
FINAL NOTICE

To: **Hygeia Mortgages & Finance Limited**

Of: **5 Dorset Street
London
W1U 6QJ**

FSA
Reference
Number: **302920**

Dated: **27 September 2010**

TAKE NOTICE: The Financial Services Authority (the "FSA") of 25 The North Colonnade, Canary Wharf, London E14 5HS gives Hygeia Mortgages & Finance Limited ("Hygeia"), final notice about a decision to cancel the permission granted to Hygeia to carry on regulated activities

1. ACTION

- 1.1 The FSA gave Hygeia a Decision Notice on 28 July 2010 (the "Decision Notice") which notified Hygeia that for the reasons given below and pursuant to Section 45 of the Financial Services and Markets Act 2000 (the "Act"), the FSA had decided to cancel the permission granted to Hygeia pursuant to Part IV of the Act ("Hygeia's Part IV permission").
- 1.2 Hygeia was informed of its statutory right to make a reference to the Upper Tribunal (the "Tribunal"), but it has not referred the Decision Notice to the Tribunal within 28 days of the date on which the Decision Notice was given to Hygeia. Accordingly, the FSA has today cancelled Hygeia's Part IV permission.

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2. REASONS FOR ACTION

- 2.1 On the basis of the facts and matters and conclusions described in its Warning Notice dated 10 June 2010 (the "Warning Notice") (an extract from which is attached to and forms part of this Final Notice), and in the Decision Notice, the FSA has concluded that Hygeia is failing to satisfy the threshold conditions set out in Schedule 6 of the Act (the "Threshold Conditions").
- 2.2 In particular, Hygeia's resources are not adequate in relation to the regulated activities it has permission to carry on. Hygeia has also not co-operated with the FSA in that it has not allowed a supervisory visit to be undertaken by the FSA and has not provided information to the FSA, and thereby Hygeia has also failed to ensure its affairs are conducted soundly and prudently, and in compliance with proper standards.
- 2.3 The FSA has therefore decided to cancel Hygeia's permission for the reasons described in the Warning Notice and the Decision Notice, and to give this Final Notice to Hygeia.

3. DECISION MAKER

- 3.1 The decision which gave rise to the obligation to issue this Final Notice was taken by the Regulatory Decisions Committee.

4. IMPORTANT

- 4.1 This Final Notice is given to Hygeia in accordance with section 390(1) of the Act, at the principal place of business last notified by Hygeia to the FSA, and it is being copied to the Registered Office address of Hygeia at 5 Theobald Court, Theobald Street, Elstree WD6 4RN.

Publicity

- 4.2 Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final Notice relates. Under those provisions, the FSA must publish such information about the matter to which this Final Notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to Hygeia or prejudicial to the interests of consumers.
- 4.3 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA Contact

- 4.4 For more information concerning this matter generally, Hygeia should contact Craig Drury at the FSA (direct line: 020 7066 8460/fax: 020 7066 8461).

John Kirby
FSA Enforcement and Financial Crime Division

EXTRACT FROM WARNING NOTICE DATED 10 JUNE 2010

“Facts and matters relied on

- 2.25 Hygeia was authorised by the FSA on 31 October 2004 to carry on mortgage mediation business.
- 2.26 Hygeia is subject to a capital resources requirement in MIPRU 4.2.11R(1) that it must maintain capital resources of the higher of £5,000 or 2.5% of the annual income from its regulated mortgage mediation activity. In Hygeia’s case, the former figure is higher and the capital resources requirement under MIPRU is therefore £5,000.
- 2.27 In its Retail Mediation Activities Returns (RMAR) submitted to the FSA for the periods ended 30 September 2008 and 31 March 2009, Hygeia incorrectly reported to the FSA capital resources above the required level, having included intangible assets in its capital resources. At these dates Hygeia should have reported negative capital resources of -£39,004 and -£33,744 respectively, having excluded intangible assets from its capital resources.
- 2.28 On 2 July 2009, Hygeia stated to the FSA that it had received a cash injection of £10,000 by way of a subordinated loan.
- 2.29 In its RMAR for the period ended 30 September 2009, Hygeia reported that it had negative capital resources at that date of -£15,013, £20,013 below its capital resources requirement of £5,000. Hygeia’s reported capital resources included the subordinated loan of £10,000.
- 2.30 Hygeia has failed to provide evidence to the FSA of the subordinated loan of £10,000, despite repeated FSA requests for such evidence. Hygeia has also failed, despite repeated FSA requests, to provide a detailed plan to rectify the capital resources shortfall identified in its RMAR to 30 September 2009.
- 2.31 Hygeia has also failed to co-operate with the FSA in repeatedly failing to allow a supervisory visit to be undertaken by the FSA and to provide information to the FSA, despite repeated requests that it do so.

Conclusions

- 2.32 The facts and matters described above lead the FSA, having regard to its regulatory objectives, to the following conclusions:
- Hygeia is failing to meet the requirement set out in MIPRU 4.2.2R and MIPRU 4.2.11R(1), that it must, at all times, maintain capital resources equal to or in excess of its relevant capital resources requirement of £5,000;

- this failing is significant and material in relation to the regulated activities for which Hygeia has permission and Hygeia is therefore failing to satisfy Principle 4 and Threshold Condition 4 (Adequate resources);
- by failing to allow a supervisory visit to be undertaken by the FSA and to provide information to the FSA despite repeated requests to do so, Hygeia is in breach of Principle 11; and
- by virtue of this breach, Hygeia is failing to satisfy Threshold Condition 5 (Suitability), as it has failed to ensure that its affairs are conducted soundly and prudently, and in compliance with proper standards.”

END OF EXTRACT