

DUBIOUS CLAIMS ACTIVITY

The number of authorised CMCs has fallen by almost 40% since the FCA took over the task of regulating them in April 2019. According the latest figures from the FCA 741 CMCs are currently authorised or hold temporary permissions. The number of CMCs regulated by the old Claims Management Regulator fell from 3,213 in 2011 to 1,238 in 2018. 973 CMCs applied to the FCA for temporary permission to continue offering claims management services while going through the authorisation process. Of those, 232 decided to withdraw their application or failed to apply for full authorisation. The falling numbers could mean increased regulatory costs for those still operating.

The quality of the authorisation applications has apparently been very poor in general which has set the timeline of the authorisation process back as the FCA is having to go back to firms and ask for more information. 20 CMCs had been authorised, or were close to authorisation. 12 CMCs had withdrawn their authorisation applications. Three CMCs have voluntary undertakings. These cover conflicts of interest; financial promotions; and not acting in compliance with FCA rules. A number of cases are moving towards refusal.

In some cases, information provided by third parties such as the *MoneyCheats* project has enabled the FCA to identify issues that could otherwise have remained hidden. Some key concerns the FCA is focusing on currently with CMCs include recycling of data – for example, some CMCs are re-contacting previous customers without having consent from the customers. The FCA is working with the Information Commissioner on this. The FCA is also concerned about conflicts of interest and lead generation.

The Financial Conduct Authority *Financial Lives* survey published on 18th June 2018 found that 69% of the UK's adult population had been contacted in a 12 month period by a claims firm via telephone, text or email to ask them to make a compensation claim and offering help to make a claim for compensation. The UK adult population in 2017 was around 50.8 million, so it appears that over 35 million people had been contacted, unsolicited, by claims companies in just one year.

May 2020

PPI claims

A total of £332.4 million was paid in December 2019 to customers who complained about the way they were sold payment protection insurance. This takes the amount paid since January 2011 to £38.3 billion.

CMCs with an eye to the future

Individuals have been positioning themselves for the future by officially registering dozens of company names with variations of coronavirus, Covid and Covid-19 over the past several weeks. Convicted criminal, Marc Feldman has registered the company, Covid-19 Virus Compensation Ltd and describes payments for coronavirus claims as the next PPI. He

intends to sell new company names on. He has previously been found guilty of smuggling in 2016 and large-scale tax evasion in 2010.

Complaints handling

On 1st May the FCA published information clarifying how firms should handle complaints during the coronavirus crisis. Firms should take all reasonable steps to ensure as much complaint handling as possible continues through staff working from home, where this can be done fairly and effectively. Whilst firms' capacity to handle complaints could be reduced as a result of coronavirus, they are expected to prioritise: paying promptly complainants who have been offered redress and accepted that offer; the prompt and fair resolution of complaints from consumers who are likely to be vulnerable to harm if their complaint is not resolved promptly and fairly, and micro-enterprises and small businesses that are likely to face serious financial difficulties if their complaint is not resolved promptly and fairly; and sending timely holding responses to those complainants where their complaints cannot be resolved promptly.

If a firm cannot deliver these priorities effectively, or sufficiently, through home working, then the FCA considers it could be appropriate for the firm to maintain the minimal physical onsite presence needed to do so, provided that the site is configured for social distancing in line with Government guidelines.

Complaint resolution

The FCA has said that it expects claims managers to allow banks and insurers more time to resolve complaints with a consumer before they escalate them to the Financial Ombudsman Service. A finance company has eight weeks to respond to complaints from consumers about products they believe have been mis sold or services they are unhappy with. But the FCA said that claims managers representing consumers against finance companies, should give those businesses extra time to issue a final response to complaints. Businesses are reducing staff and concentrating on simply keeping afloat during the coronavirus crisis. When considering what is a reasonable amount of time for a firm to provide a final response, the FCA will consider the current operational challenges firms face, and expect claims management companies to do the same, unless they identify and can show a particular urgency in the individual complaint and circumstances of the complainant. Which, of course, they will.

The Ombudsman will take an approach that will be in the best interests of CMCs' customers, the FCA said. This could include returning a complaint to the finance business and asking it to discuss ways to resolve the matter directly with the claims manager. The FCA expects CMCs to cooperate with the Ombudsman Service in this and play their part by acting professionally and reasonably.

FSCS and CMCs

The Financial Services Compensation Scheme has published terms of engagement for Claims Management Companies and solicitors. These set out expectations of how representatives, including CMCs, should interact with the FSCS and how the FSCS will communicate with representatives. CMCs will be asked to agree to the terms when logging onto the FSCS's online claims service.

The FSCS has also published guidance on how CMCs can get signatures from customers for their claim summary form under the current Covid-19 conditions. It provides that CMCs can sign the application on behalf vulnerable/elderly customers provided the application is

accompanied by written confirmation from the CMC covering the points set out in the FSCS communication terms, where the client is self-isolating during the pandemic, or does not have access to a printer and scanner. But the FSCS has made it clear the form must also be accompanied by written confirmation from the CMC that the client has read and understood the terms of the completed form and has given their consent for it to be submitted and signed on their behalf.

There have been assertions of a growing pattern of bogus claims where there was no relationship between the customer and the provider receiving the claim. 79 CMCs have withdrawn their applications for authorisation after the FSCS pointed out poor practice. The FSCS notified the FCA after coming across potential harm to consumers or levy payers from CMC activity. FSCS appears to be taking a much more robust stance with CMC claims than the FOS ever did.

On 21st May the FSCS confirmed its levy for 2020/21 at £649 million. This is £14 million more than was forecast in its Plan and Budget 2020/21, published in mid-January, mainly due to the inclusion of £44 million to cover estimated compensation costs for London Capital and Finance, which the FSCS declared to have failed on 9th January 2020.

FCA Authorisation of CMCs

The regulation and authorisation of CMCs is handled within the Supervision - Retail & Authorisations Business Unit within the FCA. There are around 50 members of staff, including five managers, that work wholly on the regulation and authorisation of CMCs. Of the 130 CMC's listed by the Claims Management Regulator in 2019 as operating in the high cost credit sector, since regulation by the FCA in April 2019, 82 are no longer trading, 28 hold temporary permissions and 20 have full authorisation. It is clear that the FCA is leaving many with temporary permission for the time being.

We Fight Any Claim received full authorisation on 15th April but requirements state the company is winding up its PPI claims activity. The company had re branded as the WePlanGroup which offers other services including debt management, IVA's and will writing. However, WePlanGroup has taken the decision to close its doors for a period and cannot indicate when it will be back up and running.

Compi Claims received full authorisation on 24th April but its website is as yet under construction.

Money Management Team Ltd gained full authorisation on 12th May. Its website only deals with payday loan claims. The directors, Anthony Chorlton and Lisa O'Neill are former directors of Gladstone Brookes. Lisa O'Neill, was listed as the 100% owner of Warrington-based Gladstone Brookes, which boasted on its website last year that it has recovered more than £1 billion for customers. The company earned a 20% commission from every PPI payment, which suggested a fees bonanza worth around £200 million.

Fast Track Reclaim

Fast Track Reclaim is a trading name of Quickly Finance Ltd and is another FCA authorised CMC with poor customer reviews on Trustpilot. Of 263 Trust Pilot reviews, 67% of them describe the company as Poor or Bad. Customers of the CMC have referred to demanding texts and emails which threaten court action if fees are not paid.

A further consumer concern is the cost of the fees, as one reviewer says;
"Fees probably a bit steep at 24% I originally thought it was 20% of claim before Tax on interest is calculated. This would be my main gripe the Fee

should only be levied on what you actually receive in compensation not on amount before Tax on interest deducted so you actually end up paying more than 24% in fees of what you receive."

First Claims Group Ltd

First Claims Group Ltd had connections with the dubious and now defunct CMC, Direct Financial Claims Ltd. According to the FCA Register, the current status of First Claims Group Ltd is lapsed, so it is a surprise that its website remains live. It claims an FCA number of 833653 which actually belongs to Direct Financial Claims Ltd whose licence lapsed in September 2019. First Claims Group Ltd was purportedly winding down its CMC business as shown on the FCA register, and would not be taking on any new business from 7th December 2019.

April 2020

IVA lead generators

Guidance issued by the IVA Standing Committee says that Insolvency Practitioners should be particularly mindful of the source of the introduction of potential IVA clients. Unscrupulous lead generators are endemic in the IVA market at the best of times, and there have already been examples of opportunistic advertising aimed at people worried about their finances in the wake of the coronavirus crisis for whom an IVA may not be the most appropriate debt solution.

Financial advisers becoming CMCs

Companies that offer financial advice are also setting up as claims management services creating concerns that staff may have been recommending unwise investments and then further profiting from the pay-outs resulting from bad advice. Thirty financial advice firms also offer claims management for mis-sold investments, and another fifteen previously authorised to give financial advice now offer only claims management. The data were disclosed by the FCA under a Freedom of Information request. The full extent of the issue is hidden because the FCA does not record information about individuals who may have been approved for financial advice but who are now just claims managers.

Jonathan Allweis

The Solicitors Disciplinary Tribunal has taken the unusual step of rejecting an agreement between the Solicitors Regulation Authority and a solicitor who broke the rules through his involvement with flight delay compensation claims. The SDT said Jonathan Allweis allowed CMCs to make claims in the firm's name and use its client account as a banking facility to handle compensation payments. He agreed to be fined £25,000, which the tribunal accepted last November, but it did not agree with Mr Allweis and the SRA that he should be allowed to continue in the compliance officer for legal practice and compliance officer for finance and administration roles. The SDT said his misconduct resulted in a large sum of money being held in such a way that approximately 4,000 clients could not be identified over a number of years. This meant there were clear risks to the clients' funds in the event of insolvency or other accounting problems. The role of COLP and COFA was a fundamental part of protections put in place to safeguard client monies and for this reason the tribunal refused to approve the SRA agreement.

Mr Allweis was fined for his role in using CMC's for flight delay compensation claims via the CMC, Connected Claims. This was run by a Rahul Sharma (and before that, Shaun Pemberton of Sanderson Drake). Rahul Dev Sharma becomes the third director of the debt

management company Debt Connect (UK) Ltd to be disqualified. The company was bought by Allay Claims but a recent review on Trust Pilot suggested Rahul Sharma remained on as a shadow director.

MARCH 2020

Coronavirus redress claims

Fraud expert law firm Horwich Farrelly has offered insights on the potential impact of Covid-19 on the holiday and insurance sector. It asserts that it will only be a matter of time before claims management companies and solicitors alike jump on the Coronavirus bandwagon and start advertising for claims. There are already a few firms of solicitors suggesting that people can be compensated if they became infected while abroad. But while it may be possible successfully to claim against a tour operator or hotelier for coronavirus there will be difficulties. Even if the claimant is able to prove that they contracted the virus, they must also show that the travel company did something wrong and that this negligence caused or contributed to the illness or loss. The key will be determining whether a claim is genuine or fraudulent as the expected influx of claims materialises.

On 5th March the FOS said that a *handful of complaints* had been reported concerning the impacts of Coronavirus and has stressed that it *will be continuing to monitor complaints, ensuring that businesses are being fair in their assessment and handling of complaints involving the virus*. In terms of guidance for firms, FOS has said businesses should be fair in their assessment and handling of complaints involving Coronavirus, and follow guidelines and advice from the relevant government and regulatory bodies. FOS's website suggests that specific guidance will be updated as it knows more.

The public has been warned to be wary of approaches from supposed travel agents, tour operators, airlines, cruise companies, insurance companies or compensation firms promising to deal with refunds on travel, accommodation and event entry.

Financial Ombudsman statistics

In the three months October to December 2019 the FOS received 780 enquiries about CMCs of which 407 translated into new cases. 69 cases were referred to an Ombudsman and 44% of closed cases were upheld in favour of the complainant.

CMCs and the FCA Senior Managers and Certifications Regime

The SM&CR is a catalyst for driving cultural transformation and sets a new standard of personal conduct in financial services. By 9th December 2020 CMCs will need to ensure that all relevant staff are trained on the five SM&CR Conduct Rules and understand how these rules apply to their roles; all staff in certified roles are fit and proper to perform that role and are issued with a certificate; and submit data to the FCA for a directory persons working in financial services.

Decider

A Resolver Group company is marketing an Online Dispute Resolution platform called *Decider* which, it claims, is being used by Open Banking, Ombudsman Services, the Traffic Penalty Tribunal and other Alternative Dispute Resolution providers. It aims to simplify how organisations evaluate, mediate and arbitrate on disputes by providing a dynamic case management system that unlocks organisational efficiencies, helps deliver significant cost

reductions and optimises the online experience for users. But how it could be used for a generalisation such as *Open Banking* is unclear.

Resolver has a chequered organisational history. Resolver, the free consumer complaints service recommended by Martin Lewis, founder of MoneySavingExpert.com is working with MoneySavingExpert.com, the UK's biggest consumer advice website, bringing together its campaigning power with Resolver's focus on helping consumers raise and resolve issues, it says. Interestingly, Resolving Ltd (the legal entity) which claimed not to be a Claims Management Company, was authorised by the Claims Management Regulator on 19th March 2019, just days before CMCs become regulated by the FCA. But it did not apply to the FCA for authorisation, instead, changed the legal entity behind it.

The company initially behind Resolver was Resolving Ltd whose CMC licence lapsed in August 2019. There was also Resolving UK Ltd (same directors as Resolving Ltd) where Richard Lloyd (now an NED on the FCA Board) resigned as a director in April 2019. Resolver Consumer Online Ltd (some new directors, but two from the previous companies) is now running Resolver and was incorporated in March 2019. Resolving Ltd is listed as the majority shareholder. The online privacy policy refers to the Resolver Group and the T&C's confirm its partnership with Money Saving Expert, but it is not FCA authorised.

Essentially, Resolver was operating as a CMC and obtained a licence from the Claims Management Regulator just before the FCA took over regulation of CMCs on 1st April 2019. But Resolver had always claimed *not* to be a CMC yet its automated processes appeared to fit the FCA definition. It seems that a new version of Resolver has quietly emerged, run by a new company, that is attempting to operate in a manner that falls outside the definition of a CMC. The revised iteration is a lot less campaigning in its stance, describing itself now as a free, independent issue resolution service that connects consumers with businesses around the world, helping them find the best outcome every time. Now, the Resolving Group is clearly a commercial operation – helping consumers make complaints for free clearly did not pay, so now is now trying to sell an online dispute resolution system.

Tyler Morgan Claims Ltd

On 24th March CMC Tyler Morgan Claims Ltd, based in York, received full authorisation from the FCA to undertake advice, investigation or representation in relation to a financial services or financial product claims; and for seeking out referrals and identification of claims or potential claims (personal injury claims; financial services or financial product claims; housing disrepair claims; claims for a specified benefits; criminal injury claims; employment related claims). However, its website has been down for maintenance ever since.

Secure Compliance Ltd

Meanwhile, Secure Compliance Ltd based in Lutterworth, Leicestershire had also gained full FCA authorisation, on 23rd January, but applied to cancel this on 3rd March. It has to continue to meet FCA standards in dealing with its existing customers.

Broadway Solicitors

A personal injury solicitor put his own interests ahead of his clients, turning a *Nelsonian blind eye* when concerns were raised so as to maintain the flow of referrals from claims companies. Farooq Rafiq was struck off for multiple breaches of the rules and also following three convictions for assault – one committed while he was on bail for the other two. The Solicitors Disciplinary Tribunal heard that Mr Rafiq, born in 1984, qualified in 2009 and from 2011 was a partner at Broadway Solicitors in Oldham before it incorporated as Broadway

Legal in 2016 and he became the sole director. The Solicitors Regulation Authority closed down the firm in November 2018. The tribunal considered that the totality of the respondent's conduct was such that allowing the respondent's name to remain on the roll would have an adverse effect on public confidence in the reputation of the profession. Mr Rafiq was also ordered to pay agreed costs of £55,000.

He admitted that Broadway was financially dependent on receiving clients from claims management companies – who were responsible for 97% of the firm's clients – and did not advise clients that paying fees to the CMCs may well not have been in their best interests. When issues were brought to his attention, he did very little to remedy or rectify those issues. He had repeatedly and consistently subordinated the interests of his clients for his own interests and that of the firm.

FEBRUARY 2020

Significant fall in CMC numbers

The number of authorised CMCs has fallen by almost 40% since the FCA took over the task of regulating them in April 2019. According to the latest figures from the FCA 741 CMCs are currently authorised or hold temporary permissions. This compares with over 1,200 CMCs authorised by the Ministry of Justice before the change of regulator last April. 973 CMCs applied to the FCA for temporary permission to continue offering claims management services while going through the authorisation process. Of those, 232 decided to withdraw their application or failed to apply for full authorisation. The falling numbers could mean increased regulatory costs for those still operating.

The number of CMCs regulated by the old Claims Management Regulator fell from 3,213 in 2011 to 1,238 in 2018.

FS Claims

The FCA has refused to authorise CMC FS Claims after it raised concerns about how defined benefit file reviews were checked. In a final notice published on 29th January the FCA said it had chased FS Claims Ltd with four letters, and numerous emails and telephone calls over a six week period last summer with a sizeable list of concerns about FS Claims' business plan and practice, which the FCA asked for more information about as part of its authorisation process.

The FCA's requests also included the company's vulnerable client policy, details of how it would ensure the security of client money and monthly cash flow and profit and loss calculations. Over the course of several months the company requested extensions to the regulator's deadlines, claiming relevant employees were on annual leave and a change in compliance support, but ultimately failed to provide any of the necessary information.

FS Claims applied for FCA Authorisation on 27th April 2019 but was given a warning notice on 29th November followed by a Decision Notice on the 29th December. The CMC then had 28 days to appeal, but did not do so. Its application was refused and the details were placed on the FCA website on 4th February.

Selling client data

On 7th February the following joint statement was published from the Financial Conduct Authority, the Information Commissioner's Office and the Financial Services Compensation Scheme:

We are aware that some FCA authorised firms and insolvency practitioners (IPs) have attempted to sell clients' personal data to claims management companies (CMCs) unlawfully.

This can happen either before or after a firm has gone into administration and where it is likely claims for compensation will be made to FSCS.

The terms, conditions and clauses within a standard contract are highly unlikely to constitute sufficient legal consent for personal data to be shared with CMCs to market their services, and may not be lawful.

By passing on personal data, companies may be failing to meet their obligations under the Data Protection Act 2018 and the General Data Protection Regulation (GDPR). Any subsequent direct marketing calls, text or emails carried out by CMCs may breach the Privacy and Electronic Communications Regulations 2003 (PECR).

CMCs are required to act honestly, fairly and professionally in line with the best interests of their customers, as required by FCA's Handbook. CMCs using such personal data may not be acting in the customers' interests. CMCs seeking to rely on legitimate interest grounds for processing such data are highly unlikely to meet the requirements of the GDPR.

CMCs that intend to buy and use such personal data must be able to demonstrate how they have considered the fair treatment of customers and how their actions comply with privacy laws.

Where the FCA or the ICO identify breaches of the relevant data protection legislation, or CMCOB Claims Management: Conduct of Business sourcebook, or any other relevant parts of the FCA's Handbook, we will take appropriate action.

Consumers' rights to compensation from FSCS

When an FCA-authorised firm enters administration, eligible consumers can bring claims to FSCS. FSCS will then work jointly with the IP to identify potential claimants. In those circumstances, consumers should contact FSCS directly and the IP should contact the consumers to explain what the administration means for them.

Making a claim to FSCS is free, and in cases where the IP has contacted the customer directly we do not consider that CMCs are likely to provide significant benefit.

Any compensation to which a consumer is entitled from FSCS may unnecessarily be reduced by the involvement of CMCs in such cases.

We continue to work together and with firms and stakeholders across the sector to ensure consumers' interests are not compromised.

Harlington Law

Kabir Khan, who runs Luton law firm Harlington Law, has been rebuked by the SRA for taking holiday sickness leads from unregulated claims management companies. He will not be referred to the Solicitors Disciplinary Tribunal.

A regulatory settlement agreement published on 4th February recorded that in November 2016 Mr Khan contracted with two companies to carry out marketing activities and refer potential personal injury claims, but he did not check whether they were authorised by the Claims Management Regulator. He accepted 202 referrals in relation to holiday sickness claims from the companies over a period of five months, but he did not pay for them because the CMCs became insolvent.

The SRA found that Mr Khan was reckless as to the risk of harm posed by these unregulated companies, and his conduct persisted longer than was reasonable, with Mr Khan only taking remedial action when prompted. He admitted failing to carry out his role as sole principal of Harlington Law effectively, in breach of principle 8 of the SRA Principles 2011.

Allay Claims Ltd

Allay Claims Ltd was FCA authorised on 11th February, but with restrictions on its licence. Allay is not to publish any financial promotions unless they have been certified as compliant by a specified third party. The FCA will consent to the removal of this requirement not earlier than 2 months after 7th February, and after Allay has satisfied the Authority that it is meeting and will continue to meet its standards.

JANUARY 2020

FCA Authorisation of CMCs

In October 2018, a Freedom of Information request to the Ministry of Justice, identified 130 CMC firms operating in the short-term loans market. When CMCs became regulated by the FCA on 1st April 2019, they either had to stop trading or apply for Temporary Permission whilst the FCA considered applications for full FCA Authorisation. Normally, the FCA has six months to assess an application for full Authorisation but this can be extended by a further six months in certain circumstances.

The initial six-month Authorisation period ended on 31st December 2019. At this point, of the 130 CMCs identified by the Ministry of Justice in October 2018, just seven (The Claims Experts Ltd; Claims Management Partnership LLP; Redbridge Finance Ltd; Active Credit Reclaim Ltd; Otis Lewis Ltd; LS Claims Ltd; Allegiant Finance Services Ltd) had been granted full FCA Authorisation; 81 were no longer trading; and 42 were still operating under Temporary Permission whilst the FCA completes its Authorisation investigations.

CMCs move into SIPPs

With the end to PPI claims last summer, many CMCs are now concentrating on pension advice claims, particularly concerning Self Invested Personal Pensions. A rise in SIPP claims is forecast to push the proposed Financial Services Compensation Scheme levy to £635 million in 2020/21, an increase of £87 million from the levies raised in 2019/20 which largely stems from SIPP operator claims.

Kingsway Wealth Management based in Wrexham, an IFA that has an estimated £2.7 million in contingent liabilities from complaints about pension transfers, fell into administration in December last year. Kingsway's accounts for the 12 months ending 31st July 2017 said it had put aside £232,000 for liabilities until the Financial Ombudsman Service had made a decision on a claim or given notice it will do so. It also said Kingsway was vigorously contesting the compensation claims. But an update in the accounts for the 12 months ending 31st July 2018 shows contingent liabilities for historic pension transfers are estimated at £2.7 million.

The Alliance of Claims Companies (whose website is *undergoing some changes and a redesign*), the CMC trade body, has seen a dramatic drop in membership over the past year as CMCs have folded due to FCA regulatory requirements. It has called on financial advisers and providers to engage with claims management companies for the benefit of consumers. The Personal Finance Society, the trade body for financial advisers, announced in 14th January that it was to embark on a campaign to *weed out rogue ambulance chasers*

and had urged advisers to provide information on any individual CMCs they suspected of bad practice. Over 40 advisers have contacted the trade body with evidence of wrongdoing. Some CMCs have been accused of pursuing any commission available from claims with little regard for the facts.

Phoenixing

A large number of firms have been referred to the FCA as potential cases of phoenixing. The Financial Services Compensation Scheme has identified 136 potential cases through its anti-phoenixing work. In April 2019 the Financial Services Regulatory Partners Phoenixing Group was set up by a number of regulatory bodies — including the FSCS, FCA and the Financial Ombudsman Service — to tackle phoenixing. The FSCS said a major challenge for the financial services industry was a continuing rise of complex pension claims. Such claims have overtaken payment protection insurance in terms of volume, now accounting for 40% of claims. A rise in the volume and complexity of claims, and in particular SIPP claims, has forced the FSCS to increase its management levy by 5% and the amount the industry pays towards compensation, up £87 million to £635 million.

FCA levies and fees

The FCA has instructed CMCs to provide it with details of their 2019 turnover in order for the FCA to calculate the levies (including the Financial Ombudsman levy) and fees each CMC must pay the FCA in 2020.

DECEMBER 2019

DeudaFix

On 1st December, *The Sunday Times* published an article about a Spanish based firm DeudaFix (debt fix), which offers help to consumers with debts of more than €5,000 (£4,260), and claims it can use a legal process to slash debts by up to 75% and freeze interest payments.

The Sunday Times claimed that DeudaFix is linked to a Mark Kennedy who was disqualified as a company director by the FCA for unscrupulous practices, including charging customers without their consent. An FCA report said he had displayed a lack of honesty and integrity, but the ban does not stop him operating outside Britain. Until recently he was listed on his LinkedIn profile as DeudaFix's co-founder and chief technical officer. References to the company have since been deleted. Kennedy insisted he had provided only technology to the company to help it start up, adding that his work with DeudaFix had now ended. Kennedy, also deleted his profile photograph and said he was not employed by, or a director of, anything in Spain at the moment.

However, *The Sunday Times* maintains that emails reveal Kennedy offered to use DeudaFix to drive business volumes to a legal firm specialising in personal insolvency — adding that the work would begin in January. He later offered to invest in the company, saying that the two could become strong strategic partners.

Appointed Representatives

It is clear that former CMCs continue to morph into the debt management arena, but carefully skirting the FCA regulatory perimeter. Appointed Representatives of FCA regulated firms that are not CMCs have included firms belonging to individuals formerly high profile in CMC inter-related firms. It does seem that the use of Appointed

Representatives is a convenient way around regulatory controls, especially for the provision of leads, probably in a non data protection compliant manner, as well.

Professional Personal Claims Limited

The FCA has fined CMC Professional Personal Claims Limited £70,000 for misleading consumers through its websites and printed materials. PPC's websites and printed materials prominently used the logos of five major banks which was liable to mislead consumers into believing they were submitting redress claims for mis-sold payment protection insurance directly to their banks, rather than engaging PPC as a CMC to pursue claims on their behalf in return for payment of a success fee. PPC also failed to present accurate, fully formed, detailed and specific complaints to banks. It had submitted Financial Ombudsman Service questionnaires to banks on behalf of different consumers. The questionnaires in part contained identical factual allegations where evidence specific to each client should have been presented.

The Claims Management Regulator, under the prior regulatory framework applicable before 1st April 2019 launched an investigation following a number of complaints between October 2015 and March 2017 from clients of PPC and financial firms.

On 5th December 2018, the CMR determined that PPC had breached the previous CMC conduct rules by using websites and marketing materials that were misleading and by submitting misleading material to financial firms in support of its clients' PPI redress claims. The CMR imposed a £70,000 fine for these failings.

