
FINAL NOTICE

**Interest Free Loans Ltd
17 Ambleside Avenue
Bradford
West Yorkshire
BD9 5HX**

10 July 2019

ACTION

1. By an application dated 10 August 2018, Interest Free Loans Ltd (“IFL”) applied under section 55A of the Financial Services and Markets Act 2000 (“the Act”) for Part 4A permission to carry on the regulated activities of:
 - i. Entering into high-cost short-term credit as lender; and
 - ii. Exercising or having the right to exercise the lender’s rights and duties in relation to high-cost short-term credit.
2. The Application is incomplete.
3. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 22 March 2019, (“the Warning Notice”) the Authority gave notice that it proposed to refuse the Application and that IFL was entitled to make representations to the Authority about that proposed action.

5. As no representations have been received by the Authority from IFL within the time allowed by the Warning Notice, the default procedures in paragraph 2.3.2 of the Authority's Decision Procedure and Penalties Manual apply, permitting the Authority to treat the matters referred to in its Warning Notice as undisputed and, accordingly, to give a Decision Notice.
6. By its Decision Notice dated 16 May 2019, ("the Decision Notice"), the Authority gave IFL notice that it had decided to take the action described above.
7. IFL 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.
8. 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 IFL Final Notice of its refusal.
9. The Authority decided to refuse the Application and to give this Final Notice as IFL has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that IFL will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.
10. Over the course of the Application, IFL has been unable to demonstrate that it has the appropriate non-financial resources in place to operate its business in a sound and prudent manner and in line with the relevant rules and requirements. Further, the Firm has been unable to satisfy the Authority that its sole director, controller, proposed controlled function holder and human resource has suitable experience, competence and capability to conduct the proposed regulated activity. For example, the Firm was unaware, until it was pointed out by the Authority, that it would need to calculate an APR for its loans.
11. In relation to the appropriate resources threshold condition (in paragraph 2D of Schedule 6 to the Act), the Authority is not satisfied that IFL has appropriate non-financial resources in relation to the regulated activities that it seeks to carry on. The Authority does not consider that IFL has the appropriate policies, procedures and documents in place in order to operate its business in a sound and prudent manner. Further, the Authority does not consider that IFL has adequate human resources in place given the nature of the firm and the skills and experience of its sole human resource in order to meet the threshold condition of appropriate resources.
12. In relation to the suitability threshold condition (in paragraph 2E of Schedule 6 to the Act), the Authority is not satisfied that the firm's sole director, controller, proposed controlled functions holder and human resource is a fit and proper person having regard to all the circumstances and therefore the Authority is not satisfied that the Firm is fit and proper. Accordingly, the Authority does not consider that the Firm satisfies, and will continue to satisfy, the suitability threshold condition.

DEFINITIONS

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

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

"the Application" means the application referred to in paragraph [1]/[2] above.

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

"CMP" means the Firm's Compliance Monitoring Plan.

"CONC" means the 'Consumer Credit Sourcebook' in the Handbook.

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

"HCSTC" means high-cost short-term credit.

"IFL" or "the Firm" means Interest Free Loans Ltd.

"SYSC" means the 'Senior Management Arrangements, Systems and Controls Sourcebook' in the Handbook.

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

"the Warning Notice" means the warning notice dated 22 March 2019 given to the firm by the Authority.

"the Decision Notice" means the decision notice dated 16 May 2019 given to the firm by the Authority.

FACTS AND MATTERS

Background to the Firm

14. IFL was incorporated on 6 June 2018. It has a sole director and 100% shareholder. No other individuals are employed by the Firm.

Overview of the Firm's business

15. IFL has applied to act as a lender of high-cost short-term credit.

16. In summary, IFL intends to offer unsecured, fixed-sum loans to individuals with a 0% interest charge. The APR will be between 81% and 243% dependent on the length of the loan and amount borrowed. The APR figures have been calculated based on the transaction fee the Firm will charge at the start of an agreement.

17. It is not clear how long the loans will last due to conflicting information IFL has provided to date, but it appears that loans could last between 1-3 months.

18. Customers will be able to borrow between £50-£250.

19. Although the Firm will conduct business through its website, it intends to focus its social media advertising to a local area initially. IFL expects to have approximately 74 customers in the first year of trading.

The Firm's inadequate policies, procedures and documentation

20. An authorised firm is expected to demonstrate to the Authority that it will conduct its business in a sound and prudent manner, in line with the relevant rules and requirements, and in the interests of customers. One of the ways a firm can demonstrate this is through providing appropriate policies and procedures.

