
FINAL NOTICE

SOS Financial Services Limited
20 Patch Lane
Bramhall
Stockport
Greater Manchester
SK7 1JB

6 July 2017

ACTION

1. By an application dated 30 October 2015 SOS Financial Services Limited ("SOS") applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of credit broking.
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 SOS was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from SOS 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 SOS notice that it had decided to take the action described above.

7. SOS 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 SOS Final Notice of its refusal.
9. The Authority has decided to refuse the Application and to give this Final Notice as SOS has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that SOS will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.
10. SOS has failed to respond to four separate 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 ten week period; the last three requests included a statement to the effect that SOS must contact the Authority or the Authority would recommend to the RTC that they receive a Warning Notice.
11. 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 SOS satisfies, and will continue to satisfy, the threshold conditions.
12. 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 SOS would fail to do so if the Application were to be granted.
13. The failure to provide the information raises concerns as to whether SOS:
 - i. can be effectively supervised by the Authority as required by threshold condition 2C;
 - ii. has appropriate human resources, given SOS's failure to provide the Authority with the requested information as required by threshold condition 2D; and
 - iii. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

DEFINITIONS

14. 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 one 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 18 May 2017 given to SOS by the Authority.

"the PRA" means the Prudential Regulation Authority.

"the RDC" means the Authority's Regulatory Decisions Committee.

"the RTC" means the Authority's Regulatory Transactions Committee.

"SUP" means the Supervision chapter of the Authority's handbook.

"SYSC" means the Senior Management Arrangements, Systems and Controls chapter of the Authority's handbook.

"the Tribunal" means the Upper Tribunal (Tax & Chancery Chamber).

"the Warning Notice" means the warning notice dated 6 April 2017 given to SOS by the Authority.

FACTS AND MATTERS

15. The Application on behalf of SOS was received by the Authority on 30 October 2015.

16. Further information was requested from SOS under section 55U(5) of the Act.

17. Details of all the relevant communications between the Authority and SOS are set out below.

18. On 16 May 2016 the Authority wrote to SOS by way of email using contact details provided in the Application, and requested that the firm provide the following information in support of the Application by 31 May 2016 (i.e. within ten working days):

- i. how SOS was satisfied that it met the threshold conditions due to the Application recording that the firm's sole director was based outside of the United Kingdom;
- ii. an explanation as to the business activities proposed and how this related to the permission applied for;
- iii. the commission SOS would receive for introducing clients;
- iv. whether SOS would charge clients any fees or upfront charges;
- v. how SOS ensured there was no commission bias in its recommendations to clients;
- vi. how SOS advertised its credit broking services to potential and actual clients;
- vii. how SOS sourced its clients;
- viii. the products SOS offered to its clients;
- ix. a regulatory business plan;
- x. whether SOS would conduct client affordability checks;
- xi. compliance and complaints policies;

- xii. Terms of Business;
 - xiii. opening and forecast closing balance sheet;
 - xiv. monthly cash flow and profit and loss forecasts; and
 - xv. latest end of year accounts.
19. On 18 May 2016 the Authority attempted to contact SOS using the telephone numbers submitted with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
20. On 20 May 2016 SOS contacted the Authority by way of email and acknowledged the Authority's email dated 16 May 2016. SOS stated that it would provide the information by 31 May 2016. No response was received by this date.
21. On 1 June 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
22. On 2 June 2016 the Authority wrote to SOS by way of email advising that it had not received the information requested and that this was required to assess the Application. The Authority requested SOS contact them to discuss the Application.
23. Four weeks after the original email request of 16 May 2016, the Authority had not received a substantive response to its request for further information.
24. On 14 June 2016 the Authority wrote to SOS by way of email and letter using the contact details provided with the Application 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 would result in a recommendation to the RTC that it give SOS a Warning Notice proposing to refuse the Application. No response was received to this correspondence by the stated deadline of 28 June 2016 (i.e. within ten working days).
25. On 15 June 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.

26. On 20 June 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
27. On 28 June 2016 the Authority wrote to SOS by way of email and letter, noting the lack of a response to its previous correspondence of 14 June 2016 and reiterating that a failure to provide the requested information would result in the Application being determined based upon the information received to date. The correspondence again noted that a failure to provide the outstanding information would result in the Authority recommending the RTC give SOS a Warning Notice proposing to refuse the Application. No response was received to this correspondence by the stated deadline of 8 July 2016 (i.e. within eight working days).
28. On 29 June 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
29. On 6 July 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
30. On 8 July 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
31. On 8 July 2016 the Authority wrote to SOS by way of email and letter, noting the lack of a response to its previous correspondence of 28 June 2016 and reiterating that a failure to provide the requested information would result in the Application being determined based upon the information received to date. The correspondence again noted that a failure to provide the outstanding information would result in a recommendation to the RTC that it give SOS a Warning Notice proposing to refuse the Application. No response was received to this correspondence by the stated deadline of 21 July 2016 (i.e. within nine working days).
32. On 13 July 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.
33. On 14 July 2016 the Authority wrote by way of email and letter to the only director of SOS using the contact details provided in their application for approval. The contents of this letter repeated that of the correspondence sent to SOS on 8 July 2016. No response was received to this letter by the stated deadline of 21 July 2016 (i.e. within five working days).
34. On 21 July 2016 the Authority attempted to contact SOS using the telephone numbers provided with the Application. Neither of these calls were answered and a message was left requesting SOS contact the Authority to discuss the Application.

IMPACT ON THRESHOLD CONDITIONS

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

36. SOS has failed to respond to four separate 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 ten week period; the requests dated 14 June, 28 June and 8 July 2016 included a statement to the effect that SOS must contact the Authority or the Authority would recommend to the RTC that they receive a Warning Notice.
37. 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 SOS satisfies, and will continue to satisfy, the threshold conditions.
38. 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 SOS would fail to do so if the Application were to be granted.
39. The failure to provide the information raises concerns as to whether SOS:
- i. can be effectively supervised by the Authority as required by threshold condition 2C;
 - ii. has appropriate human resources, given SOS's failure to provide the Authority with the requested information as required by threshold condition 2D; and
 - iii. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

IMPORTANT NOTICES

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

Publication

41. 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.
42. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

43. For more information concerning this matter generally, contact James O'Connell, Manager, Lending & Intermediaries at the Authority (direct line: 020 7066 0328 /email: James.OConnell@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.

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: Appropriate Resources

9. 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.
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 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) 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(1) 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 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.