
FINAL NOTICE

To: **G & M Supplies (Cumbria) Limited**

Address: **Unit 7 Cooper Way, Parkhouse, Carlisle, CA3 0JG**

FRN: **728550**

Dated: **22 December 2020**

ACTION

1. For the reasons set out below and pursuant to section 55J of the Act, the Authority has decided to cancel G&M's Part 4A permission.
2. G&M has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to it.
3. Accordingly, the Authority has today cancelled G&M's Part 4A permission.

DEFINITIONS

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

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

"the appropriate resources Threshold Condition" means the threshold condition set out in paragraph 2D of Schedule 6 of the Act;

"the Authority" means the Financial Conduct Authority;

"CiC form" means the Change in Control notice submitted by a director of a corporate entity that wishes to acquire control or to increase control in a firm or in a parent undertaking of the firm;

"COND" means the Threshold Conditions part of the Handbook;

“the Decision Notice” means the decision notice given to G&M dated 6 November 2020;

“DEPP” means the Authority’s Decision Procedure and Penalties manual;

“EG” means the Enforcement Guide;

“Form A” means the application to perform controlled functions including senior management functions;

“Form C” means the notice of ceasing to perform controlled functions including senior management functions;

“G&M” means G & M Supplies (Cumbria) Limited;

“G&M’s Part 4A permission” means the permission granted by the Authority to G&M under the Act;

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

“the Principles” means the Authority’s Principles for Businesses;

“the RDC” means the Authority’s Regulatory Decisions Committee;

“the suitability Threshold Condition” means the threshold condition set out in paragraph 2E of Schedule 6 to the Act;

“the Threshold Conditions” means the threshold conditions set out in Schedule 6 to the Act; and

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber).

RELEVANT STATUTORY PROVISIONS

5. The statutory and regulatory provisions relevant to this Notice are set out in the Annex.

SUMMARY OF THE REASONS

6. The Authority has concluded, on the basis of the facts and matters set out below, that G&M is failing to satisfy the suitability Threshold Condition, in that the Authority is not satisfied that G&M is a fit and proper person having regard to all the circumstances. Specifically, G&M had failed to be open and co-operative in all its dealings with the Authority, and as a result, the Authority is not satisfied that G&M’s business is being, or will be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner.
7. The Authority has also concluded that G&M is failing to satisfy the appropriate resources Threshold Condition, in that the Authority is not satisfied that G&M has appropriate nonfinancial resources in relation to the regulated activities that it carries on or seeks to carry on. Specifically, G&M has failed to submit an application to appoint an approved person to carry out the necessary senior management functions.

FACTS AND MATTERS

8. G&M was authorised by the Authority on 24 December 2015 to conduct credit broking activities.

9. G&M has failed to co-operate with the Authority in that it has failed to respond adequately to repeated correspondence from the Authority requesting that:
 - a. G&M completes and submits a Form A and Form C. The Authority considers that G&M no longer has an approved person in place. In order to remove the previous approved person G&M was required to complete and submit a Form C. As a consequence, G&M was also required to complete and submit a Form A in order to appoint an appropriate individual to hold the relevant senior management functions. By failing to submit a Form A, G&M is failing to appoint an approved person holding the necessary senior management function in line with the regulated activities that it carries on or seeks to carry on.
 - b. G&M completes and submits a CiC form. The Authority considers that G&M has undertaken a CiC. As no CiC form has been completed and submitted, the Authority considers G&M to be in breach of its legal requirement to appropriately notify in writing the Authority prior to the change in control taking effect.
 - c. G&M takes specific actions, including updating the contact details held by the Authority on the Authority's records.

PROCEDURAL MATTERS

10. This Final Notice given to G&M in accordance with section 390(1) of the Act.
11. The following paragraphs are important.

