
FIRST SUPERVISORY NOTICE

To: Bank House Investment Management Limited

Of: Kings House
125 Promenade
Cheltenham
Glos
GL50 1NW

**Permission
Number:** 451839

Dated: 9 December 2016

ACTION

1. For the reasons given below and pursuant to sections 55J(1)(a) and (c) and 55L(2)(a) and (c) of the Act, the Authority has decided to impose the following variation of permission and requirements ("these requirements") on Bank House Investment Management Limited ("**BHIM**" or "**the Firm**") with effect immediately upon service of this notice on the Firm (whether in electronic or hard copy form):
 - (a) Subject to (b) to (d) below, the Firm must cease to carry on any regulated activity and any business activity that is carried on in connection with a regulated activity, or held out as being for the

purposes of a regulated activity (including not initiating any further such business);

- (b) The Firm shall not dispose of, deal with or diminish the value of any of its assets (whether in the United Kingdom or elsewhere) without the prior consent of the Authority. This requirement does not prohibit the Firm from dealing with or disposing of any of its assets in the ordinary and proper course of business provided that no such dealings or disposals in a sum or value in excess of £5,000, whether as a single transaction or as a combination of related transactions, shall be permitted without the prior written consent of the Authority. For the avoidance of doubt, the following would not be in the ordinary and proper course of business and means that, among other things, the Firm must not:
 - i. make any capital distribution;
 - ii. pay any unusual or significant amounts to the Firm's shareholders, employees, officers or partners or any persons connected thereto;
 - iii. make any gift or significant loan by the Firm to any party;
 - iv. enter into any financial reconstruction or financial reorganisation;
 - v. sell or otherwise dispose of part or all of the client book; or
 - vi. take any other action which would have the effect of diminishing the value of its assets.
- (c) The Firm must immediately secure all books and records and preserve information and systems that relate to regulated activities carried on by it, and must retain these in a form and at a location (to be notified to the Authority in writing) such that they can be provided to the Authority promptly on its request;
- (d) The Firm must notify in writing all clients of the actions being taken above within 14 days of receiving this Notice. The Firm is to agree the wording with the Authority in advance and provide its supervisory contact with a copy of the written notification with a list of all the clients to whom the notification has been sent.

2. For the avoidance of doubt:

- (a) Nothing in paragraph 1(a) prevents the Firm from carrying on any business with the prior express written permission of the Authority;
- (b) Paragraph 1(b) is an asset requirement pursuant to section 55P of the Act; and
- (c) The requirements in paragraph 1 replace and supersede the Voluntary Requirements.

REASONS FOR ACTION

Summary

3. These requirements are imposed as it appears to the Authority that:
 - (a) The Firm is failing to satisfy the threshold conditions for which the Authority is responsible;
 - (b) It is desirable to exercise the power in order to advance the Authority's operational objectives.
4. It appears to the Authority that, on the basis of the facts and matters set out in this Notice, that the Firm is failing to satisfy the threshold conditions relating to effective supervision and suitability set out in paragraphs 2C ('effective supervision') and 2E ('suitability') of Schedule 6 of the Act.
5. The Authority has also concluded, on the basis of the facts and matters set out in this Notice, that the exercise of the power to impose the requirements referred to above is desirable in order to advance the Authority's operational objective of consumer protection (section 1C of the Act) in order to ensure an appropriate degree of protection for consumers.

DEFINITIONS

6. The definitions below are used in this First Supervisory Notice:
 - "the Act" means the Financial Services and Markets Act 2000 as amended by the Financial Services Act 2012;
 - "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 Firm" means Bank House Investment Management Limited;
 - "the Handbook" means the Authority's Handbook of rules and guidance;
 - "the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber);
 - "the Voluntary Requirement" means the requirements imposed on the Firm under section 55L of the Act on 17 September 2015.

