
FINAL NOTICE

Wesleyan Financial Services Ltd
Colmore Circus Queensway
Birmingham
West Midlands
B4 6AR

Elizabeth Marie Walker
Date of birth: July 1984

Date: 21 February 2020

ACTION

1. By an application dated 16 August 2018 ("the Application"), Wesleyan Financial Services Ltd ("Wesleyan") applied under section 60 of the Financial Services and Markets Act 2000 ("the Act") for approval of Elizabeth Marie Walker ("Ms Walker") to perform the CF30 (Customer) controlled function.
2. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

3. By its Warning Notice dated 30 May 2019 ("the Warning Notice") the Authority gave notice that it proposed to refuse the Application and that Ms Walker was entitled to make representations to the Authority about that proposed action.
4. Written representations were received by the Authority from Ms Walker on 27 June 2019 and a meeting was convened for 30 July 2019 at which the Regulatory Decisions Committee ("RDC") considered the written and oral representations.

5. By its Decision Notice dated 5 September 2019 ("the Decision Notice"), the Authority gave Ms Walker notice that it had decided to take the action described above.
6. Under section 133(1) of the Act, Ms Walker had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal. No referral was made to the Upper Tribunal within this period of time or to date.
7. 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 Ms Walker Final Notice of its refusal.
8. On the basis of the facts and matters set out in this Notice, the Authority has decided to refuse the Application and to give this Final Notice as it is not satisfied that Ms Walker is a fit and proper person to perform the controlled function to which the Application relates in particular that Ms Walker lacks competence and capability.
9. Ms Walker was the sole shareholder, director and adviser at C3 Financial Services Limited ("C3") when she gave advice to customers to switch their personal pensions into a self-invested personal pension ("SIPP") where the underlying investments were held in unregulated bonds not suitable for retail customers. Ms Walker failed to ensure adequate systems and controls were in place at C3 to mitigate the risk of poor outcomes to customers.
10. Following an intervention by the Authority's Supervision team which identified serious concerns with the sales and advice process at C3, in July 2017 C3 voluntarily accepted the imposition of requirements on it, to the effect that it must immediately cease all regulated activities relating to pensions and investment business until various remedial steps were implemented. Ms Walker then took the decision to close C3. Its authorisation was cancelled by the Authority in September 2017 and it was dissolved in February 2018.
11. C3 has been the subject of claims relating to the investment and pensions advice given by Ms Walker. As at 9 July 2019, 63 claims had been determined by the Financial Services Compensation Scheme ("FSCS"), resulting in payments of £838,953.71 to 52 customers (with 62 further claims yet to be determined).
12. The Authority considers that the matters which occurred at C3 indicate a serious lack of competence and capability on the part of Ms Walker when performing the CF30 role at C3.

13. Although Ms Walker has acknowledged her lack of competence and capability at C3, and the serious consequences arising from it, and has applied herself to improving her knowledge and understanding of relevant matters by undertaking training, the Authority is not satisfied that Ms Walker has achieved a sufficient standard of competence and capability to carry out the CF30 role at Wesleyan.

DEFINITIONS

14. The definitions below are used in this Notice:

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

the "Application" means the application, including the Form A received from Wesleyan on 16 August 2018, seeking approval for Ms Walker to perform CF30;

the "APPM" means the Authority's Approved Persons, Passporting and Mutuals department;

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

"C3" means C3 Financial Services Limited;

"CII" means Chartered Insurance Institute;

"DFM" means discretionary fund management service;

the "FSCS" means the Financial Services Compensation Scheme;

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

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

"SIPP" means self-invested personal pension;

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

"Wesleyan" means Wesleyan Financial Services Ltd.

