
FINAL NOTICE

To: Mr Ari Harris

IRN: AXH02929

Date: 18 November 2024

ACTION

1. For the reasons set out in this Final Notice, the Authority has decided to:
 - a) withdraw the approval granted to Mr Harris to perform the SMF29 (Limited Scope) senior management function at the Firm, pursuant to section 63 of the Act; and
 - b) make an order prohibiting Mr Harris from performing any function in relation to any regulated activity carried on by an authorised person, exempt person, or exempt professional firm pursuant to section 56 of the Act.
2. The Authority gave Mr Harris the Decision Notice, which notified Mr Harris of the Authority's decision to take the action specified above.
3. Mr Harris has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to him.
4. Accordingly, the Authority hereby withdraws the approval granted to Mr Harris and makes the prohibition order as set out in paragraph 1 above against Mr Harris. Both take effect from the date of this Final Notice.

SUMMARY OF REASONS

5. On the basis of the facts and matters set out in this Notice, it appears to the Authority that Mr Harris is not a fit and proper person to perform any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.

6. On 29 July 2020, Mr Harris pleaded guilty to a single count of wounding/inflicting grievous bodily harm without intent, contrary to section 20 of the Offences Against the Person Act 1861 (the "Offence").
7. On 22 July 2022, Mr Harris was sentenced in the Crown Court at Isleworth to three years' immediate imprisonment. The judge observed in their sentencing remarks that Mr Harris was the aggressor, and that rather than remaining on the scene to see whether the victim was alive or dead, he *"left the scene ... appearing not to show any care or responsibility to a victim who you had harmed."*
8. Mr Harris committed the Offence whilst he was the only approved person at the Firm and he failed to notify the Authority of the criminal proceedings, which resulted in his conviction and imprisonment.
9. Subsequently, Mr Harris deliberately failed to disclose details of his conviction and imprisonment to the Authority and, acting together with Director B (another director at the Firm), deliberately provided false and misleading information to the Authority, whereby he gave a false reason as to why the Firm had submitted an application for Director B's approval to perform the SMF29 function at the Firm in place of himself (see paragraphs 23-28 below).
10. Mr Harris's conviction, his deliberate failure to disclose it to the Authority and his deliberate provision of false and misleading information to the Authority in relation to Director B's application for approval, as well as the circumstances of the Offence, demonstrate a clear and serious lack of honesty, integrity and reputation, such that he is not fit and proper to perform regulated activities.
11. In concluding that it is appropriate to take the action set out at paragraph 1 above, the Authority has had regard to all relevant circumstances, including the relevance and materiality of the Offence and the severity of the risk posed by Mr Harris to consumers and to confidence in the UK financial system, in so far as public confidence in financial services and people operating within it is concerned. These circumstances include his lack of honesty, integrity and reputation, as evidenced by the Offence, his deliberate failure to disclose his conviction and imprisonment for the Offence to the Authority, and his deliberate provision of false and misleading information to the Authority, despite being an approved person.
12. In the Authority's view, there is a severe risk of an erosion of public confidence if those who are convicted of violent offences and who lack honesty, integrity and reputation are permitted to continue working in the financial services industry.
13. The Authority therefore considers it is appropriate to withdraw Mr Harris's approval to perform the SMF29 senior management function at the Firm, and to impose a prohibition order against him in the terms set out in paragraph 1 above, to advance the Authority's consumer protection and integrity objectives (as set out in section 1C and section 1D of the Act).

DEFINITIONS

14. The definitions below are used in this Notice (and in the Annex):
 - "the Act" means the Financial Services and Markets Act 2000;
 - "the Authority" means the Financial Conduct Authority;

"CF8" means the Apportionment and Oversight function formerly required by the Firm pursuant to SUP10A.7R (no longer in force);

"the Decision Notice" means the decision notice given to Mr Harris on 4 October 2024;

"Director B" means the second director of the Firm who was appointed on 22 July 2022 and resigned on 26 July 2023;

"EG" means the Enforcement Guide;

"the Firm" means Reeds Motors Ltd;

"FIT" means the Authority's 'Fit and Proper Test for Employees and Senior Personnel', forming part of the Handbook;

"the Handbook" means the Authority's Handbook of rules and guidance;

"the Offence" means the offence of wounding/inflicting grievous bodily harm without intent, contrary to section 20 of the Offences Against the Person Act 1861, to which Mr Harris pleaded guilty on 29 July 2020;

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

"SMF29" means the limited scope function of acting in the capacity of a person responsible for the apportionment function and/or oversight function set out in SYSC 4.4.5R;

