
FINAL NOTICE

Mr M Ali
Big T Media Limited t/a New Start Debt
Solutions
2 Woodberry Grove
North Finchley
London
N12 0DR

Copy also sent to: Big T Media Limited t/a
New Start Debt Solutions, The Innovation
Centre, Brook Street, Nelson, Lancashire,
BB9 9PU

4 December 2015

ACTION

1. By an application dated 16 December 2015 (the '**Application**') Big T Media Limited ('**Big T Media**') applied under section 55A of The Act for Part 4A permission to carry on the regulated activities of Debt Adjusting and Debt Counselling.
2. The Application is incomplete.
3. For the reasons listed below, the Authority has decided to refuse the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 22 September 2015 (the '**Warning Notice**') the Authority gave notice that it proposed to refuse the Application and that Big T Media was entitled to make representations to the Authority about that proposed action.

5. As no representations have been received by the Authority from Big T Media within the time allowed by the Warning Notice, the default procedures in paragraph 2.3.2G of the Authority's Decision Procedure and Penalties Manual apply, permitting the Authority to treat the matters referred to in its Warning Notice as undisputed and, accordingly, to give a Decision Notice.
6. By its Decision Notice dated 22 October 2015 (the '**Decision Notice**'), the Authority gave Big T Media notice that it had decided to take the action described above.
7. Big T Media had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal (formerly known as the Financial Services and Markets Tribunal). No referral was made to the Upper Tribunal within this period of time or to date.
8. Under section 390(1) of the Act, the Authority, having decided to refuse the Application and there having been no reference of that decision to the Tribunal, must give Big T Media the Final Notice of its refusal.
9. Big T Media has not satisfied the Authority that it is able to meet the requirements of Threshold Condition 2D (Appropriate Resources) because:
 - i. Big T Media has failed to demonstrate that those who manage its affairs have adequate skills and experience.
 - ii. Big T Media has failed to demonstrate that it has adequate systems and controls to ensure: compliance of the firm with its obligations under the regulatory system; staff training and monitoring; as well as client money handling.
10. Big T Media has not satisfied the Authority that it is able to meet the requirements of Threshold Condition 2E (Suitability) because:
 - i. Big T Media has failed to demonstrate that its debt advice and fee structure are in the best interest of its customers.
 - ii. Big T Media has failed to demonstrate that those who manage its affairs have adequate skills and experience and act with probity.
 - iii. Big T Media has failed to comply with the Authority's requests for information and therefore has not been open and co-operative in all its dealings with the Authority.

DEFINITIONS

11. The definitions below are used in this Final Notice.

'the Act' means the Financial Services and Markets Act 2000

'the Authority' means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority

FACTS AND MATTERS

Background

12. Big T Media was incorporated on 26 October 2004. Mr Mohammed Ali (**Mr Ali**) is at present the 100% controller and sole director of Big T Media.
13. Big T Media has Interim Permission (reference number 579121) for Credit Brokerage, Debt Adjusting on a commercial basis and Debt Counselling on a commercial basis.
14. Mr Ali informed the Authority on 23 April 2015 that Big T Media has no debt management customers at present.

Overview of business

15. Big T Media proposes to act as a debt management firm to provide debt management plans (**DMP's**) to UK consumers who are in financial difficulty and need help for them to manage their monthly payment obligations to unsecured creditors.
16. Big T Media's expected growth in customer numbers is unclear. In the Application, Big T Media states that it expects to have 100 customers in the 12 months after authorisation. In its Regulatory Business Plan, Big T Media states that it plans to take on 1,000 customers per annum. On 2 May 2015, Big T Media informed the Authority that it plans to take on 2,000 customers in its first year.
17. Big T Media states in its Regulatory Business Plan that its target customers are those from blue collar households with sole breadwinners on low income who have taken out loans to subsidise their living expenses or to consolidate existing loans.
18. Big T Media's core income source is the monthly fees it charges customers who are on active DMPs sold by the firm. Its projected income is unclear. In the Application its projected annual income from debt management activities is £20,000 but the total income from sales fees in its financial projections is £571,000.
19. Big T Media has a team of six advisors who are employed on contract. Three of the advisors have worked for debt management firms previously.
20. At present, each advisor is paid a fixed monthly income. Big T Media has indicated that it may introduce a commission-based remuneration structure in the future.
21. When a customer makes contact with Big T Media, an advisor will discuss the customer's financial circumstances, including the current creditors and monthly sums being paid. The advisor will then agree a repayment plan with the customer who will also be informed of the service charge.
22. The Authority cannot find any information to indicate that the advisors consider or recommend other debt solutions that may be more suitable for the customers.

