

---

## FINAL NOTICE

---

**Paul Catterall  
t/a Deal Direct Insurance Bureau  
6 Thorn Well  
Westhoughton  
Bolton  
BL5 2PJ**

**17 April 2014**

### **ACTION**

1. By an application dated 19 April 2013 ("the Application") Paul Catterall t/a Deal Direct Insurance Bureau "Mr Catterall") applied under section 55A of the Financial Services and Markets Act 2000 ("the Act") for Part 4A permission to carry on the regulated activities of:
  - i. Advising customers on non-investment insurance contracts
  - ii. Arranging (bringing about) deals in non-investment insurance contracts
  - iii. Making arrangements with a view to transactions in non-investment insurance contracts
  - iv. Dealing as agent in non-investment insurance contracts
  - v. Assisting in the administration and performance of a non-investment insurance contract
  - vi. Agreeing to carry on a Regulated Activity
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 dated 31 January 2014 ("the Warning Notice") the Authority gave notice that it proposed to refuse the Application and that Mr Catterall was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from Mr Catterall 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 dated 10 March 2014 ("the Decision Notice"), the Authority gave Mr Catterall notice that it had decided to take the action described above.
7. Under section 133(1) of the Act Mr Catterall 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 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 Mr Catterall Final Notice of its refusal.
9. On the basis of the facts and matters described below, the Authority is not satisfied that Mr Catterall is able to meet the threshold conditions required to perform the controlled functions to which the Application relates. Mr Catterall has failed to satisfy the Authority in respect of his honesty, integrity, competence and his financial soundness.
10. In particular, Mr Catterall:
  - i. Failed to disclose to the Authority his previous convictions for a number of criminal offences. Both the nature of these criminal offences and the failure to disclose them raises serious concerns about his honesty and integrity;
  - ii. Failed to satisfy the Authority of his having relevant and up to date experience to be a general insurance intermediary;
  - iii. Failed to provide the Authority with an adequate business plan to show how the business of Mr Catterall is to be conducted;
  - iv. Failed to provide the Authority with a financial forecast; and
  - v. Failed to satisfy the Authority about his ability to meet the Authority's capital requirements for a sole trader general insurance intermediary.
11. In light of the above, the Authority is not satisfied that the Threshold Conditions for Appropriate Resources, Suitability and Business Model are met

## **DEFINITIONS**

12. The definitions below are used in this Final Notice.

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

"the Authority" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority

## **FACTS AND MATTERS**

13. The Applicant submitted an application for part 4A permission on 19 April 2013. The application was incomplete insofar as it incorrectly included a supplement on the assumption that the firm was a personal investment firm as opposed to a general insurance intermediary. However, the rest of the application used the correct forms. The application remains incomplete.
14. The Authority raised a number of concerns with Mr Catterall about the application by letter of 8 July 2013. The Applicant provided additional information in further correspondence but the application remained deficient.

### *Inadequate disclosures*

15. As part of the application process, when asked if he had ever been convicted of any criminal offences, Mr Catterall replied "no". The application was accompanied by a signed declaration which acknowledged that providing the Authority with information which is false or misleading in a material particular may be a criminal offence.
16. Checks made by the Authority established that Mr Catterall has seventeen previous convictions for various criminal offences committed between 1971 and 2000. These include convictions for a number of dishonesty offences.
17. In considering the impact of an individual's criminal record on an application for part 4A permission, the Authority will give particular attention to criminal offences involving dishonesty, even where those are spent. Additionally, the non-disclosure of previous convictions is taken very seriously by the Authority.
18. The existence of the previous convictions together with the non-disclosure of this material information raises serious concerns regarding Mr Catterall's honesty and integrity.

