Mr Daniel Thomas has referred his Decision Notice to the Upper Tribunal. The findings outlined in the Decision Notice given to him reflects the FCA's belief as to what occurred and how it considers his conduct should be characterised. The proposed action outlined in his Decision Notice will have no effect pending the determination of the reference by the Upper Tribunal, whose decision will be made public on its website.

The Upper Tribunal will determine, in the case of the decision to impose a financial penalty, what (if any) the appropriate action is for the FCA to take, and remit the matter to the FCA with such directions as the Upper Tribunal considers appropriate and, in relation to the decision to make a prohibition order, whether to dismiss the reference or remit it to the FCA with a direction to reconsider and reach a decision in accordance with the findings of the Upper Tribunal.

FINANCIAL CONDUCT AUTHORITY

12 Endeavour Square
London
E20 1JN

Tel: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099
www.fca.org.uk

DECISION NOTICE

To: Daniel Philip Thomas

Reference Number: DPT00020

Date: 15/08/2025

1. ACTION

1.1. For the reasons given in this Decision Notice, the Authority has decided to:

1.1.1. impose on Daniel Philip Thomas a financial penalty of £742,700 pursuant to section 66 of the Act; and

1.1.2. make an order prohibiting Mr Thomas from performing any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm pursuant to section 56 of the Act.

2. SUMMARY OF REASONS

2.1. The Authority considers that between 8 April 2014 and 20 September 2019 ("Relevant Period"), Mr Thomas breached Statement of Principle 1 (integrity), Statement of Principle 2 (due skill, care and diligence) and Statement of Principle 4 (co-operation) of the Authority's Statement of Principles for approved persons as follows:

2.1.1. in breach of Statement of Principle 1, he recklessly gave pension transfer advice to 53 clients who subsequently transferred their savings from Defined Benefit Pension ("DBP") Schemes, in circumstances where he was neither permitted to give such advice nor qualified to do so. In facilitating these pension transfers, he also repeatedly misled clients, pension scheme providers and his principal firm under an Appointed Representative Agreement;

2.1.2. in breach of Statement of Principal 2, he destroyed records relating to the DBP transfer advice he had given to clients; and

2.1.3. in breach of Statement of Principal 4, he failed to co-operate appropriately with the Authority's investigation and failed repeatedly to respond to reasonable requests for information.

2.2. During the Relevant Period, Mr Thomas was a financial adviser, approved by the Authority to perform the controlled functions of CF1 Director (Appointed Representative) at DPT Financial Solutions Ltd ("DPT") and CF30 (Customer) at Intrinsic Financial Planning Limited (Intrinsic). Intrinsic became Quilter Financial Services Ltd ("Quilter") on 27 June 2019. In this Notice, the Authority refers to both Intrinsic and Quilter as "Quilter".

2.3. Quilter is a financial services firm which operates a network of financial advisers. DPT, a company created, owned and managed by Mr Thomas, acted as an Appointed Representative ("AR") of Quilter during the Relevant Period. Quilter was therefore DPT's Principal Firm. Mr Thomas was the only person at DPT approved to perform the CF1 Director (AR) function. He personally agreed and signed the terms of DPT's AR Agreement with Quilter and was responsible for DPT's compliance with it. The AR Agreement permitted Mr Thomas to provide certain regulated financial services, although it did not permit him to provide advice on DBPs.

2.4. DBPs provide pension holders with valuable guaranteed benefits which increase annually. The Authority considers that it would not normally be in an individual pension holder's best interests to transfer out of a DBP Scheme. For that reason, the Authority's Conduct of Business Sourcebook ("COBS") requires that advice on DBP transfers is either given or checked by a Pension Transfer Specialist. To become a Pension Transfer Specialist, advisers must meet specific criteria including passing certain professional examinations.

2.5. It was clear from the terms of the AR Agreement between Quilter and DPT that, unless Mr Thomas had the necessary additional, specialist qualifications, he was not permitted to give pension transfer advice relating to DBPs. Mr Thomas was aware that he did not meet the criteria required to be a Pension Transfer Specialist.

2.6. Despite being aware that he was not qualified to give such advice and was not permitted to do so under the terms of his firm's AR Agreement, Mr Thomas provided DBP transfer advice in return for fees on 63 occasions to 53 clients who then transferred their pensions. A number of his clients were members of the British Steel Pension Scheme ("BSPS") and were in a particularly vulnerable position at the time he was advising them.

2.7. By providing DBP transfer advice in circumstances where he knew that he was not permitted to do so, Mr Thomas disregarded the Authority's rules and deprived his clients of advice from an appropriately qualified adviser. In doing so, the Authority considers that Mr Thomas acted recklessly and without integrity.

2.8. In facilitating those DBP transfers, Mr Thomas also repeatedly misled pension scheme providers, his clients and Quilter (his principal firm under the AR Agreement).

2.9. Prior to executing any transfer out of a DBP Scheme, pension scheme providers require confirmation from advisers that the client in question has received advice from a Pension Transfer Specialist. In written communications provided to pensions scheme providers, Mr Thomas expressly held himself out as having the necessary qualifications and authorisation to provide DBP transfer advice. He therefore misled the pension scheme providers. Similarly, when communicating with clients, Mr Thomas held himself out as being appropriately qualified and authorised to provide DBP transfer advice.

2.10. Having executed the DBP transfers, pension scheme providers paid fees related to Mr Thomas' advice to Mr Thomas (DPT's bank account), via Quilter. Mr Thomas generated substantial fee income from such transfers. The Authority has identified payments of £173,732.57 made to Mr Thomas in return for the DBP transfer advice which he provided to 53 clients.

2.11. Despite repeated opportunities to do so, Mr Thomas has never disclosed to Quilter the extent of the DBP transfer advice which he personally provided to clients.

2.12. In addition to providing DBP transfer advice to clients personally, during the Relevant Period, Mr Thomas also had business arrangements in place through which he referred clients seeking DBP transfer advice to Pensions Transfer Specialists who were outside the Quilter Network of financial advisers. Despite doing so, Mr Thomas repeatedly confirmed to Quilter that he had no such business arrangements.

2.13. By misleading Quilter, clients and pension scheme providers about his involvement with DBP transfer advice, the Authority considers that Mr Thomas has acted recklessly and without integrity.

2.14. Further, Mr Thomas also destroyed his client files relating to the provision of pension transfer advice in breach of the Authority's Rules in COBS 9.5.2. He did so prior to the commencement of the Authority's investigation into his conduct, in circumstances where his clients had limited or no paperwork. As a result, there is limited documentation recording his involvement in the provision of DBP transfer advice. Mr Thomas has also been unable, or unwilling, to provide the Authority and Quilter with an accurate list of the clients to whom he personally provided DBP transfer advice. The combination of these factors has made it much more difficult to investigate Mr Thomas' involvement in the provision of DBP transfer advice.

2.15. During the investigation, the Authority considers that Mr Thomas failed to co-operate in a manner the Authority expects from approved persons and those working in the financial services industry. Since evidence of the seriousness of his misconduct was put to him in correspondence, Mr Thomas has refused to engage with repeated requests and compelled requirements to provide the Authority with further information.

2.16. On account of these matters, the Authority considers that throughout the Relevant Period, Mr Thomas has conducted himself in a manner far below the standard which is expected of a person approved to carry out regulated financial services activities by the Authority.

