
FINAL NOTICE

**The Director
EMGLegal Limited
41 Masefield Crescent
London
N14 4AG**

5 July 2021

ACTION

1. By an application dated 31 July 2019, EMGLegal Limited ("EMGLegal") applied under section 55A of the Act for Part 4A permission to carry on the regulated activities of:
 - a. 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); and
 - b. Advice, investigation or representation in relation to an employment related claim.
2. The Application is incomplete.
3. The Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 13 April 2021, the Authority gave notice to EMGLegal that it proposed to refuse the Application and that EMGLegal was entitled to make representations to the Authority about that proposed action.
5. As no representations were received by the Authority from EMGLegal 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 applied, 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 19 May 2021, the Authority gave EMGLegal notice that it had decided to take the action described above.
7. EMGLegal had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal.
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 Upper Tribunal, must give EMGLegal a final notice of its refusal.
9. EMGLegal has failed to respond to seven separate requests for the provision of information considered by the Authority to be necessary to allow the Application to be determined. The last request included a statement to the effect that EMGLegal must contact the Authority within 10 business days, or the Authority would recommend to the Authority's Regulatory Transactions Committee that EMGLegal receive a Warning Notice. No response was received.
10. The Authority therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been answered. Having reviewed that information, the Authority cannot ensure that EMGLegal satisfies, and will continue to satisfy, the threshold conditions.
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 raises concerns that EMGLegal would fail to do so if the Application were to be granted.
12. The failure to provide the information raises concerns as to whether EMGLegal:
 - a. can be effectively supervised by the Authority as required by threshold condition 2C (Effective supervision);
 - b. has appropriate human resources, given EMGLegal's failure to provide the Authority with the requested information as required by threshold condition 2D (Appropriate resources); and
 - c. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E (Suitability).

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 referred to in paragraph 1 above;

"the Authority" means the Financial Conduct Authority;

"the Decision Notice" means the Decision Notice dated 19 May 2021 given to EMGLegal by the Authority;

"the RDC" means the Regulatory Decisions Committee;

"the RTC" means the 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 13 April 2021 given to EMGLegal by the Authority.

FACTS AND MATTERS

14. The Application was received by the Authority on 31 July 2019.
15. Further information was requested from EMGLegal under section 55U(5) of the Act.
16. Between 23 October 2019 and 21 December 2020, the Authority sent EMGLegal seven emails, one letter and made seven telephone calls to elicit information that would assist the Authority in determining the Application.
17. On 23 October 2019, the Authority sent an email to EMGLegal using the contact details in the Application requesting the following information in support of the Application by 31 October 2019:
 - a. Client money procedure;
 - b. Financial projections including:
 - i. Opening balance sheet;
 - ii. Closing balance sheet for first 12 months;
 - iii. Cash flow statement for first 12 months;
 - iv. Profit and loss statement for first 12 months;
 - v. Annual management accounts, including details of 'Financial Resources' to demonstrate how the firm would ensure compliance with the requirement from 1 August 2019 (i.e. the Prudential Resources Requirement in CMCOB 7.2); and
 - c. Confirmation that EMGLegal had paid outstanding periodic fees owed to the Authority.
18. On 22 November 2019, EMGLegal sent an email to the Authority asking it to confirm if the email received from the Authority on 23 October 2019 was authentic.
19. On 26 February 2020, the Authority sent an email to EMGLegal confirming that the previous email was authentic. The Authority requested a call with EMGLegal the following day.

