
FINAL NOTICE

To: Stratton Leasing Ltd

**Of: 40a Alexander House
Wilbury Way
Hitchin
Herts
SG4 OAP
United Kingdom**

FRN: 785972

Dated: 15 February 2023

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action against Stratton, pursuant to section 55J of the Act, the Authority has decided to cancel Stratton's Part 4A permission
2. The Authority issued to Stratton the Decision Notice which notified it of the Authority's decision to take the action specified above.
3. Stratton has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was issued to it.
4. Accordingly, the Authority has today cancelled Stratton's Part 4A permission. The cancellation takes effect from the date of this Final Notice.

SUMMARY OF REASONS

5. The Authority has concluded, on the basis of the facts and matters set out below that Stratton has failed to comply with Principle 11 and has failed to satisfy the suitability Threshold Condition, in that the Authority is not satisfied that Stratton is a fit and proper person having regard to all the

circumstances. Specifically, Stratton has failed to be open and co-operative in all its dealings with the Authority. As a result, the Authority is not satisfied that Stratton's business is being managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner.

6. The Authority has also concluded that Stratton is failing to satisfy the appropriate resources Threshold Condition, in that the Authority is not satisfied that Stratton has appropriate non-financial resources in relation to the regulated activities that it seeks to carry on. Specifically, Stratton has failed to seek approval from the Authority to appoint an appropriate individual to carry on the necessary Senior Management Functions.

DEFINITIONS

7. The definitions below are used in this Final Notice:

"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 of 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 issued to Stratton dated 1 November 2022;

"DEPP" means the Authority's Decision Procedure and Penalties manual;

"EG" means the Enforcement Guide;

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

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

"Principle" means one of the Authority's Principles for Businesses;

"Stratton" means Stratton Leasing Limited;

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

"the suitability Threshold Condition" means the Threshold Condition set out in paragraph 2E of Schedule 6 to 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 Stratton dated 03 October 2022.

RELEVANT STATUTORY PROVISIONS

8. The statutory and regulatory provisions relevant to this Final Notice are set out in the Annex.

FACTS AND MATTERS

9. Stratton was authorised by the Authority on 26 September 2017 to conduct consumer credit broking activities.
10. On 25 May 2021, following a review of Stratton's Senior Management Functions, the Authority sent correspondence to Stratton noting that Stratton did not have an accountable individual registered with the Authority to hold the SMF29 Senior Management Function.
11. Stratton 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 Stratton completes and submits a Form A. As a result, there is no individuals at Stratton approved to perform the Senior Management Functions relevant to the regulated activities that Stratton carries on or seeks to carry on.
12. Through the Warning Notice, the Authority gave notice that it proposed to take the action described above and Stratton was given the opportunity to make representations to the Authority about that proposed action.
13. No representations having been received by the Authority from Stratton within the time allowed by the Warning Notice, the default procedures in DEPP 2.3.2G permit the allegations/matters described in the Warning Notice, and repeated in this Final Notice, to be regarded as undisputed.
14. The Authority has therefore decided to cancel Stratton's Part 4A permission for the reasons described above.

FAILINGS

15. From the facts and matters described above, the Authority, having regard to its operational objectives, which include protecting and enhancing the integrity of the UK financial system and protection of consumers, considers that:
 - a) by failing to respond to the Authority's repeated requests relating to submission of a Form A, Stratton is failing to comply with Principle 11 in that Stratton has failed to deal with the Authority in an open and co-operative way and to disclose to the Authority appropriately anything relating to Stratton of which the Authority would reasonably expect notice. Stratton 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 Stratton is therefore failing to satisfy the suitability Threshold Condition; and

- b) by failing to seek approval from the Authority to appoint an appropriate individual to perform the relevant senior management functions, Stratton's non-financial resources are not sufficient to enable Stratton to comply with requirements imposed or likely to be imposed on it by the Authority. Therefore, Stratton'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.

SANCTION

- 16. Given the nature of the matters outlined above, the Authority considers Stratton is failing to satisfy the Threshold Conditions, the minimum standards to be met for a firm to remain authorised. Therefore, the Authority does consider it appropriate to cancel Stratton's Part 4A permission.

PROCEDURAL MATTERS

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

Decision maker

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

Publicity

- 19. Section 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final Notice relates. Under those provisions, 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 publication would, in the opinion of the Authority, be unfair to Stratton or prejudicial to the interest of consumers or detrimental to the stability of the UK financial system.
- 20. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority Contact

- 21. For more information concerning this matter generally, please contact Hajra Aftab at the Authority (direct line: 020 7066 6021).

Anna Couzens
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 persons' Part 4A permission, where it appears to the Authority that such person is failing to satisfy the Threshold Conditions.
3. The suitability Threshold Condition set out in paragraph 2E of Schedule 6 of the Act 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 –
[...]*

(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."

4. The appropriate resources Threshold Condition set out in paragraph 2D of Schedule 6 to the Act 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:

"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 nonfinancial 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 course of the exercise of its functions [...]"

RELEVANT HANDBOOK PROVISIONS

5. In exercising its powers 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 relevant main considerations in relation to the action specified above are set out below.

Relevant Principle

6. 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

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

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

8. 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.

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

9. 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.
10. 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.
11. 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.
12. 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

13. 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 permissions on the Authority's own initiative

14. 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 Condition for which the Authority is responsible.
15. 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.
16. EG 8.5.2 provides examples of the types of circumstances in which the Authority may cancel a firm's Part 4A permission. These include failure to provide the Authority with valid contact details or failure to maintain the details provided, such that the Authority is unable to communicate with the firm (EG 8.5.2(6)), and repeated failures to comply with rules and requirements (EG 8.5.2(7)).