RELEVANT REGULATORY PROVISIONS

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

FACTS AND MATTERS

Background

16. Wesleyan has been authorised by the Authority since 1 December 2001. It carries out designated investment business.
17. By the Application, Wesleyan applied under section 60 of the Act for approval of Ms Walker to perform the controlled function of CF30 (Customer). Wesleyan later submitted a notice to withdraw its application (Form B). Ms Walker has not consented to that notice and accordingly the Authority has determined the Application.
18. Ms Walker has held the following controlled functions:
 - 18.1. between 3 November 2011 and 25 October 2012, CF30 (Customer) function at Firm A;
 - 18.2. between 28 September 2012 and 10 April 2013, CF30 (Customer) function at Firm B;
 - 18.3. between 2 January 2014 and 6 September 2017, CF1 (Director) at C3; and
 - 18.4. between 25 February 2015 and 6 September 2017, CF30 (Customer), CF10 (Compliance Oversight), CF11 (Money Laundering Reporting) functions at C3.
19. Ms Walker was also responsible for insurance mediation and for MCD intermediation (in relation to mortgages) at C3.

Ms Walker's employment history

20. In November 2011, Ms Walker started her financial services career as a financial adviser at Firm A, where she serviced the new and existing protection business. She also advised on individual savings accounts, unit trusts, bonds and pensions; she has told the Authority that this was under the direct supervision of Firm A's principal.
21. In late 2012 Ms Walker joined Firm B as a financial adviser, and was assessed as competent.
22. She worked as a freelance para-planner for Firm B from April 2013 to January 2014.

C3

23. In May 2013 Ms Walker applied for direct authorisation of C3. This was granted in early 2014. Ms Walker was the sole shareholder, director and adviser. She provided advice on mortgages and insurance.
24. In late 2014, C3 submitted to the Authority a Variation of Permission application to change its permissions to allow it to undertake investment and pensions advice. This was granted in February 2015.
25. Ms Walker told the Authority that she maintained her level of competence by taking advantage of the case checking system of a compliance advisory firm engaged by C3 and utilizing the resources that it provided. This included the use of its back office systems, record keeping management system, compliance oversight and helpdesk. Ms Walker stated that, following the changes in C3's permissions, as part of C3's compliance strategy the compliance advisory firm would check the first three new investment cases prior to recommendations being made. It would undertake quarterly reviews of files selected based on size and complexity, and more complex cases would be submitted for checking prior to recommendations being made. This strategy was to be reviewed quarterly in meetings with the principal of Firm A. Ms Walker stated that the principal of Firm A acted as her mentor, and had agreed to supervise her initially once the new permissions were granted, and to carry out an assessment for her to be signed off as a competent advisor.
26. Ms Walker stated that she believed that the resources of the compliance advisory firm and the experience and support of Firm A's principal would enable her to *"make C3 a success while remaining compliant and meeting the [Authority] core values."*
27. C3's new business register shows that between January 2014 and May 2016 Ms Walker advised 83 customers in respect of mortgages and insurance. Following the variation of permission allowing C3 to give investment and pension advice from February 2015, Ms Walker dealt with 284 investment cases, 276 of which were in respect of pension transfers or switches.

The intervention of the Authority's Supervision division into C3

28. In September 2016, the Authority became aware that C3 was active in the pension switching market and that it had recommended a high proportion of customers to switch into a SIPP where the underlying investments were unregulated bonds. The unregulated bonds were all structured and distributed by the same entity, Provider C, for the purpose of attracting funds for businesses to raise capital, often start-up

companies, a number relating to green energy projects or overseas property developments.

29. In order to gain a clearer understanding of C3's business model and activities, the Authority requested information from C3 in November 2016, leading to a meeting with Ms Walker on 31 May 2017.
30. Following a review of the information provided and of six customer files, the Authority identified a number of serious areas of concern, all of which had persisted since C3 had commenced its investment advice and pension transfer business in 2015, and had not been identified by Ms Walker.
31. As a result of the Authority's concerns, C3 entered into a voluntary imposition of requirements in July 2017. This required C3 to: (a) immediately cease all regulated activities relating to pension and investment business until a skilled person verified that a robust and compliant sales and advice process was in place; (b) immediately terminate relationships with introducers pending compliance with the requirements in (a); and (c) implement a series of ongoing pre-sale checks of its future pension and investment advice by the skilled person until the Authority was satisfied that the new process was embedded.
32. Ms Walker informed the Authority that she could not afford to commission a skilled person's review and would close the firm. The Authority cancelled C3's authorisation on 6 September 2017 and it was dissolved on 6 February 2018. The Authority took no further action against C3 or Ms Walker in respect of the concerns identified.

