

# Consumer Guide

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Accessing the Compensation Arrangements

## Why do we provide compensation arrangements?

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A firm authorised by CILEx Regulation is known as a CILEx Authorised Entity.

Clients of our authorised firms can use the CILEx Regulation Compensation Arrangements. A claim can be made by a client who has suffered a loss because someone in the firm has dishonestly taken, or has wrongly used, their money.

A claim can usually be made on a firm's insurance if someone in a firm has made a mistake and this has caused a problem for a client. It is not normally possible to make an insurance claim where someone in a firm has acted dishonestly.

For this reason, we have a compensation scheme. It is the final way clients can make a claim, if they meet certain conditions which are explained below. In some situations, firms may have been regulated by a different regulator in the past, so a claim against the scheme will not be possible.

The following information about the scheme should be read together with the:

- [CILEx Regulation Compensation Arrangements Rules](#) (the rules); and
- [CILEx Regulation Compensation Arrangements Guidance](#) (the guidance).

We can provide some help while you make a claim. However, if you need fuller or separate help, you can ask someone to act for you, such as a new legal advisor or a Citizens Advice Centre. You must be aware that the compensation scheme will not always pay your legal costs and, if it does, the maximum paid is £100.00 plus VAT.

## Can I make a claim?

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You may be able to make a claim under the compensation scheme if:

1. you were a client of a firm\* that is authorised by us and you asked the firm to do work for you, and
2. you have suffered a loss because someone in the firm behaved dishonestly:
  - a) used your money; or
  - b) did not repay your money to you.

If you make a claim, you will not always be given compensation, known as a grant. It will depend on whether your circumstances meet certain conditions which are explained in the [rules](#).

The bullet points listed below set out the main reasons why a grant will not be made. The full list of circumstances is set out in the [rules](#) and the [guidance](#).

- You are a medium to large sized business (explained in the rules).
- Your own financial circumstances mean that you will not suffer financial difficulty because of the loss.
- The firm was not authorised by us to carry out the sort of work it did for you.
- You can recover the loss in some other way, such as by claiming on an insurance policy.

A claim under the scheme may be refused or reduced if it is felt that you added in some way to your loss.

In some situations, firms may have been regulated by a different regulator in the past. Where the event giving rise to a claim happened under that previous regulator, a claim against the CILEx Regulation Compensation Arrangements will not be possible.

It is important to understand that payments of compensation are discretionary. A claim should only be made to the scheme when you have no other option.

## How much can I claim?

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You should make a claim for what you have lost. You must be aware that there are limits to how much can be paid out. These are:

- a maximum of £500,000 for one claim, and
- a maximum is £2 million for all claims against one firm.

## Is there a time limit for making a claim?

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Yes, there is a time limit for making a claim.

You should make your claim as soon as possible and you must make your claim within one year of the loss occurring.

If you found out about the loss sometime after it happened, you must make your claim within one year of the date when you knew about the loss, or you should reasonably have known about it.

Grants of compensation will only be made outside of these timescales in exceptional circumstances, so you should not delay making your claim.

In some situations, firms may have been regulated by a different regulator in the past. Where the event giving rise to a claim happened under that previous regulator, a claim against the CILEx Regulation compensation arrangements will not be possible.

## Can you deal with my claim urgently?

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If you have lost money that you gave to a firm, there can be serious consequences for you. We will do our best to speed up our processes in genuinely urgent cases.

We may be able to make an 'interim' grant of compensation while your claim is being processed, and without you having made your full claim to us. We only do this if you can show that you will suffer severe financial difficulties. We must be sure that you have had a loss of at least the same amount of money we pay to you as interim compensation.

## Can you reimburse me for the firm's trade debts?

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All trade debts are the responsibility of the owners of a firm or sole practitioner. We do not accept any responsibility for the trade debts of firms and/or individuals we regulate.

We recommend that you seek independent legal advice if you need to sort out trade debts.

## How do I make a claim?

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You should firstly read the [rules](#) and the [guidance](#) to see if you may be able to make a claim.

You can then download the [Compensation Arrangements Claims Form](#), complete and send the form, together with any other information you have to support your claim, to the CILEx Regulation Compensation Arrangements by:

- post: CILEx Regulation Compensation Arrangements, Kempston Manor, Kempston MK42 7AB, or
- DX: 124780, or
- email: [info@cilexcompensationfund.org.uk](mailto:info@cilexcompensationfund.org.uk)

You can telephone us on +44 (0)1234 845770 to discuss:

- whether you can make a claim,
- how to make a claim, and
- to get back your papers about your claim.

## What information will I need to send to you in support of my claim?

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We need to understand your claim. To do this, we have to see records which show the amount of money you paid to the firm and any other transactions since you paid over your money. You will need to send us as many papers from the following list as you can:

- Bank statements showing the payment of your money to the firm.
- Receipts for the money you gave to the firm.
- Copies of any cheques you paid to the firm (you can get these from your bank).
- Copies of bills the firm sent to you, or details of fees agreed with the firm.
- An explanation of why you sent the money to the firm.
- Details of any money the firm has paid out.
- Details of any other cases the firm was dealing with for you.
- A timeline of events as you remember them.

## What happens once a claim has been submitted?

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Your claim will be investigated and assessed by the Compensation Arrangements team at CILEx Regulation. We may need more information so we can investigate, and we will ask you for this. You will need to work with us and give us information, so we can deal with your claim.

If we think you may have a successful claim, we will pass your claim to an independent panel that will then make a formal decision. We will advise you of the outcome. The decision will be final.

If your claim is refused (including situations where a firm was under a different regulator), or it is decided that less money should be paid than you have claimed, we will write to you and tell you why.

If you have any questions please contact us at [info@cilexcompensationfund.org.uk](mailto:info@cilexcompensationfund.org.uk)