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FINAL NOTICE

Finance Made Simple Ltd
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3 February 2017

ACTION

1. With effect from 1 April 2014, Finance Made Simple was granted limited interim permission pursuant to article 56 of the Amendment Order to carry on the regulated activities of:
 - a) Credit broking, under article 36A of the RAO; and
 - b) Providing credit information services, under article 89A of the RAO (without permission to carry out credit repair services).
2. By an application dated 25 September 2015 Finance Made Simple applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of Providing credit information services (without permission to carry out credit repair services).
3. On 21 October 2016 after the issuing of a Warning Notice, Finance Made Simple stated in an email that it is "*applying for a full authorisation for the below: credit broking*", however Finance Made Simple had not in fact applied for Part 4A permission to carry on the regulated activity of credit broking and therefore its interim permission in respect of

that activity had ceased to have effect pursuant to article 58(1)(b) of the Amendment Order.

4. The Application was incomplete when the Warning Notice was issued. Finance Made Simple subsequently provided further information on 21 October 2016, but it was substantially inadequate.
5. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

6. The Authority cannot ensure that Finance Made Simple will satisfy, and continue to satisfy, in relation to the regulated activity for which permission is sought, the Threshold Conditions.
7. Specifically, the Authority does not consider that Finance Made Simple will satisfy, and continue to satisfy, the Threshold Conditions in paragraphs 2C (Effective supervision), 2D (Appropriate resources) or 2E (Suitability) of Schedule 6 of the Act.
8. This is based on the recurring failure to respond to various separate requests for the provision of information considered, by the Authority, to be necessary to allow the Application to be determined. The outstanding information was first requested on 18 April 2016 and not provided until after the Warning Notice was given to Finance Made Simple. This further information, once provided, was not of a nature and standard adequate to satisfy the Authority that the firm would satisfy, and continue to satisfy, the Threshold Conditions. In particular, the updated business plan and compliance monitoring programme were fundamentally inadequate.
9. In addition, the Authority notes that the firm has no staff other than the Director and has not contracted (to date) with an external party to provide support or act as a point of contact.
10. By its Decision Notice, the Authority gave Finance Made Simple notice that it had decided to take the action described above.
11. Finance Made Simple had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal (formerly known as the Financial Services and Markets Tribunal). No referral was made to the Upper Tribunal within this period of time or to date.
12. 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 Finance Made Simple Final Notice of its refusal.

DEFINITIONS

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

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

"Amendment Order" means the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013;

"Application" means the application dated 25 September 2015 made by Finance Made Simple for Part 4A permission, as referred to in paragraph two above;

"Authority" means the Financial Conduct Authority;

"COND" means the section of the Handbook entitled "Threshold Conditions";

"Decision Notice" means the decision notice dated 19 December 2016 given to Finance Made Simple by the Authority;

"Director" means the individual who is the sole director and shareholder of Finance Made Simple;

"Finance Made Simple" means the applicant, Finance Made Simple Ltd;

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

"RAO" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

"SUP" means the section of the Handbook entitled "Supervision";

"the RTC" means the Regulatory Transactions Committee;

"Threshold Conditions" means the conditions set out in Schedule 6 to the Act for which the Authority is responsible;

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

"Warning Notice" means the warning notice issued to Finance Made Simple on 12 September 2016.

FACTS AND MATTERS

14. Finance Made Simple was incorporated on 26 July 2012 and on 1 April 2014 became regulated by the Authority (with interim permission reference 661884). Finance Made Simple applied for full authorisation on 25 September 2015 which was within the period specified by the Authority for the firm to make its application.
15. On 18 April 2016, further information was requested from Finance Made Simple and it was required to provide the following information in support of the Application by 3 May 2016:
 - a) up-to-date business plan (to include the permission applied for and how it would be used by the firm); and
 - b) compliance monitoring programme.
16. Further to the above, the Authority sent four separate requests to Finance Made Simple for the provision of the information considered by the Authority to be necessary to allow the Application to be determined. These requests were made over a six week period; each request included a statement to the effect that the recipient must contact the

Authority or risk being given a Warning Notice, thereby emphasising the importance of the requests.

17. A Warning Notice was given to Finance Made Simple on 12 September 2016, following the firm's failure to respond. The Director notified the Authority by email on 4 October 2016 that due to the departure of the firm's only employee he had "*no clue about the lack of details and clarification you have been requesting in the last months*". The Authority notes that the email address to which correspondence was sent from the Authority requesting information was the same from which the Director provided the firm's written representations, indicating that the email account was active and accessible to the Director.
18. Furthermore, although the Director expressed willingness in this email to contract with an external company to assist with accounting services and act as a contact point, the Authority understands that no contract has been agreed to date.
19. On 21 October 2016, the Director sent an email to the Authority providing an updated business plan and a compliance monitoring programme.
20. The updated business plan lacked detail and contained out of date financial projections.
21. The compliance monitoring programme was not comprehensive, failed to identify business risks and regulatory requirements, and failed to outline how compliance would be monitored.

IMPACT ON THRESHOLD CONDITIONS

22. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
23. The Authority does not consider that Finance Made Simple will satisfy, and will continue to satisfy, in relation to the regulated activity for which it seeks permission, the Threshold Conditions: specifically, the Threshold Conditions in paragraphs 2C (Effective supervision), 2D (Appropriate resources) or 2E (Suitability) of Schedule 6 of the Act.