FACTS AND MATTERS RELIED ON

Background

7. On 29 June 2006, the Firm was authorised to conduct the following activities:

- (a) Advising on investments (except Pension Transfers and Pension Opt Outs);
- (b) Advising on regulated mortgage contracts;
- (c) Agreeing to carry on a regulated activity;
- (d) Arranging (bringing about) deals in investments;
- (e) Arranging (bringing about) regulated mortgage contracts;
- (f) Credit broking; and
- (g) Making arrangements with a view to transactions in investments.

The Voluntary Requirement

8. The Authority conducted a short notice visit to the Firm on 15 and 16 July 2015. During the visit the Authority obtained information about pension switching business that the Firm had conducted which had resulted in customers switching their pensions to self-invested personal pensions (SIPPs) with the underlying investments in high risk, unregulated investments.
9. As a result of this information, the Authority had serious concerns about the suitability of the Firm's pension advice. To deal with its immediate concerns about the risks that this posed to customers, on 17 July 2016 the Authority invited the Firm to apply for a requirement to be imposed on it under section 55L of the Act requiring that it, among other things, not carry on any activities in relation to pension switches and/or pension transfers to SIPPs. The Firm discussed the terms of the proposed requirement with the Authority and agreed with it the terms of the Voluntary Requirement which the Firm accordingly applied for the Authority to impose on it under section 55L(5).
10. The Voluntary Requirement took effect on 17 September 2015 and required, among other things, that the Firm:
 - "(2) Not carry on any activities in relation to pension switches and/or pension transfers to any SIPP, including completing any business currently being processed which has not been completed, until independent verification is provided to the Authority confirming that a robust and compliant advisory process is in place for pension switching advice;*
 - (3) Implement a process of ongoing independent checks on all new pension SIPP switching advice until such time as the Authority is satisfied the new advisory process referred to above is embedded into the Firm's processes; and*
 - (4) Not in any way dispose of, deal with or diminish the value of any of its assets without the prior consent of the Authority. The requirement does not prohibit the Firm from dealing with or disposing of any of its assets in the ordinary and proper course of business.*
11. The Voluntary Requirements are still in effect and have not been lifted or varied (and will remain in effect until this Notice takes effect pursuant to paragraph 1.). The Firm has not provided independent verification to the Authority that a robust and compliant advisory process is in place for pension switching advice or implemented a process of ongoing independent checks on all new pension SIPP switching advice.

Pension switches conducted in breach of the Voluntary Requirement

12. In around August 2016, the Authority became aware of material which suggested the Firm may have conducted pension switches to a SIPP account contrary to the terms of the Voluntary Requirement. As a result, the Authority asked the Firm on 30 August 2016 to provide it with an up to date copy of the Firm's new business register. The Authority also obtained information from the SIPP Provider.
13. The Firm provided its response on 21 September 2016. The Firm's new business register recorded 30 transactions in total involving pensions after the date of the

Voluntary Requirement. The Firm's new business register did not indicate that any of those transactions involved customers switching to a SIPP account.

14. The information that the Authority obtained from the SIPP Provider showed the Firm had in fact advised 72 customers on 78 transactions involving pension switches to a SIPP account with that provider between 5 October 2015 and 13 October 2016. The total value switched was approximately £2.65 million. The Firm's new business register recorded only 29% of the 78 transactions reported by the SIPP Provider up to 21 September 2016 (the date the Firm provided its new business register to the Authority). The Firm also advised five customers to switch pensions to SIPP accounts offered by two other firms between 8 October 2015 and 10 November 2016.
15. When questioned by the Authority about the pension switches done to the account offered by the SIPP Provider, the Firm said it understood that the account *"was not a SIPP, it was personal pension with a deferred SIPP option"*. The Authority has confirmed with the SIPP Provider that it does not offer the option of a deferred SIPP in any of its accounts and that all 78 switches on which the Firm advised were to a SIPP account.
16. The Firm also said that it understood that the Authority had agreed it could conduct pension switches where customers would be investing in a 'platform'. This does not reflect the wording of the Voluntary Requirement and is not consistent with the Authority's correspondence with the Firm about the Voluntary Requirement in which the Authority repeatedly stated that the Firm was not permitted to do any pension switches involving SIPPs.

