Financial Conduct Authority

Warning Notice Statement 15/1

The Financial Conduct Authority (the FCA) gave an individual a Warning Notice on 12 May 2015 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 decides 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 individual held the significant influence function of CF1 (Director) at a business which advised customers on a range of investment products.

- The FCA considers that the individual failed to act with due skill, care and diligence, in contravention of Statement of Principle 6 of the FCA's Statements of Principle for Approved Persons.

- In particular, the FCA considers that the individual, between 24 February 2010 and 20 December 2012:

    - developed and maintained an approach to the business which focused insufficiently on the fair treatment of customers by electing to exercise lower levels of control over its representatives than should have been the case. As a consequence there was an increased risk of the business being unaware of, or unable to prevent, the giving of unsuitable advice or the sale of unsuitable investments;

    - in maintaining such an approach to the business, failed to respond with due skill, care and diligence to the risk that the business's processes and controls in respect of its representatives were not fit for purpose and would negatively impact the fair treatment of customers;

    - did not take adequate steps to ensure that appropriate controls and arrangements were put in place to mitigate adequately the inherent risk in the business model; and

    - failed to develop and maintain a business model which adequately addressed past advice failures.

- As a consequence of these failings, the risks to customers were not adequately identified or managed, thereby causing potential consumer detriment.