

---

## FINAL NOTICE

---

**To:** Mr Neil McKay

**Of:** Ideal Insurance Services Ltd  
Oak House  
Chorley  
Lancashire  
PR7 1DW

**Dated:** 23 October 2008

**TAKE NOTICE:** The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the "FSA") gives you, Neil McKay, final notice about a decision to withdraw the approval granted to you in relation to Ideal Insurance Services Limited (the "Firm") and to prohibit you from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.

### **1. ORDER**

- 1.1 The FSA gave you, Neil McKay, a Decision Notice on 9 September 2008 (the "Decision Notice") which notified you that the FSA had decided to withdraw the approval given to you to perform controlled functions and to make a prohibition order against you pursuant to section 56 of the Financial Services and Markets Act 2000 (the "Act") preventing you from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.
- 1.2 You were informed of your statutory right to make a reference to the Financial Services and Markets Tribunal (the "Tribunal"), but you have not referred the

Decision Notice to the Tribunal within 28 days of the date on which the Decision Notice was given to you. Accordingly, for the reasons set out below, the FSA hereby withdraws the approval given to you to perform controlled functions and makes an order prohibiting you from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm (the “Prohibition Order”).

- 1.3 The Prohibition Order has effect from 22 October 2008 and shall be without limit of time.

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

- 2.1 The FSA has concluded, on the basis of the facts and matters described in its Warning Notice dated 21 July 2008 (an extract from which is attached and forms part of this Final Notice) and in the Decision Notice, that it is satisfied that you are not a fit and proper person to perform any function in relation to any regulated activity. That is because, in the opinion of the FSA, you have failed to meet the criteria for fitness and propriety as set out in the Fit and Proper Test for Approved Persons (“FIT”) in the FSA Handbook. Specifically, in breach of Statement of Principle 1 of the Statements of Principle for Approved Persons:

- (1) you failed to disclose material adverse information in your regulatory application seeking individual approval; and
- (2) In your conduct as director and sole approved person at the Firm you were fully aware of, and personally responsible for, the conduct of the Firm in:
  - (a) cancelling contracts of insurance without customers requesting such action and without informing them that such action had been taken; and
  - (b) failing to pass premium payments taken from customers on to other intermediaries or insurers as required.

The actions taken by you in cancelling contracts of insurance and failing to pass on premiums has left customers unknowingly without insurance, in some cases for a substantial period of time.

## **3. DECISION MAKER**

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

## **4. IMPORTANT**

- 4.1 This Final Notice is given to you in accordance with section 390(1) of the Act.

### **Publicity**

- 4.2 Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final Notice relates. Under those provisions, the FSA

must publish such information about the matter to which this Final Notice relates as the FSA considers appropriate. 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.

- 4.3 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

**FSA contact**

- 4.4 For more information concerning this matter generally, you should contact Andrea Bowe at the FSA (direct line: 020 7066 5886/fax: 020 7066 5887).

**Jonathan Phelan**

**Head of Department**

**FSA Enforcement Division**

## **EXTRACT FROM WARNING NOTICE DATED 21 JULY 2008**

### **2. REASONS FOR PROPOSED ACTION**

#### **Summary**

- 2.1 The FSA has concluded, on the basis of the facts and matters described below, that it is satisfied that you are not a fit and proper person to perform any functions. That is because, in the opinion of the FSA, you have failed to meet the criteria for fitness and propriety as set out in the Fit and Proper Test for Approved Persons ("FIT") in the FSA Handbook. Specifically, in breach of Statement of Principle 1 of the Statements of Principle for Approved Persons, you failed to disclose material adverse information in your regulatory application seeking individual approval. In your conduct as director and sole approved person at Ideal Insurance you have further breached Statement of Principle 1.

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

- 3.2 You are the only approved person for Ideal Insurance and one of the two directors of that company. You were granted individual approval in relation to Ideal Insurance in January 2005, following the consideration of your application for approval.
- 3.3 In your application you did not disclose to the FSA the following adverse information:
- (1) that you were convicted on 17 November 1996 at Bolton Crown Court of eight counts of obtaining property by deception. You were sentenced to eight months imprisonment for each offence, to be served concurrently.
- 3.4 By failing to disclose material adverse information to the FSA, despite the requirement for such matters to be disclosed being clearly stated on the application forms, the FSA was not given the opportunity to consider these issues. Accordingly, you have prevented the FSA from making a fully informed assessment of your fitness to be approved to perform a function in relation to any regulated activity.
- 3.5 When the FSA asked you about this matter, you failed to provide a satisfactory explanation for this crucial omission in your regulatory application.
- 3.6 Having been granted individual approval, and as the only approved person at Ideal Insurance, you were fully aware of, and personally responsible for, the conduct of the firm in:
- (1) cancelling contracts of insurance without customers requesting such action and without informing them that such action had been taken; and
  - (2) failing to pass premium payments taken from customers on to other intermediaries or insurers as required.

- 3.7 The actions taken by you in cancelling contracts of insurance and failing to pass on premiums has left customers unknowingly without insurance, in some cases for a substantial period of time.
- 3.8 Following the First Supervisory Notice (“1SN”) sent to Ideal Insurance on 10 April 2008 (and addressed to you) letters were written by Ideal Insurance to a number of customers advising that their contracts of insurance would be cancelled within 7 days. It was implied in the same letter that the FSA had instructed Ideal Insurance to take this action even though the FSA had given no such instruction to you. These letters appear not to have been signed by you personally, but because of your role in Ideal Insurance and the fact that you are the only approved person the FSA is satisfied that you would have been knowingly involved in the sending of the letters

## **Conclusions**

- 3.9 The facts and matters described above lead the FSA, having regard to its regulatory objectives which include the protection of consumers and the reduction of financial crime, to conclude that:
- (1) you have failed to act with honesty and integrity by deliberately failing to disclose material adverse information, namely convictions for obtaining property by deception, in your regulatory application seeking individual approval;
  - (2) this indicates a blatant disregard for the regulatory requirements set out in FIT and APER;
  - (3) the nature of the offences for which you were convicted in 1996 are such that had the FSA known about them at the time of your application, it may have determined your application differently;
  - (4) your actions in failing to pass on customer premiums and in cancelling contracts of insurance in your role as director and sole approved person at Ideal Insurance further demonstrates a lack of integrity on your part;
  - (5) your actions in inaccurately carrying out the FSA instructions set out in the 1SN demonstrated a lack of honesty and a failure to treat customers fairly;
  - (6) you present a risk to consumers and to other financial institutions as well as to the FSA's statutory objective of the reduction of financial crime as you have failed to be candid and truthful both in your dealings with the FSA and in your actions as director of Ideal Insurance; and
  - (7) each of the aforementioned breaches is sufficient in itself to merit regulatory action against you but the combined effect of your actions and the severity of the risk you pose to consumers is such that it is necessary in order to achieve its regulatory objectives for the FSA to withdraw your approval and to make a prohibition order in the terms proposed.