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FINAL NOTICE

**Lakeside Window Systems Ltd
Unit A2
Ashmount Business Park
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Swansea Enterprise Park
Swansea
SA6 8QR**

14 March 2017

ACTION

1. By an application dated 26 February 2016, Lakeside Window Systems Limited ("LWS") applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of credit broking.
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 the Authority gave notice that it proposed to refuse the Application and that LWS was entitled to make representations to the Authority about that proposed action.
5. As no representations were received by the Authority from LWS 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 the Authority gave LWS notice that it had decided to take the action described above.
7. LWS had 28 days from the date the Decision Notice was given to refer the matter to the Tribunal. No referral was made to the 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 LWS Final Notice of its refusal.
9. The Authority has decided to refuse the Application and to give this Final Notice as LWS has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that LWS will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.
10. LWS has failed to respond to nine separate requests for the provision of information considered, by the Authority, to be necessary to allow the Application to be determined. These requests were made over a 14 week period; the requests made on 14 September, 28 September and 17 October 2016 included a statement to the effect that LWS must contact the Authority or face a Warning Notice.
11. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that LWS satisfies, and will continue to satisfy, the threshold conditions.
12. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the requested information raises concerns that LWS would fail to do so if the Application were granted.
13. The failure to provide the information raises concerns as to whether LWS:
 - (1) can be effectively supervised by the Authority as required by threshold condition 2C;
 - (2) has appropriate human resources, given LWS's failure to provide the Authority with the requested information as required by threshold condition 2D; and
 - (3) will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

DEFINITIONS

14. 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 one 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.

“the Decision Notice” means the decision notice dated 30 January 2016 given to LWS by the Authority.

“L&I” means the Lending and Intermediaries Department at the Authority.

“the PRA” means the Prudential Regulation Authority.

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

“the RTC” means the Authority’s Regulatory Transactions Committee.

“SUP” means the Supervision chapter of the Authority’s handbook.

“SYSC” means the Senior Management Arrangements, Systems and Controls chapter of the Authority’s handbook.

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

“the Warning Notice” means the warning notice dated 21 December 2016 given to LWS by the Authority.

FACTS AND MATTERS

15. The Application was received by the Authority on 26 February 2016.
16. Further information was requested from LWS, under section 55U(5) of the Act.
17. Details of all the relevant communications between the Authority and LWS are set out below.
18. On 20 July 2016, LWS was requested, to provide the following information in support of the Application by 3 August 2016:
 - (1) LWS’s regulatory business plan;
 - (2) LWS’s compliance monitoring programme;
 - (3) LWS’s organisational structure;
 - (4) LWS’s opening balance sheet;
 - (5) LWS’s forecast closing balance sheet;
 - (6) LWS’s monthly cash flow forecast;
 - (7) LWS’s monthly profit and loss forecast;
 - (8) LWS’s latest end of year accounts;

- (9) CV for the person for whom a Part V application was submitted with the Application;
 - (10) LWS's complaints' policy;
 - (11) LWS's treating customers fairly policy;
 - (12) LWS's vulnerable consumers' policy;
 - (13) confirmation of which third party finance providers LWS use and intend to refer customers to;
 - (14) how LWS source their customers;
 - (15) how LWS will mitigate the risk of high pressure selling caused by being a domestic premises supplier;
 - (16) confirmation if LWS carry out any customer satisfaction follow ups; and
 - (17) how LWS determine the suitability of their agents entering customer homes.
19. On 3 August 2016, L&I contacted LWS using a telephone number provided with the Application. L&I advised that the information remained outstanding and requested LWS provide this as per the email sent 20 July 2016. L&I confirmed this request by way of email the same day and gave a deadline of 10 August 2016 for LWS to provide the information.
 20. On 22 August 2016, L&I wrote to LWS by way of email advising that the information remained outstanding and requested the firm provide it by 26 August 2016.
 21. On 30 August 2016, L&I wrote to LWS by way of email advising them the information remained outstanding and requested the firm provide it by 2 September 2016.
 22. On 5 September 2016, L&I attempted to telephone LWS as the information had not been provided by the stated deadline in the email of 30 August 2016. The call was unanswered.
 23. After eight weeks L&I had still received no response to their request for the information.
 24. On 14 September 2016 L&I wrote to LWS, noting the lack of a response to its previous correspondence of 20 July, 3 August, 22 August and 30 August 2016. L&I informed LWS that a failure to provide the information would result in L&I recommending to the RTC that it give LWS a Warning Notice proposing to refuse the Application. No substantive response was received to this correspondence by the stated deadline of 23 September 2016 (i.e. within nine days).
 25. On 14 September the sole director of LWS wrote to L&I by way of email. The director stated that she was "*currently off work*" and "*hoping to be back in work Monday 26 Sept[ember]*" 2016.