2.17. For these reasons, the Authority considers that during the Relevant Period, Mr Thomas has breached Statement of Principle 1 (integrity), Statement of Principle 2 (due skill, care and diligence) and Statement of Principle 4 (co-operation) of the Authority's Statement of Principles. In summary:

2.17.1. in breach of Statement of Principle 1, Mr Thomas has recklessly:

a) advised clients to transfer their pension savings out of DBP Schemes, in the knowledge that he was not qualified to provide such advice, nor permitted to do so by the terms of DPT's AR Agreement with Quilter;

b) falsely represented to his clients that he had the correct qualifications to advise on DBP transfers;

c) falsely represented, in communications sent to pension scheme providers, that he was qualified and authorised to give DBP transfer advice, in circumstances where he knew he was not. Without these representations, the DBP pension transfers could not have proceeded; and

d) repeatedly provided Quilter with inaccurate, incomplete and misleading information about his involvement in DBP transfer referrals and his involvement in the provision of DBP transfer advice.

In the alternative, it appears to the Authority that these same actions amount to a failure by Mr Thomas to act with due skill, care and diligence in breach of Statement of Principle 2.

2.17.2. In breach of Statement of Principle 2, Mr Thomas has failed to act with due skill, care and diligence when he destroyed records relating to DBP transfer advice he had given to clients.

2.17.3. In breach of Statement of Principle 4, Mr Thomas has failed to co-operate appropriately with the Authority's investigation and failed repeatedly to respond to reasonable requests for information.

2.18. The Authority has concluded, on the basis of the facts and matters described in this Notice, that Mr Thomas lacks integrity and therefore he is not a fit and proper person to perform any functions in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm. The Authority considers that Mr Thomas poses a serious risk to consumers and to the integrity of the financial system. The nature and seriousness of his breaches relating to his involvement in the provision of DBP transfer advice, in particular, warrants the imposition of a financial penalty, and his general lack of fitness and propriety merits the imposition of an order prohibiting him from performing any function in relation to any regulated activities carried on by any authorised or exempt person or exempt professional firm.

2.19. For the reasons stated above, the Authority has decided to:

2.19.1. impose on Mr Thomas a financial penalty of £742,700 pursuant to section 66 of the Act; and

2.19.2. make an order prohibiting Mr Thomas from performing any function in relation to any regulated activities carried on by any authorised or exempt person, or exempt professional firm, pursuant to section 56 of the Act.

3. DEFINITIONS

3.1. The definitions below are used in this Notice:

"the Act" means the Financial Services and Markets Act 2000;

''Appointed Representative'' or "AR" means an appointed representative within the meaning of section 39 of the Act;

"AR Agreement" means the agreement between an authorised firm permitted to carry out regulated activities and an Appointed Representative;

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

"the British Steel Pension Scheme" or "BSPS" means the British Steel Defined Benefit Pension Scheme that was in place during the Relevant Period;

"Client A" means a person who has received Defined Benefit Pension transfer advice from Mr Thomas;

"Client B" means a person who has received Defined Benefit Pension transfer advice from Mr Thomas;

“Client C” means a person who has received Defined Benefit Pension transfer advice from Mr Thomas;

“COBS” means the Authority’s Conduct of Business Sourcebook, part of the FCA Handbook;

“DBP transfer advice” means advice on transferring out of a Defined Benefit Pension Scheme.

“Defined Benefit Pension Scheme” or “DBP Scheme” means an occupational pension scheme as defined by Article 3(1) of the Financial Services and Markets Act (Regulated Activities) Order 2001, namely where the amount paid to the beneficiary is based on how many years the beneficiary has been employed and the salary the beneficiary earned during that employment (rather than the value of their investments);

“Defined Contribution Pension Scheme” means a pension scheme that pays out a non-guaranteed and unspecified amount depending on the “defined contributions” made and the performance of the investments;

“DEPP” means the Decision Procedure and Penalties Manual, part of the FCA Handbook;

“DPT Financial Solutions Ltd” or “DPT” is a company of which Mr Thomas was the sole director and shareholder;

“the FCA Handbook” means the Authority’s Handbook of Rules and Guidance;

“Intrinsic” means Intrinsic Financial Planning Limited and/or Intrinsic Mortgage Planning Limited (Intrinsic rebranded to become Quilter Financial Planning Limited in 2019);

“Pension Transfer Specialist A” means a person that had the necessary permissions to provide Defined Benefit Pension transfer advice and to whom Mr Thomas referred clients;

“Pension Transfer Specialist B” means a person that had the necessary permissions to provide Defined Benefit Pension transfer advice and to whom Mr Thomas referred clients;

“Pensions Transfer Specialist” means a person who has passed the required examinations as specified in the Authority’s Training and Competence Sourcebook, and is employed by a firm to give advice on pension transfers, pension conversions and pension opt-outs or to check such advice in accordance with the provisions of the Authority’s rules and guidance;

“Quilter” means Quilter Financial Services Ltd and/or Quilter Financial Planning Limited; two subsidiaries of Quilter plc;

“Quilter Network” means Quilter’s network of qualified financial advisers and Appointed Representatives;

“RDC” means the Regulatory Decisions Committee of the Authority (see further under Procedural Matters below);

“Relevant Period” means 8 April 2014 to 20 September 2019;

“SIPP” means a self-invested personal pension, a trust-based wrapper for an individual’s pension investment;

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber);

“the Warning Notice” means the warning notice given to Mr Thomas dated 15 August 2025; and

“the Decision Notice” means the decision notice given to Mr Thomas dated 15 August 2025.

4. FACTS AND MATTERS

Background

Defined Benefit Pension Schemes

4.1. Pensions are a traditional and tax-efficient way of saving money for retirement. The benefits someone obtains from their pension can have a significant impact on their quality of life during retirement and, in some circumstances, can affect when an individual is able to retire. A Defined Benefit Pension Scheme ("DBP Scheme") is particularly valuable because it offers a secure and guaranteed income for life to members, which typically increases each year in line with inflation.

4.2. It is possible to "transfer out" of a DBP Scheme. This involves the scheme member giving up the guaranteed benefits associated with membership of a DBP Scheme in exchange for a transfer value, which is typically then invested in a Defined Contribution Pension Scheme, often a self-invested personal pension ("SIPP"). Unlike DBP Schemes, SIPPs do not provide a guaranteed income for an individual and are highly dependent on the performance of the underlying investments, which may go up or down. In most cases, a SIPP is therefore likely to be a much riskier investment for pension holders. Given the valuable benefits offered by a DBP Scheme, the Authority's guidance states that a firm should only recommend a transfer if it can clearly demonstrate, on contemporary evidence, that a transfer is in the client's best interests (COBS 19.1.6G). The Authority expects that for the majority of clients, it will be in their best interests to remain in their DBP Scheme.

4.3. Pursuant to section 48 of the Pensions Schemes Act 2015, where the value of an individual member's assets in a DBP Scheme exceeds £30,000, pension providers must ensure members take "appropriate independent advice" before allowing a transfer to proceed. Further, the Authority's rule requires that firms must ensure that advice on pension transfers, pension conversions and pension opt-outs is given or checked by a Pension Transfer Specialist (COBS 19.1.1A). Pension Transfer Specialists are suitably qualified individuals with permission to advise on such pension transfers in accordance with the Authority's rules.

4.4. Clients who engage advisers and authorised firms to provide them with advice in relation to their pensions place significant trust in them. It is therefore of paramount importance that advisers have the necessary qualifications to understand their clients' needs and account for all the relevant individual circumstances and how this might affect the advice provided when advising on the suitability of any pension transfer. Where advisers fail to do this, it exposes clients to a significant risk of harm.

