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## **FINAL NOTICE**

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**Claims & Credit Hire Limited**  
**1<sup>st</sup> Floor**  
**290 Manchester Street**  
**Oldham**  
**Greater Manchester**  
**OL9 6HB**

**04 December 2020**

### **ACTION**

1. By an application dated 30 July 2019 ("the Application"), Claims & Credit Hire Limited ("CCHL") applied under section 55A of the Financial Services and Markets Act 2000 ("the Act") for Part 4A permission to carry on the regulated activities of:
  - i. agreeing to carry on a regulated activity; and
  - ii. seeking out, referrals and identification of claims or potential claims (personal injury claim; financial services or financial product claim; housing disrepair claim; claim for a specified benefit; criminal injury claim; employment related claim).
2. The Application is incomplete.
3. For the reasons listed below, the Authority has refused the Application.

## **SUMMARY OF REASONS**

4. By its Warning Notice dated 25 August 2020 (“the Warning Notice”) the Authority gave notice that it proposed to refuse the Application and that CCHL was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from CCHL within the time allowed by the Warning Notice, the default procedures in paragraph 2.3.2 of the Authority’s Decision Procedure and Penalties Manual apply, permitting the Authority to treat the matters referred to in its Warning Notice as undisputed and, accordingly, to give a Decision Notice.
6. By its Decision Notice dated 6 October 2020 (“the Decision Notice”), the Authority gave CCHL notice that it had decided to take the action described above.
7. CCHL had 28 days from the date the Decision Notice was given to refer the matter to the Tribunal. No referral was made to the Tribunal within this period of time or to date.
8. Under section 390(1) of the Act, the Authority, having decided to refuse the Application and there having been no reference of that decision to the Tribunal, must give CCHL a Final Notice of its refusal.
9. CCHL has failed to respond to five separate requests for the provision of information considered by the Authority to be necessary to enable it to determine the Application. The last three requests were made over a 4-week period, and the last request included a statement that CCHL must contact the Authority, or the Authority would recommend to the Authority’s Regulatory Transactions Committee (“RTC”) that it give CCHL a Warning Notice proposing to refuse the Application. The deadline given to respond was 15 July 2020. CCHL requested a 28-day extension to that deadline to provide a response, however, they failed to do so.
10. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that CCHL satisfies, and will continue to satisfy, the threshold conditions for which the authority is responsible in relation to all the regulated activities for which CCHL would have permission.
11. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the requested information has raised concerns that CCHL would fail to do so if the Application were to be granted.
12. In particular, the Authority cannot ensure that CCHL:
  - a. can be effectively supervised by the Authority, as required by threshold condition 2C;
  - b. has appropriate human resources, given CCHL’s failure to provide the Authority with the requested information, as required by threshold condition 2D; and
  - c. will conduct its business with integrity and in compliance with proper standards, as required by threshold condition 2E.

## **DEFINITIONS**

13. The definitions below are used in this Final Notice.

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

"the Application" means the application dated 30 July 2019 referred to in paragraph 1 above;

"the Authority" means the Financial Conduct Authority;

"the outstanding information" means the information referred to in paragraph 18 below;

"the RDC" means the Authority's Regulatory Decisions Committee;

"the RTC" means the Authority's Regulatory Transactions Committee;

"SUP" means the Supervision section of the Authority's handbook;

"SYSC" means the Senior Management Arrangements, Systems and Controls section of the Authority's handbook;

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

"the Warning Notice" means the warning notice dated 25 August 2020 given to CCHL by the Authority.

## **FACTS AND MATTERS**

14. The Application was received by the Authority on 30 July 2019.

15. Further information was requested from CCHL under section 55U(5) of the Act.

16. Details of all the communications between the Authority and CCHL are set out below:

17. Between 20 April 2020 and 1 July 2020, the Authority sent CCHL five emails, one letter and made two telephone calls to elicit information from CCHL that would assist Authorisations in determining the Application.

