
FINAL NOTICE

To: **Rancom Security Limited**

Address: **Serenity House
31 Gate Lane
Boldmere
Sutton Coldfield
West Midlands
B73 5TR**

FRN: **626806**

Dated: **1 February 2024**

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action.
2. The Authority issued to Rancom Security Limited the Decision Notice, which notified it that for the reasons given below and pursuant to section 55J of the Act, the Authority has decided to cancel RSL's Part 4A permission.
3. RSL has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to it.
4. Accordingly, the Authority has today cancelled RSL's Part 4A permission.

SUMMARY OF REASONS

5. The Authority has concluded, on the basis of the facts and matters set out below, that RSL is failing to satisfy the Threshold Conditions. In particular, the Authority considers RSL is failing to satisfy the appropriate resources Threshold Condition, in that the Authority is not satisfied that RSL has appropriate non-financial resources in relation to the regulated activities that it carries on or seeks to carry on. Specifically, RSL does not have any individual approved to perform the senior management functions required in respect of the regulated activities which RSL is permitted to carry on.
6. Furthermore, the Authority is not satisfied that RLS is fit and proper having regard to all the circumstances. Specifically, RSL has failed to be open and co-operative in all its dealings with the Authority in that it has failed to respond to the Authority's repeated requests that RSL submit Form A and Form C documentation. As a result, the Authority is not satisfied that RSL's business is being, or will be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner.

DEFINITIONS

7. The definitions below are used in this Final Notice (and in the Annex):

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

"the appropriate resources Threshold Condition" means the threshold condition set out in paragraph 2D of Schedule 6 to the Act;

"the Authority" means the Financial Conduct Authority;

"COND" means the Threshold Conditions part of the Handbook;

"the Decision Notice" means the decision notice given to RSL dated 11 December 2023;

"EG" means the Authority's Enforcement Guide;

"Form A" means the application for approval to perform senior management functions;

"Form C" means the application to withdraw an individual from a senior management function;

"the Handbook" means the Authority's Handbook of rules and guidance;

"the Principles" means the Authority's Principles for Businesses;

"RSL" means Rancom Security Limited;

"RSL's Part 4A permission" means the permission granted by the Authority to RSL pursuant to Part 4A of the Act;

"the suitability Threshold Condition" means the threshold condition set out in paragraph 2E of Schedule 6 of the Act;

"the Threshold Conditions" means the threshold conditions set out in Schedule 6 to the Act;

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and

“the Warning Notice” means the warning notice given to RSL dated 9 November 2023.

FACTS AND MATTERS

8. RSL was authorised by the Authority on 6 February 2015 to conduct consumer credit activities.

Inadequate non-financial resources

9. The last approved person at RSL resigned as director and ceased to have any significant influence or control at RSL on 2 March 2020. As a result, RSL does not currently have any approved person to perform the senior management functions required in relation to the regulated activities for which RSL has a Part 4A permission.
10. In addition, RSL has failed, despite repeated requests by the Authority, to seek approval from the Authority to appoint an appropriate individual to perform the relevant senior management functions in relation to the regulated activities for which it has permission.

Non-cooperation with the Authority

11. RSL has failed to co-operate with the Authority in that it has failed to respond adequately, or at all, to the Authority’s repeated requests that RSL completes and submits a Form C to withdraw their former director from the senior management function; and a Form A, to seek approval to appoint an appropriate individual to perform the senior management function relevant to the regulated activities that RSL carries on or seeks to carry on.
12. To date, RSL has not submitted an application to the Authority to appoint an appropriate individual to perform the relevant senior management functions.

FAILINGS

13. The statutory and regulatory provisions relevant to this Final Notice are set out in the Annex.
14. From the facts and matters described above, the Authority, having regard to its regulatory objectives, which includes protecting and enhancing the integrity of the UK financial system and the protection of consumers, considers that:
 - a) by failing to seek approval from the Authority to appoint an appropriate individual to perform the relevant senior management function (following RSL’s previous approved person ceasing to hold office at RSL), RSL’s non-financial resources are not sufficient to enable RSL to comply with requirements imposed or likely to be imposed on it by the Authority in the exercise of its functions. Therefore, RSL’s non-financial resources are not appropriate in relation to regulated activities that it carries on or seeks to carry on and it is failing to satisfy the appropriate resources Threshold Condition; and
 - b) by failing to respond adequately to the Authority’s repeated requests relating to submission of a Form C, and a Form A, RSL is failing to comply with Principle 11 in that RSL has failed to deal with the Authority in an open and co-operative way and to disclose to the Authority appropriately anything relating to RSL of which the Authority would reasonably expect notice. RSL is therefore not a fit and proper person having regard to all the circumstances because it has failed to satisfy the Authority that its business is being, or will be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner and RSL is therefore failing to satisfy the suitability Threshold Condition.

15. Accordingly, the Authority has cancelled RSL's Part 4A permission.

DECISION MAKER

16. The decision which gave rise to the obligation to give this Final Notice was made by an Authority staff member under executive procedures.

