
FINAL NOTICE

To: **Lynda Jayne Croome**

Individual Reference Number - LJC00046

Date: **04 January 2016**

ACTION

1. By a notification dated 11 August 2014 that was withdrawn and re-submitted on 14 November 2014 Lynda Jayne Croome (Ms Croome) notified the Authority under section 178 of the Financial Services and Markets Act 2000 (the Act) of her intention to acquire a 33% controlling interest in Ubiety Wealth Management Limited (the Notification).
2. For the reasons listed below and in accordance with section 186 (a) of the Act the Authority has decided to object to the acquisition.

SUMMARY OF REASONS

3. The Authority considers that it has enough information to reasonably conclude that Ms Croome's reputation, due to a lack of integrity, is not sufficient to satisfy the assessment criteria, because Ms Croome made non-disclosures and provided partial disclosure in the Notification to the Authority in regard to her previous conduct at regulated firms.

4. By way of a Decision Notice dated 12 March 2015 the Authority gave notice that pursuant to section 189 (7) that it had decided to object to the acquisition.
5. By way of a Reference Notice dated 7 April 2015 Ms Croome referred the matter to the Upper Tribunal (Tax and Chancery Chamber) (the Tribunal).
6. The Authority filed a statement of case with the Tribunal that was served at the same time upon Ms Croome on 8 May 2015.
7. Ms Croome notified the Tribunal that she was withdrawing her reference in a solicitors' letter dated 16 June 2015. The Tribunal consented under Rule 17 (2) of The Tribunal Procedure (Upper Tribunal) Rules 2008 to the withdrawal of the reference on 13 July 2015.
8. Under section 390 (2A) (b) and pursuant to section 390 (7) of the Act the Authority must give Ms Croome Final Notice of its decision having decided to refuse the Notification and the Tribunal reference having been withdrawn.

DEFINITIONS

9. 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

"Ubiety" means Ubiety Wealth Management Limited

"Ms Croome" means Lynda Jayne Croome

the "3L3 Guidelines" means the "Guidelines for the prudential assessment of acquisitions and increases in holdings in the financial sector required by Directive 2007/44/EC" published by the Committees of European Financial Supervisors on 18 December 2008

FACTS AND MATTERS

Background

10. Ubiety is a financial services firm which can advise and arrange on investment and insurance business and varied its permission to add debt counselling on 1 July 2014. It was originally authorised on 10 February 2014 with one director and shareholder, Mark Truman. Ms Croome was proposed to acquire a 33% direct controlling interest in Ubiety, paying £33.
11. The day after Ubiety was authorised on 11 February 2014 Ms Croome was appointed a director of Ubiety as notified to Companies House. However, a Form A seeking approval for Ms Croome to hold controlled functions CF1 and CF30 was not submitted until 2 June 2014, stating the date the controlled functions became effective was 2 June 2014.
12. The Notification was received by the Authority on 11 August 2014, seeking approval for Ms Croome's 33% shareholding in Ubiety. The Authority established that Ms Croome had already become a controller on 11 February 2014 and acknowledged the Notification as a post notification.

13. Ubiety advised the Authority that it had reversed the transaction and it withdrew the Notification on 14 November 2014 and re-submitted it on the same day seeking prior-approval for Ms Croome to be a 33% controller of Ubiety. No amendments were made to the original section 178 notification.
14. The Notification made reference to adverse employment information in relation to Firm B and no other place of employment.
15. The Authority has, however, previously had to consider issues arising from Ms Croome's employment as a director and authorised adviser with Firm A. Firm A made allegations against her and suspended and then dismissed her, whereas Ms Croome has stated to the Authority that she resigned from the firm. The Authority is concerned that Ms Croome has not made any reference to these issues in the Notification.
16. Ms Croome was dismissed from a previous employer, Firm B, for alleged material breaches of contract. It was alleged that she had signed money laundering certificates confirming she had met and identified clients and countersigned that the ID enclosed was "a true likeness" of the applicant, without having met them.
17. The Authority is concerned that Ms Croome did not provide a sufficient level of detail in relation to the issues leading to her dismissal (as set out in paragraph 16 above) in the Notification, nor during the application process, and that evidences a lack of candour. She stated "*Whilst authorised as an adviser with Firm B I was investigated for completing IDV documentation incorrectly – The company dismissed me and de-authorised me as a result of their investigation.*" Her description indicates that she was dismissed for administrative irregularities, but it does not give sufficient detail in relation to exactly what happened, which the Authority can have expected to have received, due to the serious nature of the allegations against her.
18. Subsequent information provided to the Authority on 18 August 2014, in response to the Authority's inquiries under the Notification, revealed that one basis for Ms Croome's dismissal had been money laundering failings. That information was not included in the original section 178 Act notification dated 11 August 2014. Therefore, this disclosure was made to the Authority late in the application process and it was only partially complete. The Authority is concerned that Ms Croome omitted to provide specific details of the serious allegations (referred to above in paragraph 16) despite having an opportunity to do so upon the Authority's further inquiries and this evidenced a continuing lack of candour.

