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## FINAL NOTICE

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**To:** Gary John Gregson  
**Date of birth:** June 1979  
**Dated:** 15 April 2020

### **ACTION**

1. For the reasons set out below and pursuant to section 56 of the Act, the Authority has decided to make an order prohibiting Mr Gregson from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.
2. Mr Gregson has not referred the matter to the Tribunal within 28 days of the date of which the Decision Notice was issued to him.
3. Accordingly, the Authority hereby makes a prohibition order in respect of Mr Gregson. The prohibition order is effective from the date of this Final Notice.

### **SUMMARY OF REASONS**

4. Whilst a director of two consumer credit firms, both of which had interim permission to carry on the regulated activities of debt adjusting and debt-counselling, Mr Gregson acted with a lack of commercial probity and failed to ensure that the firms adhered to guidance issued by the OFT and by the Authority. As a result of his misconduct, Mr Gregson was

disqualified by the Court, pursuant to section 6 of the CDDA86, from acting as a company director for a period of 10 years with effect from 7 March 2018.

5. On the basis of the Court's decision, and the facts and matters set out below, it appears to the Authority that Mr Gregson is not a fit and proper person to perform any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm. Mr Gregson's misconduct demonstrates a lack of integrity, such that he is not fit and proper to perform regulated activities. In reaching this decision, the Authority has had regard to all relevant circumstances, including the relevance and materiality of the misconduct and the severity of the risk posed by Mr Gregson to consumers and financial institutions and to confidence in the market generally. The Authority considers that it is appropriate to impose the prohibition order proposed in paragraph 1 to achieve its consumer protection and integrity objectives (sections 1C and 1D of the Act, respectively).

## **DEFINITIONS**

6. The definitions below are used in this Final Notice (and in the Annex):

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

"the Authority" means the Financial Conduct Authority;

"the CDDA86" means the Company Directors Disqualification Act 1986;

"the Court" means the High Court, Business and Property Court at Manchester District Registry;

"the Decision Notice" means the Decision Notice given to Mr Gregson in respect of this matter dated 8 August 2019;

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

"EG" means the Enforcement Guide;

"the Firms" means GBFS and OTL;

"FIT" means the Fit and Proper Test for Employees and Senior Personnel sourcebook;

"GBFS" means Gregson and Brooke Financial Services Limited (dissolved on 3 August 2017);

"Mr Gregson" means Gary John Gregson;

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

"OFT" means the Office of Fair Trading;

"OTL" means One Tick Limited (dissolved on 2 February 2017); and

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

## **FACTS AND MATTERS**

7. Mr Gregson was a director of OTL between 13 May 2009 and 29 August 2014, and of GBFS between 6 August 2010 and 29 August 2014. OTL and GBFS were consumer credit firms

with interim permission, from 1 April 2014 until 31 March 2016, to carry on the regulated activities of debt adjusting and debt-counselling. Mr Gregson was not an approved person at the Firms and has never been approved by the Authority to perform any controlled functions in relation to any firm authorised by the Authority.

8. On 14 February 2018, Mr Gregson was disqualified as a director by the Court, pursuant to section 6 of the CDDA86, in particular because, whilst a director of the Firms, he acted with a lack of commercial probity and failed to ensure that the Firms adhered to guidance issued by the OFT and by the Authority. On 21 February 2018, the Court issued an order that Mr Gregson's disqualification should be for a period of 10 years with effect from 7 March 2018.
9. In reaching its decision, the Court upheld the following allegations against Mr Gregson:
  - 9.1. On 10 July 2014, the Authority conducted an audit during which GBFS and OTL were unable to provide a reconciliation of client accounts. On 23 July 2014, the Authority advised each of the Firms that the continued failure to provide a client account reconciliation was unacceptable and that an option open to the Authority was to close the business down completely. Mr Gregson gave a commitment to the Authority not to draw any fees from the bank accounts until the reconciliation had been completed. Thereafter, between 28 July and 21 August 2014, in the knowledge of the Authority's concern regarding segregation of client funds and an inability to reconcile the client accounts accurately, Mr Gregson acted with a lack of commercial probity in making and/or authorising payments to himself and/or others totalling £145,321 and £65,225 from GBFS's and OTL's current accounts respectively, at the risk of and to the detriment of client creditors;
  - 9.2. Mr Gregson failed to ensure that the Firms adhered to the OFT's debt management guidance between March 2013 and March 2014, and to the Handbook between April 2014 and April 2015, in that, as required by section 27 of the Consumer Credit Act 1974:
    - 9.2.1. GBFS failed to assess the suitability of products for clients, failed to act in the best interest of clients and operated a business model which was likely to be unfair;
    - 9.2.2. GBFS and OTL failed to maintain adequate records of each debt management plan with the result that, when client account reconciliations were attempted, they could not be relied upon as being accurate; and
    - 9.2.3. OTL failed to ensure that payments totalling £281,805 from clients were deposited into the client account in OTL's name, payments being held by third party companies which were therefore not protected.
  - 9.3. In the judgment dated 14 February 2018, the judge stated that he was satisfied that the allegations in relation to segregation, records, accounts and reconciliations and payments were serious and justified a finding of unfitness. In particular, the judge stated that the conduct of paying money, which could not be known as not including client money, out to Mr Gregson and connected companies or individuals amounted to serious misconduct that warranted a disqualification period of 10 years. He added that the Firms were expected to show a high level of probity given their regulatory background, and clients were entitled to depend on their integrity and good governance, yet that did not happen in this case and Mr Gregson was responsible for that.

