

FINAL NOTICE

To: **Frank Breuer**

Individual
Reference
Number: **FXB00013**

Date: **12 May 2026**

1. ACTION

1.1 For the reasons given in this Final Notice, the Authority hereby:

- (i) imposes on Mr Breuer a financial penalty of £755,000 pursuant to section 66 of the Act; and
- (ii) makes an order prohibiting Mr Breuer from performing any function in relation to any regulated activity carried on by an authorised or exempt person, or exempt professional firm, pursuant to section 56 of the Act. The prohibition order takes effect from the date of this Notice.

2. SUMMARY OF REASONS

2.1 Mr Breuer was the sole Director of Bluesky, a firm which, until 23 September 2025, was authorised by the Authority to provide financial advisory services, including advising on pension transfers and pension opt outs. He was a Pension Transfer Specialist and was approved to carry on the SMF3 (Executive Director), SMF16 (Compliance Oversight) and SMF17 (Money Laundering Reporting Officer) senior management functions in relation to Bluesky between 9 December 2019 and 23 September 2025, having previously held the equivalent controlled functions between 3 April 2006 and 8 December 2019. He was also approved to carry on the CF30 Customer controlled function in relation to Bluesky between 1 November 2007 and 23 September 2025.

- 2.2 Mr Breuer was also the sole Director and was approved to carry on the CF1 (AR) controlled function at PM Ltd on 18 November 2008. PM Ltd was an appointed representative of Bluesky until PM Ltd was dissolved on 22 July 2025.
- 2.3 For the reasons summarised in paragraphs 2.4 to 2.7 below, the Authority considers that, between 2 May 2019 and 30 January 2023, Mr Breuer acted without integrity.
- 2.4 From 1 April 2019, Bluesky had no professional indemnity insurance (PII) in place and so was not insured to provide defined benefit pension transfer (DB transfer) advice. Mr Breuer was aware of this but continued to conduct DB transfers (the first DB transfer business after this being written on 2 May 2019). In doing so he acted recklessly and exposed customers to undue risk. Further, after confirming to the Authority on 8 July 2019 that Bluesky would cease to conduct DB transfers whilst he arranged effective PII, Mr Breuer deliberately continued to conduct DB transfers despite failing to obtain PII cover for Bluesky's DB transfer business. He also did not give candid or truthful information to the Authority when asked about the status of Bluesky's PII cover. Information from pension providers shows that Mr Breuer conducted at least 16 DB transfers after Bluesky's PII cover for DB transfers lapsed.
- 2.5 On 18 October 2019, due to its inability to obtain adequate PII for its DB pension transfer business, Bluesky submitted an application to the Authority, signed by Mr Breuer, for the imposition of requirements on its permission (the "VREQ"). The VREQ included a requirement that Bluesky was not to, in any way, dispose of, deal with, or diminish the value of any of its assets (whether in the United Kingdom or elsewhere), except in the ordinary and proper course of business (the "Asset Requirement"). On 23 October 2019, Mr Breuer was informed that the VREQ had been processed and published on the Authority's Financial Services Register. Due to an administrative error, the requirements imposed pursuant to the VREQ only took effect on 13 October 2020. However, on the basis of Mr Breuer's contemporaneous communications with the Authority, the Authority concludes that, between 23 October 2019 and 13 October 2020, it was Mr Breuer's understanding that the VREQ was already in force.
- 2.6 Between 30 October 2019 and 30 January 2023, Mr Breuer:

- (i) Paid dividends from Bluesky totalling £457,500 to himself and his wife and made £189,250 in other payments to himself. The Authority considers that Mr Breuer understood there was a risk that these payments were not permitted under the terms of the VREQ, but he did not seek the Authority's consent for them, and thereby acted recklessly and with a lack of integrity; and
 - (ii) Made loans from Bluesky to himself totalling £273,000, including a loan of £200,000 on 4 January 2022, and then, after he had repaid that loan of £200,000 just over 12 months later, made payments totalling £203,197.87 from Bluesky to PM Ltd and then further payments totalling £212,265.97 from PM Ltd to his personal account. The Authority considers that Mr Breuer deliberately made these payments in the understanding that they were not permitted under the terms of the VREQ, and thereby acted with a lack of integrity.
- 2.7 In making these payments Mr Breuer made a substantial direct financial gain to the detriment of customers. The Authority considers that he did so in the knowledge that Bluesky's PII cover for DB transfers had lapsed and that Bluesky was very likely to have liability to customers for unsuitable DB transfer advice and in the understanding that the VREQ (and therefore the Asset Requirement) was in force.
- 2.8 Mr Breuer, having stripped Bluesky of assets, placed it into liquidation on 18 April 2023, leaving liabilities of £214,772.88 to be met by the FSCS.
- 2.9 The Authority considers that Mr Breuer is not a fit and proper person owing to his acting with a lack of integrity between 2 May 2019 and 30 January 2023. As a result, the Authority has decided to make an order under section 56 of the Act prohibiting Mr Breuer from performing any function in relation to any regulated activity carried on by an authorised or exempt person, or exempt professional firm.
- 2.10 The Authority has also decided to impose a financial penalty of £755,000 on Mr Breuer under section 66 of the Act for acting without integrity in breach of Statement of Principle 1 for approved persons (APER 1) between 23 October 2019 and 8 December 2019, and in breach of Individual Conduct Rule 1 (ICR 1) between 9 December 2019 and 30 January 2023. The Authority has decided not to impose

a financial penalty on Mr Breuer in respect of his misconduct described in paragraph 2.4 above for limitation reasons.

