
FIRST SUPERVISORY NOTICE

To: P.F. (International) Limited

Of: Romilly House
Central Park
Petherton Road
Bristol
Somerset
BS14 9BZ

FRN: 668963

Dated: 31 July 2018

ACTION

1. For the reasons given in this Notice and pursuant to section 55J of the Act, the Authority has decided to vary the permission granted to P.F. (International) Limited ("the Firm") with immediate effect by removing the following regulated activities:
 - a) Agreeing to carry on a regulated activity;
 - b) Credit broking; and
 - c) Entering into regulated credit agreements as lender (excluding high-cost short-term credit, bill of sale agreements, and home collected credit agreements).

2. For the reasons given in this Notice and pursuant to section 55J of the Act, the Authority proposes to vary the permission granted to the Firm with effect from 1 November 2018 by removing the regulated activity of exercising / having the right to exercise lender's rights and duties under a regulated credit agreement (excluding high-cost short-term credit, bill of sale agreements, and home collected credit agreements).
3. For the reasons given in this Notice, and pursuant to section 55L of the Act, the Authority has decided to impose the following requirements on the Firm:
 - a) The Firm must, if it proposes to sell its loan book to any third party, disclose the potential purchaser to the Authority at least 4 weeks prior to any sale;
 - b) The Firm must by 7 August 2018 at the latest, send the Authority a draft letter, which it proposes to send to each of its existing customers to whom it has lent funds and from whom funds remain outstanding under regulated agreements ("Existing Customers"), explaining to them the existence and:
 - i) effect of this First Supervisory Notice; and
 - ii) nature of the rights they have under the law.Within 5 working days of the Authority agreeing the content of the letter, the Firm must then send it to its Existing Customers; and
 - c) The Firm must supply the Authority with a list of the Existing Customers by 7 August 2018 at the latest.

REASONS FOR ACTION

4. On the basis of the facts and matters described in this Notice, the Authority is taking the action set out in paragraphs 1 to 3, for the following reasons:
 - a) The Authority considers that the Firm is failing to satisfy the threshold condition set out in paragraph 2E (suitability) of Schedule 6 to the Act; and
 - b) The Authority considers that it is desirable to do so in order to advance the Authority's consumer protection objective (set out in section 1C of the Act).

DEFINITIONS

5. The definitions below are used in this Notice:

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

"the Authority" means the Financial Conduct Authority;

"the First-Tier Tribunal" means the First-Tier Tribunal (Consumer Credit) General Regulatory Chamber;

"the Handbook" means the Authority's Handbook of rules and guidance;

“the OFT” means the Office of Fair Trading;

“the Requirement” means the requirement on the Firm’s permissions which states: ‘the Firm is not permitted to canvass regulated borrower-lender-supplier agreements or regulated consumer hire agreements off trade premises’;

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

“X Ltd” means the company (whose name has been anonymised) with substantial connections to the Firm described in paragraph 20.

FACTS AND MATTERS RELIED ON

Background

6. The Firm is a small business based in Bristol and its business model includes selling premium vacuum cleaners door to door. Customers can purchase the cleaners by cash or on credit. The credit is supplied directly by the Firm. Historically, the Firm would sometimes broker that credit to another lender.
7. On 1 October 2015, the Firm was authorised to conduct the following activities:
 - a) Agreeing to carry on a regulated activity;
 - b) Credit broking;
 - c) Entering into a regulated credit agreement as lender (excluding high-cost short-term credit, bill of sale agreements, and home collected credit agreements); and
 - d) Exercising/having the right to exercise the lender’s rights and duties under a regulated credit agreement (excluding high-cost short-term credit, bill of sale agreements, and home collected credit agreements).

Failings

Canvassing Off Trade Premises

8. On 1 October 2015 (when the Firm was authorised), the Authority imposed the Requirement on the Firm. The Requirement states that the Firm is not permitted to canvass regulated borrower-lender-supplier agreements or regulated consumer hire agreements off trade premises.
9. The Firm has been trading in breach of this requirement from the time of its authorisation by attending the homes of consumers, without a prior appointment, with a view to persuading them to enter into credit agreements in order to purchase vacuum cleaners.

Affordability checks

10. It appears to the Authority that the Firm has entered into consumer credit agreements without conducting adequate creditworthiness assessments, as it is required to do under CONC 5.2.1(R). For example:
 - a) On at least two occasions, the Firm entered into a consumer credit agreement despite being told by the customers that they could not afford the credit (for example, because they were unemployed); and
 - b) On a separate occasion, a consumer credit agreement caused a customer's bank account to become overdrawn and certain bills to go unpaid.