21. IFL's business plan does not include sufficient detail of the Firm's policies regarding financial promotions, affordability/creditworthiness, vulnerable customers, the agreement documentation, the arrears process, anti-money laundering or complaints.

22. The Authority initially requested the following information from IFL on 15 November 2018:

- i. A copy of any advertising/financial promotions;
- ii. The affordability/creditworthiness policy;
- iii. The arrears policy;
- iv. The complaints policy;
- v. The vulnerable customer policy;
- vi. A copy of the agreement documentation (including pre-contract information);
- vii. 3 year financial projections; and
- viii. An updated CMP.

23. IFL contacted the Authority by telephone on 16 November 2018 to discuss the request as the Firm was unsure what information was required in the various documents.

24. Although IFL provided the information requested on 28 November 2018, the Authority was concerned that the level of detail contained within these policies was not sufficient. In particular;

- i. The APR had been listed as 0% which is incorrect based on the transaction fee being charged.
- ii. The affordability/creditworthiness policy did not include details of how the income and expenditure form will be assessed, what credit reference information the Firm would obtain and how this would be assessed to make a lending decision or how the Firm will assess repeat lending.
- iii. The agreement documentation was not compliant with the Consumer Credit (Agreements) Regulations 2010 in that, for example, it did not include the

correct heading, details of the loan duration or details of the interest rate. The firm also failed to provide any pre-contract information.

- iv. The arrears process did not include details of how the Firm will assess whether a repayment plan is reasonable for a customer, how the Firm considers that its fees are reasonable or how often contact is made with a customer in arrears. It was also not clear what the Firm would do if a suitable repayment plan could not be arranged or at what point in the arrears process a default notice would be issued. The arrears letters also failed to include sufficient detail.
 - v. The complaints policy made reference to the European Online Dispute Resolution Platform as a method for customers to make complaints. This information is incorrect as a complaint about a HCSTC product could not be made through this platform.
 - vi. The CMP made reference to other departments being responsible for various checks (e.g. the internal finance department would maintain financial requirements) but this is incorrect as there would only be one individual at the Firm upon authorisation.
 - vii. The financial projections did not contain sufficient detail, and a separate profit & loss account, cash flow forecast and balance sheet were required.
25. The Authority had a further conversation with IFL by telephone on 11 December 2018 to discuss some of the concerns with the documents outlined above. The Authority advised IFL that the Firm is expected to be ready, willing and organised to provide fully compliant policies and documentation without assistance from the Authority.
26. Following this conversation, the Authority requested further information from IFL about the policies and procedures on 12 December 2018 by email, and specifically for the points in paragraph 19 above to be addressed.
27. Despite the Authority offering additional support to the Firm during both information requests, IFL was still unable to provide sufficient information in its response dated 2 January 2019 in order to satisfy the Authority that the Firm had adequate policies and procedures in place in respect of its proposed activities.
28. Particularly, there are numerous outstanding concerns with IFL's policies, procedures and documentation:
- i. The affordability/creditworthiness policy does not include details of the types of creditworthiness checks the Firm will undertake. IFL has advised that it does not carry out credit reference checks but it has not explained how it will satisfy the creditworthiness requirements under CONC 5.2A.4R. This policy also fails to provide sufficient detail about the Firm's approach to re-lending.
 - ii. The arrears policy does not include details of any forbearance options other than 'repayment arrangement' and 'promise to pay'. On 2 January 2019 IFL advised the other options are outlined in the business plan, but having reviewed the business plan the Authority cannot see this information. IFL has also been unable to provide

template arrears letters as it states it intends to “provide a personalised service and tailor [its] letters accordingly.”

- iii. The initial CMP submitted with the Firm’s application was incomplete. It did not include details of who will conduct the relevant monitoring or how frequently monitoring would take place. The Authority asked IFL to update its CMP on 15 November 2018. Although IFL provided this on 28 November 2018, issues still remained (such as the CMP referring to ‘maintaining overdraft procedures’ when the Firm does not offer any overdrafts, and referring to other departments such as HR even though there will not be any other employees at the point of authorisation).
- iv. The complaints policy makes reference to the European Online Dispute Resolution Platform as a method the customer can use to raise a complaint. This platform cannot be used to raise a complaint for HCSTC activities but customers will be incorrectly led to believe that they can use this platform to raise a complaint.
- v. IFL’s agreement documentation still does not comply with the Consumer Credit (Agreements) Regulation 2010. IFL submitted its agreement documentation with its initial application on 10 August 2018. The Authority provided IFL a link to the agreement regulations on 16 November 2018 so the Firm could ensure it provided compliant documents. The Authority advised IFL on 11 December 2018 that the agreement documents were still not compliant, however, on 2 January 2019 IFL only provided a copy of the pre-contract information, and had failed to provide a compliant copy of the agreement and terms and conditions.
- vi. The Firm indicated on 2 January 2019 that its APR would range from 81% for a 1-month loan to 243% for a 3-month loan. However, this was on the basis that the customer borrowed £100. It is not clear what the APR will be if a customer borrowed an amount other than £100. Also IFL has not identified that if they charge an APR below 100% they will need to apply for additional lending permissions.

