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FIRST SUPERVISORY NOTICE

To: **Advantage Wealth Management Limited**

Reference Number: **671153**

Address: **Ground Floor, 65 Sinclair Street
Helensburgh G84 8TG**

Date: **22 December 2025**

1 ACTION

1.1 For the reasons given in this First 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 impose the following requirements ("the Requirements") on Advantage Wealth Management Limited ("the Firm") with immediate effect.

Restriction on regulated activities

1) The Firm must not, without the prior written consent of the Authority, carry out any regulated activities for which it has Part 4A permission.

Assets requirement

2) Save as set out in sub-paragraphs (3) and (4), the Firm must not, without the prior written consent of the Authority, take any action which has, or may have, the effect of disposing of, withdrawing, transferring, dealing with or diminishing the value of any assets it holds or receives, for itself or on behalf of another (whether in the United Kingdom or elsewhere).

3) The Firm may continue dealing with or disposing of any of its own assets in the ordinary and proper course of business provided that the sum or value of such dealings or disposals, whether as a single transaction or a combination of

related transactions, does not exceed £1,000 (or £3,000 in the case of legal expenses).

4) For the avoidance of doubt, for the purposes of sub-paragraph (3) above, the following would be in the ordinary and proper course of business:

- (i) any and all fees incurred or paid in exchange for professional advisory services;
- (ii) any amounts due to be paid to creditors (other than any creditors that are also identified at sub-paragraph 5(ii) below) for sums incurred prior to the imposition of the Requirements, including but not limited to suppliers' fees and sums owing to HMRC; or
- (iii) any income or sums collected and received by the Firm on behalf of any third parties, and which are to be paid to such third parties (other than any third party that is also identified at sub- paragraph 5(ii) below).

5) For the avoidance of doubt, for the purposes of sub-paragraph (3) above, the following would not be in the ordinary and proper course of business:

- (i) the making of any distribution to the Firm's shareholders whether by way of capital distribution or dividends;
- (ii) any payment to directors, officers, employees, and/or any connected entities or persons;
- (iii) the making of any gift or loan by the Firm to any party; or
- (iv) the entry into any financial restructuring, sale of any part of the Firm (whether share or asset based) or reorganisation.

6) Sub-paragraphs (2) to (5) are assets requirements within the meaning of section 55P(4)(a) of the Act.

Records retention

7) The Firm must secure and preserve all records and/or information (physical or electronic) relating to its business, including payment, electronic money and digital services in their original form, or in a copy, provided it is 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 5pm on 7 January 2026, such that they can be provided to the Authority, or a person named by the Authority, promptly on its request.

8) The Firm must provide written confirmation to the Authority that it is complying with the Requirements by 7 January 2026.

Notification Requirements

9) By close of business on 7 January 2026, the Firm must publish in a prominent place on every website in its name (or that it operates) in a form to be agreed in advance with the Authority, a notice setting out the terms and effects of the Requirements.

- 10) The Firm must as soon as possible, and by no later than close of business on 7 January 2026, notify all its current customers in writing of the imposition of the terms and effects of the Requirements. This must be in a form to be agreed in advance with the Authority.
- 11) Once the notifications referred to in sub-paragraphs (9) and (10) have been made, the Firm must provide to the Authority within 24 hours:
 - (i) copies of the template notifications sent to all recipients referred to in sub-paragraph (10);
 - (ii) a list of all parties to whom notifications have been sent pursuant to sub-paragraph (10); and
 - (iii) confirmation that, to the best of its knowledge, the Firm has sent the notification pursuant to sub-paragraph (10) to all relevant parties.

1.2 These Requirements shall take immediate effect and 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, on the basis of the facts and matters described below that it is necessary to exercise its power under section 55L(3)(a) of the Act to impose the Requirements on the Firm because:
 - 1) it is failing, or is likely to fail, to satisfy the Effective Supervision Threshold Condition pursuant to paragraph 2C of Schedule 6 to the Act;
 - 2) it is failing, or is likely to fail, to satisfy the Appropriate Resources Threshold Condition pursuant to paragraph 2D of Schedule 6 to the Act;
 - 3) it is failing, or is likely to fail, to satisfy the Suitability Threshold Condition pursuant to paragraph 2E of Schedule 6 to the Act; and
 - 4) 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 The Authority has identified serious concerns relating to the Firm, specifically,

- 1) the Firm has repeatedly failed to respond to requests for information from the Authority over an extended period, including failing to respond to an information requirement issued under section 165 of the Act;
- 2) the Authority has serious concerns about the circumstances in which several clients had their investments moved into cash holdings;
- 3) the Authority is not satisfied that the Firm is being managed in a way that ensures that its affairs are conducted in a sound and prudent manner and has serious concerns as to whether the Firm is a fit and proper person;
- 4) the Authority is not satisfied that the Firm has appropriate financial resources to meet its liabilities for losses which may have been suffered by

customers. These concerns arise principally because Director A did not renew the Firm's PII cover in July 2025 and has transferred almost all of its remaining cash out of the Firm's bank account to Company A; and

- 5) the Authority is concerned that the Firm does not have the appropriate non-financial resources on the basis that Director A, who remains in control of the Firm, is no longer responding to requests for information by the Authority.