The Firm's relationship with the Third Party Firm

17. Customers who were advised by the Firm to switch their pensions to the SIPP account offered by the SIPP Provider were initially sourced and dealt with by an unauthorised firm (the **"Third Party Firm"**) before being passed to the Firm for advice. The Firm provided incomplete and misleading information to the Authority about the Third Party Firm and its relationship with the Firm in response to requests by the Authority.
18. The Authority became aware in December 2015 that the Firm had a business arrangement with the Third Party Firm. The Authority asked the Firm to provide details about the Third Party Firm and its relationship with the Firm. When the Firm responded in January 2016 it did not provide the full company name, which the Authority had specifically requested and the Firm could easily have provided, but rather stated that the Firm knew the Third Party Firm by a trading title. This meant the Authority did not identify full details about the Third Party Firm until around August 2016. The Authority then established that the Third Party Firm had close links to another unauthorised firm which was involved in the pension switching business that gave rise to the Authority's initial concerns about the Firm (and which culminated in the Voluntary Requirement).
19. When questioned by the Authority in February 2016, the Firm said that it had trialled a business arrangement with the Third Party Firm in November 2015 but that it had received no leads from Third Party Firm since January 2016. It also said customers who had received advice from the Firm as a result of the arrangement were advised *"onto platform, not to SIPP"*.

20. The Authority subsequently obtained documents which show that, in fact:
- (a) The Third Party Firm started conducting appointments with customers for the Firm from around the beginning of September 2015.
 - (b) As at 11 December 2015, the Third Party Firm had submitted 225 leads to the Firm and the Firm had accepted 180 of those leads. The leads included 142 customers referred for pension advice. The Authority has seen nine suitability reports and draft suitability reports for customers who were referred to the Firm for pensions advice. In each case the customer was advised by the Firm to invest in a SIPP account with the SIPP Provider.
21. The Firm also sold customer data to the Third Party Firm. The Firm did not disclose this to the Authority when asked about its relationship with the Third Party Firm. It also did not provide a copy of the agreement relating to the sale when the Authority asked it to provide "a copy of any contractual agreement" between the Firm and the Third Party.
22. When questioned in October 2016, the Firm said that the Third Party Firm paid the Firm between £50,000 and £70,000 in September 2015. The Authority subsequently required the Firm to provide details of the payments. These showed that the Third Party Firm had in fact paid the Firm's holding company approximately £163,000 between 3 August 2015 and 24 November 2015. The Firm told the Authority that these monies all relate to the sale of the customer data referred to above. Some of the monies were used to pay for the salary costs of staff employed by the Firm, who were previously employed by another unauthorised firm which was also involved in the pension switching business that gave rise to the Authority's initial concerns about the Firm. It is unclear if there was in fact an arrangement for the Third Party Firm to cover the costs of those staff.

Repeated failure to provide adequate information to the Authority

23. As set out in paragraphs 11 to 22 above, the Firm has repeatedly provided incomplete or inaccurate information to the Authority when responding to various requests and requirements issued under Sections 171 and 172 of the Act.

Financial position of the Firm

24. The Firm has not paid regulatory fees £22,859.29 which were due as at 13 August 2016 and has told the Authority it is unable to pay them due to its financial circumstances. The Firm's draft management accounts show it made a loss of £137,087.39 in the year ending 31 May 2016. The Firm has also approached the Authority for consent to a sale of its client book. As a result, the Authority is concerned about the adequacy of the Firm's financial position and the risk of dissipation of its assets. The Authority is particularly concerned about this where customers have been advised by the Firm outside of its Part 4A permissions because that advice may not be covered by the Firm's professional indemnity insurance arrangements.

