
FINAL NOTICE

Sportz Commercials Ltd

8 June 2021

ACTION

1. By an application dated 23 May 2020 ("the Application") Sportz Commercials Ltd ("SCL" or "the firm") applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of:
 - i. Limited Permission Credit Broking.
2. The Application is incomplete.
3. The Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 19 March 2021 ("the Warning Notice") the Authority gave notice that it proposed to refuse the Application and that SCL was entitled to make representations to the Authority about that proposed action.
5. As no representations were received by the Authority from SCL 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 dated 5 May 2021 ("the Decision Notice"), the Authority gave SCL notice that it had decided to take the action described above.

7. SCL had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal. No referral was made to the Upper 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 SCL a Final Notice of its refusal.
9. The Authority decided to refuse the Application and to give this Final Notice as SCL has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that SCL will satisfy, and continue to satisfy, all of the threshold conditions set out in Schedule 6 to the Act.
10. SCL has failed to respond substantively, or at all, to six requests for the provision of information considered by the Authority to be necessary to allow the Application to be determined. One of the last requests, on 23 November 2020, included a statement that SCL must contact the Authority within 10 business days, or the Authority would recommend to the Authority's Regulatory Transactions Committee ("RTC") that that it give SCL a Warning Notice proposing to refuse the Application. SCL has failed to provide the outstanding information within the deadlines set by the Authority and to date.
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 SCL satisfies, and will continue to satisfy, in relation to the regulated activity for which SCL would have permission, the threshold conditions for which the Authority is responsible.
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 SCL would fail to do so if the Application were to be granted.
13. The failure to provide the information raises concerns as to whether SCL:
 - a. can be effectively supervised by the Authority as required by threshold condition 2C;
 - b. has appropriate human resources, given SCL'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

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 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 RTC” means the Authority’s Regulatory Transactions Committee

“the RDC” means the Authority’s Regulatory Decisions Committee

“SUP” means the Supervision section of the Authority’s handbook

“SYSC” means the Senior Management Arrangements, Systems and Controls section of the Authority’s handbook

“the Tribunal” means the Upper Tribunal (Tax & Chancery Chamber)

“the Warning Notice” means the warning notice dated 19 March 2021 given to the applicant by the Authority.

“the Decision Notice” means the decision notice dated 5 May 2021 given to the Applicant by the Authority.

FACTS AND MATTERS

15. The Application was received by the Authority on 23 May 2020.

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

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

18. Between 19 October 2020 and 10 December 2020, the Authority sent SCL seven emails, a letter by recorded delivery and also made three telephone calls to the firm to obtain information from SCL that the Authority reasonably considered to be necessary to enable the Authority to determine the Application.

19. On 19 October 2020, the Authority sent SCL an email stating that it considered that the Application was currently incomplete and that the firm should provide the following information in support of the Application by 2 November 2020:

- i. Confirmation that DBS checks have been completed for the firm’s officers, including the date that the checks were obtained and whether there is any information pertaining to those checks which needs to be disclosed to the Authority;
- ii. Confirmation that criminal records checks have been completed for the firm’s officers including the date that these were obtained and whether there is any

information pertaining to those checks which needs to be disclosed to the Authority;

- iii. Details of why the references from current or previous employers had not been obtained in respect of the firm's officers; and
- iv. Confirmation as to whether additional regulated activities would be required by the firm, including debt counselling and debt adjusting.

20. SCL failed to provide the outstanding information by 2 November 2020.

21. On 3 November 2020, the Authority sent an email to SCL noting the lack of response to its request for information on 19 October 2020 and requesting that SCL provide the outstanding information by 10 November 2020. SCL failed to provide the outstanding information by 10 November 2020.

22. On 12 November 2020 the Authority made a telephone call to SCL during which the firm confirmed receipt of the emails sent on 19 October 2019 and 3 November 2019 and agreed that they would send the Authority the outstanding information by 19 November 2020.

23. On the same date, the Authority sent a follow up email to SCL noting the lack of response to its request for information made on 3 November 2020 and requesting that SCL provide the outstanding information by 19 November 2020. SCL failed to provide the outstanding information by 19 November 2020.

24. On 23 November 2020, the Authority sent a letter to SCL by email and by recorded delivery requesting that the firm provide the outstanding information within 10 business days, therefore by 6 December 2020. The letter also informed SCL 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 give SCL a Warning Notice proposing to refuse the Application. SCL failed to provide the outstanding information by the deadline provided of 6 December 2020.

25. On 7 December 2020, the Authority made a telephone call to SCL enquiring as to why the firm had not yet provided the outstanding information requested and it was agreed that another telephone call would be scheduled for 10 December 2020. On the 7 December 2020, the Authority also sent a follow-up email scheduling a telephone call with SCL for 10 December 2020 to discuss the Application in more detail. On 8 December 2020, the Authority sent another email to SCL stating that it was open to the firm to withdraw the Application and to resubmit it, once SCL was able to demonstrate that it could satisfy the requirements for authorisation.

26. On 10 December 2020, the Authority contacted SCL by telephone as agreed and stated that the Authority had made requests for the outstanding information since 19 October 2020 and had not yet received any response to the requests. During the call, the Authority discussed with the firm the option of the firm withdrawing the Application and then resubmitting the Application once the firm was better prepared. SCL stated that its preference was to provide the outstanding information and requested a further extension, explaining that the Covid-19 pandemic and resulting national lockdown had prevented access to the firm's laptop.

27. During the call, it was agreed that SCL be granted a final extension of one week to 17 December 2020, within which to provide the outstanding information. The

Authority also stated that, if the outstanding information was not provided by this date, then this would present concerns that SCL could not be effectively supervised by the Authority in relation to all the regulated activities for which it would have permission were the Application to be approved.

28. On 10 December 2020, the Authority also sent an email to SCL following the telephone call with the firm, noting the lack of a response to the Authority's requests for the outstanding information. The Authority requested that SCL provide the outstanding information by 17 December 2020 to enable a full assessment of the Application. No response was received from SCL by 17 December 2020, nor to date.

IMPACT ON THRESHOLD CONDITIONS

29. SCL has failed to respond to six separate requests for the provision of information considered by the Authority to be necessary to enable the Authority to determine the Application. One of the final requests gave SCL 10 business days to respond and included a statement that SCL must contact the Authority or the Authority would recommend to the RTC that it give SCL a Warning Notice proposing to refuse the Application.
30. 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. Having reviewed that information, the Authority cannot ensure that SCL satisfies, and will continue to satisfy, in relation to the regulated activities for which the firm would have permission, the threshold conditions for which the Authority is responsible.
31. 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 SCL would fail to do so if the Application were to be granted.
32. The failure to provide the information raises concerns as to whether SCL:
- a. can be effectively supervised by the Authority as required by threshold condition 2C;
 - b. has appropriate human resources, given SCL'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.
33. On the basis of the facts and matters described above, in particular the failure to provide the information sought, the Authority has concluded that it cannot ensure that SCL will satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which SCL would have permission if the application was granted.

IMPORTANT NOTICES

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

Publication

35. 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.

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

Authority contacts

37. For more information concerning this matter generally, contact Marina Lancaster], Manager, *Credit and Lending Department* at the Authority (direct line: 020 7066 5250 / email: marina.lancaster@fca.org.uk).

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
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: Appropriate 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.