### *Lack of experience*

19. Mr Catterall asserts that he has over twenty years of experience in the general insurance broking industry. However, checks conducted by the Authority established that the three companies with whom Mr Catterall had held a role as a director (Catterall Finance Ltd, Motorlink Insurance Bureau Ltd and Lifelink Insurance Bureau Ltd) were dissolved between 1993 and 1996.
20. No further evidence is known, or has been provided, to the Authority which indicates that Mr Catterall has actively advised in the general insurance industry since 1996. This is supported by Mr Catterall's written confirmation dated 4 November 2013 that he has been unemployed for the last sixteen years.
21. The Authority needs to be certain, when authorising new firms, that its staff have relevant and up to date experience and the required qualifications where appropriate. The Authority is not satisfied that Mr Catterall has relevant and up to date experience to advise on general insurance.

*Inadequate business plan*

22. The original application for Mr Catterall did not include a business plan to provide the Authority with an indication as to how the business of Mr Catterall is to be run. Following requests by the Authority, Mr Catterall provided various manuscript documents. However, Mr Catterall has failed to provide sufficient information or clarity to enable the Authority to be satisfied that the business of Mr Catterall will be run in a prudent fashion.

*Lack of financial forecast*

23. The original application did not include a forecast opening and closing balance sheet, monthly profit and loss and monthly cash-flow forecast. Guidance notes supporting the application make it clear that the Authority requires this information as part of the application process. Mr Catterall has failed to provide this information. His explanation for this is that he does not consider such forecasts to be applicable to his application. This is an important aspect of the application which remains unanswered.

*Means of meeting Authority capital requirements*

24. A breakdown of personal assets and liabilities has not been provided. The Authority has been provided with a valuation for items of jewellery from a firm of jewellers. However, this does not provide sufficient comfort that Mr Catterall will be able to meet Authority capital requirements for a sole trader general insurance intermediary.

**IMPACT ON THE THRESHOLD CONDITIONS**

25. The regulatory provisions relevant to this Final Notice are referred to in Annex A.

*Threshold Condition 2D – Appropriate Resources*

26. Mr Catterall's resources will not, in the opinion of the Authority, be appropriate in relation to the regulated activities he seeks to carry on.
27. The inability to complete an adequate business plan along with a financial forecast or to demonstrate how the Authority's capital requirements are to be met evidences that Mr Catterall is not competent to be a directly authorised general insurance broker intermediary.

*Threshold Condition 2E - Suitability*

28. Mr Catterall has not satisfied the Authority that he is a fit and proper person having regard to all the circumstances.
29. Specifically Mr Catterall failed to disclose his previous convictions for various criminal offences committed between 1971 and 2000. These include convictions for a number of offences involving dishonesty. The existence of the previous convictions together with the non-disclosure of this material information raises serious concerns regarding his honesty and integrity.

30. Furthermore, Mr Catterall has not evidenced that he has relevant and up to date experience to advise as a general insurance intermediary.

*Threshold Condition 2F – Business Model*

31. Mr Catterall has failed to complete an adequate business model that would provide the authority with information as to how the business is to be conducted. This threshold condition has, therefore, not been satisfied.
32. On the basis of the facts and matters described above, the Authority has concluded that Paul Catterall t/a Deal Direct Insurance Bureau will not satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which Mr Catterall would have permission if the application was granted.

### **IMPORTANT NOTICES**

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

### **Publication**

34. 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.
35. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

### **Authority contacts**

36. For more information concerning this matter generally, contact Richard Eager, Acting Manager, Permissions Department at the Authority (direct line: 020 7066 2492 / email: [Richard.eager@fca.org.uk](mailto:Richard.eager@fca.org.uk)).

**Graeme McLean**  
**Chair of the Regulatory Transactions Committee**

## **ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE**

### **Relevant Statutory Provisions**

#### **Relevant provisions of the Authority's Handbook**

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, and includes the FCA (section 55A(2)(b)). Section 55A(5) describes a permission given by the appropriate regulator under this Part as "*a Part 4A permission*".
2. Section 390(1) of the Act states that if the appropriate regulator has given the person a decision notice and the matter was not referred to the Tribunal the appropriate regulator must, on taking the action to which the decision notice relates, give the person concerned a final notice.
3. Section 391(4), (6) and (7) of the Act provides that the appropriate regulator must publish such information about the matter to which a final notice relates as it considers appropriate. The appropriate regulator may not publish information if publication would, in its opinion, be unfair to the person with respect to whom the action was taken, prejudicial to the interests of consumers, or detrimental to the stability of the UK financial system. Information is to be published under this section in such manner as the appropriate regulator considers appropriate.
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 Handbook, including the part titled Threshold Conditions ("COND"). The main considerations in relation to the action specified are set out below.