23. Big T Media will then send a copy of the contract with standard terms and conditions to the customer, giving Big T Media the authority to manage and deal with the customer's creditors.
24. After negotiating with the creditors to agree on a repayment plan, Big T Media will then set up a monthly standing order with the customer to receive payments.
25. Big T Media's fee structure is unclear. It states in the Application that on average a DMP customer pays £150 per month, from which it will receive £27 for its service (i.e. 17.5%). The rest will be paid to the customer's creditors. There is no mention of other fees being charged to the customer in the Application.
26. In the Terms and Conditions section of the Operational Manuals, Big T Media states that it will charge (i) a monthly creditor fee of £25 per debt per month subject to a maximum of 49% of the customer's disposable income during the first six months of the DMP; and also (ii) a fixed monthly management fee of £50 from the customer's full monthly payment, subject to a maximum of 40% of the customer's disposable income.
27. In the interview with the Authority on 23 April 2015, Mr Ali said Big T Media will only charge a payment of 41% of the monthly repayment for the first six months which includes the 17.5% management fee.

Skills and experience of Mr Ali

28. Mr Ali is the sole director of Big T Media and is also responsible for its compliance function. He has applied for the CF1 (director) and CF10 (compliance oversight) controlled function. He is also responsible for the internal audit and quality assurance function.
29. The regulatory business plan states that '*he (i.e. Mr Ali) will review and enforce the company's compliance policies. In this role, (he) will be engaged in conducting investigations, internal audits and ensure the firm and its personnel adhere to FCA regulations for debt management and consumer credit*'.
30. Mr Ali provided his CV on 12 March 2015 and again on 4 August 2015 to the Authority.
31. Mr Ali's CV shows that all his previous work experience has been in sales and marketing. He has no experience in the debt management industry, nor has he undertaken any relevant training.
32. The Authority conducted a telephone competency interview with Mr Ali on 23 April 2015 to ascertain his knowledge of debt solutions, assessing a consumer's financial situation and also to ask questions in relation to the operations of Big T Media. During the telephone interview Mr Ali failed to correctly answer a significant number of questions he was asked and failed to satisfy the Authority that he was competent to hold the CF1 (director) and CF10 (compliance oversight) controlled function.
33. Mr Ali could not confirm to the Authority in the interview whether Big T Media would undertake credit broking activities if authorised.
34. Although Mr Ali said in the interview that Big T Media would not provide credit to customers, he could not explain why the job description for the senior manager in

the Regulatory Business Plan includes “make recommendations to determine credit amounts” and “setting and changing credit lines/limits”.

35. The Authority wrote to Big T Media on 8 July 2015 to set out its concerns regarding the Big T Media's ability to meet the threshold conditions for authorisations. The letter indicated to Big T Media that the Authority is minded to issue a recommendation to the RTC that the Application be refused (the '**MTR Letter**').
36. Big T Media replied on 26 July 2015 (the '**MTR Response**') that it disagreed with the Authority's assessment of Mr Ali. However, it did not provide any further information or justification, except to say that '*factually this (i.e. the Authority's assessment) is incorrect and was proved during out conversation on 23 April (i.e. the telephone interview) and I am more than happy to keep demonstrating my knowledge of both areas*'.
37. Mr Ali also said that he had '*demonstrated his knowledge and experience (through past work in the sector) to conduct compliance duties and meet the CF10 function.*' The Authority could not find any evidence that Mr Ali has worked in the debt management sector or has experience in conducting compliance duties.