"SYSC" means Senior Management Arrangements, Systems and Controls section of the Handbook;

"SUP" means the Authority's Supervision Manual; and

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and

RELEVANT STATUTORY AND REGULATORY PROVISIONS

15. The statutory and regulatory provisions relevant to this Notice are set out in the Annex.

FACTS AND MATTERS

Reeds Motors Ltd and Mr Harris

16. The Firm is an authorised consumer credit firm with permissions to carry on credit broking, debt adjusting, and debt counselling. Mr Harris has been the sole director at the Firm since 1 December 2015 apart from the period between 22 July 2022 and 26 July 2023 when the Firm had two directors.
17. Mr Harris was approved by the Authority to perform the CF8 apportionment and oversight controlled function at the Firm from 18 March 2016 until 8 December 2019, and has been approved by the Authority to perform the SMF29 limited scope senior manager function at the Firm from 19 December 2019 to date. The Firm has no other approved persons.
18. Since 18 May 2023, as a consequence of the matters outlined below, the Firm has been subject to a requirement by which it has agreed not to undertake any regulated activity in relation to the offering of credit broking services to existing or new clients without the consent of the Authority.

Mr Harris's offence, his conviction and sentence

19. On 6 May 2018, Mr Harris stabbed a man twice in the neck with a kitchen knife, during a confrontation in a public carpark, nearby to where the victim was attending a family event, leaving him with life-changing injuries. Mr Harris pleaded guilty to the Offence on 29 July 2020 at Isleworth Crown Court, following which, on 22 July 2022, he was sentenced to three years' immediate imprisonment, the judge having reduced the sentence which they would otherwise have imposed from one of four years' imprisonment, in recognition of his guilty plea.
20. In their sentencing remarks, the judge noted the impact that the Offence had had on the victim and made the following observations:

"... you used the knife, not once but twice and that have [sic] required a degree of force. Rather than remaining on the scene to see whether [the victim] was alive or dead, because stab wounds to the neck can be fatal, as you well know, you left the scene, on the face of it, appearing not to show any care or responsibility to a victim whom you had harmed."

"... These are life-changing injuries that you caused. For that reason, in my judgment, there is no doubt that this is a case which falls into the highest category of harm. It is agreed by Prosecution and Defence that, as far as culpability is concerned, this is a medium culpability case. You used a knife to inflict the injuries."

21. In considering the aggravating and mitigating factors of this case, the judge further observed:

"I consider that the aggravating features in this case are that it took place at what was essentially a family event where children were present and those who learned about what had happened may well have been very frightened indeed..."

"As far as mitigation is concerned, again, your plea at the plea and case management hearing is taken into consideration. ... You are a man with no previous convictions, so you have lost your good character as a result of what you did on 6 May 2018. There are clearly many decent sides of your character. You care for others, you have done charity work during the pandemic. But I must bear in mind the effect that your behaviour has had on the victim in this case."

The provision of false and misleading information

22. At the time of the Firm becoming authorised on 18 March 2016, Mr Harris, as CF8 (later SMF29) of the Firm, was informed that an approved person must "...[c]ontinue to comply with the FCA's Fit and Proper test for Approved Persons, set out in the FIT... Approved persons have a duty to report to the authorised firm and to the FCA any matter that may impact on their on-going fitness and propriety...". This ongoing reporting requirement is also set out at SUP 10C.14.18R in the Handbook. Mr Harris deliberately failed to notify the Authority of his offending, conviction and custodial sentence despite his obligation to do so and deliberately provided false and misleading information to the Authority in relation to Director B's application for approval.
23. On 7 October 2022, the Firm submitted an application to the Authority for Director B to be approved to perform the SMF29 function. Mr Harris signed the application form on behalf of the Firm.
24. On 19 December 2022, the Authority emailed the Firm asking, amongst other matters, why the Firm required a second SMF29 and also whether Mr Harris would be

relinquishing his role. On 22 December 2022, the Firm sent a reply to the Authority, purportedly written by Mr Harris, as follows:

"I am currently overseas looking into a new business abroad, [Director B] is currently running the business and is also director and is the one that is to be performing the SMF29 Function, therefore please remove me as this and place [Director B] in my place."