PPC appealed on 21st December 2018 to the First-tier Tribunal against the CMR's penalty notice. While the appeal was pending, the FCA took over regulation of CMCs from the CMR. The FCA therefore replaced the CMR as the respondent to PPC's pending appeal. On 16th September 2019, after reviewing the evidence put forward by the FCA, PPC withdrew its appeal, and the FCA therefore imposed the £70,000 fine on PPC for the failings identified in the CMR's penalty notice.

Shepherd and West

On 10th December CMC, Shepherd and West Ltd was granted full authorisation by the FCA. Its sole director is Ciaran Hamilton who has, or has had, 13 other directorships including currently Legal and Financial Solutions Ltd at the same address as Shepherd and West Ltd. Legal and Financial Solutions Ltd used to be a regulated CMC trading as LFS Claims but does not appear to have FCA authorisation currently.

Ciaran Hamilton was a director of CMC Chadney-Smith Associates Ltd (which currently holds FCA Temporary Permission) from July 2017 to September 2017, and was appointed a person with significant control. Co-directors included Damien Kennedy and a confirmation sheet dated 3rd July 2017 lists the shareholders as Nicholas Smith, Ciaran Hamilton, Legal and Financial Solutions Ltd and disqualified director Mark Kennedy (see DeudaFix above).

Lead generator firm Hennessy Jones

The Financial Services Compensation Scheme has received more than 2,000 claims against a trio of financial advice firms found responsible for pension transfer failings by the FCA. In May, the FCA said it was seeking to ban and fine the directors of three financial advice firms – Financial Page, Henderson Carter Associates and Bank House Investment Management – for acting without integrity over their pension advice business.

The regulator's decision notices state all three firms were receiving customer introductions from the same lead generator firm, Hennessy Jones, to facilitate customers moving their

pensions to Sipps investing in high risk, illiquid assets not regulated by the authority in which Hennessy Jones had a material financial interest. This interest was not disclosed to customers.

The FCA states that the advice firms adopted a pension review and advice process initiated and influenced by Hennessy Jones. This resulted in customers who met certain pre-set criteria being advised to switch their pensions to Sipps investing in the loan notes in which Hennessy Jones had an interest.

Alistar Green Legal Services

In a recent tribunal, a Judge increased the fine on Alistar Green Legal Services by £10,000. AGLS were originally fined £80,000 by the Information Commissioner for making a number of nuisance calls. However, the judge highlighted that the company director had demonstrated a clear pattern of wholesale disregard for data protection law. Director Kabir Abbas Sharif had previously controlled Lumen Corporation and liquidated the company before the ICO could take action against its nuisance marketing.

JMP Partnership

CMC JMP Partnership a family firm based in Sandown on the Isle of Wight, has announced it is set to close next year after 13 years of business. In July, the claims management company closed to new clients, and five months on, the firm has announced it will close for good, and the directors will retire. They say that they have *really enjoyed taking £65 million from the banks and putting it back into the consumers' pockets*, without mentioning the cut they took for themselves - 20% of the gross refund plus VAT - so probably around £13 million. They also assert that the CMC industry is closing by one or two firms a day and that the writing is on the wall for the entire industry. With JMP Partnership closing (it had 1,600 clients producing over 2,000 claims cases), 15 individuals will lose their jobs by March 2020.

ME Legal and Financial Ltd

CMC ME Legal and Financial Ltd, based in Cheadle, Cheshire, which had Temporary Permission from the FCA is now winding down its CMC business. From 4th December, the firm could no longer take on, or offer to take on, any new business which would constitute a regulated claims management activity and with effect 4th January 2020, the firm is no longer able to carry out any regulated claims management activities. Its sole director is Philip Edward Jones who has, or has had, 12 other directorships.

Hall and Hanley Limited

The First-tier Tribunal has upheld a fine of £91,000 imposed on CMC Hall and Hanley Limited by the Claims Management Regulator, the former regulator for claims management companies. The hearing for the Tribunal was conducted by the FCA which has taken over the functions of the CMR. The £91,000 fine was initially imposed by the CMR under the previous regulatory regime for CMCs due to data breaches and unauthorised copying of client signatures. H&H had appealed to the Tribunal against the fine.

Phoenixing

The Financial Services Regulatory Partners Phoenixing Group have met to discuss progress in tackling phoenixing in financial services since the group was launched in April this year. Members reported that they are sharing data more regularly to identify and prevent phoenixing - the practice of firms and individuals deliberately seeking to avoid their liabilities or poor conduct history by closing down firms only to re-emerge in a different legal entity.

Members of the group include the Financial Conduct Authority, the Financial Ombudsman Service, the Financial Service Compensation Scheme and the Insolvency Service and the Accountant in Bankruptcy. In the last 12 months, the FCA reported that it had prevented phoenixing when two notices were issued warning firms that their applications would be refused because of concerns, leading to the withdrawal of the applications. In five other cases, one financial adviser and four financial advice firms withdrew their applications once the FCA discussed phoenixing concerns with them. Data from the Ombudsman had proved particularly critical to these successes. Similarly, INSS reported successful interventions supported by FCA data as well as the FSCS's insights, which spotlight individuals who have circulated through various firms. The working group will next meet formally in May 2020.

NOVEMBER 2019

Dubious debt advice adverts

Recently Google has clamped down on dubious debt advice adverts and from 1st November, amended its advertising rules so that all debt advice organisations had either to be authorised by the FCA or have regulated Insolvency Practitioner status. Nevertheless, a brief search shows that many dubious adverts have not disappeared and firms with connections to CMCs and related lead generators appear to be circumventing the new rules.

First Claims Group

CMC First Claims Group is winding down its regulated claims management business. From 7th November it has not been permitted by the FCA to take on any new business and many not conduct any regulated claims management business from 7th December. It is becoming clear that a significant number of CMCs that were granted Temporary Permissions by the FCA are failing to meet the requirements for full authorisation. This does pose questions as to the legitimacy of their historic operations.

84% of CMC fines not paid

Freedom of Information requests to the Information Commissioner show a breakdown of paid and unpaid fines since 2015. The ICO has fined 152 organizations a total of £16.6 million mainly for data breaches, spam and nuisance calls. Some 30% are still unpaid, which amounts to over £7 million, or 42% of the total value. The prime offenders for non-payment are in the claims management sector — companies responsible for tens of millions of nuisance calls over the years. So far, 84% of fines have been left unpaid in this sector, often because the companies involved go bankrupt to avoid payment. By category, the ICO has only collected 23% of nuisance calls fines, versus 64% of email spam fines and 74% for SMS spam.

The Claims Experts Ltd

CMC The Claims Experts Ltd, trading as Impakt Claims, was authorised by the FCA on 30th October 2019. One of its directors is Vincenzo Vernon who, it seems, used to be a director of Direct Financial Claims Limited which, trading as *paydayrefunds* was one of the most prolific CMCs submitting blanket and unsubstantiated financial claims. It has now been struck off the Companies House register.

Interestingly, whilst Vincenzo Vernon, date of birth September 1970, appears as a former director of Direct Financial Claims Limited at Companies House, he is not listed as having any other directorships. Meanwhile, Vincenzo John Vernon date of birth October 1970 as a

director of The Claims Experts Ltd is listed as having, or having had, five directorships – but not including Direct Financial Claims Limited.

So are Vincenzo Vernon, date of birth September 1970 (according to Companies House) and Vincenzo John Vernon date of birth October 1970 (according to Companies House) two people with very similar names, born a month apart, and both operating in the same CMC line of business – or perhaps one and the same?

Solicitors Regulation Authority warning

In its Risk Outlook 2019/20, the Solicitors Regulation Authority has set out nine key challenges for the forthcoming year, and whilst money laundering is the main priority, the management of claims is also a matter of concern. The SRA points out that if solicitors do not carry out the right checks on prospective clients, then they themselves are at risk. This is particularly important where a case came through an introducer. Although most introducers act ethically, some do not. The SRA has seen many reports of introducers encouraging false claims.

The SRA points out that making false claims is fraud. As such, the claimants may face criminal prosecution, with sentences including imprisonment. The SRA warns robustly that sometimes solicitors are knowingly involved or turn a blind eye. This can amount to dishonesty. It is likely to lead to a referral to the Solicitor's Disciplinary Tribunal. They may also face criminal proceedings themselves.

Resolver

The company initially behind *Resolver* was Resolving Ltd whose CMC licence lapsed in August 2019. There was also Resolving UK Ltd (same directors as Resolving Ltd) where Richard Lloyd (now an NED on the FCA Board) resigned as a director in April 2019. Resolver Consumer Online Ltd (some new directors, but two from the previous companies) is now running Resolver and was incorporated in March 2019. Resolving Ltd is listed as the majority shareholder. The online privacy policy refers to the Resolver Group and the T&C's confirm its partnership with Money Saving Expert, but it is not FCA authorised.

Essentially, Resolver was operating as a CMC and obtained a licence from the Claims Management Regulator just before the FCA took over regulation of CMCs on 1st April 2019. But Resolver had always claimed *not* to be a CMC yet its automated processes appeared to fit the FCA definition. It seems that a new version of Resolver has quietly emerged, run by a new company, that is attempting to operate in a manner that falls outside the definition of a CMC. The revised iteration is a lot less campaigning in its stance, describing itself now as a free, independent issue resolution service that connects consumers with businesses around the world, helping them find the best outcome every time.

Selling data to CMCs

A man who sold illegally obtained details to claims management companies has been ordered to pay more than £108,000 in damages. The court heard that an Aviva employee had accessed its computer system in 2013 and 2014 to obtain the personal details of policyholders who had reported accidents where they were not at fault. The employee then sold these details to David Oliver who in turn sold them on to claims management companies. It was claimed by the employee that he received at least £370,000 from the operation.

In Aviva Insurance Ltd v Oliver, the judge said the defendant David Oliver knew he was being provided with information which was obtained wrongfully. The judge upheld liability claims

from Aviva and ordered that Oliver pay the costs of a team set up to investigate the misuse of policyholders' data.

Lend a Hand Finance Ltd

Another CMC has failed the FCA authorisation process. Lend a Hand Finance Ltd no longer has FCA authorisation status with effect 1st November.

Cold calling

Research and analysis of Ofcom data by Aviva has found that consumers were targeted with 996 million nuisance calls and texts relating specifically to an injury related claim, pension, PPI or other financial service-related claims, which translates to 2,728,767 calls and texts per day, or 1,895 made every minute. These calls account for nearly one in four (23.2%) of all cold calls in the UK. 70% of people said they had received a nuisance call or text in the last seven days. Callers have the necessary consent for only 3% of the contacts they make.

The barrage of nuisance calls chasing compensation claims are mostly made by CMCs often acting as lead generators. These lead generators can be paid to introduce clients to solicitors – effectively circumventing the Legal Aid, Sentencing and Punishment of Offenders Act 2012 which banned payment of referral fees in connection with personal injury claims.

OCTOBER 2019

CMC FCA authorisations

The FCA response to a Freedom of Information request says that 953 CMCs applied for temporary permission by the deadline of 31st March 2019, prior to seeking full authorisation.

Exploitative debt advisers and lead generators

Google is targeting paid-for debt advice firms masquerading as free debt charities in a tightening of its rules on advertising. Firms which charge people for debt management services were paying to be promoted in Google searches for charities like StepChange and the National Debtline. StepChange said it was having to pay the search engine extra just to appear above the copycat firms. Google has now announced that, from November, only firms which can prove they are regulated by the FCA or as Insolvency Practitioners will be able to advertise on debt-related matters. It hopes this will stop those with problem debt being tricked into paying for debt management plans, believing they are speaking to an adviser for a well-known charity, such as StepChange.

CMC claims

Following the deadline for PPI complaints on 29th August, the FCA has written to the CEO's of claims management companies to explain what it expects from CMCs going forward, both when acting for their PPI customers and when issuing relevant financial promotions.

In August, lenders received an unprecedented volume of PPI checking enquiries and complaints, most from CMCs. So, lenders face very significant operational challenges. The FCA has told lenders that, in the circumstances, it regards maintaining fair, consistent outcomes as the clear priority, not the speed of complaints-handling. It is important that CMCs play their part in helping to ensure this by acting professionally and reasonably. Due to the operational challenges, many lenders are now acknowledging checking enquiries and complaints more slowly than usual. CMCs should recognise this and allow a reasonable length of time before expecting an acknowledgement. The FCA suggests at least three

months. CMCs should not send lenders copies of enquiries or complaints that have still to be acknowledged, as this will only further slow the process.

The current circumstances also mean that most PPI complaints will not now get a final response within the usual eight weeks. Instead, typical response times to complaints may sometimes stretch well beyond 24 weeks. A complainant can, strictly speaking, refer their complaint to the Financial Ombudsman Service after eight weeks if they have not received a final response to their complaint. The FCA expects CMCs to take all reasonable steps to investigate the existence and merits of a complaint before referring it, with evidence of the merits, to the Ombudsman Service and to allow lenders a reasonable amount of time to give a final response. This includes allowing a reasonable amount of time after the CMC provides evidence of the merits to the lender.

The Ombudsman Service has been clear in the past about its expectations when CMCs deal with lenders at the start of a complaint. It expects CMCs to work together with lenders to resolve complaints. This includes applying the eight-week rule pragmatically and sensibly before referring a complaint, as it may well be in the consumer's best interests to give the lender more time to respond. The Ombudsman Service may decide that a complaint has been referred to it without the lender being given a reasonable opportunity to respond. In these cases, it is likely to return the referred case to the CMC, and to ask the lender to get in touch with the CMC directly to discuss timings and the way to resolve the complaint.

CMCs should review their PPI financial promotions and, if necessary, revise them to ensure they make clear, in a prominent manner, that the promotion involves making court claims. Please also note that a CMC which passes consumers' details to a third party '*legal partner*' for potential PPI claims is likely to be carrying on the regulated activity of '*seeking out referrals and identification of claims or potential claims*'. This means the CMC is required to include a prominent statement in its financial promotions to the effect that it receives payments from the third parties to which it passes customers.

It has been suggested that Banks check with the account holder directly before sending out personal financial data to third parties on the back of bulk letters of authority from CMCs. There are many allegations of false signatures on information requests and letters of authority from several CMCs.

We Fight Any Claim

A further 120 jobs are to be lost at claims management company We Fight Any Claim at its Cwmbran call centre, bringing the total to 250. In September it announced it was shedding 130 jobs. 150 of its 400 staff will remain at the company.

Lead generators

The FCA is working with the likes of Google to intervene in online financial promotions that consumers may find misleading and where financial promotions and searches have led to consumer detriment. Amongst other matters, the FCA is concerned about promotions by companies not authorised or regulated by the FCA itself, such as lead generation sites where data supplied by a consumer are sold on to brokers. Lead generators currently do not contribute to the financial services world through FCA fees, but would do so if they were to become regulated by the FCA.

Centurius Ltd

Two complaints were upheld against Centurius Ltd by the Advertising Standards Authority. Centurius Ltd is a lead generation company that operates what appeared to be a pensions

price comparison website. It would pass on consumers details to financial advisors, but the ASA considered that this information was not made sufficiently clear on the website and that its advertising falsely implied that Centurius Ltd was acting for purposes outside its trade, business, craft or profession (misleadingly to claim that it provided financial advice), and did not make clear its commercial intent. The ASA told Centurius Ltd, trading as www.comparing-pensions.co.uk not to claim or imply that it was acting for purposes outside its trade or business and to make clear the commercial intent of its marketing.

Direct Financial Claims Limited

On 2nd October there was an application to strike Direct Financial Claims Limited off the Companies House Register. Direct Financial Claims Limited, trading as PaydayRefunds.co.uk was one of the most aggressive CMCs in 2018 but in many cases failed to validate the facts of the consumer claims it promoted. A large number of its claims had to be withdrawn from consideration by the Financial Ombudsman when this lack of validation came to light.

Compare My Claim Limited

On 14th October there was an application to strike Compare My Claim Limited off the Companies House Register. It had been first incorporated on 1st March 2019 and does not appear to have been FCA authorised. The website comparemyclaim.com says it is a trading name of Bollin Marketing Limited (same registered address as Compare My Claim Limited) whose name was changed to Clickdrive Media Ltd on 20th May 2019.

Mohammed Aumran

A former employee of a claims management company has been jailed for three years and one month after abusing his position at the firm and also making fraudulent claims on his own insurance policies. Leeds Crown Court handed the sentence to Mohammed Aumran, 42, of Pudsey, Leeds, on 10th October. A month earlier, Aumran plead guilty to six counts of fraud by false representation and one count of fraud by abuse of position. He also diverted around £18,000 into his own account when he worked at a claims management company and attempted to divert nearly £17,000 more.

Trees

Looking for new income streams, CMCs are targeting local Councils over damage caused to properties by tree roots. One Council is working its way through 60 disrepair claims at an estimated total cost of £240,000. Tree removals are becoming more prevalent due to increased notification of damage to structures and buildings through root damage.

SEPTEMBER 2019

Authorisation of CMCs

By the end of August 810 CMCs had applied for FCA authorisation. 144 CMCs which had temporary permission dropped out and did not apply for full authorisation. The Claims Management Regulator published that in 2018 there were 1,238 CMCs authorised by the CMR prior to the FCA taking over the regulation CMCs. There are now 51 CMCs, operating on FCA temporary permission, focused on short-term lenders. In 2018, there were 126 CMCs in this area out of the 1,238 authorised companies.

The quality of the authorisation applications has apparently been very poor in general which has set the timeline of the authorisation process back as the FCA is having to go back to firms and ask for more information. 20 CMCs had been authorised, or were close to authorisation at the end of August. 12 CMCs had withdrawn their authorisation applications. Three CMCs have voluntary undertakings. These cover conflicts of interest; financial promotions; and not acting in compliance with FCA rules. A number of cases are moving towards refusal.

In some cases, information provided by third parties has enabled the FCA to identify issues that could otherwise have remained hidden. Some key concerns the FCA is focusing on currently with CMCs include recycling of data – for example some CMCs are re-contacting previous customers without having consent from the customers. The FCA is working with the Information Commissioner on this. The FCA is also concerned about conflicts of interest and lead generation.

Allay Claims is no longer listed as a member of the Alliance of Claims Companies trade body. Its membership has now fallen to 35. The Go Claim Ltd licence lapsed in August; Legal Redress no longer appears on the FCA register and a handful of others such as The Claims Guys, The PPI Team and Canary Claims are no longer accepting new customers. The website belonging to Family Money Saved Ltd is also down.

We Fight Any Claim

A claims management call centre is shedding 130 jobs following the end of the claims window for mis-sold payment protection insurance. *We Fight Any Claim* in Cwmbran, Torfaen, said there would not be enough work for all its employees in the future. The company has operated in Cwmbran for over a decade. In 2013, it had to defend receiving a £290,000 grant from the Welsh government a year after a debt firm owned by the same family was stripped of its operating licence for *deceitful and oppressive practices*.

We Fight Any Claim says it has won £500 million in pay-outs for mis-sold PPI, and is best known for an advertising campaign fronted by John Cleese. Joy Chorlton is listed at Companies House as the ultimate controlling party due to her 100% shareholding in the company. She was a director of *Yes Loans*, one of the biggest credit brokers in the UK, handling 50,000 loans a month, enjoying a profit margin of more than 50% and paying millions of pounds a year in dividends. But in March 2012 – after Joy Chorlton had resigned as director but while it was under the control of her son, Simon – the Office of Fair Trading revoked the *Yes Loans* licence to lend, saying it was unfit to hold a consumer credit licence.

We Fight Any Claim operates out of Cradoc House in Bridgend, Wales, the building that was the headquarters of *Yes Loans* in its heyday. Simon Chorlton was a director of *We Fight Any Claim* for 10 years, but resigned in May 2019. Joy Chorlton also resigned as a director, in November 2017, but remains its 100% shareholder.

Conflict of interest

The FCA has barred a claims management company from dealing with the clients of an advice company over conflict of interest concerns. An update on the FCA's register says Money Redress Limited, which obtained temporary permission to trade as a CMC in April, is prohibited from bringing claims on behalf of clients of advice company Pension Calculator Limited, which has now ceased trading. Companies House data show the companies are connected through a director they share.

Barings Solicitors

Barings Solicitors has been the subject of concerns raised with the FCA concerning large volumes of complaints originating from the firm. The Financial Ombudsman is experiencing a significant volume of complaints from Barings in the pipeline and is liaising with the Solicitors Regulation Authority, which has visited Barings recently.

Solar Panels

CMCs looking for new revenue streams with the end of PPI claims are looking into solar panels. The claims deadline for PPI on 29th August brought in many thousands of last-minute claims from CMCs, many appearing spurious. Royal Bank of Scotland alone saw an unprecedented around 200,000 claims on 29th August - higher than the total number in the four months to the end of April. Lloyds Bank has said it will set aside up to an extra £1.8 billion to settle PPI claims, whilst Barclays bank said it would set aside between £1.2 billion and £1.6 billion extra.

Now thousands of home-owners who bought solar panels have complained that they are not reaping the rewards they were promised. The Financial Ombudsman Service has received 2,000 complaints and Barclays has put aside millions to compensate those who took out loans to pay for mis-sold panels. Barclays has set up £38.5 million fund to compensate customers across a number of different product areas, including solar panels.

Payments for the power solar panels sends to the National Grid are claimed not to have been enough to cover the cost of loans over 20 years. Some customers assert they were told the panels would be self-funding and the loan repayments would be more than offset by feed-in tariff payments (a scheme which closed to new applicants last March), which pays owners for their surplus electricity.

Compare Finance Ltd

CMC Compare Finance Ltd is now in administration having appointed a voluntary liquidator on 7th September 2019. Its sole Director is Georgina Jayne Earle who was formerly a director of CMC Chadney-Smith Associates Ltd until 3rd April 2019.

LFS Claims

On 27th September 2019 Companies House showed a total exemption for full accounts made up to 31st December 2018 by Ciaran Hamilton and Peter Cookson's CMC, Legal and Financial Solutions Limited trading as trading as LFS Claims.

Profit for the financial year 2017 was £ 2,106,577 but profit for the financial year 2018 had dropped to £7.653.

Lead generators

The FCA has warned CMCs using leads generated by lead generators to ensure that when dealing with a claim or with a customer whose details were obtained from a lead generator, that the firm confirms that the lead generator is an authorised person and, if not, that it is exempt; the appropriate systems and processes are in place to ensure it meets *The Privacy and Electronic Communication (EC Directive) Regulations 2003* or equivalent; and that it has kept records of the steps it has taken to satisfy these requirements.

Hamilton Philips Ltd

The Hamilton Philips Ltd website is no longer available and the FCA register shows that its Appointed Representative status ended on 9th September. Hamilton Philips Ltd claimed it was a leading debt advice company specialising in helping people who are struggling with outstanding finances. Since June 2018 it had been an appointed representative of Sterling Green Limited, a mortgage broker authorised and regulated by the FCA. It also had links to claims management companies.

Mindflow Marketing Ltd

Mindflow Marketing Ltd (previously named Total Claims Management Ltd) has recently changed its registered office address from Atrium Court, the Ring, Bracknell RG12 1BW to Suite Hh C/O Hilton Manchester Airport, Outwood Lane, Manchester M90 4WP on 22nd July 2019. This address appears to be short term serviced offices.

Mindflow Marketing Ltd has a host of trading names including Active Cash; All UK Loans; Any Credit Loan; Cash Piggy; Chosen Money; Cosmic Loans; EZ Loans; Little Finance; Loan Capital; Mint Money; Money Pup; Morgan Money; On Track Loans; Quid Capital; Smart Money UK; SmartPing; and Wizz Money.

Mindflow Marketing Ltd is authorised by the FCA as an Appointed Representative of Maintain Marketing Ltd of Bayside Business Centre, Sovereign Business Park, Willis Way, Poole, Dorset BH15 3TB. Another Appointed Representative is Triple Eight Media Ltd of Monomark House, 27 Old Gloucester Street, London WC1N 3AX. The Principals responsible for the activities of this Appointed Representative are Maintain Marketing Ltd and T Dot UK Limited Suite 4, Bourne Space, Bourne Gardens, Exeter Park Road, Bournemouth, Dorset BH2 5BD but until 26th February 2019 a Principal was The Quint Group, Oxford House, Oxford Road, Macclesfield, Cheshire SK11 8HS

August 2019

CMCs numbers reduce

The Claims Management Regulator published that there were 1,238 authorised CMCs in 2018. Of these, 126 CMCs specialised in claims against small sum short term lenders. It appears that only 51 of these are still operational (none have yet been fully authorised by the FCA, so rely on Temporary Permission for the time being), as six more firms, which include DFC Ltd and Brown and Ells Ltd, are winding down their CMC business.

CMC Adverts

The FCA has reviewed over 200 CMC adverts in various media and found widespread poor practice. The FCA has introduced a number of new rules in relation to financial promotions issued by CMCs to ensure that CMCs provide information to consumers that is fair, clear and not misleading. These rules require CMC firms to identify themselves as a claims management company; prominently state if a claim can be made to a statutory ombudsman/compensation scheme without using a CMC and without incurring a fee; include prominent information relating to fees and termination fees which the customer may have to pay if a firm uses the term *no win, no fee* or a term with similar meaning.

The FCA's review of CMC adverts indicate that some include only examples of case studies where the compensation provided to consumers is very high, even though the average amount received by consumers is considerably lower and include important information in small font or in a position that is difficult to see, when it should in fact appear prominently in a promotion.

The FCA has been taking action including issuing a *Dear CEO* letter on 4th June 2019 to remind CMCs of the financial promotions rules, amongst other matters; using formal financial promotions banning powers where a CMC appears to be using a celebrity endorsement without the individual's permission; highlighting concerns to CMCs, resulting in many firms amending or withdrawing their adverts and visiting CMCs where their financial promotions are particularly poor. If the FCA concludes that firms have used very poor promotions, it is unlikely that they will meet the Threshold Conditions for continuing authorisation. When the FCA reaches this determination, it will also set out what actions the firm needs to take, and by when, to avoid having to close down.

Allay Claims

The FCA has placed requirements on Allay Claims Ltd:

Cannot promote on social media or on any websites

1. Allay Claims Limited (ACL) will:

1.1 Remove from public view the financial promotions on <https://bank-refund-checker.co.uk>, Angie's Advice posts relating to ACL and Sarah's Money Advice posts relating to ACL.

1.2 Remove from the website www.allay.co.uk both the 'what a difference Allay Makes' and the text under the "what a difference Allay makes" strap line on the home page.

1.3 To refrain from putting any further financial promotions onto social media sites (including Facebook, Instagram, Twitter and other similar social media sites) or on any other website, including the website www.allay.co.uk.

The term 'Financial promotion' shall have the meaning ascribed to it in the FCA Handbook (and shall include all banner advertisements even if ACL does not agree that these fall within the meaning of financial promotions set out in the FCA Handbook).