Assessment

19. In accordance with section 185 of the Act, in reaching its decision on the change in control application the Authority has :–
 - considered the suitability of the section 178 notice-giver and the financial soundness of the acquisition in order to ensure the sound and prudent management of the UK authorised person;
 - had regard to the likely influence that the section 178 notice-giver will have on the UK authorised person;
 - and disregarded the economic needs of the market.

20. The Authority objects to Ms Croome's acquisition of control in relation to Ubiety because there are reasonable grounds for doing so based on the following criteria which are relevant to section 186 (a) of the Act.

Reputation of the proposed controller (section 186 (a) of the Act)

21. In considering the reputation of the proposed controller the Authority has taken into account that Ms Croome:

- did not disclose the true date which she became a director at Ubiety on her Form A application (to hold controlled functions CF1 and CF30 at Ubiety) stating it as 2 June 2014 rather than the date notified to Companies House of 11 February 2014;
- did not disclose the circumstance surrounding her suspension and dismissal from Firm A in the Notification; and
- provided a partial disclosure in the Notification in relation to events at Firm B that lacked candour, given the serious nature of the allegations made against her.

22. The issues of non-disclosure raise serious concerns in relation to the integrity of Ms Croome.

23. The Authority has taken into account the documentary submissions to the Authority and Companies House made for and on behalf of Ms Croome and they evidence that communications with the Authority have lacked transparency.

Refusal rationale

24. The Authority believes that by issuing the Final Notice it is acting in accordance with its statutory objectives, in particular the integrity objective;

- The integrity objective is: protecting and enhancing the integrity of the UK financial system;
- (2) The "integrity" of the UK financial system includes—
- its soundness, stability and resilience,
- its not being used for a purpose connected with financial crime

IMPACT OF THE ASSESSMENT CRITERIA

25. The regulatory provisions relevant to this Final Notice are fully described in the Annex.

26. Given the facts and matters set out above, the Authority cannot be satisfied that Ms Croome can satisfy the assessment criteria relevant to section 186 (a) of the Act.

IMPORTANT NOTICES

27. This Final Notice is given under section 390 (2A) (b) and pursuant to section 390 (7) of the Act.

Publication

28. 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. However, the Authority may not publish information if such publication would, in its opinion, be unfair to you or prejudicial to the interests of consumers, or detrimental to the stability of the UK financial system.

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

Authority contacts

30. For more information concerning this matter generally, contact Michelle O'Bryan (direct line: 020 7066 8610 /email michelle.o'bryan@fca.org.uk).

Val Smith
Chair of the Regulatory Transactions Committee

ANNEX – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

- (1) The requirement to notify the Authority is set out in section 178 of the Act. It states that:
 - (a) A person who decides to acquire or increase control over a UK authorised person must give the Authority notice in writing before making the acquisition.
 - (b) For the purposes of calculations relating to this section, the holding of shares or voting power by a person (“A1”) includes any shares or voting power held by another (“A2”) if A1 and A2 are acting in concert.
 - (c) In this Part, a notice given under this section is a “section 178 notice” and a person giving notice is a “section 178 notice-giver”.
- (2) The test to be applied by the Authority on receipt of such a notice is set out in section 185 of the Act which provides that:
 - (a) Where the Authority receives a section 178 notice, it must—
 - (i) determine whether to approve the acquisition to which it relates unconditionally; or
 - (ii) propose to—
 - a. approve the acquisition subject to conditions (see section 187); or
 - b. object to the acquisition.
 - (b) The Authority must—
 - (i) consider the suitability of the section 178 notice-giver and the financial soundness of the acquisition in order to ensure the sound and prudent management of the UK authorised person;
 - (ii) have regard to the likely influence that the section 178 notice-giver will have on the UK authorised person; and
 - (iii) disregard the economic needs of the market.
 - (c) The Authority may only object to an acquisition—
 - (i) if there are reasonable grounds for doing so on the basis of the matters set out in section 186; or
 - (ii) if the information provided by the section 178 notice-giver is incomplete.
- (3) The Authority may only object to the section 178 notice-giver if there are reasonable grounds for doing so on the basis of the assessment criteria set out in section 186. Section 186 provides that the matters specified in section 185(3)(a) are—
 - (a) the reputation of the section 178 notice-giver;