Compliance resources

38. The Operational Manuals provided by Big T Media contain aspects of compliance such as complaints policy; record keeping and financial crime but do not cover other key areas including skills, knowledge and expertise of its staff and the compliance officer; reporting requirements for example in the form of a compliance monitoring programme; notifications to the FCA or policies for protecting customers' interest.
39. The Authority asked Big T Media for its compliance monitoring programme document on 19 January and its full compliance manual on 25 February 2015 respectively but did not receive any reply. The Authority's concern with regard to Big T Media's compliance resources was raised in the MTR Letter.
40. In the MTR Response, Big T Media replied that '*the firm implements a risk based approach to ensure that compliance is maintained within our regulated business*' and '*we have a compliance programme which will ensure that all information obtained from clients are in line with our Data Protection Policy*'. However it did not provide any further details or direct the Authority to information already submitted in support of its compliance procedures.
41. In the MTR Response Big T Media also replied that it had already provided its compliance monitoring programme but did not indicate which specific information it was referring to and the Authority could not identify a document that would fit this description.
42. Mr Ali is the only person responsible for the compliance function in Big T Media. In the letter to the Authority on 23 March 2015 Big T Media said that '*New Starts approved person, Mr Muhammed (sic) Ali, will be responsible for reviewing internal compliance which will include periodic internal audits and checks to ensure quality control on DMP programmes that have been rendered by the firm and its consultants*'.

Staff monitoring procedures

43. Big T Media's staff monitoring procedures state it will conduct '*weekly 121's, monthly appraisals and annual reviews*' and that '*where the staff do not meet the benchmark required for the Firm, we will look to first re-train and support staff. Should staff continue to fail the benchmark criteria, management will consider disciplinary action*'. The Authority raised the concern in the MTR Letter that the procedures were inadequate for monitoring its staff for example there were no details on the benchmark criteria referred to in the procedures.
44. Big T Media replied in the MTR Response that the Staff Monitoring Procedures will include the additional requirement that advisors will go through two weeks of '*fresh debt training, systems and compliance training, customer training, FCA guidelines support from Mr Ali and senior sales advisors and then a final exam at the end of their training*' and '*staff must basically satisfy senior management that (they) are competent enough to do their job and management must ensure that the staff will be monitored whiles conducting their work*'.

Staff training

45. The Authority cannot find in the staff training materials provided by Big T Media on 30 March 2015 any information or procedures to ensure the staff are adequately trained to assess the consumers' financial situations, and to provide appropriate debt solutions and debt advice.
46. The Authority raised this concern in the MTR Letter. Big T Media replied in the MTR Response that '*we have noted that CAD are not satisfied with the sales manual that we have constructed for our team, in particular the areas on how staff will 'assess the consumers' financial situations, or to provide appropriate debt solutions and debt advice. We have made necessary revisions to the manual and hope that it now meets the FCA criteria for effective training for our staff*'.
47. The new set of staff training materials include a section titled '*How to Assess Clients Financial Circumstances*'. The section contains only the following paragraph '*Individuals (sic) financial circumstances are very personal and sensitive therefore great care must be taken when enquiring about a clients (sic) financial circumstances*'. There is also a new section on the information an advisor should obtain from customers.
48. The Authority cannot find in the new materials any training/guidance on how Big T Media's staff should assess the information obtained from customers afterwards.
49. The new staff training materials also have a section titled '*How to Offer Suitable Debt Advice*' which has only the following: '*Staff are minded to take into account all that has been advised by the proposed client and deliver A (sic) solution that meets their needs, is affordable and will not lead to further difficulties for the client. Our clients come to us seeking help and honest advice so can only recommend the solution that will help them*'. The Authority cannot identify in the materials any training on the different debt solutions to enable the advisors to provide the most appropriate advice to the customers, which may not be DMPs.

Client money

50. In an email on 24 April 2015, the Authority asked Big T Media to provide its policies and procedures for handling client money and its client bank account acknowledgement letter.
51. Big T Media has not responded to the request for its policies and procedures for handling client money or explained why such documents were not available.
52. Big T Media has also not responded to the request for a client bank account acknowledgement letter or explained why it was not available.