Complaints and claims against C3

33. The Financial Ombudsman Service received three complaints against C3 between 14 September and 28 November 2017, following cancellation of C3's authorisation. These complaints were disclosed in the materials submitted in support of Wesleyan's application for approval in respect of Ms Walker. These complaints were as follows:
 - 33.1. The customer stated that, following a pension transfer, he was advised to invest in funds that did not match his risk profile;
 - 33.2. The customer stated that he was unaware of the associated risks of unregulated investments in his SIPP; and
 - 33.3. The customer stated that he was not aware of the risks associated with the investments in his SIPP.

34. As C3 had ceased to trade, no determination of the complaints was made by the Financial Ombudsman Service and they were passed to the FSCS. The FSCS has confirmed that, as at 9 July 2019, it had determined 63 claims, of which 52 had been upheld, with a total of £838,953.71 in compensation paid out to customers. It had 62 further claims, yet to be determined. The FSCS has provided the Authority with details of three sample claims, to give a "flavour" of why claims were being upheld: each of these concerned unsuitable advice.

The Authority's concerns in relation to C3

35. The majority of C3's investment business came from customers who were introduced as a result of an agreement with an introducer firm, Introducer D. C3 had an agreement in place with Introducer D which provided that C3 would pay Introducer D half of all income generated and half of all trail commission for all introduced business.
36. Ms Walker confirmed to the Authority during the review by Supervision that C3 effectively had no oversight over the activities of its introducer firm. She did not know how clients were contacted by Introducer D or what was discussed when the introducer spoke to customers before they were referred to C3. She had undertaken no monitoring to assess the way Introducer D engaged with customers.
37. Ms Walker stated that she ensured every customer was aware that Introducer D could not give any advice. However, the Authority's Supervision review did not find any evidence on customer files to substantiate this.
38. The Authority issued an alert on 2 August 2016 in connection with concerns about investment advisers accepting business from unauthorised introducers in relation to advice on pension switching involving movement of pension funds to unregulated, high-risk, illiquid products.
39. Notwithstanding the Authority's August 2016 alert, Ms Walker continued to recommend to customers looking for a pension review that they should switch to a SIPP wrapper held on a platform where the underlying investments were held in unregulated bonds (a combination of the Provider C unregulated bonds and a risk-rated model portfolio offered by a DFM).
40. In most of C3's cases involving pension switches, Ms Walker advised customers to invest between 50% and 70% of their pension funds in model investment portfolios using the services of a DFM. She advised most customers to invest the rest of their pension funds split across three or four different unregulated Provider C bonds.

41. On 28 April 2014, the Authority had issued an alert to investment advisers concerning advising on pension transfers or switches into high risk non-mainstream propositions through a SIPP, which indicated that such investments were unlikely to be suitable for the vast majority of retail customers. The Provider C bonds fell into the category of non-mainstream propositions, as set out in the April 2014 alert.
42. Ms Walker told the Authority that, at the time she gave the advice, she was aware of the April 2014 alert, and that non-mainstream propositions are typically unregulated, high risk and highly illiquid investments.
43. Evidence on customer files of advice relating to pension switching to SIPPs investing in unregulated Provider C bonds and the use of DFMs demonstrated the advice given was unsuitable. There was no evidence that customers had the relevant knowledge and experience properly to understand and evaluate the risks relating to the Provider C bonds.
44. The Offering Memorandum for the bonds often included four pages of risk warnings and some very specific statements that pointed to the specialist nature of the investment. Ms Walker placed significant reliance on the customer having read the Offering Memorandum to gain a full understanding of the investments and the risks, but, in the cases reviewed by the Authority, she only provided this to the customer at the same time as the suitability letter.
45. C3 did not have sufficiently robust systems and controls in place to manage the risks related to its business, and compliance oversight was not of an acceptable standard. Whilst Ms Walker used the compliance advisory firm, its last visit to C3 was in April 2016 when it only looked at two customer advice files. It asked for more information about the unregulated Provider C bonds; however, it did not follow up on this request and Ms Walker did not contact it again about the request.
46. It appears that Ms Walker undertook only very limited due diligence in relation to the unregulated Provider C bonds. This consisted of initial discussions with Provider C and some connected parties relating to one of the bonds, and reading the material provided by Provider C, consisting mainly of the Offering Memorandum, as well as checks of Companies House records and the Authority's Register.
47. It appears that Ms Walker also undertook only very limited due diligence in relation to the appropriateness of the DFMs that she selected for customers, and relied mainly on information produced by the DFMs themselves, as well as checks of Companies House records and the Authority's Register.