18. On 20 April 2020, the Authority sent an email to CCHL requesting that CCHL provide the following information in support of the Application by 1 May 2020:

- i. Confirmation of the trading names the firm wishes to use should its application be successful;
- ii. Confirmation of the firm's electronic information storage facilities;
- iii. An explanation of acronyms used in the application;
- iv. Complete accounts for the year 2018/19;
- v. Management accounts up to the period 31 March 2020;
- vi. Information on the firm's fee structure; and

vii. Confirmation that the firm is adhering to record keeping requirements in relation to call recordings.

19. CCHL failed to provide the outstanding information by 1 May 2020.

20. On 28 April 2020, the Authority sent an email to CCHL requesting that CCHL provide the following additional information in support of the Application by 12 May 2020:

- a. Copies of financial promotions intended to be used;
- b. Confirmation that the firm will make corrections to its website;
- c. A copy of the firm's conditional fee agreement;
- d. Clarity on the compensation amount to be provided to the client in the event of a successful claim; and
- e. Clarity on the firm's performance claims.

21. CCHL failed to provide the information by 12 May 2020.

22. On 4 May 2020, the Authority attempted to contact CCHL by telephone, however CCHL did not answer the telephone call.

23. On 26 May 2020, CCHL emailed the Authority responding to the Authority's email dated 28 April 2020. CCHL stated that its office was closed due to the Covid-19 pandemic and requested an extension for providing the additional information.

24. On the same day, the Authority attempted to contact CCHL by telephone, however CCHL did not answer the telephone call.

25. On 1 June 2020 the Authority emailed CCHL, noting CCHL's email dated 26 May 2020 and that its office was closed. The Authority agreed to extend the deadline for providing the information requested to 15 June 2020 and requested that CCHL provide the Authority with an alternative contact number. CCHL failed to provide the outstanding information by 15 June 2020 or to provide an alternative contact number.

26. On 22 June 2020, the Authority emailed CCHL, noting a lack of response to its previous requests for information and requesting that CCHL provide the information requested by the Authority on 28 April 2020 by 26 June 2020. On the same day, CCHL responded stating that its office was closed and that the information requested would follow later. CCHL failed to provide the outstanding information by 26 June 2020.

27. On 1 July 2020, the Authority sent a letter to CCHL by way of email and recorded delivery, noting the lack of a response to its requests for the information and requesting that CCHL provide the outstanding information in support of the Application by 15 July 2020. The Authority informed CCHL that a failure to provide the information would result in the Application being determined based upon the information received to date and that this might result in a recommendation to the RTC that it issue CCHL with a Warning Notice proposing to refuse the Application. On the same date, CCHL responded to the Authority's email stating that its office remained closed and requesting a further 28 days to provide the outstanding information. CCHL failed to provide the outstanding information by 15 July 2020.

28. The Authority received no response to any of the communications set out above.

## **IMPACT ON THRESHOLD CONDITIONS**

29. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
30. CCHL has failed to respond to five separate requests for the provision of information considered by the Authority to be necessary to allow the Application to be determined. The final request gave CCHL a two-week period to respond, and included a statement to the effect that CCHL must contact the Authority, or the Authority would recommend to the RTC that CCHL receives a Warning Notice.
31. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that CCHL satisfies, and will continue to satisfy, the threshold conditions.
32. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the requested information has raised concerns that CCHL would fail to do so if the Application were to be granted.
33. In particular, the failure to provide the information has raised concerns as to whether CCHL:
- a. can be effectively supervised by the Authority, as required by threshold condition 2C;
  - b. has appropriate human resources, given CCHL's failure to provide the Authority with the requested information, as required by threshold condition 2D; and
  - c. will conduct its business with integrity and in compliance with proper standards, as required by threshold condition 2E.
34. On the basis of the facts and matters described above, in particular the failure to provide the information sought, the Authority has concluded that it cannot ensure that CCHL will satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which CCHL would have permission if the application was granted.

## **IMPORTANT NOTICES**

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

### **Publication**

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

**Authority contacts**

38. For more information concerning this matter generally, contact Richard Atkinson, Manager, CMC Transition Team at the Authority (direct line: 020 7066 5160 / email: [Richard.atkinson@fca.org.uk](mailto:Richard.atkinson@fca.org.uk)).