FAILINGS

25. The regulatory provisions relevant to this First Supervisory Notice are set out in the Annex.

Failure to satisfy the threshold conditions

26. It appears to the Authority that the Firm is failing to satisfy the threshold conditions in that it is not capable of being effectively supervised by the Authority and it appears it is not a fit and proper person having regard to all the circumstances. In particular:
- (a) the Firm has repeatedly failed to provide the Authority with adequate information about its business to enable the Authority to determine whether the Firm 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. It appears to the Authority that the Firm is not 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. As such the Firm is failing to satisfy the threshold condition in paragraph 2C of Schedule 6 to the Act ('effective supervision').
 - (b) the Firm has not conducted its affairs in an appropriate manner, having regard to the interests of consumers. It has repeatedly and over an extended period of time failed to comply with the Voluntary Requirement and to provide full and accurate information in response to requests by the Authority. The involvement of those who manage the Firm's affairs in these matters indicates that they cannot be expected to act with probity. It appears that the Firm's business is not being managed in such a way as to ensure its affairs will be conducted in a sound and prudent manner. As such it therefore appears that the Firm is failing to satisfy the threshold condition in paragraph 2E to Schedule 6 of the Act ('suitability').
27. This failure to satisfy the threshold conditions justifies the imposition of the requirements at paragraph 1 above.

Risk to the Authority's operational objective of consumer protection

28. The Authority's objective of consumer protection requires the Authority to ensure an appropriate degree of protection for consumers. In light of the facts and matters explained above, the requirements at paragraph 1 above are also justified in furtherance of this objective.

PROCEDURAL MATTERS

29. This First Supervisory Notice is given to the Firm under section 55Y(4), and in accordance with, section 55Y(5) of the Act.

Decision Maker

30. The decision which gave rise to the obligation to give this First Supervisory Notice was made by the Chair of the Regulatory Decisions Committee.

The Tribunal

31. The Firm has the right to refer the matter to which this First Supervisory Notice relates to the Upper Tribunal. The Tax and Chancery Chamber is the part of the Upper Tribunal which, amongst other things, hears references arising from decisions of the Authority. Under paragraph 2(2) of Schedule 3 of the Tribunal Procedure (Upper Tribunal) Rules 2008, the Firm has 28 days from the date on which this First Supervisory Notice is given to it to refer the matter to the Upper Tribunal.
32. A reference to the Tribunal can be made by way of a signed reference notice (Form FTC3) and filed with a copy of this First Supervisory Notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, Fifth Floor, Rolls Building, Fetter Lane, London, EC4A 1NL (telephone: 020 7612 9730; email: uttc@hmcts.gsi.gov.uk).
33. For further information on the Upper Tribunal (including the power to vary time periods) you should refer to the HM Courts and Tribunal Service website which will provide guidance and the relevant form to complete. The relevant page on HM Courts and Tribunal Service website can be accessed via the following link:

<http://www.justice.gov.uk/forms/hmcts/tax-and-chancery-upper-tribunal>
34. A copy of Form FTC3 must also be sent to Edmund Weighell at the Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS at the same time as filing a reference with the Upper Tribunal.

Representations

35. The Firm has the right to make written and oral representations to the Authority (whether or not it refers this matter to the Tribunal). The deadline for notifying the Authority that the Firm wishes to make oral representations is 3 January 2017 or such later date as may be permitted by the Authority. The deadline for providing written representations is 3 January 2017 or such later date as may be permitted by the Authority. The address for doing so is:

Sham Patel
Decision-Making Committee Secretariat
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS.

Publicity

36. The Firm should note that section 391 of the Act requires the Authority, when this First Supervisory Notice takes effect (and this First Supervisory Notice takes

immediate effect), to publish such information about the matter as it considers appropriate.

Contacts

37. For more information concerning this matter generally, the Firm should contact Lucinda Hartley at the Authority (direct line: 020 7006 60822).
38. If the Firm has any questions regarding the procedures of the Regulatory Decisions Committee, it should contact Sham Patel (direct line: 020 7066 2188).