48. In summary, as C3's sole director, shareholder and adviser, Ms Walker failed to ensure that there were adequate systems and controls in place to manage the risk related to its business, and compliance oversight was not of an acceptable standard. This resulted in retail customers being provided by Ms Walker with unsuitable advice, from a pension review, to transfer their pension into a SIPP where the underlying investments were not suitable for them. In consequence, as at 9 July 2019, compensation payments of £839,953.71 had been made by the FSCS to 52 customers to date, with a further 62 claims yet to be assessed. As the FSCS is funded by authorised firms, these payments are indirectly borne by those firms.

Ms Walker's position since the closure of C3

49. Ms Walker began working at Wesleyan on 14 May 2018. She completed its in-house training programme for new advisers. Her role was to be home-based once she took up the CF30 role.

50. In the light of her history at C3, Wesleyan agreed with Ms Walker that she would undertake an extended period of supervised work, once she had taken up the CF30 role. Ms Walker told the Authority that she would have to undergo a period of observation longer than was standard within Wesleyan; this meant that she would not have been permitted to see clients on her own until two individuals, including her area manager, had attended a number of meetings with her and discussed the advice given, and were satisfied that this was appropriate. She would then have a higher rate of file checks than was standard practice. In addition, she would have a nominated "buddy" with whom she could discuss her ideas for advice to clients.

51. In December 2018, Wesleyan terminated Ms Walker's employment and withdrew its support for the Application. It told the Authority that this decision was taken "*based on the volume of complaints registered with the FSCS and the previous [Authority] investigation which identified significant advice related issues*".

52. Since the closure of C3, Ms Walker has undertaken independent professional development, including passing examinations with the aim of obtaining "Chartered" status with the CII. She has told the Authority that the training undertaken at Wesleyan and independently has amounted to some 780 hours.

IMPACT ON FITNESS AND PROPRIETY

53. The failings in the advice given by C3, the lack of systems and controls to manage the risk related to its business, and the inadequate standard of compliance oversight of C3, for all of which Ms Walker was solely responsible, are of a serious nature.

These matters resulted in detriment to a significant number of consumers. The Authority notes that, by 9 July 2019 (the latest date on which information was provided by the FSCS to the Authority), there had been successful claims for compensation made by a significant proportion of C3's customers.

54. In the Authority's view, these matters give rise to serious concerns as to Ms Walker's competence and capability to perform the controlled function to which the Application relates.
55. Ms Walker has acknowledged the seriousness of these matters, her responsibility for them, and that she lacked competence and capability at C3. However, the Authority does not consider that Ms Walker has demonstrated sufficient personal development since then for it to be satisfied that she is fit and proper to carry out the CF30 role to which Wesleyan applied to appoint her.
56. In particular, Ms Walker has not demonstrated by experience and training that she is suitable, or will be suitable if approved, to perform the controlled function (as referred to in FIT 2.2.1G(2)).
57. In reaching this conclusion, the Authority has taken into account Ms Walker's lack of experience in the industry since the closure of C3. The Authority notes that the cancellation of C3's authorisation occurred less than two years ago; in that time Ms Walker has spent only a matter of months at Wesleyan, and has spent the remainder without employment. The Authority makes no criticism of Wesleyan's in-house standard training programme for new advisers. However, it considers that, having regard to the particular circumstances of this case, the training undertaken and experience gained by Ms Walker since closing C3, both within Wesleyan and independently, have been insufficient to demonstrate that the serious issues with her activities at C3 have been specifically identified, addressed and remedied. The Authority is not satisfied that she is fit and proper to carry out the CF30 controlled function at Wesleyan.
58. Accordingly, the Authority has decided to refuse the Application.