Mr Thomas and DPT

4.5. Mr Thomas started his career in financial services at the age of 19 and held several different roles in financial services firms prior to setting up his own financial services firm, DPT, on 21 June 2012.

4.6. Mr Thomas signed a Contract Offer Letter on DPT's behalf with Intrinsic Financial Planning Limited (now called Quilter), on 21 August 2012, allowing DPT to join the Quilter Network as an AR, with Quilter as its principal, effective from 30 August 2012.

4.7. AR firms, like DPT, are not directly authorised by the Authority. AR firms are permitted to carry out regulated activities on behalf of another firm, known as their 'principal' (in this case Quilter), relying on the principal firm's FCA permissions. The principal agrees which parts of its permitted activities the AR is allowed to carry out on its behalf, and these are set out in an AR Agreement. The principal is then only responsible for the actions of its AR to the extent that those actions are within the scope of the part or sub-set of its permitted activities which it agreed the AR could undertake in the AR Agreement. The prospective AR principal assesses whether the prospective AR meets the standards required to perform the regulated activities set out in the AR agreement between them. The Authority is not involved in that assessment. If the prospective principal determines that the prospective AR meets those standards and it wishes to appoint that AR, then it notifies the Authority of the appointment. The Authority does not approve the appointment.

4.8. From 16 August 2012 to 20 September 2019, Mr Thomas was appointed by Quilter to perform the CF1 Director (AR) function at DPT and the CF30 (Customer) function at Quilter. Throughout the Relevant Period, he was bound by the terms of the AR Agreement and subject to controls and oversight from Quilter.

4.9. DPT was designated a 'strategic partner' by Quilter between January 2017 and September 2019. As a strategic partner, Mr Thomas had access to dedicated senior relationship and field risk managers, sales and business consultants and additional operational support.

4.10. DPT's AR Agreement with Quilter permitted Mr Thomas to carry out certain regulated activities and to provide advice in relation to certain products, including advising on mortgages and certain pensions transfers. Mr Thomas was not qualified to provide DBP transfer advice and the AR Agreement did not permit him to do so. The AR Agreement consisted of several documents, including a Contract Offer Letter, a Membership Agreement, a Sales Process and a Compliance Manual. When read together, these documents required that any advisers wishing to provide DBP transfer advice must:

4.10.1. attend a pension transfer workshop and pass an internal test;

4.10.2. hold a G60 or AF3 qualification; and

4.10.3. submit all proposed DBP transfers along with related paperwork to Quilter's Compliance Department for pre-submission review and pre-approval.

4.11. In order to provide advice for any type of pension transfer, Quilter required its advisers to attend a workshop and pass a test. Mr Thomas attended the workshop and passed the test which permitted him to advise on switches between Defined Contribution Pension Schemes. However, he did not obtain the G60 or AF3 qualifications and so was not permitted to provide DBP transfer advice.

4.12. Quilter's Sales Process included prominent wording that advisers must hold the relevant qualification (G60 or AF3) to provide advice on DBP transfers. The Sales Process stipulated that if an adviser who did not hold those qualifications (such as Mr Thomas) had a client that needed DBP transfer advice, then the adviser should refer that client to a qualified Pension Transfer Specialist and, therefore, the adviser should not give DBP transfer advice themselves. Quilter's Sales Process also required advisers to submit all pension transfers and switches, regardless of type, along with all relevant paperwork to Quilter's Compliance Team for pre-approval.

4.13. Mr Thomas did not submit any DBP transfer cases for pre-approval. He also repeatedly misled Quilter about the business he was undertaking. Quilter was therefore unaware he had advised on any DBP transfers until the end of the Relevant Period.

4.14. The agreement for the payment of fees and commissions between Quilter and Mr Thomas was contained in the Quilter Compliance Manual. According to this agreement, Quilter retained 15% of the commission received from pension product providers with the balance being paid directly to Mr Thomas.

Mr Thomas' knowledge of the requirements to provide DBP transfer advice

4.15. The Authority considers that the following circumstances demonstrate that Mr Thomas knew of the requirements he needed to meet to provide DBP transfer advice and knew that he did not meet those requirements:

4.15.1. In August 2012, Mr Thomas was aware from the terms of the AR Agreement (that included the Sales Process), which he signed, that he did not have permission from Quilter to advise on DBP transfers.

4.15.2. In October 2012, Mr Thomas attended the internal Quilter pension transfer training workshop, which included a section on the pensions for which Mr Thomas could provide advice (switches between Defined Contribution Pension Schemes) and the pensions which he would be required to refer to a Pension Transfer Specialist because he did not meet the requirements to provide such advice (transfers out of DBP Schemes).

4.15.3. Mr Thomas sat and passed Quilter's internal pensions test in which the question: "*Assuming that you do not hold the G60 or AF3 certificates, which of the following ceding scheme types fall outside your area of permitted activity?*".

4.15.4. Mr Thomas confirmed he had read periodic bulletins, which Quilter sent to AR members throughout the Relevant Period, reminding ARs of the need to obtain specialist pension transfer qualifications, if they wished to advise on DBP transfers.

4.15.5. In July 2019, Mr Thomas told Quilter that he was aware that he did not hold the relevant qualification to provide advice on DBP transfers and stated that he had therefore referred DBP transfer cases to appropriately qualified advisers.

4.15.6. At interview with the Authority in 2022, Mr Thomas confirmed that he knew he was not permitted to give DBP transfer advice and denied having ever knowingly given such advice, such that any advice he had given regarding DBP Schemes was done by mistake. He explained that he had referred any clients that required DBP transfer advice to several Pension Transfer Specialists over a number of years (2014 to 2019).

DBP Transfer Advice Provided by Mr Thomas

4.16. Despite Mr Thomas' assurances that he referred all clients seeking DBP transfer advice to Pension Transfer Specialists, the evidence indicates that between April 2014 and April 2019, he also personally gave DBP transfer advice, on 63 occasions, to 53 different clients. He did so without having the necessary qualifications and without involving a Pension Transfer Specialist to either provide the advice or check the advice he gave.

4.17. Four of the 53 clients were members of the BSPS. Mr Thomas recommended that they transfer out of the BSPS at a time when they were in a particularly vulnerable position.

<u>Misleading DBP Scheme Administrators</u>

4.18. DBP Scheme Administrators (including the BSPS), required that members transferring their pension benefits out of the scheme provide:

4.18.1. evidence that they had received advice from a pension adviser that had permission to carry out the regulated activity in article 53E of the FCA's Regulated Activities Order to provide advice on the transfer of safeguarded benefits;

4.18.2. confirmation that the advice had been given on the transfer of safeguarded benefits to flexible benefits;

4.18.3. the name of the member that received the advice, the scheme in which the safeguarded benefits were held and the adviser's FCA registration number.

4.19. In order to facilitate the transfers and meet the DBP Schemes' requirements, Mr Thomas issued misleading letters which were addressed to his clients and sent to the DBP Scheme Administrators. In these letters, Mr Thomas incorrectly claimed he had the required permissions. He stated:

> *"I can also confirm that I as the advisor connected to the transaction has the correct authorisation under the relevant legislation to provide advice to carry out the transfer of any safeguarded benefits. This includes the permission under Part 4 of the Financial Services and Markets Act 2000, or resulting from any other part of the act, to carry on the regulated activity in article 53E of the regulated Activities Order"*.