Debt advice

53. Big T Media's business plan outlines the steps a customer will go through in its debt management process.
54. After going through the customer's circumstances including conducting an income and expenditure assessment, Big T Media's advisors will agree a repayment plan with the customer and then set up a DMP.

Fee structure

55. Under its terms and conditions, Big T Media charges two fees in the first six months of a DMP: a monthly creditor fee of £25 per debt per month subject to a maximum of 49% of the customer's disposable income; and also a fixed monthly management fee of £50 from the customer's full monthly payment, subject to a maximum of 40% of the customer's disposable income.
56. The fee structure under the terms and conditions therefore gives rise to the possibility that a customer can be charged up to 89% of his disposable income for the first six months. However when asked by the Authority with regard to the fee structure in the interview, Mr Ali replied that Big T Media in fact charges 41% of the customer's monthly repayment for the first six months which includes 17.5% management fee as stated in the Regulatory Business Plan.

Provision of information

57. The CV for Mr Ali states that he holds an ASTEC4 certificate and a B.E.S.T programme in leadership.
58. The Authority could not find any evidence through a review of the qualifications database of the Government's Office of Qualifications and Examinations Regulation and internet searches that the ASTEC4 or B.E.S.T qualifications currently or previously existed.
59. The Authority asked Big T Media to provide copies of these qualification certificates by email on 19 May 2015. For both qualifications, Big T Media responded on 1 June 2015 that '*I (i.e. Mr Ali) do not have this qualification but am interested to learn how to proceed with this qualification*'.
60. Mr Ali's CV states that he was the Sales and Marketing director for Finance Solver Limited between January 2007 and March 2010.
61. Companies House records show that Finance Solver Limited was incorporated on 23 March 2011.

62. When the Authority questioned Big T Media on the accuracy of Mr Ali's CV, it did not provide any explanation except to say that Mr Ali's CV needed to be revised. It then provided Mr Ali's CV again on 4 August 2015 but with the above details unchanged.

IMPACT ON THE THRESHOLD CONDITIONS

63. The regulatory provisions relevant to this Final Notice are referred to in Annex A.

64. The Authority considers that, having regard to all the circumstances, it cannot be satisfied that Big T Media will satisfy, and will continue to satisfy the threshold conditions for which the Authority is responsible (as required by s55B(3) of the Act in order for the Authority to grant authorisation). In particular, the Authority does not consider the threshold in s55B(3) is met in relation to threshold conditions 2D (Appropriate resources) and 2E (Suitability).

Threshold Condition 2D (Appropriate Resources)

65. The Authority notes that a firm's resources must be appropriate in relation to the regulated activities conducted or proposed. As COND 2.4.2G(2) provides, 'appropriate resources' includes financial and 'non-financial resources' such as human resources, effective means by which to manage risks and any systems, controls, plans or policies that the firm maintains. In this context, the Authority will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability. Consideration will be given to whether these resources are sufficient to enable the firm to comply with the requirements imposed or likely to be imposed on the firm by the Authority in the course of the exercise of its functions.

66. Big T Media's resources will not, in the opinion of the Authority, be appropriate in relation to the regulated activities it seeks to carry on in light of the concerns identified above with regard to:

- i. the skills and experience of Mr Ali;
- ii. compliance resources;
- iii. staff monitoring procedures;
- iv. staff monitoring; and
- v. its handling of client money.

67. Those who manage the Big T Media's affairs have not demonstrated adequate skills and experience.

68. Mr Ali failed to demonstrate in the interview that he has sufficient knowledge of the different types of debt solutions. Mr Ali was also unable to explain inconsistencies in the Application.

69. Mr Ali has no experience in the debt management industry and has not undertaken any relevant training.

70. The Authority is not satisfied that Mr Ali has adequate knowledge or experience to effectively conduct the role of a director and compliance oversight of a debt management firm.

