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## **FINAL NOTICE**

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To: **Loans.co.uk Limited**  
Of: **Unit 6 Marlin House**  
**Marlins Meadow**  
**Watford**  
**Hertfordshire**  
**WD18 8TD**  
Date **25 October 2006**

**TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the FSA) gives you final notice about a requirement to pay a financial penalty.**

### **1. THE PENALTY**

- 1.1 The FSA gave Loans.co.uk (LCUK) a Decision Notice on 24 October 2006 which notified LCUK that pursuant to section 206 of the Financial Services and Markets Act 2000 (the Act), the FSA had decided to impose a financial penalty of £455,000 on LCUK. The penalty is in respect of breaches of Principles 2, 3 and 6 of the FSA's Principles for Businesses (FSA Principles) which occurred between 14 January and 22 November 2005 (the relevant period).
- 1.2 LCUK agreed on 23 October 2006 that it will not be referring the matter to the Financial Services and Markets Tribunal.
- 1.3 Accordingly, for the reasons set out below and having agreed with LCUK the facts and matters relied on, the FSA imposes a financial penalty on LCUK in the amount of £455,000.

- 1.4 LCUK agreed to settle at an early stage of the FSA's investigation and qualified for a 30% (stage 1) discount under the FSA's executive settlement procedures<sup>1</sup>. Were it not for this discount FSA would have imposed a financial penalty of £650,000 on Loans.co.uk.
- 1.5 In addition to the Principle breaches, the following rules are also relevant:
- a. in the part of the FSA Handbook (the Handbook) entitled Senior Management Arrangements, Systems and Controls (SYSC) SYSC 3.1.1R, SYSC 3.2.6R and SYSC 3.2.20R;
  - b. in the part of the Handbook entitled Insurance: Conduct of Business (ICOB) ICOB 4.3.1R, ICOB 4.3.2R, ICOB 4.3.6R, ICOB 4.4.1R, ICOB 5.3.6R, ICOB 5.3.12R and ICOB 5.5.14R; and
  - c. in the part of the Handbook entitled Dispute Resolution: Complaints (DISP) DISP 1.2.21R.

## **2. REASONS FOR THE ACTION**

### **2.1 Introduction**

#### **Summary of conduct in issue**

- 2.2 The FSA imposes a financial penalty on LCUK for breaches of the Principles and Rules referred to in paragraph 1. These breaches relate to failures by LCUK in relation to the sale of Payment Protection Insurance (PPI).
- 2.3 These breaches, which are described in more detail at section 5 below, relate to LCUK's :
- a. failure to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems (Principle 2);
  - b. failure to conduct its business with due skill, care and diligence (Principle 3); and
  - c. failure to pay due regard to the interests of its customers and treat them fairly (Principle 6).
- 2.4 LCUK's breaches are viewed as particularly serious because the failings exposed a large number of customers to the risk of the sale of PPI which was unsuitable for their needs.
- 2.5 Due to the nature of LCUK's primary business, as a second charge secured loan broker, its customer base consists largely of customers with impaired credit ratings or those looking to consolidate existing debts by securing borrowing against their home.

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<sup>1</sup> Guidance on discounts for early settlement is contained in Chapter 13.7 of the Enforcement Manual (part of FSA's Handbook of rules and guidance).

It was therefore important for LCUK to have appropriate policies in place to ensure the fair treatment of customers and minimise the risk of unsuitable sales. The following failings in respect of its dealings with customers were identified:

- a. LCUK's information gathering processes failed to ensure that sufficient information about personal circumstances was obtained prior to making a recommendation to the customer. This meant that LCUK could not ensure that any recommendation made was suitable;
- b. LCUK failed to ensure that as part of the telephone call advisers would give adequate disclosure of the significant features, terms and exclusions to the customer;
- c. LCUK failed to put sufficient controls in place to ensure that advisers followed the scripted process when on the telephone to customers and consistently recorded information gathered from the customer over the telephone;
- d. LCUK failed to implement an adequate monitoring system to ensure the suitability of recommendations;
- e. LCUK had insufficient record keeping procedures to maintain records of internal decisions; and
- f. LCUK failed to implement adequate complaint identification and handling procedures.

