

Warning notice statement 14/8

The Financial Conduct Authority (the FCA) gave an individual a Warning Notice on 6 March 2014 proposing to take action in respect of the conduct summarised in this statement.

IMPORTANT: a warning notice is not the final decision of the FCA. The individual has the right to make representations to the Regulatory Decisions Committee (RDC) which, in the light of those representations, will decide on the appropriate action and whether to issue a decision notice. The RDC is a Committee of the FCA Board which decides whether the FCA should give certain statutory notices described as within its scope by the FCA's Handbook.

If a decision notice is issued, the individual has the right to refer the matter to the Upper Tribunal which would reach an independent decision on the appropriate action for the FCA to take, if any.

If either the RDC or the Upper Tribunal decide that no further action should be taken, the FCA will publish a notice of discontinuance provided it has the individual's consent.

The following is a summary of the reasons why the FCA gave the individual a Warning Notice:

- The FCA considers that the individual, who was approved to perform the significant influence functions of chief executive and director at an insurance mediation firm, failed to act with due skill, care and diligence in relation to the handling of client money at the firm, and failed to ensure that the firm complied with the relevant requirements and standards of the regulatory system, in contravention of Statements of Principle 2 and 7 of the FCA's Statements of Principle and Code of Practice for Approved Persons.
- In particular, the FCA considers that the individual, between 1 April 2011 and 30 June 2012:
 - created and used inaccurate client money calculations for the firm;
 - caused the firm to fail to handle client money in accordance with the relevant rules and requirements of the regulatory system by having:
 - caused the firm to apply premiums, which were given to it by customers for the purposes of arranging insurance policies, for its own business costs;
 - failed to use information available to ensure that the firm only transferred monies from its client premium accounts which were properly due to the firm in commission earned;

- o failed to take necessary steps to understand the requirements of the regulatory system under which the firm was operating and the responsibilities associated with the individual's significant influence functions.