



Financial Services Authority

FINAL NOTICE

To: **Charles Pemberton Limited**

Of: **286c Chase Road
Southgate
London
N14 6HF**

Dated: **10 May 2005**

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("the FSA") gives Charles Pemberton Limited ("CPL"), final notice about a decision to refuse an application to vary the permission granted to CPL to carry on regulated activities

1. ACTION

The FSA gave CPL a Decision Notice on 2 December 2004 ("the Decision Notice") which notified CPL that for the reasons listed below and pursuant to section 44 of the Financial Services and Markets Act 2000 ("the Act"), the FSA had decided to refuse the variation of its Part IV permission ("the Permission") applied for on 25 March 2004 ("the Application") by Charles Pemberton Limited ("CPL"), to add the following regulated activities:

- a) Advising on regulated mortgage contracts;

- b) Arranging (bringing about) regulated mortgage contracts;
- c) Making arrangements with a view to regulated mortgage contracts;
- d) Advising customers on non-investment insurance contracts;
- e) Arranging (bringing about) deals in non-investment insurance contracts;
- f) Making arrangements with a view to transactions in non-investment insurance contracts;
- g) Dealing as agent in non-investment insurance contracts; and
- h) Assisting in the administration and performance of a non-investment insurance contract.

2. REASONS FOR ACTION

On the basis of the facts and matters and conclusions described in its Warning Notice dated 29 September 2004 (an extract from which is attached to, and forms part of, this Notice) and in the Decision Notice, it appears to the FSA that CPL has failed to satisfy the threshold conditions set out in Schedule 6 to the Act ("the threshold conditions") in that CPL appears to be failing to meet the financial requirements imposed on it by Chapter 13 in the Interim Prudential Sourcebook for Investment Businesses, of the FSA Rules.

CPL exercised its right to make a reference, about the matters contained in the Decision Notice, to the Financial Services and Markets Tribunal ("the Tribunal") on 29 December 2004. The reference was dismissed by the Tribunal in a direction dated 3 May 2005.

Accordingly, by virtue of section 44(3) of the Act, which gives the FSA the power to refuse an application to vary a Part IV permission, the FSA has today refused the Application.

3. IMPORTANT

This Final Notice is given to you in accordance with section 390(2) of the Act.

Publicity

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. 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 CPL or prejudicial to the interests of consumers.

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

FSA Contact

For more information concerning this matter generally, you should contact Andrew Wilson at the FSA (direct line: 020 7066 5170 /fax: 020 7066 9720).

John Kirby
Manager – FSA Enforcement Division

EXTRACT FROM WARNING NOTICE DATED 29 SEPTEMBER 2004

REASONS FOR PROPOSED ACTION

Facts and matters relied on

CPL is a category B3 personal investment firm which acts as an independent financial adviser. As such it must comply with the financial resources requirement in FSA Rule 13.10.1 in the Interim Prudential Sourcebook: Investment Businesses, in that its own funds must at all times be at least £10,000. Under FSA Rule 13.1.4, CPL is also subject to an additional requirement of £18,000 of own funds which must be readily realisable, because its professional indemnity insurance is not fully compliant with FSA's rules requirements. CPL is therefore required to hold at least £28,000 of own funds in order to meet its financial resources requirements.

CPL's audited accounts for the year ended 30 April 2003 show that it had negative own funds of £94,229, at that date, a deficit of £104,229 against the own funds requirement under Rule 13.10.1.

A petition to wind-up the Firm was filed with the High Court on 13 August 2004 in respect of an outstanding debt of £11,614.10 to a trade creditor. The petition was due to be heard on 22 September 2004.

A request by the FSA for fees payable in the amount of £11,510.90, due for payment on 9 September 2004 through a direct-debit arrangement, has been refused by the Firm's bankers, Barclays Bank Plc.

Conclusions

The facts and matters described above lead the FSA, having regard to its regulatory objectives, to the following conclusion. CPL, by failing to comply with the regulatory capital requirements applying to it, has failed to demonstrate to the FSA that it has sufficient capital to run its affairs or to wind down its business in an orderly fashion if it were to cease trading. CPL therefore fails to satisfy Threshold Condition 4: Adequate Resources. These failures are material to the regulated activities for which CPL has permission or would have permission if the Application were accepted.