25. There was some ongoing correspondence between the Firm and the Authority over the following few months, during which the Firm maintained the pretence that Mr Harris was abroad or "on the road", when he was in fact in prison serving his sentence for the Offence.
26. On 3 February 2023, a pre-arranged telephone call took place between the Authority's Authorisations department and Mr Harris, during which Mr Harris said that he was relinquishing his role as SMF29 because he had other businesses he was dealing with and would be running a property business in Iraq. At no point in this conversation (which took place whilst Mr Harris was in prison) did Mr Harris inform the Authority of his conviction or imprisonment.
27. On 24 February 2023, the Authority called Director B, who initially maintained that:

"Both of us are directors and running the business but [Mr Harris] will be traveling [sic] abroad and running a business that is why going forward it will be easier if I am the director and I have also been listed as a Director and completing duties while he is travelling back and forth and it is a matter of reaching someone."
28. Director B was then challenged by the Authority with a court record sheet which showed that Mr Harris had been convicted of the Offence and imprisoned. Director B then admitted the true position and stated that the reason that they had not disclosed the conviction was because: (i) it would mean that they "would have to cut all of their finance work"; and (ii) as a consequence of having taken bad advice. Whilst clearly remorseful, Director B confirmed in subsequent correspondence with the Authority, that they had agreed together with Mr Harris not to disclose his conviction and to provide the false account about him working overseas.

LACK OF FITNESS AND PROPRIETY

29. FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing an individual's fitness and propriety. FIT 1.3.1BG(1) states that among the most important considerations when assessing the fitness and propriety of a person is that person's honesty, integrity and reputation.
30. The facts and nature of Mr Harris's offence, in particular his having been convicted of a serious violent offence, his deliberate failure to inform the Authority of his conviction and imprisonment, and his deliberate provision of false and misleading information to the Authority, show he lacks honesty and integrity.
31. The Authority also considers that as a result of the nature of his offending, conviction and imprisonment, Mr Harris does not have the requisite reputation to perform functions in relation to regulated activities and is likely to damage the reputation of any regulated firm at which he is required to perform such functions.
32. For the reasons set out above, the Authority considers that Mr Harris is not a fit and proper person to perform regulated activities.

Prohibition

33. EG 9.1.1 provides that the power under section 56 of the Act to prohibit individuals who are not fit and proper from carrying out functions in relation to regulated activities helps the Authority to work towards achieving its statutory objectives, which include consumer protection and protecting and enhancing the integrity of the UK financial system.
34. Taking into account the nature of the Offence, a serious offence of violence, Mr Harris's conviction for the Offence and the imposition of a lengthy sentence of imprisonment, his deliberate failure to inform the Authority of the conviction, his subsequent deliberate provision of false and misleading information to the Authority (despite his being an approved person), the Authority considers that Mr Harris lacks fitness and propriety due to his lack of honesty, integrity and reputation. Therefore, the Authority considers it is appropriate to prohibit Mr Harris from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.

Withdrawal of Approval

35. In light of Mr Harris's lack of fitness and propriety as set out above, the Authority also considers that it is appropriate and proportionate to withdraw Mr Harris's approval to perform the SMF29 senior management function at the Firm.

PROCEDURAL MATTERS

36. This Final Notice is given to Mr Harris in accordance with section 390(1) of the Act. The following paragraphs are important.

Decision maker

37. The decision which gave rise to the obligation to give this Decision Notice was made by the RDC. The RDC is a committee of the Authority which takes certain decisions on behalf of the Authority. The members of the RDC are separate to the Authority staff involved in conducting investigations and recommending action against firms and individuals. Further information about the RDC can be found on the Authority's website:

<https://www.fca.org.uk/about/committees/regulatory-decisions-committee-rdc>

Publicity

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

Authority Contacts

41. For more information concerning this matter generally, Mr Harris should contact Danielle Stuart (direct line: 020 7066 0185 / email: Danielle.stuart@fca.org.uk).

Jeremy Parkinson
Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives are set out in section 1B(3) of the Act and include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 56(1) of the Act provides:

"The [Authority] may make a prohibition order if it appears to it that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by:
 - (a) an authorised person,
 - (b) a person who is an exempt person in relation to that activity, or
 - (c) a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity."
3. Section 63(1) of the Act states 'The [Authority] may withdraw an approval under section 59 given by the FCA or PRA in relation to the performance by a person of a function if the FCA considers that the person is not a fit and proper person to perform the function'.

RELEVANT REGULATORY PROVISIONS

4. In exercising its power to withdraw an approval and make a prohibition order, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The relevant main considerations in relation to the action specified above are set out below.