REPRESENTATIONS

59. Annex B contains a brief summary of the key representations made by Ms Walker and how they have been dealt with. In making the decision which gave rise to the obligation to give this Notice, the Authority has taken into account all of the representations made by Ms Walker, whether or not set out in Annex B. Wesleyan

did not make separate representations having withdrawn its support for the Application.

PROCEDURAL MATTERS

Decision Maker

60. The decision which gave rise to the obligation to give this Notice was made by the Regulatory Decisions Committee.

IMPORTANT NOTICES

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

Publication

62. 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 the matter to which this Final 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 Ms Walker or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

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

Authority contacts

64. For more information concerning this matter generally, contact Laura Moloney, Manager, Approved Persons, Passporting & Mutuels Department at the Authority (direct line: 020 7066 0488 / email: Laura.Moloney@fca.org.uk).

Mike Wells
Head of Department

**Financial Conduct Authority, Authorisations Division, Approved Persons,
Passporting & Mutuels**

ANNEX A

REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

1. The Authority may grant an application for approval under section 60 of the Act only if it is satisfied that the person in respect of whom the application is made is a fit and proper person to perform the controlled function to which the application relates (section 61(1) of the Act).
2. Section 62(5) of the Act defined 'interested parties' as including the applicant, and the person in respect of whom the application is made.
3. Section 390(1) of the Act requires the Authority, if the matter was not referred to the Tribunal within the time required by the Tribunal Procedure Rules, to issue a Final Notice.

Relevant provisions of the Authority's Handbook

4. 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 person to perform a particular controlled function.
5. The Authority will have regard to a number of factors when assessing the fitness and propriety of a person to perform a particular controlled function. (FIT 1.3.1G)
6. In the Authority's view, the most important considerations will be the person's: (1) honesty, integrity and reputation, (2) competence and capability and (3) financial soundness. (FIT 1.3.1BG)
7. If a matter comes to the Authority's attention which suggests that the person might not be fit and proper, the Authority will take into account how relevant and important it is. (FIT 1.3.4G)
8. In determining a person's competence and capability, the Authority will have regard to all relevant matters including but not limited to:
 - (1) whether the person satisfies the relevant Authority training and competence requirements in relation to the controlled function the person performs or is intended to perform (FIT 2.2.1G(1));

- (2) whether the person has demonstrated by experience and training that they are suitable, or will be suitable if approved, to perform the controlled function (FIT 2.2.1G(2));
- (3) whether the person has adequate time to perform the controlled function and meet the responsibilities associated with that function (FIT 2.2.1G(3)).

ANNEX B
REPRESENTATIONS

1. Ms Walker's representations (in italics), and the Authority's conclusions in respect of them, are set out below.

Inconsistency with the approach taken in 2017

2. *If it had been appropriate to take action against C3 and/or Ms Walker, the autumn of 2017 would have been the time to do so. At that time, the Authority could have refused to cancel the authorisation of C3, if it appeared to it that it was desirable in order to advance any of its operational objectives (pursuant to section 55H(4) of the Act). No enforcement action was taken. It is noteworthy that the Authority, in spite of having a protective function under the Act, chose not to take any action against Ms Walker personally. The fact that she was not subject to any action in 2017 shows that it was never considered at the time that she might not be a fit and proper person to conduct authorised activities.*
3. The Authority has not now decided to "take action" against Ms Walker; rather, it has fulfilled its statutory duty to determine the Application. In reaching the decision to refuse the Application, the Authority has considered whether it is satisfied that Ms Walker is fit and proper to carry out the CF30 role applied for at Wesleyan, at the current time. It has concluded that it is not so satisfied, for the reasons set out in this Notice.
4. No determination was made by the Authority in the autumn of 2017 as to Ms Walker's fitness and propriety. The fact that the Authority took no Enforcement or other action against her (or C3) at that time cannot be seen as indicative of whether or not she was fit and proper for any particular role at that date.

