

Website: www.fca.org.uk/about/complain-about-regulators

Sent by email

30 April 2026

Dear [REDACTED]

Your complaint to the FCA regarding the Wellesley & Co Limited ("WCL") and the Wellesley Group ("the Group")

1. We are writing to you following your complaint about the FCA's actions and/or inactions in relation to WCL and the Group. We have now considered all the relevant evidence and carried out an independent investigation in accordance with the relevant Complaints Scheme ("the Scheme").¹
2. We are sorry that you have suffered financial loss and have a great deal of sympathy for your situation. Losing any sum of money can be deeply upsetting and a cause of significant worry and frustration.
3. We are also sorry for the length of time it has taken us to respond to your complaint. It was important that we allowed regulatory action to progress, which meant that our investigation was deferred between 31 March 2021 and 10 April 2025. In addition, the matters we investigated were complex and concerned events which occurred several years ago. We have considered the impact of the delay further in the remedy section of this letter, below.

¹ <https://www.fca.org.uk/publication/corporate/complaints-scheme.pdf>

Your complaint

4. We received a large number of complaint allegations about WCL and the Group, including yours. This letter provides a response to all the complaint allegations this investigation has considered, relating to the actions and/or inactions of the FCA, which fall within the scope of the Scheme.
5. Many allegations have been made which did not fall within the scope of the Scheme. These primarily related to Wellesley Finance Limited (WFL) and other unregulated entities in the Group. A number of allegations also did not relate to the actions or inaction of the FCA. We have been unable to investigate these allegations under the Scheme.
6. The Scheme covers the investigation of complaints that arise in connection with the exercise of, or failure to exercise, any of the FCA's relevant functions. Many of the allegations which fell outside the scope of the Scheme may fall within the remit of other organisations such as the Financial Ombudsman Service,² the Insolvency Service,³ or the Information Commissioner's Office.⁴
7. To ensure the investigation has taken a proportionate approach, we have grouped concerns raised by all complainants into eight complaint allegations. We have set these out under the decisions and findings section of this letter below.

Remedy sought

8. To remedy the complaints, complainants have asked to be reimbursed for the loss of their investments and for the FCA to hold the directors of the Group to account.

Our decision

9. Following an investigation in accordance with the Scheme, including carefully considering the FCA's actions, and taking a holistic view of the wider circumstances of the case, we have upheld one of the complaint allegations. We have not upheld the remaining allegations.

² <https://www.financial-ombudsman.org.uk/>

³ <https://www.gov.uk/government/organisations/insolvency-service>

⁴ <https://ico.org.uk/>

10. This investigation found that the decision to authorise WCL did not fully follow the processes set out in the Authorisations' guidance documents in place at the time. This is why complaint allegation 1 has been upheld.
11. While we know this outcome may be disappointing, the material facts and the reasons for our decisions are set out below.

Information about the FCA

12. The FCA is responsible for regulating the conduct of authorised firms and individuals involved in regulated financial services. Its statutory powers under the Financial Services and Markets Act 2000 (FSMA) apply only where an activity, product or firm falls within its regulatory perimeter, which is set by Parliament.
13. Where a firm or activity is unregulated, the FCA's ability to become involved is significantly limited. The FCA does not have supervisory or enforcement jurisdiction over unregulated entities, and it cannot intervene in their commercial decisions or corporate actions. This includes insolvency processes, asset sales or business activities carried out entirely outside the regulated sector.
14. It is also important to let you know that there are limits to the information the FCA can disclose in its responses to complainants. This is informed by the circumstances of each complaint investigation. The 'Information we can share' page on the FCA's website contains a clear explanation of what we can disclose.⁵

Background

15. The Wellesley Group provided loans to small and medium sized property developers. It raised funds from retail investors through a combination of secured and unsecured mini-bonds, listed bonds and historic peer-to-peer (P2P) lending. Lending activities were undertaken by Wellesley Finance Ltd (WFL) an unregulated entity which financed its activities through an unregulated affiliated company, Wellesley Secured Finance Plc (WSFP). Wellesley Group Investors Limited (WGIL) is the holding company for WCL, WFL and other Group entities.

