
FIRST SUPERVISORY NOTICE

To: **Verus Financial Services Limited**

Reference Number: **765214**

Address: **167-169 Great Portland Street
5th Floor, London
W1W 5PF**

Date: **24 October 2025**

1 ACTION

1.1 For the reasons given in this First Supervisory Notice, and pursuant to section 55J(2)(a)(ii) and 55L(3)(a) of the Financial Services and Markets Act 2000 ("**the Act**"), the Financial Conduct Authority ("**the Authority**") has decided to impose on Verus Financial Services Limited ("**the Firm**") a variation of the Firm's Part 4A permission to perform regulated activities ("**the Variation**") and the following requirements ("**the Requirements**").

Variation of permission

1.2 The Authority has decided that the Requirements and the Variation will come into immediate effect. The Authority has decided to vary the Part 4A permissions granted to the Firm by removing all regulated activities for those to which the permission relates.

1.3 The Authority has decided to impose the following Requirements:

Assets Requirement

- 1) Unless permitted by paragraph 1.3(2) below, 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 (whether in the United Kingdom or elsewhere).

- 2) Paragraph 1 does not apply to monetary payments or the disposal of assets made by the Firm in the ordinary and proper course of business, amounting to no more than £1000 whether as a single transaction or a combination of related transactions (or £3,000 in the case of legal expenses).
- 1.4 For the avoidance of doubt, for the purposes of paragraph 1.3(2) above, the following would be in the ordinary course of business:
- 1) any and all fees incurred or paid in exchange for professional advisory services.
 - 2) any amounts due to be paid to creditors (other than creditors listed in the paragraph 1.5(2) below) for sums incurred prior to the imposition of the cancellation of permission and requirements, including but not limited to suppliers' fees and sums owing to HMRC.
 - 3) 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 1.5(2) below)
- 1.5 For the avoidance of doubt, for the purposes of paragraph 1.4 above, the following payments would not be regarded as payments made in the ordinary course of business:
- 1) the making of any capital distribution to the Firm's shareholders whether by way of capital distribution or dividends. Payments of unusual or significant amounts to the Firm's controllers, shareholders, directors, officers, employees or any connected persons;
 - 2) any payment to directors, officers, employees, and/or any connected entities or persons;
 - 3) the making of any gift or loan by the Firm to any party; or
 - 4) the entry into any financial reconstruction, sale of any part of the Firm (whether share or asset based) or reorganisation.

Records Retention

- 1.6 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 Friday, 31 October 2025, such that they can be provided to the Authority, or a person named by the Authority, promptly on its request.
- 1.7 The Firm must provide written confirmation to the Authority that it is complying with the Variation and the Requirements by Friday, 31 October 2025.

Notification requirements

- 1.8 By close of business on Friday, 31 October 2025, 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 Variation and the Requirements.

- 1.9 The Firm must as soon as possible, and by no later than close of business on Friday, 31 October 2025, notify all its current customers in writing of the imposition of the terms and effects of the Variation and the Requirements. This must be in a form to be agreed in advance with the Authority.
- 1.10 Once the notifications referred to in sub-paragraphs 1.8 and 1.9 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 (1.9);
 - (ii) a list of all parties to whom notifications have been sent pursuant to sub-paragraph (1.9); and
 - (iii) confirmation that, to the best of its knowledge, the Firm has sent notification pursuant to sub-paragraph (1.9) to all relevant parties.
- 1.11 The Firm must as soon as possible, and by no later than close of business on Tuesday, 4 November 2025, notify all its current customers in writing of the imposition of the terms and effects of the Variation and the Requirements. This must be in a form to be agreed in advance with the Authority.
- 1.12 The 2023 VREQ will be superseded by the operation of Requirements 1.3 to 1.5 above.
- 1.13 The 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, in respect of the Firm, it is necessary to exercise its power under section 55L(2)(a) and 55L(3)(a) of the Act to impose the Requirements, and to exercise its power under section 55J(1) and (2)(a) of the Act to impose the Variation on the Firm because it is failing, or is likely to fail, to satisfy the Threshold Conditions and 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.
- 2.2 The Authority has identified serious concerns relating to the Firm in that its conduct appears to demonstrate that it poses a significant risk of harm to consumers. Specifically, the Authority has serious concerns that the Firm is not a fit and proper person in relation to the regulated activities which it carries on or seeks to carry on as required by the Threshold Conditions at paragraph 2E of Schedule 6 to the Act and has repeatedly and deliberately acted in breach of an asset restriction imposed by the Authority.
- 2.3 The Authority considers that imposition of the Requirements and Variation should take immediate effect because:
 - 1) The Firm has, by its own admission, repeatedly and deliberately acted in breach of an asset restriction contained in a voluntary variation of requirement the Firm signed on 7 September 2023 ("**the 2023 VREQ**"), which sought to prevent the

