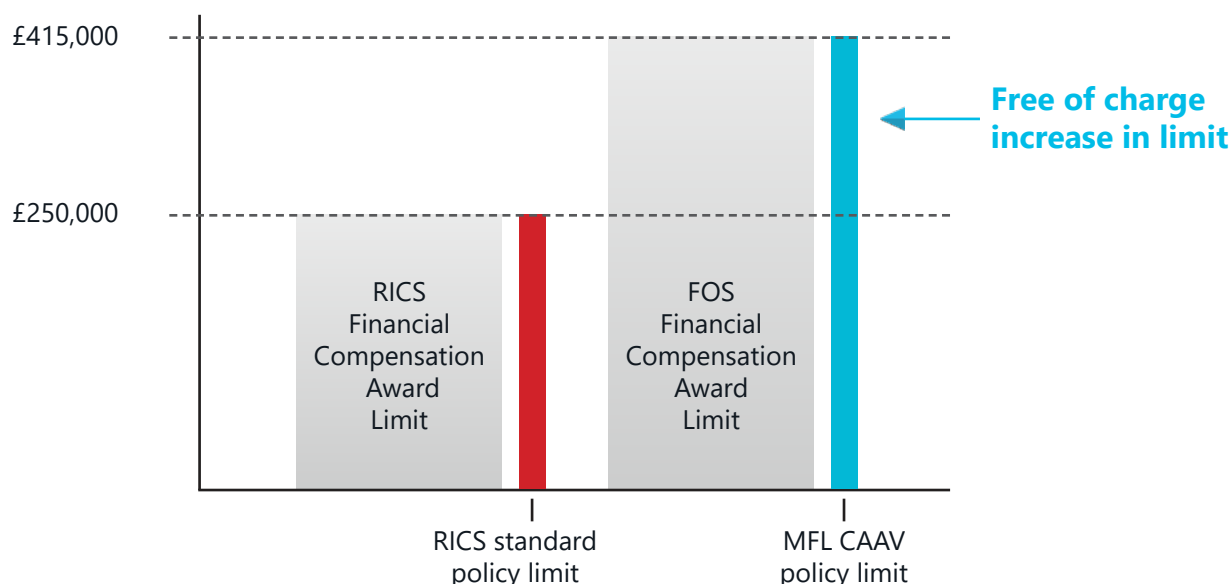
See the link here; <https://www.financial-ombudsman.org.uk/consumers/expect/compensation>

However, the standard RICS Professional Indemnity Insurance (PII) policy does not cater for awards by any Ombudsman above £250,000.



Ombudsman Awards – Is Your RICS Professional Indemnity Insurance (PII) Adequate?

For those CAAV members insuring their Practice on the CAAV members' PII facility through MFL Insurance Group Ltd, we have an agreement in place with Insurers whereby the higher FOS Limit will be applied to the policy by endorsement, at no extra charge, where the Practice informs us they are subject to FCA Regulation.



Those FCA regulated Practices insuring elsewhere, in the more generic Surveyors' PII market, should make this clear to their PII Broker and seek a suitable extension to their policy accordingly.

Should any members find their Practices have difficulty with their Broker/Insurer in obtaining the necessary extension to their cover, please note the CAAV Members' PII facility should be able to assist as and when your policy next falls due for renewal.

If you have any queries based on the content above please do contact us as below, alternatively, if you would like us to make contact with you in connection with your renewal we're happy to do so.

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