⁵ <https://www.fca.org.uk/freedom-information/information-we-can-share>

16. This investigation has not considered the actions of WFL, WSFP or any other unregulated entities of the Group. These entities were not regulated by the FCA, and so they fell outside of its remit.
17. WCL was the only regulated entity within the Group and was responsible for approving some of the financial promotions which the unregulated entities used to market products to investors. WCL was originally regulated by the Office of Fair Trading and was granted interim permission (IP) for consumer credit activities on 1 April 2014.
18. WCL submitted its application for authorisation from the FCA on 29 August 2014 and during the authorisations process amended its proposed business model from P2P activities to a minibond arrangement model on 15 June 2018. It was authorised by the FCA on 15 February 2019. This gave WCL permission to promote and arrange minibond investments from retail customers into listed and unlisted bonds. WCL was also authorised for holding and safeguarding client money and managing the wind down (under limited permission) of the Group's existing P2P investments.
19. In November 2019, the FCA announced a temporary ban on the promotion of mini-bonds to retail investors. This came into force in January 2020 and was made permanent in January 2021. Despite WCL's plan to move to a listed bonds model, mini-bonds remained a part of WCL's business activities at this time and the ban was a factor which contributed to WCL's liquidity issues. WCL's difficulties were then exacerbated by wider global uncertainty caused by the Covid 19 pandemic and significant delays in the repayment of loans, impacting the operation of its business.
20. On 10 September 2020, WCL agreed to a Voluntary Requirement (VREQ) with the FCA. This varied their permissions to prevent the promotion or accepting of new investments or disposal of assets outside of the ordinary course of business, without informing the FCA.
21. Also in September 2020, WFL sold their loan book to the highest bidder, Cloverleaf 376 Limited, this was a newly incorporated unregulated firm within the Group. On 24 September 2020, WFL shared a proposal for the terms of a CVA with its creditors which was approved at the High Court on 14 October 2020.
22. The FCA confirmed an Enforcement investigation into WCL, after concerns emerged through the FCA's supervision of the firm. The

investigation focused on whether investors had been given misleading information and defrauded by WCL. In September 2025, the FCA announced it had closed its investigation, confirming that the risks were fairly described to investors and there were no signs of fraud or misuse of funds.⁶

23. WCL entered administration on 12 May 2025. The insolvency practitioners are Damian Webb, Stephanie Sutton and Jack Plunkett of RSM UK Restructuring Advisory LLP.

Decisions and findings on the facts

24. The FCA has considered each of the complaint allegations and the corresponding evidence and made the findings set out below.

Complaint allegation 1: The FCA failed to detect Wellesley was, in effect, insolvent from 2018 and should have taken action to protect investors sooner.

25. We have upheld this allegation.
26. The FCA knew in 2018 that WCL and WFL were balance-sheet solvent and that WGIL was balance-sheet insolvent, however this was not a barrier to authorisation. The Group's solvency problems became clearer only in 2020, after they had been authorised.
27. The investigation found one part of the authorisation process did not fully follow policy and procedure in place at the time. As we have set out in paragraph 14 of this letter, we cannot publicly set out what this process was due to restrictions under section 348 of the FSMA 2000. However, the firm's solvency issues mainly arose from external/market factors. It's solvency issues were not a result of being authorised. This would not have made any difference to the outcome. We have not found that WCL should not have been authorised.

Complaint allegation 2: There were failures by the FCA to identify that the Group had poor systems and controls in place.

28. We have not upheld this allegation.

⁶ <https://www.fca.org.uk/news/statements/fca-closes-wellesley-co-limited-investigation>

29. The evidence shows that Authorisations' assessment of WCL's systems and controls were thorough and rigorous, involving extensive engagement and input from multiple FCA divisions. Details of the Group's systems and controls informed the FCA's consideration of WCL's authorisation, with authorisation only being given to WCL's amended minibond arrangement business model, rather than for the P2P activities contained within its original application. This investigation has concluded that the FCA's actions were reasonable and in line with expectations.

Complaint allegation 3: There were failures by the FCA regarding WCL's misleading financial promotions.

30. We have not upheld this allegation.

31. The evidence shows the FCA acted reasonably and in line with supervisory processes and expectations regarding WCL's financial promotions, with no concerns identified. We also note the FCA's enforcement investigation concluded risks were fairly described to investors and no further action against WCL was required.

Complaint allegation 4: There were delays by the FCA regarding the imposition of a VREQ on WCL.

32. We have not upheld this allegation.

33. The FCA's supervisory actions leading to WCL's VREQ were reasonable and consistent with expected processes; no significant delays caused by the FCA have been identified. The investigation found no missed opportunities by the FCA to prevent investor harm in relation to the timing of the VREQ.

Complaint allegation 5: The FCA failed to properly supervise the CVA process and allowed the Group to sell its loan book to itself. The FCA did not consider investor harm during its approval of the CVA process. The sale of the loan book contravened the VREQ that the FCA had in place to prevent asset disposal.

34. We have not upheld this allegation.

35. There are specific limited circumstances where the FCA can become involved in a CVA; these circumstances did not apply in this case. The CVA was for WFL, and the FCA had no legal grounds to be involved in

the CVA of an unregulated entity. Approval of the CVA was achieved following a majority vote by Wellesley's investors, and the High Court. Responsibility for supervision of the CVA lay with the insolvency practitioner (Kroll) and not the FCA.