Firm from making payments in excess of £5,000, without the prior written consent of the Authority;

2) The Firm has failed to comply with a decision by the Financial Ombudsman Service dated 30 June 2024 made against the Firm and in favour of a customer ("**the Award**"), contrary to DISP 3.7.12.1R, and Principle 6 (Customer's interest); and

3) The Authority has serious concerns that the Firm has not been open and co-operative with the Authority as regards paragraph 2.3 (1) and (2) above, as well as regarding the nature of its compliance with the Authority's request for the provision of information, contrary to Principle 11 (Relationship with regulators).

2.4 The Authority considers that the Requirements and Variation 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).

3 DEFINITIONS

3.1 The definitions below are used in this First Supervisory Notice:

"the 2023 VREQ" means the voluntary variation of requirement the Firm signed on 7 September 2023 which sought to prevent the Firm from making payments in excess of £5,000, without the prior written consent of the Authority;

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

"the Authority" means the Financial Conduct Authority;

"the Firm" means Verus Financial Services Limited;

"the FOS" means the Financial Ombudsman Service;

"the Threshold Conditions" are 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;

"Company A" means is an entity connected with the Firm;

"Director A" means the Firm's sole director;

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

"Mr B" means the unregulated individual who Mr G had received advice from via the Firm;

"Mr G" means the FOS complainant;

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

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

"SMF" means senior management function holder;

"Tribunal" means the Upper Tribunal (Tax and Chancery Chamber);

“Variation” means the terms imposed on the Firm by this First Supervisory Notice as outlined in section 1 above;

“VREQ” means a requirement, or requirements imposed on an authorised person with Part 4A permission, where the authorised person has applied to the Authority to impose the requirements on its Part 4A permission, pursuant to section 55L(5)(a) of the Act.

4 FACTS AND MATTERS

Background

- 4.1 The Firm was incorporated on 21 November 2016 and authorised on 1 March 2017. It operates as a financial intermediary, providing services related to credit intermediation and other financial brokerage or advisory activities.
- 4.2 The Firm has permissions, with relevant exceptions as set out in the financial services register, to conduct business in insurance, mortgage and home finance, pensions, and investments. The Firm cannot hold and cannot control client money.
- 4.3 Director A is the Firm’s sole director who also holds the following senior management functions in the Firm: SMF1 (Chief Executive), SMF3 (Executive Director) SMF16 (Compliance Oversight) and SMF17 (Money Laundering Reporting). Company A is the significant controller of the Firm and Director A is the sole director and sole person with significant control of Company A.

Failings and risks identified

Failure to pay FOS Award

- 4.4 On 16 June 2023, Mr G wrote to the Firm regarding advice he received from the Firm via Mr B on his pension. Mr G stated that his pension had been invested in a *“totally unsuitable fund which is totally outside my investment appetite ... two major reasons why this fund is totally unsuitable for my needs had you done your proper due diligence”*. Mr G alleged, amongst other things, that the Firm had incorrectly categorised him as an elective professional client and that Mr A had recommended that he invest in a non-standard investment (“NSI”).
- 4.5 On 20 November 2023, Mr G filed a complaint against the Firm to the FOS on the basis that (i) the Firm had recommended to him in 2022 an unsuitable pension switch and a Discretionary Fund Management (‘DFM’) service; (ii) both recommendations were for the purpose of facilitating an unsuitable high risk NSI in his Self-Invested Personal Pension (‘SIPP’); (iii) his holding in the investment is worthless, so his SIPP has lost all its value; and (iv) the Firm is responsible for the unsuitable advice, his financial loss and the trouble the matter has caused him.
- 4.6 On 30 June 2024, the FOS upheld Mr G’s complaint against the Firm. The FOS ordered the Firm to pay Mr G redress in the amount of £415,000 (the “Award”).
- 4.7 On 25 July 2024, Mr G accepted the FOS decision within the acceptance deadline which therefore meant that the FOS decision became binding on the Firm as per DISP 3.6.6.3R, and the award became due and owed to Mr G.
- 4.8 On 22 January 2025, the Firm informed the Authority that it was *“in the process of working out the details of a settlement and have asked them [Mr G] for their approval for outline of this today”*.