Tim Parkes
Chair of the Regulatory Decisions Committee

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives are set out in section 1B of the Act and include securing an appropriate degree of protection for consumers (section 1C).
2. Section 55J of the Act allows the Authority to remove a regulated activity from those to which an authorised person's Part 4A permission relates where it is desirable to do so in order to advance one or more of the Authority's operational objectives (section 55J(1)(c)) or where a firm is failing, or is likely to fail, to satisfy the threshold conditions for which the Authority is responsible (section 55J(1)(a)).
3. Section 55L of the Act allows the Authority to impose a new requirement on an authorised person if it appears to the Authority that the authorised person is failing, or likely to fail to satisfy the Threshold Conditions (section 55L(2)(a)), or where it is desirable to exercise the power in order to advance one or more of the Authority's operational objectives (section 55L(2)(c)). This power is referred to as the Authority's own-initiative requirement power.
4. Section 55N of the Act allows a requirement to be imposed under section 55L of the Act so as to require the person concerned to take or refrain from taking specified action (section 55N(1)).
5. Section 55P of the Act allows an assets requirement to be imposed under the own-initiative requirement power to take effect immediately (or on a specified date). Pursuant to 55P(4)(a) an assets requirement means a requirement prohibiting the disposal of, or other dealing with, any of the subject's assets (whether in the United Kingdom or elsewhere) or restricting such disposals or dealings. If the Authority gives notice of such a requirement to any institution with whom the subject has an account, the notice has the effects, for that institution, set out in section 55P(6) of the Act.
6. Section 55Y of the Act allows such a requirement imposed under the own-initiative requirement power to take effect immediately (or on a specified date) only if the Authority, having regard to the ground on which it is exercising its own-initiative power, reasonably considers that it is necessary for the requirement to take effect immediately (or on that date).
7. Section 391 of the Act provides that:

 " [...]

 (5) When a supervisory notice takes effect, the [Authority] must publish such information about the matter to which the notice relates as it considers appropriate. [...]

 (6) The [Authority] may not publish information under this section if in its opinion, publication of the information would be—

(a) unfair to the person with respect to whom the action was taken or proposed to be taken,

(b) prejudicial to the interests of consumers [...]

(7) Information is to be published under this section in such manner as the [Authority] considers appropriate."

8. Paragraph 2C to Schedule 6 of the Act states that:

"(1) A must be capable of being effectively supervised by the [Authority] having regard to all the circumstances including –

[...]

(c) the way in which A's business is organised;

[...]"

9. Paragraph 2E to Schedule 6 to the Act states that:

"A must be a fit and proper person having regard to all the circumstances, including-

[...]

(c) the need to ensure that A's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system;

(d) whether A has complied and is complying with requirements imposed by the [Authority] in the exercise of its functions, or requests made by the [Authority], relating to the provision of information to the [Authority] and, where A has so complied or is so complying, the manner of that compliance;

(e) whether those who manage A's affairs have adequate skills and experience and have acted and may be expected to act with probity;

(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";

[...]."

RELEVANT HANDBOOK PROVISIONS

10. In exercising its power to impose requirements or variations of permission, the Authority must have regard to guidance published in the Handbook. The relevant main considerations in relation to the action specified above are set out below.

Guidance concerning the relevant threshold conditions

11. Guidance on the threshold conditions is set out in the part of the Handbook entitled threshold conditions ("COND").

COND 2.3 – Effective Supervision: Paragraph 2C of Schedule 6 of the Act

12. COND 2.3.1A (1) reproduces paragraph 2C of Schedule 6 to the Act ("the Effective Supervision Threshold Condition") (as set out in part above).
13. COND 2.3.3G provides examples of general considerations to which the Authority may have regard in assessing whether a firm will satisfy and continue to satisfy the Effective Supervision Threshold Condition.