Duration

2. This will apply until such time as the Authority agrees with ACL that it may make further financial promotions.

Allay still only has temporary permission, so this action appears designed to impinge on its activities immediately, until its application for Authorisation is assessed.

Complaints data

The Financial Ombudsman Service has published data about OMCs for the first time. It has been able to consider complaints about OMCs since 1st April 2019. The FOS received 262 enquiries about OMCs in the first quarter of this financial year, 117 new cases and 17 referrals from the Legal Ombudsman. 43% of cases were upheld. Customer service, fees and delays each accounted for about a third of complaints. There were some complainants who believed they had been scammed by a OMC – sometimes having paid upfront fees on the promise of a large PPI pay-out, or having been offered a gift card they have not received. FOS said that some OMCs are acting without FCA authorisation, or are fraudulent clones of authorised firms.

Clear Legal Marketing Ltd

Clear Legal Marketing Ltd trading as Payday Loan Fightback does not appear (August 2019) to be complying with FCA advertising requirements on its website; no obvious *prominently state if a claim can be made to a statutory ombudsman/compensation scheme without using a OMC and without incurring a fee or indeed to include prominent information relating to fees and termination fees which the customer may have to pay if a firm uses the term 'no win, no fee' or a term with similar meaning*. There is just a tiny statement at the bottom of the home page: *we will not charge you anything unless your claim is successful. If your claim is successful our fees are 36% inc VAT (30% + VAT).*

It also has two very odd links, half obscured, on the bottom left of its home page:

<https://forcescompare.uk/compare-car-insurance/> (Forces Compare Limited is an FCA authorised firm) and <https://www.bloommobilebeauty.com/>

PPI Complaints

At least nine out of ten compensation claims in the PPI scandal are fake, a high street bank executive has claimed. With the deadline for compensation looming at the end of this month, banks are being deluged with last-minute claims.

The senior bank executive, who asked not to be identified, said that just 10% of PPI claimants ever had a PPI policy, but banks are paying most of them anyway because it is too time consuming and costly to vet claims properly. The comments came as Royal Bank of Scotland and Santander revealed they had seen a huge spike in complaints ahead of the 29th August claims deadline. Lloyds said it has been getting 190,000 claims a week, and Barclays has complained of a flood of vexatious complaints made by unscrupulous claims management companies. It is thought that the banks are employing as many as 20,000 people to handle claims.

PPI is the biggest mis-selling scandal in banking history and has, since January 2011, so far cost the industry £35.7 billion – enough to fund Britain's annual public order and safety budget. Approximately 64 million PPI policies have been sold in the UK. More than two million complaints about PPI have been made to the Financial Ombudsman. Six claims management companies handle more than half of all PPI complaints.

Direct Financial Claims Ltd

Direct Financial Claims Ltd (Payday Refunds) is winding down and from 1st August, the company could not carry out any new claims management activity and must cease all activity by 31st August 2019.

Andrew Stuart Gannon was appointed as a director of Direct Financial Claims Ltd on 30th July 2019. He has worked for the firm for a long time, despite being made bankrupt on 3rd April 2018, owing a large sum to HMRC. He is now also the director of Blue Balance Solutions Ltd and Olijam Media Ltd.

Direct Financial Claims Ltd may have transferred its outstanding claims book to a firm Lastminute Refund Ltd, that has only one director, Toni Marie Hatton, who has no other directorships. The firm was only incorporated in April 2018 so is clean from a regulatory point of view. It is located in Exeter.

Lastminute Refund Ltd trades as Simply payday claims and has temporary permission as a CMC with the FCA. It is run by sole director, Toni Marie Hatton. Companies House records have a correspondence address for Ms Hatton which is a residential address in Exeter. A Toni Hatton also appears to work as an Outreach Co-Coordinator for debt advisors, Debt Consultancy Service CIC, a company that also has links to Exeter. Debt Consultancy Service CIC is run by Matthew Osborn who is also the director of the CMC, Chadney-Smith Associates Ltd which is located in Exeter. Past directors of Chadney-Smith Associates Ltd have included Damien Kennedy, Ciaran Hamilton, Georgina Earl and Carolina Costa (a former director of Direct Financial Claims Ltd) who shares the same address in Monaco as disqualified director, Mark Kennedy.

Phoenixism

The government has published draft legislation to counter tax abuse where companies exploit the insolvency rules to avoid or evade paying their tax liabilities, known as *phoenixism* where the directors resurrect essentially the same business but in a different guise. The new measure will allow HM Revenue & Customs to issue persons that controlled the company and were responsible for, or benefitted from, the avoidance or evasion of taxes, with a joint and several liability notice. Any tax liabilities will then be the joint and several liability of the directors and the company.

This is a very important change in the way company liabilities are viewed by HMRC and will no doubt result in the erosion of the concept of limited liability for directors and shareholders, in certain circumstances, where it is suspected that the directors have no intention of paying the taxes owed, and to exploit the insolvency regime repeatedly.

SWReclaim

CMC Shepherd and West Limited is not taking on any new clients. It has temporary permission as a CMC from the FCA trading as SWReclaim. Its sole Director is Ciaran Hamilton appointed on 27th November 2018. He is also a Director of Legal and Financial Solutions Ltd which did not obtain Temporary Permission as a CMC from the FCA. Both firms share the same address in Manchester.

Fake holiday sickness claims

Brian-Paul Cromby, 34, has been given a 12 month prison sentence for encouraging people to submit fake holiday sickness claims. Cromby's claims management firm, RTA & PI Solutions Ltd (which was dissolved in May 2018), even sponsored a cancer charity's fundraising boxing match, then cynically used it to drum up fake claims. He had ring girls collect money for the charity, which supports cancer patients, survivors and carers. But they also handed out business cards, telling spectators they could win huge pay-outs *with or without medical evidence*. At the event he was secretly filmed telling two journalists how he could secure them each a pay-out of £2,000 if they lied about being ill on holiday. RTA & PI Solutions Ltd found clients and directed them on to claims lawyers. It is illegal for lawyers to pay claims companies for referrals but some circumvent the rules by paying a monthly retainer.

July 2019

CMC FCA authorisation

The second authorisation deadline for CMCs was 31st July. This second and final landing slot was for CMCs that do financial services and product claims work, and lead generation for non-financial services/products claims; CMCs that only do lead generation (regardless of sector); and CMCs operating in all other sectors. Firms that failed to apply by the deadline have 30 days to wind down their regulated

claims management activity. They must not start, or offer to start, new claims during this period.

Strange goings-on

There has been a great deal of movement since February (just before CMCs came under the FCA's regulatory ambit in April) with some CMC directors replacing each other at various companies. It does seem that aliases are being used in some cases, and setting up new directors (just one or two for a firm) who have no regulatory record, to run new or rejuvenated business. Several firms that filed dormant accounts in 2018 now appear to be trading.

First Claims Group Ltd filed accounts as a dormant company up to 30th November 2018, yet received temporary permission to trade as a CMC from the FCA on 8th February 2019. However, on the FCA register its website is declared as

www.paydayclaimhelp.co.uk

an active CMC site being a trading name of First Claims Group Limited. It has only one Director, Maria Louise Jones, who has no other directorships.

Hardwick Financial Solutions Ltd based in Wigan went into Administration owing £500,000 to HMRC. A former director of Hardwick Financial Solutions, Kylie Sheedy, was appointed a director of active CMC, Consumer Claims UK LLP on 19th July 2019. The only other Director of Consumer Claims UK LLP is Claims to Gain Ltd, of which Kylie Sheedy is also a director. But the Claims to Gain website says that it is one of the trading names of Consumer Claims (UK) LLP. Consumer Claims (UK) LLP has temporary permission from the FCA to operate as a CMC. Claims to Gain Ltd has not. Other Claims to Gain Ltd directors are Jamie Hubbard and David Sankey. Scott Sheedy is a former director. Claims to Gain Ltd also filed accounts as a dormant company up to 28th February 2018.

Direct Financial Claims Ltd filed accounts as a dormant company for the two years ending 30th June 2017 and then filed abridged accounts for the period 1st July 2017 to 30th September 2018 which show very little – not at all enough to assess levels of trading. Yet it has been one of the most prolific CMCs in recent times, so it is surprising that its accounts appear to show only mediocre activity. Resurrecting dormant companies currently appears to be a popular pastime in the CMC world.

More CMCs exit the market

A further tranche of CMCs appears to be no longer trading. Of the list of 126 CMCs that specialised in claims against small sum short term lenders, provided by the Claims Management Regulator in 2018, around half appear already to have dropped out of the market. The most recent exits include:

Claim Solution Experts Ltd
Weber Wolf Ltd
Abdul Razzaq
Profinance Associates Ltd
Go Claim Ltd
Real Time Claims (part of Allay Claims)

Legal Redress Ltd (not even on the FCA financial services register)
Ascend Finance (not even on FCA financial services register)
The PPI Team (no new claims)
PPI Back2u Ltd

The PPI Team

Consumer organisation *Which?* has found claims management company The PPI Team is overcharging commission on PPI claims. Customers who have been overcharged could be entitled to claim back the extra money they have paid. Commission fees charged by CMCs for PPI claims were capped at 20% plus VAT, by the Financial Guidance and Claims Act in July 2018. The cap applies to all agreements that were entered into on or after 10th July 2018, when the cap was introduced. The PPI Team appears to have been charging 39% commission, plus VAT. The PPI Team website (now down) also supported the claims, stating it charged 39% commission plus VAT. In a recent case, *Which?* says a customer successfully challenged his 39% fee and his commission payment was reduced by £1,118. The PPI Team told him a mistake had been made. However, The PPI team website says that the firm is no longer taking on new business, but will continue to progress existing claims.

Phoenixing

The Financial Services Compensation Scheme has pledged to stop directors of collapsed financial advisers from setting up claims management companies. There have been cases where an adviser has sold its client book on to a claims firm connected to its business. Speaking to MPs on the Treasury Committee, new FSCS chief executive Caroline Rainbird said the FSCS worked closely with the FCA to stop phoenixing by preventing inadequate financial advisers from rising from the ashes as a claim management company to claim against their own failings. The FSCS chief operating officer said that 70% of claims the FSCS receives come via claims management companies.

Easy Claims Collection

CMC, Easy Claims Collection Ltd appears to be continuing to trade but does not seem to be on the FCA register. The FCA's list of CMC's with temporary permissions does not include Easy Claims Collection Ltd.

FCA warns CMCs

Claims management companies have been offered the opportunity to buy data belonging to clients of failed mini-bond provider London Capital & Finance, according to the FCA. However, it has warned that CMCs would face regulatory action if they failed to process legally LC&F client data. LC&F went into administration in January owing more than £230 million, putting the funds of some 14,000 bondholders at risk.

CMC Chadney Smith Associates Ltd

Chadney Smith has filed its accounts for the year to 30th November 2018 which show no activity at all. The firm was incorporated on 17th November 2016, ceased to

be authorised by the FCA on 10th November 2017 but currently has temporary permission from the FCA to operate as a CMC.

No 1 Accident Claims Limited

Former company director David Cullen has been fined for illegally obtaining people's personal data and selling it to solicitors chasing personal injury claims. David Cullen, from Manchester, was also issued with a confiscation order under the Proceeds of Crime Act 2002. But the court was unable to recover the £1.4 million he made from illegal activities due to Cullen's lack of assets.

David Cullen was the managing director of No 1 Accident Claims Limited, based in Manchester, from 2010 until the company was liquidated in 2012. The business profited from selling illegally obtained personal data to solicitors. The data, relating to people who had been in road accidents, could then be used to pursue personal injury claims. Appearing before Manchester Crown Court, Cullen was fined £1,050 and ordered to pay £250 costs. He was disqualified from being a company director for five years and an order was made for the forfeiture and destruction of computer devices seized under a search warrant in 2012.

Following sentencing, confiscation under the Proceeds of Crime Act 2002 commenced. The exact figure which Cullen is believed to have benefited from during his illegal activities is £1,434,679 but the court proceeded by making a £1 nominal order. Cullen's financial circumstances will be regularly reviewed, and should they improve, the amount of the confiscation order can be increased.

Cullen pleaded guilty to 21 charges of unlawfully obtaining and selling personal data in breach of section 55 of the Data Protection Act 1998, when he appeared before Manchester City & Salford Magistrates Court in September 2018.

CMC director forged claimant signatures

Haroon Karim, who was a director of various claims management companies, has been found guilty of contempt at the High Court in Nottingham. The judge sentenced the 33 year old to six months' imprisonment, saying he made fanciful and speculative assertions for substantial rewards. The proceedings arose from a previous case brought by defendant firm Horwich Farrelly in conjunction with insurer LV=, where the judge at Nottingham County Court ruled that a solicitor at defunct Bolton firm Asons made gross failures in handling a personal injury claim where documents were found to contain forged signatures. The judge also ruled that Karim, whose company had referred the claim to Asons, had forged a claimant's signatures on these documents, including the claim form used to start proceedings, without their knowledge.

Karim, from Nottingham and formerly a director of ACA Claims Ltd, ACA Accident Claims Assistant Ltd, Medicals Elite Ltd, Easy Go Hire Ltd and Medical Healthcare Services Ltd, was one of Asons' larger sources of work before it was shut down by the Solicitors Regulation Authority in 2017.

June 2019

FCA authorisation

The FCA has now updated the Financial Services Register with information about those CMCs that failed to apply for authorisation by the end of the recent application window. Where a CMC has not applied for authorisation within the first application window (which ended on 31st May), the CMC has 30 days to leave the market and was unable to take on any new business after 1st June 2019. This information is now recorded on the CMC's register entry. Despite signs that some CMCs are leaving the market, such as domain names for sale and websites unavailable, many of the CMCs active on complaints about short-term lending appear to have got their applications in on time, which allows them to continue trading until either they are fully authorised by the FCA; they withdraw their application for authorisation or the FCA rejects their application. In the latter two cases they will have to cease trading immediately.

These CMC's are not currently trading, but the list is not exhaustive: -

Website Absent
PPIBack2U Ltd
Resolver Claims Management Ltd
New Start Financial Solutions Ltd
Quigley & Carter
Savvy Claims Ltd
Arch Hall Ltd
Reclaim Your PPI Ltd (see FCA notice below)
Legal and Financial Solutions Ltd

Website unavailable / under development / coming soon
Lepus Marketing T/a The PPI Team
Rapid Reclaim Group Ltd
Reclaim Your PPI Ltd
My Legal Club Ltd
Clickdrive Media Ltd

CMC Resolver

The FCA has sent a "*Dear CEO...*" letter to all CMCs with Temporary Permission, presumably including *Resolver*. Amongst other matters, the FCA says: *Claims must have a good base and you should investigate the existence and merits of each element of a potential claim.* It does not appear that *Resolver* does this since it is an automated process. A request by me to *Resolver* asking how it complies with this requirement has received no response.

Fee caps?

The FCA has written to CMCs informing them that it will send an information request to a representative sample of the market to explore whether it is necessary to introduce fee caps and, if so, how this should be done. According to the Financial

Guidance and Claims Act, the FCA must look at restricting charges for CMCs in relation to financial products and financial services claims, which can include fee caps. In the communication sent to CMCs, the regulator stated that once its analysis of the data firms provide is complete, it may decide to publish a consultation paper, which will be an opportunity for CMCs, industry groups and other stakeholders to give their views on its plans.

Allansons LLP

The Solicitors' Regulation Authority has intervened into Allansons LLP of 1st Floor, Queens Buildings, Central Street, Bolton BL1 2AB and the firm was closed on 24th May. An SRA Adjudicator was satisfied that Roger Brian Allanson, the sole LLP Designated Member and manager of the firm, had failed to comply with the SRA Principles 2011, the SRA Practice Framework Rules 2011 and the SRA Accounts Rules 2011. All practice papers, files and monies held by the firm at the date of intervention are now in the possession of the SRA. Three other Designated Members of the Partnership had resigned their positions in March and May 2019.

For Sale

In mid June, website RightBiz Ltd

<https://www.rightbiz.co.uk/claims-management-companies-for-sale-in-uk.htm>

was showing 15 Claims Management Companies for sale to buy or rent in UK, some, like this one, showing great urgency:



CONFIDENTIAL SALE

Claims company. Looking to sell due to the stress of running company and imminent PPI...

Undisclosed, Cheshire

Turnover: £650,000 Asking Price: £125,000 Net Profit: £25,000

Price Reduced

Database of over 17000 clients opted in for all financial claims - Large pipeline of rejected ongoing PPI and PBA claims - Cheshire based CMC for sale. No lease for premises.

[More Details »](#)

Similar businesses in Cheshire:
Claims Management Companies

 Contact Seller

 One-Click Request

 Save

[View Full Details >](#)

Another advertises both potential breaches of data protection regulations for future growth, and an attempt to avoid FCA regulation by becoming a law firm:

NORTH WEST ENGLAND BASED

Current YE T/O of £5.1 million and adjusted EBITDA of £1.4m. Specialises in assisting clients claim compensation for mis-sold investments and pensions. Considerable potential to diversify into additional financial services and cross-sell to the company's past and existing client base. Utilises a 20 seat call centre, which is due to be doubled with a view to generating a considerable increase in turnover. Reputation for excellent customer service, resulting in the company receiving multiple awards. Currently working towards being recognised as a solicitor's firm,

bringing it under the SRA and making it immune to potential fee capping by the CMR. Typically maintains £1 million fee income pipeline at all times. Strong second tier management team which is fully capable of operating the business on a daily basis. Excellent acquisition for an existing financial services firm looking to break into an un-tapped and growing sector of mis-sold claims. Leasehold premises with additional units currently being negotiated.
Offers invited.

Two Legal Services Ltd

CMC, Two Legal Services Ltd Company number 07489642, still had a live website In June 2019 despite the company being dissolved in 2017. It claims to be regulated by the now defunct Claims Management Regulator
<http://www.twolegalservices.com/ppi.php>

Alliance of Claims Companies

The trade body representing claims management companies has seen a significant decline in membership over the past year. It has now lost a further two members: *The Claims Bureau* and *Reclaim in Spain*, but has one new member: *It IS Your Money*.

Claims law firms may close

Government reforms to raise the small claims limit to £5,000 for road traffic accidents will lead to law firms closing down, lawyers have predicted. Personal injury solicitors fear that the changes, which will come into force in 2020 and are likely to result in fewer claimants having legal advice, will lead to redundancies. The Ministry of Justice hopes that its reforms will lead to fewer fraudulent claims for whiplash injuries.

According to a survey of over 100 law firms commissioned by the claims management company *First4Lawyers* more than 60% of lawyers expect to see significant job losses as law firms merge and 13% said the changes would lead to the closure of their firms.

Impakt Claims

Impakt Claims appears to have stopped paying for an advert with Google as a search for payday loan refunds does not bring them up nowadays, yet they were at the top of the pile until quite recently. They may just be very busy...

SIPP Complaints

Self-invested personal pension providers are increasingly being approached by CMCs, with at times spurious attempts to obtain client information without the client's knowledge. One provider has received data access requests from CMCs on behalf of clients that had never even held a pension with them. It had also received requests without evidence that the client had granted the CMC permission to act on its behalf.

Complaint letters are often templates, and can quote regulations that bear no relevance to the complaint being made. One particular CMC template letter refers to the FSA rather than the FCA, which is ironic given that the CMCs themselves are now

regulated by the FCA. The reason for the influx in non valid claims appears to be that CMCs tend to operate on a no-win-no-fee basis and are looking for anything that might stick. The customer has nothing to lose and all to gain by putting in a claim and leave it to the CMC to fill in the blanks. The CMC gets a large proportion of the payout if successful, it is all about volume for them, sending out as many complaint letters as possible. Some CMCs are reported even to go as far as abusing data protection rules by making a subject access request and then reverse engineering a complaint by reviewing the suitability reports and files and making up a false story for a claim.

May 2019

FCA supervision of CMCs

Authorisation application period 1 from 1st April to 31st May for CMCs that only undertake financial products and services claims work (but not CMCs who only undertake lead generation work) and CMCs new to CMC regulation, had generated only around 50 application of the 450 anticipated by the FCA by two weeks before the application period closed. Whilst there might have been a last-minute rush, it appears that a number of such CMCs see little hope of meeting the FCA threshold conditions for authorisation.

In an interview with *FTAdviser* on 3rd May Jonathan Davidson, the FCA's executive director of supervision, retail and authorisations, said that the regulator is encouraged by the number of companies that want to continue to operate in CMC sector. However, receiving temporary permission from the FCA does not mean a company will automatically receive subsequent authorisation. In order to receive FCA authorisation, CMCs must meet the threshold conditions, while management will be assessed for their skills, experience and suitability during the application process. And the FCA has vowed to tackle any *frivolous, vexatious or even fraudulent* claims.

He said that just because firms have not yet been fully authorised does not mean that the FCA is not supervising them already, and had started collecting data and intelligence on the firms even before they transferred to the FCA for supervision. He explained the FCA has a broad range of intelligence and data sources, which it will use to determine if a firm is deemed an outlier in respect of not doing the appropriate due diligence on its lead generation, submitting vexatious claims, or not providing clarity on the fees and charges that are in place. He said the regulator gathers information through the complaints it receives in its contact centre, and whistleblowers' reports. The Senior Managers and Certification Regime will start to cover CMC firms from 9th December 2019, and will apply to almost all staff working for claims management companies.

Bollin Marketing Ltd re-named Clickdrive Media Ltd

Bollin Marketing Ltd has been re-named Clickdrive Media Ltd. Until recently Bollin Marketing Ltd was run by Andrew and Jack Greenwood but was originally set up and

managed until September 2016 by Edward Booth – the disqualified director who co-ran Secure My Leads Ltd the company which duped its customers, who were searching for loans, into paying a brokerage fee of up to £69 according to the FCA which disqualified Booth and three other Directors of Secure My Leads Ltd last year.

However, on 22nd February 2019 Andrew Franks and Jack Greenwood and two others were sentenced after pleading guilty to bribery. Greenwood was given 14 months imprisonment, suspended for 18 months, 180 hours unpaid work, £750 court costs and a £3,000 fine to be paid within three months. Andrew Franks was sentenced to 7 months imprisonment, suspended for 18 months, 180 hours unpaid work, £750 court costs and a £3,000 fine to be paid within three months.

On 27th February Companies House was notified of Jack Greenwood and Andrew Franks resignations from Bollin Marketing Ltd, leaving Sophie Franks as sole director. However, the FCA register still had Jack Greenwood as a contact name.

On 28th February Andrew Franks and Jack Greenwood were appointed as directors of XYZ Tech Ltd, replacing Sophie Walton, Hannah Turnbull and Paige Summersgill. Paige Summersgill used to run the company, Smart Social Media Ltd, with Edward Booth and Christopher Brotherton with the latter two being subsequently banned as directors by the FCA last year.

CMCs referred to FCA

Two claims management companies have been referred to the FCA over alleged rule breaches after they asked for personal information without client consent. One of the CMCs was found to have approached Intelligent Money, a provider of investments and self-invested personal pensions, with a data protection subject access request without their clients' knowledge. The other cold-called a British Steel worker and turned up on the doorstep within 24 hours of the call. A ban on cold-calling, including emails and texts, was introduced in January this year, making such activity unlawful and subject to fines of up to £500,000.

The FCA has also confirmed that all CMC investigations being conducted by the Claims Management Regulator prior to the FCA taking responsibility for the regulation of CMCs, will be progressed by the FCA.

Resolver

Resolver, the free to use consumer complaints website that has been running for four years (with no indication as to how it is funded) made a big media splash on 8th May, saying that *Resolver* helped sort out 1,382,566 individual complaints in the last financial year. It does not, however, say how many of these complaints were upheld. *Resolver* has FCA temporary permission as a CMC whilst applying for full FCA Authorisation. Nevertheless, *Resolver* asserts that it is not a CMC, mainly because it does not charge consumers a fee. Nevertheless, it acts on complainants' behalf like other CMCs, including follow up emails to company CEOs and complaints to the Financial Ombudsman. Users of the moneysavingexpert.com website have been encouraged to launch claims through *Resolver* against 20 payday lenders, most

commonly against QuickQuid, Wonga, Lending Stream and Payday UK, and have reported compensation averaging £463.

A complainant gives the name of the firm to complain about, the *Resolver* site identifies the firm concerned and the complainant fills in a few sparse details which do not seem to be validated by *Resolver*. *Resolver* writes the complaint's letter, which the complainant can edit if s/he wishes, then it is sent off from an email address *Resolver* creates for the complainant. *Resolver* says it will let the complainant know when a response is received. The complainant has to open a *Resolver* account. There appears to be no validation by *Resolver* that a complaint has any substance, which is an action long required of CMCs.

After a period of time the complainant is emailed by *Resolver* asking if s/he wishes to escalate the complaint (*Resolver* does not say to whom). Simply clicking the "*Escalate my case*" link on the email activates this process, yet *Resolver* appears to have taken no action to validate the substance, accuracy or truth of the complaint, or any response from the lender. Even if a lender responds that no loan was ever made to the complainant, *Resolver* will still offer the opportunity to escalate the case. There is a "*Close my case*" option on the email but the box appears to be less attractive in design than the "*Escalate my case*" link.

The FCA define a claims management company as a person carrying on a regulated claims management activity in Great Britain. Regulated claims management activities are:

- seeking out, referrals and identification of claims or potential claims;
- advice, investigation or representation in relation to a personal injury claim;
- advice, investigation or representation in relation to a financial services or financial product claim;
- advice, investigation or representation in relation to a housing disrepair claim;
- advice, investigation or representation in relation to a claim for a specified benefit;
- advice, investigation or representation in relation to a criminal injury claim; and
- advice, investigation or representation in relation to an employment-related claim.

Resolver has Temporary Permission from the FCA as a CMC. It seems that it is *seeking out, referrals and identification of claims or potential claims*, and *advice, investigation or representation in relation to a financial services or financial product claim*. It also appears that *Resolver* is failing to discourage customers from making claims which do not have a good basis.

Claims management firms need to meet FCA threshold conditions and specific requirements including:

- Checking that customers' details have been obtained legally. Firms which use lead generators must make sure all the information they receive complies with data protection legislation, and keep a record of these checks.
- There will also be rules to make sure firms don't encourage customers to make claims which do not have a good basis.
- Keeping records of all customer calls. Firms must record all calls with customers, and keep the recordings for at least 12 months after the final contact with the customer, or the conclusion of any contract or complaint.
- Telling customers about free alternatives. Marketing material and pre-contract information must mention any relevant ombudsman schemes which the customer could use for free.
- Telling customers key information before entering into a contract. CMCs must provide a one-page summary document setting out the service provided. Before the contract is agreed, firms must also provide a standardised illustration of the fees charged.
- Keeping customers updated about the progress of the claim. Firms must let customers know about any new developments for their claim, including giving them a revised estimate of the fee.