3. DEFINITIONS

3.1 The definitions below are used in this Notice:

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

"APER 1" means Statement of Principle 1 in the Authority's Statements of Principle and Code of Practice for Approved Persons;

"AR" means an appointed representative as defined by section 39(2) of the Act;

"the AR Agreement" means the agreement between Bluesky and PM Ltd, signed 1 April 2009, permitting PM Ltd to carrying on regulated activities as an AR of Bluesky;

"the Asset Requirement" means the asset requirement in the VREQ;

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

"Bluesky" means Bluesky Wealth Management Limited (in liquidation);

"Mr Breuer" means Mr Frank Breuer;

"COBS" means the Conduct of Business Sourcebook, of the Handbook;

"COCON" means the Code of Conduct part of the Handbook;

"DB pension" or "defined benefit pension" means an occupational pension that pays out a defined benefit or guaranteed specified amount to the pension holder based on factors such as the number of years worked and the customer's salary;

"DB transfer" means a transfer payment made in respect of any safeguarded benefits with a view to obtaining a right or entitlement to flexible benefits under another pension scheme;

"DEPP" means the Authority's Decision Procedure and Penalties Manual;

"ENFG" means the Authority's Enforcement Guide;

"FIT" means the Fit and Proper test for Employees and Senior Personnel, part of the Handbook;

“FSCS” means the Financial Services Compensation Scheme;

“the Handbook” means the Authority’s Handbook of rules and guidance;

“ICR 1” means Individual Conduct Rule 1 in COCON 2.1.1R of the Handbook;

“the Ombudsman Service” means the Financial Ombudsman Service;

“PII” means professional indemnity insurance;

“PM Ltd” means Pensions Matter Limited, an AR of Bluesky;

“the RDC” means the Regulatory Decisions Committee (see further under Procedural Matters below);

“the undertaking” means the written confirmation given by Mr Breuer to the Authority on 8 July 2019 that Bluesky would cease DB transfer business from that date for an initial period of 14 days while effective PII for DB transfers was arranged; and

“the VREQ” means the requirements imposed by the Authority following Bluesky’s application, which was signed by Mr Breuer on 18 October 2019, published on the Authority’s Financial Services Register on 23 October 2019 and became effective on 13 October 2020.

4. FACTS AND MATTERS

Mr Breuer

- 4.1. Mr Breuer was approved by the Authority between 9 December 2019 and 23 September 2025 to carry on the SMF3 (Executive Director), SMF16 (Compliance Oversight) and SMF17 (Money Laundering Reporting Officer) senior management functions at Bluesky. Mr Breuer was approved to carry on the equivalent controlled functions (CF1, CF10 and CF11) from 3 April 2006 until 8 December 2019. He was also approved to carry on the CF30 Customer controlled function in relation to Bluesky between 1 November 2007 and 23 September 2025. Mr Breuer was also approved by the Authority from 18 November 2008 to 23 September 2025 to carry on the CF1 (AR) controlled function in respect of PM Ltd, which was an AR of Bluesky.
- 4.2. Mr Breuer was the sole director of Bluesky from 26 November 2007 and was sole director of PM Ltd from 10 October 2008, when PM Ltd was incorporated. Bluesky was jointly owned by Mr Breuer and his wife. PM Ltd was dissolved on 22 July 2025.

Bluesky entered creditors voluntary liquidation on 18 April 2023 and was dissolved on 30 December 2025.

- 4.3. The AR Agreement between Bluesky and PM Ltd was entered into on 1 April 2009. From 1 April 2019 until 23 September 2025, Mr Breuer was the only financial adviser at PM Ltd and Bluesky.

Bluesky and PM Ltd

- 4.4. Bluesky was authorised by the Authority on 3 April 2006 to provide financial advisory services, which included advice on investments, pensions, and insurance. Its permission included authorisation to carry on the regulated activities of advising on pension transfers and pension opt outs. Mr Breuer was a Pension Transfer Specialist, meaning he was qualified to advise on pension transfers.
- 4.5. On 18 April 2023, Mr Breuer placed Bluesky into creditors' voluntary liquidation with an estimated deficit of at least £131,873.96. £214,772.88 owed to customers following complaints relating to advice given by Mr Breuer regarding Pension Transfers, was also subsequently paid by the FSCS.
- 4.6. On 23 September 2025, Bluesky's Part 4A permission was cancelled following receipt of an application to cancel sent by the Insolvency Practitioner on behalf of Bluesky, dated 5 May 2023.

The Authority's engagement with Mr Breuer

Lack of appropriate PII

- 4.7. On 1 March 2019, Bluesky's PII provider offered Bluesky's insurance broker new terms with a higher premium and a £35,000 excess for DB transfers. On 29 March 2019, the broker said Bluesky could not accept the offer, but had suggested options to exclude or limit DB transfers. On 1 April 2019, the PII provider offered new terms to the broker which contained a DB transfer exclusion. Bluesky accepted those terms and on 17 April 2019 a policy was issued. As a result of accepting these terms, Mr Breuer knew that Bluesky was not insured to provide DB transfer advice from 1 April 2019.

- 4.8. On 1 July 2019, the Authority emailed Mr Breuer to request a copy of Bluesky's PII policy and new business register.
- 4.9. In response, Mr Breuer provided the Authority with Bluesky's PII policy for the period 1 April 2019 to 31 March 2020. The Authority noted that the policy contained a DB transfer exclusion.
- 4.10. Following discussions with the Authority, on 8 July 2019 Mr Breuer confirmed in writing to the Authority that Bluesky would cease DB transfer business from that date for an initial period of 14 days while effective PII for DB transfers was arranged ("the undertaking").
- 4.11. The Authority emailed Mr Breuer on 23 July 2019 requesting an updated position on Bluesky's PII status.
- 4.12. In a series of emails exchanged between the Authority and Mr Breuer on 23 July 2019:
- (i) Mr Breuer said he was negotiating with Bluesky's current PII provider and was waiting for it to issue terms.
 - (ii) The Authority responded reminding Mr Breuer that the undertaking to suspend DB transfer business remained in place until Bluesky arranged appropriate PII cover.
 - (iii) Mr Breuer responded and said that "terms are imminent", but that if terms were not forthcoming, Bluesky would apply for a PII waiver. Furthermore, he said that if neither option was successful, Bluesky would vary its permission to remove DB transfer business.
 - (iv) The Authority responded to ask for evidence that terms were imminent. The Authority also instructed Mr Breuer to amend Bluesky's email footer to remove reference to it holding Pension Transfer Gold Standard from the Professional Finance Society, on the grounds that this was misleading to customers because appropriate PII was required to hold that standard.
 - (v) Mr Breuer confirmed he had amended his email footer and provided an email from Bluesky's insurance broker. This email from the broker said that a PII