36. The FCA also had no role in the loan book sale which was between two unregulated entities; WFL and Cloverleaf 376 Ltd. The VREQ only applied to WCL and could not bind unregulated entities; in any event, the VREQ allowed disposal of assets in support of a CVA, so there was no breach of the VREQ, and no basis to enforce it against other Group entities.

Complaint allegation 6: The FCA failed to supervise the CVA process effectively as it did not enforce the sharing of all offers made to the Group for the loan book.

37. We have not upheld this allegation.

38. The FCA was not responsible for supervising the CVA, and had no role in the loan book sale as it was not an asset of WCL. Any requirement to share offers for the loan book was for the insolvency practitioner, Kroll, to oversee and enforce.

Complaint allegation 7: The FCA allowed the Group, under the CVA, to offer investors an unfair ultimatum - agree to the CVA or face an asset stripped administration (i.e. a fait accompli).

39. We have not upheld this allegation.

40. The FCA had no legal basis to allow or prevent any alleged ultimatum to investors. This is because WFL was unregulated, and outside the FCA's jurisdiction. Any concerns about WFL's CVA would be better raised with the insolvency practitioner (Kroll) or the Insolvency Service, who have jurisdiction over CVAs.

Complaint allegation 8: The FCA should have taken action at a far earlier stage to identify mini-bonds as high-risk products, and therefore protected investors with rule changes far earlier than it did.

41. We have not upheld this allegation.

42. The investigation found the FCA was aware of mini-bond risks before the 2020 rule changes and had already taken relevant action (including recognition of higher-risk characteristics reflected in 2014 policy work) and maintained focus on those risks thereafter. This led to the temporary ban announced in 2019 (effective 1 Jan 2020) and the permanent ban effective 1 Jan 2021; therefore there is clear evidence of earlier action.

Remedy

43. We have upheld complaint allegation 1. We have carefully considered the appropriate remedy. We have taken into account the factors set out in paragraph 7.14 of the Complaints Scheme 2016. These include:

- a. the gravity of the misconduct and its consequences for the complainant;
- b. the complainant's relationship with the FCA and the extent to which the complainant has been adversely affected in the course of their direct dealings with the FCA;
- c. whether what has gone wrong is at the operational or administrative level; and
- d. how any compensatory payment will be funded and the associated burden of those costs being passed from regulated firms to consumers.

44. We acknowledge and are sorry that an element of the authorisation process was not assessed appropriately. While this demonstrates that part of the authorisations process was not followed fully, we have not concluded that the decision to authorise WCL would have been materially different if it had been.

45. Furthermore, we have determined that the FCA's actions were not the cause of the investors losses. Those losses resulted from the failure of unregulated companies within the Wellesley Group, not from how WCL was authorised.

46. Taking all these factors into account, our view is that an apology is the appropriate remedy under the Complaints Scheme.

47. The processes for authorising and supervising firms have evolved significantly in the period since the FCA approved WCL's application. The FCA has implemented various transformation actions and there has been a comprehensive enhancement of our authorisation and supervision processes and procedures since this time. While these changes mean the FCA would approach the authorisation and supervision of a firm like Wellesley differently now, there is no evidence to suggest the outcome of what has been complained about would have been materially different if changes were implemented earlier.

Delay and service levels in responding to your complaint

48. The investigation was open for 6 months before it was deferred for 4 years due to the enforcement investigation. A further 10 months have passed since the deferral was lifted in April 2025, bringing the total active investigation time to 16 months.

49. Given the complexity of the case and the deferral for the enforcement investigation, our view is that the overall response time was reasonable and there were no avoidable delays to the investigation.

50. We acknowledge and apologise for the following minor service handling delays in the investigation:

a. during the period in which complaints were deferred, two of our 6-monthly updates to complainants were sent close to the 7-month mark; and

b. during the period in which complaints were being actively investigated, a few regular updates to complainants occasionally fell short or exceeded 4 weeks by a small margin.

The role of the Complaints Commissioner

If you are dissatisfied with how we have dealt with your complaint, you can contact the Complaints Commissioner requesting a review of the FCA's decision. The Complaints Commissioner is an independent person appointed by His Majesty's Treasury and is responsible for the conduct of investigations in accordance with the Scheme.

You must contact the Complaints Commissioner within three months of the date of this letter. If you contact the Complaints Commissioner later than three months, the Commissioner will decide whether there is good reason to consider your complaint.

The contact details for referring your complaint to the Complaints Commissioner are:

The Office of the Complaints Commissioner
Alliance House
12 Caxton Street
London SW1H 0QS

Telephone: 020 4599 8333
Email: info@frccommissioner.org.uk

[Making a complaint | The Financial Regulators Complaints Commissioner \(frccommissioner.org.uk\)](https://www.frccommissioner.org.uk)

When contacting the Commissioner please let them know your FCA complaints reference number.

Yours sincerely

Ashley Wood
Head of Department
Complaints Department
Risk & Compliance Oversight Division