Interestingly, Resolving Ltd (the legal entity trading as *Resolver*) was authorised by the Claims Management Regulator on 19th March, just days before CMCs become regulated by the FCA. If *Resolver* is acting as a CMC (which it seems to think it is for regulatory purposes), it appears to have been operating without authorisation for several years prior to 19th March 2019 during which time its practices, that require it to be an authorised CMC, were developed and implemented. This might be embarrassing for its Chairman at the time, Richard Lloyd, who has recently been appointed as a Non-Executive Director on the FCA (which now regulates CMCs) Board. He also undertook a review of the Financial Ombudsman Service in mid-2018 – the body which deals with financial services complaints submitted by CMCs like Resolver.

The *Resolver* media release quotes the following. Whilst it is clearly successful in motivating complaints, it appears to have no processes in place to ensure that it is not encouraging bogus claims, as do many commercial CMCs:

The top twenty biggest areas of complaint in 2018/19			
Product, service or sector	2017/18	2018/19	% Change
PPI	727195	550468	-24%
Flight delays and airlines	118704	135037	14%
Online shopping	58976	108315	84%
High street shopping	60007	83386	39%
Mobile phones	28451	44744	57%
Packaged bank accounts	77597	39194	-49%
Restaurants	27756	36761	32%
Package delivery	11664	35339	203%
Payday loans	5500	28543	419%
Takeaways	20239	23531	16%
Travel agents	11582	22926	98%
Energy (gas and electricity)	11348	19089	68%
Broadband	13655	19041	39%
Hotels	7991	16131	102%
Credit cards	8932	13917	56%
Film and TV streaming services	6322	13001	106%
Faulty goods	8512	11747	38%
Current accounts	9977	11492	15%
Car dealerships and motor vehicles	7428	10749	45%
Ticket sales (direct and resale)	2615	8186	213%

CMC EMCAS closes down

The offices of EMCAS on the Exeter Business Park have closed and Administrators Duff & Phelps Ltd have taken control of the company. Customer contracts have been switched to Rightside Financial Services. Most of the 75 staff working for the claims management company in Exeter have been made redundant after the firm was put into administration. EMCAS, which handled consumer claims of malpractice by financial institutions, said on its website that it was no longer processing claims.

Arch Hall - in Administration

The Administrators report (extract below) for Arch Hall shows a pre-packaged sale to Rapid Reclaim Group Ltd - a recent CMC which is run by the former Arch Hall Operations Manager. It is claimed that there are no connected parties between the Company and the Purchaser!

The business and assets, including the work in progress, the debtor ledger and customer data, were sold to Rapid Reclaim Group Ltd ("the Purchaser") on 7 March 2019. The Purchaser is an unconnected party to the Company. For the avoidance of doubt, there are no connected parties between the Company and the Purchaser in the form of common Directors and shareholders. The Director of the Purchaser was an employee of the Company

Hall and Hanley Ltd

The Information Commissioner has fined a PPI claims company £120,000 for millions of nuisance texts. Hall and Hanley Ltd of Devonshire Street North, Manchester were responsible for sending 3,560,211 direct marketing text messages between 1st January 2018 and 26th June 2018 about PPI compensation claims. The ICO launched an investigation after it became aware of a large number of complaints about the company. It found that Hall and Hanley, which had used a third party for this work, but did not have the necessary customer consent.

Fraudulent holiday sickness claims

A businessman has appeared at Liverpool Magistrates' Court charged with holiday insurance fraud following an undercover investigation. Brian Cromby, 34, faces two charges of fraud by misrepresentation under the Serious Crime Act 2007. Two *Mail on Sunday* reporters were researching fraudulent holiday sickness claims and posed as potential clients. Mr Cromby runs a claims management company. The reporters contacted him and he apparently advised one of them that he should not mention that he ate outside the resort and told the other that he should say he was ill for seven days, as opposed to four. Magistrates adjourned the case for a pre-trial hearing at Liverpool Crown Court on 13th June.

April 2019

Regulation of CMCs

The FCA began regulating the claims management industry on 1st April. All claims management companies in England, Scotland and Wales will now have to demonstrate they meet and maintain minimum standards set by the FCA. All existing and new CMCs will need to apply to the FCA for authorisation. More than 900 CMCs have registered for temporary permission to continue operating while they go through the FCA authorisation process.

The FCA define a claims management company as a person carrying on a regulated claims management activity in Great Britain. Regulated claims management activities are:

- seeking out, referrals and identification of claims or potential claims;
- advice, investigation or representation in relation to a personal injury claim;
- advice, investigation or representation in relation to a financial services or financial product claim;
- advice, investigation or representation in relation to a housing disrepair claim;
- advice, investigation or representation in relation to a claim for a specified benefit;
- advice, investigation or representation in relation to a criminal injury claim; and

- advice, investigation or representation in relation to an employment-related claim.

Memoranda of Understanding

A Memorandum of Understanding has been agreed between the Solicitors Regulation Authority and the FCA to establish a formal basis for co-operation, including the areas of exchanging information, communications, and investigative assistance. One of the purposes of the MOU is to enable the proper processing of claims or applications for redress or compensation of any description, which implies cooperation on CMC matters and SRA regulated solicitors that undertake claims management functions.

A further purpose of the MOU is for the assessment of applications for authorised bodies or FCA authorised persons or other applications where relevant, which implies cooperation with the SRA on the FCA CMC authorisation process.

Wonga update

The Administrators for Wonga have published an update which confirmed they are considering options to sell the customer database. The Administrators currently have around 49,000 potential Redress Claims for unaffordable lending so far (32,000 submitted by CMC's). The Administrators have launched an online claims portal to enable further affordability complaints to be submitted. Wonga had lent to around 2 million people in the UK and the Administrators will be contacting all these customers and will also run an advertising campaign. They expect significantly more complaints will be received; it is clear that there will be insufficient funds available to pay these out in full.

Reduction in the number of CMCs

The Alliance of Claims Companies, the trade body for Claims Management Companies, fears 50% to 80% of the 670 companies offering management of financial claims, particularly small firms, will choose to cease trading rather than face FCA authorisation - perhaps an indication that they might fail the FCA threshold conditions. It has warned that the regulation of CMCs under the FCA may not be best for consumers. In part Wonga blamed a surge in compensation claims from CMCs for its collapse, but the Alliance of Claims Companies said that the collapse was a result of Wonga's own poor lending practices and argues that CMCs help consumers. It is interesting that many CMCs now promoting claims against credit firms were themselves closely allied with list providers and credit brokers that sold loan applicant details to lenders in the first place.

Membership of the Alliance of Claims Companies has fallen from 67 firms in October 2018 to 38 in April 2019.

Zuuma Finance Ltd

A Statement of Affairs for finance company Zuuma Finance Ltd, which had strong connections with CMCs, was published on 5th April and shows that it was the charge holders who put Zuuma into administration. The document also shows Carolina Da Costa (former Director of CMC Direct Financial Claims Ltd) as one of the main

shareholders and lists disqualified director Mark Kennedy as one of the creditors (he is owed £200,000 apparently but is unable to show a current address). Damien Kennedy was one of the Zuuma directors. There is also a company called Moorepay who are only owed £31 but appear to have the same Manchester address as Direct Financial Claims Ltd.

Association of Consumer Support Organisations

Meanwhile, a new organisation looking to bring together and speak for all those involved in supporting claimants in the civil justice system has been launched. The Association of Consumer Support Organisations wants to represent law firms involved in claims management activities. Such firms are not regulated by the FCA but by the Solicitors Regulation Authority which does not require same threshold conditions for authorising firms as the FCA.

Staged fall

A woman who orchestrated falling over a crate in a Bradford store in order to make a bogus injury claim has been given a suspended 21 month prison sentence for fraud. Farida Ashraf, 41, of Dewsbury, West Yorkshire, was seen on CCTV tripping over the crate in 2013 after two accomplices had placed it on the floor. She said she had suffered multiple injuries, but a civil court ruled the claim was *fundamentally dishonest*. The case against her is thought to be the first private prosecution of its kind.

Law firms exiting the claims market?

Hudgell Solicitors has put together a seminar to provide advice on selling of cases. Lawyers considering their long-term futures in the claims market are being urged to take an established exit route. The national firm, which has offices in London, Manchester, Leeds and Hull, recently revealed it is open for business once again and willing to purchase caseloads from other firms under its *We Buy Any Files* acquisition model.

The implication is that some law firms are considering exiting the claims market as are many non lawyer claims management companies. CMCs are now regulated by the FCA, and although lawyers remain under the Solicitors' Regulation Authority, there is a Memorandum of Understanding between the FCA and SRA in an attempt to sustain higher standards in the claims market.

March 2019

CMCs and FCA Temporary Permission

In mid-February the FCA announced that around 250 CMCs had applied for Temporary Permission to continue to trade after 31st March 2019. Overall, the FCA is predicting that 750 would apply in total - but it now appears that even this small number (there were 1,238 CMCs authorised by the Claims Management Regulator in 2018) may not be reached.

In 2018 the CMR indicated that 126 CMCs focussed on high cost credit claims. Already a number of these have gone out of business and it may well be that not all of the remainder will have applied for Temporary Permission by 31st March. That begs the question as to what

is the situation with consumer complaints submitted by a CMC that is no longer authorised to trade after 31st March? Presumably a firm would be unwilling to accept complaints from a CMC that is not FCA regulated after 1st April, though it could advise such a firm to invite its client to contact the firm complained about, directly. It might also be worthwhile contacting complainants directly in cases of outstanding complaints where the initiating CMC is no longer authorised to trade.

More complex may be the situation of complaints currently with the FOS where the initiating CMC is no longer authorised to trade. Presumably a firm could invite FOS to set aside any communications from a CMC that is not authorised, and deal only with the complainant directly.

Resolver

Resolver, the free consumer complaints service recommended by Martin Lewis, founder of MoneySavingExpert.com is working with MoneySavingExpert.com, the UK's biggest consumer advice website, bringing together its campaigning power with Resolver's focus on helping consumers raise and resolve issues. Interestingly, Resolving Ltd which claims not to be a Claims Management Company, was authorised by the Claims Management Regulator on 19th March, just days before CMCs become regulated by the FCA.

Alliance of Claims Companies

The Alliance of Claims Companies is the trade body for CMCs. It has recently lost 19 members and gained 3 new ones according to its online membership list. This brings the membership down from 67 in October 2018 to 45 today.

The 19 former members are:

Claims The Compensation Expert
High Street Claims
TLW Solicitors
Just Resolve
Taylor Edwards Financial Management
Curzon Claims
PPIback2U
CBTC Ltd
The Radiant Legal Group Ltd
Priestley Crowe LLP
Credit Claim Helpline
Magnum Claims
JPR Hughes Claims Management
Reclaim Your PPI Ltd
Franklyn Hughes
Financial Resolver
Rapid Reclaims
Civil Claim Services Ltd
ME Legal and Financial

The 3 New Members are:

Paragon
Money and Me Claims Ltd
Canary Claims

Mid North West Ltd

A director of a claims management company has been sentenced for fraudulently obtaining customer data from AXA Insurance. Four men, including Jack Greenwood, 29, of Gravel Lane in Wilmslow, were sentenced for their respective roles in stealing and selling customer data from the insurance company, and exploiting it for their claims management company.

Between 15th July 2015 and 30th December 2015, employee Shane Jerman stole customer data and passed it to ex-employee Stuart McGill, who in turn sold it on to Jack Greenwood and Andrew Franks, 29, of Spencer Mews, Macclesfield, for their claims management company. Jerman, 29, of Westbourne Road, Morecambe, was taking photographs of customer data and sending them onto McGill via *Whatsapp*. McGill, 30, of Charlecote Road, Stockport, stated that Jerman was sending roughly 100 lines of data to him each week.

Analysis of McGill's bank account showed that he was receiving several thousands of pounds from a company called Mid North West Ltd which was operating as a claims management company. Jack Greenwood was a director and Andrew Franks an employee. In total, it is estimated that Jerman and McGill made £18,250 between them.

Jerman and McGill received nine months imprisonment, suspended for 18 months, 180 hours unpaid work, and were ordered to pay £450 court costs. Greenwood was given a 14 month prison sentence, suspended for 18 months, while Franks was given 17 months imprisonment suspended for 18 months. Both men were given a £3,000 fine and ordered to pay £750 court costs and carry out 180 hours of unpaid work.

On 27th February Companies House records showed that Jack Greenwood and Andrew Franks had resigned as directors of CMC Bollin Marketing Ltd, leaving Sophie Franks as sole director. On 28th February Andrew Franks and Jack Greenwood were appointed as directors of XYZ Tech Ltd, replacing Sophie Walton, Hannah Turnbull and Paige Summersgill. Paige Summersgill used to run the company, Smart Social Media with disqualified directors Edward Booth and Christopher Brotherton.

Where next for CMCs?

After targeting PPI and payday loan companies, consumer CMCs are predicted to set their sights on financial organisations that have suffered data protection breaches. In the wake of data protection regulation changes, some CMCs are currently searching for fresh targets. With GDPR and high-profile attacks raising public awareness of the very real risk of data breaches, consumers may wish to make complaints against financial organisations they feel have inadequately protected their data. As soon as a case results in compensation, CMCs will flock to the new opportunity, meaning organisations will not only face the risk of fines under GDPR, but also claims from individuals.

It is also now being suggested that claims could be made for excessive unarranged bank overdraft charges going back many years. The FCA has fined Carphone Warehouse more than £29 million for failings that led to the mis-selling of Geek Squad, a mobile phone insurance product. Consumer redress for such mis-selling may also attract CMC activity.

CMC Click Me Ltd

CMC Click Me Ltd who trade as Chase Alexander Associates has surrendered its licence and the company has been dissolved.

New areas for bogus claims

YouGov recently conducted research on the current state on fraud in the UK. Road traffic accidents still lead the way in terms of the number of fraudulent claims being made to insurance companies, followed by mis-sold financial products, accidents at work and mis-sold pensions.

Some commentators assert that because of the whiplash tariff being introduced in the Civil Liabilities Bill, fraudsters will alter what they look to claim from road traffic accidents and manipulate the system to ensure that the claims are no longer of low value. Emotional distress is appearing on a claim, as well as different types of injury, chronic pain and subtle brain injury, all areas that fall outside of the lower value tariff scheme.

Some new types of fraud are also emerging, including cavity wall claims. This is a new type of claim related to people who had insulation installed in their house and are now claiming there was negligence when it was installed that caused mould and damp, and thus property damage. While the type of claim is new, the people who are committing the fraud, and their behaviours, are not; with the same sorts of behaviours seen in holiday sickness scams. It is suggested that claims farming and data theft are significant contributors to bogus compensation claims. The data theft and the farming is not in itself the actual fraud, but an enabler for fraud.

Bogus holiday sickness claims

The number of British holidaymakers pursuing bogus illness claims against overseas hotels has fallen following a string of convictions for fraud. Ministry of Justice figures suggest there was a 19% reduction in the number of personal injury claims – including ones for holiday illnesses – being brought before civil courts last year.

In recent years claims management companies were behind a significant rise in the number of unjustified holiday sickness claims. These companies and the legal firms they partnered with, were largely motivated by the high legal fees they could charge. Following the inclusion of overseas personal injury claims within a fixed legal costs regime in April 2018, the amounts they could charge were fixed, and in many cases significantly reduced. However, whilst there has been a decrease in the number of gastric illness claims, these claims appear to be being substituted by a rise in fall and slip claims.

Findmyclaims.com Limited

Findmyclaims.com Limited was investigated by the Solicitors Regulation Authority, fined £124,436 and is to pay the SRA's costs of the investigation of £1,350. Amongst other matters its marketing material was misleading and its claim bundles often contained erroneous information.

The firm was licensed by the SRA on 9th November 2016. At least 95% of the Firm's work related to claims which it brought for clients in respect of mis-sold payment protection insurance. Between November 2016 and August 2017, the firm settled 17,855 claims resulting in the recovery of more than £42.6 million. As part of its marketing strategy, between November 2016 and September 2017 the firm sent more than six million unsolicited marketing letters. When its clients instructed the firm to pursue a claim, it did not have any process in place through which it verified that it was taking instructions from the person who was entitled to bring a claim.

Amongst other matters, *Findmyclaims.com Limited* admitted, sending marketing letters which contained misleading statements, and sending the letters in envelopes marked *Authorised and Regulated by the Solicitors Regulation Authority and Important Information*

Enclosed which gave the impression that they contained important information when they simply contained marketing materials. The firm's publicity was misleading and it failed to achieve Outcome 8.1 of the SRA Code of Conduct 2011.

It also admitted that by having in place a process which resulted in potentially misleading information being routinely inserted into claim bundles, the firm failed to uphold the proper administration of justice, in breach of Principle 1 of the SRA Principles 2011.

Meredith Pritchard Claims Consultants Ltd and First Law Solutions Ltd

Meredith Pritchard Claims Consultants Ltd and First Law Solutions Ltd were wound-up in the public interest on 22nd February 2019 at the High Court in Manchester. The Official Receiver has been appointed liquidator of the companies. MPCC and FLS offered timeshare claims management services, helping clients get out of their existing timeshare contracts and pursue compensation claims against providers. MPCC traded between October 2016 and August 2017, before FLS continued MPCC's activities, and both companies shared the same director – Stephen Paul Fairclough of Chester.

The two companies approximately 113 clients had typically paid either £1,950 or £5,950 dependent on the services being purchased. In return, customers expected that lawyers based abroad would be instructed on their behalf to relinquish their timeshare and in some cases seek compensation. But while lawyers may have been instructed in some cases, MPCC and FLS were unable to demonstrate any significant evidence of clients having their contracts relinquished or of compensation being paid. The Insolvency Service presented petitions to the court on the grounds that both companies traded with a lack of commercial probity by failing to provide contracted services in a timely manner or at all. This included accepting payments in respect of non-viable claims, charging excessive fees, and using misleading and aggressive sales techniques.

Impakt Claims Ltd

On 13th March, the Claims Management Regulator gave authorisation to *The Claims Experts Ltd* Pioneer House Pioneer Business Park, North Road, Ellesmere Port, CH65 1AD. One of the directors of *The Claims Experts Ltd* is Vincenzo John Vernon (DOB Oct 1970) who also set up *Impakt Claims Ltd* on 12th March 2019 with the same registered office as *The Claims Experts*. On its website *Impakt Claims* says it is a trading style of *The Claims Experts Ltd*. The website provides a drop down list of lenders which the customer selects from to start their claim. *Impakt Claims* charge 30% plus VAT.

A Vincenzo John Vernon (DOB Sept 1970) of Farndon was also the co-director of *Direct Financial Claims Ltd* (trading as Payday Refunds) from April 2018 – 30th September 2018. On 19th September, the Claims Management Regulator announced an investigation into *DFC Ltd* while Vincenzo Vernon was still a director. Although he resigned on 30th September 2018, the CMC investigation is apparently still ongoing.

Arch Hall Ltd

CMC Arch Hall was placed into administration on 7th March. The administrators are Kay Johnson Gee Corporate Recovery Limited, 1 City Road East, Manchester, M15 4PN

February 2019

Claims Management Regulator final Bulletin

On 1st February the Claims Management Regulator published its final Bulletin before handing over regulatory control to the FCA on 1st April. Of particular interest were the comments on Data Subject Access requests, giving a clear indication as to how these can be misused by CMCs.

There has been an increased use of Data Subject Access Requests in recent months. We would like to highlight some of the risks and our concerns with some of the practices we have seen.

Routine use of Data Subject Access Requests will result in you holding vast amounts of clients' personal data. Any organisation holding personal data has responsibilities under legislation that the Information Commissioner's Office regulates and this data must be processed in accordance with the General Data Protection Regulation and the Data Protection Act 2018.

In order to mitigate these risks, we would recommend that you carefully consider what information you require in order to make a complaint, whether there is an alternative method of obtaining this information and/or specify in the request what information and documentation you require.

You should also carefully consider the scope of the Letter of Authority you are asking your client to sign. We have seen some authorities that are not sufficiently clear and/or specific. It is evident from the contacts that we have received that many clients have not understood the range of information that the CMC will access or the type of complaint(s) that the CMC will pursue on their behalf. In some cases, this has resulted in the complaint being withdrawn by the client, for example, where a client thought that the CMC was pursuing a PPI complaint on their behalf but a PBA complaint was submitted instead.

CMCs must ensure that documentation is clear, transparent, fair and not misleading (Client Specific Rule 1c) and that efforts are made to ensure that the client understands and properly consents to the information the CMC is accessing on their behalf.

CMCs becoming Appointed Representatives of FCA Authorised firms?

FCA authorised company Dragon Brokers Limited that trades as Dragon Insurance Brokers has an increasing list of Appointed Representatives. Its website states that by joining the Dragon Network as an Appointed Representative it "*permits you to carry out regulated activities without the requirement to be Directly Authorised by the FCA.*"

On 6th February, 2019 the Manchester based company, Blue Beacon Services Ltd signed up as an AR. Blue Beacon Services was incorporated on 14th December 2018 by directors Justin and Adam Tarrant and Phillip Badcock who are also the directors of Easy Claim Collections Ltd. Easy Claim Collections Ltd is an authorised claims management company and member of the Alliance of Claims Companies.

On 18th January 2019, Tailored Lifestyle Solutions Ltd was appointed as an AR for Dragon Brokers Ltd. Tailored Lifestyle Solutions Ltd was incorporated on 1st November 2018 by directors Kieron Edginton and James Loizou. Kieron Edginton is also the director of comparison website, Comparethenetworks.com.

On 30th November 2018, Cab Ins. Solutions Ltd was registered as an AR. The Lancashire based company was formed in September 2018 by Anthony Doran, who is also the sole director of the claims management company, Claims Advice Bureau (UK) Ltd. According to its website, this authorised CMC is also a member of the Alliance of Claims Companies.

On 21st February 2018, WFAC Lifestyle Ltd was registered as an Appointed Representative with the trading names of: *We Fight Any Claim Lifestyle, We Plan Financials, We Plan Group, and We Plan Lifestyles*. WFAC Lifestyle Ltd was incorporated in September 2017 by Richard Joseph Thomas, with the majority shareholder being We Fight Any Claim Ltd.

We Fight Any Claim Ltd is probably one of the more well-known claims management companies and was a founding member of the Alliance of Claims Companies but it is no longer listed on the ACC website. According to the privacy policy, We Fight Any Claim is part of a Group of Companies (The We Plan Group) who can offer or arrange products such as Claims Management, Future Planning i.e. Wills, funeral plans, Non-Underwritten Life Cover and Financial products i.e. debt help, unsecured lending, re-mortgage, equity release.

Redbridge Finance

Kieran Moulden, who set up CMC Redbridge Finance Ltd in February 2017, has apparently retired, posting on his LinkedIn page: *Retired, enough in the kitty, sailing off in a pea green boat*. Currently he is still listed at Companies House as a director of the firm.

Mortgage advice mis-selling claims

The Financial Services Compensation Scheme has revealed it has been bombarded by a substantial number of mortgage advice mis-selling claims from claims management companies with little or no evidence. It noted that prospective clients of just one CMC had been sending proforma letters with very little substance or evidence and that it was seeking to stop them before claims were being made. The claims have been responsible for a substantial increase in mortgage-related claims and a substantial amount of extra work for its teams. It appears a sole CMC may have been responsible for almost 1,000 extra claims received in the last year. The FSCS plan and budget for 2019-20 showed 684 claims were expected for last year but 1,605 were received, and the regulator has maintained its estimate for 2019/20 in line with the previous forecast at 696. The FSCS received a high volume of claims from a CMC on behalf of clients that relied heavily on a template letter and had little variation for each customer. The claims predominantly related to the suitability of mortgage advice provided to customers but provided little or no evidence to support the claim being made.

CMC morphs into a law firm

One of the larger claims management companies has been given the go ahead to form its own personal law injury firm. National Accident Law will provide customers of the listed NAHL Group with a digital platform to manage the whole of a personal injury claim. The Solicitors Regulation Authority announced it had granted approval to set up the alternative business structure, which will start trading in April, thus avoiding the need to be FCA authorised as a CMC. National Accident Law says it will provide a bespoke online platform for case management and has committed to cutting out unnecessary paperwork for customers.

Vijay Shah

On 21st November CMC Vijay Shah based in India, had its UK licence cancelled and was under investigation by the Claims Management Regulator. Its trading names are *VIJAL SOLUTIONS, Start Claiming Today, Legend Alliance Direct Marketing, V B Associates, VJS, Pension*

Claimline and Mis-Sold PayDay Loans. Its CMC licence was finally cancelled in February after an appeal.

January 2019

IP Advisory Services Limited

On 4th January Companies House published the cessation of Carolina Costa (formerly a Director of Direct Financial Claims Ltd) as a person with significant control in IP Advisory Services Limited on 1st August 2018. IP Advisory Services Limited's sole director is Matthew Osborn who central to a web of firms in South West England.

Professional Personal Claims Limited fined

As a result of an investigation, the Claims Management Regulator has imposed a financial penalty of £70,000 on Professional Personal Claims Limited

Professional Personal Claims Limited was found in breach of the following Conduct of Authorised Persons Rules 2014:

General Rule 2 – A business shall conduct itself responsibly overall including, but not limited to, acting with professional diligence and carry out the following:

b) Make representations to a third party that substantiate and evidence the basis of the claim, are specific to each claim and are not fraudulent, false or misleading.

Client Specific Rule 1 – A business shall:

c) ensure that all information given to the client is clear, transparent, fair and not misleading.

Client Specific Rule 2 – All advertising, marketing and other soliciting of business must conform to the relevant code

The financial penalty is currently pending appeal.

Maddison Clarke Ltd

On 4th January 2019, the CMR gave authorisation to Maddison Clarke Ltd under number CMR44061 at an address in Manchester. The trading names are *Maddison Clarke* and *payday loan-claims*. Maddison Clarke Ltd was set up in June 2018 by sole director, Ben Hacking and registered with the ICO in July. He does not have any other directorships. However a Google search does bring up a Ben Hacking who is a senior paralegal with law firm Leigh Day based in Manchester.

Compare Finance Ltd

Compare Finance Ltd is regulated by the Solicitors Regulation Authority. Georgina Earle was appointed a director of Compare Finance Ltd in August 2017. Two months later she became joint director with Matthew Osborn of Chadney Smith Associates Ltd and remained there until April 2018, although her LinkedIn profile omits any mention of the CMC. Compare Finance Ltd trades as *Compare Claims* which says it is *dedicated to helping those who are struggling financially with unmanageable debt to legally write off some, if not all of their debt*. The website has no mention of CMR or FCA authorisation and just states their panel of law firms are regulated through the SRA. Georgina Earle is not new to the industry and had previously set up the insolvency firm, *Women in Debt* which she sold to Scott Sheedy of *Hardwick Financial Solutions Ltd*. She also held a director role and was FCA authorised for

Release Money Group Ltd, a credit broker which traded as *Debt Release Direct* until going into liquidation in July 2016.