The Effective supervision Threshold Condition (paragraph 2C of Schedule 6 to the Act)

24. 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.
25. Finance Made Simple has not satisfied the Authority that it is capable of being effectively supervised by the Authority, having regard to all the circumstances, to carry out the regulated activity for which it has applied for permission. The Authority's view is based on Finance Made Simple's repeated failure to respond to the Authority's request for information. In addition, Finance Made Simple only responded to the Authority following the prompt of the Warning Notice and the information provided was not of a

nature and standard adequate to allow the Authority to ensure that the firm will satisfy, and continue to satisfy, the Threshold Conditions.

26. In particular, the inadequate compliance monitoring programme failed to identify business risks and regulatory requirements and, crucially, failed to explain how compliance would be monitored. Furthermore, the lack of detail and relevance made it difficult for the Authority meaningfully to assess the Application.
27. The Authority is therefore not satisfied that the information provided by Finance Made Simple is adequate to allow the Authority effectively to supervise the firm carrying on the regulated activity for which it seeks permission.

The Appropriate resources Threshold Condition (Paragraph 2D of Schedule 6 to the Act)

28. A firm's resources must be appropriate in relation to the regulated activities it seeks to carry on. COND 2.4.2.G(2) states that 'appropriate resources' includes financial and non-financial resources such as human resources, and effective means by which to manage risks and any systems, controls, plans or policies that the firm maintains. In this context, the Authority will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability. Consideration will be given to whether these resources are sufficient to enable the firm to comply with the requirements imposed or likely to be imposed on the firm by the Authority in the course of exercising its functions.
29. The Authority is not satisfied that Finance Made Simple's non-financial resources will be appropriate in relation to the regulated activity it seeks to carry on. The Authority's view arises out of the following:
- a) Finance Made Simple previously only had one employee, whom the Authority has been informed has left the firm, after which the firm has demonstrated an inability to manage its affairs, evidenced by the inadequacy of its Application, the significant delay in providing further information, and the nature and standard of the information once provided; and
 - b) Finance Made Simple only has one person (the Director) as a point of contact; the expressed willingness to contract with an external party does not allay the Authority's concerns in this regard. The Authority understands that no contract has been agreed to date and therefore its impact on Finance Made Simple's business could not be assessed by the Authority.
30. The Authority is therefore not satisfied that the non-financial resources of Finance Made Simple are appropriate to carry on the regulated activity for which it seeks permission.

The Suitability Threshold Condition (Paragraph 2E of Schedule 6 to the Act)

31. The suitability Threshold Condition requires, amongst other things, that a firm must be fit and proper having regard to all the circumstances, including the need to ensure that its affairs are conducted in an appropriate manner, having regard particular to the interests of consumers and the integrity of the UK financial system.

32. Finance Made Simple has not satisfied the Authority that it is a fit and proper person, having regard to all the circumstances, to carry out the regulated activity for which it has applied for permission. The Authority's view is based on the following:
- a) failure of the firm to respond to the Authority's requests for information in a timely manner. The Authority notes that the email address to which correspondence was sent to Finance Made Simple requesting information was the same from which the Director provided the firm's written representations, indicating that the email account was active and accessible to the Director; and
 - b) the inadequacy of the firm's business plan and compliance monitoring programme.
33. In the circumstances, the Authority cannot ensure that, were the Application to be granted, Finance Made Simple would satisfy, and continue to satisfy, the suitability Threshold Condition.
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 Finance Made Simple will satisfy, and continue to satisfy, the Threshold Conditions in relation to the regulated activity for which Finance Made Simple 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 John Battram, Manager, Lending & Intermediaries Division at the Authority (direct line: 020 7066 1252/ email: John.Battram@fca.org.uk).

David Fisher
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

Threshold Conditions – COND

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.

General Guidance

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 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). COND 1.3.3BG provides that, in determining whether the firm 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 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 2.4.1A(4) states that the matters which are relevant in determining whether A has appropriate non-financial resources include the skills and experience of those who manage A's affairs; whether A's non-financial resources are sufficient to enable A to comply with the requirements imposed or likely to be imposed by the Authority in the course of the exercise of its functions and any other requirement in relation to whose contravention the Authority would be the appropriate regulator for the purposes of any provision of part 14 of FSMA.
11. COND 2.4.2G(2A) states that Paragraph 1A(2) of Schedule 6 of FSMA provides that 'non-financial resources' of a firm for the purposes of the Threshold Conditions include any system, controls, plans or policies that the firm maintains and the human resources that the firm has available.
12. 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

13. COND 2.5.1A(1) states that the applicant must be a fit and proper person having regard to all the circumstances, including:
 - i. The need to ensure that the applicant's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system (COND 2.5.1A(1)(c)).

- ii. Whether the applicant has complied and is complying with requirements imposed by the Authority in the exercise of its functions, or requests made by the Authority, relating to the provision of information to the Authority and, where the applicant has so complied or is so complying, the manner of that compliance (COND 2.5.1A(1)(d)).

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:

- i. 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 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 (COND 2.5.6G(1)).
- ii. The firm has taken reasonable care to ensure that robust information and reporting systems have been developed, tested and properly installed (COND 2.5.6G(16)).