Principle 6

11. Principle 6 requires the Firm to pay due regard to the interests of its customers and to treat them fairly. CONC 2.2.2(G) provides some examples of behaviour which is likely to contravene Principle 6. These examples include "*targeting customers with regulated credit agreements which are unsuitable for them, by virtue of their indebtedness, poor credit history, age, health, disability or any other reason*" and "*subjecting customers to high-pressure selling, aggressive or oppressive behaviour, or unfair coercion*".
12. The Authority considers that the Firm's sales practices are in contravention of Principle 6. The Authority has seen evidence that the Firm has engaged in some of the following practices:
 - a) Targeting customers with credit agreements which are unsuitable for them, by virtue of their age, poor credit history, indebtedness or disability; and
 - b) Subjecting customers to high pressure selling, aggressive or oppressive behaviour.
13. For example, on one occasion, the Firm's representative remained at the home of a consumer who, on the day of the visit, had received news that a close relative had passed away that day. Despite being asked to leave by the customer on more than one occasion, the Firm's representative remained on the premises for approximately three hours and as a result, the customer entered into a consumer credit agreement for the purchase of a new vacuum cleaner so that the representative would leave her home.
14. On another occasion, the Firm entered into a credit agreement with a 78 year old man with reading difficulties in order to facilitate the purchase of a vacuum cleaner. The customer had already bought two vacuum cleaners on credit and spent thousands of pounds on servicing them over the previous six years. The credit agreement put the customer under financial stress and he was unable to explain the payments coming from his bank accounts.

Misleading the Authority

15. The Authority has been misled by the Firm on a number of occasions:

- a) On 9 August 2017, the Firm stated to the Authority that “*we believed we did have permission to canvass off trade premises*”. However, given previous correspondence between the Firm and the Authority, the Authority considers that the Firm could not have reasonably believed that it had the right to canvass off trade premises. In particular, when the Firm initially submitted its application for authorisation, the Authority sought clarification from the Firm as to its business model and was told by the Firm that it would not be canvassing off trade premises. Accordingly, the Authority granted the Authorisation with the Requirement in place.
- b) On 9 August 2017, in support of the statement at paragraph 15(a), the Firm told the Authority that it had permission to canvass off trade premises whilst it was licensed by the OFT. However, correspondence between the Firm and the OFT shows that the Firm, having requested permission to canvass off trade premises in its application, was told by the OFT that a licence would not be granted on those terms. The Firm withdrew its request and was granted a licence without such permission. Accordingly, the Authority considers that the Firm must have known in August 2017 that it did not have permission to canvass off trade premises whilst licensed by the OFT.
- c) On 22 January 2018, the Firm stated that it only canvassed off trade premises for business brokered to another lender. However, witness statements provided by the Firm’s customers show that the Firm entered into consumer credit agreements where it was the lender.
- d) On 2 August 2017, in an application for a variation of permission to enable it to canvass off trade premises, the Firm represented to the Authority that it had not completed any credit agreements which would have required the permission which was being sought in the application. In fact, as the Firm must have known, it had entered into many such agreements.

Failure to be open and cooperative with the Authority

- 16. Principle 11 requires a firm to be open and cooperative in its dealings with the Authority and chapter 15 of SUP includes detailed rules and guidance on information that firms should provide to the Authority.

Failure to notify the Authority of an investigation by another regulatory authority

- 17. SUP 15.3.15(R) requires a firm to notify the Authority of disciplinary measures or sanctions that have been imposed by any statutory or regulatory authority, competition authority, professional organisation or trade body (other than the Authority) or when the firm becomes aware that one of those bodies has started an investigation into its affairs. The Firm is under investigation by another regulatory authority in respect of the way that it conducts its business, and discovered that it was under investigation in March 2017, but failed to notify the Authority of this investigation.

Failure to inform the Authority it was breaching its requirement not to canvass off trade premises

- 18. On 19 June 2017, the Firm began drafting an application on the Authority’s authorisation system to remove the requirement not to canvass off trade

premises. The Firm therefore must have known that it was subject to this requirement. The Firm had been canvassing off trade premises while the requirement was in place, and breached Principle 11 by failing to notify the Authority that it was in breach of the requirement.

