

12 Endeavour Square
London
E20 1JN

Tel: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099
www.fca.org.uk

FINAL NOTICE

Shaukat Services Limited
11 Kingswood Avenue
Hounslow
London
TW3 4LL

17 October 2018

ACTION

1. By an application dated 13 August 2017 Shaukat Services Limited applied under section 55A of the Act for Part 4A permission 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,
 - d. Credit broking, and
 - e. 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 Shaukat 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 Shaukat 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 Shaukat Services Limited notice that it had decided to take the action described above.
7. Shaukat Services Limited 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. 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 a 6 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 14 September 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 10 August 2018 given to the applicant by the Authority.

FACTS AND MATTERS

The Application

17. The Application was received by the Authority on 13 August 2017. 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;
 - d) Credit broking; and
 - e) Agreeing to carry on a regulated activity.
18. 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

19. Following receipt of the Application on 13 August 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.
20. On 24 October 2017 the Authority contacted the Firm by email to request;
 - a. Details of the Firm's locum;
 - b. An explanation as to why the financial forecasts provided with the Application suggested that the firm would breach the Capital Resources Requirement in the threshold conditions within the first two months of trading;
 - c. A suitable P.I. quote; and
 - d. Confirmation of the Firm's Director's place of work since leaving their previous firm.
21. On 7 November 2017 the Firm responded to provide the locum details, an explanation regarding the financial forecasts, and confirmation that the PI cover was on risk since 3 November 2017. The Firm's Director noted that since leaving their previous firm they had been working to set up "*Shaukat Products Limited*".
22. On 8 November 2017 the Authority contacted the Firm to request a copy of the quote/policy regarding the PI cover, and an explanation as to whether "*Shaukat Products Limited*" was connected to the Firm.
23. In a further email on 8 November 2017 the Authority advised the Firm's Director that the DBS check had been returned to the FCA "*not at this address*" and sought the Firm's Director's explanation.
24. On 14 November 2017 the Firm's Director sent an email to the Authority attaching information regarding the PI cover and the Firm's Balance Sheet. They confirmed that since leaving their previous firm they had worked on "*Shaukat Services*". They noted that their home address had changed as of 11 September 2017.
25. On 14 November 2017 the Authority responded by email to note that a new DBS request would be sent to the Firm's Director's home address and that this should be actioned as soon as possible to avoid delays to the Application. The Firm's Director was also asked to confirm whether the Firm's name is Shaukat Services Limited or Shaukat Products Ltd.
26. On 16 November 2017 the Firm's Director responded by email that the Firm's name was Shaukat Services Ltd.
27. On 17 November 2017 the Authority responded to enquire whether the Firm's Director was progressing the DBS request. In an email of response on the same day, the Firm's Director noted that they had not yet received the DBS papers and the Authority responded by attaching a further copy of the DBS papers by email.
28. In a further email on 17 November 2017, the Authority also sought confirmation of the correct spelling of the Firm's Director's name.

29. On 23 November 2017 the Authority contacted the Firm's Director to note that there were several omissions and inconsistencies in the online DBS application that they had submitted, regarding their identity. Accordingly, the Authority requested that they complete the online DBS application again. The Authority also sought a copy of their passport for verification purposes, and details of all names they had previously used, with the correct spellings.
30. On 6 December 2017 the Authority contacted the Firm's Director to note that the online DBS application was still outstanding and requested that this be completed by 13 December 2017, failing which the Authority would commence steps to refuse the application.
31. On 18 December 2017 the Authority contacted the Firm's Director again to note that the DBS application remained outstanding and that the Authority could not progress the Application. A response was sought by 3 January 2018.
32. On 8 January 2018 the Authority contacted the Firm's Director again by email noting that the DBS information was outstanding, and that attempts had been made to contact them by telephone.
33. On 11 January 2018 the Firm's Director contacted the Authority to apologise for their late reply and to note that they had been abroad. They confirmed that the DBS check and ID verification had been completed, but was advised that this would need to be requested again, as the necessary level of check was "Standard" rather than "Basic".
34. The Authority contacted the Firm's Director on 24 January 2018 and 2 February 2018 to request details of their professional referee at their previous firm, and received no response to those emails. The Authority sent a further email on 9 February 2018 to seek the outstanding information.
35. On 16 February 2018 the Firm's Director responded by email to provide an individual's *"contact details for the agency that I have gone throw [sic] to [Firm A]"*.
36. On 19 February 2018 the Authority asked the Firm's Director to confirm the name of the employment agency and to confirm whether they worked for Firm A on a permanent basis or on a temporary basis. The Firm's Director replied that the individual's name given as their referee in their email on 16 February 2018 was *"my Line Manager who worked in conjunction with [Firm A]"*, and confirmed their contact details.
37. On 20 February 2018 the Authority asked for confirmation of the name of the Agency, which the Firm's Director provided.
38. On 27 February 2018 the Authority contacted the Firm's Director to note that it was in the process of requesting references and that the DBS application was still outstanding. The email also requested details of the offices they worked in for Firm A, who they reported to, who their line manager was, and the types of policies they dealt with.
39. On 28 February 2018 the Firm's Director responded to enquire which DBS form they should complete as they had not received anything and had completed the online form. They noted that they worked for an Agency firm, at their office, and gave details again of their line manager and Director.