2.6 As a consequence of these failings, sales files reviewed by the FSA and LCUK have insufficient evidence to demonstrate the sale was suitable. These failures therefore significantly increased the risk of consumer detriment.

2.7 LCUK's failures therefore merit the imposition of a financial penalty. In deciding upon the level of disciplinary sanction, the FSA recognises the following measures taken by LCUK which have served to mitigate the seriousness of its failings:

- a. since August 2005 steps have been taken to review LCUK's sales procedures and effect changes to improve compliance;
- b. shortly after LCUK was referred to Enforcement, an internal audit was conducted focussing on LCUK's procedures and, in particular, compliance with ICOB. The audit highlighted a number of weaknesses which LCUK is now taking steps to rectify;
- c. following from the internal review, LCUK has committed to a remedial action plan. This plan will involve a customer contact exercise and redress where appropriate. The proposed remedial action is designed to ensure that customers receive appropriate redress where the PPI policy recommended to them was not suitable for their needs; and
- d. LCUK has co-operated fully with the Enforcement action. LCUK has agreed the facts quickly ensuring efficient resolution of the matter and has received full credit for settlement at an early stage. Without this level of co-operation the financial penalty would have been higher.

### **3. BACKGROUND**

#### *The Firm*

- 3.1 LCUK has been authorised by the FSA since 31 October 2004 with permission granted pursuant to the Act to conduct certain regulated activities. Since 14 January 2005, LCUK has held permission for arranging non investment insurance contracts.
- 3.2 LCUK's primary business is as an unsecured and secured second charge loan broker with a secondary focus on small amounts of mortgage business and a significant amount of general insurance business through the sale of PPI. Only the sale of mortgages and the general insurance business is regulated by the FSA.

#### *The Product – PPI*

- 3.3 PPI is sold as a secondary product with a loan or mortgage to provide protection in the event of accident, sickness, involuntary unemployment or death. LCUK sells single premium policies, the majority of which have a term of five years. In the relevant period approximately 14,400 PPI policies were sold by LCUK. PPI was sold in conjunction with 81% of all loans and mortgages sold in the relevant period.

#### *The Sales Process*

- 3.4 LCUK sold PPI on an advised basis using a script delivered over the telephone by the advisers who recommended the product at the same time as the loan or mortgage was arranged. The telephone recommendation was followed by documents which were sent to customers by post. The documents included a statement of demands and needs, a policy summary and a credit agreement which the customers ticked and signed to confirm the recommendation made on the telephone and to conclude the contract.
- 3.5 In the relevant period LCUK employed an average of 42 sales advisers.

#### *FSA thematic visit*

- 3.6 FSA supervision carried out a visit on 3 August 2005, as part of a thematic project into the sale of PPI with credit arrangements. Supervisors identified a number of concerns relating to LCUK's sale of PPI, which included:
  - a. inadequate disclosure was made during the telephone sales call of the price of the PPI. Quotes for the cost of the loan automatically included the cost of PPI without the cover being requested by the customer;
  - b. insufficient information was gathered from the customer to ensure the sale was suitable. In particular existing cover which the customer may have had in place was not discussed during the sales call; and
  - c. sales practices were in place which raised concerns about the fair treatment of customers.
- 3.7 On 4 November 2005, the FSA wrote a "Dear CEO" letter to the industry, outlining the findings of the thematic project concerning PPI, and highlighting a number of key

areas, where firms were not treating their customers fairly. Following the Dear CEO letter LCUK was referred to Enforcement and in December 2005 an internal audit of compliance processes was commenced.