Unreliability of Firm's claims

19. The Firm has been unreliable in its dealings with the Authority. In particular:
 - a) The Firm indicated as early as 22 January 2018 that it no longer requires the permission to broker credit and that it was willing to cede this permission. However, as at 31 July 2018, it has not applied to the Authority to do so. This is despite having been invited by the Authority to submit the necessary application, and having been chased by the Authority on 26 April 2018, 16 May 2018 and 6 June 2018.
 - b) The Firm also indicated on 22 January 2018 that it intended to wind down its business and would surrender its permission when that was done, which at the time of writing was anticipated to be June/July 2018. The Firm has not applied to cancel its permission and nor has it informed the Authority of its intentions going forward.
 - c) Upon learning that the Firm intended to wind its business down, the Authority sought clarification of various matters concerning the consequences of doing so on 13 March 2018. The Firm was set a deadline of 16 March 2018 to respond. The answers given by the Firm were inadequate and further clarification was sought on 16 May 2018, with a deadline of 18 May 2018. That correspondence remains unanswered as of 31 July 2018.

The Firm's connection to unfit persons

20. The Firm is connected to a number of unfit persons; X Ltd, and two individuals connected to X Ltd. The Firm has a financial connection to X Ltd, one of the individuals is the ultimate controller of X Ltd, and the other individual has carried out sales for both the Firm and X Ltd. Prior to October 2012, X Ltd operated a similar business model to the Firm. A key similarity was the sale of the same premium brand vacuum cleaners on credit. The OFT, which licensed X Ltd, determined that it was unfit and that its licence should be revoked. On referral to the First-Tier Tribunal, the decision was upheld. In the course of that decision, the First-Tier Tribunal also found that one individual connected to X Ltd (its ultimate controller) was unfit and that another had engaged in unfair business practices.
21. The Firm's substantial connections to X Ltd and the two individuals referred to above, as well as the findings of the OFT and the First-Tier Tribunal, call into question whether the Firm is fit and proper. This is particularly the case given that the Firm is carrying on substantially the same business model as that operated by X Ltd, and the Authority considers that the ultimate controller of X Ltd is also the ultimate controller of the Firm.

Conclusion

22. On the basis of the facts and matters set out above, the Authority considers that the Firm is not fit and proper having regard to all the circumstances. As a result, it appears to the Authority that the Firm is failing to satisfy the threshold condition in paragraph 2E of Schedule 6 to the Act (suitability).
23. In addition, the Authority considers that consumers are likely to continue to be harmed by the Firm's practices if it is permitted to continue trading with the same permissions. Accordingly, the Authority considers that the action in paragraphs 1 to 3 of this Notice is appropriate and proportionate in order to advance its consumer protection objective.
24. The Authority, having regard to the grounds for taking the action set out in paragraphs 1 to 3 of this Notice, reasonably considers it necessary that:
 - a) the action set out in paragraphs 1 and 3 takes effect immediately; and
 - b) the action proposed in paragraph 2 takes effect on 1 November 2018.

PROCEDURAL MATTERS

25. This First Supervisory Notice is given to the Firm under section 55Y(4) of the Act, and in accordance with section 55Y(5) of the Act.
26. The following paragraphs are important.

Decision Maker

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

The Tribunal

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

<http://www.justice.gov.uk/forms/hmcts/tax-and-chancery-upper-tribunal>

31. A copy of Form FTC3 must also be sent to Rory Neary at the Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS at the same time as filing a reference with the Upper Tribunal.

Representations

32. The Firm has the right to make written and oral representations to the Authority (whether or not it refers this matter to the Tribunal). The deadline for providing written representations and/or notifying the Authority that the Firm wishes to make oral representations is **16 August 2018**, or such later date as may be permitted by the Authority. The address for doing so is:

Lynn Cheesman
Decision-Making Committees Secretariat
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Publicity

33. The Firm should note that section 391 of the Act requires the Authority, when this Notice takes effect, to publish such information about the matter as it considers appropriate.

Contacts

34. For more information concerning this matter generally, the Firm should contact Rory Neary at the Authority (direct line: 020 7066 7972).
35. If the Firm has any questions regarding the procedures of the Regulatory Decisions Committee, it should contact Lynn Cheesman (direct line: 020 7066 3192).

