



12 Endeavour Square
London
E20 1JN

Tel: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099
www.fca.org.uk

FINAL NOTICE

To: **L R Kennedy Insurance Services**

Address: **16 Ashfield Road
Milngavie
Glasgow
Lanarkshire
G62 6BT**

FRN: **311420**

Dated: **25 April 2025**

ACTION

1. For the reasons given in this Final Notice, the Authority hereby cancels L R Kennedy Insurance Services ("the Firm")'s Part 4A permission to carry on regulated activities.
2. The Authority issued to the Firm the Decision Notice, which notified it that for the reasons given in this notice and pursuant to section 55J of the Act, the Authority had decided to take the action specified above.
3. The Firm has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was issued to it.
4. Accordingly, the Authority has today cancelled the Firm's Part 4A permission. The cancellation takes effect from the date of this Final Notice.

SUMMARY OF REASONS

5. On the basis of the facts and matters set out below, it appears to the Authority that the Firm is failing to satisfy the suitability Threshold Condition, in that the Firm is not a fit and proper person to conduct regulated activities having regard to all the circumstances. Specifically, the Firm has failed to be open and co-operative in all its dealings with the Authority, as a result, the Authority is not satisfied that the Firm'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.
6. The cancellation action set out at paragraph 1 above has been imposed in order to advance the Authority's consumer protection and integrity objectives (sections 1C and 1D of the Act).

DEFINITIONS

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

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

"the Authority" means the Financial Conduct Authority;

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

"the Decision Notice" means the Decision Notice given to the Firm on 19 March 2025;

"EG" means the Authority's Enforcement Guide;

"the Firm" means L R Kennedy Insurance Services;

"the Firm's Part 4A permission" means the permission granted by the Authority to the Firm pursuant to Part 4A of the Act;

"GIPP" means General Insurance Pricing Practice;

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

"ICOBS" means the Authority's the Insurance: New Conduct of Business sourcebook;

"PRIN" or "the Principles" means the Authority's Principles for Businesses;

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

"REP022" means 'General Insurance – Attestation' regulatory return;

"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 AND REGULATORY PROVISIONS

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

FACTS AND MATTERS

9. The Firm was authorised by the Authority on 14 January 2005 and holds permission to conduct regulated insurance distribution, consumer credit, and designated investment business activities.
10. In January 2022 the Authority introduced new rules to ensure renewing home and motor insurance consumers are quoted customers prices that are no higher than they would be quoted as a new customer through the same channel.
11. As a part of the new rules, firms are required to submit an attestation which confirms that their pricing of products is compliant with the new requirements.
12. In January 2022 the Firm, along with all other general insurance firms and premium finance providers was sent a questionnaire in the format of an online survey to be completed by 31 March 2022. Firms that did not carry out any pricing activities as described in ICOBS 6B.1.1R, were requested, under s165 of the Act, to provide a nil response. The Firm failed to provide any response to the questionnaire.
13. On 23 June 2022, 30 June 2022 and 4 July 2022, the Authority attempted to contact the Firm by telephone in relation to its failure to respond to the questionnaire. The calls were not answered or returned by the Firm.
14. On 2 January 2023, 21 March 2023 and 24 March 2023, the Authority sent the firm an email reminding it to submit the REP022 return in relation to the GIPP attestation, for the 1 January 2022 to 31 December 2022, which was due to be submitted by 31 March 2023. The GIPP attestation provides important information about the Firm upon which the Authority relies in order to advance its operations objectives and to conduct effective risk-based regulation. The email warned the Firm that failure to submit the return could result in enforcement action and its permissions being cancelled. The Firm failed to submit the return.
15. On 2 January 2024, 19 March 2024 and 22 March 2024, the Authority sent the firm an email reminding it to submit the REP022 return in relation to the GIPP attestation, for the 1 January 2023 to 31 December 2023, which was due to be submitted by 2 April 2024. The email warned the Firm that failure to submit the return could result in enforcement action and its permissions being cancelled. The Firm failed to submit the return.
16. On 26 March 2024 and 8 July 2024, the Authority attempted to contact the Firm in relation to its failure to respond to the questionnaire and submit the outstanding returns. The calls were not answered or returned by the Firm.
17. On 6 August 2024, the Authority emailed the Firm in relation to the unsuccessful attempts it had made to contact the firm to discuss the outstanding return. No response was received.
18. On 21 November 2024 Enforcement sent the Firm a letter before action noting that the Authority was considering enforcement action against the Firm on the basis that the Firm had failed to respond to the questionnaire sent by the Authority in January 2022 and had failed to submit the required regulatory return in relation to the GIPP attestation, despite repeated requests to do so. The Firm was given until 28 November

2024 to either submit the outstanding returns or to voluntarily apply to cancel its Part 4A permission. The Firm failed to respond or submit the outstanding returns.

19. To date, the Firm has failed to submit the GIPP attestation and respond adequately to the Authority's repeated attempts to contact it in relation to this matter.