IMPORTANT

17. This Final Notice is given to RSL in accordance with section 390(1) of the Act.

Publicity

18. The Authority must publish such information about which this Final 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 information would, in the opinion of the Authority, be unfair to RSL or prejudicial to the interests of consumers.

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

Authority Contact

For more information concerning this matter generally, RSL should contact Shamma Masud at the Authority (direct line: 020 7066 1653).

Jeremy Parkinson

Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1B of the Act include protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of protection for consumers.
2. The Authority is authorised by section 55J of the Act to cancel an authorised person's Part 4A permission, where it appears to the Authority that such a person is failing to satisfy the Threshold Conditions.
3. Paragraph 1A(2) of Schedule 6 of the Act provides that, for the purpose of Schedule 6 of the Act, the "non-financial resources" of a person include, amongst other things, the human resources that the person has available.
4. The appropriate resources Threshold Conditions provides, in relation to a person ("A") carrying on, or seeking to carry on regulated activities which do not include a PRA-regulated activity, that:
 - "(1) The resources of A must be appropriate in relation to the regulated activities that A carries on or seeks to carry on.
[...]
 - (4) The matters which are relevant in determining whether A has appropriate non-financial resources include-
[...]
 - (b) whether A's non-financial resources are sufficient to enable A to comply with-
 - (i) requirements imposed or likely to be imposed on A by the [Authority] in the exercise of its functions; or
 - (ii) any other requirement in relation to whose contravention the FCA would be the appropriate regulator for the purpose of any provision of Part 14 of [the Act]".
5. The suitability Threshold Condition provides, in relation to a person ("A") carrying on or seeking to carry on regulated activities which do not consist of or include a PRA-regulated activity, that:
 - "A must be a fit and proper person having regard to all the circumstances, including –
[...]
 - (c) the need to ensure that A's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers.
[...]

- (f) whether A'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."

RELEVANT HANDBOOK PROVISIONS

6. In exercising its power to cancel a firm's Part 4A permission, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The main considerations relevant to the action specified above are set out below.

Relevant Principle

7. Principle 11 requires a firm to deal with its regulators in an open and co-operative way, and to disclose to the Authority appropriately anything relating to the firm of which the Authority would reasonably expect notice.

Guidance concerning the Threshold Conditions

8. Guidance on the relevant Threshold Condition is set out in COND.

COND 2.4 – Appropriate resources: Paragraph 2D of Schedule 6 to the Act

9. COND 2.4.1AUK reproduces the relevant statutory provision that the resources of a person concerned must be appropriate in relation to the regulated activities that A carries on or seeks to carry on, and that the matters which are relevant in determining whether A has appropriate non-financial resources include whether A's non-financial resources are sufficient to enable A to comply with the requirements imposed or likely to be imposed on A by the Authority in the course of the exercise of its functions.
10. COND 2.4.2G(2) provides that the Authority will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability, and 'resources' as including non-financial resources, an example of which includes human resources.

COND 2.5 – Suitability: Paragraph 2E of Schedule 6 to the Act

11. COND 2.5.1AUK reproduces the relevant statutory provision that a person concerned must be a fit and proper person having regard to all the circumstances, including, amongst other things, the need to ensure that its 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 whether those who manage A's affairs have adequate skills and experience and act with probity.
12. COND 2.5.1BG confirms that paragraph 2E of Schedule 6 to the Act sets out the suitability Threshold Condition for firms carrying on, or seeking to carry on, regulated activities which do not consist of or include a PRA-regulated activity.
13. COND 2.5.2G states that the Authority will take into consideration anything that could influence a firm's continuing ability to satisfy the suitability Threshold Condition.
14. COND 2.5.6G gives 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, the suitability Threshold Condition including, but not limited to, whether:

- the firm has been open and co-operative in all its dealings with the Authority and is ready, willing and organised to comply with the requirements and standards under the regulatory system (COND 2.5.6G(1)); or
- the firm has contravened, amongst other things, any provisions of the regulatory system, which includes the Principles and other rules (COND 2.5.6G(4)).

OTHER RELEVANT REGULATORY PROVISIONS

15. The Authority's policy in relation to its enforcement powers is set out in EG, certain provisions of which are summarised below.

Cancelling a firm's Part 4A permission on the Authority's own initiative

16. EG 8.1.1(1) provides that the Authority may use its own initiative power to vary or cancel the permission of an authorised person under section 55J of the Act, where the person is failing or is likely to fail to satisfy the Threshold Conditions for which the Authority is responsible.
17. EG 8.5.1(1) states that the Authority will consider cancelling a firm's Part 4A permission using its own initiative power contained in section 55J of the Act in circumstances where the Authority has very serious concerns about the firm, or the way its business is or has been conducted.
18. EG 8.5.2 sets out examples of the circumstances in which the Authority may cancel a firm's Part 4A permission. One such example is the failure by a firm to co-operate with the FCA which is of sufficient seriousness that the Authority ceases to be satisfied that the firm is fit and proper, for example failing without reasonable excuse to provide material information or take remedial action reasonably required by the Authority (EG 8.5.2(8)(b)).