- 4.9 On 9 June 2025, Mr G informed the Authority that whilst he had agreed in principle with the Firm in April 2025 that the claim would be repaid over an extended period of time, he had not heard from the Firm since then. He stated further that, in his view, the Firm used its April 2025 exchanges with him to convince the Authority that it can continue trading. He also stated that he lost all confidence in the Firm's integrity to complete such a staged payment or indeed make any payment towards the Award.
- 4.10 On 24 July 2025, the Authority held a meeting (via MS Teams) with the Firm. During that call, Director A stated that he had been *"trying to work out what to do and £415,000 is a lot of money to find"*. Director A also stated that a proposed sale of the Firm had failed and that the Firm *"cannot afford the first £100,000 instalment at this time"*.
- 4.11 The Authority was provided with copies of correspondence between the Firm and Mr G covering the period July-September 2025 relating to the Firm's proposed repayment instalment arrangement. The correspondence showed that on 28 July 2025 the Firm informed Mr G there was a new prospective purchaser of the Firm who had made an offer, but the offer was dependent on Mr G agreeing to settle the claim according to terms outlined by the Firm; and requested Mr G's continued forbearance and stated that, *"nothing is more important to the company right now, than getting to the point of successful agreement with you"*.
- 4.12 On 2 August 2025, Mr G responded that he could not agree to the Firm's proposal because his trust in the Firm had been severely damaged, as there had been a lack of transparency or detail provided to him and because there had been no visibility on the new buyer or the offer. Mr G also stated that his confidence in a staged settlement had deteriorated significantly and so he was retracting the initial potential plan and proposed a counter settlement offer.
- 4.13 On 16 September 2025, the Firm informed Mr G that it had an offer to purchase and *"without the agreement to settle the claim, the sale cannot be completed. If this is the case, there will be no option but to close the firm and the terms remain as previously agreed"*.
- 4.14 To date, the Firm has not paid the Award, despite the Award being due for payment for over fourteen months.

Breaches of the 2023 VREQ

- 4.15 On 1 September 2023, the Authority advised the Firm of its concerns about the involvement of Mr B and the potential harm in the Firm's back book. On 7 September 2023 the Firm signed a VREQ which restricted the Firm's assets in anticipation of a potential significant redress bill.
- 4.16 The assets restriction required the Firm to seek the Authority's prior written consent for any monetary payments or the disposal of assets made in the ordinary course of business that exceeded £5,000, whether as a single transaction or a combination of related transactions.
- 4.17 On 9 June 2025 the Authority requested bank statements from the Firm for the period 1 June 2023 to 9 June 2025. The deadline for the Firm's response was 16 June 2025.
- 4.18 The Firm did not comply with this deadline and provided the bank statements on 2 July 2025, following requests from the Authority on 17 June; 24 June; 25 June; 26

June; 27 June and 30 June 2025 to do so.

4.19 Analysis of the statements shows the Firm made nine payments between 7 September 2023 and 2 July 2025, which were above £5,000K. These are set out in the table below.

Breach ref	Date	Description	Debit amount (£)
1	30 October 2023	Outward Faster Payment invoice	5,264.00
2	15 November 2023	Outward Faster Payment	5,726.67
3	9 September 2024	Outward Faster Payment to Company A	21,000.00
4	10 September 2024	Outward Faster Payment to Company A	18,000.00
5	25 September 2024	Direct Debit	40,145.61
6	25 November 2024	Direct Debit	34,757.74
7	24 January 2025	Outward Faster Payment	6,000.00
8	25 February 2025	Outward Faster Payment to Company A	16,000.00
9	12 May 2025	Outward Faster Payment BANK UK PLC Leicester	9,708.00

4.20 The Firm did not seek the Authority's prior written consent before making any of these nine payments, in breach of the 2023 VREQ.

4.21 In a call with the Authority on 24 July 2025, Director A stated the following in relation to payments to Company A: *"I put money in for that as a Directors Loan. It's a property company I have got. It made a commercial investment that is expected to pay very big dividends, and it was worth doing that ... Money is due to come in literally right now. Not sure of value, minimum of £50,000 to £100,000. I know it was a risk, and I know I might have breached some rules. I did it in part as it is my company and I have got to take actions that sometimes help it even if that means taking a risk ..."*

4.22 During the call on 24 July, the Authority reminded Director A that he had signed a VREQ with an asset restriction which states that the Firm can't make payments over £5,000 without prior written consent" and suggested to Director A that these payments appeared to breach the 2023 VREQ". Director A acknowledged this and replied: *"I agree with that"*.

4.23 The Firm, through Director A, has deliberately and blatantly breached the terms of

the 2023 VREQ and failed to inform the Authority of such breaches.