Aurangzeb Iqbal

A former solicitor banned from the profession for 14 years has been rebuffed for a third time in his attempts to be readmitted to the roll. The Solicitors Disciplinary Tribunal found Aurangzeb Iqbal fell short of the standard required to lift his strike-off – and ordered that he be prevented from making any further bid to return until he has paid back the costs of his repeated failed applications.

Despite being a struck off as a solicitor, Iqbal had been able set up and run a claims management company since his ban, which was subsequently found to have acted in breach of regulations by making unsolicited calls to significant numbers of people. A fine of £220,000 imposed by the Claims Management Regulator remains outstanding. Iqbal also still owes the costs of his failed applications for restoration to the solicitors' roll, and has not paid the £94,500 costs of intervention into his firm. The Solicitors Disciplinary Tribunal heard that the compensation fund has made payments of more than £550,000 in respect of Iqbal's firms.

Justin Miller

Justin Miller, 40, of Penarth, South Wales, claimed his Cape Verde holiday was ruined by poor hygiene and badly cooked food – but his photos posted online told a different story. He posed for selfies at a hotel and took pictures of the food and drink he consumed when he said he was ill. He made a bogus sickness claim saying he suffered from diarrhoea, stomach cramps, vomiting and fever. Cardiff county court found him to be fundamentally dishonest and he was ordered to pay £19,025 costs.

We Fight Any Claim Ltd

One of the most high profile CMCs, with TV adverts fronted by former Monty Python star John Cleese, and a founder member of the Alliance of Claims Companies trade body, *We Fight Any Claim Ltd* has vanished from the ACC member list on its website, and one of its three Directors, Daniel John Wilmot resigned on 31st December after 18 years with the company. He is also a Director of law firm Stephens Wilmot Ltd. *We Fight Any Claim Ltd* trades as *WeFightAnyClaim.com*, *WFAC*, *Livingstone Moss*, *National PPI Claims*, *Recover Your PPI*, *Money Advice Club*.

My Legal Club Ltd

My Legal Club Ltd is a newly authorised (21st January 2019) CMC, set up by solicitor Sean Rodgers who was a director of High St Solicitors until October 2018. Both Sean Rodgers and his co-director, Paul Hughes, are former directors of ME Legal and Financial Ltd.

December 2018

Kevin Rousell, head of claims management regulation at the Ministry of Justice, received the OBE for services to claims management regulation in the 2019 New Year's Honours list. The role of claims management regulation will be taken over by the FCA on 1st April.

Direct Financial Claims Ltd

Direct Financial Claims Ltd registration with the Information Commissioner allowing it to process personal data, expired on 10th November 2018. It re-registered on 6th December 2018.

It therefore appears that it was processing personal data unlawfully between 11th November 2018 and 6th December 2018.

Civil Liability Act 2018

On 20th December, the Civil Liability Act 2018 received Royal Assent and will come into force in April 2020. Its main impact is in reducing false whiplash claims in the motor insurance industry. The Civil Liability Act will reduce the number of injury chasing nuisance calls, and will remove the financial incentive for crash for cash fraudsters. Currently, for every £1 insurers pay in compensation, another 50p goes to law firms. The measures within the Civil Liability Act will deliver a more proportionate approach to whiplash claims and create a fairer system for claimants, insurance customers and taxpayers.

Three companies for strike off

On 18th December Claim Tracker Ltd (10965980); Easy Strike Off Ltd (11387648) both of 86 Paul Street, London EC2A 4NE and D4C Ventures Limited (10948352) Suite 15 Lowry Mill Lees Street, Swinton, Manchester M27 6DB (same address as Direct Financial Claims Ltd) were all recorded by the Registrar of Companies to be struck off the register, and the companies to be dissolved on 18th February 2019. Carolina Costa is the sole director of each company, and is closely associated with disqualified director Mark Kennedy.

Claims Management regulator quarterly statistics July to September 2018

On 6th December the Claims Management Regulator published its quarterly statistics for July to September 2018. During that period it had started three investigations into the conduct of authorised CMCs, audited 79 CMCs, progressed investigations into 9 CMCs, issued 43 warnings and cancelled an unprecedented 29 licences. 42 licences have been cancelled since 1st April 2018.

It also reported that from April to June 2018 the CMR received over 100 reports of businesses conducting claims management activity without authorisation. 12 warnings were issued to businesses requiring them immediately to cease claims management activity or be subject to further enforcement action.

A web of a CMC, insolvency advisers, a CIC and an FCA approved principal firm

On 20th December, Companies House published the cessation of Carolina Costa and Matthew John Osborn as persons with significant control in *Castle Hill Insolvency Ltd* of 10 Orchard Court, Heron Road, Exeter EX2 7LL, which is also the address of *Chadney-Smith Associates Ltd* of which Matthew John Osborn is a current director and Carolina Costa, who shares an address in Monaco with disqualified director Mark Kennedy, is a former director. *Debt Consultancy Service CIC* also trades from that same address according to its website. Its sole director? Matthew John Osborn.

However, the registered office address of *Debt Consultancy Service CIC* is actually The Old Carriage Works, Moresk Road, Truro, Cornwall, England, TR1 1DG which is also the registered office address for *Two Financial Services Limited* whose directors are Matthew John Osborn and Angie Osborn (appointed on 27th September 2018).

Two Legal Services Ltd surrendered its CMC license in October 2017 at the address Unit 10 Orchard Court, Heron Road, Exeter EX2 7LL. The company was dissolved that month, presumably by director and majority shareholder, Matthew John Osborn, who now runs the CMC, Chadney-Smith Associates Ltd instead, as well as being a director of *Two Financial Services Limited* which is FCA regulated with a principal place of business at 2 City Approach Albert Street Eccles Manchester M30 0BL.

CMCs and short term lenders

The Guardian newspaper published a story on 26th December asserting that US companies are thriving in the UK short term lending market, mentioning Enova, Elevate and Curo as having success in the UK despite surges in customer complaints (mainly generated by CMCs) and tightening FCA regulation. But having said in its headline: *Wonga collapse clears decks for US payday loan firms in UK market*, *The Guardian* goes on to comment that Elevate has been hit by a surge in complaints and has been weighing up whether to exit the UK market. Elevate said that many complaints against it were without merit and reflect the use of abusive and deceptive tactics by claims management companies. Even the anti-short term lending *Debt Camel* blog said that some CMCs failed basic checks and lodged complaints for customers who had never taken out loans from the respective payday lender. It hoped FCA regulation would have a similar impact on CMC standards as it did on the payday lending industry, which resulted in many of the worst lenders exiting the business.

Smart Claims

CMC Smart Claims of 37 West Street, Boston, PE21 8QN does not appear to be registered with the CMR or the ICO despite offering claims management services on its website. It may thus be trading unlawfully. Smart Claims Management Ltd, company number 10224297 (which may or may not be responsible for the Smart Claims website: <http://www.smartclaimsmanagement.co.uk/> since there is no regulatory information on the website) has a registered office address at 11 Park Road, Halifax, Yorkshire HX1 2TS. The sole director is Saif Ullah Hasan.

Custodial sentences for fake claims...

Three men have received custodial sentences after attempting to make fraudulent personal injury claims. Two received six months' imprisonment, while one was sentenced to four months. The case revolved around a staged vehicle accident to make an insurance claim. Even though all three defendants abandoned their original claims before getting to trial, the Court still felt it appropriate to hand down custodial sentences. The judgment sends out an important message to those who agree to be party to false claims.

...and referral to the police

A judge has called in police after rejecting a holidaymaker's fake £2,500 claim for food poisoning. Deputy District Judge John Josephs asked officers to investigate whether Tom Oakey's dishonest allegations about a five-star Bulgarian hotel constitutes a crime. He had engaged a *no win, no fee* claims firm to bring his case. As well as being referred to police, Oakey was ordered by Northampton County Court to pay almost £9,000 in costs. The sheet metal worker had claimed that bad food and poor hygiene at the resort had left him so ill with diarrhoea and abdominal cramps that he had been unable to leave his room for two days. But his claim collapsed when investigators found Facebook pictures of the 30-year-old and his girlfriend sipping cocktails and dining at restaurants when he claimed he had been unwell.

Conspiracy to commit fraud

Martin and Lindsey Brown, 38 and 35, from Chorley in Lancashire, submitted a false claim against Jet2holidays for gastric illness, stating that they had suffered with stomach cramps, diarrhoea, vomiting and nausea as a result of food poisoning contracted whilst on an all-inclusive 10-night holiday in Marmaris in 2016. They have been convicted of conspiracy to commit fraud and ordered to pay Jet2holidays almost £30,000 after being filmed dancing by the poolside whilst on holiday and being pictured posing with a parrot.

ME Group

ME Group Holdings Limited of Nether Alderley, Macclesfield, is launching a campaign targeting mortgage borrowers it believes have been illegally overcharged on their standard variable rates. It believes thousands of mortgage *prisoners* have been charged excessively over a ten year period. It argues that lenders increased the spread between their borrowing costs and the rates charged to borrowers purely to boost revenue and profitability. The issues largely involve borrowers who took out a mortgage before 2012. ME Group believes the potential compensation due to customers is staggering. The sub-prime sector is typically a source of the greatest volume of claims.

ME Group cannot provide an exact number of the people it has assessed so far, but says the average amount that these customers were due to receive back was in the region of £70,000-£80,000. It is calling on the Financial Services Compensation Scheme and Financial Ombudsman Service to fast-track decisions to ensure vulnerable people can get their lives back on track.

Its three Directors are each also Directors of numerous other small companies. Two of them are also Directors of High Street Solicitors Ltd 419 Cotton Exchange, Old Hall Street, Liverpool, Merseyside, L3 9LQ.

Law firm passed 378 claims to an unlicensed CMC

Maneer Ahmed Ghani, manager of the RTA team at Blackburn firm KG Solicitors, admitted overseeing 544 claims from Legal Claims Helpline Limited over the course of six months in 2016. In total, 378 claims were taken on for £550 apiece, adding up to nearly £210,000. He has been fined for authorising payments to an unlicensed claims management company.

The Solicitors Disciplinary Tribunal rejected allegations of dishonesty and a lack of integrity, concluding Ghani had not deliberately turned away from his regulatory obligations. The practices of the firm were transparent, judged the tribunal, and Ghani had not been by-passing systems of authorisation. But the tribunal said alarm bells should have been ringing when the firm exceeded its statutory annual limit of 100 referrals (allowed under exemption rules) within the first month of working with the CMC.

Ghani had told the hearing he had not made any money out of the work from LCH and he had been told the company was exempt from regulation. He had been extremely busy at this time with matters in his personal life and had not realised the number of referrals had exceeded the exemption threshold. Ghani denied turning a blind eye to referrals but accepted he had made a mistake. The tribunal noted that misconduct had continued over a period of time, was repeated, and that Ghani should have known he was in breach of his obligations. Ghani must pay a £5,000 fine and £3,500 costs. KG Solicitors was rebuked by the SRA over the matter in January this year.

Arch Hall Limited

CMC Arch Hall Limited, Marshall House, 2 Park Avenue, Sale, Cheshire M33 6HE is registered with the CMR (CRM33475) but is not showing details of its CMR registration or any registration with the Information Commissioner, on its website

November 2018

A freedom of information request to the Claims Management Regulation Unit has revealed the following information: the names of the 125 CMC's operating in the mis-sold short-term loans market as at 30th March 2018; that of the 125, 12 have surrendered their licence or had

it withdrawn and that of the 125, 11 of the CMCs are currently under investigation; 11 of the CMCs have received a warning from the CMR and one of the CMCs received a warning and is currently under investigation. It is not known which firms these actions relate to. Another CMC, *Waterloo Solutions Ltd* is being investigated by the CMR and *Action Direct (UK) Ltd* has recently surrendered its CMC licence.

Alliance of Claims Companies

A further four members of the trade body the Alliance of Claims Companies (*Premium Recovery Ltd, Direct Redress, Pension & Investment Reclaims* and *Glidepath Claims*) have disappeared from its Members Page. A total of six members in the last month are no longer on the site. Current membership stands at 62 claims firms.

Premium Recovery Ltd

Premium Recovery Ltd is an authorised CMC, based in Cheadle and which specialises in mis-sold packaged bank accounts. The company has been authorised by the CMR since 2008 and is run by directors, Patrick Wayne Shaw and Andrew Langford Clarke. The latest accounts show shareholders' funds at £573,924, with the company employing 22 people.

Direct Redress Ltd

Direct Redress is based in Knutsford and has been authorised with the CMR since 2011, under trading names: *PPI Success, Direct Redress, The Refund Group, Refund Hero, PPI Finder, Smart Reclaim, Free PPI Checker, PPI Stars, PPI Fixer, The PPI Fixer, PPI Hotline*, and *PBA Hotline*. The company is run by Daniel Lewis, an ex-director of *Cash Generators* and current director of several other companies including *Pension Works Ltd*, an FCA authorised financial consultancy business. Other directors included Michael Hall who was a director at *Pension Works Ltd* until March 2018 but is now listed on the FCA website as providing a controlled function for *Intrinsic Financial Planning Ltd* since 14/08/2018. Brian Clifford Lewis was also a brief director of *Direct Redress*, and prior to this he was the director of *Cash Generators, BCCA* and the *British Franchise Association*. Latest accounts for *Direct Redress* show net assets of £1.4 million, falling from £2.4 million in the previous year. The shareholder is DL Group Ltd which is owned by Daniel Lewis.

Pension & Investment Reclaims Ltd

Pension and Investment Reclaims Ltd is based on Glasgow but filed accounts for a dormant company earlier on this year. The MD is solicitor, Colin Carr who is also a director of *The Business Loan Reclaim Ltd, Payment Protection Back Claims Ltd* and newly formed *CY Legal Consultants Ltd* (incorporated in October 2018) which appears to be his own law practice as he resigned from solicitors, *Carr, Berman Crichton Ltd* just before the new company was formed. Previous directorships include seven dissolved companies and two which went into liquidation (*P.P.P. No.2 Scotland Ltd* and *Payment Protection Centres Ltd*) in 2014. The website for *Pension Investment Reclaims Ltd* no longer appears to be active and there is no listing on the CMR website.

Glidepath Claims Ltd is also no longer listed as a member of the ACC. It describes itself thus: *In 2015 we established an exclusive partnership with*

a funding provider which has allowed us to provide our partner network with an advance purchasing solution for in-criteria, compliantly sourced cases. If you are currently generating new PPI business or you are keen to establish yourself within the industry, we are now purchasing large volumes of cases for a fixed sum at the point a Letter of Complaint is submitted to the lender following a successful DSAR notification. Our partners are able to establish a reliable revenue model which omits the risk of individual case performance.

The Financial Services Compensation Scheme has forecast it will need to charge firms a £69 million supplementary levy as SIPP and pension transfer claims continued to rise this year. The FSCS said the cost of paying out and dealing with pension transfer claims has risen 45% this year. Despite seeing lower than expected pension transfer claims between April and June, the FSCS said costs have risen because claims management firms have increased their business in this area and uphold rates have risen.

Consumer Credit Justice Ltd

Claims management company, Consumer Credit Justice Ltd was issued with a first notice of compulsory strike off on 2nd October which said unless notice was given to the contrary, the company would be dissolved in 2 months' time. However the website remained active in late November and it still appears on the CMR Register under Authorisation Number CRM20316.

Sanderson Drake Ltd

Sanderson Drake Ltd Registered Office: Suite 2, Dura Park Yspitty Road, Llanelli, SA14 9TD was authorised by the CMR on 29th October. Interestingly it has registered *payday loan claims* as its trading name but this is already taken by *Allegiant Finance* with its website *paydayloanclaims.net* but does not list it as a trading name on the CMR register.

Shaun Pemberton is both Secretary and sole Director of *Pemberton and Associates Ltd* Company Number 07790255 Registered office address: Raven House, 113 Fairfield Street, Manchester, M12 6EL. He has three active Directorships including *Sanderson Drake Limited*. Shaun Pemberton also operates the *Consumer Claim Line* and has quite an established background in the CMC industry. While it still remains currently authorised by the CMR, *Pemberton and Associates Ltd* appear to be moving its business to *Sanderson Drake Ltd* as clicking on the *payday loan* button on its website takes you to the latter's website. The *Sanderson Drake Ltd* website is a replica of the *Pemberton* one and indeed it still contains some errors by referring to itself as *Pemberton and Associates Ltd* in some places. Interestingly the *contact us* page contains the following sentence:- *If you were a client of Pemberton & Associates t/a paydayclaims before the 5th November 2018, please contact them using the methods below.*

Recent Trust Pilot reviews for *Pemberton & Associates* are quite negative, with the last one being dated 28th October. Shaun Pemberton was also the director of *Pemberton Mgt Ltd* but applied to have it struck off on 10th September 2018.

The Claims Experts Ltd

Vincenzo Vernon, who resigned as a director of Direct Financial Claims Ltd on 30th September 2018 is now the sole Director (since 2nd October 2018) and shareholder (just one share issued) of *The Claims Experts Ltd* (incorporated on 2nd October 2018). *The Claims Experts* trades as

Simply PPI. The website was up and running in mid November although it lacked a few details such as its ICO number and a CMR licence details.

Vincenzo Vernon has moved the registered office for *The Claims Experts Ltd* from Chester to an address in Nantwich from where he runs *Total Contact Solutions Ltd*.

First Claims Group Ltd

The current director of *Direct Financial Claims Ltd (paydayrefunds)*, Jonathan James Smith, was also a director of *First Claims Group Ltd* but on 31st October he resigned and transferred his shares in the company to Maria Louise Jones (DOB Sept 1981) and she was also appointed as sole director replacing Smith.

A Maria Louise Jones with a DOB September 1981, is the former director of *LJAG Ltd* which she ran with the other director, Andrew Gannon. *LJAG Ltd* dissolved in June 2015 via a voluntary strike off. The company had been set up by the couple in May 2014 from their former residential address - 304 Leigh Road Worsley. This 5 bedroom detached house was bought for £2.2 million in October 2013 but sold for £1,480,000 in March 2016.

Andrew Gannon was/is employed as the Operations Manager for *Direct Financial Claims* but was declared bankrupt in April 2018. It appears he may be now running *First Claims Group Ltd* under his partner's name. *First Claims Group Ltd* is licensed by the CMR and trades under the name <https://paydayclaimhelp.co.uk/>

Family Money Savers Ltd

Family Money Savers Ltd appears to be part of a complicated web. Managing Director David Fuher has had 46 directorships of which 27 have been dissolved including *Carrington Carr Home Finance Ltd*. He was also the MD of the liquidated firm, *KFC Realisations Ltd* of which Andrew Parker and Andrew Gannon (of *paydayrefunds*) were directors and whose customers were transferred to *Family Money Savers Ltd*. He was also the MD of liquidated *FCT Financial Ltd* but still managed to get FCA authorisation for current company *Legacy Wills and Estate Planning Ltd*. He has also been a director for four other companies who have surrendered their CMC licences. *Family Money Savers Ltd* is a member of the Association of Claims Companies.

Direct Assist Ltd

Bury based Darren Christopher Bullough appeared at Bolton Crown Court on 14th November after he pleaded guilty to one count of fraudulently removing funds and another count of failing to provide company books and records to the liquidator. He was jailed for 21 months. The Court also made a Disqualification Order for 7 years. The ban prevents Darren Bullough from directly or indirectly becoming involved, without the permission of the court, in the promotion, formation or management of a company.

Direct Assist Ltd was first incorporated in June 2007 and was a personal injury claims management company with two registered offices in Bury and Bolton. Darren Bullough (46) was the sole director but seven years later, the company struggled financially after it lost a client that was its main source of business. This resulted in a petition being lodged at court to wind up *Direct Assist* in September 2014 in relation to a £658,000 unpaid tax bill. However, following the petition to wind-up the company, a substantial amount of money was removed from the company's accounts.

The company bank account was frozen to stop any more funds being removed, as well as preventing creditors losing out further, and after *Direct Assist* formally entered into

compulsory liquidation in March 2015, an investigation was launched by the Insolvency Service. Investigators were able to discover that in the months before a winding up order was made by the court resulting in the closure of *Direct Assist*, Darren Bullough fraudulently removed close to £51,000 between September and December 2014.

Around £28,000 went to family members, £3,600 worth of cash was removed from the company's bank account and £18,500 was spent on *Direct Assist's* credit card. Darren Bullough even made his first removal just one day after the winding up petition was presented to the court.

Direct Financial Claims Ltd

Direct Financial Claims Ltd trading as *Paydayrefunds* does not appear to have renewed its registration with the ICO.

Vijay Shah

On 21st November CMC Vijay Shah based in India, had its UK licence cancelled and is under investigation by the Claims Management Regulator. Its trading names are *VIJAL SOLUTIONS, Start Claiming Today, Legend Alliance Direct Marketing, V B Associates, VJS, Pension Claimline* and *Mis-Sold PayDay Loans*.

Holiday sickness claim fraud

A family of fraudsters who faked sickness while on holiday, including feigning their children's illness, have been convicted of contempt of court. Michael Jameson, 43, Claire Weir, 35, Jane Weir, 38, and Janet Weir, 63, of Liverpool made fraudulent sickness claims against Jet2holidays – asking for more than £45,000 in compensation and solicitors' costs. But Jet2holidays and law firm Horwich Farrelly unearthed social media posts at the time the family were supposed to be still suffering from diarrhoea, stomach pain and cramps saying: *Loved every minute of it* and *Wish I was there now Mum*. Other posts during the holiday included *Had the best holiday ever, lovely hotel, food and didn't want to come back home*. Records at the all inclusive *Aqua Magic Rock Gardens* in Benidorm, Spain, during their week-long stay in July 2015, found the family had consumed lager, vodka, gin, amaretto and other alcohol during the time they claimed to have been ill. Michael Jameson also posted pictures of a day out at a cricket club when he was allegedly unwell. The four claimants said they had all suffered for days with nausea, stomach cramps, diarrhoea and vomiting as a result of food poisoning caused by negligence at the *Aqua Magic* property. The fraudsters were sentenced to three months in prison, suspended for two years, fined £750 each and ordered to pay Jet2holidays' costs after being convicted of contempt.

October 2018

After the *Sunday Times* article on 9th September which named *PaydayRefunds*, a Freedom of Information request was submitted to the Financial Ombudsman Service in the following terms:

An article in the Sunday Times yesterday stated - "In the first six months of the year, the Ombudsman took on 2,138 new cases brought to it by Payday Refunds."

Can you please advise the uphold rate on the 2,138 cases and the volume of these which turned out to be spurious or false claims?

The response was received on 12th October:

We don't have an uphold rate for all the new complaints received in that period because it takes time to resolve them, particularly ones that are received by us later on in the period – as was the case here.

While we can't give you an uphold rate for those 2,138 cases specifically, we have searched our records for the period from 1 January 2018 to 10 October 2018. I can confirm that we resolved 200 cases during that time and the uphold rate in favour of the consumer for these was 24%. I'm afraid we aren't able to provide you with the rest of the information you have requested. We don't have a category for 'spurious or false claims' as this isn't something that we record on the cases.

In the six month period 1st January to 30th June 2018 *PaydayRefunds* submitted 2,138 claims to the FOS. In the period 1st January to 10th October 2018, the FOS managed to resolve 200 (9.35%) of these complaints. 24% of these (so 48 cases) were upheld in favour of the customer. It follows that 76% were unsubstantiated complaints, yet the FOS has no mechanism for identifying or recording spurious complaints. Lenders will be charged a total of £1,175,900 in FOS fees for the 2,138 *PaydayRefunds* complaints. If eventually the same uphold rate is sustained, £893,684 will have been paid in FOS fees for unsubstantiated complaints.

This would seem to support an argument that the FOS fee structure requires reform, particularly since the FOS makes no attempt to identify or record spurious claims. A simple solution would be for commercial organisations that submit claims on behalf of customers, to be liable for the FOS case fee for those claims that fail. This would ensure better due diligence by claims firms and solicitors prior to submitting claims, and a more positive engagement with lenders rather than rushing claims through to the FOS.

[Direct Financial Claims Ltd trading as www.paydayrefunds.co.uk](http://www.paydayrefunds.co.uk)

Direct Financial Claims Limited is being investigated by the Claims Management Regulator under Regulation 35 of the Compensation (Claims Management Services) Regulations 2006. "If a person complains to the Regulator about the professional conduct of an authorised person, the Regulator may investigate the complaint."

The sole director at Direct Financial Claims Ltd is now Jonathan James Smith, who is also the sole director of Clovelly IT Limited. Previous sole director of Direct Financial Claims Ltd, Vincenzo Vernon, resigned on 30th September 2018. As at 16th October 2018, Vincenzo Vernon is still recorded as holding 11,000 shares in Direct Financial Claims Ltd; Clovelly IT Ltd holds 9,000 shares.

*Jonathan James Smith is also the sole Director of Hotpond Media Ltd (FCA authorised as a credit broker with trading names: 24hcarloans.co.uk; debtmojo.co.uk; hotpondmedia.co.uk and moneymint.co.uk). A former director until August 2015 was David James Carter Mullins - now disqualified as a director by the FCA for his involvement in *Secure My Money*.*

Smith previously ran a credit broking business and also currently has a live CMC licence for First Claim Group who trade as paydayclaimhelp.co.uk although its website cannot be found.

His LinkedIn profile claims:

*I help and train clients to generate fresh leads that are ready to buy now!
Using Automated Marketing, pretty much any business in the UK can self*

generate hot leads that convert into sales today. I help my clients generate traffic that CONVERTS. This is typically via Google AdWords or Facebook Ads - combined with an email marketing strategy. I do this either via training, mentoring or by managing traffic directly. Get in touch or visit my site for more info. www.hotpondmedia.co.uk

He is also a Director of North Financial Services Limited (Company number 06875572) which started winding up proceedings for insolvency on 9th April 2015, owing HMRC amongst others, over £26,000. It had been FCA authorised with Interim Permission which lapsed in February 2015. Trading names included *Express Loan Finder* and *City Financial UK*. The latest liquidator's statement is dated 8th April 2018. The company's accounts and annual return have been overdue since May 2015.

The Claims Management regulator updated its 2014 *Claims management companies: marketing and advertising guidance* on 9th October 2018. Amongst other matters, it draws the attention of CMCs to the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR) (as amended by the Financial Claims and Guidance Act 2018); the Direct Marketing Association's Direct Marketing Code of Practice (DMA Code); the Communications Act 2003; the General Data Protection Regulations (GDPR); the Electronic Commerce (EC Directive) Regulations 2002; and the UK Code of Non-Broadcast Advertising, Sales Promotion and Direct Marketing (CAP Code).