**Nicholas Mears**  
**on behalf of the Regulatory Transactions Committee**

## **ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE**

### **Relevant Statutory Provisions**

1. Section 55A(1) of the Act provides for an application for permission to carry on one or more regulated activities to be made to the appropriate regulator. Section 55A(2) defines the “appropriate regulator” for different applications.
2. Section 55B(3) of the Act provides that, in giving or varying permission, imposing or varying a requirement, or giving consent, under any provision of Part 4A of the Act, each regulator must ensure that the person concerned will satisfy, and continue to satisfy, in relation to all of the regulated activities for which the person has or will have permission, the threshold conditions for which that regulator is responsible.
3. The threshold conditions are set out in schedule 6 of the Act. In brief, the threshold conditions relate to:
  - (1) Threshold condition 2B: Location of offices
  - (2) Threshold condition 2C: Effective supervision
  - (3) Threshold condition 2D: Appropriate resources
  - (4) Threshold condition 2E: Suitability
  - (5) Threshold condition 2F: Business model

### **Relevant provisions of the Authority’s Handbook**

4. In exercising its powers in relation to the granting of a Part 4A permission, the Authority must have regard to guidance published in the Authority Handbook, including the part titled Threshold Conditions (“COND”). The main considerations in relation to the action specified are set out below.
5. COND 1.3.2G(2) states that, in relation to threshold conditions 2D to 2F, the Authority will consider whether a firm is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to the firm if it is granted Part 4A permission.
6. COND 1.3.3AG provides that, in determining the weight to be given to any relevant matter, the Authority will consider its significance in relation to the regulated activities for which the firm has, or will have, permission in the context of its ability to supervise the firm adequately, having regard to the Authority’s statutory objectives. In this context, a series of matters may be significant when taken together, even though each of them in isolation might not give serious cause for concern.
7. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the Authority’s threshold conditions, the Authority will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.

### **Threshold Condition 2C: Effective Supervision**

8. COND 2.3.3G states that, in assessing the threshold condition set out in paragraph 2C of Schedule 6 to the Act, factors which the Authority will take into consideration include, among other things, whether it is likely that the Authority will receive adequate

information from the firm to determine whether it is complying with the requirements and standards under the regulatory system for which the Authority is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators) and the rules in SUP on the provision of information to the Authority.

### **Threshold condition 2D: Appropriate Resources**

9. COND 2.4.2G(2) states that the FCA will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability, and 'resources' as including all financial resources (though only in the case of firms not carrying on, or seeking to carry on, a PRA-regulated activity), non-financial resources and means of managing its resources; for example, capital, provisions against liabilities, holdings of or access to cash and other liquid assets, human resources and effective means by which to manage risks.
10. COND 2.4.2G(2A) provides that 'non-financial resources' of the firm include human resources it has available.
11. COND 2.4.2G(3) states that high level systems and control requirements are in SYSC. The Authority will consider whether the firm is ready, willing and organised to comply with these and other applicable systems and controls requirements when assessing if it has appropriate non-financial resources for the purpose of the threshold conditions set out in threshold condition 2D.

### **Threshold condition 2E: Suitability**

12. COND 2.5.2G(2) states that the Authority will also take into consideration anything that could influence a firm's continuing ability to satisfy the threshold conditions set out in paragraphs 2E and 3D of Schedule 6 to the Act. Examples include the firm's position within a UK or international group, information provided by overseas regulators about the firm, and the firm's plans to seek to vary its Part 4A permission to carry on additional regulated activities once it has been granted that permission.
13. COND 2.5.4G(2)(c) states that examples of the kind of general considerations to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, threshold condition 2E include, but are not limited to, whether the firm can demonstrate that it conducts, or will conduct, its business with integrity and in compliance with proper standards.
14. COND 2.5.6G provides that examples of the kind of particular considerations to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether the firm has been open and co-operative in all its dealings with the Authority and any other regulatory body (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the Authority's Handbook) in addition to other legal, regulatory and professional obligations; the relevant requirements and standards will depend on the circumstances of each case, including the regulated activities which the firm has permission, or is seeking permission, to carry on.