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

14. COND 2.5.1A (1) reproduces paragraph 2E of Schedule 6 to the Act ("the Suitability Threshold Condition") (as set out in part above).
15. COND 2.5.4G(2) provides examples of general considerations to which the Authority may have regard in assessing whether a firm will satisfy and continue to satisfy the Suitability Threshold Condition.
16. COND 2.5.6G provides examples of particular considerations to which the Authority may have regard in assessing whether a firm will satisfy and continue to satisfy the Suitability Threshold Condition.

OTHER RELEVANT REGULATORY PROVISIONS

17. The Authority's policy in relation to its enforcement powers is set out in the Enforcement Guide (EG), certain provisions of which are summarised below.
18. EG 8.1 reflects the provisions of sections 55J and 55L of the Act that the Authority may use its power to vary an authorised person's Part 4A permission or impose a requirement where a firm is failing or is likely to fail to satisfy the threshold conditions (EG 8.1(1)); or where it is desirable to exercise the power in order to advance one or more of its operational objectives (EG 8.1(3)).

Imposing requirements on the Authority's own-initiative

19. EG 8.2.1 provides that the Authority will have regard to its statutory objectives and the range of regulatory tools that are available to it, when it considers how it should deal with a concern about a firm. The Authority will also have regard to: (1) the responsibilities of a firm's management to deal with concerns about the firm or about the way its business is being or has been run; and (2) the principle that a restriction imposed on a firm should be proportionate to the objectives the Authority is seeking to achieve.
20. EG 8.2.3 provides that the Authority will exercise its formal powers under section 55J or 55L of the Act, where the Authority considers it is appropriate to ensure a firm meets its regulatory requirements. EG 8.2.3(1) and (2) specifies that the Authority may consider it appropriate to exercise its powers where it has serious concerns about a firm or the way its business is being or has been conducted and

it is concerned that the consequences of a firm not taking the desired steps may be serious. EG 8.2.6 gives examples of the circumstances in which the Authority will consider varying a firm's Part 4A permission because it has serious concerns about a firm, or about the way its business is being or has been conducted. These include:

“(1) in relation to the grounds for exercising the power under section 55J(1)(a) or section 55L(2)(a) of the Act, the firm appears to be failing, or appears likely to fail, to satisfy the threshold conditions relating to one or more, or all, of its regulated activities, because for instance:

[...]

(b) the firm appears not to be a fit and proper person to carry on a regulated activity because:

[...]

(iii) it has breached requirements imposed on it by or under the Act (including the Principles and the rules), for example in respect of its disclosure or notification requirements, and the breaches are material in number or in individual seriousness;

[...]”

21. EG 8.4 states examples of requirements that the Authority may consider imposing when exercising its own-initiative power in support of its enforcement function. These include a requirement that prohibits the disposal of, or other dealing with, any of the firm's assets or restricts those disposals or dealings (EG 8.4.4).
22. EG 8.5 states the circumstances in which the Authority will consider cancelling a firm's Part 4A permission using its own initial powers contained in sections 55J and 55Q respectively of the Act. These include where the Authority has very serious concerns about a firm or the way its business is or has been conducted (EG 8.5.1(1)).
23. EG 8.5.1 states examples of the types of circumstances in which the Authority may cancel a firm's Part 4A permission. These include repeated failures to comply with rules and requirements (EG 8.5.2(7)); a failure to co-operate with the Authority which is of sufficient seriousness that the Authority ceases to be satisfied that the firm is fit and proper, for example failing to provide material information or take remedial action reasonably required by the Authority (EG 8.5.2(8)(b)).
24. EG 8.5.4 states that where the situation is so urgent and serious that the firm should immediately cease to carry on all regulated activities, the Authority may first vary the firm's Part 4A permission so that there is no longer any regulated activity for which the firm has a Part 4A permission. If it does this, the Authority will then have a duty to cancel the firm's Part 4A permission - once it is satisfied that it is no longer necessary to keep the Part 4A permission in force.
25. EG 8.5.5 states the Authority may decide to keep a firm's Part 4A permission in force to maintain the firm's status as an authorised person to use administrative enforcement powers against the firm.