provider *"may well look at providing cover"*, but the provider had specified a list of information it required about Bluesky's business. The broker said that, once this information was provided, he would *"speak to insurers again"*. This email did not support Mr Breuer's claim that terms were imminent.

- 4.13. On 7 August 2019, Mr Breuer emailed the Authority to say that a PII provider had *"provided terms for our PI cover"*, indicating that Bluesky had accepted those terms and said that these would be sent to the Authority when received.
- 4.14. On 28 August 2019, the Authority visited Bluesky to review a sample of files as part of the DB transfer suitability review. At this meeting, the Authority requested that Bluesky provide evidence that it had obtained adequate PII cover covering DB transfers or, if it had been unable to obtain adequate PII that it apply to vary its permission to remove the permission to advise on DB transfers. The Authority set a deadline of 17 September 2019 for Mr Breuer to provide evidence of Bluesky holding appropriate PII, but Mr Breuer failed to provide details of cover by that deadline.
- 4.15. On 20 September 2019, the Authority emailed Bluesky again requesting a copy of Bluesky's PII cover for DB transfers with a further deadline of 23 September 2019.
- 4.16. On 23 September 2019, Mr Breuer emailed the Authority to say, *"I can confirm I have been able to secure adequate PI cover"* and *"I am waiting for their formal terms to be sent to me for approval. I will forward these on to you when received."*
- 4.17. In response on the same day, the Authority again requested written confirmation that adequate PII cover had been obtained. Mr Breuer was also told that Bluesky should not conduct any further DB transfer business until the outcome of the Authority's suitability review had been completed and that a VREQ would shortly be issued to formalise the undertaking previously given to the Authority by Mr Breuer that Bluesky would not conduct DB transfer business.
- 4.18. Despite Mr Breuer's repeated statements to the Authority that PII cover had been secured for DB transfers, he did not provide a copy of any such terms and there is no evidence that Bluesky had PII in place for DB transfer business after 1 April 2019.

Continuation of DB transfer business without PII

- 4.19 Mr Breuer continued to transact DB transfer business despite knowing that Bluesky had no PII in place for DB transfers after 1 April 2019.
- 4.20 Information from pension providers shows that at least 16 DB transfers were conducted after 1 April 2019, the first transfer taking place on 2 May 2019 and the last transfer taking place on 20 September 2019, with a total transfer value of at least £1.03m.
- 4.21 At least eight DB transfers were conducted after 8 July 2019, the date on which Mr Breuer told the Authority he would cease DB transfer business whilst he arranged effective PII. Continuing DB transfer business without PII cover meant that Mr Breuer's customers were at significant risk of uncompensated loss if they had made a successful claim against Bluesky in respect of unsuitable DB transfer advice.

Imposition of the VREQ

- 4.22. On 10 October 2019, the Authority emailed Mr Breuer with a draft VREQ for Bluesky. The draft VREQ formalised the undertaking already provided by Mr Breuer on 8 July 2019 that Bluesky would not conduct any DB transfer business until appropriate PII cover had been obtained. Mr Breuer was informed that *"If the firm agrees to formalise the undertaking, then please return the signed VREQ by 4pm on Friday 18 October 2019. Following this, the terms of the VREQ will be published under your entry on the Financial Services Register."*
- 4.23. The VREQ contained the Asset Requirement, which required Bluesky not to dispose of, deal with, or diminish the value of any of its assets in any way (whether in the United Kingdom or elsewhere), except in the ordinary and proper course of business.
- 4.24. The VREQ explained for the avoidance of doubt that the following would not be in the ordinary and proper course of business:
- (i) The making of any capital distribution;
 - (ii) The payment of unusual or significant amounts to shareholders, employees, officers or directors or any persons connected thereto;

(iii) The making of any gift;

(iv) The making of any loan by the Firm to any party;

(v) The entry into any financial reconstruction, sale of any part of the Firm, or re-organisation.

4.25. Mr Breuer signed and returned the VREQ on 18 October 2019. The Authority infers from this that Mr Breuer understood and agreed to the terms of the VREQ. The covering email from Mr Breuer contained a further statement to the effect that a PII insurer had offered terms which included DB transfer business. There is no evidence that PII cover for DB transfer business was in fact obtained.

4.26. The Authority notified Mr Breuer on 23 October 2019 that the VREQ had been processed and published on the Financial Services Register. However, due to an administrative error, the VREQ was actually not effective until 13 October 2020. Mr Breuer was informed by the Authority, that day, that the VREQ was in force from that date.

4.27. On the basis of the correspondence between the Authority and Mr Breuer between 10 and 23 October 2019 regarding the signing and publication of the VREQ, along with subsequent communications between them, the Authority concludes that, between 23 October 2019 and 13 October 2020, it was Mr Breuer's understanding that the VREQ was already in force. In particular, Mr Breuer referred to signing the VREQ at a call with the Authority on 4 February 2020, and the Asset Requirement was discussed at a call between the Authority and Mr Breuer on 15 September 2020 (see paragraph 4.29 below). Mr Breuer also acknowledged the existence and effects of the VREQ and its requirements on several occasions after 13 October 2020 up to 21 April 2022.