The Authority appears to have pre-judged the Application, and pressurised Wesleyan to withdraw it

5. *Ms Walker understands that Wesleyan terminated her employment following a telephone call from a member of staff of the Authority's Authorised Persons, Passporting and Mutuels department ("APPM") to the effect that the Application would not be granted and Wesleyan should withdraw it. The Authority appears to have pre-judged the issue, and communicated with Wesleyan in the call in terms which implied that: Ms Walker was a threat to Wesleyan's reputation; a final*

conclusion on the Application had already been reached; her transparency was in question; and she had acted improperly in closing C3 with the knowledge that she had liabilities. The Authority's record at the time of the application to cancel C3's authorisation demonstrated no existing claims and no concerns on behalf of its supervisor.

6. *Ms Walker was asked a number of further questions by the Authority following her dismissal from Wesleyan but it appears the Authority had already formed a fixed and final view of the position before she responded.*
7. *The communication mentioned above was understood by Wesleyan to be a request or instruction to withdraw the application; the notes of Ms Walker's probationary review meeting held on 3 December 2018 record her area manager as saying that the Authority had asked Wesleyan to withdraw the Application. It had the consequence of Wesleyan terminating Ms Walker's employment and withdrawing its support for the Application, with a view to reconsidering its position should she be approved.*
8. In the telephone conversation referred to in paragraph 5 above, the Authority's representative expressed a number of concerns about the Application but not a concluded view on it. Whatever Wesleyan's understanding of the conversation, the representative did not instruct, or request, Wesleyan to withdraw the Application, and said that further information would be required from Wesleyan. The Authority accepts that the notes of the meeting on 3 December 2018 record Wesleyan telling Ms Walker that the Authority had asked it to withdraw the Application. However, as noted at paragraph 46 of this Notice, Wesleyan has told the Authority that its decision to terminate Ms Walker's employment and withdraw its support for the Application was taken "*based on the volume of complaints registered with the FSCS and the previous [Authority] investigation which identified significant advice related issues*".
9. The decision (set out in this Notice) to refuse the Application has been taken by the Authority's Regulatory Decisions Committee ("RDC"), which operates separately from the rest of the Authority (including the APPM). In reaching that decision, the RDC has taken into account all the information provided by Ms Walker, including all her responses to questions, as well as her representations on the Warning Notice issued on 30 May 2019 (summarised in this Annex).

Misleading internal recommendation

10. *The paper submitted by the representative of the APPM to the Authority's Regulatory Transactions Committee ("RTC"), which took the decision to issue a Warning Notice to Wesleyan and Ms Walker proposing to refuse the Application, claimed that Ms Walker had provided statements in support of her past conduct at C3; the paper provided a summary of the written responses she had provided, so edited as to present a misleading picture. A highly selective series of comments was advanced to the RTC, and has been wrongly interpreted as suggesting Ms Walker lacked insight or was seeking to justify her conduct earlier in her career. Ms Walker does not, in fact, endorse or support her conduct at C3. It also referred to an absence of experience and training, yet neglected to refer to the details of continuing professional development, or her rationale for seeking employment and approval at Wesleyan, which she had provided; both these factors are relevant.*
11. Ms Walker has been provided with all the information presented to the RTC, which includes the statements and other material which had been supplied by Wesleyan and Ms Walker in support of the Application, as well as the covering paper summarising the views of the APPM on their significance.
12. As noted above, the decision (set out in this Notice) to refuse the Application (following the issue of the Warning Notice by the RTC which proposed to refuse it) has been taken by the RDC and, in reaching that decision, the RDC has taken into account all the information provided by Ms Walker.

Personal and professional development since 2017

13. *Ms Walker has acknowledged, and reflected extensively on, her errors at C3. Indeed, she now finds it difficult to believe some of the mistakes she made. She realises that her opinion of unregulated investments was wrong, and she should not have advised on them; there was also a significant lack of compliance supervision which it was her responsibility to do something about. She has shown insight into her failures and a determination to ensure they are not repeated in future.*
14. *Since cancelling C3's authorisation, Ms Walker has undertaken a substantial body of professional development, including:*
 - a. *Working towards "Chartered" status with the CII. She has passed several examinations, each of which represents 150 hours of continuous professional development, and has one more examination to take before*

she obtains Chartered status. These are relevant to the Authority's concerns with the advice given at C3: for example, the AF5 "Financial Planning Process" module covers the understanding of the client's personal circumstances, and risk.

