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## **FINAL NOTICE**

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The Directors  
SCI Group UK Limited  
31 Lambe Close  
Snodland  
ME6 5PE

27 February 2020

### **ACTION**

1. By an application dated 11 December 2018, SCI Group UK Limited ("SCI" or "the firm") applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of assisting in the administration and performance of a contract of insurance.
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 the Authority gave notice that it proposed to refuse the Application and that SCI was entitled to make representations to the Authority about that proposed action.
5. As no representations were received by the Authority from SCI 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 applied, 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 SCI notice that it had decided to take the action described above.
7. SCI had 28 days from the date the Decision Notice was given to refer the matter to the Tribunal. No referral was made to the 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 SCI a final notice of its refusal.
9. SCI failed to respond to seven requests for the provision of information considered by the Authority to be necessary to enable the Authority to determine the Application. These requests were made over a two-month period, and three of the requests included a statement that SCI must contact the Authority or the Authority would recommend to the Authority's Regulatory Transactions Committee that SCI would be given a Warning Notice.
10. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that SCI satisfies, and will continue to satisfy, the threshold conditions for which the Authority is responsible.
11. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the requested information raises concerns that SCI would fail to do so if the Application were to be granted.
12. The failure to provide the information means that the Authority cannot ensure that SCI will satisfy, and continue to satisfy, the threshold conditions for which the Authority is responsible, in relation to all the regulated activities for which SCI would have permission. In particular, the Authority cannot ensure that SCI:
  - a. can be effectively supervised by the Authority as required by threshold condition 2C;
  - b. has appropriate human resources, given SCI's failure to provide the Authority with the requested information as required by threshold condition 2D; and
  - c. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

## **DEFINITIONS**

13. The definitions below are used in this Final 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 23 January 2020 given to the firm by the Authority.

“the RTC” means the Authority’s Regulatory Transactions Committee.

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber).

“the Warning Notice” means the Warning Notice dated 10 December 2019 given to the firm by the Authority.

## **FACTS AND MATTERS**

14. The Application was received by the Authority on 11 December 2018.
15. Further information was requested from SCI under section 55U(5) of the Act.
16. Details of all relevant communications between the Authority and SCI are set out below.
17. Between 18 March 2019 and 16 May 2019, the Authority sent SCI four emails and three letters in an attempt to obtain information from SCI that would assist the Authority in determining the Application.
18. On 18 March 2019, the Authority wrote to SCI by email, using the contact details provided in the Application, and requesting information to assist the Authority in processing the Application. The email noted that Mr Aaron Sellens, who had submitted the Application, had resigned as a director of SCI on 12 December 2018, and requested the following information in support of the Application by 25 March 2019:
  - a. Applications to perform controlled functions under the approved persons regime for all new directors of SCI, and details of why Mr Sellens was no longer to be a director of the firm;
  - b. Details of SCI’s locum;
  - c. A copy of SCI’s professional indemnity insurance quote;
  - d. Confirmation of whether SCI would be employing a compliance consultant and if so, what duties they would be undertaking;
  - e. Confirmation of what experience SCI’s senior management had in relation to the regulated activities the firm wished to carry on;
  - f. Details of the customer journey for SCI’s customers; and
  - g. Details of the insurance products SCI would be selling, how many people SCI would be employing and what level of contact those employees would have with consumers.