#### *Internal Audit Report*

- 3.8 The internal audit focussed principally on LCUK's compliance with the rules in ICOB and findings were communicated in a report dated January 2006 (internal audit report). The main findings of the report were:
- a. the compliance department was not fully independent from the commercial aspects of the business in its reporting lines;
  - b. the compliance resource was insufficient to ensure adequate monitoring of PPI sales. Due to limited resources the compliance department had not implemented formal policies and procedures to comply with all areas of regulatory requirements;
  - c. the scripts which were in use for telephone sales calls during the relevant period were not compliant with the requirements in ICOB to gather sufficient information prior to making a recommendation;
  - d. a review of a sample of sales calls found that a significant number of advisers were failing to cover all aspects of the sales script provided; in particular a number of failings were identified in relation to inadequate disclosure and suitability;
  - e. sales advisers did not consistently record any additional information on LCUK's client records which might be relevant to suitability, for example, details of any existing cover the customer had in place; and
  - f. LCUK's training material for PPI was inadequate in a number of areas, in addition staff that came into contact with customers did not receive adequate training in complaints handling.
- 3.9 The report recommended a number of organisational changes which have been implemented by LCUK. From March 2006 LCUK moved to selling PPI on a non-advised basis, pending further improvements to the sales process; training material and monitoring processes have also been revised.

#### *Remedial Action Plan*

- 3.10 Following discussions with the FSA a remedial action plan for consumers has been implemented which involves a customer contact exercise and redress where appropriate.

## **4. RELEVANT STATUTORY AND REGULATORY PROVISIONS**

- 4.1 Section 206 of the Act provides:

*"If the Authority considers that an authorised person has contravened a requirement imposed on him by or under this Act, it may impose on him a penalty, in respect of the contravention, of such an amount as it considers appropriate."*

## **FSA Rules and Principles**

- 4.2 The FSA's rule making powers set out in Chapter I of Part X of the Act (Rules and Guidance). In accordance with the powers and provisions under this part of the Act the FSA has made rules in respect of senior management arrangements, systems and controls, conduct of insurance business and dispute resolution.
- 4.3 The Principles are a general statement of the fundamental obligations of firms under the regulatory system. They derive their authority from the FSA's rule-making powers as set out in the Act and reflect FSA's regulatory objectives.

## **5. BREACHES OF THE FSA PRINCIPLES FOR BUSINESSES**

### **Principle 3**

- 5.1 Principle 3 (Management & Control) provides that:

*A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.*

- 5.2 In considering the expected standards required under this principle, the FSA also has considered the specific requirements of SYSC 3.1.1R & 3.2.6R, DISP 1.2.21R and ICOB 4 & 5.

### **Facts and matters relied on**

- 5.3 By reason of the facts and matters detailed in paragraphs 5.4 to 5.34 the FSA considers that LCUK has contravened Principle 3 of the FSA's Principles for Businesses by failing to control and organise its affairs responsibly and effectively.

### ***The sale of PPI***

- 5.4 As mentioned in paragraph 3.4 above, PPI was sold on an advised basis at the same time as the customer's loan product was arranged. Sales advisers followed a telephone script which covered both the sale of the loan and PPI. The recommendation to take out a PPI cover was made during the telephone call. The customer was then sent policy documentation and the contract was subsequently concluded when the customer signed the documentation and returned it to LCUK. During the sales call, the primary focus for advisers was to build a rapport with customers. In attempting to maintain rapport with customers, areas of the script were not covered in some instances.
- 5.5 The script was designed and approved within the operational areas of LCUK with insufficient input from the compliance department. The script was not designed to cover all of the areas required by ICOB with LCUK relying on written disclosure to ensure compliance with the FSA's rules. The absence of an ICOB compliant script meant that LCUK's systems were inadequate to ensure compliant and suitable sales of PPI.