- b. Between June 2018 and September 2018, she passed the Wesleyan Financial Consultant Training Academy, which is comprehensive. Its aim is to prepare Financial Consultants to see clients. It includes matters directly relevant to the concerns identified by the Authority in relation to C3: fact-finding, identifying client risk profiles and communicating information effectively to clients, as well as preparing and presenting appropriate advice. It incorporates the presentation to the client of the advantages and disadvantages of any recommendations made and ensuring compliance with the regulatory framework. Ms Walker has therefore undertaken a significant period of work as a para-planner at Wesleyan, with more than 70 hours of associated continuous professional development.*
- c. She has kept up to date with regulatory changes and other matters affecting independent financial advisers, via a variety of publications and seminars and other events focused on technical knowledge as well as regulatory matters.*
- d. She has reviewed the Authority's alerts and statements on pension transfers into SIPPs and advising on unregulated investments and reflected on the advice she provided to clients. She has revisited the Authority's Handbook, including the Conduct of Business Sourcebook, to improve her understanding of them.*

15. The Authority suggested, after indicating its intention to recommend the refusal of the Application, that it might assist Ms Walker, in seeking to demonstrate fitness and propriety, to work on an unregulated basis within an organisation such as Wesleyan; yet this is precisely what she had done.

16. The Authority notes that Ms Walker has accepted that the issues arising at C3 were serious, and her responsibility for them. It also acknowledges that Ms Walker has spent a substantial amount of time in training, both as a requirement of her employment at Wesleyan as preparation for taking up the CF30 role, and on her own account. The Authority considers this to demonstrate Ms Walker's intent to acquire competence and capability for a CF30 role. However, the seriousness of the issues at C3 (and the detriment suffered by consumers) is such that the

Authority is concerned that there have been significant failures by Ms Walker in relation to advice and compliance. In respect of the previous failings, there is insufficient evidence that Ms Walker has fully evaluated her shortcomings in terms of competence and capability; for example, by undertaking a skills gap analysis to uncover additional needs beyond sitting examinations and undertaking the Wesleyan's standard training programme, and highlight remedial actions in a tailored learning and development plan, with a timescale for achievement.

17. While it is true that the Wesleyan training covered the client advisory process, including compliance, the Authority understands it to have been Wesleyan's usual training for new financial advisers. The Authority has not seen any evidence that there was any process undertaken of identifying specific gaps in Ms Walker's competence and capability by reference to the serious issues that had arisen at C3, and the filling of those gaps by tailored training and testing. Accordingly, the Authority is not satisfied that, given Ms Walker's specific history at C3, the Wesleyan introductory training was sufficient to demonstrate competence and capability on the part of Ms Walker to undertake the CF30 role applied for.
18. Nor was Ms Walker afforded a period, following training, in which she might gain experience in the field of client advice (for example as a para-planner) prior to being permitted to give advice to clients on her own account. Given the seriousness of the concerns in relation to C3, this might have helped her to demonstrate competence and capability without the risk of direct exposure to client advising. The Authority agrees that Ms Walker was employed on an unregulated basis by Wesleyan from May 2018 until December 2018, when Wesleyan terminated her employment, but no evidence was provided by her of any actual para-planning work undertaken during her period of employment; the Authority understands it to have been the intention that Ms Walker would move straight from training into an advisory role, albeit with a degree of supervision, and without a further period gaining relevant experience before taking up the CF30 role. The supervision mentioned at paragraph 45 of this Notice was to be limited, and was to take place once Ms Walker was already carrying out the CF30 role.
19. The personal training undertaken by Ms Walker – particularly the pursuit of CII "Chartered" status – is to her credit. However, the Authority observes in this regard that the "advanced" examinations which Ms Walker has undertaken with the CII build on the principles of the examinations which Ms Walker had passed prior to working at C3; the latter covered, among other things, financial services regulation, pensions and attitude to risk. Yet these earlier qualifications did not prevent the

issues which arose at C3. In the Authority's view (given the seriousness of the concerns arising at C3) Ms Walker must demonstrate that the principles of the training have been absorbed and that she is now capable of applying them in practice. The Authority has not seen any evidence of this.

