
SECOND SUPERVISORY NOTICE

To: Beauforce Corporation Limited

Reference Number: 775878

Address: Suite 1, Llancayo Business Park, Gwehelog, Usk, Monmouthshire, NP15 1HY

Date: **6 February 2026**

1 ACTION

- 1.1 For the reasons given in this Second Supervisory Notice, and pursuant to section 55L(3)(a) of the Financial Services and Markets Act 2000 ("the Act"), the Financial Conduct Authority ("the Authority") has decided to maintain the following requirements ("the Requirements") that were imposed on Beauforce Corporation Limited ("the Firm") by a First Supervisory Notice issued on 20 November 2025.

Restriction on regulated activities

- 1) The Firm must not conduct any regulated activities without the Authority's prior written consent.

Assets requirement

- 2) The Firm must not, without the prior written consent of the Authority, in any way dispose of, withdraw, transfer, deal with or diminish the value of any of its own assets, and any funds it holds for, or to the order of, its customers or investors (whether in the United Kingdom or elsewhere), whether held by the Firm as at the date of the imposition of the Requirements or acquired thereafter.
- 3) The Firm must not, without the prior written consent of the Authority, accept any new funds from existing customers.

- 4) The Firm must, as soon as practicable and in any event no later than 12pm on 4 December 2025, return all funds held for or on behalf of existing customers in accordance with all relevant legal and regulatory requirements. Unless otherwise instructed by a customer, payments must be made to the same account used to transfer the funds to the Firm.
- 5) Paragraph 2 does not apply to:
 - a) monetary payments or the disposal of assets made by the Firm in the ordinary and proper course of business, amounting to no more than exceed £1,500 (or £3,000 in the case of legal expenses), whether as a single transaction or a combination of related transactions;
 - b) the return of customer funds, as set out in paragraph 4;
 - c) usual and proper salary payments made by the Firm (and which had been agreed prior to the imposition of the Requirements);
 - d) payments of funds to the Firm's suppliers in the ordinary course of business and in satisfaction of the Firm's contractual and legal obligations.
- 6) For the purposes of paragraph 5a), the following payments would not be regarded as payments in the ordinary and proper course of business:
 - a) Payments of unusual or significant sums to the Firm's controllers, shareholders, directors, officers, employees or any connected persons (whether as a single transaction or a combination of related transactions). For the avoidance of doubt, the Firm is required to seek prior approval from the Authority for any amount over £1,500;
 - b) The making of any distribution to the Firm's shareholders whether by way of capital distribution or dividends;
 - c) The making of any gift, personal expenses or loan by the Firm to any party; or
 - d) Payments made as part of any financial restructuring or reorganisation of its business, from the sale of any part of the Firm's business (whether share or asset based).

Notification requirements

- 7) By 12pm on 4 December 2025, notify in writing all customers, banking partners, customers' creditors, or any other relevant person of the effect of the Requirements in a form to be agreed in advance with the Authority.
- 8) Within 4 December 2025, must provide to the Authority:
 - a) Copies of the template notification sent to all recipients.
 - b) Confirmation that to the best of its knowledge, the Firm has sent notifications pursuant to paragraph 7.
 - c) A complete list of the Firm's current customers.
 - d) A complete list of any parties who the Firm has been unable to notify pursuant to paragraph 7 and the reasons why the parties have not been notified.

Secure records

- 9) The Firm must secure and preserve all records and/or information (physical or electronic) relating to its current, and former customers, from its systems in their original form, or in a copy proved to be identical to the source material. These must be retained in a form and at a location within the United Kingdom, to be notified to the Authority in writing by 4 December 2025, such that they can be provided to the Authority, or to a person named by the Authority, promptly on its request.
 - 10) By 12pm 4 December 2025 the Firm must provide written confirmation to the Authority that it is in complying with the Requirements.
- 1.2 The Requirements took immediate effect upon imposition of the First Supervisory Notice on 20 November 2025 and shall remain in force unless and until varied or cancelled by the Authority (either on the application of the Firm or of the Authority's own volition).

2 REASONS FOR ACTION

Summary

- 2.1 The Authority has concluded, based on the facts and matters described below that, in respect of the Firm, it is necessary to exercise its power under section 55L(3)(a) of the Act to impose the Requirements on the Firm because:
- a) The Firm is failing, or is likely to fail, to satisfy the:
 - i. Effective Supervision Threshold Condition pursuant to paragraph 2C of Schedule 6 of the Act.
 - ii. Appropriate Resources Threshold Condition pursuant to paragraph 2D of Schedule 6 of the Act;
 - iii. Suitability Threshold Condition pursuant to paragraph 2E of Schedule 6 of the Act; and
 - b) It is desirable in order to advance one or more of the Authority's operational objectives, which includes securing an appropriate degree of protection for consumers pursuant to section 1C of the Act.
- 2.2 This is because:
- a) The Firm's only SMF was disqualified as a director in 2020;
 - b) Mr Duckett and the Firm failed to disclose the disqualification to the Authority or to notify the Authority of any intention for the SMF to cease carrying out the SMF3 (Executive Director) and SMF16 (Compliance Oversight) roles;
 - c) The Authority has separately made a determination (currently subject to challenge in the Upper Tribunal) that Mr Duckett is not a fit and proper person; and

- d) The Firm has failed to comply with statutory information requirements and failed to provide basic information about its business model, customers and client money arrangements to the Authority.

2.3 On the basis of the facts and matters described in this Second Supervisory Notice, and having considered the Representations made by the Firm in respect of the First Supervisory Notice, the Authority considers that the imposition of the Requirements continues to be necessary and appropriate. A summary of the Firm's Representations, and the Authority's response to them, are set out in Annex 2 to this Second Supervisory Notice.

3 DEFINITIONS

The definitions below are used in this First Supervisory Notice:

"the Act" means the Financial Services and Markets Act 2000;

"the Authority" means the Financial Conduct Authority;

"Appropriate Resources Threshold Condition" means the condition set out in Paragraph 2D of Schedule 6 of the Act and COND 2.4;

"CASS" means the Client Assets Sourcebook, which is part of the Authority's Handbook;

"COCON" means the Code of Conduct Sourcebook, which is part of the Authority's Handbook. It sets out the minimum standards of behaviour for individuals working in the financial services under the Senior Managers and Certification Regime;

"COND" means the Threshold Conditions Sourcebook

"Director A" means the Firm's Director;

"the Firm" means Beauforce Corporation Limited;

"FSN" means a First Supervisory Notice;

"Handbook" means the Authority's online handbook of rules and guidance (as in force from time to time);

"Part 4A permission" means permission to conduct regulated activities, granted by the Authority under Part 4A of the Act;

"PRIN" means the Authority's Principles for Businesses;

"RDC" means the Authority's Regulatory Decisions Committee;

"Requirements" means the terms imposed on the Firm by this First Supervisory Notice as outlined in section 1 above;

"SMCR" means the Senior Managers and Certification Regime;

"SMF" means Senior Management Function, a category of roles under the SMCR. This includes SMF3 Executive Director and SMF 16 Compliance Oversight;

"Suitability Threshold Condition" means the condition set out in Paragraph 2E of Schedule 6 of the Act and COND 2.5;

“SUP” means the Supervision Manual, which is part of the Handbook;

“SYSC” means the Senior Management Arrangements, Systems and Controls, which is part of the Authority’s Handbook;

“Threshold Conditions” means the minimum requirements that firms need to meet in order to be authorised and to continue carrying on regulated activities as set out in Schedule 6 to the Act;

“Tribunal” means the Upper Tribunal (Tax and Chancery Chamber).