2.3 The Authority considers that imposition of the Requirements should take immediate effect because the matters set out in this First Supervisory Notice demonstrate that the Firm is unable to manage its affairs in a sound and prudent manner, and is putting consumers at risk.

3 DEFINITIONS

- 3.1 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;
 - "Company A" means the unregulated entity in which Director A is the sole director and person with significant control;
 - "Director A" means a director of the Firm, who is also the SMF3, SMF16 and SMF17 of the Firm;
 - "Director B" means a director of the Firm, who is also the SMF3 of the Firm;
 - "the Firm" means Advantage Wealth Management Limited;
 - "Handbook" means the Authority's online handbook of rules and guidance (as in force from time to time);
 - "IFA" means Independent Financial Advisor;
 - "Part 4A permission" means permission to conduct regulated activities, granted by the Authority under Part 4A of the Act;
 - "PII cover" means professional indemnity insurance cover;
 - "Platform A" means a platform provider used by the Firm;
 - "Platform B" means a platform provider used by the Firm;
 - "Requirements" means the requirements imposed on the Firm's Part 4A Permission by this First Supervisory Notice as outlined in section 1 above;
 - "SMF" means Senior Management Functions;
 - "Tribunal" means the Upper Tribunal (Tax and Chancery Chamber).

4 FACTS AND MATTERS

Background

4.1 The Firm was incorporated on 7 May 2013, was authorised by the Authority on 27 July 2015 and operates as an IFA. It has permission to carry on the following regulated activities:

- 1) Advising on investments (except on Pension Transfers and Pension Opt Outs);
- 2) Advising on Pension Transfers and Pension Opt Outs (with a Non-Standard Restriction for Limited pension transfer activity only);
- 3) Arranging deals in investments;
- 4) Making Arrangements with a view to transactions in investments;
- 5) Agreeing to carry on a regulated activity;
- 6) Advising on P2P agreements;
- 7) Credit Broking;
- 8) Debt-counselling;
- 9) Advising on regulated mortgage contracts;
- 10) Arranging regulated mortgage contracts; and
- 11) Making arrangements with a view to regulated mortgage contracts.

4.2 The Firm cannot hold and cannot control client money.

4.3 The Firm has two Directors, referred to in this Notice as Director A and Director B. Both Directors are controllers of the Firm with each holding 50% of the shares. The Directors are recently divorced from one another.

4.4 The Firm's last year end accounts as of 31 October 2024 show capital and reserves of £560,960. However, as a result of business expenses, withdrawals and transfers to Company A the Firm had a cash balance £0.05 as at 10 December 2025. Director B informed the Authority that there were assets of £25,000 in the form of current debtors (past fees owing but not received yet). The Authority understands that fees are paid directly into the Firm's bank account.

4.5 The Authority understands that Director A has taken steps to remove Director B's access to the Firm's systems and records. The Authority notes from the published divorce judgment that it was common ground that Director B's access to the Firm's shared Google Drive was disabled by Director A. The Authority also understands that Director A removed Director B's ability to access the systems of Platform A (the main Platform provider used by the Firm) and her work email account was disabled from around the middle of October 2025. As a result, Director B does not have the practical means by which to exercise control over the Firm's business.

Failings and risks identified

4.6 On 14 August 2024, Director A informed the Authority that the Firm's ownership would change in due course because of the divorce proceedings.

4.7 On 24 March 2025 and 27 March 2025, Director B notified the Authority that there was an interim interdict in place prohibiting the transfer of the Firm's clients to

another company. Director B informed the Authority that Director A had been processing an application to authorise another company with the Authority, namely, Company A, and the interdict specifically prevented Director A taking any steps to transfer clients from the Firm.

4.8 The Authority notes from the published divorce judgment that the interdict was in the following terms:

"ad interim, interdicts the defender [Director A] from taking any steps to transfer assets or clients of the company Advantage Wealth Management Limited...away from the said company, or to any new business, where such transaction is likely to have the effect of defeating in whole or in part the pursuer's [Director B] claim for financial provision."

4.9 The Authority understands that on or around 20 March 2025, Director A began the process on the Authority's systems of completing an application to authorise Company A as a financial advisor. In a letter to the Authority on 27 March 2025 in support of the application, Director A asked if the Authority could consider expediting the processing of the application, which was being made as a direct result of his divorce. He also informed the Authority that there would be no change to the nature of the regulated activities he would be conducting.