4.20. Mr Thomas also confirmed that his clients had received independent financial advice on the proposed transfer in accordance with The Pensions Schemes (Appropriate Independent Advice) Regulations 2015, despite knowing that the clients in question did not receive advice from a Pension Transfer Specialist.

4.21. At interview with the Authority, Mr Thomas stated that he could not remember sending such letters. Mr Thomas also suggested that he thought he had copied the text of these letters from a letter that he had previously received from another pension provider and considered the issuing of the letter to be a 'tick box exercise'. Mr Thomas further told the Authority that he did not understand the meaning of the text contained in his letters which referred to the specific statutory requirements relating to pension transfer advice. The Authority does not consider Mr Thomas' evidence to be credible.

4.22. Despite the clear requirements from the DBP Scheme Administrators that members obtain evidence of advice from a qualified and authorised Pension Transfer Specialist, and Mr Thomas' knowledge that he was not permitted to provide DBP transfer advice, he told the Authority that he only did what clients asked of him and that he acted in their best interests. Mr Thomas was unable to explain to the Authority why he had referred some clients who required DBP transfer advice to a Pension Transfer Specialist (discussed further at paragraphs 4.33 to 4.38 below), while in other instances he issued clients with letters confirming that he was a Pension Transfer Specialist and had the necessary permissions to provide the advice.

<u>Pension Provider A</u>

4.23. Pension Provider A provided the Authority with a list of Mr Thomas' clients with funds invested with the provider. 53 of the clients were recorded as having transferred 63 DBP Schemes into a SIPP wrapper managed by Pension Provider A, with Mr Thomas being recorded as the adviser. This included the four BSPS clients referred to above. The full commission fee (less Quilter's fee) for the advice provided to all 53 clients was sent to Mr Thomas (DPT's bank account), via Quilter.

4.24. In 16 instances, Mr Thomas signed advice letters on DPT letterhead, addressed to his clients, which were provided to Pension Provider A. In the letters he falsely represented to his clients, and by extension to the Pension Providers, that he had the qualifications and authority to advise on DBP transfers. The letters stated:

> '*I can also confirm that I as the advisor connected to the transaction has the correct authorisation under the relevant legislation to provide advice to carry out the transfer of any safeguarded benefits. This includes the permission under Part 4 of the Financial Services and Markets Act 2000, or resulting from any other part of the act, to carry on the regulated activity in article 53E of the regulated Activities Order*'.

4.25. In seven instances, his letters confirmed that the client in question had received advice from an appropriately qualified adviser. Although he did not specifically state in these letters that he had the necessary qualifications, there is no evidence of any other adviser being involved in the provision of the advice. These letters were therefore also misleading.

4.26. In a further 21 instances, Mr Thomas signed Financial Advice Declaration Forms, confirming that he had the necessary permissions to provide the DBP transfer advice related to safeguarded benefits.

4.27. The Authority considers that Mr Thomas drafted these letters and signed the Financial Advice Declaration Forms in the knowledge that he did not have the relevant qualifications. Mr Thomas received £173,732.57 for the DBP transfer advice he provided on 63 occasions.

4.28. In 19 of the cases, the Authority was unable to identify any documentation relating to the transfers. However, it did obtain evidence that the full fee for the DBP transfer advice was paid to Mr Thomas, with no evidence of the fees being shared with any other adviser. The Authority has therefore concluded that Mr Thomas gave the advice himself.

4.29. Pension Provider A transferred the adviser commission for each of the 63 transfers to Quilter, as Mr Thomas' principal firm. Quilter told the Authority that its compliance systems were unable to identify that these fees related to DBP transfer advice because Mr Thomas misdescribed the business on Quilter's IT system and failed to upload client advice information for pre-approval. Prior to any payments being made, Mr Thomas was required to log onto a Quilter IT system and identify what type of advice the payments related to. He incorrectly categorised these transfers as 'Fund Initial Charges' and in some cases as 'personal pension', rather than using the category for 'pension transfers', which would have identified that they were linked to DBP transfers. Once he had provided the incorrect information, Quilter made onward payments to Mr Thomas' DPT account.

Clients A, B and C

4.30. The Authority gathered detailed evidence from three of Mr Thomas' former clients (Clients A, B and C), each of whom received DBP transfer advice from him, which resulted in their pensions being transferred to Pension Provider A. Clients A and B were members of the BSPS. Client C was a member of another DBP Scheme.

4.31. Clients A, B and C provided the Authority with similar accounts of their interactions with Mr Thomas. They each described a process whereby:

4.31.1. Mr Thomas attended their homes and told them that transferring out of the DBP Schemes was in their best interests;

4.31.2. there was no discussion of the risks associated with transferring out of a DBP Scheme into a SIPP;

4.31.3. he did not leave the clients with any documentation relating to the advice given, in circumstances where he later destroyed all his records in breach of COBS 9.5.2R;

4.31.4. he incorrectly led them to believe that he was qualified to give the advice and addressed letters to each of them, which were then sent to Pension Provider A. In those letters he expressly stated, incorrectly, that he had the correct authorisation and qualifications to advise on the transfers; and

4.31.5. he charged each of them substantial sums of money for advice he was not qualified to give.

4.32. Client C complained to Mr Thomas about the advice he received. Mr Thomas failed to disclose this complaint to Quilter, as required by Quilter's Compliance Manual.

Referrals to Pension Transfer Specialists

4.33. As stated at paragraphs 4.18 to 4.22 above, in August 2022, Mr Thomas told the Authority that he referred clients that required DBP transfer advice to five different Pension Transfer Specialists and did not therefore give DBP transfer advice himself. He admitted that there had been one occasion where he had mistakenly given DBP transfer advice, but that in all other cases he had referred clients seeking DBP advice to one of the five Pension Transfer Specialists.

4.34. Following an interview with Mr Thomas, the Authority obtained information from each of the Pension Transfer Specialists about their relationship with Mr Thomas and details of any clients he referred to them for DBP transfer advice. This was particularly important given Mr Thomas had destroyed his client files, and based on his evidence at interview, he would not otherwise have any records of the advice given by the Pension Transfer Specialists. Mr Thomas was also unable to provide the Authority with a complete list of clients who may have received such advice and claimed he could not recall many details relating to his activities during the Relevant Period.

4.35. Based on the information provided by these Pension Transfer Specialists, the Authority was able to compile a list of DBP Scheme referrals from Mr Thomas during the Relevant Period, where following the referral, a recommendation to transfer had been made and carried out by a Pension Transfer Specialist. Only Pension Transfer Specialists A and B conducted any material volume of business with Mr Thomas during the Relevant Period. Neither Pension Transfer Specialist A nor Pension Transfer Specialist B had provided advice in relation to any of the 53 clients the Authority has identified to whom Mr Thomas appears to have given DBP transfer advice personally on 63 occasions. Having gathered evidence from every Pension Transfer Specialist Mr Thomas claimed to have worked with, the Authority was able to further confirm that Mr Thomas had in fact given DBP transfer advice to those clients personally, acting alone.

4.36. Pension Transfer Specialist A told the Authority that they received 34 client referrals from Mr Thomas relating to DBP transfer advice between 15 July 2017 and 13 May 2019, following which 28 transfers had been executed. Pension Transfer Specialist A provided a list of clients referred to him by Mr Thomas, which included 27 members of the BSPS. Pension Transfer Specialist A had a fee agreement under which Mr Thomas received 50% of the initial net adviser fee, which was sent to Mr Thomas' bank account direct once Pension Transfer Specialist A had deducted costs. Pensions Transfer Specialist A confirmed that Mr Thomas had not been involved in providing DBP transfer advice to any of the clients who had been referred to him for such advice.