Defined Benefit transfer review

4.28. Following the Authority's initial engagement with Mr Breuer regarding his lack of PII and imposition of the VREQ, the Authority undertook a DB transfer suitability review in respect of Bluesky. On 15 September 2020 and 28 September 2020, the Authority provided feedback to Bluesky, via a conference call and letter respectively.

- 4.29. At the conference call on 15 September 2020, Mr Breuer was asked to confirm Bluesky's financial position and was advised by the Authority that the Asset Requirement would remain in place should the Firm cancel its DB transfer permission. Mr Breuer also confirmed at this meeting that Bluesky had no current PII policy covering DB transfer work.
- 4.30. In the letter of 28 September 2020, the Authority asked Mr Breuer to confirm whether Bluesky was willing and able to pay redress to customers and whether it had appropriate resources to do so. Mr Breuer was asked again to provide a copy of Bluesky's PII policy and provide details of Bluesky's current financial position.
- 4.31. Mr Breuer responded to this letter on 6 October 2020, to say that all customers were advised through PM Ltd and were customers of PM Ltd. He also said that he was willing to pay redress to customers, but that Bluesky did not have the resources over and above its regulatory capital resources requirement to do so.
- 4.32. It is unclear whether Mr Breuer's customers were customers of PM Ltd or Bluesky:
- (i) On 27 February 2018 Mr Breuer signed a declaration on a PII Proposal Form on which he named PM Ltd as an AR and said, "*All business transacted through parent firm, Pensions Matter trading style only*".
 - (ii) According to accounts filed at Companies House by Mr Breuer, PM Ltd was dormant and did not have any assets until the financial year ending September 2023.
 - (iii) The Authority obtained customer agreements, all of which were entered into with PM Ltd dating back to at least 16 July 2015.
 - (iv) Commission payments and other fees from pension providers were paid to Bluesky until 19 July 2022 (when PM Ltd opened a bank account). After 19 July 2022, most payments continued to be made to Bluesky, but Mr Breuer instructed some pension providers to make payments to PM Ltd's bank account.
- 4.33. Regardless of whether customers were customers of Bluesky or PM Ltd, Bluesky as a principal firm was responsible for business written by PM Ltd within the scope of the AR Agreement.

Payments made for Mr Breuer's benefit after he had signed the VREQ

Dividends & other payments

- 4.34. Between 30 October 2019 and 29 July 2022, Mr Breuer authorised 99 dividend payments totalling £457,500 to himself and his wife. This included 79 dividend payments totalling £336,500 after the VREQ took effect on 13 October 2020.
- 4.35. In addition, Mr Breuer authorised 20 other payments to himself and his wife totalling £189,250 between 18 May 2020 and 1 September 2022. This included 18 payments totalling £79,250 made after the VREQ took effect on 13 October 2020.
- 4.36. The dividend payments were either capital distributions or significant payments to shareholders, which were among the kinds of transaction which the VREQ stipulated would not be in the ordinary and proper course of business. The other payments were significant payments to directors or any persons connected thereto, which were also listed as a kind of transaction not in the ordinary and proper course of business.
- 4.37. The Authority considers that Mr Breuer made these payments in the understanding that Bluesky had entered into the VREQ which contained the Asset Requirement and in the knowledge that Bluesky did not have PII in place for DB transfers. From 28 September 2020, Mr Breuer also knew that the Authority had concerns about the suitability of Bluesky's DB pension advice and had sought information about its available resources to pay redress to customers for unsuitable DB transfer advice. The Authority considers that Mr Breuer must have been aware that there was a risk that these payments were not permitted under the terms of the VREQ, but he did not seek the Authority's consent for them.

Loans

- 4.38. Between 20 April 2020 and 9 October 2020, six loans were advanced by Bluesky to Mr Breuer totalling £73,000.
- 4.39. Bluesky's financial statements for the period ending 31 March 2021 reported that during that year a loan of £229,684 was advanced to Mr Breuer.

- 4.40. Bluesky's financial statements for the period ending 30 September 2022 reported that during that period the loan of £229,684 from the prior year was repaid and a further loan of £208,192 was advanced to Mr Breuer.
- 4.41. Bluesky's bank statements do not match its financial statements, instead showing that, after the Asset Requirement became effective on 13 October 2020, the firm made one loan payment of £200,000 to Mr Breuer on 4 January 2022.

Payments to PM Ltd

- 4.42. On 21 January 2023, Mr Breuer paid £82,500 from his personal bank account into Bluesky's bank account, which was described in the reference as a Director's loan repayment. Prior to this deposit, Bluesky's account balance was £2,665.93.
- 4.43. Over the course of 23 and 24 January 2023, Mr Breuer authorised three payments from Bluesky to PM Ltd totalling £82,500, described in the references as relating to an invoice.
- 4.44. PM Ltd's balance after receipt of the third payment was £90,011.64. On 27 January 2023, Mr Breuer paid £90,000 from PM Ltd's account to his personal account.
- 4.45. In doing so, Mr Breuer transferred an amount of £82,500 from his personal account, through accounts belonging to Bluesky and PM Ltd and back to his personal account, with the effect that his outstanding Director's loan balance with Bluesky had been reduced by £82,500.
- 4.46. Over the weekend of 28 and 29 January 2023, Mr Breuer carried out a similar series of transactions with an amount of £120,000 paid to Bluesky from his personal account (described in the reference as a Director's loan repayment) followed by a payment of £120,697.87 from Bluesky to PM Ltd (described as relating to an invoice). Between 28 January 2023 and 30 January 2023, Mr Breuer then paid £122,265.97 from PM Ltd's account to his personal account.
- 4.47. By 30 January 2023, Bluesky's account statements showed that Mr Breuer had repaid £202,500 of Director's loans. However, this sum was immediately paid back to Mr Breuer's personal account via PM Ltd, resulting in £212,265.97 being paid into his personal account.