Wesleyan differs significantly from C3

20. *The Authority has taken no, or insufficient, account of FIT 1.3.2, which provides that, in assessing fitness and propriety, the Authority will take account of the activities of the firm for which the controlled function is or is to be performed, the permission held by that firm and the markets within which it operates.*
21. *The Application was in respect of a position at Wesleyan, which is very different to C3 in terms of its structures and processes, including for remuneration, the management of regulatory risk, product selection and professional development. It is a highly-regulated firm where Ms Walker would be performing a limited role, such that the concerns about her tying herself to unsafe investment models as a sole practitioner would be less relevant and therefore of less importance. She would not be performing the role she undertook at C3; she would be using Wesleyan's models rather than relying on leads generated from introducers or the risk-rated model portfolios offered by freelance DFMs. In addition, Ms Walker's area manager at Wesleyan agreed that she would undergo enhanced supervision in the light of the matters which had occurred at C3. She would also not be responsible for systems and controls at Wesleyan.*
22. *The decision by Ms Walker not to practise as she once did at C3 was deliberate, born of careful reflection and professional insight. It is clear that the safeguards and procedures in place at Wesleyan are sufficient to eliminate any risk that Ms Walker might not be fit and proper to perform the CF30 function.*
23. In reaching its conclusion that it is not satisfied of Ms Walker's fitness and propriety for the CF30 role at Wesleyan, the Authority has taken account of Wesleyan's activities and permissions, and the markets within which it operates. It notes that there is overlap between the activities and permissions of Wesleyan and those formerly carried on by C3 and that Ms Walker would be advising on pensions and investments, as she did at C3. While the investments and solutions available to Ms Walker at Wesleyan would be different from those she used at C3, it would still be possible for her to select them inappropriately for the customer's risk profile, causing consumer detriment. Further, it is not merely a question of the Authority's seeking to satisfy itself that the specific issues which arose at C3 would not be

repeated at Wesleyan: the nature and scale of the inappropriate advice which Ms Walker has admitted giving at C3 give rise to concerns over her competence to give appropriate advice more generally.

24. Nor is it enough to be satisfied that controls are in place at Wesleyan such that inappropriate advice by Ms Walker would be likely to be detected, if given; unless the Authority is satisfied that Ms Walker is competent and capable to give appropriate advice, it cannot approve her for the CF30 role at Wesleyan, whatever the safeguards in place to detect unsuitable advice. As noted above, while making no criticism of Wesleyan's standard training programme for financial advisers, the Authority is not satisfied that, in the particular circumstances of Ms Walker's case, it ensures her fitness and propriety for the CF30 role.

Transparency

25. *The notes of Ms Walker's job interview and other internal records of Wesleyan show that she was open and honest about the C3 investigation and the ultimate deauthorisation of C3. She also declared the existence of the three complaints referred to at paragraph 28 of this Notice. She did not know of the claims to the FSCS at that time, but later made enquiries in order to establish further details. Wesleyan continued to employ her, and made the Application, after becoming aware, on 1 August 2018, of the claims on the FSCS; this indicates they were satisfied that there was no issue arising from the claims.*
26. *Ms Walker also cooperated with the Authority, both in relation to the investigation in 2017 and the Application. She has provided full and timely responses to each request made of her. She offered to attend an interview with the Authority, which was ultimately declined.*
27. *These matters are further evidence of Ms Walker's fitness and propriety.*
28. The Authority does not allege any lack of openness or honesty on Ms Walker's part in her dealings with the Authority or with Wesleyan. Its conclusion that it is not satisfied that she is fit and proper to carry out the CF30 controlled function at Wesleyan is based on its view that she lacks the required competence and capability for the role applied for.