4 FACTS AND MATTERS

Background

4.1 The Firm was incorporated on 14 November 2001 and authorised on 20 December 2017 as a Debt Advice Firm under Part 4A of the Act. The Firm has permissions to provide:

- 1) Debt-collecting;
- 2) Debt-counselling;
- 3) Debt Adjusting;
- 4) Debt Advice;
- 5) Exercising/having right to exercise lender’s rights and duties under a regulated credit agreement (excluding high-cost short-term credit, bill of sale agreement, and home collected credit agreement); and
- 6) Agreeing to carry on a regulated activity.

4.2 Mr Duckett was approved on 9 December 2019 to hold the role of SMF3 Executive Director and SMF16 Compliance Oversight. Mr Duckett is the only current SMF holder at the Firm. There are no pending applications at the Authority for any new SMF holders.

4.3 Mr Duckett was appointed as a Company Director on 12 August 2015, and he resigned from this position on 2 December 2020. He was appointed as the Company Secretary on 1 February 2021. Director A was appointed as a Company Director on 2 December 2020. On the same date, Director A was recorded as the only significant controller of the Firm.

4.4 In its regulatory return for the period 1 April 2024 to 31 March 2025, the Firm reported income of £3,760 and retained profits of £2,300.

Mr Duckett’s disqualification as a Company Director

4.5 On 13 November 2020, Mr Duckett was disqualified from being a director of a company for a period of 10 years pursuant to section 6 of the Company Directors Disqualification Act 1986. Mr Duckett’s disqualification took effect on 4 December 2020. In its judgment the Court found that Mr Duckett had repeatedly lied on oath and sought to rely on fabricated evidence in his defence, to distance himself from the company and to deny that he was a director of the company. In reaching its decision the Court noted that:

“I have no doubt but that Mr Duckett’s conduct in failing to ensure the proper maintenance of adequate accounting records is conduct that makes him unfit to be concerned in the management of a company”.

- 4.6 Although the decision to disqualify Mr Duckett was not based upon dishonesty, the Court found that it regarded *"as an aggravating factor that Mr Duckett lied on oath so egregiously in these proceedings"*.
- 4.7 On 2 December 2020, Director A was appointed as a director of the Firm, and on that date became the only person with significant control over the company. Director A has not made an application to the Authority for approval as a SMF. Mr Duckett therefore remains the only SMF holder at the Firm.
- 4.8 The Firm did not notify the Authority of Mr Duckett's disqualification. The Authority became aware of the disqualification in November 2022, as the Authority were reviewing the Directors' Disqualification Register.

Withdrawal and prohibition action

- 4.9 On 31 May 2024, the Authority sent Mr Duckett a letter before action ("LBA") to advise that the Enforcement Division of the Authority ("Enforcement") would be recommending to the Authority's Regulatory Decisions Committee ("the RDC") that the Authority:
- a) Withdraw Mr Duckett's current approval to perform the SMF3 (Executive Director) and SMF16 (Compliance Oversight) functions of the Firm; and
 - b) Prohibit Mr Duckett from performing any function in relation to any regulated activities carried on by any authorised person, exempt person or exempt professional firm.
- 4.10 Enforcement stated that in view of the High Court's findings, and the fact that Mr Duckett had been disqualified from acting as a director and being concerned in the management of a company, it considered that Mr Duckett was not a fit and proper person to perform functions in relation to regulated activities and that Mr Duckett poses a risk to consumers and confidence in the UK financial system. Enforcement noted if the RDC were to accept its recommendations, the Firm would have no approved persons and as a result would not have the appropriate non-financial resources needed to satisfy the Appropriate Resources Threshold Condition. Enforcement advised that it would recommend to the RDC that the Firm's Part 4A permission be cancelled pursuant to section 55J of the Act. Mr Duckett was invited to comment on the matters raised in the letter by 14 June 2024. The Authority sent this letter again by email on 3 July 2024 with an extended deadline for 18 July 2024. Following a telephone call with Mr Duckett, the deadline was extended again to 24 July 2024.
- 4.11 On 25 July 2024, Mr Duckett sent the Authority a letter in response to the LBA dated 31 May 2024. Mr Duckett stated that:
- "since the hearing I have complied with the hearings [sic] decision and resigned as a director of the business, and I no longer am involved in the running of the company."*
- 4.12 On 13 November 2024, the Authority issued a warning notice to Mr Duckett, proposing to: (a) prohibit Mr Duckett from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm, pursuant to section 56 of the Act; and (b) withdraw his approval to perform controlled functions pursuant to section 63(4) of the Act. On the same date, the Authority issued a warning notice to the Firm, proposing to cancel its Part 4A permission as it was failing to satisfy the Appropriate Resources Threshold

Condition.

- 4.13 On 5 February 2025, Mr Duckett submitted written representations on the warning notice to the RDC. On 17 February 2025, the Authority provided its response to Mr Duckett's representations on the warning notice. Mr Duckett requested an oral hearing to submit his representations before the RDC. The oral hearing was heard on 19 February 2025, and during the hearing Mr Duckett provided further written representations. On 24 February 2025, Enforcement provided its response to Mr Duckett's further representations.
- 4.14 On 2 May 2025, the Authority issued decision notices to (a) prohibit Mr Duckett from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm, pursuant to section 56 of the Act; and (b) withdraw his approval to perform controlled functions pursuant to section 63(4) of the Act; and (c) to cancel the Firm's Part 4A permission.
- 4.15 Mr Duckett referred both decisions to the Upper Tribunal on 30 June 2025. The matter is currently with the Upper Tribunal but a date for the substantive hearing has not yet been set.