71. Big T Media's compliance function is dependent on Mr Ali's competence and knowledge. The Authority does not regard Mr Ali has the necessary skills or experience to undertake the internal compliance role required for a debt management firm.
72. The Authority is not satisfied that Big T Media has adequate compliance procedures in place, which are tailored to its business, to meet its regulatory obligations, both on authorisation and on an ongoing basis.
73. The Authority is not satisfied that Big T Media has adequate staff monitoring procedures in place to ensure that failings in its staff performance will be detected.
74. The Authority is not satisfied that Big T Media has adequate staff training or guidance to enable the staff to assess the information provided by customers. As a result, the advice may not be appropriate to the individual circumstances of the customers.
75. As Big T Media's staff training materials do not have any information on the different debt solutions, the Authority is not satisfied that Big T Media can ensure its customers will receive sufficient information about the available options identified by the advisors as suitable for the customers' needs; or that it is able to explain the reasons why it considers the available options suitable; and other options unsuitable to the customers.
76. The Authority is not satisfied that Big T Media has adequate arrangements to safeguard the client's rights and prevent the use of client money for its own account when holding client money.
77. The Authority is not satisfied that Big T Media has put the financial institution it has an account with on notice of its clients' interests in client money that has been deposited.

Threshold Condition 2E (Suitability)

78. Threshold Condition 2E requires that, inter alia, a firm must be fit and proper having regard to all the circumstances, including the need to ensure that its affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system.
79. The matters referred to above in paragraph 50 to 62 raise concerns as to the suitability of Big T Media.
80. The Authority is not satisfied that Big T Media's debt advice and its fee structure are in the best interest of its customers.
81. The Authority is not satisfied that Big T Media is fit and proper on the basis that those who manage its affairs do not have adequate skills and experience, and do not act with probity given the concern with regard to Mr Ali's lack of experience and skills and that he has provided misleading information on his CV and in correspondence to the Authority.
82. The Authority is not satisfied that Big T Media has been open and co-operative in all its dealings with the FCA as Big T Media, and Mr Ali, have not complied with requests made by the Authority for information such as provision of compliance documents and client money information by Big T Media.

83. On the basis of the facts and matters described above, the Authority has concluded that Big T Media will not satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which Big T Media would have permission if the Application were granted.

IMPORTANT NOTICES

84. This Final Notice is given under section 390(1) of the Act.

Publication

85. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

86. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

For more information concerning this matter generally, contact Mike Baker, Manager, Debt Department, Credit Authorisations Division at the Authority (direct line: 020 7066 1026 / email: Mike.Baker@fca.org.uk)

John Stocker
Chair of the Regulatory Transactions Committee

ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

1. Section 55A(1) of the Act provides for an application for permission to carry on one or more regulated activities to be made to the appropriate regulator. Section 55A(2) defines the 'appropriate regulator' for different applications.
2. Section 55B(3) of the Act provides that, in giving or varying permission, imposing or varying a requirement, or giving consent, under any provision of Part 4A of the Act, each regulator must ensure that the person concerned will satisfy, and continue to satisfy, in relation to all of the regulated activities for which the person has or will have permission, the threshold conditions for which that regulator is responsible.
3. The threshold conditions are set out in schedule 6 of the Act. In brief, the threshold conditions relate to:
 - (1) Threshold condition 2B: Location of offices
 - (2) Threshold condition 2C: Effective supervision
 - (3) Threshold condition 2D: Appropriate resources
 - (4) Threshold condition 2E: Suitability
 - (5) Threshold condition 2F: Business model

Relevant provisions of the Authority's Handbook

4. In exercising its powers in relation to the granting of a Part 4A permission, the Authority must have regard to guidance published in the Authority Handbook, including the part titled Threshold Conditions ('COND'). The main considerations in relation to the action specified are set out below.