4.37. On at least two occasions, Mr Thomas sent misleading communications to clients and pension scheme administrators indicating that Pension Transfer Specialist A was involved in the provision of the related DBP transfer advice, when in fact Mr Thomas dealt with the pension transfers and personally provided DBP transfer advice to those clients on his own, without the necessary permission or qualifications.

4.38. Pension Transfer Specialist B told the Authority that, between May 2015 and July 2017, Mr Thomas had an introducer agreement in place with the firm. This was despite Mr Thomas repeatedly confirming to Quilter that he had no such third-party arrangements (see paragraph 4.40 below). During that period, Mr Thomas referred seven clients to Pension Transfer Specialist B, of which there was one recommendation to transfer and four insistent clients. Pension Transfer Specialist B confirmed that Mr Thomas did not have any involvement in the advice process and did not have permission to send any correspondence on its behalf to clients.

Mr Thomas' Provision of Misleading Information to Quilter and the Events leading to the discovery that Mr Thomas had provided DBP Transfer Advice, resulting in the Termination of the AR Agreement

<u>Relevant Events prior to 2019</u>

4.39. As discussed in detail at paragraphs 4.33 to 4.38 above, throughout the Relevant Period, Mr Thomas referred clients wanting DBP transfer advice to third party Pension Transfer Specialists, and he also personally provided DBP transfer advice to clients without involving Pension Transfer Specialists. However, he failed to disclose either of these business lines to Quilter for several years, despite being repeatedly prompted to do so. Mr Thomas eventually disclosed to Quilter that he had been referring DBP transfer clients to third party Pension Transfer Specialists, albeit in a piecemeal fashion and only when challenged. He has never disclosed or admitted to Quilter the extensive DBP transfer advice which he personally provided to clients despite not having the authorisation to do so (and in circumstances where he was aware that he did not have such authorisation).

4.40. During the Relevant Period, Mr Thomas misled Quilter on numerous occasions about these matters:

4.40.1. during each of the Annual Competency Assessments for the period 2015 to 2017 inclusive, Mr Thomas positively stated that he had no other business interests and introducer or third party agreements. This was obviously incorrect.

4.40.2. As part of its compliance process, Quilter conducted Annual Inspection Visits of its ARs. In each of the Inspection Visits for the period 2015 to 2018 inclusive, Mr Thomas was specifically asked to disclose any other business interests and introducer or third party agreements. In response, he failed to mention his referral of DBP transfer business to the Pension Transfer Specialists or that he was separately providing DBP transfer advice himself.

4.40.3. ARs were required to complete annual 'Fit and Proper Declarations', which included requirements to disclose other business interests. The declaration forms specifically asked questions about the referral of DBP transfers and ongoing service income from DBP transfer cases. In his annual Fit and Proper Declarations for the period 2015 to 2018 inclusive, Mr Thomas failed to disclose his involvement in the referral of pension transfer cases to the Pension Transfer Specialists and made no reference to the DBP transfer advice he had personally given. He also failed to notify Quilter proactively as soon as relevant submissions made in earlier declarations became inaccurate, contrary to the terms of the AR Agreement.

4.41. In early January 2018, Quilter approached Mr Thomas to enquire whether he was involved in the referral of DBP transfer advice relating to members of the BSPS. In response, Mr Thomas told Quilter that, in the past, he had referred clients for DBP transfer advice outside the Quilter Network to Pension Transfer Specialist A and Pension Transfer Specialist B, despite what he had previously disclosed in meetings with Quilter and in his Fit and Proper Declarations. Quilter told Mr Thomas that going forward, he should only refer such clients to Pension Transfer Specialists within the Quilter Network.

Events in 2019

4.42. Following an Annual Competency Assessment in early 2019, concerns were raised internally within Quilter about aspects of the AR business being conducted by Mr Thomas, including that a number of cases had not been recorded properly on Quilter's system, application paperwork was missing and that payments appeared to have been claimed before the advice had been pre-approved, as required. Follow-up discussions were held with him, which gave rise to further concerns in addition to Mr Thomas' failure to adhere to Quilter's pre-approval processes prior to processing business, including that client documentation was missing and in some cases had been destroyed, that some cases had been processed using an incorrect manual entry on Quilter's system to facilitate the payment of fees and that Mr Thomas had failed to conduct annual client reviews - despite the fact that clients had paid a fee to receive those reviews.

4.43. As a result of these concerns, Mr Thomas was suspended from his CF30 duties as an AR of Quilter on 26 March 2019. On 8 May 2019, Mr Thomas was informed that DPT's AR Agreement with Quilter was to be terminated. Mr Thomas subsequently appealed the termination and was partially successful.

4.44. On 26 June 2019, Mr Thomas was informed that he would no longer be permitted to act as a CF1 AR, but he would be permitted to continue as a CF30 subject to a number of conditions.

4.45. The Authority notes that during the suspension and appeal process, Mr Thomas did not inform Quilter that he had personally provided DBP transfer advice to clients.

4.46. Following the appeal outcome, Quilter sought further details from Mr Thomas about his involvement in the referral of DBP transfer cases to Pension Transfer Specialists outside the Quilter Network.

4.47. During a meeting with Quilter on 12 July 2019, Mr Thomas acknowledged that he knew he did not have the requisite regulatory permissions or qualifications to provide DBP transfer advice and confirmed to Quilter that he had therefore referred all DBP transfer cases to appropriately qualified advisers. At that meeting, Mr Thomas disclosed that he may have referred around 60 clients to Pension Transfer Specialists, between 2014 and 2019, and that he had a fee agreement in place with Pension Transfer Specialist A, under which Mr Thomas received 50% of the net adviser fee.

4.48. Mr Thomas disclosed that he did not record the DBP transfer advice on Quilter's system, but instead he recorded the clients as requiring ongoing servicing once the DBP transfers had been completed and the clients had been passed back to him for ongoing servicing. There was therefore no record of the DBP transfer advice given by Pension Transfer Specialist A or any related documentation, or evidence of the 50% commission payment on Quilter's systems. Mr Thomas stated that he would compile a list of the DBP transfer referrals and send it to Quilter. Mr Thomas also confirmed that many of the clients he referred outside the Quilter Network for advice were members of the BSPS. At this point, Mr Thomas did not reveal that he had given DBP transfer advice personally.

4.49. The following week, Mr Thomas provided Quilter with a list of 25 clients who he had referred to Pension Transfer Specialist A for DBP transfer advice and three additional clients who had been referred to Pension Transfer Specialist B. He informed Quilter that his previous statement that he had referred 60 clients to Pension Transfer Specialists had, on reflection, been too high.

4.50. On 8 August 2019, a further meeting was held with Mr Thomas to clarify his role in the referral of DBP transfer advice, in particular, relating to members of the former BSPS. A note of that meeting records that Mr Thomas stated he had only used Pension Transfer Specialist B for two DBP transfer referral cases and the firm in question had subsequently gone into liquidation, so almost all the referrals had been to Pension Transfer Specialist A.

