

Warning Notice Statement 22/3

Individual A

1. The Financial Conduct Authority (the FCA) gave a warning notice on 10 August 2022 to an individual (Individual A) working as a director and independent financial adviser at an advisory firm (Firm A) whilst an approved person 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.

2. The following is a summary of the reasons why the FCA gave Individual A a warning notice:
 - The FCA considers that Individual A breached Principle 1 of the FCA's Statements of Principle for Approved Persons when carrying out their controlled functions.
3. In particular, the FCA considers that:
 - Individual A dishonestly arranged to receive, and for other advisers at Firm A to receive, prohibited commission payments derived from investments made by Firm A's customers. These payments were funnelled via companies connected to the individual and intentionally designed to disguise their true origins.
 - Individual A dishonestly established, maintained and concealed a conflict of interest that was at the heart of Firm A's business model so that he, and the other advisers, could receive the prohibited commission payments.
 - Individual A dishonestly advised Firm A's customers to invest in high-risk, illiquid investments and made misleading statements in application forms about the customers.
 - Individual A dishonestly advised and persuaded Firm A's customers to transfer out of the British Steel Pension Scheme despite knowing it was

not in their best interests and created suitability reports containing contrary advice to remain in the scheme in order to disguise the true nature of the advice.

- Individual A dishonestly withheld the existence of exit fees from Firm A's customers and misled customers about the existence of the exit fees.
 - Individual A, in their capacity as Firm A's director, dishonestly allowed two people to provide pensions advice to Firm A's customers without being approved persons, recklessly disregarding the risk to those customers' interests, and misled the FCA about it.
 - Individual A also misled the Authority about the prohibited commission payments whilst an approved person.
4. The FCA considers that Individual A's conduct amounts to a failure to comply with regulatory requirements aimed at ensuring that customers received suitable advice and were treated fairly.

Individual B

1. The Financial Conduct Authority (the FCA) gave a warning notice on 10 August 2022 to an individual (Individual B) working as an independent financial adviser at Firm A, and as a director and independent financial advisor at a second advisory firm (Firm B) whilst an approved person 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.

2. The following is a summary of the reasons why the FCA gave Individual B a warning notice:
 - The FCA considers that Individual B breached Principle 1 of the FCA's Statements of Principle for Approved Persons when carrying out their controlled functions.
3. In particular, the FCA considers that:
 - Individual B dishonestly received prohibited commissions payments derived from investments made by Firm A's customers.
 - Individual B recklessly ignored the risks of high-risk, illiquid investments when advising Firm A's customers.
 - Individual B dishonestly sought to mislead the Authority about Firm B's role in arranging and/or advising customers to invest in high-risk investments.
 - Individual B recklessly allowed Firm B to receive ongoing service fees and trail commission from Firm B's customers without their knowledge, consent or actually providing any ongoing service.
4. The FCA considers that Individual B's conduct amounts to a failure to comply with regulatory requirements aimed at ensuring that customers received suitable advice and were treated fairly.