- 4.48. Prior to these transactions, PM Ltd had not previously invoiced or otherwise received any payments from Bluesky. In correspondence with Bluesky's liquidators, Mr Breuer's representative said that the invoice was "*not correctly raised, nor is it reflective of the relationship between [Bluesky] and [PM Ltd]*", but that instead the amount transferred had been held on trust for PM Ltd by Bluesky. Given that the amount had been transferred to Bluesky's bank accounts from Mr Breuer's personal account in the days immediately before Mr Breuer paid them to PM Ltd, the Authority does not accept this explanation.
- 4.49. The Authority's view is that these payments were of an unusual and significant amount to a connected person, which were not in the ordinary and proper course of business. These payments were therefore in breach of the Asset Requirement. The Authority considers that Mr Breuer was aware of this and that he made them deliberately for his own personal gain.
- 4.50. It was open to Mr Breuer in January 2023, having repaid his outstanding Director's loan, to apply those funds to meet Bluesky's liabilities, including Ombudsman Service awards to customers which had become due. Mr Breuer instead chose to make payments to himself, leaving Bluesky to enter insolvency and customer liabilities to be met by the FSCS.
- 4.51. This conduct was to the detriment of the Firm and to the benefit of Mr Breuer.

Ombudsman Service awards

- 4.52. Bluesky received at least 12 complaints, four of which were referred to the Ombudsman Service and upheld in decisions which became binding on Bluesky between 23 June 2022 and 26 May 2023. Those four complaints related to DB transfers and in each case, Bluesky was required to pay redress according to the Authority's DB transfer redress methodology, up to the Ombudsman Service maximum award limit at the time – a combined total of up to £650,000.
- 4.53. In January 2023, the Authority was notified by a complainant's solicitor that Bluesky had failed to pay redress in relation to their client's Ombudsman Service award.
- 4.54. During a conference call with the Authority on 20 February 2023, Mr Breuer said that there was no money to pay Ombudsman Service awards and that Bluesky's PII

cover had been withdrawn two years prior. At the end of the meeting there was an agreement that Bluesky would enter an insolvency process.

- 4.55. During the conference call with the Authority on 20 February 2023 Mr Breuer said there was *"no money to pay FOS awards."* This was misleading because 3 weeks prior Mr Breuer made Director's Loan repayments to Bluesky of £202,500, and then transferred this sum to his personal account via PM Ltd.
- 4.56. On 18 October 2019, when Mr Breuer signed the VREQ, Bluesky's bank balance was £139,246.78. When the VREQ became effective on 13 October 2020, it was £37,610.89.
- 4.57. Bluesky entered liquidation on 18 April 2023. The Liquidator's statement of affairs calculated the Firm's realisable assets to be £12,370, of which £370 were fixed assets. Liabilities were calculated to significantly exceed assets. The last transaction on Bluesky's bank account known to the Authority was dated 17 April 2023. At that time the Firm's bank balance was £438.54.
- 4.58. Between 13 October 2020 and 17 April 2023 Bluesky's business income was £766,690. Over the same period £818,947 was taken out by way of dividends, other payments, director's loans and payments to PM Ltd, all in breach of the Asset Requirement. In addition, there were other expenses incurred by Bluesky during this period.
- 4.59. By contrast, PM Ltd's bank account was opened on 19 July 2022 with the first credit to the account on 24 August 2022. By 17 April 2023, PM Ltd's bank balance had increased to £15,121.68 and had previously reached a high of £92,367.80 on 26 January 2023.

Mr Breuer's engagement with the Authority and degree of cooperation

- 4.60. Mr Breuer failed to cooperate with the Authority during its investigation into potential misconduct surrounding the breaches of the VREQ. In particular, after initially engaging with the investigation until 5 February 2024, Mr Breuer:
 - (i) failed to respond to emails, letters and voicemails;

- (ii) failed to update the Authority of his details after selling his home, and disconnecting his email and mobile telephone contacts; and
- (iii) did not attend an interview with the Authority, despite being compelled to do so, and proactively avoided further engagement with the Authority, refusing to respond to emails and letters.

5. FAILINGS

- 5.1. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
- 5.2. By reason of the facts and matters set out above, between 30 October 2019 and 8 December 2019, and between 9 December 2019 and 30 January 2023, Mr Breuer acted with a lack of integrity in breach of APER 1 and ICR 1 respectively.
- 5.3. Mr Breuer knew:
 - (i) By no later than 17 April 2019 that, from 1 April 2019, Bluesky did not have PII cover for DB transfer business;
 - (ii) That he had signed the VREQ on 18 October 2019 which contained the Asset Requirement and that he had been informed by the Authority on 23 October 2019 that the VREQ had been processed and published on the Financial Services Register. Mr Breuer was informed on 13 October 2020 that the VREQ was in force. On the basis of Mr Breuer's contemporaneous communications with the Authority, the Authority concludes that, between 23 October 2019 and 13 October 2020, it was Mr Breuer's understanding that the VREQ was already in force, and therefore that Bluesky was not permitted to dispose of, deal with, or diminish its assets except in the ordinary and proper course of business, and that this meant it was not permitted to (i) make capital distributions, or (ii) pay significant amounts shareholders, directors or any connected persons (such as PM Ltd), or (iii) make loans to any party;
 - (iii) From 28 September 2020, that Bluesky may be required to pay redress to DB transfer customers; and