4.51. At the meeting with Quilter, Mr Thomas explained the process he had adopted when referring business to Pension Transfer Specialist A, including that he provided no advice to referred clients. Mr Thomas also told Quilter that he had destroyed all the documents related to the clients in question. During the meeting, Quilter also asked Mr Thomas whether he had received any complaints regarding advice that had been given to clients who had been members of the BSPS. In response, Mr Thomas stated that he was unaware of any such complaints. This was incorrect, as approximately three weeks prior to the 8 August meeting, on 17

July 2019, Mr Thomas had received a complaint from a client to whom he had personally provided DBP transfer advice, without the involvement of a Pension Transfer Specialist. He did not share this information with Quilter.

4.52. On 27 August 2019, Mr Thomas provided Quilter with a list of 33 clients who he had referred to the Pension Transfer Specialist A and a spreadsheet indicating that he had received £88,827 from Pension Transfer Specialist A under their referral agreement.

4.53. On 18 September 2019, Mr Thomas provided Quilter with another list of 48 clients who had previously received pensions advice from him, which he stated constituted *"all the cases that did not go through pre-approval" process";* meaning Quilter would not have any documentation relating to the advice given to those clients. The majority of these cases were Defined Contribution Pension Scheme switches, which he was permitted to advise on under the terms of the AR Agreement, subject to obtaining pre-approval of his proposed advice. However, the Authority has established that at least six clients on the list received DBP transfer advice from Mr Thomas, in relation to which he received the full fee for the advice, which indicates that he gave the advice himself. He did not provide Quilter with details of the other 57 instances in which the Authority has obtained evidence of him personally giving DBP transfer advice.

4.54. In September 2019, following the receipt of a complaint, Mr Thomas admitted to Quilter that he had provided DBP transfer advice to one client without having the necessary qualifications. This was the first time Quilter learnt that Mr Thomas had provided DBP transfer advice personally, rather than referring it outside the Quilter Network to a Pension Transfer Specialist who was permitted to provide that advice. Mr Thomas confirmed that he did not retain any paperwork relating to the transfer and failed to submit any paperwork to Quilter for pre-approval of the advice. He admitted that he had described the case incorrectly on Quilter's IT system (which would facilitate payment of his fee for the advice). He further admitted attesting to the pension scheme administrator of the DBP Scheme that he was qualified to give such advice and indicated that there were a further five cases in which he may have given DBP transfer advice. Quilter noted that Mr Thomas had not raised the issue before, despite weekly engagement with Quilter. At interview, Mr Thomas told the Authority he had given advice in this one case only, in error, but that it was also possible he may have made other unspecified mistakes. The Authority considers that Mr Thomas' position lacks credibility. This is supported by the large number of additional cases in which he gave advice and made misleading statements.

4.55. On 20 September 2019, Quilter terminated its AR Agreement with DPT and terminated Mr Thomas' CF30 approval which had recently been transferred to another firm. On 1 October 2019, Quilter wrote to Mr Thomas to confirm the termination in writing and stated that the reason for terminating the AR agreement was that he had provided DBP transfer advice without its authority.

4.56. Quilter has confirmed to the Authority that it has taken steps to contact the clients to whom Mr Thomas provided unauthorised DBP advice and to repay them the commission Quilter retained from fees paid to it (plus interest), as a consequence of Mr Thomas arranging those unauthorised DBP transfers.

Mr Thomas' failure to cooperate with the Authority's Investigation

4.57. Since 4 November 2022, Mr Thomas has ceased co-operating with the Authority's Investigation. In doing so, he has not responded to numerous requests and compelled requirements (which were sent by email and post) to provide further information and documentation to the Authority. He has also refused to engage with the Authority's attempts to arrange a second interview with him.

4.58. The Authority considers that Mr Thomas' conduct during the investigation demonstrates a lack of openness and co-operation with the Authority, which is relevant to our assessment that he lacks the requisite fitness and propriety to work in financial services.

5. FAILINGS

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

<u>Statement of Principle 1</u>

5.2. Statement of Principle 1 required Mr Thomas to act with integrity in carrying out his controlled functions. A person may lack integrity where he acts dishonestly or recklessly. During the Relevant Period, Mr Thomas acted recklessly and without integrity when he:

5.2.1. advised clients to transfer their pension savings out of DBP Schemes, in the knowledge that he was not qualified to provide such advice, nor permitted to do so by the terms of DPT's AR Agreement with Quilter;

5.2.2. falsely represented to his clients that he had the correct qualifications to advise on DBP transfers;

5.2.3. falsely represented, in communications sent to pension scheme providers, that he was qualified and authorised to give DBP transfer advice, in circumstances where he knew he was not; and

5.2.4. repeatedly provided Quilter with inaccurate, incomplete and misleading information about his involvement in DBP transfer referrals and the provision of DBP pension transfer advice.

5.3. In the alternative, it appears to the Authority that these same actions amount to a failure by Mr Thomas to act with due skill, care and diligence in breach of Statement of Principle 2.

Statement of Principle 2

5.4. Statement of Principle 2 required Mr Thomas to act with due skill, care and diligence in carrying out his accountable functions.

5.5. COBS 9.5.2R requires that records relating to suitability must be retained indefinitely if they relate to pension transfers and for 5 years if they relate to personal pension schemes.

5.6. Mr Thomas destroyed his client files. He did so prior to the commencement of the Authority's investigation, in circumstances where his clients had limited or no paperwork relating to the advice he gave. Accordingly, the Authority considers that, in breach of Statement of Principle 2, Mr Thomas has failed to act with due skill, care and diligence when he destroyed records relating to DBP transfer advice he had given to clients.

Statement of Principle 4

5.7. Statement of Principle 4 required Mr Thomas to deal with the Authority in an open and co-operative way and disclose appropriately any information of which the Authority would reasonably expect notice. The Authority considers that Mr Thomas failed to adhere to Statement of Principle 4 when he failed to co-operate appropriately with the Authority's investigation and failed repeatedly to respond to reasonable requests for information.

Lack of fitness and propriety

5.8. As a result of the above, the Authority considers that Mr Thomas' conduct demonstrates a serious lack of integrity such that he is not a fit and proper person to perform any function in relation to any regulated activities carried on by any authorised or exempt person or exempt professional firm.

6. SANCTION

Financial penalty

6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5B sets out the details of the five-step framework that applies in respect of financial penalties imposed on individuals in non-market abuse cases.

Step 1: disgorgement

6.2. Pursuant to DEPP 6.5B.1G, at Step 1 the Authority seeks to deprive an individual of the financial benefit derived directly from the breach, where it is practicable to quantify this.

6.3. During the Relevant Period, Mr Thomas received £173,732 as a result of his unauthorised DBP transfer advice.

6.4. DEPP 6.5A.1G(1) states that the Authority will ordinarily charge interest on the financial benefit. Interest is charged at the Bank of England base rates over the relevant period. In this case it amounts to £28,382.

6.5. Step 1 is therefore **£202,114**, which includes £173,732 in prohibited income (that directly stems from the breach) and £28,382 in interest.

Step 2: the seriousness of the breach

6.6. Pursuant to DEPP 6.5B.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. That figure is based on a percentage of the individual's relevant income. The individual's relevant income is the gross amount of all benefits received by the individual from the employment in connection with which the breach occurred, and for the period of the breach.

6.7. The period of Mr Thomas' breach was from 8 April 2014 to 20 September 2019. The Authority considers his relevant income for this period to be £1,126,345, which consisted of income from DPT.

6.8. In deciding on the percentage of the relevant income that forms the basis of the Step 2 figure, the Authority considers the seriousness of the breach and chooses a percentage between 0% and 40%. This range is divided into five fixed levels which represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level. For penalties imposed on individuals in non-market abuse cases there are the following five levels:

Level 1 – 0%
Level 2 – 10%
Level 3 – 20%
Level 4 – 30%
Level 5 – 40%

6.9. In assessing the seriousness level, the Authority considers various factors which reflect the impact and nature of the breach and whether it was committed deliberately or recklessly.