#### ***Threshold condition 2D: Adequate Resources***

5. COND 2.4.4G states that, when assessing whether a firm has appropriate resources, the Authority will have regard to matters including:
  1. the skills and experience of those who manage the Applicant's affairs;
  2. whether the Applicant's non-financial resources are sufficient to enable the applicant to comply with:
    - (a) requirements imposed or likely to be imposed on the Applicant by the FCA in the course of the exercise of its functions; and
    - (b) any other requirement in relation to whose contravention the FCA would be the appropriate regulator for the purposes of any provision of Part 14 of FSMA
6. COND 2.4.1A also provides that the matters which are relevant in determining whether the Applicant has appropriate financial resources include:-
  1. the provision an Applicant makes and, if the Applicant is a member of a group, which other members of the group make, in respect of liabilities; and

2. the means by which the Applicant manages and, if the Applicant is a member of a group, by which other members of the group manage, the incidence of risk in connections with the applicant's business.

***Threshold condition 2E: Suitability***

7. COND 2.5.1A states that the Applicant must be a fit and proper person having regard to all the circumstances, including, amongst other things:
  1. the need to ensure that the Applicant'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;
  2. whether those who manage the Applicant's affairs have adequate skills and experience and act with probity;
  3. whether the Applicant'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; and,
  4. the need to minimise the extent to which it is possible for the business carried on by the applicant, to be used for a purpose connected with financial crime.
8. COND 2.5.6G states that the FCA may have regard to a number of factors when assessing whether the Applicant will satisfy, and continue to satisfy this threshold condition including whether:
  1. The firm has made arrangements to put in place an adequate system of internal control to comply with the requirements and standards for which the FCA is responsible under the regulatory system
  2. The firm has been convicted, or is connected with a person who has been convicted of any criminal offence; this must include, where provided for by the Rehabilitation Exceptions Orders to the Rehabilitation of Offenders Act 1974 or the Rehabilitation of Offenders (Northern Ireland) Order (as applicable), any spent convictions; particular consideration will be given to offences of dishonesty, fraud, financial crime or an offence under legislation relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, banking, other financial services, insolvency, consumer credit companies, insurance, consumer protection, money laundering, market manipulation and insider dealing, whether or not in the United Kingdom.
  3. The firm, or a person connected with the firm, has been a director, partner or otherwise concerned in the management of a company, partnership or other organisation or business that has gone into insolvency, liquidation or administration while having been connected with that organisation or within one year of such a connection.
  4. In the case of a firm that carries on insurance mediation activity:
    - (a) a reasonable proportion of the persons within its management structure who are responsible for the insurance mediation activity; and,
    - (b) all other persons directly involved in its insurance mediation activity;

demonstrate the knowledge and ability necessary for the performance of their duties; and

(c) all the persons in the management structure and any staff directly involved in insurance mediation activity are of good repute (see MIPRU 2.3.1 R (Knowledge, ability and good repute))

***Threshold condition 2F: Business Model***

9. COND 2.7.1 states that the Applicant's business model must be suitable for a person carrying on the regulated activities the Applicant seeks to carry on. The FCA may have regard to a number of factors when assessing whether the applicant will satisfy and continue to satisfy this Threshold Condition, including the following:

(a) Whether the business model is compatible with the Applicant's affairs being conducted, and continuing to be conducted in a sound and prudent manner;

(b) the interests of consumers; and

(c) the integrity of the UK financial system