The sole Director’s lack of experience, competence and capability, and the Firm’s lack of adequate human resources.

29. The Firm will have a sole director with no additional employees when it begins trading. The director’s work experience is based in HMRC as a collections advisor and audit specialist. Whilst the director may have developed some transferrable skills during this work experience, the Authority is not satisfied that the director has sufficient experience, including experience in a relevant field, to enable them to competently be the sole director/employee of a HCSTC firm.

30. During conversations with the Firm’s sole director on 16 November 2018, 11 December 2018, and 11 January 2019, the Authority advised that there were concerns regarding the director’s lack of relevant experience, and particularly in the context of there being no other employees at the firm. Whilst options such as employing third party compliance support or undertaking relevant training were discussed with the director, the Firm is not pursuing any of these options.

31. The Authority does not expect a firm to pursue any specific route to ensure it has the relevant knowledge, however IFL has not demonstrated that it has sufficient knowledge to operate a HCSTC firm as it currently stands and has not provided any solution to address this concern.
32. Throughout the application process, the Firm's sole director has demonstrated on several occasions that they do not have the required level of knowledge to effectively operate a HCSTC firm. Some examples of this include the following:
- i. On 16 November 2018, the Authority explained to the director what a vulnerable customer is and that it would expect a HCSTC firm to have a vulnerable customer policy.
 - ii. On 16 November 2018, the Authority explained to the director that the Firm would be required to provide pre-contract information to customers. The Authority also directed the Firm to the relevant legislation detailing what information needs to be in the agreement documents. On 11 December 2018, the Authority confirmed that the amended agreement documents were still not compliant but the director was unsure why this was the case.
 - iii. The director was asked to provide details of the firm's APR. On 28 November 2018, the director stated that "along with charging 0% interest, the APR will also be at 0%." On 11 December 2018, the Authority explained to the director that this figure is incorrect due to the transaction fee the Firm intends to charge. The director was unclear on why the transaction fee needed to be included in the APR, and disputed that this was correct.
 - iv. On 2 January 2019, the director advised that the APR will be 81% for a 3-month loan and 243% for a 1 month loan (both based on the customer borrowing £100). The director has not identified that the Firm would need to calculate the APR for the lowest to highest amounts a customer can borrow (£50-£250) and over the minimum and maximum timeframe (which is still not clear to the Authority). The director has also failed to identify that, based on their example, one of the APR's is below 100% - this would mean that IFL needs additional lending permissions but the director has not identified this.
 - v. On 12 December 2018, the director was asked to explain how the Firm is satisfied the Firm's trading name (Interest Free Loans) is not misleading to customers. The director replied on 2 January 2019 stating that they did "not think [IFL] is misleading as a transaction fee is not an interest charge. [The] name suggests that we will not be charging interest on the loans provided, which again will be transparent on the website for customers to view before applying for a loan". Whilst the Authority agrees that it is technically true the Firm is not applying interest charges, it still considers that the trading name is misleading as customers may be led to believe the loans will be cheaper than other alternatives.

Summary

33. In light of the above, the Authority is not satisfied that:
- i. the Firm has the appropriate policies, procedures and documentation in place to conduct its business in a sound and prudent manner;

- ii. the Firm has in place adequate human resources in order to conduct the proposed activities;
- iii. the Firm has a fit and proper person to conduct the proposed activities in a compliant manner, having regard to the sole Director's lack of experience, and competence and capability in respect of the proposed activities.

IMPACT ON THRESHOLD CONDITIONS

34. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
35. In light of the facts and matters set out above and for the reasons set out below, the Authority cannot ensure that, if the Application were granted, IFL would satisfy, and continue to satisfy, the appropriate resources and suitability threshold conditions.