Failings and risks identified

- 4.16 On 4 August 2025 the Authority emailed the Firm to request various information as part of its ongoing supervision of the Firm. The Authority requested that the Firm provide the following information by 11 August 2025:
- a) A summary of the services provided by the Firm to its customers;
 - b) Confirmation as to whether the Firm is currently onboarding new customers;
 - c) Details of fees or charges applicable to these services and/or how the Firm generates revenue from its activities;
 - d) Confirmation who is in control of the day to day running of the Firm.
 - i. A list of all current customers of the Firm in an active Dept Management Plan, and for each:
 - ii. The date the plan commenced;
 - iii. The channel used to provide advice;
 - iv. The current payment amounts due under the plan;
 - v. Total paid towards debt since the commencement of the plan;
 - vi. Total paid in fees to date (if applicable);
 - vii. A list of all Debt Management Plans closed in the last 12 months;
 - viii. The Firm's latest set of client money reconciliations & supporting reports;
 - ix. Client Bank account statements covering the last 3 months;
 - x. A copy of the Firm's wind own plan (or a short summary detailing the steps that the Firm would take).
- 4.17 On 6 August 2025 the Firm emailed the Authority advising that it would not be able to provide the information until *"about the 20th to 25th of the month"* because of the *"first 16 days of each month being [the Firm's] reconciliation period, staff holidays"*.
- 4.18 On 7 August 2025, the Authority sent an email to the Firm agreeing to extend the deadline for a response in part. A response was requested to the matters 1,2, 4, 5, 5(vii) and 5(iii) set out above was requested by 11 August 2025, and the deadline for providing a response in respect of all remaining items was extended to 20 August 2025.
- 4.19 On 11 August 2025, the Firm wrote to the Authority advising that *"[t]he firm*

provides and administers Debt Management Plans. It may also make recommendations to clients that, depending on circumstances, they seek alternative advice for Bankruptcy, Debt Relief Orders and Individual Voluntary Arrangements, which we do not provide". The Firm also confirmed to the Authority that it was onboarding new clients and that Director A was responsible for the day-to-day running of the company as the Firm's Managing Director.

4.20 On 12 August 2025, the Authority sent an email to the Firm noting that the Firm's response was incomplete and requested that the Firm urgently provide the balance of the information sought and by no later than the close of business on 11 August 2025.

4.21 On 13 August 2025, the Firm wrote to the Authority stating that:

"I am fully aware of the gravity of your request. I don't need a daily reminder, nor should I reply to any more reminders. [...]"

As you should be aware, this firm has a duty of care to its clients, which will be breached if we do not release the client's [sic] payments by the 15th. Not to do so will result in the clients receiving letters from their creditors, stating they are in breach of their payment arrangements. That causes unnecessary anxiety and distress. It also means we have hundreds of letters from the creditors, which we have to put on the respective client files, which could be hours of unnecessary work for the staff.

Whilst all the information you require is available, it does not get produced at the click of a button; it has to be prepared, hence why we have both told you that all the information you require will be with you by the 20th of August. I have instructed Mr Duckett and the other staff to prevent any breach of our duty of care by ensuring our priority is to complete the reconciliation and release the payments. Following that, we will produce the information you require and have it with you by the 20th"

4.22 On 14 August 2025, the Authority emailed the Firm noting that it had only agreed to a partial extension of the deadline and there was information still outstanding which should have been provided on 11 August 2025. The Authority noted that:

"While we agree that the Firm should prioritise the needs of the customers, especially as they are almost certainly vulnerable customers, we do not consider compliance with our request and servicing customers to be mutually exclusive. We have not asked the Firm to prepare any new information prior to the 11 August deadline, but rather to share with us information that should be readily available on request. We therefore consider that the Firm should be able to continue serving its customers without any delay in responding to the FCA".

4.23 The Authority nonetheless extended the deadline for outstanding information to 20 August 2025, and advised the Firm that it should treat its request as an information requirement pursuant to section 165 of the Act. There was an additional requirement to provide client bank account acknowledgement letters. Annex 2 of the information requirement explained the consequences of failing to comply with the information requirement without reasonable excuse, including being found to be in contempt of Court under the Act and/or the risk of disciplinary action under the Authority's Principles for Businesses ("PRIN").

4.24 On 20 August 2025 the Firm provided the Authority with a partial current client list and a list of client accounts closed in 2024. The Firm stated that:

"The remainder of the current client list will follow shortly, as soon as we can collate it. As I have mentioned to you before, ALL the client information IS readily available, but it does have to be collated. Each client has their own file, so each and every file has to be opened and the information transferred to the "Client List" sheet. That takes a tremendous amount of time, and all the girls have worked into the evening this week besides their normal daily work on behalf of our clients, which I will not let slip."

- 4.25 On 21 August 2025, the Authority wrote to the Firm noting that it had failed to provide several items set out in the information requirement and requested an urgent call with the Firm. That afternoon, the Authority held a conference call with the Firm. Mr Duckett attended the call on behalf of the Firm and confirmed that Director A was on holiday and was not available to attend. Mr Duckett advised that he had been unable to obtain bank statements from the bank and would be meeting the bank with a view to providing the client account statements by 22 August 2025. Mr Duckett advised that he could provide the client money reconciliations later in the afternoon and asked what the Authority meant by "acknowledgment letters". The Authority referred the Firm to the rules concerning acknowledgement letters in the Authority's Client Assets Sourcebook ("CASS") rules (CASS 11.8.2R).
- 4.26 Following the call, the Firm sent the Authority "the first part of the reconciliation sheet", and advised that it would send the client account statements the following morning after collecting them from the bank.
- 4.27 On 22 August 2025 Mr Duckett sent the Authority an email advising that he would not be able to get the client account documents due to the bank's limited opening hours and the bank holiday. Mr Duckett advised that he was unable to obtain copies of the client account statements from the bank branch and he would send them on the morning of 26 August 2025.
- 4.28 On 26 August 2025 the Firm sent the Authority bank statements for the Remittance and Refunds Call account for July and August 2025.
- 4.29 On 1 September 2025, the Authority sent an email to the Firm acknowledging receipt of the information provided to date, but noting that the Firm had not provided all of the items requested in the information requirement by the deadline of 20 August 2025. The Authority also noted that some of the information provided was either incomplete or lacking sufficient detail and that it therefore considered the Firm had not complied with the information requirement. The Authority therefore attached a further information requirement, seeking the information which the Firm had failed to provide pursuant to the information request dated 4 August 2025, and the information requirement dated 14 August 2025.
- 4.30 Again, Annex 2 to the Information Requirement explained the consequences of failing to comply with the section 165 information requirement without reasonable excuse, including being found to be in contempt of Court under the Act and/or the risk of disciplinary action under PRIN.
- 4.31 On 3 September 2025, the Firm sent the Authority an email providing a copy of its wind down plan. The Firm also advised that:

"Be assured that we are in no way procrastinating with the slow response to your request for the information you require. As previously stated, all the information is available and will be provided to you. Our system does not have the facility to just click a button and produce what you require. It is a manual system, which means that we have to collate the information file by file, meaning it is an extremely slow process. In the meantime, we have other information to produce

for other FCA departments.