- (b) the reputation and experience of any person who will direct the business of the UK authorised person as a result of the proposed acquisition;
 - (c) the financial soundness of the section 178 notice-giver, in particular in relation to the type of business that the UK authorised person pursues or envisages pursuing;
 - (d) whether the UK authorised person will be able to comply with its prudential requirements (including the threshold conditions in relation to all of the regulated activities for which it has or will have permission);
 - (e) if the UK authorised person is to become part of a group as a result of the acquisition, whether that group has a structure which makes it possible to—
 - (i) exercise effective supervision;
 - (ii) exchange information among regulators; and
 - (iii) determine the allocation of responsibility among regulators; and
 - (f) whether there are reasonable grounds to suspect that in connection with the proposed acquisition—
 - (i) money laundering or terrorist financing (within the meaning of Article 1 of Directive 2005/60/EC of the European Parliament and of the Council of 26th October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) is being or has been committed or attempted; or
 - (ii) the risk of such activity could increase.
- (4) Section 189 sets out the procedure by which the Authority must assess the section 178 notice. It provides:
- (a) The Authority must act under section 185 within a period of 60 working days beginning with the day on which the Authority acknowledges receipt of the section 178 notice (“the assessment period”).
 - (b) The assessment period may be interrupted, no more than once, in accordance with section 190.
 - (c) The Authority must inform the section 178 notice-giver in writing of—
 - (i) the duration of the assessment period;
 - (ii) its expiry date; and
 - (iii) any change to the expiry date by virtue of section 190.
 - (d) The Authority must, within two working days of acting under section 185 (and in any event no later than the expiry date of the assessment period)—
 - (i) notify the section 178 notice-giver that it has determined to approve the acquisition unconditionally; or
 - (ii) give a Warning Notice stating that it proposes to—

- a. approve the acquisition subject to conditions; or
 - b. object to the acquisition.
- (e) Where the Authority gives a Warning Notice stating that it proposes to approve the acquisition subject to conditions—
- (i) it must, in the Warning Notice, specify those conditions; and
 - (ii) the conditions take effect as interim conditions.
- (f) The Authority is treated as having approved the acquisition if, at the expiry of the assessment period, it has neither—
- (i) given notice under subsection (4); nor
 - (ii) informed the section 178 notice-giver that the section 178 notice is incomplete.
- (g) If the Authority decides to approve an acquisition subject to conditions or to object to an acquisition it must give the section 178 notice-giver a Decision Notice.
- (h) Following receipt of a Decision Notice under this section, the section 178 notice-giver may refer the Authority's decision to the Tribunal.

Relevant Guidance

- (5) Guidance on the assessment criteria contained in section 186 can be found in the 3L3 Guidelines.
- (6) Paragraph 23 of the 3L3 Guidelines refers to recital 8 of the Acquisitions Directive and addresses the reputation of the acquirer. Recital 8 states,

"With regard to the prudential assessment, the criterion concerning the 'reputation of the proposed acquirer' implies the determination of whether any doubts exist about the integrity and the professional competence of the proposed acquirer and whether these doubts are founded. Such doubts may arise, for instance, from past business conduct."

- (7) Paragraphs 28 to 30 and 38 provide further guidance as follows:

"28. The integrity of the proposed acquirer is not only affected by court decisions and ongoing judicial proceedings. The following situations should be taken into account as well, since they may cast doubt on the integrity of the acquirer:

- *current or past investigations and/or enforcement actions related to the acquirer, or the imposition of administrative sanctions for non-compliance with provisions governing banking, financial, securities or insurance activity, or those concerning securities markets, securities or payment instruments, or any financial services legislation, or*
- *current or past investigations and/or enforcement actions by any other regulatory or professional bodies for non-compliance with any relevant provisions.*

29. *In addition to considering judicial or administrative decisions or procedures, the assessment of the integrity of the proposed acquirer should examine its correctness in past business dealings, the lack of which may undermine the integrity and trustworthiness of the proposed acquirer at the time of the acquisition. Supervisors should pay attention to:*
- *any evidence that the acquirer has not been transparent, open, and cooperative in its dealings with supervisory or regulatory authorities, including any evidence that it knowingly ignored its notification obligation according to the Directive or attempted to escape from the prudential assessment it had to undergo as a proposed qualifying shareholder;*
30. *Target supervisors should assess the relevance of such situations on a case-by-case basis, recognising that the characteristics of each situation may be more or less severe and that some situations may be significant when considered together, even though each of them in isolation may not be significant.*
38. *The integrity requirements should be applied regardless of the level of the qualifying shareholding that a proposed acquirer intends to acquire, and of its involvement in the management or the influence that it is planning to exercise on the target institution."*