4.10 Director A did not complete the process of submitting this application. This may have been because of the interim interdict which prohibited the transfer of the Firm's assets or clients.

4.11 Whilst the application for authorisation of Company A was not submitted, the Authority understands the following from the evidence presented by Director B in the divorce proceedings, as set out in the published judgement:

"Despite claiming to be unable to work, and in line with his threat to her, the defender [Director A] had applied to the FCA for authorisation to carry out precisely the same work as before through a company 100% owned by him [Company A], The effective date was to be 1 May 2025. The application stated that [Director A] was the sole director and shareholder of that company and that projected income was £316,000 (presumably, per annum). Under the heading "Professional Experience", reference was made to the [Director A's] experience with AWM and that the new application for authorisation was "purely because of divorce". This was repeated later in the application where [Director A] stated that "unfortunately due to divorce I am going to have to resign and re-apply for the same permissions. My intention is to novate all my existing clients across to the new entity."

4.12 On 3 April 2025, Director A submitted a SUP15 notification informing the Authority that he switched off ongoing advice services to the Firm's clients, and associated fees because of his inability to work due to illness and to comply with the Consumer Duty.

4.13 The Authority notes that whilst Director A stated he switched off ongoing advice services to the Firm's clients because of illness, he had commenced an application for authorisation for Company A with an effective date of 1 May 2025.

4.14 On 14 April 2025, the Authority requested an update from Director A on the current position with the Firm, clarification of whether he was still performing his SMF duties at the Firm, and details of any client communications about the impact of the divorce.

4.15 On 14 April 2025, the Authority requested an update from Director B on the current

position with the divorce, copies of PII documents, the complaints register and details of any client communications about the divorce. Director B provided this information on 15 April 2025.

- 4.16 On 28 April 2025, Director B informed the Authority that she had been locked out of some of the Firm's systems recently but was mostly able to complete her role, which focussed on the Firm's financial accounting and day to day administration of client accounts. Director B informed the Authority that, to the best of her knowledge, Director A was continuing to provide ongoing services to clients on a transactional basis and, from the systems she uses, she noted that Director A was responding to client enquiries and actions required i.e. he was continuing to provide ongoing services to the clients.
- 4.17 Following several attempts by the Authority to contact Director A in relation to the information request sent on 14 April 2025, Director A informed the Authority on 6 May 2025 that the divorce hearing was listed for August 2025 when he hoped matters would be settled. He said Director B would cease to be a SMF at the Firm after the divorce and he would continue with the business as sole director and SMF. Director A also informed the Authority that his position had not changed since submitting the SUP15 form and that all clients had been informed in writing and contacted in person or by telephone by him to explain the circumstances surrounding the switching off of ongoing fees.
- 4.18 On 4 August 2025, the Authority requested further information from Director A regarding the switching off of ongoing advice fees, including an explanation of the impact on vulnerable clients and whether he had identified any issues or detriment incurred by clients as a result of the period that he had not been providing ongoing advice services.
- 4.19 Director A provided a detailed response on 4 August 2025 setting out additional steps he took with vulnerable clients and confirmed he had not identified any cases of material detriment arising during the limited period of service interruption. Director A also stated that he was currently reviewing the long-term viability of the Firm and his future in a client-facing advisory role, noting he would keep the Authority updated if any formal decisions are made regarding restructuring or potential wind-down planning, depending on his ongoing legal circumstances. Director A stated that, at that point, Director B's shareholding in the Firm would not be transferred back to him and he would need to re-apply for new permissions to be able to start advising clients again. The Authority understood this to mean that Director A intended to apply for a new firm to be authorised by the Authority.
- 4.20 On 5 September 2025, the Outer House of the Court of Session in Scotland handed down its judgement in the divorce proceedings. The Court ordered that Director A should pay Director B the sum of £215,726 and that Director B should transfer her shares in the Firm to Director A.
- 4.21 The Authority notes that the published judgement includes several adverse findings about Director A's position in the proceedings, including:
 - 1) At paragraph 23: "*as can be seen, [the interdict] is in wide, possibly ambiguous terms. However, the defender took no steps to seek its recall or variation. What he did do, on 4 July 2025, was to withdraw from AWM sums totalling £106,613.16 to himself or for his benefit Whether he thought that or not, in the context of a business whose value, by that time, consisted mainly of the cash in the bank, there is at the very least a tolerable argument that paying funds to or for himself was indeed a transfer of assets likely to have the effect of defeating the pursuer's claim*

for financial provision, and that the interim interdict was breached by the defender, who displayed a somewhat cavalier attitude towards it.