Use of the own-initiative powers in urgent cases

26. EG 8.3.1 states that the Authority may impose a requirement so that it takes effect immediately or on a specified date if it reasonably considers it necessary for the requirement to take effect immediately (or on the date specified), having regard to the ground on which it is exercising its own-initiative powers.
27. EG 8.3.2 provides the circumstances in which the Authority will consider exercising its own initiative power as a matter of urgency. These include where the information available to it indicates serious concerns about the firm or its business that need to be addressed immediately and circumstances indicate that it is appropriate to use statutory powers immediately to require and/or prohibit certain actions by the firm in order to ensure the firm addresses these concerns.
28. EG 8.3.3 sets out a non-exhaustive list of situations which the Authority will consider in exercising its own-initiative power as a matter of urgency. These include:
 - “(1) information indicating significant loss, risk of loss or other adverse effects for consumers, where action is necessary to protect their interests;
[...]
 - (3) evidence that the firm has submitted to the [Authority] inaccurate or misleading information so that the [Authority] becomes seriously concerned about the firm’s ability to meet its regulatory obligations;
 - (4) circumstances suggesting a serious problem within a firm or with a firm’s controllers that calls into question the firm’s ability to continue to meet the threshold conditions.”
29. EG 8.3.4 states that the Authority will consider the full circumstances of each case when it decides whether an urgent imposition of a requirement is appropriate and sets out a non-exhaustive list of factors which will determine whether the urgent exercise of the Authority’s own-initiative power is an appropriate response to serious concerns, including:
 - “(1) The extent of any loss, or risk of loss, or other adverse effect on consumers. The more serious the loss or potential loss or other adverse effect, the more likely it is that the [Authority]’s urgent exercise of own-initiative powers will be appropriate, to protect the consumers’ interests.
[...]
 - (3) The nature and extent of any false or inaccurate information provided by the firm. Whether false or inaccurate information warrants the [Authority]’s urgent exercise of its own-initiative powers will depend on matters such as:
 - (a) the impact of the information on the [Authority]’s view of the firm’s compliance with the regulatory requirements to which it is subject, the firm’s suitability to conduct regulated activities, or the likelihood that the firm’s business may be being used in connection with financial crime;

(b) whether the information appears to have been provided in an attempt knowingly to mislead the [Authority], rather than through inadvertence;

(c) whether the matters to which false or inaccurate information relates indicate there is a risk to customer assets or to the other interests of the firm's actual or potential customers.

(4) The seriousness of any suspected breach of the requirements of the legislation or the rules and the steps that need to be taken to correct that breach.

(5) The financial resources of the firm. Serious concerns may arise where it appears the firm may be required to pay significant amounts of compensation to consumers. In those cases, the extent to which the firm has the financial resources to do so will affect the [Authority]'s decision about whether exercise of the [Authority]'s own-initiative powers is appropriate to preserve the firm's assets, in the interests of the consumers. The [Authority] will take account of any insurance cover held by the firm. It will also consider the likelihood of the firm's assets being dissipated without the [Authority]'s intervention, and whether the exercise of the [Authority]'s power to petition for the winding up of the firm is more appropriate than the use of its own-initiative powers [...].

[...]

(8) The firm's conduct. The [Authority] will take into account:

(a) whether the firm identified the issue (and if so whether this was by chance or as a result of the firm's normal controls and monitoring);

(b) whether the firm brought the issue promptly to the [Authority]'s attention;

(c) the firm's past history, management ethos and compliance culture;

(d) steps that the firm has taken or is taking to address the issue.

(9) The impact that use of the [Authority's] own-initiative powers will have on the firm's business and on its customers.

[...]"