
FINAL NOTICE

Carbon Reduction Group Limited
TRW Automotive Works
Resolven
Neath
SA11 4HN

19 November 2015

ACTION

1. By way of an application dated 31 January 2015, ("the Application"), Carbon Reduction Group Limited ("Carbon Reduction") applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of Green Deal Broking.
2. The Application is incomplete.
3. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 7 September 2015 ("the Warning Notice") the Authority gave notice that it proposed to refuse the Application and that Carbon Reduction was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from Carbon Reduction within the time allowed by the Warning Notice, the default procedures in paragraph 2.3.2 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 16 October 2015 ("the Decision Notice"), the Authority gave Carbon Reduction notice that it had decided to take the action described above.
7. Carbon Reduction 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 Carbon Reduction Final Notice of its refusal.
9. The Authority decided to refuse the Application and to give this Final Notice as Carbon Reduction has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that Carbon Reduction will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.

DEFINITIONS

10. 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

11. The Application was received on 30 January 2015.
12. Further information was requested from Carbon Reduction under section 55U(5) of the Act. Details of all the communications between the Authority and Carbon Reduction are set out below:
 - i. On 30 January 2015, the Application was received by the Authority. The Application provided the personal email address of one of its directors, Mr Daniel John, as the contact email address.
 - ii. On 12 February 2015, Mr John emailed the Authority requesting that future emails be sent to his professional email address.
 - iii. On 24 February 2015, the Authority telephoned Carbon Reduction and spoke to Mr John's personal assistant. They stated that Mr John was not available and was reluctant to take a message. Mr John's personal assistant appeared agitated and terminated the call whilst the Authority was explaining the importance of liaising with the regulator. The Authority took the decision that future contact with Carbon Reduction should only be made in writing.

- iv. On 13 April 2015, Carbon Reduction terminated the appointments of Mr Matthew Benjamin and Mr John as its directors, and appointed Mr Andrew Carroll as a new director. The Authority was not notified of this change.
- v. On 16 April 2015, Carbon Reduction changed its registered address with Companies House from Unit 2, St. Johns Court, Enterprise Park, Swansea, SA6 8QQ, to Arfryn Intervalley Road, Banwen, Neath, West Glamorgan, SA10 9LR. The Authority was not notified of this change.
- vi. On 11 May 2015, the Authority sent an email to both Mr John's business and personal email addresses advising that it had come to the attention of the Authority that the firm's directors and address registered with Companies House had been amended and were now different to those in the Application. The Authority requested the following information to be provided by 15 May 2015:
 - i. a completed Form A in order for Mr Carroll to perform the Controlled Function (CF8) for Carbon Reduction, and
 - ii. a completed Form B for the withdrawal of the Approved Person application by Mr John.
- vii. On 12 May 2015, the email sent by the Authority on 11 May 2015 to Mr John's professional email address was returned undelivered due to a 'permanent error'.
- viii. On 13 May 2015, the Authority sent a letter to Carbon Reduction at its registered address containing the same information as in its email of 11 May 2015.
- ix. On 26 May 2015, the Authority sent a letter by Special Delivery to Carbon Reduction at its registered address. The Authority gave a deadline of 9 June 2015 for Carbon Reduction to provide the information requested. The letter stressed that failure to provide the information might result in the Application being recommended for refusal to the Authority's Regulatory Transactions Committee. The letter was signed for on 27 May 2015 by Mr Carroll.
- x. On 9 June 2015, Carbon Reduction changed its registered address with Companies House from Arfryn Intervalley Road, Banwen, Neath, West Glamorgan, SA10 9LR, to Trw Automotive Works, Resolven, Neath, SA11 4HN. The Authority was not notified of this change.
- xi. On 10 June 2015, the Authority sent a letter by Special Delivery to Carbon Reduction at its previously registered address: Arfryn Intervalley Road, Banwen, Neath, West Glamorgan, SA10 9LR. The Authority gave a deadline of 24 June 2015 for Carbon Reduction to provide the information requested. The letter again stressed that failure to provide the information might result in the Application being recommended for refusal to the Authority's Regulatory Transactions Committee.
- xii. On 25 June 2015, the Authority sent a letter by Special Delivery to Carbon Reduction at its previously registered address: Arfryn Intervalley Road, Banwen, Neath, West Glamorgan, SA10 9LR. The Authority gave a deadline of 9 July 2015 for Carbon Reduction to provide the information requested.