26. On 15 September 2016, L&I wrote to LWS by way of email, informing LWS that should it fail to comply with the deadline of 23 September 2016 for the provision of the information, L&I would commence the process of recommending a refusal of the Application. No response to this correspondence was received by the stated deadline of 23 September 2016.
27. On 28 September 2016 L&I wrote to LWS, noting the lack of a response to its previous correspondence of 20 July 2016 reiterating that a failure to provide the information would result in L&I recommending to the RTC that it issue LWS with a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 12 October 2016 (i.e. within 14 days).
28. On 13 October 2016, L&I attempted to contact LWS by telephone using numbers provided with the Application. On the first attempt the call was unanswered. On the second attempt L&I left a message requesting LWS contact L&I regarding the Application and reminded the firm that the deadline for it to provide the information was 12 October 2016. This was confirmed in writing by way of email the same day by L&I.
29. On 17 October 2016 L&I wrote to LWS by way of special delivery letter. On the same date, L&I wrote to the residential address of the sole director of LWS (this address being supplied with the Application), also by way of special delivery letter. Each letter, noted the lack of a response to its previous correspondence of 20 July, 3 August, 22 August, 30 August, 14 September, 15 September and 28 September 2016 and reiterated that a failure to provide the information would result in L&I recommending to the RTC that it issue LWS with a Warning Notice proposing to refuse the application. No response was received to this letter by the stated deadline of 31 October 2016 (i.e. within 14 days).
30. On 1 November 2016, L&I attempted to contact LWS by telephone using a number provided with the Application. An employee of LWS answered the call and informed L&I that the director of LWS was unable to talk as they were with a customer. L&I left a message with the employee requesting LWS's director contact L&I regarding the Application. L&I did not receive a return telephone call from LWS.

IMPACT ON THRESHOLD CONDITIONS

31. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
32. LWS has failed to respond to nine separate requests for the provision of information considered, by the Authority, to be necessary to allow the Application to be determined. These requests were made over a 14 week period; the requests sent dated 14 September, 28 September and 17 October 2016 included a statement to the effect that LWS must contact the Authority or face a Warning Notice.
33. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that LWS satisfies, and will continue to satisfy, the threshold conditions.
34. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the

requested information raises concerns that LWS would fail to do so if the Application were to be granted.

35. The failure to provide the information raises concerns as to whether LWS:

- (1) can be effectively supervised by the Authority as required by threshold condition 2C;
- (2) has appropriate human resources, given LWS's failure to provide the Authority with the requested information as required by threshold condition 2D; and
- (3) will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

IMPORTANT NOTICES

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

Publication

37. 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.

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

Authority contacts

39. For more information concerning this matter generally, contact John Battram, Manager, Lending & Intermediaries Department at the Authority (direct line: 020 7066 1252 / email: John.Battram@fca.org.uk).

Patricia Knox
on behalf 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’s Handbook, including the part titled Threshold Conditions (“COND”). The main considerations in relation to the action specified are set out below.
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. COND 1.3.3AG provides that, 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 Authority threshold conditions, the Authority 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 Authority’s threshold conditions, the Authority 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 (COND 2.3), and other persons that exert influence on the firm which might pose a risk to the firm's satisfaction of the Authority's threshold conditions, would be in a relevant relationship with the firm.

Threshold Condition 2C: Effective Supervision

9. COND 2.3.3G states that, in assessing the threshold condition set out in paragraph 2C of Schedule 6 to the Act, factors which the Authority will take into consideration include, among other things, whether it is likely that the Authority will receive adequate information from the firm to determine whether it is complying with the requirements and standards under the regulatory system for which the Authority is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators) and the rules in SUP on the provision of information to the Authority.

Threshold condition 2D: Appropriate Resources

10. COND 2.4.2G(2) states that the Authority 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) provides that 'non-financial resources' of the firm include human resources it has available.
12. COND 2.4.2G(3) states that high level systems and control requirements are in SYSC. The Authority 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 the threshold conditions set out in threshold condition 2D.

Threshold condition 2E: Suitability

13. COND 2.5.2G(2) states that the Authority will also take into consideration anything that could influence a firm's continuing ability to satisfy the threshold conditions set out in paragraphs 2E and 3D of Schedule 6 to the Act. 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.
14. COND 2.5.4G(2)(c) states that examples of the kind of general considerations to which the Authority 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 can demonstrate that it conducts, or will conduct, its business with integrity and in compliance with proper standards.

15. COND 2.5.6G provides that 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, this threshold condition include, but are not limited to, whether the firm has been open and co-operative in all its dealings with the Authority and any other regulatory body (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the Authority's Handbook) 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.