- 5.6 The script was issued in January 2005 and amended following the thematic visit in August 2005. It was subject to further amendments in December 2005 and January 2006. LCUK changed the basis for sales to non-advised in March 2006 pending further improvements to the sales process.
- 5.7 The sales scripts in use from January 2005 until March 2006 failed fully to comply with ICOB. The most serious failing was the absence of questions to obtain sufficient information on the customer's personal circumstances prior to making the recommendation.
- 5.8 To establish demands and needs, LCUK used a series of five questions each of which required a "yes" or "no" answer. In the case of existing cover there were no further questions to gather information about the details of the customer's existing insurance cover, or other means to repay the loan. The absence of these questions meant LCUK failed to ensure that the recommended policy did not duplicate existing cover.
- 5.9 As a result of these failings LCUK is unable to demonstrate the suitability of its PPI recommendations in all cases.
- 5.10 Prior to August 2005 the script was not designed to ensure the customer's attention was drawn to the exclusions arising out of pre-existing medical conditions, which could render the customer unable to claim under the policy.
- 5.11 There was no formal process to check specific eligibility for PPI prior to making a recommendation. However, remedial work undertaken by LCUK indicates that very few customers were sold a PPI policy under which they were ineligible to claim.
- 5.12 The script failed to include oral disclosure of the term of the contract until revisions were made in August 2005. In the majority of cases the term of the PPI was shorter than the term of the loan.
- 5.13 The script made no provision for the oral disclosure of the cost of PPI and the interest payable as a result of the further borrowing to fund PPI. In the sample of sales reviewed by the FSA the customer's total debt in respect of the loan was increased by between 19% and 28% through the addition of the PPI premium and associated interest. The monthly cost of the loan without PPI was not communicated to the customer at any time.
- 5.14 The information provided to the customer on the telephone was inadequate to enable the customer to make an informed decision about the purchase of PPI and to understand fully any terms and exclusions which might apply. LCUK relied upon written disclosure to the customer following the sales call and prior to conclusion of the contract to provide this information and fulfil the ICOB requirements.
- 5.15 The customer was free to decline PPI cover at any time before the contract was concluded. However, the process for removing PPI from the loan, if the customer chose not to purchase the product, required the customer to contact LCUK. The customer would then speak with the original sales adviser who would arrange for a new credit agreement to be drawn up. As a result, where the customer did not purchase PPI, the customer would have to wait a maximum of two weeks longer for

the loan funds to be released than they would have done if they had taken PPI. This process was not made clear in the documentation.

#### *Compliance Arrangements*

- 5.16 During the relevant period LCUK maintained a small compliance department staffed by two individuals, neither of which had any experience of FSA regulation.
- 5.17 The compliance department reported to a director whose duties included overall responsibility for ensuring compliance with FSA regulations amongst responsibilities for aspects of the sales process. The director had no experience of the FSA handbook and undertook no formal training in compliance before or during the relevant period.
- 5.18 Reporting lines to senior management and responsibilities at senior management level for compliance beyond the director were not clear. The absence of clarity around this impacted on the effectiveness of compliance.

#### *Monitoring of PPI sales*

- 5.19 The compliance department was responsible during the relevant period for the design and execution of a programme of compliance monitoring. Prior to FSA authorisation for the sale of general insurance on 14 January 2005, LCUK adapted its existing monitoring programme to take account of the new requirements.
- 5.20 The monitoring programme was focussed on the sale of the primary product and required a minimum of 16 mortgage sales and 30 loan sales including PPI to be reviewed each month. During the relevant period LCUK failed to carry out compliance monitoring to levels prescribed by the procedure.
- 5.21 The approach to monitoring was not risk based and, amongst other things, there was no correlation between the volume of sales and the amount of monitoring undertaken. During the relevant period the percentage of sales subject to compliance monitoring was as low as 1.3% of total sales which in the absence of other controls was insufficient to manage the risk of unsuitable or inappropriate sales of PPI.
- 5.22 The monitoring process involved listening to the sales call whilst completing a checklist to ensure that elements of the sales script had been covered and that LCUK's paper record of the transaction was complete. There was no guidance to support the checklist and no assessment of the suitability of PPI was carried out. Compliance had no control over the specific sales files selected for review.
- 5.23 Monitoring was carried out by a single individual, the results of which were amalgamated into monthly mortgage and loan reports and issued to senior management. The accuracy of the work undertaken and the substance of the reports were not reviewed prior to issue leading to an increased risk that the management information provided to senior management was inadequate to enable them properly to manage the risks arising from the sale of PPI.
- 5.24 The monthly reports highlighted the issues identified with specific sales but made no recommendation of action required. It was not clear from the reports whether all issues identified required remedial action and the seriousness of the issues identified.

- 5.25 On receipt of the reports, the director would decide which issues required further attention and, as a result, not all issues identified resulted in action being taken.
- 5.26 Action taken was targeted at specific advisers and no trend analysis of issues was undertaken to identify if issues were present on a wider scale across all LCUK's advisers. LCUK maintained no central record of issues identified and actions taken in response to issues identified through monitoring.
- 5.27 There was no feedback to the compliance department of actions taken as a result of monitoring work. In addition, there was no link between the findings of previous monitoring work and the level and type of monitoring undertaken and issues persisted over a number of months.