- (iv) From 23 June 2022, at the latest, that Bluesky had liability to customers for Ombudsman Service awards.
- 5.4. Despite this knowledge and understanding, between 30 October 2019 and 30 January 2023, Mr Breuer made payments which were not permitted under the terms of the VREQ. Mr Breuer:
- (i) Paid dividends from Bluesky totalling £457,500 to himself and his wife, including dividends totalling £336,000 after the VREQ took effect on 13 October 2020;
 - (ii) Made £189,250 in other payments to himself, including payments totalling £79,250 after the VREQ took effect on 13 October 2020;
 - (iii) Made out loans from Bluesky to himself for £273,000, including a loan of £200,000 after the VREQ took effect on 13 October 2020;
 - (iv) Repaid that loan of £200,000 to Bluesky just over 12 months later and then made payments from Bluesky totalling £203,197.87 to PM Ltd and then further payments totalling £212,265.97 from PM Ltd to his personal account.
- 5.5. The Authority considers that Mr Breuer understood there was a risk that the payments to himself and his wife described in paragraph 5.4(i) and (ii) were not permitted under the terms of the VREQ, but he did not seek the Authority's consent for them, and so the Authority concludes that in making these payments he acted recklessly and with a lack of integrity. Further, the Authority considers that Mr Breuer deliberately made the payments to himself and PM Ltd described in paragraph 5.4(iii) and (iv) in the understanding that they were not permitted under the terms of the VREQ and concludes that in making those payments he acted with a lack of integrity.
- 5.6. In making these payments, Mr Breuer stripped Bluesky of assets and left Bluesky to enter insolvency. This meant that Mr Breuer left customers to seek compensation from the FSCS.

Mr Breuer's fitness and propriety

5.7. In addition to the matters set out in paragraphs 5.4 and 5.5, Mr Breuer knew that Bluesky did not have PII cover for DB transfer business after 1 April 2019. However, he:

(i) Failed to give candid and truthful information to the Authority when asked about the status of Bluesky's PII cover and was reckless as to whether the Authority would be misled about whether PII cover had been offered or obtained; and

(ii) Continued to carry on DB transfer business until at least 20 September 2019, which placed customers at a significant risk of loss. The Authority considers that, prior to 8 July 2019, Mr Breuer was reckless as to whether he was in breach of regulatory requirements. The Authority also considers that, from 8 July 2019, on which date Mr Breuer gave written confirmation to the Authority that Bluesky would cease DB transfer business whilst he arranged effective PII, he deliberately breached regulatory requirements.

5.8. The Authority has had regard to the guidance set out in its Handbook and other relevant regulatory provisions when assessing Mr Breuer's fitness and propriety.

5.9. FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing an individual's fitness and propriety. FIT 1.3.1BG states that the most important considerations include the individual's honesty, integrity and reputation.

5.10. The conduct set out in paragraphs 5.2 to 5.7 above represents a lack of integrity on the part of Mr Breuer. The Authority considers that the lack of integrity by Mr Breuer is so serious that he is not a fit and proper person to perform any functions in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.

6. SANCTION

Financial Penalty

6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial

penalty. DEPP 6.5B sets out the details of the five-step framework that applies in respect of financial penalties imposed on individuals in non-market abuse cases.

Step 1: Disgorgement

- 6.2. Pursuant to DEPP 6.5B.1G, at Step 1, the Authority seeks to deprive an individual of the financial benefit derived directly from the breach where it is practicable to quantify this.
- 6.3. Mr Breuer derived a direct financial benefit from his conduct in breach of APER 1 and ICR 1:
- (i) From 30 October 2019, Mr Breuer received the direct benefit of £251,500 in dividend payments which were paid into either his personal bank accounts or a joint account held by him and his wife.
 - (ii) Mr Breuer also authorised £189,250 in other payments, all of which were paid into his bank accounts, or a joint account held by him and his wife.
 - (iii) The payments to PM Ltd, totalling £203,197.87, which were transferred to Mr Breuer's personal account.
- 6.4. The Authority therefore considers that Mr Breuer derived a gross financial benefit of £643,947.87 from his conduct in breach of ICR 1.
- 6.5. Mr Breuer has not engaged with the Authority's investigation and the Authority has therefore estimated his tax liability to conclude that the financial benefit he received directly from his misconduct is **£478,031.87**.
- 6.6. The Authority has charged interest on this amount at the Bank of England Official Rate from time to time, compounded six-monthly. Interest has been calculated up to the date of this Final Notice and totals £112,973.38.
- 6.7. Step 1 is therefore **£591,005** (£478,031.87 plus interest of £112,973.38, rounded down to the nearest £1).

Step 2: Seriousness of the breach

- 6.8. Pursuant to DEPP 6.5B.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. That figure is based on a percentage of the individual's relevant income. The individual's relevant income is the gross amount of all benefits received by the individual from the employment in connection with which the breach occurred, and for the period of the breach.
- 6.9. Mr Breuer's relevant income for the purpose of Step 2 is that which he received from 30 October 2019 to 30 January 2023. During this period Mr Breuer paid himself £251,500 in dividends and £189,250 in other payments. Mr Breuer also paid himself a salary of £14,899.76.
- 6.10. The Authority considers Mr Breuer's relevant income for this period to be **£455,649.76**.
- 6.11. In deciding on the percentage of the relevant income that forms the basis of the Step 2 figure, the Authority considers the seriousness of the breach and chooses a percentage between 0% and 40%. This range is divided into five fixed levels which represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level. For penalties imposed on individuals in non-market abuse cases there are the following five levels:
- Level 1 – 0%
- Level 2 – 10%
- Level 3 – 20%
- Level 4 – 30%
- Level 5 – 40%
- 6.12. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly. Of these, the Authority considers the following factors to be relevant.

Impact of the breach

- 6.13. Mr Breuer made a substantial direct financial gain from the breach, and gains for his wife from which he may have indirectly benefitted. Mr Breuer's conduct was to

the detriment of customers whose Ombudsman Service awards went unpaid. The FSCS has (as at 6 May 2026) so far paid compensation claims of £214,772.88 to Bluesky's customers (DEPP 6.5B.2G(8)(a), (c) and (e)).