- 9.4. The judge accepted that the failure to keep control of client monies was not dishonest but was a negligent failure. He was also satisfied that Mr Gregson, in a misconceived way, was trying to pay himself back what he may genuinely have believed he was entitled to from the companies, and that in the circumstances this was not deliberately and flagrantly dishonest. However, while the judge accepted that Mr Gregson did cooperate to some extent with the Authority in its investigations, he considered that Mr Gregson did act in an underhand way by failing to inform the Authority of his intentions in relation to the payments before making them.
- 9.5. Through the Decision Notice, the Authority notified Mr Gregson of his right to refer the matter to which the Decision Notice relates to the Tribunal. Mr Gregson has not referred the matter the Tribunal within 28 days of the date of which the Decision Notice was issued to him.
- 9.6. The Authority has therefore decided to make an order prohibiting Mr Gregson from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm, for the reasons described above.

## **FAILINGS**

10. The statutory and regulatory provisions relevant to this Notice are referred to in the Annex to this Notice.
11. The Authority considers that the facts and matters set out at paragraphs 5 to 7 above demonstrate that Mr Gregson lacks integrity such that it appears to the Authority that he is not is not a fit and proper person to perform any function in relation to regulated activities carried on by an authorised person, an exempt person or by an exempt professional firm.

## **SANCTION**

12. Given the nature and seriousness of the matters outlined above, the Authority considers that Mr Gregson should be prohibited from performing any function in relation to regulated activities carried on by an authorised person, an exempt person or by an exempt professional firm. Accordingly, it is making this prohibition order.
13. The Authority considers that a prohibition order is necessary and proportionate in all the circumstances and that it advances the Authority's operational objectives of securing an appropriate degree of protection for consumers and of protecting and enhancing the integrity of the UK financial system.

## **PROCEDURAL MATTERS**

14. This Final Notice is given to Mr Gregson under, and in accordance with, section 390 of the Act.
15. The following paragraphs are important.

### **Decision maker**

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

## **Publicity**

17. Section 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates.
18. 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 in respect of this matter if, in the opinion of the Authority, such publication would be unfair to Mr Gregson, or prejudicial to the interest of consumers or detrimental to the stability of the UK financial system.
19. The Authority intends to publish this Final Notice and such information about the matter to which this Final Notice relates as it considers appropriate.

## **Authority contact**

20. For more information concerning this matter generally, Mr Gregson should contact Allen Kontos at the Authority (direct line: 0207 066 1634).

**Martin Butcher**  
**Manager,**  
**Enforcement and Market Oversight**  
**Financial Conduct Authority**

## **ANNEX**

### **RELEVANT STATUTORY PROVISIONS**

1. The Authority's operational objectives include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 56(1) of the Act provides:  
  
"The [Authority] may make a prohibition order if it appears to it that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by:
  - (a) an authorised person,
  - (b) a person who is an exempt person in relation to that activity, or
  - (c) a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity."

### **RELEVANT REGULATORY PROVISIONS**

3. 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 EG. The relevant main considerations in relation to the action specified above are set out below.

#### **The Enforcement Guide**

4. The Authority's policy in relation to exercising its power to issue a prohibition order is set out in EG.
5. EG 9.1 explains the purpose of prohibition orders in relation to the Authority's regulatory objectives.
6. EG 9.2 sets out the Authority's general policy on making prohibition orders. In particular:
  - (a) EG 9.2.1 states that the Authority will consider all relevant circumstances, including whether enforcement action has been taken against the

individual by other enforcement agencies, in deciding whether to make a prohibition order;

- (b) EG 9.2.2 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case; and
- (c) EG 9.2.3 states that the scope of a prohibition order will depend on, among other things, the reasons why the individual is not fit and proper and the severity of risk he poses to consumers or the market generally.

- 7. EG 9.5.1 states that where the Authority is considering whether to make a prohibition order against someone who is not an approved person, the Authority will consider the severity of the risk posed by the individual and may prohibit him where it considers that it is appropriate to achieve one or more of the Authority's statutory objectives.
- 8. EG 9.5.2 provides that, when considering whether to exercise its power to make a prohibition order against someone who is not an approved person, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, the factors set out in EG 9.3.2. Those factors include: 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); the relevance and materiality of any matters indicating unfitness; the length of time since the occurrence of any matters indicating unfitness; and the severity of the risk which the individual poses to consumers and to confidence in the financial system.

### **Fit and Proper Test for Approved Persons and specified significant-harm functions**

- 9. The Authority has issued guidance on the fitness and propriety of individuals in FIT.
- 10. FIT 1.3.1BG(1) states that the most important considerations when assessing the fitness and propriety of a person to perform a controlled function include that person's honesty, integrity and reputation.
- 11. FIT 2.1.1G states that in determining a person's honesty, integrity and reputation, the Authority will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3G.
- 12. FIT 2.1.3G(12) states that the matters referred to in FIT 2.1.1G include, but are not limited to, whether a person has ever been disqualified from acting as a director or disqualified from acting in any managerial capacity.