### *Complaints handling*

- 5.28 LCUK received most of its complaints from current customers over the telephone, and complaints were usually made to front line sales advisers or business processing staff. LCUK established an internal complaints handling procedure on becoming authorised by the FSA.
- 5.29 The internal complaints handling procedure was not adequately communicated within LCUK and failed to provide guidance to staff as to how to identify a complaint. In addition, it did not provide sufficient detail of which complaints should have been referred to compliance and which complaints could be dealt with by customer facing staff and their management.
- 5.30 The internal audit report identified a training need in respect of complaints handling. All staff were retrained in January 2006 and a marked increase in the number of complaints received by compliance was seen.
- 5.31 Within the compliance department there was no formal guidance on how to deal with a complaint. The investigation and initial decision on a complaint were handled by one individual. There was inadequate oversight and control of decisions to dismiss complaints. Only complaints where the decision was to uphold in the complainant's favour were reviewed by more senior staff.
- 5.32 Where complaints were upheld and redress due, LCUK refunded the PPI premium to the customer by cheque. The redress was inadequate in that it did not repay the customer's borrowing or the interest which had been added to the loan to purchase PPI.

### *Record Keeping*

- 5.33 LCUK recorded and retained all telephone conversations by telephone extension. However, there was no effective procedure in place to identify the calls made to an individual customer. From the FSA's review of a number of sales calls the call establishing a customer's demands and needs could not be identified in some cases. In addition, LCUK has no record of any telephone calls made prior to February 2005.
- 5.34 LCUK had no central record keeping policy to ensure that internal decisions were recorded and earlier versions of procedures retained. This impacted on senior management's ability properly to review decisions and processes.

## **Principle 6**

5.35 Principle 6 (Customers' interests) provides that:

*A firm must pay due regard to the interests of its customers and treat them fairly.*

5.36 In considering the expected standards required under this principle, the FSA also has considered the matters described above and the requirements of ICOB, specifically; ICOB 4.3.1R information gathering requirements relating to a customer's personal circumstances, 4.4.1R and 4.4.7R pertaining to the content of demands and needs statements and record keeping, and 5.5.14R in relation to the content of the statement of price.

5.37 By reason of the matters and facts referred to in paragraphs 5.4 to 5.34 and the matters referred to in paragraphs 5.38 to 5.42 the FSA considers that LCUK has contravened Principle 6 of the FSA's Principles for Businesses by failing to pay due regard to the interests of its customers and treat them fairly.

### **Facts and matters relied on**

#### *Sales call review*

5.38 The FSA's review of a number of sales calls found that 34% of customers were not asked if they had existing cover or other means to repay the loan. In addition, in 34% of cases where customers stated that they had existing cover no further information was gathered or analysis completed to ensure the policy would not duplicate existing cover. This finding was supported by the internal audit report.

5.39 Further, FSA found in 34% of cases it was not made clear to the customer that PPI cover was being recommended based on the demands and needs information gathered; and, in 21% of cases the PPI premium was not stated during the telephone call. The internal audit report found that in 20% of sales calls the premium was not explicitly stated, in addition the term of the PPI policy was not stated in 52% of sales calls.

5.40 There was no wording in the script or procedure to ensure that the significant terms and exclusions attached to the PPI product were disclosed to customers before they verbally agreed to the product. The internal audit report noted that in 20% of sales calls the exclusions were not covered.

5.41 The internal audit report also found examples of poor and inappropriate product advice.

#### *Complaints*

5.42 LCUK found that 10 of the 28 PPI complaints received during 2005 had not been correctly investigated. It has since reversed the decisions and upheld in the complainants' favour offering full redress. It has also taken steps to review the redress paid to complainants during the course of 2005 to ensure that appropriate redress is paid.

## Principle 2

5.43 Principle 2 (Skill, care and diligence) provides that:

*A firm must conduct its business with due skill, care and diligence*

### **Facts and Matters relied on**

5.44 The matters referred to in paragraphs 5.4 to 5.42 above illustrate a failure by LCUK to conduct its business with due skill, care and diligence in that it did not comply with the FSA's rules and Principles which were in place at the time.

