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FINAL NOTICE

One Stop Financial Services Limited
Ved Court
Alexandra Road
Hounslow
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TW3 1LS

29 November 2018

ACTION

1. By an application dated 24 November 2017 ("the Application"), One Stop Financial Services Limited ("the Firm") applied under section 55A of the Act for permission under Part 4A of the Financial Services and Markets Act 2000 ("the Act") to carry on the regulated activities of;
 - a. Advising customers on non-investment insurance contracts;
 - b. Arranging (bringing about) deals in non-investment insurance Contracts;
 - c. Making arrangements with a view to transactions in non-investment insurance contracts, and
 - d. Agreeing to carry on a regulated activity.
2. The Application is incomplete as the Firm has failed to provide the information required by the Authority for the purposes of determining the Application pursuant to section 55V of the Act.
3. For the reasons listed below, the Authority has decided to refuse the Application.

SUMMARY OF REASONS

4. By its Warning Notice the Authority gave notice that it proposed to refuse the Application and that OneStop Financial Services Limited was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from OneStop Financial Services Limited 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 One Stop Financial Services Ltd notice that it had decided to take the action described above.
7. One Stop Financial Services 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 the period of time or to date.
8. During the course of the Application, the Firm has not provided information requested by the Authority which the Authority considers necessary for the purposes of determining the Application, and has not demonstrated the level of co-operation that is expected of a regulated firm.
9. As a result of the lack of engagement by the Firm, the Authority contacted the Firm on three separate occasions over an 8 week period to request the outstanding information; each request included a statement to the effect that the recipient must contact the Authority or face a Warning Notice. The Firm has failed to respond to those requests.
10. The Authority must therefore determine the Application based upon the information received to date, in circumstances where its requests for information have not been met.
11. Having reviewed that information, the Authority cannot ensure that the Firm will satisfy, and will continue to satisfy, in relation to the regulated activities for which permission is sought, the threshold conditions set out in Schedule 6 to the Act.
12. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and co-operative way. The failure to provide the requested information raises concerns that the Firm would not do so if the Application were to be granted.
13. In relation to the effective supervision threshold condition (in paragraph 2C of Schedule 6 to the Act), the Authority is not satisfied that the Firm is capable of being effectively supervised by the Authority having regard to all the circumstances.
14. In relation to the appropriate resources threshold condition (in paragraph 2D of Schedule 6 of the Act), the Authority is not satisfied that the Firm has appropriate human resources in relation to the regulated activities it seeks to carry on.
15. In relation to the suitability threshold condition (in paragraph 2E of Schedule 6 to the Act), the Authority is not satisfied that the Firm will conduct its business with integrity and in compliance with proper standards.

DEFINITIONS

16. The definitions below are used in this Decision Notice.

“the Act” means the Financial Services and Markets Act 2000

“the Application” means the application referred to in paragraph 1 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 02 October 2018 given to the applicant by the Authority.

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

“the Warning Notice” means the warning notice dated 24 August 2018 given to the applicant by the Authority.

FACTS AND MATTERS

The Application

17. The Application was received by the Authority on 24 November 2017.

18. The Application was made under section 55A of the Act for permission under Part 4A of the Financial Services and Markets Act 2000 (“the Act”) to carry on the regulated activities of;

- a) Advising customers on non-investment insurance contracts;
- b) Arranging (bringing about) deals in non-investment insurance Contracts;
- c) Making arrangements with a view to transactions in non-investment insurance contracts, and
- d) Agreeing to carry on a regulated activity.

19. As part of the Application, the Firm applied for the Firm’s Director to be an Approved Person, to perform the role of CF1 (the Director function). The Firm’s Director is the sole Director and 100% shareholder of the Firm.

Chronology of relevant correspondence with the Firm

20. Following receipt of the Application on 24 November 2017, the Authority undertook a review of the Application. As a result of the review, it determined that certain information was outstanding or required clarification.