It also reminds CMCs that they must ensure that any information provided to existing and prospective clients is clear, transparent, fair and not misleading. Common examples of misleading marketing include stating that a specific amount of compensation is due to a client; advising that a claim will be completed within a specific timescale; failure to clearly explain fees and implying that a business is a firm of solicitors when it is not. A CMC must not imply that its business is approved by or connected to any government agency or regulator.

It is clear that many CMCs do not currently comply with this guidance.

Hardwick Financial Solutions Limited trading as claims2gain

Hardwick Financial Solutions Ltd based in Wigan has gone into Administration owing £500,000 to HMRC and has surrendered its CMC authorisation. It traded as *claims2gain* and *The Hardwick Group*. Hardwick Financial Solutions Ltd is being investigated by the Claims Management Regulator under Regulation 35 of the Compensation (Claims Management Services) Regulations 2006.

On 3rd May 2018, Hardwick Financial Solutions Limited trading as *claims2gain* entered administration. Its website was still active on 8th October 2018 but was taken down soon after once challenged. Some searches were diverted to <https://www.claims2gain.com/> (see below).

Hardwick Financial Solutions Limited Directors, Jamie Laird Hubbard of 38 Wotton Drive, Ashton in Makerfield, Wigan WN4 8XR; David Thomas Sankey of 191 Poolstock Lane, Wigan WN3 5JE; Kylie Suzanne Sheedy of 5a Limes Avenue, Standish, Wigan WN6 0AB and Scott Sheedy of 5a Limes Avenue, Standish, Wigan WN6 0AB, were Directors of Hardwick Financial Solutions Limited on the date it entered administration.

They have now given notice that they are acting and intend to continue to act in one or more of the ways to which Section 216(3) of the Insolvency Act 1986 would apply if the above named

company were to go into insolvent liquidation in connection with, or for the purposes of, the carrying on of the whole or substantially the whole of the business of the above named company under the following names:

- Claims 2 Gain Limited (CRN: 10608035) trading as *Claims 2 Gain* which does not appear to be regulated by the Claims Management Regulator.
- Consumer Claims (UK) LLP (CRN: OC379404) has been CMR regulated since 9th January 2013 CRM28284. It trades as *Consumer Claims (UK)*, *Repairs4Tenants*, *check for PPI*, and *Claims2gain*.

The purpose of giving this notice is to permit the director to act in these circumstances where the company enters (or has entered) insolvent liquidation without the director committing a criminal offence and in the case of the carrying on of the business through another company, being personally liable for that company's debts.

In other words, it appears that Hardwick Financial Solutions Limited which traded as *claims2gain* whilst being insolvent, continues to operate through other firms, with the same directors, as *Claims 2 Gain Limited* and *Consumer Claims (UK) LLP*.

Domum Ltd - T/a Reclaim Plan

Another strange reincarnation is Domum Ltd. Domum Ltd under company registration number, 04168391 was incorporated in Lowestoft but is now dissolved. Domum Ltd under company registration number, 10151320 was incorporated in Chesham in April 2016 and SIC codes include architecture and design. Its sole director is Elizabeth Blumson. However Domum Ltd has a current CMC Licence and is registered with the Information Commissioner at an address in Swinton, Manchester.

A financial adviser claims he has been hounded by a claims management company over a false payment protection insurance complaint. The complaint, brought by a former client via a CMC, relates to an alleged mis-selling of PPI, which was a product the adviser had never sold. The adviser followed the prescribed regulatory process for dealing with the complaint, and went back through his files to prove PPI had not been sold. He dismissed the claim for compensation and invoiced the CMC £300 for wasting his time. The CMC dismissed the invoice saying that no contract existed between the CMC and the adviser. The CMC escalated the complaint to the FOS. The adviser doubted that the CMC had followed the rules of the claims management regulator, because the CMC clearly had not carried out the due diligence required.

Primedene Ltd

Simon Evans of the Alliance of Claims Companies, a trade association which represents CMCs, wrote an article in *Travel Weekly* on 29th June 2017, which said that the Alliance of Claims Companies promotes best practice among claims management firms and vowed to kick out members that encourage fake sickness cases. ACC chief executive Simon Evans said: "*There will always be companies that push the boundaries, but I'm committed to working with our regulators and the travel industry to find out who they are*".

But in a Twitter exchange on 1st October 2018 he was asked "*can you tell us how many members you have expelled since this article was published? Do you kick out those who encourage fake financial claims as well?*"

The answer? "*I have no evidence of any members undertaking either activity nor have complaints been made to us...*"

He was challenged about Primedene Ltd via the *LegalBeagles* forum since Primedene Ltd, based in Ashby de la Zouche in Leicestershire, was listed as a member on the ACC website at the beginning of October but had their CMC authorisation cancelled by the Claims Management Regulator in August. It had traded as *Beta Money Solutions, Primedene Financial Claims, Primedene Financial* and *Primedene Money Solutions*. It was removed from the members list on the ACC website, after the challenge, on 8th October.

Redbridge Finance Ltd

Kieran Moulden was the CEO of *Fortress Group (UK)* which was bought by *Elevate* (Sunny Loans) to enter the UK market. He was a director of *Elevate Credit International Ltd* from February 2004 to November 2012. He was also a director of the BCCA from November 2011 to November 2012. He has set up CMC *Redbridge Finance Ltd* (Company number 10625599). He is the sole director.

He was also a Director of *Wintech Europe Ltd*, which was formerly *Chadney-Smith Holdings Ltd* from 28th November 2016 to 5th June 2017. Between June 2017 and February 2018, Carolina Costa (until recently a director of Direct Financial Claims Ltd (*Paydayrefunds*)) was also a director of *Wintech Europe Ltd* (company number 09382297) which was dissolved on 26th June 2018. The company was originally set up by Damien Kennedy under the name *Sureleads Ltd* in 2015 but other directors included Darrell Kennedy. A confirmation sheet for May 2017 also lists disqualified director Mark Kennedy as a shareholder. During Ms Costa's time there, the company changed its name again to *Chadney- Smith Holdings Ltd*.

This appears to indicate a strong connection between Redbridge Finance Ltd and the web of firms (including disqualified directors David Mullins, Edward Booth, Christopher Brotherton and Mark Kennedy), with various connections including to *Direct Financial Claims Ltd* (*Paydayrefunds*).

Kieran Moulden was also a director, until 15th May 2017, of FCA authorised *Fidelity Works* (a shareholder is Carolina Costa). *Fidelity Works* has some cloned companies listed against it on the FCA Register including *True Blue Loans* (now dissolved. Kieran Moulden was a director), *Soft Loans*, and *All Day Loans* which claims to be a trading name of *Fidelity Works Ltd*.

Darrell and Damien Kennedy's *Oracle Insurance Brokers* (dissolved on 3rd January 2017 and fined £30,000 by the Information Commissioner for regulatory breaches in 2016. It was responsible for millions of spam texts offering easy access to loans) also had an FCA warning about a cloned firm which resided at 11 Morris Close, Lincoln. Mark Kennedy is registered to vote at the terraced house at 11 Morris Close, Dunholme, Lincoln, Lincs, LN2 3SD, the same address Carolina Costa used to register her sole directorship of *Easy Strike Off Ltd* in May 2018.

Redbridge Finance Ltd has been CMR authorised since 12th June 2017. As at 17th May 2018 Kieran Moulden owned 30% of the shares in the company, Cathryn Margaret Moulden owned 70%.

Its website claims:

Payday Loan Refund Specialists

We are probably the most experienced Payday Loan Refund Specialists in the UK. We are 100% dedicated to Payday Loan refunds. We do nothing else but fight payday lenders to get a refund for our customers.

We will aim to get back:

All Interest Paid

All charges and Fees

PLUS 8% Interest per Year

Redbridge Finance has many years experience in Claims Management and Payday Loans. We offer very competitive pricing, fantastic customer service with super quick responses and progress.

A Recent Win!

Customer: Peter B Lender: Quick Quid

Win: £7,074.63

Allay Claims Ltd & Real Time Claims Ltd

Allay Claims Ltd has been registered with CMR since 2009 under registration number CRM20000 and with trading names *Owl Claims, Owl Solutions, Allay UK, Allay Group, Quick PPI, AirFair, PayDayClaim, and Allay*. It is also a member of the Alliance of Claims Companies.

Real Time Claims Ltd (Company number 06114275, its accounts up to 31st August 2017 due by 31st May 2018 are overdue as at 1st October 2018) also operates from the same address and has been registered with the CMR since 2008 under number CRM14758. The company was set up in 2007 by Steven Phillipson Bell and others under the name *Home T Ltd* but changed its name to *Real Time Claims* in 2008. It is still trading but has undertakings listed against it which also state it is currently under investigation by the CMR. In August 2018, the company had a charge listed against it showing a £3 million loan with *Resolve Nominees Ltd*.

Consolidators Ltd

Consolidators Ltd trading as *Bank Rebate* and *Charge Refund* has surrendered its CMC licence.

September 2018

On 20th September the FCA published *CP18/26 Claims management companies: how we propose to apply the Senior Managers and Certification Regime*. The FCA will regulate claims management companies from April 2019. All firms regulated by the FCA and authorised under the Financial Services and Markets Act 2000, along with individuals performing regulated activities, need to comply with the Senior Managers and Certification Regime. An independent review into CMCs found evidence of harm to customers, including harassment, aggressive sales tactics and business practices that reward the firm at the expense of its customers. It also highlighted issues with the fitness and propriety of senior managers within CMCs. There is evidence that some CMCs have poor governance arrangements and do not have competent staff who understand the regulations the CMC is already subject to. For these firms, it is more difficult for them to provide an appropriate service to their customers because the systems and controls required to effectively support this are not in place.

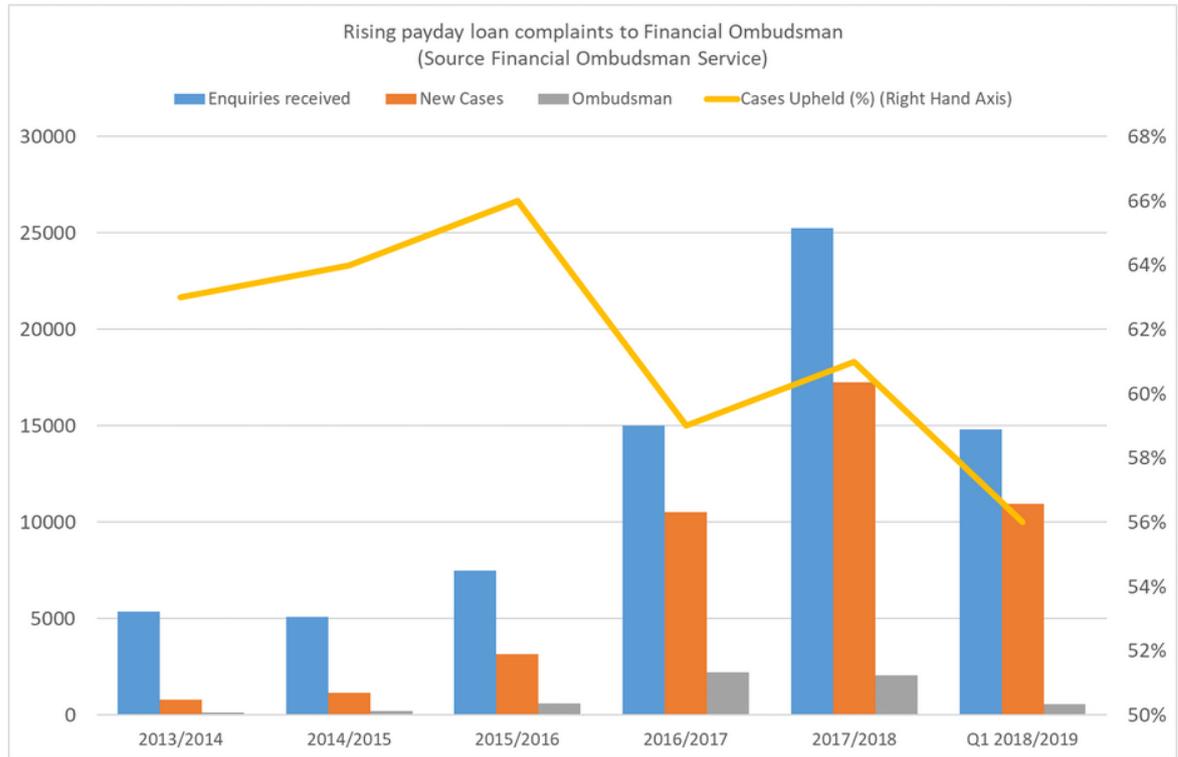
The FCA proposals aim to reduce misconduct in CMCs, by raising standards of governance, management and professionalism in the claims management sector. They will make individuals accountable for their actions and decisions. The Consultation Paper sets out the draft rules and guidance for CMCs relating to the SM&CR. The proposed rules would apply to CMCs serving customers in, or constituted under the laws of, England and Wales or Scotland. Responses to CP 18/26 are required by 6th December 2018.

Activists are targeting short and medium-term lenders with a campaign of complaints that they hope will threaten the very existence of the high-cost lending industry after the collapse of Wonga. *Final Notice*, a recently formed non-profit group, is launching *Debt Hacker*, a tool to help consumers submit complaints about unsecured lenders. Alan Campbell, a former financial services professional who is funding *Final Notice's* six-figure set-up costs, said: *If just 100,000 people complain to the FOS about how they were treated, it would cost the payday lenders £55 million alone, win or lose.*

The chief executive of the FOS has belatedly hit out at claims management companies for bringing inappropriate complaints. Speaking to *New Model Adviser*, Caroline Wayman said CMCs had created an unfair burden in the way they handled complaints, saying that inappropriate claims are an unfair burden on everyone involved in trying to resolve genuine concerns fairly. She also said that unfortunately, the FOS is working against mass wall to wall marketing by claims managers, but gave no indication how bogus claims were being identified or rejected.

The PPI scandal has turned portions of Britain into fraudsters, the chairman of Barclays has warned. John McFarlane said that an enormous proportion of claims for compensation over mis-sold payment protection insurance have been bogus. The latest FCA figures show £32.2 billion has been paid out to claimants since 2011, with £353 million paid in July this year alone. Some consumer groups estimate the total of mis-sold policies to be around £50 billion but John McFarlane says that it is almost inconceivable to think that £50 billion was mis-sold and the percentage of fraudulent claims is enormous. The rise in compensation claims has prompted concerns that some unscrupulous claims management companies have abused the system. Almost inevitably self-styled consumer champion Martin Lewis (who himself made tens of millions of pounds when he sold his moneysavingexpert.com website) has condemned as *outrageous* comments made by the Barclays chairman.

An interesting chart published by the FOS highlights the rise in payday loan complaints but a falling uphold rate, fuelling suspicions that many complaints from CMCs are spurious. It is also noticeable how few complaints are referred to an Ombudsman, the vast majority being assessed by adjudicators.



In Parliament, Conservative MP, Lee Rowley in a written question, asked the Chancellor whether he plans to bring forward legislative proposals to include claims management companies and law firms undertaking claims activities in the remit of the FCA's jurisdiction and supervision under the supervision of the Solicitors Regulatory Authority. On 10th September Minister John Glen advised *"...The government will introduce secondary legislation in the autumn to enable the transfer of claims management activity from the Claims Management Regulation Unit to the FCA, and the transfer of complaints handling from the Legal Ombudsman to the Financial Ombudsman Service. ..Law firms undertaking claims management activity will be exempt from regulation by the FCA, but are regulated by the SRA. The FCA and the SRA are working to review their memorandum of understanding."*

A Parliamentary Briefing Paper on CMCs has been placed in the House of Commons library.

Lee Rowley also asked if his Department or the FCA has made an assessment of trends in the level of costs for financial services as a result of spurious and fraudulent claims by CMC's. Minister John Glen advised: *"HM Treasury and the FCA do not make assessments of the level of costs for financial services as a result of spurious and fraudulent claims by claims management companies. In 2015 the government commissioned an independent review which found that there was still widespread evidence of detriment caused by CMCs. The FCA's research found that some CMCs used heavy and persuasive marketing tactics and offered poor value for money to consumers, despite regulation by the CMR under the Ministry of Justice..."*

On 7th September the Claims Management regulator published guidance Bulletin 35. Section 1.3 *Considerations before referring complaints to the Financial Ombudsman Service* says that the CMR is receiving reports and evidence that suggest that some CMCs are routinely or automatically referring complaints rejected by the financial business to the Financial Ombudsman Service without first considering the reasons for the rejection. Additionally, it appears that some CMCs are not advising clients of the prospects of the complaint being

upheld by the Financial Ombudsman Service, before seeking instructions from the client about how to proceed.

CMCs are reminded of their responsibility to consider carefully the reasons for a complaint being rejected by the financial business and seeking clients' instructions on next steps. During this review of the outcome reached by the financial business, CMCs should draw on its experience and consider previous decisions made by the FOS when advising and seeking instructions from clients. It should not be adopting policies to refer cases to the FOS without consideration of these factors and/or without obtaining instructions from the client.

These are long established expectations and requirements that the FOS made clear in its open letter to CMCs in September 2013. The Conduct of Authorised Persons Rules specified this requirement in 2014 when the Rules were updated (now the Conduct of Authorised Persons Rules 2018). The CMR is closely monitoring trends and practices in this area and will consider taking enforcement action where CMCs are failing to consider the detail of initial outcomes reached by the financial business and previously published Ombudsman decisions before escalating complaints to the FOS.

At Section 1.5 *Short term lending (high cost short term credit or payday loan) complaints* the CMR says that the FOS has seen an increase in the number of complaints from CMCs about short term lending, and expects this to continue in line with its publication of their plans for the year ahead and consultation feedback 2017/2018. To ensure CMCs are representing a client's short term lending complaint effectively, CMCs need to understand their client's circumstances at the time of borrowing, before referring the complaint to the financial business. Failing to conduct a thorough assessment of a client's financial situation during the period of lending being complained about may mean CMCs are unable to represent their clients effectively.

CMCs will need to make sure when submitting a complaint to the business that they provide it with all the information they have relied on in their investigation. The business may ask for further information to conduct its own assessment. It may help resolve complaints more quickly if CMCs are able to provide this at the point of submitting a complaint.

If a client isn't happy with the business' final response, the CMC can refer the complaint to the FOS. CMCs will need to provide all the information they have relied on – in particular, information that will allow the FOS to accurately assess a client's financial situation at the time they applied for their loan(s). CMCs are also expected to follow the recommended approach set out in the FOS open letter published on its website (the letter relates to PPI but is also applicable to short term lending complaints).

<https://www.gov.uk/government/publications/cmrbulletin-35/cmrbulletin-35>

On 9th September *The Sunday Times* published a significant article, primarily about disqualified company director Mark Kennedy and his connections with claims management operation www.paydayrefunds.co.uk

The Sunday Times revealed that www.paydayrefunds.co.uk has been associated with the former director struck off by the Insolvency Service for unscrupulous practices, including charging customers without their consent. Mark Kennedy was one of four directors who created a company that *feasted like sharks in a pool of the most vulnerable and financially distressed*, according to the Insolvency Service. He was banned from acting as a director for eight years in November 2017 after an investigation into the credit broker *Secure My Money*,

which claimed to act as a price comparison site for payday lenders. In July 2018, he received a second ban — this time from the FCA which said he had displayed a lack of honesty and integrity. It found he claimed to search hundreds of lenders for the best offers but, in fact, simply presented all customers with the same standard list.

<https://www.thetimes.co.uk/article/struck-off-loan-shark-mark-kennedy-circles-compensation-claims-cash-brtz06lcb>

www.paydayrefunds.co.uk is now at the heart of a dispute between payday lenders and the claims management companies bringing thousands of complaints on behalf of borrowers, many of which are spurious - often with the claimant never having been given a loan by the firm complained about. CMCs charge customers up to 30% of any money recovered. In the first six months of the year, the FOS took on 2,138 new cases brought to it by *www.paydayrefunds.co.uk*.

On 13th September *The Daily Mirror* ran another story about Mark Kennedy and *www.paydayrefunds.co.uk*. The journalist put Payday Refunds to the test by submitting a complaint about a lender, using fake details, including a non-existent address. Three hours later *www.paydayrefunds.co.uk* forwarded the fake details to the supposed lender: *to process a complaint against your company for the mis-selling of a Payday Loan and a general breach of duties under Financial Conduct Authority regulations*, despite the fact the journalist had provided no evidence of any loan. *www.paydayrefunds.co.uk* later emailed him to say: *To speed your claim through and give it the best chance of success for you, we will pass it to the Financial Ombudsman just in case your lender is not being helpful*. This is a flagrant breach of the Claims Management Regulator's *Conduct of Authorised Persons Rules*.

<https://www.mirror.co.uk/news/uk-news/banned-director-rip-payday-loan-13232690>

Companies making unsolicited calls related to claims management services could now be fined up to £500,000. Section 35 of the Financial Guidance and Claims Act 2018 came into force on 8th September. The principal changes create a special class of unsolicited marketing calls relating specifically to claims management services and prohibit people from making such calls unless recipient subscribers have previously opted in to receiving them. Cold calls offering to help claim compensation are banned if the claimant has not chosen to opt-in to receive them. Previously people had to opt-out of receiving such calls by registering with the free Telephone Preference Service or withdraw their consent while on the call.

The new powers require the caller to make the necessary checks to make sure they have the recipient's consent before calling. Those offering unwanted claims management services could be fined up to half a million pounds by the Information Commissioner's Office if they breach the rules. The FCA previously highlighted that in a 12 month period, approximately 2.7 billion unsolicited calls, texts and emails were made to the UK's adult population offering to help them make a claim. This included calls about recent accidents or mis-sold PPI. This is equivalent to approximately 50 calls, texts or emails being made to every member of the adult population.

Section 35 of the Financial Claims and Guidance Act 2018 requires that a person must not use, or instigate the use of, a public electronic communications service to make unsolicited calls for the purposes of direct marketing in relation to claims management services except where the called line is that of a subscriber who has previously notified the caller that for the time being the subscriber consents to such calls being made by, or at the instigation of, the caller on that line.

A number of CMCs are currently up for sale, probably due to impending FCA regulation. Others are attempting to become solicitors to avoid FCA supervision from 1st April 2019, as in this advert:

Rapidly Growing Claims Management Business For Sale

NORTH WEST ENGLAND, United Kingdom

Asking Price:	Available on request
Turnover:	£5,100,000
Net Profit:	Available on request

NORTH WEST ENGLAND BASED

Current YE T/O of £5.1 million and adjusted EBITDA of £1.4m. Specialises in assisting clients claim compensation for mis-sold investments and pensions. Considerable potential to diversify into additional financial services and cross-sell to the company's past and existing client base. Utilises a 20 seat call centre, which is due to be doubled with a view to generating a considerable increase in turnover. Reputation for excellent customer service, resulting in the company receiving multiple awards. Currently working towards being recognised as a solicitor's firm, bringing it under the SRA and making it immune to potential fee capping by the CMR. Typically maintains £1 million fee income pipeline at all times. Strong second tier management team which is fully capable of operating the business on a daily basis. Excellent acquisition for an existing financial services firm looking to break into an un-tapped and growing sector of mis-sold claims. Leasehold premises with additional units currently being negotiated. Offers invited.

August 2018

On 22nd August the Association of British Insurers published its most comprehensive analysis yet into insurance fraud. It highlights that every minute an insurance fraud is now detected in the UK. For the first time, the ABI's annual detected fraud figures include data on application fraud - where details such as age, address, or claims history are deliberately mis-stated. A total of 562,000 insurance frauds were detected by insurers. The number of dishonest insurance claims, at 113,000, were valued at £1.3 billion. The fact that consumers themselves are perpetrating such high levels of insurance fraud is a strong indicator that very many financial compensation claims are also bogus, fuelled by claims management companies and no-win-no-fee lawyers,

The UK Legal Services Market Report 2018 from IRN Research, now in its eighth year, provides a review of the UK legal services market. Amongst other matters, it predicts that claims law firms will embark on contingency plans this year to cope with regulatory reforms, including mergers and acquisitions and adding related business activities. It highlights the emergence of new business models to streamline the claims process, such as law firms joining forces with insurance companies and claims management companies. Such amalgamations will keep the CMCs out of the new FCA regulations from 1st April 2019.

It appears that a number of CMCs have acquired large lists from Credit Brokers and are hitting lenders with compensation claims in bulk, in many cases where no loan was ever given in 50% of the claims. The list(s) appear to be of credit applicants, whether they got a loan or not. Large amounts of customer data appear to be sold for a relatively small amount and, like the debt collectors buying debt cheaply, a modest return rate on claims can produce a good profit.

On 9th August the Claims Management Regulator published details of its enforcement actions between April and June 2018. It conducted 112 visits, conducted 81 audits and issued 39 warnings. It cancelled 13 licences. During the period the CMR received over 127 reports of businesses conducting claims management activity without authorisation. 12 warnings were issued to businesses requiring them immediately to cease claims management activity or be subject to further enforcement action. The CMR says it continues to prioritise and tackle malpractice in the financial claims sector on a risk assessed basis. This primarily continues to be led by conducting compliance audits of CMCs and carrying out investigations where serious breaches are identified. When conducting audits, officers will examine various aspects of a CMC operation including client acquisition and sales, client paperwork, claim processing, complaints handling and other processes and systems.

On 17th August the Daily Mail published a story that American payday lenders could face legal action in the UK after they were accused of mis-selling loans to up to a million Britons, following similar stories in The Sun and Daily Mirror the previous week. Paydayrefunds.co.uk were reported to be preparing legal action against Quickquid, Curo and Lending Stream for allegedly refused to disclose information on customers who could be due compensation. The company issued a letter of action six months ago and claims to have written to lenders to warn them of impending legal action at the High Court.

This appears to have been primarily free advertising for PaydayRefunds.co.uk rather than a serious legal manoeuvre. It also smacks of trying to put pressure on lenders to make compensation payments in breach of the established complaints process.

<https://paydayrefunds.co.uk/> is Direct Financial Claims Limited at Lowry Mill, Lees Street, Swinton, Manchester, M27 6DB. It was previously Empires Services Limited from 26th June 2015 to 13th November 2017. It has the following restrictions on its licence from the Claims Management Regulator:

Empires Services Limited must keep, and provide to the Regulator on request, recording of all marketing calls made by the business or any third party on its behalf. Each recording must be retained for a period of no less than six months after the call was made.

Empires Services Limited must ensure that records and audit trails to demonstrate compliance with its conditions of authorisation, including the recordings of marketing calls, are held at a principal place of business based in England and Wales for the Regulator to inspect.

Empires Services Limited must provide to the Regulator a list of Caller Line Identification (CLI) numbers used by the business, or third parties on its behalf. Empires Services Limited must notify the Regulator of any additional CLI numbers used, or any CLI numbers no longer used, within 20 working days of the changes.