Of equal significance, however, was what he said to the FCA in his report of April 2025, which was that the interim interdict prevented him from "transitioning clients to a new firm, despite there being no non-compete clause in either our Shareholders' Agreement [which was not produced] or the company's Articles of Association". Again, at best for the defender, that was only half of the picture: he made no mention of the allegation that he had been deliberately attempting to defeat the pursuer's financial claims on divorce, or that he had himself taken no steps to have the interdict varied or recalled."

- 2) At paragraph 45, in relation to the assessment of evidence the court stated: "*The pursuer gave her evidence in a confident, straightforward manner, taking time to reflect where she struggled to remember a particular fact or incident and on occasion correcting herself. Generally I found her to be a truthful and reliable witness, willing to make concessions against interest. The defender, by contrast, seemed more concerned with painting the pursuer in as bad a light as possible, wasting no opportunity to denigrate her both in his affidavit and in his oral evidence (as well as having done so in his note to the FCA), often doing so where his answer bore little relation to the question asked. As I have highlighted in several passages above, his evidence on various issues vacillated and, on occasion, his oral evidence differed from what had been sworn, under oath, in his affidavit.*"
- 3) At paragraph 24, it states that "*It was also common ground that the pursuer's access to the company's shared Google Drive has been disabled by the defender ...*"

4.22 The Authority also notes that the judgement also states that several clients of the Firm had their investments moved into cash holdings, including:

- 1) At paragraph 15 it states, "*Many of the clients have moved their investments from shares into cash.*"
- 2) At paragraph 43 Director A confirmed that "*He moved some - maybe 50% of his clients to cash because they had given instructions to that effect. He had not been required to, nor did he, give them advice about that, because they were on a transaction-only basis.*"
- 3) At paragraph 55 it states "*I also reject the notion that he [Director A] would simply have allowed up to half of his clients to switch into cash without his having given them advice to do so. It seems unlikely that a significant number of clients would have spontaneously made that suggestion of their own accord; and even if they had, I do not accept that the defender would not have given them advice not to do so, had he considered it the wrong thing for them to do. He does, after all, wish them to move with him to his new company.*"

4.23 On 8 September 2025 and 23 September 2025, in calls with the Authority, Director A expressed an intention not to restart advice services at the Firm leaving clients without any ongoing advice services for over a year. In those calls Director A said he had no intention of acquiring Director B's shares in the Firm but instead intended to either seek authorisation for a new firm or become a certified adviser at another authorised firm, take the Firm's clients with him and cancel the Firm's authorisation.

Director A also stated that several clients had moved their investments into cash holdings, saying that they had done so of their own volition.

- 4.24 The Authority informed Director A of the Firm's obligations to notify clients and sent him a link to the Authority's webpage on cancellations. The Authority stated that such communication should be in writing and clear about the implications that cancellation might have for each client. The Authority requested to see a draft of any planned client communication before it was issued and reminded Director A that the Firm remained subject to all Threshold Condition requirements and Authority rules until an application to cancel is approved by the Authority.
- 4.25 On 22 September 2025, Director B informed the Authority that following the divorce judgment she had to transfer her shares within the next two weeks to Director A and at that time she would also resign as a director but, in the meantime, she was continuing business as usual.
- 4.26 The Authority requested further information from Director A on 23 September 2025 regarding clients who moved some or all their pensions or investments into cash after November 2024 and requested that he drafts an update communication for clients to be agreed with the Authority. The Authority requested that the information be provided by the close of business on 29 September 2025.
- 4.27 The Authority established from the divorce judgement, telephone calls with Director A on 8 September 2025 and 23 September 2025, and materials provided by Platform A and Platform B, that up to 80% of clients switched all their investments into cash ahead of the divorce hearing.
- 4.28 Director A did not respond to the Authority's information request sent on 23 September 2025 nor to the Authority's follow up emails of 2 October 2025 and 14 October 2025. The Authority also attempted to contact Director A by telephone on 14 October 2025 and 21 October 2025 (leaving voicemail messages on both occasions). Director A did not respond to these messages, despite the Authority calling the telephone number that had previously been used to contact him.
- 4.29 On 9 October 2025, Director B informed the Authority that the full balance of the Firm's bank account, c£241,000 had been transferred to Company A.
- 4.30 Director A has not responded to the Authority's requests to explain this payment and the Authority has not identified any legitimate reason for this payment.
- 4.31 On 14 October 2025, Director B informed the Authority that she no longer had access to clients' contact information which were stored on the Firm's systems and could not conduct a client contact exercise. She also informed the Authority that she no longer had access to the systems of Platform A, the Firm's biggest platform provider for clients.
- 4.32 Director B also informed the Authority that the Firm's PII broker informed her that Director A did not renew the Firm's PII cover in July 2025.
- 4.33 On 23 October 2025, the Authority sent an Information Requirement to the Firm pursuant to section 165 of the Act ("S165 notice"). This S165 notice required the Firm to provide the information requested in the Authority's email of 23 September 2025, as well as additional information regarding the withdrawal of funds from the Firm's bank account, clarification about the Firm's PII cover and details of any communications with clients in the last 3 months. The Authority required a response to the S165 notice by the close of business on 29 October 2025.