Nature of the breach

- 6.14. Mr Breuer's breach involved making payments for the benefit of himself and his wife, to the detriment of customers, which were contrary to the terms of the VREQ which he had signed and which, from 23 October 2019, he understood to be in force (DEPP 6.5B.2G(9)(a)).
- 6.15. Mr Breuer made payments which were not permitted under the terms of the VREQ which he understood to be in force across 131 transactions over a 39-month period between 30 October 2019 and 30 January 2023 (DEPP 6.5B.2G(9)(b)).
- 6.16. Mr Breuer failed to act with integrity in that he:
- (i) made significant payments to himself and his wife on the understanding that the Asset Requirement was in force, when he must have been aware that they were not permitted, or that there was a risk that they were not permitted, under the terms of the VREQ; and
 - (ii) made significant payments to himself via PM Ltd which prioritised his personal interests to the detriment of customers, to whom liabilities were owed (DEPP 6.5B.2G(9)(e)).
- 6.17. Mr Breuer was an experienced industry professional, having worked in financial services since 2006 (DEPP 6.5B.2G(9)(j)).
- 6.18. The breaches were committed whilst Mr Breuer was the sole director of Bluesky and PM Ltd and approved by the Authority to carry on the SMF3 (Executive Director), SMF16 (Compliance Oversight) and SMF17 (Money Laundering Reporting Officer) senior manager functions (DEPP 6.5B.2G(9)(k)).

Whether the breach was deliberate and/or reckless

- 6.19. The Authority considers that Mr Breuer acted recklessly by paying dividends to himself and his wife and other payments to himself, in the understanding that

there was a risk that they were not permitted under the terms of the VREQ, without seeking the Authority's consent (DEPP 6.5B.2G(11)(a)).

- 6.20. The Authority considers that Mr Breuer deliberately made payments which he understood were not permitted under the terms of the VREQ, by making out loans from Bluesky to himself, including a loan for £200,000, and then, after repaying that loan just over 12 months later, making payments totalling £203,197.87 from Bluesky to PM Ltd and then further payments totalling £212,265.97 from PM Ltd to his personal account (DEPP 6.5B.2G(10)(b)).
- 6.21. Mr Breuer marked payments to PM Ltd as relating to an invoice, but it was later said on his behalf that these payments were not for a genuine invoice and that Mr Breuer had been mistaken in this characterisation of the payments. The Authority considers that Mr Breuer intended to benefit financially from his conduct and sought to conceal the transactions as invoices when removing assets from the business which would otherwise have been applied to its liabilities to customers (DEPP 6.5B.2G(10)(b) and (d)).

Level of seriousness

- 6.22. DEPP 6.5B.2G(12) lists factors likely to be considered 'level 4 or 5 factors'. Of these the Authority considers the following factors to be relevant:
- (i) The breach caused significant loss to customers (DEPP 6.5B.2G(12)(a));
 - (ii) Mr Breuer failed to act with integrity (DEPP 6.5B.2G(12)(d)); and
 - (iii) The breach was committed recklessly and deliberately (DEPP 6.5B.2G(12)(g)).
- 6.23. DEPP 6.5B.2G(13) lists factors likely to be considered 'level 1, 2 or 3 factors.' The Authority considers that none of these apply.
- 6.24. Taking all of these factors into account, the Authority considers the seriousness of Mr Breuer's breach to be level 4 and so the Step 2 figure is 30% of **£455,649.76**.
- 6.25. Step 2 is therefore **£136,694**.

Step 3: Mitigating and aggravating factors

- 6.26. Pursuant to DEPP 6.5B.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount disgorged at Step 1, to take into account factors which aggravate or mitigate the breach.
- 6.27. The Authority considers that the following factors aggravate the breach:
- (i) Mr Breuer refused to co-operate with the Authority during its investigation. Mr Breuer has actively avoided contact, failed to respond to emails, letters and voicemails, failed to update the Authority with his contact details, failed to attend compelled interviews and closed mobile telephone and email accounts (DEPP6.5B.3G(2)(b)); and
 - (ii) Mr Breuer has taken no remedial steps in relation to the breaches. He has not returned any of the assets he improperly removed from the business, and he has refused to return assets following a request from Bluesky's Insolvency Practitioner (DEPP 6.5B.3G(2)(d)).
- 6.28. The Authority considers that there are no factors that mitigate the breach.
- 6.29. Having taken into account the aggravating factors, the Authority considers that the Step 2 figure should be increased by **20%**.
- 6.30. Step 3 is therefore **£164,033**.

Step 4: Adjustment for deterrence

- 6.31. Pursuant to DEPP 6.5B.4G, if the Authority considers that the figure arrived at after Step 3 is insufficient to deter the individual who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty.
- 6.32. The Authority considers that the Step 3 figure meets the Authority's objective of a credible deterrence when considering the seriousness, nature and impact of the breach.

6.33. Taking the above into account, the Authority considers it inappropriate to increase the Step 3 figure.

6.34. Step 4 is therefore **£164,033**.

Step 5: Settlement discount

6.35. Pursuant to DEPP 6.5B.5G, if the Authority and the individual on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the individual reached agreement. The settlement discount does not apply to the disgorgement of any benefits calculated at Step 1.

6.36. No settlement discount applies.

6.37. Step 5 is therefore **£164,033**.

Penalty

6.38. The Authority hereby imposes a total financial penalty of **£755,000** on Mr Breuer, consisting of the Step 1 figure of £591,005 plus the Step 5 figure of £164,000 (rounded down to the nearest £100).

Prohibition Order

6.39. The Authority has the power to prohibit individuals under section 56 of the Act. The Authority's approach to exercising these powers is set out at Chapter 5 of the Enforcement Guide (ENFG).