Impact of Breach

6.10. The Authority considers Mr Thomas' misconduct to be particularly serious because he gained a significant financial benefit from providing unauthorised DBP transfer advice, at a time when he knew he had to refer clients who required DBP transfer advice to a Pension Transfer Specialist (DEPP 6.5B.2G(8)(a)).

6.11. Mr Thomas' breaches have caused the risk of loss to individual clients. By providing potentially unsuitable pension transfer advice, he has put clients' guaranteed benefit associated with their pension schemes at risk (DEPP 6.5B.2G(8)(c)).

6.12. Mr Thomas' breaches had an impact on vulnerable clients, particularly those who were members of the BSPS and had little or no experience of pensions and investments (DEPP 6.5B.2G(8)(d)).

6.13. Mr Thomas' breaches also caused inconvenience and distress to clients who had relied on the representation and advice of Mr Thomas (DEPP 6.5B.2G(8)(e)).

Nature of the breach

6.14. Mr Thomas' breaches spanned several years, during which he was fully aware that he was not authorised to provide DBP transfer advice, and he would likely have continued doing so but for the Authority and Quilter's intervention (DEPP 6.5B.2G(9)(b)).

6.15. Mr Thomas knowingly breached the Authority's pension advice rules, failed to inform clients that he was not qualified or authorised to provide DBP transfer advice and knowingly made false representations to pension fund administrators to facilitate the transfer of clients' DBPs (DEPP 6.5B.2G(9)(e)).

6.16. By the end of the Relevant Period, Mr Thomas had over 20 years of experience working in the financial services industry (DEPP 6.5B.2G(9)(j)).

6.17. The Authority regards Mr Thomas' misconduct to be reckless because he provided DBP transfer advice to 53 clients on 63 occasions throughout the Relevant Period, in circumstances where he knew that he was not permitted or qualified to provide DBP transfer advice according to the Authority's pension advice rules and the terms of his AR Agreement with Quilter (DEPP 6.5B.2G(11).

Level of seriousness

6.18. DEPP 6.5B.2G(12) lists factors likely to be considered 'level 4 or 5 factors'. Of these, the Authority considers the following factors to be relevant:

6.18.1. the breach caused a significant risk of loss to a large number of clients (DEPP 6.5B.2G(12)(a));

6.18.2. Mr Thomas failed to act with integrity (DEPP 6.5B.2G(12)(d)); and

6.18.3. the breach was committed recklessly (DEPP 6.5B.2G(12)(g)).

6.19. DEPP 6.5B.2G(13) lists factors likely to be considered 'level 1, 2 or 3 factors'. The Authority considers that none of these factors apply.

6.20. Taking all these factors into account, the Authority considers the seriousness of the breach to be level 5 and so the Step 2 figure is 40% of £1,126,345 .

6.21. The Step 2 figure is therefore: **£450,538** .

Step 3: mitigating and aggravating factors

6.22. Pursuant to DEPP 6.5B.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.23. The Authority considers that the following factors aggravate the breach:

6.23.1. Mr Thomas has failed to cooperate with the Authority's investigation and has failed to respond to requests and compelled requirements on time, in full or at all (DEPP 6.5B.3G(2)(b)).

6.24. The Authority considers that there are no factors that mitigate the breach.

6.25. The Authority considers the aggravating factor to be very serious and, therefore, warranting a substantial uplift to the Step 2 figure. Having considered this aggravating factor, the Authority considers that the Step 2 figure should be increased by 20%.

6.26. The Step 3 figure is therefore **£540,645**.

Step 4: adjustment for deterrence

6.27. Pursuant to DEPP 6.5B.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the individual who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty.

6.28. The Authority considers that the Step 3 figure of £540,645 represents a sufficient deterrent to Mr Thomas and others and so has not increased the penalty at Step 4.

6.29. The Step 4 figure would therefore be **£540,645**.

Step 5: settlement discount

6.30. Pursuant to DEPP 6.5B.5G, if the Authority and the individual on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the individual reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1. No settlement discount applies in this case.

6.31. Step 5 is therefore **£540,645**.

Serious financial hardship

6.32. Pursuant to DEPP 6.5D.1G, the Authority will consider reducing the amount of a financial penalty to be imposed on an individual if the individual provides verifiable evidence that payment of the penalty will cause them serious financial hardship. The onus is on the individual to satisfy the Authority that the payment of the penalty will cause them serious financial hardship.

Penalty

6.33. The Authority therefore has decided to impose a total financial penalty of **£742,700** on Mr Thomas for breaching Statement of Principle 1, Statement of Principle 2 and Statement of Principle 4. This figure is comprised of the Step 1 figure of £202,114 and the Step 5 figure of £540,645 (rounded down to the nearest £100 in accordance with the Authority's usual practice).

Prohibition Order

6.34. The Authority has had regard to the guidance in Chapter 9 of its Enforcement Guide in deciding to impose a prohibition order on Mr Thomas. The Authority has the power to prohibit individuals under section 56 of the Act.

6.35. The Authority considers that it is appropriate and proportionate to prohibit Mr Thomas from performing any function in relation to any regulated activities carried on by an authorised person, exempt person or exempt professional firm pursuant to section 56 of the Act, on the grounds that he is not a fit and proper person to perform such functions due to his lack of integrity.

7. PROCEDURAL MATTERS

7.1. This Notice is given to Mr Thomas under sections 57(3) and 67(4) and in accordance with section 388 of the Act.

7.2. The following statutory rights are important.

Decision maker

7.3. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

The Tribunal

7.4. Mr Thomas has the right to refer the matter to which this Notice relates to the Tribunal. Under paragraph 2(2) of Schedule 3 of the Tribunal Procedure (Upper Tribunal) Rules 2008, Mr Thomas has 28 days from the date on which this Notice is given to him to refer the matter to the Tribunal. A reference to the Tribunal is made by way of a signed reference notice (Form FTC3) filed with a copy of this Notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, Fifth Floor, Rolls Building, Fetter Lane, London EC4A 1NL (tel: 020 7612 9730; email fs@hmcts.gsi.gov.uk). Further information on the Tribunal, including guidance and the relevant forms to complete, can be found on the HM Courts and Tribunal Service website:

7.5. A copy of the reference notice (Form FTC3) must also be sent to the Authority at the same time as filing a reference with the Tribunal. A copy of the reference notice should be sent to Rory Neary at the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.

7.6. Once any such referral is determined by the Tribunal and subject to that determination, or if the matter has not been referred to the Tribunal, the Authority will issue a Final Notice about the implementation of that decision.

Access to evidence

7.7. Section 394 of the Act applies to this Notice.

7.8. The person to whom this Notice is given has the right to access:

7.8.1. the material upon which the Authority has relied on in deciding to give this Notice; and

7.8.2. any secondary material which, in the opinion of the Authority, might undermine that decision.

Third party rights

7.9. A copy of this Notice is being given to Quilter as a third party identified in the reasons above and to whom in the opinion of the Authority the matter to which those reasons relate is prejudicial. That party has similar rights of representation and access to material in relation to the matter which identifies it.

Confidentiality and publicity

7.10. This Notice may contain confidential information and should not be disclosed to a third party (except for the purpose of obtaining advice on its contents). In accordance with section 391 of the Act, a person to whom this Notice is given or copied may not publish the Notice or any details concerning it unless the Authority has published the Notice or those details.

