
FINAL NOTICE

**The Directors
Fast Track Money Transfer (UK) Limited
87 Ormonds Close
Bradley Stoke
Bristol
BS32 0DU**

23 October 2015

ACTION

1. By an application dated 7 August 2014 ("the Application") Fast Track Money Transfer (UK) Limited ("FTMTL") applied under Regulation 5 of the Payment Services Regulations 2009 ("the PSRs") for registration as an authorised payment institution and to perform the payment services of money remittance.
2. The Application is incomplete.
3. For the reasons listed below and pursuant to Regulation 9(2) and 9 (8)(a) of the PSRs, the Authority has decided to refuse the Application.

SUMMARY OF REASONS

4. The Authority may refuse an application for authorisation only if any of the conditions set out in Regulation 6(2)-(8) of the PSRs is not met.
5. Under Regulation 6(6)(d), FTMTL must satisfy the Authority that it has taken adequate measures for the purpose of safeguarding payment service users' relevant funds in accordance with Regulation 19. FTMTL proposed to safeguard payment service users' relevant funds by placing them in a separate account (or "safeguarding account") with an authorised credit institution in accordance with Regulation 19(5)(a). The Authority is not satisfied that FTMTL has met this condition as FTMTL has not provided any evidence that it has opened such a safeguarding account.

6. By its Warning Notice dated 8 July 2015 ("the Warning Notice") issued pursuant to Regulation 9(7) of the PSRs, the Authority gave notice that it proposed to refuse the Application and that FTMTL was entitled to make representations to the Authority about that proposed action.
7. As no representations have been received by the Authority from FTMTL 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.
8. By its Decision Notice dated 4 August 2015 ("the Decision Notice"), the Authority gave FTMTL notice that it had decided to take the action described above.
9. On the basis of the facts and matters described below, the Authority has concluded that it cannot ensure that FTMTL satisfies and will continue to satisfy the 'Conditions for registration as a small payment institution' set out in Regulation 6 of the PSRs:
 - (1) FTMTL is required by Regulations 6(6)(d) and 19(5)(a) of the PSRs to satisfy the Authority that it has taken adequate measures to safeguard payment services users' funds by keeping such funds held overnight in a safeguarding account. FTML has applied to four credit institutions but it has not provided any evidence that it has been able to set up a safeguarding account with any of those credit institutions, or at all.

DEFINITIONS

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

"the PSRs" means the Payment Services Regulations 2009

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

FACTS AND MATTERS

11. FTMTL was incorporated in the UK on 28 April 2014. On 7 August 2014 FTMTL made its Application under Regulation 5 of the PSRs for authorisation as an API and to perform the regulated activity of money remittance. FTML proposed to specialise in online remittance services by transferring money from the UK to Pakistan, serving both business and individual customers.
12. Regulation 6(6)(d) and Regulation 19 of the PSRs impose safeguarding requirements on payment institutions to protect customer funds received for the provision of a payment service where they are held by an API overnight or longer. FTMTL indicated in its Application that it would satisfy the safeguarding requirements by having a safeguarding account with an authorised credit institution.
13. FTMTL stated in its application submissions that its potential banking partners were Bank A and Bank B and it claimed that it received positive responses from them. FTMTL further confirmed on 30 October 2014 that it had made an application to Bank A for a safeguarding account.
14. FTMTL informed the Authority on 7 April 2015 that its application to Bank A had failed, and it was now making an application to another credit institution, Bank B, for a safeguarding account.

15. On 12 June 2015, the professional advisor of FTMTL informed the Authority by telephone that FTMTL was now trying to obtain a safeguarding account with Bank C.
16. FTMTL wrote to the Authority on 18 June 2015 stating that it was now applying to a fourth credit institution, Bank D, for a safeguarding account. However, no evidence of a safeguarding account having been opened by FTMTL with Bank D has been submitted to the Authority. Further, Bank D is not an authorised credit institution as defined in Regulation 19(15) of the PSRs.
17. At no point has any evidence of a safeguarding account having been opened by FTMTL been submitted to the Authority for consideration.

CONCLUSIONS

18. Pursuant to Regulation 6(1) of the PSRs the Authority may refuse an application for registration as an authorised payment institution only if any of the conditions in paragraphs (2) – (8) of Regulation 6 are not met. The Regulations and Authority guidance relevant to this Final Notice are referred to in Annex A.
19. The Authority is of the view that Regulation 6(6)(d) is not met, due to the inability of FTMTL to evidence that it has taken adequate measures for the purpose of safeguarding payment service users' funds in accordance with Regulation 19 of the PSRs.