Our current status is as follows;

1. You require the remainder of the information you have requested.
2. We have other information to provide to a different department of the FCA
3. We have other information to provide to the Tribunal.
4. As we are at the beginning of the month, we have entered our reconciliation period for our clients to ensure their payments are on time, thereby preventing them from suffering financial penalties.
5. We have sixteen clients for whom we are currently dealing with Bailiffs who have active warrants of control to ensure the clients do not lose their possessions, and or are arrested for non-payment.

Whilst we appreciate the FCA demands, we can not, due to the volume of work, both ensuring client payments are made and others kept safe from legal action able to produce the documentation by the time you expect. As such, we will make an official complaint to the FCA and take action against them. Surely the FCA must realise that the clients are an absolute priority. Not to do so would be a breach of our duty of care.

As for the additional information you require;

1. We have contacted the bank to provide us with the letter you require.
2. The draft outline of the contingency plan you require is now finished and attached.
3. The collation of the documents outlining the client's status is temporarily on hold whilst we are in the reconciliation period. In one of your previous emails to [Director A], you agreed that many of the clients them vulnerable took priority. Has your department changed its mind on that point and would want us not to continue with the reconciliation and produce your documentation instead?

It takes fourteen days to complete the reconciliation, after which, we will be fully concentrating on finishing the production of the documentation you require, which will approximately take four days."

- 4.32 On 16 September 2025, the Authority emailed the Firm attaching feedback letter. The Authority invited the Firm to sign a Voluntary Application for Imposition of Requirements ("VREQ") under section 55L(5)(a) of the Act. The Authority noted in its correspondence that it had serious concerns that the Firm appeared to be: (i) failing to meet the Appropriate Resources Threshold Condition; (ii) failing to maintain orderly records of its business, as evidence by the Firm's non-compliance with two information requirements; and (iii) unable to demonstrate that client money is being adequately protected and monitored, in compliance with CASS rules of handling client money. The Authority requested a response to the VREQ by 23 September 2025.
- 4.33 Of the above correspondence with the Firm, there were only two emails bearing the email signature of Director A on 11 and 13 August 2025 from a generic admin email address belonging to "Ashley Longmann Associates", which is a trading name of the Firm. All other correspondence was dealt with by Mr Duckett on behalf of the Firm. This included sending an email from the same Ashley Longmann Associates admin email address on 26 August 2025.
- 4.34 There was no response to the 16 September 2025 letter and VREQ. On 30 September 2025, the Authority called Director A. The Authority explained that it

had recently been liaising with Director A via email. However, Director A stated that he had not received any emails from (or sent any emails to) the Authority. The Authority advised that it had received email correspondence from Director A's email address, and asked Director A to confirm whether he was currently involved in the Firm. Director A advised that he was not involved in the Firm's business and did not run it, but many years ago he had agreed to assist a friend who was involved with the Firm. The Authority asked Director A to explain what his role at the Firm was, and Director A advised that the Authority's call had taken him off guard and he would prefer to arrange a suitable time to speak.

4.35 On 1 October 2025, the Authority sent Director A an email requesting a call. The Authority held a conference call with Director A on 8 October 2025. Director A advised the Authority that they had been caught off guard in the previous call and concerned that they might not be speaking with someone from the Authority. They explained that they were the Director of the Firm, and attend the office to understand what is happening "once every week or two, sometimes every six weeks". Director A explained that Mr Duckett runs the Firm and Director A provides suggestions, attracts clients and reviews the books. Director A advised that they are retired and undertakes the role in a voluntary capacity and does not receive a wage from the Firm. Director A explained that Mr Duckett was no longer allowed to be the Director on account of the disqualification order and to keep the business running Mr Duckett and he agreed that Director A would be there to advise, and Mr Duckett would run the business. The Authority asked Director A if he recalled sending emails from his email address to the Authority on 11 and 13 August 2025. Director A could not recall sending the emails.

4.36 As at the date of the First Supervisory Notice and this Second Supervisory Notice, there has been no complete response to the information requirements. Given the Authority has been in separate contact with the Firm's Director following the Firm's email dated 3 September 2025, there does not appear to be a good reason for the Firm failing to provide complete responses to the information requirements.

5 CONCLUSION

5.1 The regulatory provisions relevant to this Second Supervisory Notice are set out in Annex 1.

Analysis of failings and risks

5.2 Section 55L of the Act permits the Authority to impose requirements on the Firm where a firm is failing, or is likely to fail, to meet the Threshold Conditions and where it is desirable in order to advance one or more of the Authority's operational objectives. In this case, the Authority considers that:

- a) The Firm is failing, or is likely to fail to satisfy the
 - i. Effective Supervision Threshold Condition pursuant to paragraph 2C of Schedule 6 of the Act;
 - ii. Appropriate Resources Threshold Condition pursuant to paragraph 2D of Schedule 6 of the Act;
 - iii. Suitability Threshold Condition pursuant to paragraph 2E of Schedule 6 of the Act; and
- b) It is desirable in order to secure an appropriate degree of protection for consumers

5.3 Relevant rules and guidance are set out in section 5 below.

Breach of the Threshold Conditions

5.4 The Authority considers that the Firm may be failing, or is likely to fail, to meet the Appropriate Resources and Effective Supervision Threshold Conditions because:

- a) The Firm's SMF3 and SMF 16, Mr Duckett, has been disqualified from acting as a director until 4 December 2030, having been found to be unfit to be involved in the management of a company and having lied "egregiously" under oath.
- b) Mr Duckett and the Firm failed to disclose the disqualification to the Authority, as required by Principle 11, COCON 2.2.4R, section 63(2A) of the Act, and SUP 10C.14.18R.
- c) The Authority has made a finding that Mr Duckett is not fit and proper and therefore decided to withdraw his approval as a SMF and prohibit him from performing a controlled function on 2 May 2025. Part of this finding included the Authority's view that being disqualified as a director is incompatible with being a SMF holder.
- d) Given that Mr Duckett was disqualified from acting as a director and resigned as a director of the Firm, he should not be performing the SMF3 role (Executive Director) as this is for an individual acting in the capacity of a director of the firm (SUP 10C.5.1R) and would be in breach of his disqualification order. The Authority has not received any notification that Mr Duckett has stopped performing this role or his SMF 16 role under SUP 10C.14.5R.
- e) The Firm has no other SMF holder, has not applied for a new candidate to obtain approval, and has not proposed an alternative candidate for authorisation as an SMF holder. The Authority also has serious concerns that the Firm's Managing Director, Director A, has not applied for approval as an SMF holder and does not appear to be actively involved in the day to day management of the Firm, since they have confirmed that they are retired and carry out their role in a voluntary capacity; they do not receive a salary; they do not receive any dividends and that they attend the office sporadically ("sometimes every six weeks"); it is predominantly Mr Duckett who has continued to respond to the Authority's requests for information; and Director A cannot remember sending the only emails that were purportedly from Director A. It is not clear to the Authority how the Firm is maintaining a clear and appropriate apportionment of significant responsibilities among the directors and senior management as required by SYSC 2.1.1. The Authority therefore has serious concerns that the Firm is continuing to operate without an SMF that is fit and proper, and therefore there is a risk to the continuity of services provided by the Firm and to the services it is providing to its customers, many of whom are vulnerable.
- f) The Firm has acknowledged owing to resourcing constraints the Firm has been unable to provide the complete responses to the Authority's information requests and statutory information requirements (in an email to the Authority dated 3 September 2025, stating that "*Whilst we appreciate the FCA demands, we can not, due to the volume of work, both ensuring client payments are made and others kept safe from legal action able to produce the documentation by the time you expect*").