6.40. In considering whether to impose a prohibition order, the Authority has had regard to all relevant circumstances of the case. In particular, the Authority has considered Mr Breuer's fitness and propriety with regard to his integrity.

6.41. Given the nature of the failings described in this Notice, the Authority considers that Mr Breuer is not a fit and proper person to perform any function in relation to any regulated activity carried on by an authorised or exempt person, or exempt professional firm. The Authority considers that, to advance its integrity and

consumer protection objectives, and given the risk posed to those objectives, it is appropriate and proportionate in all the circumstances to prohibit Mr Breuer from performing any such function.

7. PROCEDURAL MATTERS

- 7.1 This Final Notice is given to Mr Breuer under, and in accordance with, section 390(1) of the Act.

The following paragraphs are important.

Decision Maker

- 7.3 The decision which gave rise to the obligation to give this Notice was made by a panel of the RDC. The RDC is a committee of the Authority which takes certain decisions on behalf of the Authority. The members of the RDC are separate to the Authority staff involved in conducting investigations and recommending action against firms and individuals. Further information about the RDC can be found on the Authority's website:

<https://www.fca.org.uk/about/committees/regulatory-decisions-committee-rdc>

Manner and time for payment

- 7.4 The financial penalty must be paid in full by Mr Breuer to the Authority no later than 28 May 2026.

If the financial penalty is not paid

- 7.5 If all or any of the financial penalty is outstanding on 29 May 2026, the Authority may recover the outstanding amount as a debt owed by Mr Breuer and due to the Authority.

Publicity

- 7.6 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.

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

Authority contact

- 7.8 For more information concerning this matter generally, contact Jeremy Parkinson (direct line: 020 7066 0224/email: jeremy.parkinson@fca.org.uk).

Kerralie Wallbridge
Head of Department
Financial Conduct Authority, Enforcement and Market Oversight Division.

ANNEX A

1. RELEVANT STATUORY PROVISIONS

- 1.1. The Authority's objectives are set out in Part 1A of the Act, and include the operational objective of securing an appropriate degree of protection for consumers (section 1C of the Act).
- 1.2. Section 56 of the Act provides that the Authority may make an order prohibiting an individual from performing a specified function, any function falling within a specified description or any function, if it appears to the Authority that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated activities.
- 1.3. Section 66 of the Act provides that the Authority may take action against a person if it appears to the Authority that he is guilty of misconduct and the Authority is satisfied that it is appropriate in all the circumstances to take action against him. A person is guilty of misconduct if, while an approved person, he has failed to comply with rules of conduct made by the Authority under section 64A of the Act, or has been knowingly concerned in a contravention by a relevant authorised person of a relevant requirement imposed on that authorised person.

2. RELEVANT REGULATORY PROVISIONS

- 2.1. In exercising its power to make a prohibition order, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as ENFG. The main relevant considerations in relation to the action specified above are set out below.

Statements of principle and Code of Practice for Approved Persons (APER)

- 2.2. APER Statement of Principle 1, as set out in APER 2.1A.3R, states that: "An *approved person* must act with integrity in carrying out his *accountable functions*,"

Code of Conduct

- 2.3. The Authority's Code of Conduct (COCON) has been issued under section 64A of the Act.
- 2.4. COCON applies to the persons set out in COCON 1.1.2R. This includes an SMF Manager (which includes a designated senior management function as defined in the Handbook) of an Authority-authorized firm from 9 December 2019 onwards.
- 2.5. Individual Conduct Rule 1 (COCON 2.2.1R) states that you must act with integrity.

The Fit and Proper Test for Employees and Senior Personnel

- 2.6. The part of the Handbook entitled "The Fit and Proper test for Employees and Senior Personnel" (FIT) sets out the criteria that the Authority will consider when assessing the fitness and propriety of a candidate for a controlled function, including a designated senior management function, and may consider when assessing the continuing fitness and propriety of an approved person.
- 2.7. FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person. The most important considerations will be the person's honesty, integrity and reputation, competence and capability and financial soundness (FIT 1.3.1BG).

The Enforcement Guide

- 2.8. The Enforcement Guide (ENFG) sets out the Authority's approach to exercising its main enforcement powers under the Act.

The Authority's policy for exercising its power to make a prohibition order

- 2.9. The Authority's policy in relation to prohibition orders is set out in Chapter 5 of ENFG.
- 2.10. ENFG 5.1.1 states that the Authority may exercise the power to prohibit individuals who are not fit and proper from carrying out functions in relation to regulated activities where it considers that, to achieve any of its statutory

objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities or to restrict the functions which he may perform.

2.11. ENFG 5.2 sets out the Authority's general policy on making prohibition orders. In particular—

- (i) ENFG 5.2.1 states that the Authority will consider all relevant circumstances, including whether enforcement action should be taken or has been taken already against the individual by the Authority or other enforcement agencies;
- (ii) ENFG 5.2.3 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case and the range of regulated activities to which the individual's lack of fitness and propriety is relevant; and
- (iii) ENFG 5.2.4 states the scope of a prohibition order will depend on the range of functions which the individual concerned performs in relation to regulated activities, the reasons why he is not fit and proper and the severity of risk which he poses to consumers or the market generally.

2.12. ENFG 5.3.2 states that, when the Authority decides to make a prohibition order against an approved person and/or withdraw their approval, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to:

- (i) whether the individual is fit and proper to perform functions in relation to regulated activities (noting the criteria set out in FIT 2.1, 2.2, and 2.3);
- (ii) the relevance and materiality of any matters indicating unfitness;
- (iii) the length of time since the occurrence of any matters indicating unfitness; and
- (iv) the level of the risk which the individual poses to consumers and to confidence in the financial system.

DEPP

2.13. Chapter 6 of DEPP sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act. In particular the steps

to be followed for the imposition of penalties on individuals in non-market abuse cases are set out at Chapter 6.5B of DEPP.