Appropriate Resources

Non-financial Resources: Policies

36. Paragraph 1A(2) of Schedule 6 to the Act provides that "non-financial resources" of a firm for the purposes of the threshold conditions include any systems, controls, plans or policies that the firm maintains.
37. Under COND 2.4.4(d), relevant matters to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, the threshold condition of appropriate resources may include but are not limited to whether the firm has taken reasonable steps to identify and measure any risks of regulatory concern that it may encounter in conducting its business, and has installed appropriate systems and controls.
38. Under COND 2.4.2G, the Authority will consider whether the Firm is ready, willing and organised to comply with the high level systems and controls requirements in SYSC, and with other applicable systems and controls requirements when assessing if it has appropriate non-financial resources.
39. Under SYSC 3.1.1R a firm is required to take reasonable care to establish and maintain systems and controls that are appropriate for its business. These systems and controls should also take into account the nature, complexity and degree of risk associated with a firm's activities.
40. The Authority considers that it is for a firm to demonstrate it understands the relevant rules and requirements it must adhere to. One way a firm can demonstrate this is by providing compliant policies and procedures. Whilst the Authority is able to offer a level of guidance to firms, it considers that IFL has been unable to demonstrate that its policies, procedures and documentation adhere to the relevant rules and requirements to date, and will be unable to do so without significant support.
41. As set out in paragraphs 15 to 27 above, IFL has been unable to demonstrate on multiple occasions that its policies, procedures and documentation are of an appropriate standard when taking into account the nature of and complexity of the Firm's activities. HCSTC is considered a high-risk activity by the Authority, as such a firm is expected to provide suitable policies and procedures that mitigate

the risks involved in this form of lending. The Authority does not consider that IFL has been able to do this.

42. The Firm's policies and procedures do not indicate that the Firm will conduct its business in a compliant manner, therefore the Authority considers that IFL is not ready, willing and organised to comply with requirements outlined in SYSC and CONC.

Non-financial Resources: Human Resources

43. Under COND 2.4.1A(4)(a), the matters which are relevant in determining whether a firm has appropriate non-financial resources in place for the purpose of satisfying the threshold condition of appropriate resources include the skills and experience of those who manage the firm's affairs.
44. The Authority considers that the Firm's sole human resource does not have the required experience, competence and capability to operate a HCSTC firm, without any other human resources. As set out in paragraphs 29 to 32 above, the Firm's sole director has been unable to demonstrate that they have sufficient understanding of the requirements to be the sole director and employee of IFL.
45. The Authority does not consider that it can ensure IFL satisfies, and will continue to satisfy, the appropriate resources threshold condition in light of the concerns identified in relation to the competence and capability of the Firm's sole human resource, and the Firm's failure to put in place any other steps and resources to mitigate the risks arising from this.

Suitability

46. Threshold Condition 2E requires that, inter alia, 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 and whether those who manage the firm's affairs have adequate skills and experience.
47. The Authority may consider that a firm is not suitable because of doubts over the individual or collective suitability of persons connected with the firm. In the case of IFL, the Firm has a sole director, controller, proposed controlled functions holder and human resource.
48. The Authority has significant concerns regarding the sole Director's experience, competence and capability, and does not consider that the sole Director has demonstrated that they have adequate skills and experience to ensure that the Firm's affairs are conducted in an appropriate manner.
49. The firm's sole Director has been asked to provide compliant, robust information in relation to IFL's operations but has not been able to do so due to a lack of knowledge about HCSTC activity.
50. The Firm's sole Director has also failed to pursue any option to help improve either their own skills and experience or the knowledge within IFL.
51. In relation to the suitability threshold condition (in paragraph 2E of Schedule 6 to the Act), the Authority is not satisfied that the firm's sole director, controller, proposed controlled functions holder and human resource is a fit and proper person having regard to all the circumstances and accordingly the Authority is not

satisfied that the Firm is fit and proper and the Authority does not consider that the Firm satisfies, and will continue to satisfy, the suitability threshold condition.

52. 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 IFL will satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which IFL would have permission if the application was granted.

IMPORTANT NOTICES

53. This Final Notice is given under section 390 (1) of the Act.

Publication

54. 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.

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

Authority contacts

56. For more information concerning this matter generally, contact Fiona Mackinnon-Miller, Manager, Lending & Intermediaries Department at the Authority (direct line: 020 7066 6376, email: fiona.mackinnon-miller@fca.org.uk).

Hilary Bourne
Chair 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

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. Under COND 1.3.3AG, 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 FCA threshold conditions, the FCA will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.