21. On 7 February 2018 the Authority contacted the Firm by email to request;

- a. Details of the Firm’s locum;
- b. Confirmation as to whether the Firm would be using a subordinated loan;
- c. A P.I. quote;

- d. Confirmation as to how the firm would restore operations without disruption to clients in the event that the Firm lost their office; and
 - e. Confirmation as to the appropriate referee to contact at the Director's previous firm ("Firm X").
22. On 22 February 2018 the Firm provided the locum details, confirmation that the DBS request had been completed, the application file for the PI quote, confirmation that £5,000 had been deposited into the Firm, attached the PI cover issued on 20 February 2018, and stated that the Firm's data would be held off-site in cloud storage.
 23. On 22 February 2018 the Authority responded to request a bank statement showing the £5,000 deposit, confirmation of a subordinated loan or of fully paid up share capital, completion of the email from the Firm's compliance consultant regarding disaster recovery, the name of the Director's referee at their previous firm, and the office they worked in, their job title, who they reported to and the types of policies they dealt with.
 24. On 23 February 2018 the Firm responded to provide details of the cloud storage provider, and stated that they would be meeting the subordinated loan and the deposit of £5,000 had been credited into the account. The email stated that the Director had worked for an agency firm which contracted/worked alongside Firm X, dealing with non-investment life insurance protection. It provided the contact details of an individual for that agency firm.
 25. On 27 February 2018 the Authority noted that the Firm had not answered the Authority's previous questions fully. It requested a copy of the subordinated loan form, a bank statement showing the deposit of £5,000, confirmation of the office, job title and line manager, in relation to the Director's work at Firm X (via the agency firm), confirmation as to whether non-investment life insurance products were the only type the Director dealt with in that role, and details of the cloud storage arrangements and due diligence checks.
 26. On 6 March 2018 the Firm provided the subordinated loan form, a bank statement, and stated that the Director dealt with non-investment life insurance and income protection at the address of the agency firm, which was working alongside Firm X. Details of a different cloud storage provider were given, without any details of due diligence checks.
 27. On 7 March 2018 the Authority requested the Director's most recent payslips, P45, and most recent P60 from the Agency firm, bank statements showing their salary being credited, and confirmation as to their involvement with Firm X. The Authority enquired as to why the cloud storage provider had changed, and sought details of the gap analysis and the Service Level Agreement.
 28. On 13 March 2018 the Director confirmed that he had worked at the agency firm with a director and two other employees selling non-investment insurance products and he was not involved with Firm X.
 29. On 13 March 2018 the Authority sought an explanation for the discrepancies regarding the employment history information provided in the application, and a response to the outstanding queries regarding the cloud storage arrangements (the rationale for the change in the supplier, the due diligence which had been undertaken to ensure that the contract agreements between the firm and the supplier all meet/satisfy SYSC 8.1.6R; SUP 2.3.5 R and 2.3.7R, and a copy of the gap analysis / risk assessment completed for the outsourcing arrangements, copies of the contracts and gap analysis and Service Level Agreements.

30. On 19 March 2018 the Authority was advised by the Firm's locum that they were no longer prepared to act as locum for the Firm and the Authority requested confirmation from the Firm of their new locum.
31. The Authority received no responses to its requests for information on 13 March and 19 March.
32. As a result of the lack of engagement by the Firm, on 23 April 2018 the Authority wrote to the Firm to inform it that a failure to provide the information requested would result in the application being determined based upon the information received to date and that this might result in a recommendation to the RTC that it issue the Firm with a Warning Notice proposing to refuse the Application.
33. The letter requested details of the agreements for the disaster recovery plan, the explanation for the discrepancy in the employment history provided, the exact dates of employment at the agency firm, confirmation as to whether the work was telephone based or in person, and confirmation as to which insurance company's policies were being sold. It also requested details of the new locum.
34. No response was received to this letter by the stated deadline of 8 May 2018.
35. On 17 May 2018 the Authority wrote to the Firm, noting the lack of a response to its previous letter of 23 April 2018 and reiterating that a failure to provide the outstanding information would result in the application being determined based upon the information received to date. The letter again noted that a failure to reply might result in a recommendation to the RTC that it issue the Firm with a Warning Notice proposing to refuse the Application.
36. No response was received to this letter by the stated deadline of 1 June 2018
37. On 14 June 2018 the Authority wrote to the Firm, noting the lack of a response to its previous letters of 23 April 2018 and 17 May 2018 and reiterating that a failure to provide the outstanding information would result in the application being determined based upon the information received to date. The letter again noted that this might result in a recommendation to the RTC that it issue the Firm with a Warning Notice proposing to refuse the application.
38. No response was received to this letter by the stated deadline of 28 June 2018.