Threshold condition 2D: Adequate Resources

5. COND 1.3.2G(2) states that, in relation to threshold conditions 2D to 2F, the Authority will consider whether a firm is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to the firm if it is granted Part 4A permission.
6. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the FCA threshold conditions, the FCA will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.
7. COND 1.3.3CG provides that, when assessing the FCA threshold conditions, the FCA may have regard to any person appearing to be, or likely to be, in a relevant relationship with the firm, in accordance with section 55R of the Act (Persons connected with an applicant). For example, a firm's controllers, its directors or partners, other persons with close links to the firm (see COND 2.3), and other persons that exert influence on the firm which might pose a risk to the firm's satisfaction of the FCA threshold conditions, would be in a relevant relationship with the firm.

8. COND 2.4.1A(4) provides that the matters which are relevant in determining whether A has appropriate non-financial resources include
 - (a) the skills and experience of those who manage A's affairs;
 - (b) whether A's non-financial resources are sufficient to enable A to comply with the:
 - (i) requirements imposed or likely to be imposed on A by the FCA in the course of the exercise of its functions; and
 - (ii) any other requirement in relation to whose contravention the FCA would be the appropriate regulator for the purposes of any provision of Part 14 of the Act.
9. COND 2.4.2G(2) states that the FCA will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability, and 'resources' as including all financial resources (though only in the case of firms not carrying on, or seeking to carry on, a PRA-regulated activity), non-financial resources and means of managing its resources; for example, capital, provisions against liabilities, holdings of or access to cash and other liquid assets, human resources and effective means by which to manage risks.
10. COND 2.4.2G(2A) states Paragraph 1A(2) of Schedule 6 to the Act provides that "non-financial resources" of a firm for the purposes of the threshold conditions include any systems, controls, plans or policies that the firm maintains and the human resources that the firm has available.
11. COND 2.4.2G(3) states high level systems and control requirements are in SYSC. The Authority will consider whether the firm is ready, willing and organised to comply with these and other applicable systems and controls requirements when assessing if it has appropriate non-financial resources for the purpose of the threshold conditions set out in paragraphs 2D and 3C to Schedule 6 of the Act.
12. COND 2.5.6G provides that examples of the kind of particular considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether:
 - (1) the firm has been open and co-operative in all its dealings with the FCA and any other regulatory body (Principle 11 of the Principles for Business) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC);
 - (2) the firm has made arrangements to put in place an adequate system of internal control to comply with the requirements and standards for which the FCA is responsible under the regulatory system; and
 - (7) the firm has put in place procedures which are reasonably designed to:
 - (a) ensure that it has made its employees aware of, and compliant with, those requirements and standards under the regulatory system that apply to the firm for which the FCA is responsible and the regulated activities for which it has, or will have permission;

- (b) ensure that its approved persons are aware of those requirements and standards under the regulatory system applicable to them;
- (c) determine that its employees are acting in a way compatible with the firm adhering to those requirements and standards; and
- (d) determine that its approved persons are adhering to those requirements and standards.

Threshold condition 2E: Suitability

13. COND 2.5.2G(2) states that the FCA will also take into consideration anything that could influence a firm's continuing ability to satisfy the threshold conditions set out in paragraphs 2E and 3D of Schedule 6 to the Act. Examples include the firm's position within a UK or international group, information provided by overseas regulators about the firm, and the firm's plans to seek to vary its Part 4A permission to carry on additional regulated activities once it has been granted that permission.
14. COND 2.5.6G provides that examples of the kind of particular considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether:
- (1) the firm has been open and co-operative in all its dealings with the FCA and any other regulatory body (Principle 11 of the Principles for Business) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC);
 - (2) the firm has made arrangements to put in place an adequate system of internal control to comply with the requirements and standards for which the FCA is responsible under the regulatory system; and
 - (7) the firm has put in place procedures which are reasonably designed to:
 - a. ensure that it has made its employees aware of, and compliant with, those requirements and standards under the regulatory system that apply to the firm for which the FCA is responsible and the regulated activities for which it has, or will have permission;
 - b. ensure that its approved persons are aware of those requirements and standards under the regulatory system applicable to them;
 - c. determine that its employees are acting in a way compatible with the firm adhering to those requirements and standards; and
 - d. determine that its approved persons are adhering to those requirements and standards.