20. On 27 February 2020, the Authority sent an email to EMGLegal requesting the following information in support of the Application by 13 March 2020:
- a. Client money procedure;
 - b. Compliance monitoring procedure; and
 - c. Financial information including:
 - i. Balance sheet; and
 - ii. 12-month cash flow statement covering income and outgoings for the coming year.
21. On 4 November 2020, the Authority called EMGLegal having not received any response to the previous requests for information. The Authority reminded EMGLegal of the need to provide the information requested on 23 October 2019 and 27 February 2020. EMGLegal promised to provide the information by the end of the week (i.e. 8 November 2020), and stated that it no longer wished to handle client money.
22. On 4 November 2020, the Authority sent an email following the telephone call earlier that day asking EMGLegal to confirm formally that it no longer wished to handle client money. The Authority also asked for the information requested on 23 October 2019 and 27 February 2020 to be provided by 13 December 2020.
23. On 16 November 2020, the Authority called the personal mobile number of EMGLegal's sole director. The line was engaged and there was no facility to leave a message. The Authority made a further telephone call and spoke to EMGLegal's director to inform him that the deadline for providing the information requested on 23 October 2019 and 27 February 2020 should have been 13 November 2020. The Authority imposed a new deadline of 20 November 2020.
24. On 16 November 2020, the Authority sent an email to EMGLegal following the telephone calls earlier that day to confirm that the deadline for provision of the information requested on 23 October 2019 and 27 February 2020 was now 20 November 2020.
25. On 24 November 2020, the Authority called EMGLegal to inform it that the Authority's emails were being returned undelivered. The line was busy and there was no facility to leave a message.
26. On 26 November 2020, the Authority attempted to call EMGLegal and again was unable to reach the firm.
27. On 27 November 2020, the Authority sent an email to EMGLegal asking it to provide the information requested on 23 October 2019 and 27 February 2020 by 3 December 2020. The Authority also asked EMGLegal to confirm whether it had submitted overdue management accounts to Companies House.
28. On 9 December 2020, the Authority called EMGLegal. EMGLegal's director confirmed that he had seen the Authority's emails requesting information and had called the Authority and left a voice message. He also stated that he was working towards providing the information by 13 December 2020 and confirmed as previously mentioned that EMGLegal was not intending to hold any client money.

29. On 9 December 2020, the Authority sent an email to EMGLegal asking it to provide the information requested on 23 October 2019 and 27 February 2020, except for a client money procedure, by 13 December 2020. The Authority also provided a summary of that day's telephone conversation, and asked EMGLegal to confirm the accuracy of the summary.
30. On 19 December 2020, the Authority sent an email to EMGLegal attaching a letter (which was also sent by recorded delivery), noting the lack of a response to the previous requests for the information and requesting the following information by 6 January 2021:
- a. A copy of EMGLegal's compliance monitoring procedures;
 - b. EMGLegal's financial projections;
 - c. Opening balance sheet for the most recent 12-month period;
 - d. Closing balance sheet for the most recent 12-month period;
 - e. Cash flow statement for the most recent 12-month period;
 - f. Profit and loss statement for the most recent 12-month period: as a very minimum the profit and loss forecast had to disclose the following on a monthly basis; gross income, analysed between regulated and unregulated activities, business expenditure, relevant annual expenditure, analysis of the major overheads expenditure; and profit before taxation;
 - g. Annual management accounts; and
 - h. An up-to-date Prudential Resource Requirement calculation for EMGLegal calculated in accordance with CMC0B 7.2 and 7.3.
31. The letter informed EMGLegal 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 give EMGLegal a Warning Notice proposing to refuse the Application. EMGLegal failed to respond by 6 January 2021.
32. To date, the Authority has not received any response to its requests for information, including those dated 16 November 2020, 27 November 2020, 9 December 2020, and 19 December 2020, and EMGLegal has failed to provide the information.

IMPACT ON THRESHOLD CONDITIONS

33. EMGLegal has failed to respond to seven separate written requests for the provision of information considered by the Authority to be necessary to allow the Application to be determined. The final request gave EMGLegal 10 business days to respond and included a statement to the effect that EMGLegal must contact the Authority, or the Authority would recommend to the RTC that EMGLegal receive a Warning Notice.
34. 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 EMGLegal satisfies, and will continue to satisfy, the threshold conditions.

35. 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 raises concerns that EMGLegal would fail to do so if the Application were to be granted.

36. The failure to provide the information raises concerns as to whether EMGLegal:

- a. can be effectively supervised by the Authority as required by threshold condition 2C;
- b. has appropriate human resources, given its 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.

37. In view of the above, the Authority cannot ensure EMGLegal satisfies, and will continue to satisfy, the threshold conditions that would apply to it were the Application to be granted.

IMPORTANT NOTICES

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

Publication

39. 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.

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, contact Greg Williams, Manager, Claims Management Companies Department at the Authority (direct line: 020 7066 1475/email: Greg.Williams@fca.org.uk).

Sarah Hayes
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 Prestige First 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 Prestige First has, or will have, permission in the context of its ability to supervise Prestige First 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 Prestige First will satisfy, and continue to satisfy, the Authority 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 Prestige First 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 Prestige First 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 Authority 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 Prestige First 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 Prestige First 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 Prestige First's position within a UK or international group, information provided by overseas regulators about Prestige First, and Prestige First'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)(a) 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 Prestige First 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 Prestige First 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 Prestige First has permission, or is seeking permission, to carry on.