7.11. The Authority must publish such information about the matter to which a Decision Notice or Final Notice relates as it considers appropriate. The persons to whom this Notice is given or copied should therefore be aware that the facts and matters contained in this Notice may be made public.

Authority contacts

7.12. For more information concerning this matter generally, contact Rory Neary at the Authority (direct line: 020 7066 7972 /email: Rory.Neary2@fca.org.uk).

Anthony Monaghan

Settlement Decision Maker, for and on behalf of the Authority

Lucy Castledine

Settlement Decision Maker, for and on behalf of the Authority

ANNEX A

RELEVANT STATUTORY AND REGULATORY PROVISIONS

1. RELEVANT STATUTORY PROVISIONS

1.1. The Authority's statutory objectives, set out in section 1B(3) of the Act, include the operational objective of securing an appropriate degree of protection for consumers (section 1C).

1.2. Section 56 of the Act provides that the Authority may make an order prohibiting an individual from performing a specified function, any function falling within a specified description or any function, if it appears to the Authority that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated activities.

1.3. Section 66 of the Act provides that the Authority may take action against a person if it appears to the Authority that he is guilty of misconduct and the Authority is satisfied that it is appropriate in all the circumstances to take action against him. A person is guilty of misconduct if, while an approved person, he has failed to comply with a statement of principle issued under section 64 of the Act, or has been knowingly concerned in a contravention by a relevant authorised person of a relevant requirement imposed on that authorised person.

2. RELEVANT REGULATORY PROVISIONS

Statements of Principle and Code of Practice for Approval Persons

2.1. The Authority's Statements of Principle and Code of Practice for Approved Persons ("APER") have been issued under section 64 of the Act. The Code of Practice for Approved Persons sets out descriptions of conduct which, in the opinion of the Authority, do not comply with a Statement of Principle. It also sets out factors which, in the Authority's opinion, are to be taken into account in determining whether an approved person's conduct complies with a Statement of Principle.

2.2. During the Relevant Period, Statement of Principle 1 stated that an approved person must act with integrity in carrying out his accountable functions.

2.3. During the Relevant Period, Statement of Principle 2 stated that an approved person must act with due skill, care and diligence in carrying out his accountable functions.

2.4. During the Relevant Period, Statement of Principle 4 stated that an approved person must deal with the Authority in an open and cooperative way and must disclose appropriately any information of which the Authority would reasonably expect notice.

Conduct of Business Sourcebook

2.5. The Conduct of Business Sourcebook ("COBS") sets out rules and guidance relating to the provision of pension transfer advice to customers. The following rules and guidance in COBS were in place during the Relevant Period and are relevant to assessing suitability of pension transfer advice given to clients.

2.6. COBS 2.1.1R states that a firm must act honestly, fairly and professionally in accordance with the best interests of its client.

2.7. COBS 4.2.1R(1) states that a firm must ensure that a communication or a financial promotion is fair, clear and not misleading.

2.8. COBS 9.2.1R states that:

(1) A firm must take reasonable steps to ensure that a personal recommendation, or a decision to trade, is suitable for its client.

(2) When making the personal recommendation or managing his investments, the firm must obtain the necessary information regarding the client's:

(a) knowledge and experience in the investment field relevant to the specific type of designated investment or service;

(b) financial situation; and

(c) investment objectives;

so as to enable the firm to make the recommendation, or take the decision, which is suitable for him.

2.9. COBS 9.5.2R states that a firm must retain its records relating to suitability for a minimum of the following periods:

(1) If relating to a pension transfer, pension conversion, pension opt-out or FSAVC, indefinitely;

(2) If relating to a life policy, personal pension scheme or stakeholder pension scheme, five years; and

(3) In any other case, three years.

2.10. COBS 19.1.1R (which was in force between 8 June 2015 and 30 March 2018) and COBS 19.1.1AR (which has been in force from 1 April 2018 to present) state that that if an individual who is not a pension transfer specialist gives advice or a personal recommendation about a pension transfer, a pension conversion or pension opt-out on a firm's behalf, the firm must ensure that the recommendation or advice is checked by a pension transfer specialist.

2.11. COBS 19.1.6G states that, when advising a client who is, or is eligible to be, a member of a Defined Benefit Pension Scheme or other scheme with safeguarded benefits whether to transfer, convert or opt-out, a firm should start by assuming that a transfer, conversion or opt-out will not be suitable. A firm should only consider a transfer, conversion or opt out to be suitable if it can clearly demonstrate, on contemporary evidence, that the transfer, conversion or opt-out is in the client's best interests.

The Fit and Proper Test for Approved Persons

2.12. The part of the Authority's Handbook entitled "The Fit and Proper Test for Approved Persons" ("FIT") sets out the criteria that the Authority will consider when assessing the fitness and propriety of a candidate for a controlled function. FIT is also relevant in assessing the continuing fitness and propriety of an approved person.

2.13. FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person. The most important considerations will be the person's honesty, integrity and reputation, competence and capability, and financial soundness.

2.14. FIT 2.1.1G provides that, in determining a person's honesty and integrity, the Authority will have regard to all relevant matters, including, but not limited to, those set out in FIT 2.1.3G which may have arisen either in the United Kingdom or elsewhere.

2.15. FIT 2.2.1G provides that, in determining a person's competence and capability, the Authority will have regard to all relevant matters, including, but not limited to, those set out at FIT 2.1.3G(1) to (3).

The Enforcement Guide

2.16. The Authority's policy in relation to prohibition orders is set out in Chapter 9 of the Enforcement Guide ("EG").

2.17. EG 9.1 states that the Authority may exercise this power where it considers that, to achieve any of its regulatory objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities or to restrict the functions which he may perform.

2.18. EG 9.2 sets out the Authority's general policy on making prohibition orders. In particular:

(1) EG 9.2.1 states that the Authority will consider all relevant circumstances;

(2) EG 9.2.2 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case and the range of regulated activities to which the individual's lack of fitness and propriety is relevant; and

(3) EG 9.2.3 states that the scope of a prohibition order will depend on, among other things, the reasons why the individual is not fit and proper and the severity of risk he poses to consumers or the market generally.

2.19. EG 9.3.5 sets out examples of types of behaviour which have previously resulted in the Authority deciding to issue a prohibition order or withdraw the approval of an approved person, including serious breaches of the APER for approved persons such as by providing misleading information to clients.

2.20. EG 9.5.1 states that where the Authority is considering making a prohibition order against an individual who is not an approved person, the Authority will consider the severity of the risk posed by the individual and may prohibit the individual where it considers this is appropriate to achieve one or more of its statutory objectives.

2.21. EG 9.5.2 provides that, when considering whether to exercise its power to make a prohibition order against an individual who is not an approved person, the

Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, where appropriate, the factors set out in EG 9.3.2.

2.22. The Authority's approach to financial penalties is set out in Chapter 7 of EG, which can be accessed here:

https://www.handbook.fca.org.uk/handbook/EG/7/?view=chapter

The Decision Procedure and Penalties Manual

2.23. Chapter 6 of The Decision Procedure and Penalties Manual ("DEPP"), which forms part of the Authority's Handbook, sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act.

2.24. The Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5B sets out the details of the five-step framework that applies to financial penalties imposed on individuals in non-market abuse cases, which can be accessed here:

https://www.handbook.fca.org.uk/handbook/DEPP/6/5B.html