IMPACT ON THRESHOLD CONDITIONS

39. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
40. During the course of the Application, the Firm has not provided information requested by the Authority which the Authority considers necessary for the purposes of determining the Application, and has not demonstrated the level of co-operation that is expected of a regulated firm.
41. As a result of the lack of engagement by the Firm, the Authority contacted the Firm on three separate occasions over an 8 week period to request the outstanding information; each request included a statement to the effect that the recipient must contact the Authority or face a Warning Notice. The Firm has failed to respond to those requests.
42. The Authority must therefore determine the Application based upon the information received to date, in circumstances where its requests for information have not been met.

43. Having reviewed that information, the Authority cannot ensure that the Firm will satisfy, and will continue to satisfy, in relation to the regulated activities for which permission is sought, the threshold conditions set out in Schedule 6 to the Act.
44. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and co-operative way. The failure to provide the requested information raises concerns that the Firm would not do so if the Application were to be granted.

The effective supervision threshold condition (paragraph 2C of Schedule 6 to the Act)

45. The effective supervision threshold condition requires that a firm must be capable of being effectively supervised by the Authority having regard to all the circumstances
46. When assessing whether a firm can be effectively supervised, the Authority considers the likelihood that it will receive adequate information from the firm (in a timely manner) to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the Authority is responsible. This includes 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.
47. In light of the matters set out in paragraphs 20 to 38 above, the Authority cannot be satisfied that the Firm is capable of being effectively supervised by the Authority and, therefore, cannot ensure that the Firm satisfies and continues to satisfy the effective supervision threshold condition. In particular, the Authority is not satisfied that the Firm will:
 - a. Respond fully and promptly to requests for information from the Authority; and
 - b. Engage constructively with the Authority to resolve issues and mitigate risks without significant oversight and resource from the Authority.

The appropriate resources threshold condition (paragraph 2D of Schedule 6 to the Act)

48. The appropriate resources threshold condition requires that a firm's resources must be appropriate in relation to the regulated activities conducted or proposed. COND 2.4.2G(2) provides that 'resources' includes financial and non-financial resources (such as human resources), and means of managing its resources (such as effective means by which to manage risks). In this context, the Authority will interpret 'appropriate' as meaning sufficient in terms of quantity, quality and availability. Consideration will be given to whether a firm's resources are sufficient to enable it to comply with the requirements imposed or likely to be imposed on it in the course of the exercise of the Authority's functions.
49. The Firm's Director is the sole Director. As a result of the lack of engagement with the Authority, the Authority is not satisfied that the Firm has appropriate resources in relation to the proposed regulated activities.

The suitability threshold condition (paragraph 2E of Schedule 6 to the Act)

50. The suitability threshold condition requires that, among other things, a firm must be fit and proper having regard to all the circumstances, including whether it has complied and is complying with requirements imposed by the Authority in the exercise of its functions, or requests made by the Authority relating to the provision

of information to the Authority and, where it has so complied or is so complying, the manner of that compliance.

51. The matters described in paragraphs 20 to 38 above raise concerns as to the suitability of the Firm. In particular;
- a) The Authority considers that the Firm has not been open and co-operative in all its dealings with the Authority, and the Authority cannot be satisfied that the Firm will conduct its business with integrity;
 - b) The Firm has not demonstrated that it is ready, willing and organised to comply with the requirements and standards under the regulatory system; and
 - c) The Authority is not satisfied that the Firm's business will be managed in such a way to ensure that its affairs will be conducted with due skill, care and diligence.
52. The Authority is not satisfied that the Firm is fit and proper having regard to all the circumstances, including the need to ensure that its affairs are conducted in an appropriate manner. Accordingly, the Authority does not consider that it can ensure that the Firm satisfies, and will continue to satisfy, the suitability threshold condition.

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 a 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 suitability 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 Nozrul Ali, Manager, Retail Intermediaries Department at the Authority (direct line: 020 7066 4792 /email: Nozrul.ali@fca.org.uk).

Vena Raffle
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 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.

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: Adequate 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 (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

12. 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.
13. COND 2.5.4G(2)(c)G 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.
14. 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:
 - (1) 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.