Lists of credit applicants appear to have been acquired (possibly in breach of the GDPR) by paydayrefunds solely to mount large volumes of primarily bogus claims. This is evidenced by the high number of complaints received where no loan has ever been made, indicating that it may not be complying with Complaints Management Regulator due diligence rules:

A business shall conduct itself responsibly overall including, but not limited to, acting with professional diligence and carry out the following:

Take all reasonable steps to investigate the existence and merits of each element of a potential claim before presenting it to a third party.

Make representations to a third party that substantiate and evidence the basis of the claim, are specific to each claim and are not fraudulent, false or misleading.

Claims referred to any recognised Ombudsman, dispute resolution scheme or compensation scheme must comply with those organisations' procedures, include specific, appropriate and relevant information on individual claims and take account of relevant past decisions.

The current directors of Direct Financial Claims Ltd are Carolina Costa who was appointed on 3rd April 2018 and Vincenzo Vernon who was appointed on 12th April 2018. The registered office address in Suite 15 Lowry Mill Lees Street, Swinton, Manchester, England, M27 6DB.

Carolina Costa is listed as a Brazilian national residing in the UK with a date of birth of September 1978. She is also the sole director of Easy Strike Off Ltd which was set up on 30th May 2018. Between 8th September 2017 – 12th October 2017, Miss Costa was a director for Chadney-Smith Associates Ltd which is listed as an IT consultancy service. There have been several directors including Damien Kennedy, and a Mark Kennedy is listed as a shareholder on the confirmation statement dated July 2017.

On 6th September a Carolina Costa with a date of birth of August 1978, whose nationality is Brazilian and resides in Monaco set up the company Chadney-Smith Assoc Ltd (company number 10948352) as sole director. The SIC code shows the company as Solicitors. On 7th November 2017 the company changed its name twice from Quick Online Claims Ltd to D4C Ventures Ltd. The registered office was also changed to Suite 15 Lowry Mill, Lees Street, Swinton Manchester M27 6DB. The confirmation statement for D4C Ventures Ltd lists Carolina Costa and Mark Kennedy as shareholders.

Between 13th November 2017 – 4th January 2018, D4C Ventures Ltd held 75% or more of the voting rights in Direct Financial Claims Ltd. This was briefly replaced by director Rachel Parker but she resigned and Carolina Costa was appointed as a director and currently has the majority voting rights.

A Carolina Costa (DOB September 1978) with Brazilian nationality and resident in Monaco also set up the company Claims Tracker Ltd as sole director. The company was incorporated on 15th September 2017 with the original name of PingMedia Digital Ltd but this was changed to Claim Tracker Ltd in March 2018.

Between Jun 2017 – February 2018, a Carolina Da Costa (DOB September 1978) was also the director of Wintech Europe Ltd which was dissolved on 26th June 2018. The company was

originally set up by Damien Kennedy under the name Sureleads Ltd in 2015 but other directors included Darrell Kennedy. A confirmation sheet for May 2017 also lists Mark Kennedy as a shareholder. During Ms Costa's time there, the company changed its name again to Chadney- Smith Holdings Ltd.

On 22nd November 2017, the Insolvency Service published an article; "28 years ban for directors of consumer credit broker which took money without permission". This details how four directors of Secure My Money Ltd had been disqualified following an investigation. One of these was Mark Robert Kennedy who was disqualified for 8 years. The article states the directors misled the FCA by stating SMM's website had been shut down.

The FCA also published a press release and a report on each of the directors. The report for Mark Kennedy describes his integral role (including as sole director of SMM) and confirms he is prohibited from carrying out any regulated activities as his offences included the operation of a credit broker service without a licence, misleading customers, and charging customers membership fees without consent. The lengthy report refers to his other companies; The1Loan and LeadGen (UK Ltd). Secure My Money Ltd details Mark Kennedy's country of residence as Monaco. He was appointed as a director between May – June 2014. Companies House confirms he was director of 6 companies including LeadExpress Ltd where he was the sole director between May 2013 – December when the company was struck off.

The incorporation papers show Mark Kennedy resides in Monaco but the registered office is 11 Morris Close, Dunholme, Lincoln, LN2 3SD – which is the same address Carolina Costa used to register her sole directorship of Easy Strike Off Ltd in May 2018.

Vincenzo Vernon was appointed as director of Direct Financial Claims Ltd on 12th April 2018, with a DOB of September 1970. A Vincenzo Vernon (DOB October 1970) was a director of All Marketing Media Ltd with Jayne Vernon, which was applied to be struck off by Abacus Accountants in March 2016.

A Vincenzo John Vernon DOB Oct 1970) is a current director of Total Contact Solutions Ltd, based in Chester (the same city where Mark Kennedy was originally based) which provides "a tailored, multifaceted solution to realise rapid and sustainable improvements within business contact centres. Identifying and addressing shortcomings, we have experience across key business areas including collections and arrears management, acquisition and customer servicing, programme and project management, system implementation and embedding, and programmes of regulatory change." He is also listed as a director for SJV Consulting Ltd.

The Daily Mail article on 17th August referenced an Andy Gannon as Payday Refunds Operations Manager. Between 1st February – 3rd April 2018, an Andrew Gannon is listed as a director of Debt Free Associates Ltd with a registered office at Suite 15 Lowry Mill Lees Street, Swinton, Manchester, England, M27 6DB. He replaced Rachel Parker as director – the same person who was replaced by Carolina Costa at Direct Financial Claims Ltd on 3rd April. Andrew Gannon also chose this date to apply for Debt Free Associates to be struck off.

On 27th July HM Treasury published a response to its consultation on claims management secondary legislation and confirmed its final approach to defining the scope of claims management activities for the purposes of FCA regulation and the temporary permissions regime. Legal Practitioners remain exempt.

In January 2018, the Ministry of Justice asked CMCs to report if they handled holiday sickness claims. 140 CMCs said they did, a reduction from 225 on a previous Ministry of Justice's survey in August 2017. Prison sentences for a number of claimants in the last 12 months, alongside a well publicised campaign by the travel industry, saw the number of claims management companies handling holiday illness cases fall. Thomas Cook alone is understood to have seen an estimated 90% drop in claims. But this summer marks the end of the three year limitation period in which sickness claims – bogus or otherwise – can be lodged. Given that summer 2015 marked the peak for holiday sickness scams, the sector could still be in for increasing historical claims over the coming months

July 2018

A zero-tolerance approach to dubious holiday sickness claims has helped one law firm overturn more than 2,000 made in relation to holiday sickness. Manchester-based Horwich Farrelly is now using evidence it gathered to defend tour operators to bring the individuals and claims management companies that tried to beat the system to book.

When Horwich Farrelly looked at the broader picture, it found companies issuing pre-action disclosures applications, racking up huge costs and making threats. As a result, Horwich Farrelly told tour operators it was confident that significant numbers of claims could be fought successfully. Around 25 pre-action disclosure applications that went to court were defended. Since the dismissals, Horwich Farrelly has seen the number of claims fall in their droves. The firm is now privately prosecuting a number of claimants it wants to prove to have been fundamentally dishonest, and has passed information about some of them, and certain CMCs and certain solicitors, to Merseyside Police, the Ministry of Justice and Solicitors Regulatory Authority. Holidaymakers, CMCs and law firms could face charges of fraud, contempt, dishonesty or offences under theft laws. Prosecutions could lead to exemplary and punitive damages being ordered.

Noble Law Solicitors of Morden received the most severe sanction the Solicitors Regulation Authority can impose without a referral to a disciplinary tribunal. It was found to have paid a prohibited referral fee, failed to pay damages to the correct individuals, failed to disclose a financial interest that a company had in referring the personal injury matter to the firm, and failed to provide prior written notification of its costs to clients. Noble Law as also ordered to pay the regulator's costs of £1,825.

This is the latest in a series of disciplinary actions taken over referral fees. In May, the head of marketing at a Manchester law firm was banned from working in the profession after he accepted commissions from referral fees, while in February the owner of another Manchester firm was suspended for pursuing cases without the consent of clients and paying prohibited referral fees. In January, a law firm in Blackburn was rebuked after paying more than £200,000 to an unauthorised claims management company for referrals.

The SRA's has revealed that, since the ban was introduced, the SRA has received around 260 reports of possible referral fee ban breaches, of which 11 have led to the regulator imposing sanctions on individuals and firms, with a further seven cases referred to the Solicitors Disciplinary Tribunal.

Muzammil Hussain Abid, a partner at Crescent Law in South London who allowed his staff to pursue fraudulent claims and presided over a system that treated claims management companies as if they were the actual client, has been struck off by the Solicitors Disciplinary

Tribunal. The tribunal found there was clearly a practice of pursuing claims without any regard for clients' actual instructions. Muzammil Hussain Abid's fellow partner, Imran Uddin, was suspended for two years.

Mr Abid caused and allowed the firm to pursue fraudulent claims and pay out clients' damages to third parties without their consent the SDT found. The only reason for putting the status of CMCs above those of clients was to ensure that CMCs continued to refer work to the firm.

Mr Uddin was a Labour party candidate at last year's general election. He fell 5,500 votes short of winning Wimbledon, which was a safe Conservative seat, despite a 7.5% swing in his favour. The SRA shut down Crescent Law on the eve of the 2017 election.

The Solicitors Disciplinary Tribunal also described letters sent to clients by failed Bolton law firm Asons as disgraceful and self-serving in its written ruling suspending former principal Kamran Akram for 18 months and ordering him to pay costs of £115,000. The SDT said inflated bills were sent out by Asons, based on over-grading and false claims for special damages. Mr Akram was found to have put his interests or the interests of claims management companies ahead of his clients, failing to provide them with a proper service and putting them at risk of costs or sanctions for contempt of court.

June 2018

Merseyside Police have opened investigations into two claims management companies. It is monitoring three cases lodged against tour operators by each of the firms suspected of encouraging bogus claims from holidaymakers, with a view to prosecuting them for fraud. It comes as Manchester based law firm Horwich Farrelly launched private prosecutions against a number of holidaymakers after successfully defending more than 2,000 claims on behalf of tour operators.

A fake sickness fraudster from Eccles has been ordered to pay Jet2holidays more than £6,000, after his ex-girlfriend presented compelling evidence to prove that his compensation claim for gastric illness was completely fraudulent. Liam Royle, 23, was found fundamentally dishonest by District Judge Iyer at the Civil Justice Centre in Manchester in early June, after the package holiday specialist challenged his claim in light of the evidence, which included video footage of him dancing to Gangnam Style by the pool. Mr Royle had made a bid for compensation after claiming that he had suffered for five days with stomach cramps, diarrhoea and vomiting, as a result of food poisoning whilst on a week-long holiday at the Papantonia Hotel Apartments in Cyprus in August 2015.

However, Mr Royle's ex-partner, who was on holiday with him at the time, was able to provide evidence proving that these claims were a complete fabrication. This evidence includes video footage of Mr Royle dancing to 'Gangnam Style' next to the pool on one of the days that he was allegedly ill, as well as photographs taken on the holiday showing Mr Royle swimming in the pool and enjoying the evening entertainment.

When giving his judgment, District Judge Iyer said: "Even applying the most rigorous test, I cannot avoid the finding that there has been dishonesty in his claim of sickness. A statement of truth was signed by Mr Royle knowing that it contained fundamental lies, and he gave incorrect information to his medical expert, and as a result a claim was issued."

The Ministry of Justice continues to investigate 12 CMCs over encouraging fake claims, while the Solicitors Regulation Authority is now investigating the conduct of 27 law firms it suspects have contributed to the soaring number of bogus claims. An SRA spokesman said “everyone knows what the problem is” and urged law firms to vet CMCs before accepting cases.

A dishonest clinical negligence claimant who vastly inflated the extent of his injuries has been jailed for three months. The Honourable Mr Justice Spencer said the punishment handed down to Sandip Singh Atwal should be a warning to all, in what was the first contempt case pursued by an NHS trust. Atwal, a part-time disc jockey from Birmingham, attempted to claim £837,000 for personal injuries in relation to finger and facial injuries suffered following treatment at Huddersfield Royal Infirmary. He claimed to have lost dexterity and strength in his hands which affected his ability to DJ and prevented him working as a courier driver. In fact, video surveillance showed he was perfectly able to drive, lift and carry and continued to work. His career as a DJ continued under the stage name SunnyKMS and he even featured in a music video in 2011 performing with dancers and musicians. He turned down an offer to settle of £30,000.

The judge found 14 allegations proved against Atwal, saying his claim for care costs was based on a wholly false and fraudulent premise. In a hearing on 1st June, the court heard Atwal had belatedly engaged with proceedings, neither contesting the allegations nor admitting them. Atwal still owes the NHS trust £5,000 in unpaid costs – a direct consequence, added the judge, of his greed and dishonesty. The judge said an immediate custodial sentence was necessary to mark these serious contempts, and to deter others. As well as three months in jail, a further costs order of £75,000 was made against Atwal, although the judge reflected it was unlikely this would be paid.

On 8th June it was reported that a sickness claim brought by a customer who was a trainee lawyer has been dismissed. Red Sea Holidays faced legal action from Gemma Hoyle and her husband who had filed for damages of between £5,000 and £7,500. They had stayed all-inclusive at the Grand Hotel in Sharm el Sheikh in June 2015, and alleged to have suffered from a sickness and diarrhoea bug as a result of contaminated food. Despite visiting a doctor on her return, Hoyle had no formal diagnosis of the illness and her husband was found to have written a positive TripAdvisor review upon their return. In a recently released court transcript of the December hearing, District Judge Ackroyd said that whilst she could establish she was ill, she could not establish on the balance of probabilities that the food was not satisfactory and causative of her illness.

On 11th June it was reported that a holidaymaker has been found to be fundamentally dishonest in trying to make a false sickness claim against tour operator Tui. Jadeep Singh, 34, from Salford, Manchester, was ordered by Manchester County Court to pay £10,000 with additional costs. He claimed he had suffered illness caused by food and drink at a hotel in Cancun, Mexico while on holiday with a large group for a wedding in November 2015. However, he did not produce any photos from the wedding nor his holiday and witnesses also declined to bring any documents. Tui provided evidence that contradicted the claim that Mr Singh was ill. The court found that Jadeep Singh brought a claim that was fundamentally dishonest and he was ordered to pay Tui's costs.

May 2018

For the last ten months, specialist law firm Horwich Farrelly has been working with the travel industry to investigate holiday sickness claims. In that period it has thrown out over 2,000

claims and launched investigations into enablers that are reported to be supporting the increase in bogus claims. These include doctors, nurses, solicitors and Claims Management Companies.

A recent intelligence gathering exercise led to the Claims Management Regulator identifying 12 unauthorised businesses potentially involved in this sector. On nuisance calls the CMR said it had issued six warnings and continued its investigations into 21 firms engaged in suspected non-compliant direct marketing. The CMR said that during the last quarter it had received 127 notifications of businesses trading without authorisation, resulting in three warnings and one new investigation. The authorisation of Wigan-based *UK Claims Surgery* was cancelled after it sent marketing texts without consent and supplied false and misleading information to the regulator. *DMR Financial*, based in Llanelli, was fined £1,950 for making unsolicited calls to individuals registered on the Telephone Preference Service, failing to conduct due diligence on data and submitting generic and unsubstantiated claims to lenders. New investigations were launched into *Click Me* and the *Consumer Compensation Bureau*, both based in Manchester, for suspected direct marketing breaches.

The founder of law firm Asons has been suspended from practising as a solicitor for 18 months following a disciplinary hearing. Kamran Akram, one of the founders of the firm, appeared before a Solicitors Disciplinary Tribunal to answer allegations including inflated costs, falsified or fake claims and failing to run his practice or carry out his roles for Asons effectively. Members of the tribunal decided he should be suspended from acting as a solicitor. Mr Akram had his licence suspended and his practice shut down by the Solicitors Regulation Authority in March last year.

On 24th May the City of London Police's Insurance Fraud Enforcement Department detailed a nationwide crackdown on opportunistic fraudsters. 22 people were targeted in the operation designed to target opportunistic fraud. In total, 15 people have been interviewed by police across the country. Four others are due to be interviewed, while the final three of the 22 were not at their address when officers visited but will be interviewed. Detective chief inspector Andy Fyfe, head of IFED said: *"These kinds of claims create a compensation culture in the UK, with some claims management companies encouraging people to make frivolous and exaggerated claims, often with the alluring offer of a no-win, no-fee service. These types of referrals show that some people have no qualms about making false claims"*.

A well-known British expatriate on Mallorca has denied recruiting British holidaymakers to file fake sickness claims with UK law firms. Laura Cameron insisted a gang of touts who worked for her did not target tourists to persuade them to file false holiday claims. Instead, her Mallorca based tiquiteros merely collected data for a range of different purposes, she told a Palma court.

Cameron was arrested in September along with six other people, accused of creating a network dedicated to defrauding hotel chains, including the giant Melia group and Mac Hotels. She is being sued by the groups, alongside the Mallorca Hoteliers Federation.

Cameron, 28, told Judge Maria Perez Ruiz however, that her company Elite Project Marketing was merely an information collection company for British marketing firms. She insisted that Elite Project Marketing collects telephone numbers and names of British tourists and sells the data to marketing companies, which buy telephone numbers and names in case anything happens during their holiday in Mallorca, this includes food poisoning. Representatives collect information by talking to tourists on the street, but assert they do not ask them if they

have had a food problem. Her touts were paid around €110 for each tourist that ended up filing a sickness claim.

Laura Cameron admitted she sold the information to three UK law firms and marketing agencies including UK Holiday Claims and Ruby Diamond. Another, HH Law Limited, paid €5,500 for around 1,000 names and numbers – €5.5 per contact. This one company alone paid her €34,717 between October and December 2016, police reports showed.

April 2018

On 23rd April HM Treasury published an open consultation – Claims management regulation: consultation on secondary regulations. Claims management companies will need to be able to demonstrate they have suitable competency in the sector they operate in when they start being regulated by the FCA. HM Treasury has decided these companies will fall under the remit of the FCA, after concluding their current regulator lacked the powers and resources to regulate the market.

The consultation sets out how the rules will work in practice, including requiring that CMCs have separate permissions depending on the specific activities and sectors in which they wish to operate, including advising, investigating and representing in relation to financial services and products. As well as financial services there will be six other sectors claims management companies will be able to choose to operate in, including personal injury, employment, housing disrepair and industrial injuries disablement benefit.

Exemptions cover legal practitioners (a huge loophole for no-win no-fee lawyers), most charities and not-for-profit advice agencies, trade unions certified as independent, student unions and small scale introducers for whom this is incidental to their main business.

The decision to move claims management companies under the remit of the FCA was made in the 2016 Budget and will be done under the Financial Guidance and Claims Bill, which is currently making its way through Parliament.

On 2nd April 2016, Solicitor Leslie Olayinka Olojugba Charles, was closed down by the Solicitors Regulation Authority. Leslie Charles had been the source of a large number of demands for redress for mis sold Payment Protection Insurance and issuing unaffordable loans. It was clear that many complainants had not been sold Payment Protection Insurance at all by firms approached by Leslie Charles and the circumstances relating to unaffordable lending were poorly documented. The intention appeared to be to flood firms with hundreds of complaints in the hope that they would pay out without investigation.

The SRA had reason to suspect dishonesty on the part of Leslie Charles in connection with his practice and found that he had failed to comply with rules made under sections 31 and 32 of the Solicitors Act 1974 (as amended). LS Claims Ltd is an authorised CMC which was given a £16,500 financial penalty following a CMR investigation in November 2017.

LS Claims Ltd is still operating, now using the trading name Ingram Toft.

Legal costs for package holiday sickness cases will be fixed under rules aimed at deterring false claims. Similar controls are in place for other personal injury claims, but they will now be extended to cases when holidaymakers seek compensation. The travel industry says claims have mushroomed in recent years despite illness in resorts declining. Travel agents are now calling on the government to ban cold calls encouraging people to make a claim. The

Association of British Travel Agents said there were about 35,000 claims over holiday sickness in 2016, a 500% rise since 2013.

The industry said the total cost of all claims was £240 million in 2016 and the growth in cases risked raising holiday prices for all. The government had asked the Civil Procedure Rule Committee, which is responsible for setting rules on legal costs, to consider bringing package holiday claims under the same rules as personal injury claims. The committee has approved that move and the limits on legal costs will take effect in a few weeks. Package holiday claims will come under the fixed recoverable costs regime. This means tour operators will pay prescribed costs depending on the value of the claim and length of proceedings, making defence costs predictable, and helping them to challenge bogus claims. Currently, legal costs in overseas package travel claims have not been controlled which means costs for tour operators can spiral compared with the damages claim.

A couple who made a bogus sickness claim against Red Sea Holidays have been ordered to pay court costs £8,000 higher than their initial fake claim. Jessica Hegner and Karl Hancock from Crawley demanded £4,000 in compensation from the operator after claiming to have fallen ill during a break to Sharm el Sheikh in 2013. The figure was later reduced to £3,306 but a judge found their actions to be fundamentally dishonest at trial and ordered Hegner and Hancock to pay more than £12,000 in costs. Despite claiming to have suffered with food poisoning on the second day of their week-long trip and only recovering once back at home, according to Red Sea Holidays, the couple took part in two excursions to a local waterpark and a Bedouin night excursion into the desert involving a coach trip, camel rides and dinner. Social media posts by the couple also described their holiday as amazing and having holiday blues upon their return to the UK.

As a result of an investigation the Claims Management Regulator cancelled CDW Bureau Limited's authorisation to provide claims management services under the Compensation Act 2006 with effect 14th September 2017. CDW Bureau Limited was found in breach of the Conduct of Authorised Persons Rules 2014. On 29th March 2018, the First-Tier Tribunal (General Regulatory Chamber) consented to the application made by CDW Bureau Limited to withdraw its appeal against the Regulator's decision. The cancellation of its authorisation is now in effect.

A pair of Swansea claims management company directors have been banned for a total of 17 years for breaching MoJ regulations. Clifford Stanford has been disqualified from acting as a director for 11 years for his conduct as director of Cerys-Angharad and Ifonic. Timothy Mark Schubert has also been disqualified from acting as a director, this time for six years for his conduct as a director of Ifonic. The directors were disqualified in the High Court in November 2017 after a flood of consumer complaints to Trading Standards and the Ministry of Justice about both companies' claims management procedures. Cerys was found to have engaged in unfair trading practices in breach of the Conduct of Authorised Persons Rules 2006 and 2013 and had failed to comply with the compensation regulations 2006. Cerys misled the public in sales calls regarding claims services offered, fees charged and cancellations. Customers paid for services they never received, fees were deducted from customers without their authorisation and refunds of upfront fees were never issued.

Since April 2013 the Claims Management Regulation Unit has visited 1384 CMCs authorised to operate in the personal injury claims sector where compliance with a referral fee ban has been the primary focus. Approximately 100 companies were found to be operating in breach of the ban. Since April 2013, there have been 22 warnings issued specifically for breaches relating to the referral fee ban but no fines have been issued. The authorisation of one CMC

has been removed in relation to breaches of the referral fee ban. 237 CMCs surrendered their licence within one year of being visited, some of these were CMCs found to be non-compliant with the referral fee ban.

A claims management company, UK 4 Legal, has failed to overturn the cancellation of its authorisation, which was found to have been rented to a marketing company which operated a call centre to generate personal injury leads. The First Tier Tribunal noted that UK 4 Legal was, by its own admission, conducting no business of its own when the Claims Management Regulator intervened. All of UK 4 Legal's work was being carried out by marketing company Lumen. Mohammad Shahid, director of UK 4 Legal, had effectively rented his authorisation to Lumen in exchange for a monthly payment. The Tribunal said was difficult to see how any sanction other than cancellation of authorisation would be appropriate in these circumstances. The tribunal found that UK 4 Legal had breached the terms of its authorisation and concluded that cancellation of the CMC's authorisation was warranted.

March 2018

On 20th March the Ministry of Justice published two documents: *Claims management regulation: Conduct of Authorised Persons Rules 2018* is statutory guidance and sets out the rules for authorised companies offering claims management services. It covers the standards for running a business and dealing with clients and comes into force on 1st April 2018.

Guidance note on the Conduct of Authorised Persons Rules 2018 gives detailed guidance for claims management companies on complying with the conduct rules. In depth advice on complying with the Conduct of Authorised Persons Rules 2018 is provided including a ban on charges where it is identified that the client does not have a relationship or relevant policy; a ban on upfront fees for financial products and services claims; and a requirement for reasonable cancellation charges and itemised bills as well as amendment of three specific rules.

Amongst other matters, the rules require claims management companies to take all reasonable steps to investigate the existence and merits of each element of a potential claim before presenting it to a third party, and substantiate and evidence the basis of the claim to ensure it is not fraudulent, false or misleading.

On 20th March the Ministry of Justice also pledged to change the way whiplash claims are handled by setting fixed compensation amounts for claims and banning the practice of settling cases without medical proof. The recent surge in claims – which have risen 50% in a decade despite a fall in the number of road accidents – reflects Britain's wider compensation culture.

The new measures in the Civil Liability Bill announced by the Ministry of Justice will help to reduce the high number of dubious whiplash claims, but these are just the tip of a claims cheating culture promoted by some no-win-no-fee lawyers; claims management companies and even some consumer advice websites.

A couple who made a false sickness claim while holidaying with Tui in Benidorm have been ordered to pay record costs after a judge threw out their fundamentally dishonest case. Chelsea Devine, 21, and Jamie Melling, 22, both of Liverpool, booked a 10 day all-inclusive holiday to Levante Beach Apartments with Thomson (now Tui) in June 2015, and said they only ate and drank at their hotel. The pair claimed to have fallen ill on the fourth day of their

holiday but did not report their illness or lodge a complaint while they were away, or upon their return - even uploading cheery snaps from their trip to social media. It was not until May 2016, nearly a full year later, they made identical claims for a reported £2,500 each. However, their claims were dismissed by Recorder Sally Hatfield QC, following a hearing at Liverpool County Court where they were ordered they pay Tui £15,000 in costs.

Their statements were identical yet the couple said that they did not collude. The Judge said the statements were clearly not written by them. Tui has also revealed it has referred the doctor who supported the couple's case to the General Medical Council after it emerged he was married to a partner at the legal firm representing Devine and Melling. The law firm has also been referred to the Solicitors Regulation Authority.

On 14th March the Legal Ombudsman named a claims firm which has generated a flood of complaints in the last year. South Wales claims management company Claimline Direct Limited was subject to more than 100 complaints between February 2017 and January 2018, with the ombudsman able to resolve 69 of them. The legal complaints handler exercised its power under the Legal Services Act to publish details of a report into the activities of the company, saying it was in the public interest to know what levels of service they can expect.

Claimline Direct, a regulated CMC, deals with mis-sold payment protection insurance claims and was found to have consistently taken upfront fees of £495. But customers reported they were not kept up to date with the progress of claims, or their claims had not moved forward adequately, and refunds were not received when service levels fell short. The ombudsman confirmed Claimline Direct had not complied with its decisions directing a refund of upfront fees.