4.34 Director A did not respond to the S165 and did not provide any explanation for his failure to do so. Director B informed the Authority that she was not able to provide the specified information as she did not have access to the Firm's systems.

4.35 On 3 November 2025, the Authority sent a follow-up email to Director A. No response or explanation has been provided for his failure to respond to date.

4.36 On 20 November 2025, Platform A confirmed to the Authority that a client of the Firm reported that Director A moved their ISA investments into cash holdings without the client's knowledge or consent. The Authority understands that on 10 July 2025 Director A attempted to submit a blanket instruction for all clients to be moved into cash, which Platform A did not implement.

4.37 The Authority is concerned that these clients may have incurred losses from being out of the market for an extended period, some since June 2025, and such a transfer may not have been in their best interests. This concern is supported by the fact that, as noted, Director A attempted to submit a blanket instruction for all clients to be moved into cash, suggesting this may not have been agreed individually with each client.

4.38 On 20 November 2025, the Firm's PII broker confirmed to the Authority that Director A did not renew the Firm's PII cover, which lapsed on 20 July 2025. The PII Broker stated that, when discussing not renewing this cover, Director A stated he "...had the assumption that the entity [AWM] no longer had a requirement for PII as the de-authorisation [of AWM] was being "fast-tracked" following dialogue with yourselves [the Authority]. We told him it was a requirement and we could potentially facilitate an extension. Contact then received from Director B [in October 2025] who wanted to renew the policy as the business was continuing to trade."

4.39 There has been no application from Director A to cancel the Firm's authorisation under the Act. He has also not engaged in any dialogue with the Authority in this regard. The Authority has not been able to determine the rationale behind Director A's assertion to the PII broker.

4.40 As a result of the continued lack of response from Director A, the Authority sent a formal feedback letter to the Firm on 20 November 2025 setting out its concerns, including that the Firm might be in breach of Threshold Conditions and invited the Firm to apply for the imposition of voluntary requirements (VREQ) pursuant to section 55L(5)(a) of the Act. The deadline for responding was 25 November 2025.

4.41 On 28 November 2025, Director B informed the Authority that she did not feel able to apply for the VREQ as she could not verify or oversee the matters it referred to and was therefore not able to sign a legally binding set of requirements.

4.42 The Authority contacted Director A by email on 25 November 2025 and 1 December 2025 to allow him an opportunity to discuss the feedback letter, the VREQ and explain why he did not meet the deadline for responding. The latter email provided a further extension to respond to 5 December 2025. It also informed Director A that Director B had responded and informed the Authority that she did not feel able to apply for the VREQ.

4.43 On 2 December 2025, Platform A informed the Authority that it had spoken to Director A by phone on 1 December 2025, and he maintained that he expected to resolve matters by moving the clients to a new Firm. In an earlier email to the Authority on 26 November 2025, Platform A confirmed that 88 client accounts had been either partly or fully switched to cash, with the total value moved into cash being c£24m. This activity had commenced in June and primarily ran through July

and August.