## **6. RELEVANT GUIDANCE ON PENALTY**

6.1 The FSA's policy on the imposition of financial penalties is set out in Chapter 13 of the Enforcement Manual which forms part of the FSA Handbook (ENF). The principal purpose of the imposition of a financial penalty is to promote high standards of regulatory conduct by deterring firms who have breached regulatory requirements from committing further contraventions, helping to deter other firms from committing contraventions and demonstrating generally to firms the benefits of compliant behaviour.

6.2 Paragraph 13.3 of the Enforcement Manual sets out the factors that may be of particular relevance in determining the appropriate level of financial penalty. Paragraph 13.3.4 states that the criteria listed in the Manual are not exhaustive and all relevant circumstances of the case will be taken into consideration.

6.3 In deciding to take the action the FSA considered the following:

### **The seriousness of the misconduct or contravention**

6.4 In determining the appropriate sanction, the FSA had regard to the seriousness of the contraventions, including the nature of the requirements breached, the number and duration of the breaches, the number of customers who were exposed to risk of loss and whether the misconduct or contravention revealed serious or systemic weaknesses of the management systems or internal controls. For the reasons set out at paragraph 2.4 above, the FSA considers that the breaches identified in this case are of a serious nature.

### **The extent to which the contravention or misconduct was deliberate or reckless**

6.5 The FSA has not determined that LCUK deliberately or recklessly contravened the relevant Rules and Principles.

### **The size, financial resources and other circumstances of the firm**

6.6 LCUK has a prominent position in the debt consolidation market with a significant degree of public recognition. During the relevant period approximately 14,400 PPI policies were sold on approximately 17,700 loans and mortgages.

6.7 There is no evidence to suggest that LCUK is unable to pay the penalty in addition to any sums which will be paid as a result of its remedial action plan.

### **The amount of profits accrued or the loss avoided**

- 6.8 The FSA has not determined that LCUK deliberately set out to accrue additional profits or avoid a loss through the way in which it sold PPI.

### **Conduct following the contravention**

- 6.9 After LCUK's referral to Enforcement an internal audit of LCUK's compliance processes was conducted. The findings of this audit are set out in paragraphs 3.8 to 3.9 and the proposed remedial action in paragraph 3.10.
- 6.10 As a result of the internal audit a significant number of changes have been made to LCUK's sales processes. In particular the sales script has been revised to meet the requirements of ICOB. Formal policies and procedures have now been implemented and compliance monitoring has been strengthened. LCUK has committed to a remedial action plan for consumers.
- 6.11 Following its referral to Enforcement, LCUK has co-operated fully with the Enforcement action. LCUK agreed the facts quickly ensuring efficient resolution of the matter and has received full credit for settlement at an early stage. Without this level of co-operation the financial penalty would have been higher.

### **Disciplinary record and compliance history**

- 6.12 LCUK has been authorised to conduct insurance business by the FSA since 14 January 2005 and has not been the subject of previous FSA disciplinary action.

### **Previous action taken in relation to similar failings**

- 6.13 In determining the level of financial penalty, the FSA has taken into account penalties imposed by the FSA on other authorised persons for similar behaviour.

## **7. DECISION MAKER**

- 7.1 The decision which gave rise to the obligation to give this notice was made on behalf of the FSA by the Executive Decision Makers.

## **8. IMPORTANT**

- 8.1 This Final Notice is given to LCUK in accordance with section 390 of the Act

### **Manner and time for payment**

- 8.2 The financial penalty must be paid in full by LCUK to the FSA by no later than 8 November 2006, 14 days from the date of the Final Notice.

### **If the financial penalty is not paid**

- 8.3 If all or any of the financial penalty is outstanding on 8 November 2006, the FSA may recover the outstanding amount as a debt owed by LCUK and due to the FSA.

## **9. PUBLICITY**

- 9.1 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 FSA must publish such information about the matter to which this 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 you or prejudicial to the interests of consumers.
- 9.2 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

### **FSA contacts**

For more information concerning this matter generally, you should contact Catherine Harris (direct line: 020 7066 4872 /fax: 020 7066 4873) of the Enforcement Division of the FSA.

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**William Amos**

**Head of Department, FSA Enforcement Division**