20. The Authority has therefore decided to cancel the Firm's Part 4A permission for the reasons described above.

FAILINGS

21. From the facts and matters described above, the Authority, having regard to its operational objectives (which include protecting and enhancing the integrity of the UK financial system and the protection of consumers), considers that by failing to respond to the questionnaire and the Authority's repeated attempts asking it to respond and submit the outstanding returns, the Firm:

- a) has failed to comply with Principle 11 (relations with regulators) in that the Firm has failed to deal with the Authority in an open and co-operative way. Furthermore, the Firm has not demonstrated that it is ready, willing, and organised to comply with the requirements and standards under the regulatory system; and
- b) is failing to satisfy the suitability Threshold Condition. Specifically, the Authority is not satisfied that the Firm is a fit and proper person having regard to all the circumstances including whether the Firm's business is being managed, or is to be managed, in such a way as to ensure that its affairs will be conducted in a sound and prudent manner.

22. For the reasons set out in this Notice, the Authority has cancelled the Firm's Part 4A permission.

PROCEDURAL MATTERS

23. This Final Notice is given to the Firm under and in accordance with section 390 of the Act.

Decision Maker

24. The decision which gave rise to the obligation to give this Final Notice was made by an Authority staff member under executive procedures.

Publicity

25. 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 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 the Firm or prejudicial to the interest of consumers or detrimental to the stability of the UK financial system.

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

Authority Contacts

27. For more information concerning this matter generally, the Firm should contact M Alexander Bajko at the Authority (direct line: 020 7066 1838) or by email: macieji.bajko@fca.org.uk.

Jeremy Parkinson

Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives are set out in section 1B(3) of the Act 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. 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 or it is desirable to exercise the power in order to advance one or more of its operational objectives.
3. The suitability Threshold Condition set out in Part 1B(2E) of Schedule 6 to the Act 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-

[...]

(c) the need to ensure that A's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system.

(d) whether A has complied and is complying with requirements imposed by the FCA in the exercise of its functions, or requests made by the FCA, relating to the provision of information to the FCA and, where A has so complied or is so complying, the manner of that compliance.

[...]

(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 PROVISIONS

4. In exercising its power to cancel a firm's Part 4A permission, the Authority must have regard to rules and 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 Principles

5. The Principles for Businesses are set out in PRIN 2.1.1R.
6. Principle 11 of PRIN (relations with regulators) requires a firm to deal with its regulators in an open and co-operative way, and must disclose to the Authority appropriately anything relating to the firm of which the Authority would reasonably expect notice.

The Threshold Conditions

7. COND 1 sets out guidance on the Threshold Conditions.
8. COND 1.2.1G sets out that the Threshold Conditions represent the minimum conditions for which the Authority is responsible, which a firm is required to satisfy, and continue to satisfy, in order to be given and to retain a Part 4A permission.
9. COND 1.2.3G reproduces the relevant statutory provision that the Authority may exercise its own-initiative powers to cancel an authorised person's Part 4A permission, if a firm is failing to satisfy any of the Threshold Conditions or is likely to fail to do so.

COND 2.5: Guidance on the suitability Threshold Condition

10. COND 2.5.1AUK(1) 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 the person's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system (COND 2.5.1A(1)(c));
 - the need to comply with the requirements imposed by the Authority, relating to the provision of information to the Authority and, where a person has so complied or is so complying, the manner of that compliance (COND 2.5.1AUK(1)(d)); and
 - whether the 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 (COND 2.5.1AUK(1)(f)).
11. 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.
12. COND 2.5.3G states that the emphasis of the suitability Threshold Condition is on the suitability of the firm itself. However, in certain circumstances, the Authority may consider that the firm is not suitable because of doubts over the individual or collective suitability of persons connected with the firm.
13. COND 2.5.6G provides 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 (Principle 11 (relations with regulators)) and 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; the relevant requirements and standards will depend on the circumstances of each case, including the regulated activities which the firm has permission, or is seeking permission, to carry on (COND 2.5.6G(1)).

The Enforcement Guide

14. The Authority's policy in relation to exercising its power to cancel a firm's Part 4A permission is set out in EG, certain provisions of which are summarised below.

15. EG 2.3.1 sets out that the Authority views the threshold conditions as being fundamental requirements for authorisation and it will generally take action in all such cases which come to its attention and which cannot be resolved through the use of supervisory tools. Firms are given the opportunity to correct the failure and if the firm does not take the necessary remedial action, the Authority will consider whether its permission to carry out regulated business should be varied and/or cancelled.
16. EG 8.1.1 provides that the Authority may use its own-initiative power to vary or cancel the Part 4A permissions 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 (EG 8.1.1(1)); and
 - It is desirable to exercise the power in order to advance one or more of its operational objectives (EG 8.1.1(3)).
17. EG 8.5.1(1) states that the Authority will consider cancelling a firm's Part 4A permission using its own initiative power contained in section 55J of the Act in circumstances where the Authority has very serious concerns about the firm, or the way its business is or has been conducted.
18. EG 8.5.2 sets out examples of the circumstances in which the Authority may cancel a firm's Part 4A permission. These include:
 - failure to provide the Authority with valid contact details or failure to maintain the details provided, such that the Authority is unable to communicate with the firm (EG 8.5.2(6));
 - repeated failures to comply with rules or requirements (EG 8.5.2(7));
 - and a failure to co-operate with the Authority 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)).