- 5.5 The Firm therefore does not appear to have appropriate and sufficient non-financial resources in relation to the regulated activity that the Firm carries on or seeks to carry on. In view of the nature of the Firm's debt advice business, the Authority has concerns that the Firm's conduct in the matters referred to above appears to indicate that those responsible for managing the Firm's affairs may not have adequate skills and experience, and that the Firm's non-financial resources are insufficient to enable it to comply with information requirements. The Authority also considers that the Firm is incapable of being effectively supervised given that it cannot provide adequate information to the Authority to enable an assessment of whether it is meeting the requirements of the regulatory system, and has not been open and cooperative with the Authority.
- 5.6 The Authority considers that the Firm may be failing, or is likely to fail, to meet the Suitability Threshold Condition for all of the reasons set out above, as well as the following:
- a) The Firm has not been open and cooperative with the Authority and those responsible for managing it appear to have failed to disclose to the Authority a series of important matters, of which the Authority would reasonably expect notice. The Authority would expect notice of these matters in accordance with the Firm's duties under Principle 11. This includes Mr Duckett's disqualification (and subsequent resignation) as a company director and his connection with a Firm that was put into administration. The Firm failed to respond to a feedback letter and invitation to apply for a VREQ on 16 September 2025.
 - b) Both the Firm and Mr Duckett are currently subject to Enforcement proceedings to withdraw Mr Duckett's approval and prohibit him, as well as cancelling the Firm.
 - c) The Firm has failed to provide certain key information and records about the Firm's business model, customers, and client money arrangements. Given the Authority has been in separate contact with Director A following the Firm's email dated 3 September 2025 and, having been given an extension and several reminders to submit the outstanding information, there does not appear to be a good reason for the Firm failing to provide complete responses to the Authority's information requirements.
 - d) The Firm failed to respond to a feedback letter and invitation to apply for a VREQ on 16 September 2025.
 - e) The Firm's failure to provide information about how it generates revenue from its activities and details of fees charged to customers means that the Authority has been unable to assess whether fees charged to the Firm's customers met the requirements of CONC 8.7.2R and CONC 8.7.3R. The Authority also considers this raises serious concerns about the quality of the Firm's governance, decision-making and/or record keeping. The Firm appears not to have robust governance arrangements, which includes having sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems (as required by SYSC 4.1.1R).
 - f) The Firm's failure to provide the Authority with a complete list of the Firm's customers means that the Authority has been unable to assess whether the Firm is meeting CONC 8.8.1R(7), which requires Debt Management firms to review customer plans at least once every 12 months. In view of the Firm's failure to provide the Authority with a complete customer list, the Authority

has serious concerns that the Firm does not appear to be holding adequate records to enable it to properly monitor its customers' plans.

- g) The Firm's failure to provide the Authority with complete information in respect of the Firm's client money arrangements means that the Authority has been unable to assess whether the Firm is meeting the requirements of CASS. The Firm has failed to provide evidence that it has undertaken periodic checks of its internal accounts and records to ensure that all client money is appropriately reconciled and segregated (as required by CASS 11.11.8R). The Firm has also failed to provide copies of all requested client bank account statements or of its signed client bank account acknowledgement letters. Under CASS 11.8.2R, a CASS debt management firm must not hold or receive any client money unless it has received a duly countersigned client bank account acknowledgement letter. The Firm has failed to provide an acknowledgment letter for any of its client bank accounts. CASS 11.12.5R states that a firm must be able to retrieve each document as soon as practicable and, in any event, within 48 hours of an FCA request. Consequently, the Authority has serious concerns that client money may not be adequately protected.

The Authority's consumer protection objective

- 5.7 The Authority also considers, in light of the matters set out above imposing the Requirements is necessary to provide an appropriate degree of protection for consumers.
- 5.8 Under section 1C of the Act, the consumer protection objective is defined as "securing an appropriate degree of protection for consumers." It is one of the Authority's core three operational objectives. The Authority has identified concerns about the Firm's care of customers, and this includes not being able to demonstrate that it reviews debt management plans on a regular basis to ensure that customers are receiving good outcomes and that debt managements plans remain suitable and affordable. The Firm's failure to report to the Authority several important matters, (including the disqualification of one of its directors), and the failure to provide certain key information and records about the Firm's business model, customers, and client money arrangements poses an unacceptable risk to customers, particularly given many of the Firm's clients are vulnerable. Given the Firm's inability to provide this information, the Authority is also seriously concerned that the Firm may not be carrying out regular and/or proper reviews of customer's plans and that client money may not be adequately protected. The Requirements will further the consumer protection objective as it will allow the consumers choice to seek support from alternative debt management firms, and for any advice previously received to be reviewed and renewed to meet their current needs and maximise their chances of good outcomes.

Timing and duration of the Requirements

- 5.9 It was necessary to impose the requirements, with immediate effect, given the seriousness of the risks and the need to protect consumers.
- 5.10 The Authority considers that it is necessary for the Requirements to remain in force unless and until varied or cancelled by the Authority (either on the application of the Firm or of the Authority's own volition).

6 PROCEDURAL MATTERS

Decision-maker

- 6.1 The decision which gave rise to the obligation to give this Second Supervisory Notice was made by an Authority staff member under executive procedures according to DEPP 2.3.1, DEPP 2.5.7G and DEPP 4.1.7G.
- 6.2 This Second Supervisory Notice is given under section 55Y(7) and in accordance with section 55Y(9) of the Act.
- 6.3 The following statutory rights are important.

Representations

- 6.4 On 16 December 2025, the Firm submitted written representations in response to the First Supervisory Notice. The Authority has reviewed and considered all material the Firm provided and concluded that the Requirements remain proportionate and appropriate. A summary of the Firm's written representations and the Authority's response is set out at Annex 2.