40. On 28 February 2018 the Authority asked the Firm's Director to provide evidence of their employment at the Agency, including their most recent payslips, their P45 and P60, confirmation of their annual salary and the number of other employees they worked with. They were asked to confirm in what capacity they worked at Firm A. The Authority also confirmed that it required a copy of the DBS certificate that had been issued.
41. On 14 March 2018 the Authority requested a response to the matters outstanding from its email of 28 February 2018.
42. On 19 March 2018 the Authority sent an email to the Firm's Director confirming that the Firm's proposed locum (a compliance consultancy) was no longer prepared to act as locum, and sought details of an alternative locum by 26 March 2018.
43. On 27 March 2018 the Authority sent an email to the Firm's Director noting that there remained some outstanding information regarding their identification and employment history, and requested the following information;
- a. A copy of their passport, requested on 23 November 2017;
 - b. Documents to verify current address;
 - c. Confirmation of residential addresses for the last 5 years;
 - d. Evidence of their employment at the Agency, as requested on 28 February 2018;
 - e. Confirmation of the capacity they worked in at the Firm, as requested on 28 February 2018;
 - f. The DBS certificate, as previously requested on 28 February 2018.
 - g. On 25 April 2018 the Authority contacted the Firm's Director to invite them to a voluntary interview to assist in assessing the application. The Authority received no response to that request.
44. As a result of the lack of engagement by the Firm, on 21 May 2018 the Authority wrote to the Firm informing it that a failure to provide the outstanding information would result in the application being determined based on 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.
45. Specifically, the letter identified the outstanding information as;
- "Please explain why in your original application you stated you worked for [Firm A] from 11/2012 to 06/2017 and were training with [Firm A] from 08/2012 to 10/2012. On 24/01/2018, 02/02/2018 and 09/02/2018 I requested details of the person I should contact for a reference at [Firm A]. On 16/02/2018 you claimed that you worked for [Firm A] via an agency. I still await your explanation for this contradiction"*
- "As I could gain no knowledge of your experience and skills from [Firm A] on 28/02/2018 I asked you to send in your most recent payslips from the Agency,*

your P45, and most recent P60. I also requested bank statements showing your salary being paid into your account and for you to confirm in what capacity you were involved with Firm A"

"On 19 March 2018 we were informed by [x] that they were no longer willing to act as your locum. I requested details of a new locum be provided by 26 March 2018."

46. No response was received to this letter by the stated deadline of 4 June 2018 (ie. within 10 working days).
47. On 13 June 2018 the Authority wrote to the Firm informing it 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 might result in a recommendation to the RTC that it issue the Firm with a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 27 June 2018 (ie. a period of 10 working days).
48. On 4 July 2018 the Authority wrote to the Firm, noting the lack of a response to its previous letters of 21 May 2018 and 13 June 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. No response was received to this letter by the stated deadline of 17 July 2018 (ie. a period of 10 working days).

IMPACT ON THRESHOLD CONDITIONS

49. The regulatory provisions relevant to this Decision Notice are referred to in Annex A.
50. 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.
51. As a result of the lack of engagement by the Firm, the Authority contacted the Firm on three separate occasions over a 6 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.
52. 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.
53. 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.
54. 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)

55. 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.
56. 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.
57. In light of the matters set out in paragraphs 19 to 48 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:
58. Respond fully and promptly to requests for information from the Authority; and
59. 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)

60. 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.
61. The Firm's Director is the sole Director. Further, the Firm has also failed to provide confirmation as to whether a new locum has been appointed following the Firm's previously appointed locum advising the Authority on 19 March 2018 that they were no longer prepared to act for the Firm. Accordingly, 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)

62. 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.

63. The matters described in paragraphs 19 to 48 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.

64. 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

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

Publication

66. 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.

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

Authority contacts

68. For more information concerning this matter generally, contact Nozrul Ali, Manager, *Retail Authorisations* at the Authority (direct line: 020 7066 4792 / email: Nozrul.Ali@fca.org.uk).

Val Smith
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.