- 4.44 Platform A also informed the Authority that Director A confirmed that clients' portfolios were moved to cash with their consent. Director A had stated that consent was provided via telephone and therefore could not be evidenced. Director A also said he was re-engaging with clients for whom fees had been turned off, and that the purpose of that re-engagement related to his plans to transfer them to another firm.
- 4.45 Platform B, the other main platform provider used by the Firm, responded to the Authority on 8 December 2025. Platform B stated that it had observed a high proportion of the Firm's clients' portfolios were moved into cash and this had been instructed by Director A using its online system between 3 July 2025 and 25 August 2025. Platform B had regular conversations with Director A up until the week prior and he informed it that clients were holding cash due to concerns around market volatility. Platform B also reported that, more recently, it had been contacted by some of the Firm's clients who were reporting difficulties in contacting Director A, including one client who was trying to arrange a withdrawal from a bond.
- 4.46 Director A informed Platform B around a week earlier that he was likely to advise clients to reinvest their cash holdings back into investment funds and he was setting up a new firm. Platform B stated it was difficult for them to determine at this stage if clients moved into cash based on advice from Director A or of their own volition but noting it was a matter of fact that Director A implemented all the switches to cash on its system. It also noted that the quantum of clients moving into cash at the time was suspicious as it would be odd for all clients to have the idea of acting on concerns of market volatility at the same time. Platform B also explained that the trading instructions made by Director A came in batches, which might suggest the clients were being advised by him. Platform B subsequently informed the Authority that c£6m has been switched into cash holdings out of a total of c£7.8m of funds held on their platform for 37 clients.
- 4.47 Following receipt of updated bank statements, the Authority noted that £43,160 was transferred out of the Firm's account to Company A on 9 December 2025.
- 4.48 Director A is the sole director and person exercising significant control over Company A. On this basis, the Authority considers that it is very likely he is the only authorised signatory for the account receiving these funds. In light of this transaction and the funds Director A appeared to owe the Firm, the Authority asked Director B if she would consider applying for a VREQ with an asset restriction. She declined as she was concerned that she could not control the actions of Director A and might be held responsible for anything he did.
- 4.49 Director A has not responded to any of Authority's enquiries since 23 September 2025. He has also not provided any explanation for his failure to do so.
- 4.50 The Authority is satisfied that Director B has lost access to the Firm's client data and other relevant systems.
- 4.51 The Authority is concerned that some of the Firm's clients are likely to have incurred losses due to Director A's actions. Further, the Authority is concerned that the Firm no longer has sufficient funds nor holds PII cover to pay redress, if required.
- 4.52 The Authority does not consider that the Firm's explanations, including the calls with Director A on 8 September and 23 September 2025, are adequate to explain the inconsistencies between the switching of client's investments to cash compared

to the observations as to Director A's motivations which were noted in the divorce judgment. The Authority also notes the more recent information provided by both Platform A and Platform B also casts doubt on Director A's previous assertions that clients switched investments to cash holdings of their own volition. Director A's explanations are inconsistent with the available evidence. The following is noted from the divorce judgment at paragraph 55:

"I also reject the notion that he [Director A] would simply have allowed up to half of his clients to switch into cash without his having given them advice to do so. It seems unlikely that a significant number of clients would have spontaneously made that suggestion of their own accord; and even if they had, I do not accept that the defender [Director A] would not have given them advice not to do so, had he considered it the wrong thing for them to do. He does, after all, wish them to move with him to his new company".

- 4.53 The Authority notes that these clients are likely to have had different risk profiles, and in the absence of any further information from Director A, the Authority is concerned that it is unlikely to have been in all of the clients' best interests to move their investments to cash. The Authority is concerned Director A's actions were linked to his other actions to reduce the Firm's income, and hence its value in the divorce proceedings, and may have been related to his stated intention to move the clients to another firm.
- 4.54 The Authority is concerned that Director A has disabled Director B's access to systems required to carry out her role as an SMF3 at the Firm.
- 4.55 The Authority is also concerned that the Firm might not have sufficient financial resources to meet its minimum regulatory capital requirements, which also includes having valid PII in place, in line with the requirements set out in IPRU INV 13.1. Director A instructed the Firm's PII broker (on the basis of information the Authority considers to have been misleading) not to renew its cover and there is no evidence that he has taken out PII cover with another provider.
- 4.56 The Authority has serious concerns that Director A has not been open and cooperative with the Authority as he has failed to ensure that information was disclosed to the Authority appropriately, despite previously having been in dialogue with the Authority in connection with other matters and the divorce proceedings.
- 4.57 For the reasons set out above, the Authority is concerned that the Firm's affairs are not being conducted in a sound and prudent manner. In view of the withdrawals of almost all cash from the Firm's bank account, the Authority is concerned that the Firm may be unable to pay its liabilities as they fall due and the Authority is not able to adequately assess the Firm's financial risks, its proximity to failure and how potential harm from failure may be mitigated.

5 CONCLUSION

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

Analysis of failings and risks

- 5.2 The Authority has serious concerns about the Firm's compliance with the Threshold Conditions. Section 55L of the Act permits the Authority to impose requirements on the Firm because it:
 - 1) is failing, or is likely to fail, to satisfy the Effective Supervision Threshold

Condition pursuant to section 2C of Schedule 6 of the Act;

- 2) is failing, or is likely to fail, to satisfy the Appropriate Resources Threshold Condition pursuant to section 2D of Schedule 6 of the Act;
- 3) is failing, or is likely to fail, to satisfy the Suitability Threshold Condition pursuant to section 2E of Schedule 6 of the Act.

5.3 The Threshold Conditions are minimum requirements that firms need to meet in order to be authorised and to continue carrying on regulated activities.