IMPORTANT NOTICES

20. This Final Notice is given to FTMTL pursuant to Schedule 5 Part 1 (7) of the PSRs (which incorporates section 390(1) of the Act).

Publication

21. 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 FTMTL or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
22. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

23. For more information concerning this matter generally, contact James Borley, Manager, Permissions at the Authority (direct line: 020 7066 5340/email: james.borley@fca.org.uk).

David Fisher
Chair of the Regulatory Transactions Committee

ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

The Payment Services Regulations 2009

1. Regulation 5(1) requires an application for authorisation as a payment institution to contain, or be accompanied by, the information specified in Schedule 2. Schedule 2 to the PSRs provides that, amongst other matters, the following information is to be included in or with an application for authorisation:
 - a. where Regulation 19 applies, a description of the measures taken for safeguarding payment service users' funds in accordance with that regulation.
2. Regulation 5(4) states that, at any time after receiving an application and before determining it, the Authority may require the applicant to provide it with such further information as it reasonably considers necessary to enable it to determine the application.
3. Regulation 6(1) states that the Authority may refuse to grant all or part of an application for authorisation as a payment institution only if any of the conditions set out in paragraphs (2) to (8) are not met.
4. Regulation 6(6)(d) states that an applicant for authorisation under the PSRs must satisfy the Authority that it has taken adequate measures for the purpose of safeguarding payment services users' funds in accordance with Regulation 19.
5. Regulation 9(1) states that the Authority must determine an application for authorisation before the end of the period of three months beginning with the date on which it received a completed application.
6. Regulation 9(2) states that the Authority may determine an incomplete application if it considers it appropriate to do so, and it must in any event determine any such application within 12 months beginning with the date on which it received the application.
7. Regulation 9(7) states that if the Authority proposes to refuse an application it must give the applicant a warning notice.
8. Regulation 9(8) states that the Authority must, if it decides to refuse the application, give the applicant a decision notice.
9. Regulation 9(9) states that if the Authority decides to refuse the application, the applicant may refer the matter to the Tribunal.

The Act (ie the Financial Services and Markets Act 2000)

10. Part 26 section 390(1) states that if the Authority has given a person a Decision Notice and the matter was not referred to a Tribunal within the time required by the Tribunal Procedure Rules, the Authority must give the person concerned a Final Notice.
11. Part 26 section 391(4) states that the Authority must publish such information about the matter to which a Final Notice relates as it considers appropriate.
12. Part 26 section 391(6) states that the Authority may not publish information if publication would, in its opinion, be unfair to the person with respect to whom the action was taken or prejudicial to the interests of consumers.

13. Part 26 section 391(7) states that information is to be published in such a manner as the Authority considers appropriate.

Relevant Guidance

"The Authority's role under the Payment Services Regulations 2009 – Our approach"

14. In exercising its powers in relation to the approval of an application for registration as an authorised payment institution, the Authority must have regard to guidance published in the Authority's 'Our approach' document, including the section titled 'Authorisation and registration'. The version of the 'Our approach' document current at the date of the application was dated June 2013.
15. The paragraphs relevant to the decision to refuse the Application are set out below.
16. Paragraph 3.142: Having assessed all the information provided, we will make a decision to either approve or reject the application. This decision will be notified to the applicant, along with instructions for the appeal process, if required.
17. Paragraph 3.143: We have to make a decision on a complete application within three months of receiving it. An application is complete only when we have received all the information and evidence needed for us to make a decision. We will let the applicant know if we need more information.
18. Paragraph 3.144: In the case of an incomplete application, we must make a decision within 12 months of receipt. However, if that date is reached and discussions with the firm have not resulted in us receiving all the information we need to make our decision, it is likely that an incomplete application will result in a refusal. This is because it is unlikely we will have been able to satisfy ourselves that the applicant has met the authorisation/registration requirements.
19. Paragraph 3.150: We can refuse an application when the information and evidence provided does not satisfy the requirements of the PSRs. When this happens we are required to give the applicant a warning notice setting out the reason for refusing the application and allowing 28 days to make a representation on the decision.