8. COND 1.3.3CG provides that, when assessing the FCA threshold conditions, the FCA may have regard to any person appearing to be, or likely to be, in a relevant relationship with the firm, in accordance with section 55R of the Act (Persons connected with an applicant). For example, a firm's controllers, its directors or partners, other persons with close links to the firm (see COND 2.3), and other persons that exert influence on the firm which might pose a risk to the firm's satisfaction of the FCA threshold conditions, would be in a relevant relationship with the firm.

Threshold condition 2D: Appropriate Resources

9. COND 2.4.1A states that, the matters which are relevant in determining whether A has appropriate non-financial resources include-(a) the skills and experience of those of who manage A's affairs; and (b) whether A's non-financial resources are sufficient to enable A to comply with requirements imposed or likely to be imposed on A by the FCA in the course of the exercise of its functions.
10. COND 2.4.2G(2) states that the FCA 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.
11. COND 2.4.2G(2A) states that "non-financial resources" of a firm for the purposes of the threshold conditions include any systems, 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 FCA 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 threshold condition 2D.
13. COND 2.4.2G(4) states that detailed financial resources requirements are in the relevant section of the Prudential Standards part of the FCA Handbook, including specific provisions for particular types of regulated activity. The FCA will consider whether firms (other than firms carrying on, or seeking to carry on, PRA-regulated activities) are ready, willing and organised to comply with these requirements when assessing if they have appropriate financial resources for the purposes of threshold condition 2D.

Threshold condition 2E: Suitability

14. COND 2.5.1A(1)G states that the applicant must be a fit and proper person having regard to all the circumstances, including:
 - b) the nature (including the complexity) of any regulated activity that A carries on or seeks to carry on;
 - c) 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 financial system;

- d) whether those who manage A's affairs have adequate skills and experience; and
 - e) 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.
15. COND 2.5.2G(2) states that the FCA will also take into consideration anything that could influence a firm's continuing ability to satisfy threshold condition 2E. Examples include the firm's position within a UK or international group, information provided by overseas regulators about the firm, and the firm's plans to seek to vary its Part 4A permission to carry on additional regulated activities once it has been granted that permission.
16. COND 2.5.4G(2) states that examples of the kind of general considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, threshold condition 2E include, but are not limited to, whether the firm:
- (a) conducts, or will conduct, its business with integrity and in compliance with proper standards;
 - (b) has, or will have, a competent and prudent management; and
 - (c) can demonstrate that it conducts, or will conduct, its affairs with the exercise of due skill, care and diligence.
17. COND 2.5.6G provides that examples of the kind of particular considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether:
- (1) the firm is ready, willing and organised to comply with the requirements and standards under the regulatory system in addition to other legal, regulatory and professional obligations;
 - (1A) the firm has made arrangements to put in place an adequate system of internal control with the requirements and standards for which the FCA is responsible under the regulatory system; and
 - (10) the governing body of the firm is made up of individuals with an appropriate range of skills and experience to understand, operate and manage the firm's regulated activities.

Guidance on SYSC

18. This section of the FCA's Handbook sets out the expectations in relation to a firm's senior management arrangements, systems and controls.
19. SYSC 3.1.1R states that a firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business.
20. SYSC 3.1.2G(1) states that the nature and extent of the systems and controls which a firm will need to maintain under SYSC 3.1.1R will depend upon a variety of factors including the nature, scale and complexity of its business and the degree of risk associated with each area of its operation.

21. SYSC 6.1.1R states that a firm must establish, implement and maintain adequate policies and procedures sufficient to ensure compliance of the firm including its managers, employees and appointed representatives with its obligations under the regulatory system.

Guidance on CONC

22. This section of the FCA's Handbook sets out rules and guidance for firms carrying out credit related regulated activities.

23. CONC 2.2.3R states that a firm must not carry on a credit-related regulated activity under a name which is likely to mislead customers about the status of the firm or the nature of its business, or in any other way.

24. CONC 5.2A.4R states that a firm must undertake a reasonable assessment of the creditworthiness of a customer before entering into a regulated credit agreement.

25. CONC 5.2A.33R(1) states that a firm must establish, implement and maintain clear and effective policies and procedures to enable it to carry out creditworthiness assessments.

26. CONC 7.2.1R states that a firm must establish and implement clear, effective and appropriate policies and procedures for:

- 1) Dealing with customers whose accounts fall into arrears; and
- 2) The fair and appropriate treatment of customers, who the firm understands or reasonably suspects to be particularly vulnerable.