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

- 1) The Firm, and in particular Director A, has failed to respond to information requests from the Authority. As set out above, the Authority sent the Firm a feedback letter on 20 November 2025 owing to concerns that (i) the Firm had failed to respond to an information requirement and deal with the Authority in an open and cooperative manner; and (ii) Director A's conduct in his roles as SMF and invited the Firm to apply for a VREQ. He failed to acknowledge receipt of the feedback letter and did not respond to it by the initial or the extended deadlines, or at all since. This is despite information from Platform A suggesting it had spoken to him on 1 December 2025.
- 2) The Authority is concerned that the Firm has not satisfactorily addressed the issues raised by the Authority, and despite the Authority's engagement with the Firm, it has not dealt with the Authority in an open and cooperative manner. This includes non-compliance with the Authority's requests for information, which can be characterised as slow, protracted, misleading, all of which makes it difficult for the Authority to effectively supervise the Firm.

5.5 The Authority considers that the Firm is failing, or is likely to fail, to satisfy the Appropriate Resources Threshold Condition. Given that there is a significant risk of loss to clients, there is a risk that the Firm's potential liabilities (as a result of any redress) are likely to exceed its cash position as at 15 December 2025 and the Firm appears to have no current PII cover as required. The Firm has not satisfied the Authority that it has sufficient resources to meet its potential liabilities to current or future complainants arising from Director A's involvement in the transfer of clients' investments into cash.

5.6 Furthermore, the Authority considers that the Firm is failing, or is likely to fail, to meet the Appropriate Resources Threshold Condition because it does not have sufficient non-financial resources to conduct its regulated activities in a sound and compliant manner. In particular, the Firm currently lacks adequately skilled and experienced personnel to oversee key functions, and its governance arrangements are deficient, resulting in ineffective oversight and decision-making. These shortcomings suggest that the Firm cannot ensure its resources are appropriate in light of the nature, scale and complexity of its business, and the risks to the continuity of services it provides, as required by Threshold Condition 2D.

5.7 As a result of the matters detailed above, the Authority considers that the Firm is failing, or is likely to fail, to satisfy the Suitability Threshold Condition because it is not a fit and proper person having regard to all the circumstances as:

- 1) it has not ensured that its affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers (COND 2.5.1A

(1)(c);

- 2) it has not complied with requirements imposed by the Authority in the exercise of its functions and has not been open and co-operative with the Authority in the manner of its compliance with respect to the Authority's request for the provision of information to the Authority (COND 2.5.1A (1)(d));
- 3) it appears that Director A, the person responsible for managing the Firm's affairs, may not have acted with probity (COND 2.5.1A (1)(e)); and
- 4) the Firm's business is not being managed in such a way as to ensure that its affairs are, or will be, conducted in a sound and prudent manner (COND 2.5.1A (1)(f)).

5.8 It should be noted that 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. These include whether the firm has been open and co-operative in all its dealings with the Authority (as per Principle 11 (Relations with regulators)), and is ready, willing and organised to comply with the requirements and standards under the regulatory system (COND 2.5.6(1)G).

The Authority's operational objective of consumer protection

5.9 The Authority's operational objective of consumer protection requires the Authority to ensure an appropriate degree of protection for consumers (section 1C(1) of the Act). Supervision considers that the Firm represents a serious ongoing risk of harm to consumers. Director A's management of the Firm and recent absence has caused potentially unsuitable investment decisions to be made for or by clients and this poses a significant risk of harm to consumers.

5.10 There are potentially 125 clients with c£30m now in cash holdings who because of Director A's actions may be due redress by the Firm and the Authority is not satisfied that the Firm has sufficient resources to meet its potential liabilities to these complainants.

5.11 On the basis of the facts and matters set out, it appears to the Authority that it is also desirable to exercise the power under section 55J(1)(c)(i) of the Act in order to advance the consumer protection objective.

Timing and duration of the Requirements

5.12 It is necessary to impose the Requirements to take immediate effect given the seriousness of the risks and the need to protect consumers.

5.13 The Authority considers that the Requirements should remain in force 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 First Supervisory Notice was made by an Authority staff member under executive procedures according to

DEPP 2.5.7 and DEPP 2.5.7B.

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

6.3 The following statutory rights are important.

Representations

6.4 The Firm has the right to make written representations to the Authority (whether or not it refers this matter to the Tribunal). The Firm may also request to make oral representations but the Authority will only consider this in exceptional circumstances according to DEPP 2.3.1AG. The deadline for providing written representations and notifying the Authority that the Firm wishes to make oral representations is **14 days after service** or such later date as may be permitted by the Authority. Any notification or representations should be sent to the Executive Decision Making Secretariat (EDMcaseinbox@fca.org.uk).

The Tribunal

6.5 The Firm has the right to refer the matter to which this First 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 First 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 The Firm should note that this First Supervisory Notice may contain confidential information and should not be disclosed to a third party (except for the purpose of obtaining legal advice on its contents).

6.10 The Firm should note that section 391(5) of the Act requires the Authority, when the First Supervisory Notice takes effect, to publish such information about the matter to which the notice relates as it considers appropriate.