5 CONCLUSION

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

Analysis of failings and risks

Failure to comply with the Suitability Threshold Condition (COND 2.5.1A, paragraph 2E of Schedule 6 to the Act)

- 5.2 The Authority has serious concerns about the Firm's compliance with the Threshold Conditions. The Threshold Conditions are minimum requirements that firms need to meet in order to be authorised and to continue carrying on regulated activities.

- 5.3 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) 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 as 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 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)).

- 5.4 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:

1) 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); and

2) whether the firm has contravened any provisions of the Act or any preceding financial services legislation, the regulatory system or the rules, regulations, [or] statements of principles (COND 2.5.6(4)G).

Breaches of the 2023 VREQ

- 5.5 As set out above, from its analysis of bank statements the Firm provided to the Authority, Supervision has identified that the Firm made nine payments between 7 September 2023 and 2 July 2025, which were above £5,000K. The Firm did not seek the Authority's prior written consent for these payments.

- 5.6 Director A agreed with the Authority's analysis that these payments were made in breach of the 2023 VREQ. Director A also stated: "*I know it was a risk, and I know*

I might have breached some rules. I did it in part as it is my company and I have got to take actions that sometimes help it even if that means taking a risk”.

- 5.7 Therefore, the Firm, by its by its own admission, deliberately and repeatedly acted in breach of the 2023 VREQ. Further, the Firm stated that it recognised the risk of making the payments above the £5,000 limit but still decided to take that risk. This indicates that Director A, the person responsible for managing the Firm’s affairs, may have acted with probity.

Failure to pay Financial Ombudsman Service Award

- 5.8 DISP 3.7.12.1R provides that a respondent must comply promptly with any award or direction made by the Ombudsman. As stated above, Mr G accept the Award on over 14 months ago.
- 5.9 The Firm has failed to pay the Award to Mr G, contrary to DISP 3.7.12.1R as well as of Principle 6 (Customer’s interest).
- 5.10 On 24 July 2025, the Firm stated that it could not even “*afford the first £100,000 instalment at the minute*”, let alone the entire Award. This, and the Firm’s continued failure to pay the Award indicates that the Firm is not in a position to meet its liabilities as they fall due. It also indicated that 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.

Failure to comply with Principle 11 (Relationship with regulators)

- 5.11 Principle 11 provides that 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.
- 5.12 The Authority considers that the Firm has not dealt with the Authority in an open and cooperative matter. This includes:
- 1) The nature of its compliance with the Authority’s requests for the provision of information, for example in relation to the engagement with the Firm regarding the provision of bank statements – which can be characterised as slow, protracted, misleading, all of which makes it difficult for the Authority to effectively supervise the Firm;
 - 2) The Firm’s ongoing failure to pay the Award is compounded by its repeated breach of the 2023 VREQ, which indicates that the Firm has deliberately adopted an approach of dissipating its funds with the aim of avoiding payment of the Award, irrespective of all the assurances it has given to Mr G and the Authority.
- 5.13 Therefore, the Authority considers that the Firm may have failed to comply with the requirements of Principle 11.

The Authority’s operational objective of consumer protection

- 5.14 The Authority’s operational objective of consumer protection requires the Authority to ensure an appropriate degree of protection for consumers (Section 1C of the Act). The Authority considers that the Firm represents a serious ongoing risk of harm to consumers. As stated above, the Firm has Failed to the Award, for over 14 months. Further, the Firm has deliberately and repeatedly breached the term of the assets restriction in the 2023 VREQ, and it appears the Firm has done so in an attempt to avoid paying the Award.

- 5.15 The Authority has concluded, in light of the matters set out above, that it is necessary to exercise its own-initiative power under section 55L(3)(a) of the Act by imposing the Requirements to prevent any dissipation of assets and to vary the Part 4A permission to remove its regulated activities pursuant to section 55J(2)(a)(ii) with immediate effect in order to protect the interests of consumers.
- 5.16 The Authority considers that the Requirements and Variation are a proportionate and appropriate means to address the current and immediate risks and are desirable in order to advance the Authority's operational objective of consumer protection.

Timing and duration of the Requirements

- 5.17 It is necessary to impose the Requirements and the Variation to take immediate effect given the seriousness of the risks and the need to protect consumers.
- 5.18 The Authority considers that the Requirements and Variation 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 **Wednesday, 12 November 2025** 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 (Markets)

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.

FCA Handbook

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 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 application is granted.
18. 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.
19. 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.
20. 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.
21. COND 2.5.6G states that in assessing the Threshold Conditions set out in paragraphs 2E and 3D of Schedule 6 to the Act (which includes the Suitability Threshold Condition), the Authority will have regard to particular considerations including, but not limited to, whether the firm:
 - (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.

The Principles for Businesses ("PRIN")

22. 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.
23. 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 regulator would reasonably expect notice.