



Financial Services and Markets Act 2000

2000 CHAPTER 8

PART XXVIII

MISCELLANEOUS

[^{F1}Consumer redress schemes]

[^{F1}404 Consumer redress schemes

- (1) This section applies if—
 - (a) it appears to the [^{F2}FCA] that there may have been a widespread or regular failure by relevant firms to comply with requirements applicable to the carrying on by them of any activity;
 - (b) it appears to it that, as a result, consumers have suffered (or may suffer) loss or damage in respect of which, if they brought legal proceedings, a remedy or relief would be available in the proceedings; and
 - (c) it considers that it is desirable to make rules for the purpose of securing that redress is made to the consumers in respect of the failure (having regard to other ways in which consumers may obtain redress).
- (2) “Relevant firms” means—
 - (a) authorised persons; ^{F3} . . .
 - (b) payment service providers. [^{F4} or
 - (c) electronic money issuers.]
- (3) The [^{F2}FCA] may make rules requiring each relevant firm (or each relevant firm of a specified description) which has carried on the activity on or after the specified date to establish and operate a consumer redress scheme.
- (4) A “consumer redress scheme” is a scheme under which the firm is required to take one or more of the following steps in relation to the activity.

Status: Point in time view as at 01/04/2013.

Changes to legislation: Financial Services and Markets Act 2000, Section 404 is up to date with all changes known to be in force on or before 23 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) The firm must first investigate whether, on or after the specified date, it has failed to comply with the requirements mentioned in subsection (1)(a) that are applicable to the carrying on by it of the activity.
- (6) The next step is for the firm to determine whether the failure has caused (or may cause) loss or damage to consumers.
- (7) If the firm determines that the failure has caused (or may cause) loss or damage to consumers, it must then—
 - (a) determine what the redress should be in respect of the failure; and
 - (b) make the redress to the consumers.
- (8) A relevant firm is required to take the above steps in relation to any particular consumer even if, after the rules are made, a defence of limitation becomes available to the firm in respect of the loss or damage in question.
- (9) Before making rules under this section, the [F²FCA] must consult the scheme operator of the ombudsman scheme.
- (10) For the meaning of consumers, see section 404E.]

Textual Amendments

- F1** Ss. 404-404G and preceding cross-heading substituted (12.10.2010) for s. 404 and preceding cross-heading by [Financial Services Act 2010 \(c. 28\)](#), **ss. 14, 26(3)**; [S.I. 2010/2480](#), **art. 2**
- F2** Word in s. 404 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 18 para. 18** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)
- F3** Word in s. 404(2) omitted (9.2.2011 for certain purposes and 30.4.2011 otherwise) by virtue of [The Electronic Money Regulations 2011 \(S.I. 2011/99\)](#), regs. 1(2)(a)(xv)(b), 79, **Sch. 4 para. 2(4)(a)** (with [reg. 3](#))
- F4** S. 404(2)(c) and preceding word inserted (9.2.2011 for certain purposes and 30.4.2011 otherwise) by [The Electronic Money Regulations 2011 \(S.I. 2011/99\)](#), regs. 1(2)(a)(xv)(b), 79, **Sch. 4 para. 2(4)(a)** (with [reg. 3](#))

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