Relevant Rules – Consumer Credit Sourcebook ('CONC')

15. CONC 8.3.2(R) states that a firm must ensure that:
- (1) all advice given and action taken by the firm or its agent or its appointed representative:
 - (a) has regard to the best interests of the customer;
 - (b) is appropriate to the individual circumstances of the customer; and
 - (c) is based on a sufficiently full assessment of the financial circumstances of the customer;
 - (2) customers receive sufficient information about the available options identified as suitable for the customers' needs; and
 - (3) it explains the reasons why the firm considers the available options suitable and other options unsuitable.
16. CONC 8.3.7(R)(4) states that a firm must refer a customer to, or provide contact details for, another debt advice provider in circumstances where the firm is unable to provide appropriate advice or provide an appropriate debt solution for the customer.
17. CONC 8.7.2(R) states that debt management firm must ensure that the obligations of the customer in relation to the amount, or the timing of payment, of its fees or charges:
- (1) do not have the effect that the customer pays all, or substantially all, of those fees in priority to making repayments to lenders in accordance with the debt management plan; and
 - (2) do not undermine the customer's ability to make (through the firm acting on the customer's behalf) significant repayments to the customer's lenders throughout the duration of the debt management plan, starting with the first month of the plan.

Senior Management Arrangements, Systems and Controls

18. SYSC 3.1.1.R states a firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business.
19. SYSC 6.1.1R states a firm must establish, implement and maintain adequate policies and procedures sufficient to ensure compliance of the firm including its managers, employees and appointed representatives (or where applicable, tied agents) with its obligations under the regulatory system.
20. SYSC 6.1.4C(R) states that a debt management firm and a credit repair firm must appoint a compliance officer to be responsible for ensuring the firm meets its

obligations under SYSC 6.1.1 R for any compliance function the firm has and for any reporting as to compliance which may be made under SYSC 4.3.2 R.

21. SYSC 4.3.2R states that a common platform firm (with the exception of a sole trader who does not employ any person who is required to be approved under section 59 of the Act (Approval for particular arrangements) and a management company, must ensure that:
 - (1) its senior personnel receive on a frequent basis, and at least annually, written reports on the matters covered by SYSC 6.1.2 R to SYSC 6.1.5 R, SYSC 6.2.1 R and SYSC 7.1.2 R, SYSC 7.1.3 R and SYSC 7.1.5 R to SYSC 7.1.7 R, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies; and
 - (2) the supervisory function, if any, receives on a regular basis written reports on the same matters.
22. SYSC 4.3.2A(G) states that other firms should take account of the written reports rule (SYSC 4.3.2R) as if it were guidance (and as if "should" appeared in that rule instead of "must").
23. SYSC 6.1.4R(1) states that in order to enable the compliance function to discharge its responsibilities properly and independently, a firm must ensure that the following condition is satisfied:
 - (1) the compliance function must have the necessary authority, resources, expertise and access to all relevant information.

Relevant Rules – Client Assets Sourcebook ('CASS')

24. CASS 11.5.1 states that a CASS debt management firm must, when holding client money, make adequate arrangements to safeguard the client's rights and prevent the use of client money for its own account.
25. CASS 11.5.2 states that a CASS debt management firm must introduce adequate organisational arrangements to minimise the risk of the loss or diminution of client money, or of rights in connection with client money, as a result of misuse of client money, fraud, poor administration, inadequate record-keeping or negligence.
26. CASS 7.18.2 states that:
 - (1) For each client bank account, a firm must, in accordance with CASS 7.18.6 R, complete and sign a client bank account acknowledgement letter clearly identifying the client bank account, and send it to the bank with whom the client bank account is, or will be, opened, requesting the bank to acknowledge and agree to the terms of the letter by countersigning it and returning it to the firm.

- (2) Subject to CASS 7.18.14 R and CASS 7.18.15 R, a firm must not hold or receive any client money in or into a client bank account unless it has received a duly countersigned client bank account acknowledgement letter from the relevant bank that has not been inappropriately redrafted (see CASS 7.18.8 R) and clearly identifies the client bank account.