As well as highlighting again the possibility of a Warning Notice being issued, the correspondence advised Carbon Reduction how to withdraw the application should they wish to do so.

- xiii. The letter sent 10 June 2015 was delivered after it was collected from the Royal Mail sorting office on 15 June 2015. The letters sent to Carbon Reduction on 13 May 2015 and 25 June 2015 were 'not called for'. The letters have subsequently been returned to the Authority. The email sent on 11 May 2015 to Mr John's professional email address was returned undelivered due to a 'permanent error'.

13. During the above period, the Authority received no response to the communications sent to Carbon Reduction. Therefore the Authority has been unable to determine the Application as Carbon Reduction has failed to provide any response to the Authority's requests for information.

IMPACT ON THRESHOLD CONDITIONS

14. The regulatory provisions relevant to this Decision Notice are referred to in Annex A.

15. By virtue of Carbon Reduction's failure to provide the requested information and by its failure from 11 May 2015 to reply at all to the Authority's correspondence, the Authority cannot ensure that Carbon Reduction satisfies, and will continue to satisfy, the following threshold conditions:

2C (Effective Supervision)

- i. Carbon Reduction's failure to provide the Authority with the requested information calls into question whether the Authority would be able to obtain (on an ongoing basis) sufficient information about Carbon Reduction and its activities such that the Authority would be able to effectively supervise the firm.

2D (Appropriate Resources)

- ii. In failing to respond to the Authority's requests and correspondence in the manner set out above, Carbon Reduction has been unable to satisfy the Authority that it has the appropriate human resources.

2E (Suitability)

- iii. The failure by Carbon Reduction to supply the information requested means it is not being open and co-operative with the Authority or being ready, willing and organised to comply in its dealings with the Authority.

16. On the basis of the facts and matters described above the Authority has concluded that Carbon Reduction will not satisfy, and continue to satisfy, the threshold conditions in relation to the regulated activity for which Carbon Reduction would have permission if the Application were granted.

IMPORTANT NOTICES

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

Publication

18. 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.
19. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

20. For more information concerning this matter generally, contact Sunil Thakar, Manager, Credit Authorisations Division at the Authority (direct line: 020 7066 5996 / email: Sunil.Thakar@fca.org.uk).

Lucy McClements
on behalf 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.

Principles for Businesses

5. PRIN 2.1.1R, Principle 11 states that a firm must deal with its regulators in an open and co-operative way, and must disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice

Threshold Conditions in general

6. 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.
7. COND 1.3.3AG provides that, in determining the weight to be given to any relevant matter, the Authority will consider its significance in relation to the regulated activities for which the firm has, or will have, permission in the context of its ability to supervise the firm adequately, having regard to the Authority’s statutory objectives. In this context, a series of matters may be significant when

taken together, even though each of them in isolation might not give serious cause for concern.

Threshold Condition 2C: Effective Supervision

8. COND 2.3.3G states that, in assessing the threshold condition set out in paragraph 2C of Schedule 6 to the Act, factors which the Authority will take into consideration include, among other things, whether it is likely that the Authority will receive adequate information from the firm to determine whether it is complying with the requirements and standards under the regulatory system for which the Authority is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators) and the part of the Authority Handbook titled Supervision regarding the provision of information to the Authority.

Threshold Condition 2D: Appropriate resources

9. COND 2.4.1BG states that the relevant appropriate resources for threshold condition 2D are set out in paragraph 2D of Schedule 6 to the Act.
10. COND 2.4.2G(2) provides that, non-financial resources of the firm will include human resources.
11. COND 2.4.2G(2A) provides that, 'non-financial resources' of the firm include human resources it has available.

Threshold condition 2E: Suitability

12. COND 2.5.2G(2) states that the Authority 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.
13. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the threshold conditions, the Authority will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.
14. COND 2.5.6G provides that examples of the kind of particular considerations to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether the firm has been open and co-operative in all its dealings with the Authority (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system.