The Tribunal

- 6.5 The Firm has the right to refer the matter to which this Second Supervisory Notice relates to the Tribunal. The Tax and Chancery Chamber is part of the 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 Second Supervisory Notice is given to it to refer the matter to the Tribunal.
- 6.6 A reference to the Tribunal can be made by way of a reference notice (Form FTC3) signed by or on behalf of the Firm and filed with a copy of this First Supervisory Notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, 5th Floor, Rolls Building, Fetter Lane, London EC4A 1NL (telephone: 020 7612 9730; email: uttc@hmcts.gsi.gov.uk).
- 6.7 Further information on the Tribunal, including guidance and the relevant forms to complete, can be found on the HM Courts and Tribunal Service website: <http://www.justice.gov.uk/forms/hmcts/tax-and-chancery-upper-tribunal>
- 6.8 The Firm should note that a copy of the reference notice (Form FTC3) must also be sent to the Authority at the same time as a reference is filed with the Tribunal. A copy of the reference notice should be sent to the Executive Decision Making Secretariat (EDMcaseinbox@fca.org.uk).

Confidentiality and publicity

- 6.9 Section 391(5) of the Act requires the Authority, when a supervisory notice takes effect, to publish such information about the matter to which the notice relates as it considers appropriate.
- 6.10 In the Authority's view, publication of this Second Supervisory Notice is not unfair to the Firm or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system as per section 391(6) of the Act.

Authority contacts

- 6.11 Any questions regarding the executive procedures decision-making process should be directed to the Executive Decision Making Secretariat (EDMcaseinbox@fca.org.uk).

Decision made under executive procedures

Director, Consumer Investments – Supervision, Policy & Competition

Annex 1

RELEVANT STATUTORY PROVISIONS

1. 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)).
2. 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 specified action (section 55N(1)(a)), or to refrain from taking specified action (section 55N(1)(b)).
3. Section 55P of the Act allows a requirement to be imposed under section 55L of the Act prohibiting the disposal of, or other dealing with, any of an authorised person's assets (whether in the UK or elsewhere), or restricting such disposals or dealings.
4. Section 55Y(2) and (3) of the Act allow a requirement to take effect immediately (or on a specified date) 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).
5. Under section 63(2A) of the Act, at least once a year, firms must, in relation to every SMF, consider whether there are any grounds on which a regulator could withdraw the approval under this section and, if there are such grounds, notify the regulator of those grounds.
6. 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) But the Authority may not publish information under this section if in its opinion, publication of the information would, be unfair to the person with respect to whom the action was taken or proposed to be taken [or] prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
 - (7) Information is to be published under this section in such manner as the Authority considers appropriate.”

RELEVANT REGULATORY PROVISIONS

FCA Handbook

1. The section of the Handbook entitled “Threshold Conditions” (COND) gives guidance on Threshold Conditions. COND 1.2.3G provides that the Authority may exercise its own-initiative powers under section 55L of the Act if, among other things, a firm is failing to satisfy any of the Threshold Conditions or is likely to do so.
2. COND 1.3.2G states that the Authority will consider whether a firm satisfies, and will continue to satisfy, the Threshold Conditions in the context of the size, nature, scale and complexity of the business which the firm carries on or will carry on if the application is granted.

3. COND 2.3.1A states that a firm must be capable of being effectively supervised by the Authority having regard to all the circumstances including (a) the nature (including the complexity) of the regulated activities that the firm carries on or seeks to carry on; (b) the complexity of any products that the firm provides or will provide in carrying on those activities; and (c) the way in which the firm's business is organised.
4. COND 2.3.3G states that in assessing the Threshold Conditions set out in paragraphs 2C and 3B of Schedule 6 to the Act (which includes the Effective Supervision Threshold Condition), 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 enable it 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; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators) and the relevant rules in the Authority Handbook on the provision of information to the Authority.
5. COND 2.4.1A provides that the resources of a firm must be appropriate in relation to the regulated activities that they are conducting or seeking to conduct.
6. COND 2.4.1C provides that the non-financial resources of a firm must be appropriate in relation to the regulated activities that they are conducting or seeking to conduct, having regard to the operational objectives of the Authority. The matters which are relevant in determining whether this condition is met include (a) the nature and scale of the business carried on, or to be carried on, by the firm; (b) the risks to the continuity of the services provided by the firm; (d) the skills and experience of those who carry on the firm's affairs; (e) whether the firm's non-financial resources are sufficient to enable the firm to comply with the requirements imposed or likely to be imposed on the firm by the Authority in the exercise of its functions.
7. COND 2.5.1A provides that a firm must be fit and proper having regard to all the circumstances, including: (i) the nature (including the complexity) of any regulated activity the firm carries on or seeks to carry on (COND 2.5.1A(1)(b)); (ii) the need to ensure that its affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers (COND 2.5.1A(1)(c)); and (iii) whether the Firm's business is being managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner (COND 2.5.1A(1)(f)).
8. COND 2.5.4G states that in assessing the Threshold Conditions set out in paragraphs 2E and 3D of the Schedule 6 to the Act (which includes the Suitability Threshold Condition), factors which the Authority will take into consideration include, among other things, whether the firm: (a) conducts, or will conduct, its business with integrity or in compliance with proper standards; (b) has, or will have, a competent and prudent management; (c) can demonstrate that it conducts, or will conduct, its affairs with the exercise of due skill, care and diligence.
9. COND 2.5.6G provides 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 set out in paragraphs 2E and 3D of Schedule 6 to the Act. These include whether:

- (1) the firm has been open and co-operative in all its dealings with the Authority and any other regulatory body (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) 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;
- (1A) the firm has made arrangements to put in place an adequate system of internal control to comply with the requirements and standards for which the Authority is responsible under the regulatory system;
- (3) the firm has been the subject of, or connected to the subject of, any existing or previous investigation or enforcement proceedings by the Authority or other government agencies;
- (4) the firm has contravened any provisions of the Act;
- (9) the firm or a person connected with the firm has ever been disqualified from acting as a director;
- (13) the firm, or a person connected with the firm, has been a director, partner or otherwise concerned in the management of a company, partnership or other organisation or business that has gone into insolvency, liquidation or administration while having been connected with that organisation or within one year of such a connection;
- (14) the governing body of the firm is organised in a way that enables it to address and control the regulated activities of the firm, including those carried on by managers to whom particular functions have been delegated;
- (15) the firm has developed human resources policies and procedures that are reasonably designed to ensure that it employs only individuals who are honest and committed to high standards of integrity in the conduct of their activities;
- (16) the firm has taken reasonable care to ensure that robust information and reporting systems have been developed, tested and properly installed.

Code of Conduct Sourcebook ("COCON")

10. COCON 2.2.4R sets out that senior managers must disclose appropriately any information of which the Authority would reasonably expect notice.