The Office for Legal Complaints, which oversees the ombudsman service, said consumers using the company need to be aware it is likely their claims will not be progressed and they will lose their money.

A man and a woman who fraudulently claimed they fell ill while on holiday in Turkey, but were caught out by images they posted on social media, have been given suspended jail sentences. South Derbyshire magistrate's court heard that bodybuilders Leon Roberts, 37, and Jade Muzoka, 27, spent a week at the luxury Cornelia Diamond Golf Resort and Spa in Turkey in July 2015. The following April, the pair submitted claims through their solicitor saying they both fell ill with food poisoning during their stay. But investigators found photographs on Facebook of the couple lounging by the swimming pool, drinking and eating dinner.

After hearing how a solicitor, a doctor and a claims management company that had helped to prepare the blatantly false claim to the travel company Tui, the district judge, Jonathan Taaffe, said it would fly in the face of common sense to ignore the fact that a holiday company feel it necessary, because of a tsunami of claims, to bring a private prosecution. Taaffe suspended both defendants' jail terms for 12 months, ordered them to undertake 200 hours of unpaid community work, and handed them a bill for £1,115 to cover court costs and a victim surcharge.

Claims management companies that fail to prevent bribery could face prosecution under the Bribery Act, the City of London police have warned. The force has ongoing bribery cases targeting the insurance sector and is exploring prosecutions in the claims management industry. Andrew Fyfe, who became head of the City of London Police's Insurance Fraud Enforcement Department last October, wants to use Section 7 of the 2011 bribery law, under

which companies are liable to criminal prosecution if they fail to prevent bribery. Companies can deflect charges if they prove they had adequate procedures in place to prevent bribery.

The unit wants to target claims management companies where employees pay bribes to obtain claims data from insurers. Fyfe said the companies often target young employees in the insurers' claims handling teams, paying bribes from a few hundred pounds to as much as £10,000.

Last August, two businessmen and three former employees from the UK unit of German insurer Allianz were convicted of a bribery scheme. The two businessmen paid bribes of £250 a week to three insurance insiders for confidential data on customers who had been involved in vehicle collisions. Allianz wasn't accused of any wrongdoing.

Tomasz Josef Borowski was found guilty on 16th February 2018 of fraud, including counts of fraud against solicitors firms and insurers between 2011 and 2014. He had set up several claims management companies that would refer personal injury claims to other firms in return for a fee, when in reality, the claims were fraudulent and in the main completely fictitious, and never proceeded past the initial submission stages.

February 2018

A company that made 8.7 million nuisance calls has been fined £300,000 by the Information Commissioner. Holmes Financial Solutions Ltd, based in Speke, Liverpool, made the automated marketing calls between 22nd October 2015 and 27th July 2016. The 8,792,907 calls contained recorded messages, primarily promoting PPI compensation claims, but the company did not have the recipients' consent for sending direct marketing. It also broke the law by failing to identify the organisation making the calls, while it used so-called added value numbers that generate revenue when an individual calls the number, which is then apportioned and passed to associated companies and the network carrier. The contravention could have been far higher since it is known that the company instigated over 26.6 million automated calls.

The Advertising Standards Authority has upheld a complaint that an advertisement was misleading against CMC, Ally Claims Ltd trading as CheckMyPaydayLoan.com.

The advert made repeated claims about how simple it was to claim compensation after struggling to make repayments on payday loans. It said: *At Check My Payday Loan, we'll do a hassle free, no obligation check. And if you've got grounds for a case, we'll do the rest. Easy as that. All you need to do is send us a text and we'll take it from there. What are you waiting for?*

The ASA considered most consumers were unlikely to be familiar with the process of making claims for compensation against short-term loan or payday loan lenders and that some people might expect they would not need to do anything else after sending a text to CheckMyPaydayLoan.com. The advert exaggerated the ease and speed of making a claim.

Five directors of McCaskill & Morse Ltd have been disqualified. Timothy Chapple has been disqualified for eight years, Richard Adams for six, Catherine Wood for five, Gary Richards for five and James Bell for four years. The five directors are now prevented from acting as a director of a company, they cannot take part, directly or indirectly, in the promotion, formation or management of a company or limited liability partnership, as well as being unable to be a receiver of a company's property.

McCaskill was first incorporated in March 2012, offering claims management services for people mis-sold payment protection insurance and bank charges reclaims. But clients started to complain that while McCaskill claimed to offer a no-win-no-fee service, it had failed to return upfront fees and were often late paying refunds following unsuccessful claims. The Ministry of Justice had issued a warning that McCaskill was engaging in unfair trading practices before the company was put into administration in November 2015. The Insolvency Service investigated McCaskill after it had gone into administration and found that the claims management company had failed to repay upfront fees to clients who were due a refund. Using complaints data, the Insolvency Service also found that clients received their refunds between 180 and 380 days after the start of the claims process, exceeding the contract terms that stated McCaskill would pay refunds within 90 days.

January 2018

The Association of British Travel Agents has revealed that as many as 9.5 million British adults have been approached about making a compensation claim for being sick while on holiday. New figures from a YouGov survey of British adults that found that almost one in five people (19%) had been contacted about making a compensation claim for holiday sickness. The most common way survey respondents were approached was over the 'phone (14%), followed by text (7%) and email (7%). Some also reported being contacted on social media (3%), while others were approached in person (2%), including at airports or while on holiday. Since 2013 the number of claims for holiday sickness has risen by 500% with a large number being fraudulent.

ABTA has released the survey results as part of its *Stop Sickness Scams* campaign against false claims that the association argues are costing the travel industry tens of millions of pounds. Evidence from the travel industry and customers highlights that some claims management companies are contacting consumers out of the blue, encouraging them to make a false claim and often misleadingly saying there is a pot of money waiting to be claimed. However, making a false compensation claim for holiday sickness is an act of fraud and if prosecuted could result in a large fine, criminal record or jail term of up to three years, but many claimants are unaware of the seriousness of the penalties.

Barrington Claims has been fined £250,000 by the Information Commissioner after it breached consent rules. It had already had its authorisation removed by the Ministry of Justice's Claims Management Regulator. The Port Talbot based claims management company used automated marketing calls to reach users who had not authorised it to do so. Between 22nd February 2016 and 23rd May 2016, Barrington Claims made a total of 15.3 million calls telling people they were entitled to a PPI refund. The CMC was using an outbound dialling platform to upload a message and transmit vast numbers of automated calls.

Miss-sold Products UK Ltd made 75 million automated marketing calls between 16th November 2015 and 7th March 2016. The calls contained recorded messages, primarily promoting PPI compensation claims, but the company did not have the recipients' consent for making marketing calls. It has been fined £350,000 by the Information Commissioner. It also failed to identify the organisation making the calls, while it used so called added value numbers that generate revenue when an individual calls the number, which is then apportioned and passed to associated companies and the network carrier.

December 2017

On 14th December the Information Commissioner's Office executed a search warrant and searched two addresses in Nottingham as part of an investigation into a network suspected of making hundreds of millions of nuisance calls. ICO enforcement officers were joined by colleagues from the Claims Management Regulator and Nottinghamshire Police to execute the search warrant at an office building in the city. A house was also searched at the same time. The operation was part of an ICO investigation into a network of people and associated companies believed to be responsible for bombarding UK citizens with hundreds of millions of unsolicited automated calls promoting personal injury claims. The Claims Management Regulator is also investigating potential breaches of the Compensation Act 2006.

Some solicitors' firms are running the risk of misconduct through their dealings with claims management companies, the Solicitors Regulation Authority has reported. The regulator issued a warning notice expressing concerns about the way certain firms are bringing in work. This is the second time in two years the SRA has felt compelled to remind solicitors of their responsibilities, and coincides with a review of 40 firms that uncovered issues which could lead to misconduct. Among the issues identified are a failure to meet with and take instructions from clients; settling injury or sickness claims without a medical report; and paying damages to third parties instead of directly to the client. In extreme cases, firms have brought claims without the knowledge of the named client.

The review of 40 firms in the sector found most had adequate systems and processes in place to curb wrongdoing. However, some rely on just one claims management company for leads, do not adequately train staff and/or fail to carry out enough checks at the outset of the claim to reduce the risk of fraud.

The Claims Management Regulator has stripped Preston based claims management company Allsure Ltd of its licence after finding that the company encouraged holiday goers to fabricate or embellish symptoms of gastric illness to get compensation. The regulator said that evidence it had gathered also showed that Allsure had used deceptive sales scripts, which were exaggerating expected pay outs to entice consumers.

A Welsh claims management company has abandoned its appeal against a regulatory ruling that shut down its operations in August. Llanelli-based MJE Associates (Wales) was in breach of cold calling rules that led the Ministry of Justice's claims regulator to shut it down. The regulator found that the company had breached of five rules set down by the CMR, including by cold calling. It also broke rules around responsible conduct and data protection, while its management was found to be lacking in experience; one rule it broke was to have someone of necessary competence with a knowledge of regulation, in charge.

November 2017

The director of a claims management company that made almost 6.4 million automated marketing calls in breach of regulations has been fined £250,000 and disqualified as a director for seven years. Hassim Iqbal, 34, from Blackburn, has been disqualified from acting as a director for failing to ensure that Check Point Claims Ltd complied with regulations relating to the conduct of its business leading to the Ministry of Justice withdrawing its authorisation to provide claims management services. The Information Commissioner also issued a monetary penalty notice for £250,000 as CPC had sent almost 6.4 million automated marketing calls without prior consent having been obtained from the recipients. An investigation found a further 11 million calls were made but not connected. CPC traded from July 2013 to February 2016 and generated leads for local solicitor firms but went into liquidation in March 2016.

October 2017

The increase in holiday sickness claims has been coupled with an increase in claims management companies locating themselves in resorts encouraging holiday makers to submit fraudulent or exaggerated claims for a cash incentive. In Tenerife, one outfit linked to a UK based claims management company allegedly makes the rounds of hotels and resorts at the wheel of an old yellow ambulance with *Claims Clinic* emblazoned on the side, seeking out holidaymakers who may have suffered food poisoning or other gastric illnesses during their stay and encouraging them to bring personal injury claims.

The Government has recognised the concern that holiday sickness claims are being brought with little or no evidence in support. Claimants will often not have any contemporaneous evidence in support of their claims given they will not have complained in resort, or visited a doctor whilst in resort, or on their return to the UK. However, many legal firms are now dropping holiday sickness claims, up to 6,500 cases according to reports, due to the increased regulatory attention.

Claims Management Companies are routinely looking for new opportunities. Insurer Direct Line examined more than 2,000 drainage claims made in the last year. It found that 54% of them had been inflated or were invalid. In the first quarter of 2017, it estimates the number increased by 22% compared to 2016, with no apparent or logical explanation. Many people have cover for blocked drains as part of their home insurance, but increasingly a CMC will arrange to handle the claim for them. Some drainage firms appear to be selling details of their clients to CMCs.

September 2017

The Solicitors Regulation Authority is investigating twelve law firms it suspects of having potentially improper links with claims management companies over holiday sickness claims. Allegations against the legal firms include them making payments for holiday sickness referrals from claims companies. The SRA said it had evidence of firms pursuing claims without the proper instructions of claimants; of failures to ensure all documentary evidence was collated; and of highly improper advice issued to clients. A statement issued by the SRA said that lawyers should not bring cases, or continue with them, where there is a serious concern about the honesty or reliability of the evidence.

A Welsh firm responsible for 146 million nuisance PPI calls has been given a £350,000 fine by the Information Commissioner - although it is unlikely that the penalty will be paid because its directors are currently seeking to dissolve the company. Your Money Rights, which had its authorisation as a claims management company cancelled in May, instigated 146,020,773 automated direct marketing calls in under five months between March and July 2016, with some complainants saying they had received more than one call a day. The company did not identify itself on the calls, which made it harder for people to complain about the firm's behaviour. Companies can only make automated marketing calls to people that have previously consented to such communications from them. YMR did not have this.

August 2017

The Ministry of Justice Claims Management Regulator's Annual Report published on 4th August shows that claims management companies earned almost £6.3 billion in the last ten years. CMCs dealing with financial products and services claims made £3.4 billion between

2007 and 2017. The Regulator has granted licences to over 6,800 CMCs since 2007, audited 2,022, issued 478 warnings and £2.8 million in fines. It has also cancelled 1,387 licences and received nearly 94,000 enquiries or complaints from people in relation to CMCs. The report also says that after a period of rapid growth during the first four years of regulation, there has been a steady decline in the size of the claims management industry since 2011 as a consequence of major regulatory reforms.

The total number of CMCs has fallen year on year from a peak of 3,213 in 2011 to 1,388 in 2017. The rate of decline has slowed in the last two years however, as the market began to show signs of consolidation. Personal injury remains the largest claims management sector in terms of the number of CMCs in operation, but the financial claims sector has superseded it for four consecutive years, generating more than twice the turnover of the once dominant personal injury sector.

Ministry of Justice officials raided the premises of a number of claims management companies and found 34 unlicensed firms fuelling a surge in the number of fake sickness claims being made by British tourists. The Claims Management regulator has issued six warnings, launched two investigations, and removed the websites of six claims management companies. More than 40 other firms offering no-win, no-fee services were also issued with *compliance advice*. British holidaymakers submitted 35 times as many compensation claims for illness on holiday compared with German tourists. Last summer UK holidaymakers submitted almost 4,000 sickness claims compared with just 114 from Germans. The figures are based on 750,000 British holidaymakers and 800,000 Germans. Scandinavians submitted 39 claims for 375,000 holidaymakers.

Caroline Wayman chief ombudsman & chief executive of the Financial Ombudsman Service is a non-executive director on the Board of the Claims Management Regulator. She must therefore be aware of CMCs encouraging bogus claims. Yet this awareness does not appear to have crossed over into the handling of financial services complaints from CMCs which have generated for them more than twice the turnover of the once dominant personal injury sector.

Allsure Ltd, based in Winckley Court in Preston, a claims firm that encouraged holidaymakers to submit bogus insurance claims has been stripped of its licence. It was found to be encouraging people to lie and submit fake claims for illness on holiday. The Claims Management Regulator has stripped the firm of its licence to practice. It can no longer offer regulated claims management services to new or existing clients.

July 2017

During the question and answer session at the Financial Conduct Authority annual public meeting on 18th July, a member of the audience said he was aware that some claims management companies were allowing members of direct sales forces to profit twice from mis-selling practices. The member of the audience at the meeting at the QEII Conference Centre in Westminster said claims management companies were being helped by members of providers' direct sales forces to pinpoint who to contact about providers' past product pushes. He said: *They got paid upfront commission for pushing these products for providers and are now getting paid back end commission by being paid referral fees by ambulance chasers.*

Claims management regulators are briefing the Solicitors Regulation Authority on solicitors suspected of malpractice over the handling of holiday sickness claims. The Ministry of

Justice's Claims Management Regulator reported in mid-July that action to investigate rogue elements of the industry has been stepped up in the past three months. Action dedicated at tackling holiday sickness claims began in April this year. From April to June, six unauthorised claims management company websites were shut down, 40 CMCs were visited or audited and two investigations were started. In the previous quarterly update, the regulator did not report any action, merely the start of talks with the travel industry about how to deal with increasing numbers of claims.

The net is now closing in on solicitors with links to fraudulent claims or who acquire cases through cold calling. The claims management regulator says it is working with the SRA and Association of British Travel Agents members who have provided intelligence, information and evidence on market practices. The regulator has established a dedicated project team to monitor this sector closely, and deal quickly and effectively with any misconduct by regulated CMCs, or those who are simply operating completely illegally.

Deborah Briton, 53, and partner Paul Roberts, 43 together with Briton's daughter Charlene, 30 are accused of having lodged bogus compensations claims with Thomas Cook to try to win £52,000. They pleaded not guilty to six counts of fraud. But they were found guilty in October. Deborah Britton was sent to jail for 9 months and Paul Roberts for 15 months. The family went on an all-inclusive trip to Mallorca, and the fraud totalled £52,000 in claims put forward by David Norman Solicitors for food poisoning. Sentencing, Judge David Aubrey QC said the couple's claims had been a complete and utter sham.

Amy Hughes, a 28 year old holidaymaker from Holyhead in North Wales has been ordered to pay £25,000 to holiday operator Thomson, after a court found that she lied about getting sick to claim compensation. She had spent 11 days at the five star Iberotel Palace hotel in Sharm El Sheikh, Egypt, with two friends in July 2011. Two years after returning home, in July 2013, she made a compensation claim for sickness against Thomson through a North Wales law firm. She claimed she had been ill while staying at the hotel and had not eaten anywhere else. The case was due to be heard in court last October, but Mrs Hughes dropped her claim without any explanation. Thomson said that after investigating, it had discovered Mrs Hughes had eaten only a small number of breakfasts at the hotel, while a friend had confirmed that she had eaten Chinese food in the resort. Mrs Hughes denied this, but Thomson decided it had enough evidence to pursue her through the courts for costs it had incurred building a defence. On 5th July, a Recorder at Wrexham County Court determined that Mrs Hughes had been fundamentally dishonest and must pay Thomson £25,000 by 4.00 pm on 6th October.

Thomas Cook has also won a civil claim for £10,000 compensation from Julie Lavelle and her partner Michael McIntyre after a court branded them as fundamentally dishonest, their £10,000 claim for holiday sickness, as wholly implausible and ordered the couple to pay costs of £3,744. In the summer of 2013 Julie Lavelle, her partner Michael McIntyre and their two children took a two-week all-inclusive Thomas Cook package at the Parque Cristobal Hotel at Playa del Ingles, on the Spanish island of Gran Canaria. They made no mention of any illness at the time. But in May 2016, almost three years after the holiday, the couple's solicitors, Bridger & Co of Llandoverly, forwarded a claim asserting that the whole family had suffered gastroenteritis for almost the entire length of their holiday.

June 2017

The Financial Guidance and Claims Bill was announced in the Queen's Speech. It is designed to tackle widespread malpractice among insurance claims management firms. It will see the Financial Conduct Authority take over supervision of all claims management firms and

complaints handling will go to the Financial Ombudsman Service. The bill will ensure that senior executives at claims management companies are held personally accountable for the actions of their businesses.

British holidaymakers could face criminal charges as police look to stem a rise in fraudulent sickness claims being made against tour operators and hotels. Police have been considering prosecutions against tourists falsely accusing their accommodation of giving them food poisoning, with Britons in Spain deemed some of the worst offenders. Since 2013 there has been a 434% rise in the number of gastric illness claims made by British tourists, according to the Association of British Travel Agents.

Detectives from City of London's insurance fraud department confirmed that they were currently assessing material handed to them on false holiday sickness claims. Many customers say they were asked to make claims bigger or broader. Claims are even coming from people who have not made bookings, hoping they will wash through the system because of the number coming in.

Complaints Management Companies have been increasingly making their presence known on social media with posts on Facebook promising *amounts of £700 up to £40,000*, adding *you don't have to have been seriously ill to be able to claim*. One said: *This couldn't be any easier guys and pay-outs take about 4 weeks on average. Well in time to pay for your family's next summer holiday!!!*

Sean and Caroline Bondarenko are being counter sued by the owners of a five star hotel on the Greek island of Crete after submitting a claim for £10,000 relating to an illness suffered at the resort. The couple, from Darlington, claimed the food and drink at the Caldera Palace Hotel – run by Atlantica Hotel Management – made them sick during their one week stay in October 2013. The hotel company has launched a counter claim of £170,000 against them for damaging its reputation.

The couple's compensation bid was not submitted until three years after their stay, booked through Thomson Holidays, when they were contacted by a claims management firm. Now the couple are trying to drop their claim and blame a company of solicitors for embellishing the facts. The firm, Opes Law, denies any wrongdoing.

The Bondarenkos say they would not have made a claim if the claims management firm had not got in touch and asked the solicitor to drop the case because they felt uneasy about it, but were told they would have to pay legal costs. Mrs Bondarenko said: "I was horrified when I saw the court papers which listed all these negative things we were supposed to have said about the hotel. We never said any of those things. I rang the solicitor and she told me not to worry about it. We are terrified for our future and petrified we will lose our home." A spokesman for Opes Law said the allegations are unequivocally denied and that Opes takes its duties to its clients seriously. When things occasionally go wrong, clients are advised to use its complaints policy and procedures to resolve any dissatisfaction.

A company behind 99.5 million nuisance calls has been fined a record £400,000 by the Information Commissioner. Keurboom Communications Ltd has been issued the highest ever nuisance calls fine after more than 1,000 people complained about recorded – also known as automated – calls. The calls, made over an 18 month period, related to a wide range of subjects including road traffic accident claims and PPI compensation.

May 2017

British holidaymakers visiting Portugal have been warned they face prosecution if they lodge bogus food poisoning claims against hotels. The Foreign and Commonwealth Office has updated its travel advice, urging visitors only to pursue genuine complaints. The move follows a similar change to guidance for tourists in Spain, after cases were recorded in Benidorm and Valenica. The warning also coincides with the release of undercover footage filmed by private investigators for *Jet2Holidays*, which saw a rogue tout in Benidorm coaching tourists last year into making bogus compensation requests for a potential profit of £3,000.

There are reports of a possible Spanish holiday ban on all inclusive hotel deals after reports of fake food poisoning claims. Bogus gastroenteritis claims are said to have soared by 700% in the past year. Hotel owners say they have been fleeced out of £42 million in the past 18 months, with some claims are being put in as long as two years after the holiday took place. Each pay out reportedly costs a hotel up to £5,000 a time.

April 2017

The explosion in gastric illness claims by British holidaymakers made national news in Spain as Spanish hoteliers complained of being held hostage by the UK travel industry. Spain's national TV network Channel 6 reported false food-poisoning claims: *the trick Brits use to have free holidays in Spain*. Hoteliers and insurers are furious that UK travel firms opt to pay claims from UK claims management companies and pass the costs to hotels rather than go to court. A pharmacy receipt for over the counter remedies is sufficient for the tour operator to accept the claim. In the Balearic Islands complaints have increased 700% in the last year, but the only ones who get sick are the British. Claims management companies get paid because it is cheaper for the operators to settle than fight the claim. They pay and then reclaim from hotels.

However, at a meeting held in Majorca, Jet2holidays discussed plans to curb the actions of claims management touts with the Ministry of Justice, representatives of the Mallorca Hotel Business Federation, the Guardia Civil police force and the national police commissioner on the island. It was agreed that information on individuals engaged in touting and creating false sickness claims collected by police in Majorca and the Guardia Civil would be sent to Europol, which would then pass the intelligence on to British police and the Ministry of Justice. Jet2holidays said it hoped the new international approach would help undermine the ongoing problem with false sickness claims, warning that the UK was becoming known as the *fake sick man of Europe*.

The Association of British Travel Agents has set up a new, independent Alternative Dispute Resolution Scheme to resolve personal injury claims, including holiday sickness claims, up to £10,000. The scheme is administered by the Centre for Effective Dispute Resolution and is a voluntary process available to claimants who are unable to resolve their claim through the internal complaints process.

The new initiative follows the 434% increase in the number of gastric illness claims since 2013, largely as a result of claims farming by Claims Management Companies, who are looking for fresh revenue streams following changes to the personal injury motor market. These claims now represent nine out of ten personal injury complaints received by members of ABTA.

The scheme is intended to reduce the cost of claims for holiday companies and their insurers by removing claims from civil litigation, thereby saving procedural and claimant representative costs. How effective this will be at curtailing claims numbers of what are largely farmed claims remains to be seen. Why would anyone use it if CMCs are more effective in getting success from dubious claims?

March 2017

In the ongoing saga of holidaymakers submitting claims against hotels and tour operators for sickness whilst on holiday, the Solicitors Regulation Authority has announced that it is ordering a number of law firms to prove how they have sourced holiday sickness claims. Citing concerns about misconduct, the regulator has contacted a number of companies to find out how they have sourced claims, how many claims have been settled, and what fees they received as a result. The SRA has asked the firms for copies of all agreements and fee sharing arrangements with Claims Management Companies too. Payment or receipt of referral fees has been banned for personal injury claims since 2013.

February 2017

The Legal Ombudsman has been handling complaints about claims management companies for two years. Prior to January 2015, there was no avenue of redress for consumers who experienced a service that was less than reasonable. There were 23,000 consumer contacts in the first year and around 32,000 in the second. To date, the Legal Ombudsman has accepted 4,683 complaints for investigation.

The two main areas of complaint relate to delay (22%) and CMCs failing to refund upfront fees as agreed (27%). Complaints about delay include failure by a CMC to issue financial claims to a lender within a reasonable timeframe and failing to keep customers updated on the progress of their claims.

The Ministry of Justice's Claims Management Services Regulator is to examine the activities of claims management companies and solicitors after a surge in holiday sickness claims. The action follows reports that claims management companies have moved into the lucrative holiday sickness market after the government acted to curb bogus compensation cases for whiplash injuries caused by car accidents. Association of British Travel Agents members have reported dramatic rises in the number of gastric illness claims, far exceeding reported sickness in resorts. Spanish hoteliers have also reported increases in sickness claims made by British holidaymakers but not from their German and French counterparts, raising suspicions about fraudulent claims.

One of the biggest claims management companies, Cartel Client Review, was been shut down by the Ministry of Justice. The MoJ has been investigating CCR since February 2016 after complaints from customers that they were owed money. Cartel's associated firm of solicitors, CCLS, was also been shut down by the Solicitors Regulation Authority. CCR is thought to have taken about £20 million from up to 70,000 customers over the past two years.

Based in Manchester CCR was one of the biggest firms in the claims management industry which has sprung up in the past few years. The firm advertised its services widely, inviting people to pay a fee of £495 for which it would check if their debts, such as on credit cards and other loans, could be legally challenged and written off. Hundreds of people have been complaining to the authorities, as well as to the BBC and other media organisations, that after paying their fees they had heard nothing for up to two years. That was despite the firm's

contractual promise to refund the fees in full if it was found on subsequent examination that the customers had no case.

Money is not available to be able to be refunded back to the clients, Cartel maintains and the MoJ is less than helpful on this point saying that customers of CCR have a private contract between themselves and the firm in which the MoJ cannot intervene directly because it is not a regulatory matter for which the MoJ has responsibility.

Basingstoke based Road Accident Consult, trading as Media Tactics, that made 22 million automated marketing calls has been fined £270,000 by the Information Commissioner. Automated marketing calls, which play a recorded message, can only be made to people who have specifically agreed to receive such calls. Media Tactics did not have the necessary permissions. The recorded messages related to a variety of subjects including PPI, personal injury claims and debt management.

January 2017

349 Financial Ombudsman decisions featured a claims management company between 1st December 2016 and 26th January 2017. Of those 349 decisions, just 75 complaints made by a claims management company were upheld. Fewer than a quarter of complaints made on behalf of people by CMCs were actually deemed legitimate and worthy of compensation by the FOS.