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, Supervision, Policy and Competition

Annex

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1B of the Act include securing an appropriate degree of protection for consumers, and protecting and enhancing the integrity of the UK financial system.
2. 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 it is desirable to exercise the power in order to advance one or more of the Authority's operational objectives (section 55L(2)(c)).
3. 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)).
4. 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.
5. Section 55Y(3) of the Act allows 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).
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

The Supervision Manual

7. The Authority's approach in relation to its enforcement powers is set out in Chapter 6B of the Supervision Manual ("SUP"), certain provisions of which are summarised below.
8. SUP 6B.1.1 reflects the provisions of section 55L of the Act by stating that the Authority may use its own-initiative power to impose requirements on an authorised person where, amongst other factors, the person is failing or is likely to fail to satisfy the threshold conditions for which the Authority is responsible (SUP 6B.1.1(1)), or it is desirable to exercise the power in order to advance one or more of its operational objectives (SUP 6B.1.1(3)).

9. 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 principle that a restriction imposed on a firm should be proportionate to the objectives the Authority is seeking to achieve (SUP 6B.2.1(2)).
10. SUP 6B.2.3 states that in the course of its supervision and monitoring of a firm or as part of an enforcement action, the Authority may make it clear that it expects the firm to take certain steps to meet regulatory requirements. In the vast majority of 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 impose a requirement to ensure such requirements are met. 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 (SUP 6B.2.3(1)), or is concerned that the consequences of a firm not taking the desired steps may be serious (SUP 6B.2.3(1)).
11. 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.
12. SUP 6B.3.2 states that the Authority will consider exercising its own-initiative power 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.
13. SUP 6B.3.3 states that it is not possible to provide an exhaustive list of the situations that will give rise to such serious concerns, but they are likely to include one or more of four listed characteristics, these include: 1) information indicating significant loss, risk of loss or other adverse effects for consumers, where action is necessary to protect their interests; 2) information indicating that a firm's conduct has put it at risk of being used for the purposes of financial crime, or of being otherwise involved in crime; 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.
14. SUP 6B.3.4 states that the Authority will consider the full circumstances of each case when it decides whether an imposition of a requirement is appropriate and sets out a non-exhaustive list of factors the Authority may consider, these include:
 - (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 FCA's exercise of own-initiative powers will be appropriate, to protect the consumers' interests.
 - (2) The extent to which customer assets appear to be at risk. Exercise of the FCA's own-initiative power may be appropriate where the information available to the FCA suggests that customer assets held by, or to the order of, the firm may be at risk.
 - (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.
 - (8) The firm's conduct. The FCA 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 FCA'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.

15. 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.

The Threshold Conditions

16. 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 and/or section 55J of the Act if, among other things, a firm is failing to satisfy any of the Threshold Conditions or is likely to do so.

17. 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 relevant application is granted.

7. COND 2.3.1A (para 2C, Sch. 6) states that the firm:

- (1) [...] *must be capable of being effectively supervised by the FCA having regard to all the circumstances including – [...]*
- (c) *The way in which the firm's business is organised; [...]*
- (f) *If the Firm has close links with another person (CL)-*
 - (i) *the nature of the relationship between the Firm and CL;*
 - (ii) *whether those links are or that relationship is likely to prevent the FCA's effective supervision of the Firm; [...]*

18. 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 FCA will take into consideration include, among other things, whether:

(1) it is likely that the FCA will receive adequate information from the firm, and those persons with whom the firm has close links, to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the FCA 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 rules in SUP on the provision of information to the FCA; [...]

19. COND 2.4.1A (para 2D, Sch. 6 of the Act) states that:

- (1) *The resources of [a firm] must be appropriate in relation to the regulated activities that it carries on or seeks to carry on.*
- (2) *The matters which are relevant in determining whether the firm has appropriate resources include: [...]*
 - (a) *the nature and scale of the business carried on, or to be carried on by [a firm];*

(b) the risks to the continuity of the services provided by, or to be provided by [a firm].

(3) *Financial resources* – [...] The matters which are relevant in determining whether the firm has appropriate financial resources include

- (a) the provision [the firm] makes and, if [the firm] is a member of a group, which other members of the group make, in respect of liabilities; and
- (b) the means by which [the firm] manages and, if [the firm] is a member of a group, by which other members of the group manage, the incidence of risk in connection with [the firm]’s business.

20. COND 2.5.1A states:

- (1) *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 FCA in the exercise of its functions, or requests made by the FCA, relating to the provision of information to the FCA 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 act with probity;*

21. COND 2.5.6G states that the FCA may have regard to include, but are not limited to, whether:

1. *the firm has been open and co-operative in all its dealings with the FCA and any other regulatory body (see 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 and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the FCA Handbook) 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 [...]*