Client Assets Sourcebook ("CASS")

11. CASS 11.8.2R covers the Client bank account acknowledgement letters and CASS 11.12.5R sets out the CASS 11 resolution pack requirements.

Consumer Credit Sourcebook ("CONC")

12. CONC 8.7.2R states that a firm must ensure that the obligations of the customer in relation to the amount, or the timing of payment, of its fees or charges:
 - 1) Do not have the effect that the customer pays all, or substantially all, of those fees in priority to making repayments to lenders in accordance with the debt management plan; and
 - 2) do not undermine the customer's ability to make (through the firm acting on the customer's behalf) significant repayments to the customer's lenders throughout the duration of the debt management plan, starting with the first month of the plan; but
 - 3) paragraphs (1) and (2) do not prevent, to the extent the firm complies with all applicable rules, a firm operating a full and final settlement model, in which

the firm holds money on behalf of the customer and does not distribute that money promptly, pending negotiating a settlement with the customer's lenders.

13. CONC 8.7.3R provides that:

- 1) For the purposes of CONC 8.7.2R (2), an obligation is likely to be viewed as undermining the customer's ability to make significant repayments to the customer's lenders if it has the effect that the firm may allocate more than half of the sums received from the customer in any one-month period from the start of the debt management plan to the discharge (in whole or in part) of its fees or charges.
- 2) Once the customer has paid any initial fee for the arrangement and preparation of the debt management plan, or, if earlier, once six months from the start of the plan have elapsed, the FCA would expect there usually to be a reduction in the proportion of the sums received from the customer that the firm allocates to the discharge of its fees and charges.
- 3) A firm should spread any charges or fees payable by the customer for the administration or operation of the debt management plan following its making evenly over the duration of the plan.
- 4) The proportion of the sums received from a customer in order to discharge the firm's fees or charges should take account of the level of repayments the customer in question makes.

14. CONC 8.8 sets out the rules for debt management plans.

The Principles for Businesses ("PRIN")

15. Principle 2 of PRIN states that a firm must conduct its business with due skill, care and diligence.
16. Principle 3 of PRIN states that a firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
17. Principle 11 of PRIN states that a firm must deal with its regulators in an open and co-operative way, and must disclose to the Authority appropriately anything relating to the firm of which that regulatory would reasonably expect notice.

Supervision Manual ("SUP")

18. Under SUP 10C.14.18R, if a firm becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a SMF manager, it must inform the FCA as soon as practicable and, in any case, within 7 business days.
19. SUP 10C.14.5R also provides that a firm must notify the Authority no later than 10 business days after a SMF manager permanently ceases to perform a SMF role.
20. SUP 10C.5.1R states that the executive director function (SMF3) is the function of acting in the capacity of a director (other than a non-executive director) of a firm.
21. The Authority's approach in relation to its own-initiative powers is set out in SUP 6B.

22. SUP 6B.2.1 states that when the Authority considers how it should deal with a concern about a firm, it will have regard to its statutory objectives and the range of regulatory tools that are available to it. It will also have regard to 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 the principle that a restriction imposed on a firm should be proportionate to the objectives the Authority is seeking to achieve.
23. SUP 6B.2.3 states that in most cases the Authority will seek to agree with a firm those steps the firm must take to address the Authority's concerns. However, where the Authority considers it appropriate to do so, it will exercise its formal powers under section 55L of the Act to ensure a firm meets its regulatory requirements. This may include where, amongst other factors, the Authority has serious concerns about a firm, or about the way its business is being or has been conducted, or is concerned that the consequences of a firm not taking the desired steps may be serious.
24. SUP 6B.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.
25. SUP 6B.3.2 states that the Authority will consider exercising its own-initiative power as a matter of urgency where: 1) the information available to it indicates serious concerns about the firm or its business that need to be addressed immediately; and 2) 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.
26. SUP 6B states that the Authority will consider the full circumstances of each case when it decides whether an imposition of a requirement under section 55L of the Act is appropriate and sets out a non-exhaustive list of factors that the Authority may consider:
 - 1) SUP 6B.3.4(1) includes 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 own-initiative powers will be appropriate, to protect consumers' interests.
 - 2) SUP 6B.3.4(2) includes the extent to which customer assets appear to be at risk. Exercise of the Authority's own-initiative power may be appropriate where the information available to the Authority suggests that customer assets held by, or to the order of the firm, may be at risk.
 - 3) SUP 6B.3.4(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.
 - 4) SUP 6B.3.4(8) The firm's conduct. The Authority will take into account whether the firm identified the issue, brought it promptly to the Authority's attention and what steps the firm has taken or is taking to address the issue.
 - 5) SUP 6B.3.4(9) includes the impact that use of the Authority's own-initiative powers will have on the firm's business and on its customers. The Authority will need to be satisfied that the impact of any use of the own-initiative power is likely to be proportionate to the concerns being addressed, in the

context of the overall aim of achieving its statutory objectives.

Senior Management Arrangements, Systems and Controls ("SYSC")

27. SYSC sets out rules and guidance for firms in relation to systems and controls.
28. SYSC 2.1.1R requires a firm to take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its directors and senior managers in such a way that (1) it is clear who has which of those responsibilities; and (2) the business and affairs of the firm can be adequately monitored and controlled by the directors, relevant senior managers and governing body of the firm.
29. SYSC 4.1.1R requires firms to have robust governance arrangements, which includes having sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems.
30. SYSC 6.1.1R imposes obligations to maintain adequate policies and procedures to meet regulatory standards and to allow the Firm appropriate non-financial resources to prevent ways they could be used for financial crime. 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.

Decision Procedure and Penalties Manual ("DEPP")

31. DEPP 2.5.7G provides that Authority staff under executive procedures will take the decision to give a supervisory notice exercising the Authority's own-initiative powers (by removing a regulated activity, by imposing a limitation or requirement or by specifying a narrower description of regulated activity), including where the action involves a fundamental variation or requirement.
32. DEPP 2.5.7BG provides that Authority staff of at least Director level will take the decision to give a supervisory notice exercising the Authority's own-initiative powers if the action involves a fundamental variation or requirement. DEPP 2.5.8G provides that a fundamental variation or requirement means: 1) removing a type of activity or investment from the Firm's permission; 2) refusing an application to include a type of activity or investment; or 3) imposing or varying an assets requirement (as defined in section 55P of the Act), or refusing an application to vary or cancel such a requirement.