Decision maker

12. This decision which gave rise to the obligation to give this Final Notice was made by the RDC.

Publicity

13. This decision which gave rise to the obligation to give this Final Notice was made by the RDC.
14. The Authority must publish such information about 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 information would, in the opinion of the Authority, be unfair to G&M or prejudicial to the interests of consumers.
15. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Contact

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

17. For more information concerning this matter generally, G&M should contact Allen Kontos at the Authority (direct line: 020 7066 1634)

Anna Couzens
Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1B of the Act include protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of protection for consumers.
2. The Authority is authorised by section 55J of the Act to cancel an authorised person's Part 4A permission, where it appears to the Authority that such a person is failing to satisfy the Threshold Conditions.
3. The appropriate resources Threshold Condition provides that the resources of a person ("A") must be appropriate in relation to the regulated activities that A carries on or seeks to carry on.
4. The suitability Threshold Condition provides, in relation to a person ("A") carrying on or seeking to carry on regulated activities which do not consist of or include a PRA-regulated activity, that:

"A must be a fit and proper person having regard to all the circumstances, including –
[...]
(f) whether A's business is being, or is to be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner."

RELEVANT HANDBOOK AND OTHER REGULATORY PROVISIONS

5. In exercising its power to cancel a firm's Part 4A permission, the Authority must have regard to the regulatory requirements and guidance published in the Handbook and in regulatory guides, such as EG. The relevant main considerations in relation to the action specified in above are set out below.

Relevant Principle

6. Principle 11 requires a firm to deal with its regulators in an open and co-operative way, and to disclose to the Authority appropriately anything relating to the firm of which the Authority would reasonably expect notice.

Guidance concerning the suitability Threshold Condition

7. Guidance on the Threshold Conditions is set out in COND.

COND 2.4 – Appropriate resources: Paragraph 2D of Schedule 6 to the Act

8. COND 2.4.1A UK states "The resources of A must be appropriate in relation to the regulated activities that A carries on or seeks to carry on."
9. COND 2.4.1A UK states "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 on A by the FCA in the course of the exercise of its functions.”

COND 2.5 – Suitability: Paragraph 2E of Schedule 6 to the Act

10. COND 2.5.1AUK reproduces the relevant statutory provision that a person concerned must be a fit and proper person having regard to all the circumstances, including, amongst other things, the need to ensure that its business is being, or is to be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner.
11. COND 2.5.1BG confirms that paragraph 2E of Schedule 6 to the Act sets out the suitability Threshold Condition for firms carrying on, or seeking to carry on, regulated activities which do not consist of or include a PRA-regulated activity.
12. COND 2.5.2G states that the Authority will take into consideration anything that could influence a firm’s continuing ability to satisfy the suitability Threshold Condition.
13. COND 2.5.6G gives 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, the suitability Threshold Condition including, but not limited to, whether:
 - the firm has been open and co-operative in all its dealings with the Authority and is ready, willing and organised to comply with the requirements and standards under the regulatory system (COND 2.5.6G(1)); or
 - the firm has contravened, amongst other things, any provisions of the regulatory system, which includes the Principles and other rules (COND 2.5.6G(4)).

OTHER RELEVANT REGULATORY PROVISIONS

14. The Authority’s policy in relation to exercising its powers is set out in EG, the relevant provisions of which are summarised below.

Cancelling a firm’s Part 4A permission on the Authority’s own initiative

15. EG 8.1.1(1) provides that the Authority may use its own-initiative power to vary or cancel the Part 4A permission of an authorised person under section 55J of the Act where the person is failing or is likely to fail to satisfy the Threshold Conditions for which the Authority is responsible.
16. EG 8.5.1(1) provides that the Authority will consider cancelling a firm’s Part 4A permission using its own-initiative powers contained in section 55J of the Act in circumstances where the Authority has very serious concerns about a firm, or the way its business is or has been conducted.
17. EG 8.5.2 sets out examples of the circumstances in which the Authority may cancel a firm’s Part 4A permission. One such example is the failure by a firm to co-operate with the FCA which is of sufficient seriousness that the Authority ceases to be satisfied that the firm is fit and proper, for example failing without reasonable excuse to provide material information or take remedial action reasonably required by the Authority (EG 8.5.2(8)(b)).