

21 April 2020

Our Ref: FOI7208

Freedom of Information: Right to know request

Thank you for your email of 20 March 2020, in which you asked for information about a questionnaire sent to financial advice firms regarding their acquisition practices. Please refer to Annex A for full details of your request.

We are handling your request as a request for information under the Freedom of Information Act 2000 and have answered each question in turn below.

In considering your request we would like to explain that in the week commencing 22 April 2019, the Change in Control team opened 27 new cases. Of those, 24 related to acquisitions of, or increases in, control over an authorised firm. Please note that in general a single case will be used to hold the assessment of a transaction as a whole, even where the transaction involves multiple proposed controllers (acquirers) and / or multiple authorised firms (targets).

We have reviewed the notifications and supporting documentation submitted as well as, where appropriate, subsequent correspondence, phone notes, email exchanges and the written assessment recorded on these 24 cases.

We have not reviewed the file in full where the nature of the transaction (example: an intragroup transfer with no impact on the activities or ultimate ownership of the authorised firm) or the nature of the target firm (example: a limited permission consumer credit broker) meant that no information would be held that fell within the scope of the request.

1) The number of firms who stated increases will occur to client fees and the number who said no increases would occur?

We can confirm that no proposed controllers informed us that they will increase client fees.

We can confirm that two proposed controllers informed us that they will not increase client fees.

Please note that in the remaining 22 cases the proposed controllers either did not provide the information, the question was not asked or the question was not applicable.

2) *The average increase in fees for those who firms said there be an increase?*

We can confirm that no proposed controllers informed us that they will increase client fees.

3) *The number of firms that reported having run-off cover for claims against the business they are acquiring versus and the number who reported they did not?*

Please note that in all 24 cases the proposed controllers either did not provide the information, the question was not asked or the question was not applicable.

4) *The number of respondents that stated the acquiring firm will own the majority client bank?*

We can confirm that one proposed controller has stated that they will own the client bank.

Your right to complain under FOIA

If you are unhappy with the decision we have made about your request, you have the right to request an internal review. To do so, please contact us within three months of the date of this response.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner by phone or on their website at:

Telephone: 0303 123 1113

Website: www.ico.org.uk

Yours sincerely,

Information Disclosure Team

Annex A

Refine request:

Please could I request the data for week commencing 22 April 2019

On the questionnaire sent to financial advice firms regarding their acquisition practices referenced in the following article:

https://citywire.co.uk/new-model-adviser/news/fca-quizzes-consolidators-on-fee-changes-and-run-off-cover/a1323410?re=71762&ea=494642&utm_source=BulkEmail_NMA_Daily_Summary&utm_medium=BulkEmail_NMA_Daily_Summary&utm_campaign=BulkEmail_NMA_Daily_Summary

Please provide a copy of the questionnaire. This can be anonymised so as to not breach any data protection or FSMA exemptions under the Freedom of Information Act.

Please also provide the following aggregate information (we have numbered your request for ease of reference):

- 1. The number of firms who stated increases will occur to client fees and the number who said no increases would occur*
- 2. The average increase in fees for those who firms said there would be an increase*
- 3. The number of firms that reported having run-off cover for claims against the business they are acquiring versus and the number who reported they did not*
- 4. The number of respondents that stated the acquiring firm will own the majority client bank*