The Enforcement Guide

5. The Authority's policy in relation to exercising its power to withdraw an approval and issue a prohibition order is set out in EG 9.
6. EG 9.1 explains the purpose of withdrawal of approvals and prohibition orders in relation to the Authority's regulatory objectives.
7. EG 9.2 sets out the Authority's general policy on making prohibition orders or withdrawing approvals. In particular—
 - (a) EG 9.2.1 states that the Authority will consider all relevant circumstances, including whether enforcement action has been taken against the individual by other enforcement agencies, in deciding whether to make a prohibition order;
 - (b) 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
 - (c) 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.

8. EG 9.3.1 explains that when the Authority has concerns about the fitness and propriety of an approved person, it may consider whether it should prohibit that person from performing functions in relation to regulated activities, withdraw its approval, or both. In deciding whether to withdraw its approval and/or make a prohibition order, the Authority will consider in each case whether its statutory objectives can be achieved adequately by imposing disciplinary sanctions, for example, public censures or financial penalties, or by issuing a private warning.
9. EG 9.3.2 sets out the matters which the Authority may take into account when deciding whether to make a prohibition order against an approved person. These may include but are not limited to:
 - (a) whether the individual is fit and proper to perform functions in relation to regulated activities (noting the main assessment criteria set out in FIT 2.1, 2.2 and 2.3) (EG 9.3.2(2));
 - (b) the relevance and materiality of any matters indicating unfitness (EG 9.3.2(5));
 - (c) the length of time since the occurrence of any matters indicating unfitness (EG 9.3.2(6));
 - (d) the particular controlled function the approved person is (or was performing), the nature and activities of the firm concerned and the markets in which he operates (EG 9.3.2(7)); and
 - (e) the severity of the risk which the individual poses to consumers and to confidence in the financial system (EG 9.3.2(8)).
10. EG 9.3.3 states that the Authority may have regard to the cumulative effect of a number of factors which, when considered in isolation, may not be sufficient to show that the individual is not fit and proper to continue to perform a controlled function or other function in relation to regulated activities. It may also take account of the particular controlled function which an approved person is performing for a firm, the nature and activities of the firm concerned and the markets within which it operates.
11. EG 9.3.4 states that due to the diverse nature of the activities and functions which the Authority regulates, it is not possible to produce a definitive list of matters which the Authority might take into account when considering whether an individual is not a fit and proper person to perform a particular, or any, function in relation to a particular, or any, firm.

The Fit and Proper Test for Employees and Senior Personnel

12. FIT sets out the criteria that the Authority will consider when assessing the fitness and propriety of a candidate for a controlled function, and may consider when assessing the continuing fitness and propriety of approved persons.
13. FIT 1.3.1BG(1) states that the most important considerations when assessing the fitness and propriety of a person to perform a controlled function include that person's honesty, integrity and reputation.
14. FIT 2.1.1G provides that in determining a person's honesty, integrity and reputation, the Authority will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3G and that the Authority should be informed of these matters.

15. In relation to convictions for criminal offences, FIT 2.1.1A G states that: If any staff being assessed under FIT has a conviction for a criminal offence, the firm should consider the seriousness of, and circumstances surrounding, the offence, the explanation offered by the convicted person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.
16. FIT 2.1.2G provides that in considering the matters in FIT 2.1.1G, the Authority will look at whether the person's reputation might have an adverse impact upon the firm for which the controlled function is or is to be performed and at the person's responsibilities.
17. FIT 2.1.3G provides a list of (non-exhaustive) matters to which the Authority will have regard when determining a person's honesty, integrity and reputation. These include:
 - (1) whether the person has been convicted of any criminal offence; this must include, where provided for by the Rehabilitation Exceptions Orders to the Rehabilitation of Offenders Act 1974 or the Rehabilitation of Offenders (Northern Ireland) Order 1978 (as applicable), any spent convictions; particular consideration will be given to offences of dishonesty, fraud, financial crime or an offence under legislation relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, banking, other financial services, insolvency, consumer credit companies, insurance, consumer protection, money laundering, market manipulation and insider dealing, whether or not in the United Kingdom;
 - (4) whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings, and
 - (13) whether, in the past, the person has been candid and truthful in all their dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards.

The Supervision part of the Handbook ("SUP")

18. SUP 10C.14.18R provides:
 - (1) If a firm becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of an FCA-approved SMF manager, or of candidate to be one (see FIT), it must inform the Authority either:
 - a. on Form D; or
 - b. if it is more practicable to do so and with the prior agreement of the Authority, by email or fax:

as soon as practicable and, in any case, within seven business days.
19. SUP 10C.14.21G provides that the duty to notify in SUP 10C.14.18R extends to any circumstances that would normally be declared when giving the information required for section 5 of Form A or matters considered in FIT 2.