To: **Ward Consultancy plc ("the Firm")**

Of: Hill House, Milley Lane, Hare Hatch, Nr Reading, Berkshire RG10 9TH
Date: 24 April 2002

FINAL NOTICE

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("FSA") gives you final notice about a requirement to pay a financial penalty.

THE INTERIM TRIBUNAL

On 27 November 2001, the PIA Disciplinary Committee served a Notice of Intended Order on you, pursuant to PIA Rule 10.1.7.(1). At 1 December 2001, the proceedings were incomplete disciplinary proceedings within the meaning of paragraphs (2) and (3) of Article 56 of the Financial Services and Markets Act 2000 (Transitional Provisions) (Partly Completed Procedures) Order 2001 ("the PCP Order"). By a letter dated 10 December 2001 you accepted the terms of the Notice of Intended Order. Accordingly, the proceedings were referred by the FSA to the Financial Services and Markets Act Interim Tribunal.

In accordance with the directions given by the Interim Tribunal and for the reasons set out below the FSA is taking the following action:-

THE PENALTY

The FSA imposes a financial penalty on you in the amount of £120,000 ("the Penalty").

REASONS FOR THE PENALTY

Summary

The Firm is an authorised person within the meaning of the Financial Services and Markets Act 2000 and was, immediately prior to 1 December 2001, a member of PIA. The penalty is imposed in respect of compliance failures, as detailed below, which arose in relation to the Firm's failure to conduct its Pensions Review in accordance with PIA Guidance.

Relevant Statutory and other Provisions

The Penalty

The penalty arises as a result of your failure to comply with PIA Rule 7.2.2(3) as particularised below.

The penalty is imposed under S.206 of the Financial Services and Markets Act 2000 ("the Act").

In imposing the penalty, FSA is exercising its power under S.206 of the Act in order to give effect to and implement the determination and directions of the Interim Tribunal pursuant to Article 58(4) of the PCP Order.

Therefore, in accordance with Article 61(5) of the PCP Order, Sections 207 and 208 of the Act do not apply to this Notice.

Relevant Guidance

In deciding to impose the penalty in reliance upon the facts and matters described herein and in accordance with the provisions of Article 60(3) of the PCP Order, the FSA has had regard to the guidance published in Annex D of "PIA's Approach to Discipline - Statement of Policy" (December 1995). The following paragraphs in particular are relevant for the reasons stated:

(1) *Paragraph 3 a (i)* - The Firm's delay in conducting the Pension Review and in settling cases where loss has been assessed has meant that investors may have suffered actual or potential harm. Further, investors who are entitled to compensation have suffered considerable delay in receiving such compensation;

(2) *Paragraph 3 a (ii)* - The Firm's extensive failures constitute significant breaches of the Review Guidance and PIA Rule 7.2.2;

(3) *Paragraph 3 a (iii)* - The breaches arise from the Firm's failure to put in place a proper and effective system for carrying out the Review in a timely and compliant fashion. This is a particular concern given that a similar breach formed the basis for previous disciplinary action against the Firm in 1997;

(4) *Paragraph 3 a (iv)* - The Firm recklessly failed to meet PIA's requirements in that the Firm failed, despite specific assurances to PIA, to improve its planning, monitoring and control of the Review following disciplinary action in 1997. The Firm has delayed significantly in submitting cases to its insurers. Further, the Firm has made no attempt to minimise resulting loss to investors by agreeing terms with its insurers to allow it to compensate investors pending the outcome of the dispute;

(5) *Paragraph 3 a (v)* - The Firm's senior management appear to have taken little interest in the conduct of the Pensions Review and failed to monitor it properly or ensure adequate resources were available for its conclusion in a timely fashion. The Firm's management demonstrated during the 2001 Visit, a lack

of understanding and appreciation of the extent and magnitude of the problems with the Firm's progress of the Review. Again, this is despite assurances given to PIA following the previous disciplinary action in 1997;

(6) *Paragraph 3 a (vii)* - The Firm has benefited in that it has not made payments of redress in a timely fashion. As a result it has been able to pay large dividends to shareholders. It has also saved the cost of employing sufficient staff to undertake the Review;

(7) *Paragraph 3 b (i)* - The breaches were not identified and reported by the Firm;

(8) *Paragraph 3 b (ii)* - The Firm, following the 2001 PRMD Visit, appointed additional staff to assist on the Pensions Review. It also prepared a revised project plan for the remainder of the Review. The Firm, however, refused to pay investors pending resolution of an issue with its insurers or discuss this option with its insurers. As a result, by the date of the Verification Visit (nine months after the 2001 Visit) an offer of redress had been made in only one further case;

(9) *Paragraph 3 b (iv)* - The Firm took action within a reasonable period after the PRMD Visit. This was of limited effectiveness;

(10) *Paragraph 3 b (v & vi)* - The Firm has generally cooperated with PRMD. It did, however, refuse to explore the possibility of agreeing terms to settle cases on a without prejudice basis despite a specific request from Enforcement that it do so. In addition, PIA was not notified of the resignation of one of the two additional staff members appointed to assist on the Pensions Review until some weeks after the event;

(11) *Paragraph 3 b (vii)* - There is no evidence that the Firm has attempted to mislead PIA. It has, however, failed to review progress and resourcing of the Pensions Review regularly in accordance with the assurances given to PIA in 1998;

(12) *Paragraph 3 c (i)* - Disciplinary action was taken against the Firm in 1997 for Pensions Review failings. A number of the failures identified in the 2001 Visit are repeats of those identified in 1997;

(13) *Paragraph 3 c (ii)* - To the knowledge of Enforcement Staff no warnings have been issued to the Firm.

Facts And Matters Relied On

The FSA considers that the Firm failed to comply with Rule 7.2.2(3) as follows:

(i) the Firm has failed to adequately plan, resource and monitor the Pensions Review process;

(ii) the Firm has failed to meet PIA deadlines for the conduct of the Pensions Review;

(iii) the Firm has failed to carry out the Pensions Review in a timely fashion;

(iv) the Firm has failed correctly to evidence the exclusion of cases from the Pensions Review;

(v) the Firm has failed to issue no loss letters which comply with the Guidance;

(vi) the Firm has failed to conduct compliance and causation assessments in accordance with the Guidance.

MANNER OF PAYMENT OF THE PENALTY
The Penalty must be paid to the FSA in full.

TIME FOR PAYMENT OF THE PENALTY
The Penalty must be paid to the FSA no later than 10 May 2002, being not less than 14 days beginning with the date on which this notice is given to you.

IF PENALTY NOT PAID
If all or any of the Penalty is outstanding on 10 May 2002, the FSA may recover the outstanding amount as a debt owed by you and due to the FSA.

YOUR RIGHTS
This notice is sent to you in accordance with Section 390(5) of the Act.

PUBLICATION
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 FSA must publish such information about the matter to which this notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to you or prejudicial to the interests of consumers.

The FSA intends to publish a press release reflecting the terms of this Notice.

For more information concerning this matter generally, please contact Claire De Alwis at the FSA (direct line: 020 7676 1184 /fax: 020 7676 1185).

Julia Dunn
Head of Retail Selling

24 April 2002