Fit and Proper test for Employees and Senior Personnel ("FIT")

33. FIT 1.3.1 G states that the Authority will have regard to a number of factors when assessing the fitness and propriety. FIT 1.3.1B G states that in the Authority's view, the most important considerations will be the persons: (1) honesty, integrity and reputation; (2) competence and capability; and (3) financial soundness.
34. FIT 2.1.1G states that in determining a person's honesty, integrity and reputation the Authority will have regard to all relevant matters, including but not limited to those set out in FIT 2.1.3G which may have arisen either in the United Kingdom or elsewhere.
35. FIT 2.1.3G states that the matters referred to in FIT 2.1.1G to which the Authority will have regard, and to which a firm should also have regard, include, but are not limited to, and this specifies the following:

(9) whether the person has been a director, partner, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection.

(12) whether the person has ever been disqualified from acting as a director or disqualified from acting in any managerial capacity

Annex 2

REPRESENTATIONS

The Firm's Representations and the Authority's response are summarised as follows:

Procedural Fairness

Firm's Representations

1. The Firm states it received no prior notification before its bank accounts were frozen and therefore had no ability to prepare, mitigate, or protect clients.
2. The Firm argues the suspension of the Firm's bank accounts is premature, given that the Upper Tribunal ("Tribunal") hearing relating to the Decision Notices has not yet occurred, and the Authority had itself indicated that a 6-month winddown period would be appropriate if the Tribunal confirmed closure.

Authority's Response

1. The Authority issued the First Supervisory Notice to the Firm and gave notice to the Firm's bank of the asset requirement on the 20 November 2025, the date of issue and the date the Requirements came into effect. The Authority considers that the papers were correctly served.
2. The Authority had regular contact with the Firm prior to the issuance of the First Supervisory Notice, and the Firm was aware of the Authority's concerns.
3. The Firm had been put on notice that failure to comply with the requested actions could result in the Authority considering the use of its own-initiative powers. The Firm did not respond to the feedback provided or respond to the invitation to apply for voluntary requirements made in September 2025.
4. The Firm has been given the opportunity to provide a schedule of urgent payments for vulnerable customers for approval by the Authority but has not done so.
5. The Authority's reference to a wind-down in the Firm's Decision Notice was contingent on an orderly process after cancellation took effect. It did not guarantee continued trading pending the Tribunal outcome.
6. The Tribunal proceedings are separate from the Requirements imposed under the First Supervisory Notice. In any event, the substantive hearing has not yet been listed. Given the current and ongoing risks identified, the Authority considers that it is appropriate to keep the Requirements in place.

Causing significant consumer detriment

Firm's Representations

1. The Firm argues that the asset requirement has caused acute harm to vulnerable clients as payments could not be made on time. This may result in additional financial hardship for those clients, risk of additional interest being applied and enforcement of the debt.

Authority's Response

1. The Authority carefully considered the impact that the Requirements would have on consumers, particularly vulnerable consumers, when it issued the First Supervisory Notice. Although it was recognised that there may be an impact on the debt management chain, on balance, it was still considered necessary and appropriate because of the ongoing harm presented by the Firm (particularly as the Authority could not be assured that the Firm was or is segregating client money).

2. The asset requirement does not stop all payments being made. The asset requirement allows payments to be made with prior consent from the Authority. The Authority has invited the Firm to submit a schedule of urgent payments for the customers with more vulnerable characteristics and indicated it would be willing to assess the request under the terms of the Requirements. The Firm submitted one schedule of payments to be considered on 5 January 2026. This schedule did not contain any payments to be made for customers as part of their debt management plans or to return customer funds. The schedule only contained payments for the Firm's expenses and salaries. This included a proposed transfer of £632, which the Firm stated related to its unregulated commercial debt-collection service. Following clarification, the Firm confirmed that these monies were held within its client money account and required transferring to the office account – therefore confirming that non-client money (money generated through the Firm's unregulated activities) was being held in the same bank account as client money.
3. To mitigate the potential impact on customers of the Firm, the Requirements imposed by the First Supervisory Notice required the Firm to return client money held and provide the Authority with draft notifications to customers and lenders setting out the effect of the Requirements by 4 December 2025. To date the Firm has not provided the proposed notification, nor requested authority to release any funds back to its customers.

Operational and financial impact on the Firm

Firm's Representations

1. The Firm argued that it also has unregulated business which is not subject to the jurisdiction of the FCA and which has been unfairly affected by the asset requirement.

Authority's Response

1. Under section 55N(2) of the Act, a requirement may extend to activities which are not regulated activities. The Requirements do not directly seek to impact any unregulated activity of the Firm, but due to how the Firm's affairs are organised, this is an unavoidable consequence of the Authority's intervention.
2. The Authority has no confidence that the Firm is not co-mingling client money with its own office funds (including from the unregulated side of its business). This apparent failure continues to support the need for the asset requirement.
3. The Firm has been given the opportunity to provide the Authority with schedules of payments relating to its unregulated business operations, however, the Firm must first demonstrate that the monies concerned are not client money and that their treatment complies with CASS. The Firm has not responded on this point or provided any such evidence.

Error of law

Firm's Representations

1. The Firm argued that the Authority is treating a civil disqualification as an automatic bar.

Authority's Response

1. For the purposes of the OIREQ and in considering whether the Firm is meeting the effective supervision and appropriate resources threshold conditions, the Authority considered Mr Duckett's disqualification amongst other factors, including the circumstances around the disqualification, the failure to notify the Authority of the disqualification, the incompatibility of the SMF roles he holds with being disqualified, the fact the Firm has no other SMF, the Firm's failure to respond adequately to statutory information requests (including information about client money which means the Authority is unable to assess whether the Firm is adequately safeguarding client money). As this position has not changed, the Authority still considers that the Firm is not meeting the threshold conditions and that there are ongoing risks to consumers for these reasons.

Disproportionality

Firm's Representations

1. The Firm argued that it has a clean record and there is no evidence of consumer detriment.

Authority's Response

1. A clean record does not negate the current factual matrix that Mr Duckett is disqualified from acting as a director yet he has retained his SMF3 and SMF16 roles, he failed to disclose the disqualification to the Authority, the Firm is unable to comply with statutory information requests about client information it should have readily available, and the Firm has not applied for any new candidate to obtain approval to take Mr Duckett's place (including Director A). As such, the Authority's view is that it is not appropriate for the Firm to be conducting regulated activities at present.

Failure to consider mitigations

Firm's Representations

1. The Firm argues that the Authority did not consider alternative SMF appointments, external compliance oversight, or interim supervisory conditions before cancelling permissions. COND requires assessment of sufficiency and means of managing resources.

Authority's Response

1. The Firm has no other SMF holder and, in the five years since Mr Duckett's disqualification, the Firm has not applied for a new candidate to obtain approval and has not proposed an alternative candidate for authorisation as an SMF holder, including Director A.
2. The Authority considered a number of factors when considering whether the Firm had appropriate and sufficient non-financial resources. These factors have been compounded by the Firm's apparent inability to comply with at least some of the Requirements in the First Supervisory Notice.