Tim Parkes
Chair, Regulatory Decisions Committee

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives are set out in section 1B of the Act and include securing an appropriate degree of protection for consumers (section 1C).
2. Section 55J of the Act allows the Authority to remove a regulated activity from those to which an authorised person's Part 4A permission relates where it is desirable to do so in order to advance one or more of the Authority's operational objectives (section 55J(1)(c)) or where a firm is failing, or is likely to fail, to satisfy the threshold conditions for which the Authority is responsible (section 55J(1)(a)).
3. Section 55L of the Act allows the Authority to impose a requirement on an authorised person with a Part 4A permission where it is desirable to do so in order to advance one or more of the Authority's operational objectives (section 55L(2)(c) or where a firm is failing, or is likely to fail, to satisfy the threshold conditions for which the Authority is responsible (section 55L(2)(a)).
4. Section 55Y of the Act allows a requirement or variation imposed under the own-initiative requirement power or own initiative variation power to take effect immediately (or on a specified date) only if the Authority, having regard to the ground on which it is exercising its own-initiative power, reasonably considers that it is necessary for the requirement to take effect immediately (or on that date).
5. Section 391 of the Act provides that:

“[...]”

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

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

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

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

(7) Information is to be published under this section in such manner as the [Authority] considers appropriate.”
6. Paragraph 2E to Schedule 6 to the Act states that:

“A must be a fit and proper person having regard to all the circumstances, including-
[...]

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

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

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

(f) whether A's business is being, or is to be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner";

[...]."

RELEVANT HANDBOOK PROVISIONS

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

Guidance concerning the relevant threshold conditions

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

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

9. COND 2.5.1A(1) reproduces paragraph 2E of Schedule 6 to the Act ("the Suitability Threshold Condition") (as set out in part above).
10. COND 2.5.3G(1) states that the Authority may consider that a firm is not suitable because of doubts over the individual or collective suitability of persons connected with the firm.
11. COND 2.5.4G(2) provides examples of general considerations to which the Authority may have regard in assessing whether a firm will satisfy and continue to satisfy the Suitability Threshold Condition.
12. COND 2.5.6G provides that the Authority may have regard when assessing whether a firm will satisfy, and will continue to satisfy the threshold conditions, to whether the firm has been open and co-operative in all of its dealings with the Authority and is ready, willing and organised to comply with the requirements and standards under the regulatory system.

CONC – Consumer Credit Sourcebook

13. CONC 2.2.2G sets out a number of examples of behaviour by or on behalf of a firm which the Authority considers is likely to contravene Principle 6 including:

"(1) targeting customers with regulated credit agreements which are unsuitable for them, by virtue of their indebtedness, poor credit history, age, health, disability or any other

reason;

(2) subjecting customers to high-pressure selling, aggressive or oppressive behaviour, or unfair coercion."

14. CONC 5.2.1R requires firms to carry out adequate creditworthiness assessments prior to lending and lists factors which firms must consider.

PRIN – Principles for Businesses

15. PRIN 1.1.2G states that the Principles are a general statement of the fundamental obligations of firms under the regulatory system. PRIN includes:

Principle 6 - *"A firm must pay due regard to the interests of its customers and treat them fairly";* and

Principle 11 - *"A firm must deal with its regulators in an open and cooperative way, and must disclose to the [Authority] appropriately anything relating to the firm of which that regulator would reasonably expect notice".*

SUP – Supervision

16. Chapter 15 of SUP includes detailed rules and guidance on information that firms should provide in order to comply with Principle 11.
17. SUP 15.3.15R(3) provides that a firm must notify the Authority immediately if measures or sanctions have been imposed on the firm by any statutory or regulatory authority, competition authority, professional organisation or trade body (other than the Authority) or the firm becomes aware that one of those bodies has started an investigation into its affairs.

OTHER RELEVANT REGULATORY PROVISIONS

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

Imposing requirements on the Authority's own-initiative

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

regulatory requirements. EG 8.2.3(1) and (2) specifies that the Authority may consider it appropriate to exercise its powers where it has serious concerns about a firm or the way its business is being or has been conducted and it is concerned that the consequences of a firm not taking the desired steps may be serious. EG 8.2.6 gives examples of the circumstances in which the Authority will consider varying a firm's Part 4A permission because it has serious concerns about a firm, or about the way its business is being or has been conducted. These include:

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

[...]

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

[...]

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

[...]”

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

Use of the own-initiative powers in urgent cases

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

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

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

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

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

[...]

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

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

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

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

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

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

[...]”