19. On 26 March 2019, the Authority wrote to SCI by Royal Mail Special Delivery post to its principal place of business using the contact details provided in the Application. The letter noted the lack of response to the Authority's request for information dated 18 March 2019. The letter informed SCI that a failure to provide the information would result in the Application being determined based upon the information received to date, and that this would result in a recommendation to the RTC that it issue SCI with a Warning Notice proposing to refuse the Application. The deadline given for a response was 9 April 2019.
20. On 27 March 2019, the Authority wrote to SCI by email attaching the letter that had been sent by post the previous day. The email noted the lack of communication from the firm since 11 December 2018, and asked whether the firm wished to progress the Application.
21. On 28 March 2019, the Authority received a confirmation from Royal Mail that the letter dated 26 March 2019 had been returned as SCI's principal place of business was inaccessible.
22. On 1 May 2019, the Authority wrote to SCI by both email and Royal Mail Special Delivery post to its principal place of business using the contact details provided in the Application. The email and letter noted the lack of a response to the Authority's previous correspondence. The letter also reiterated that a failure to provide the outstanding information would result in the Application being determined based upon the information received to date, and that this would result in a recommendation to the RTC that it issue SCI with a Warning Notice proposing to refuse the Application. The deadline given for a response was 15 May 2019.
23. On 3 May 2019, the Authority received a confirmation from Royal Mail that the letter dated 1 May 2019 had been returned as SCI's principal place of business was inaccessible.
24. On 16 May 2019, the Authority wrote to SCI by both email and Royal Mail Special Delivery post to its principal place of business using the contact details provided in the Application. The letter noted the lack of a response to the Authority's previous correspondence. The letter also reiterated that a failure to provide the outstanding information would result in the Application being determined based upon the information received to date, and that this would result in a recommendation to the RTC that it issue SCI with a Warning Notice proposing to refuse the Application. The deadline given for a response was 5 June 2019.
25. On 17 May 2019, the Authority received a confirmation from Royal Mail that the letter dated 16 May 2019 had been returned as SCI's principal place of business was inaccessible. No response to any of the Authority's correspondence has been received to date.

## **IMPACT ON THRESHOLD CONDITIONS**

26. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
27. SCI has failed to respond to seven requests for the provision of information considered by the Authority to be necessary to allow the Application to be determined. These requests were made over a two-month period; requests dated 18 March 2019, 27 March 2019, 1 May 2019 and 16 May 2019 were sent by email, and requests dated 26 March 2019, 1 May 2019 and 16 May 2019 were

sent by Special Delivery post. The requests sent by post dated 26 March 2019, 1 May 2019 and 16 May 2019 all included a statement that if SCI continued to fail to provide the information requested, the Authority would recommend to the RTC that it issue SCI with a Warning Notice refusing the Application.

28. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that SCI satisfies, and will continue to satisfy, the threshold conditions for which the Authority is responsible.
29. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the requested information raises concerns that SCI would fail to do so if the Application were to be granted.
30. The failure to provide the information means that the Authority cannot ensure that SCI:
  - a. can be effectively supervised by the Authority as required by threshold condition 2C;
  - b. has appropriate human resources, given SCI's failure to provide the Authority with the requested information as required by threshold condition 2D; and
  - c. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.
31. In particular, the Authority repeatedly asked SCI for seven categories of information which were essential for the Authority to determine the Application. The information requested included details of the experience of SCI's directors, details of SCI's locum and the products SCI would be selling. The Authority needed this information to assess any risks SCI's business would pose to UK consumers, and determine whether SCI was run by suitable management who would enable it to conduct its business in compliance with the Authority's requirements. The Authority routinely asks for the types of information requested in order to supervise regulated firms effectively. The firm has now had nine months to respond to the Authority's requests. In circumstances where SCI's original director, who submitted the Application, has resigned, is uncontactable and the firm has not applied for any of its other directors to perform controlled functions, the Authority has serious concerns about the firm's suitability, resources and ability to be supervised effectively. SCI does not appear to be ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which would apply if the Application is successful and SCI is granted Part 4A permission.
32. In view of the above, the Authority has concluded that it cannot ensure that SCI will satisfy, and continue to satisfy, the threshold conditions relating to the activity for which permission is required.

### **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 Sharika Nightingale, Manager, Lending and Intermediaries Department at the Authority (direct line: 020 7066 0044 / email: [Sharika.Nightingale@fca.org.uk](mailto:Sharika.Nightingale@fca.org.uk)).

A handwritten signature in black ink, appearing to read 'K. Avis', with a stylized flourish at the end.

**Karen Avis**  
**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 relevant threshold conditions include:
  - (1) Threshold condition 2C: Effective Supervision
  - (2) Threshold condition 2D: Appropriate Resources
  - (3) Threshold condition 2E: Suitability

### **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 Handbook, including the part titled Threshold Conditions (“COND”). The main considerations in relation to the action specified are set out below.

#### General guidance

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 FCA threshold conditions, the FCA will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.

#### Threshold Condition 2C: Effective Supervision

8. 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

9. COND 2.4.2G(2) states that the FCA 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.
10. COND 2.4.2G(2A) provides that 'non-financial resources' of the firm include human resources it has available.
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 FCA 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)(a) 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 FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether: the firm has been open and cooperative 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.