

Warning Notice Statement 23/1

1.1 The Financial Conduct Authority (“the FCA”) gave the following two individuals warning notices on 28 September 2022 proposing to take action (being the imposition of financial penalties) in respect of the conduct summarised in this statement.

- An individual (Individual A) working as a partner whilst an approved person at the Firm; and
- An individual (Individual B) working as a partner whilst an approved person at the Firm.

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.

1.2 The following is a summary of the reasons why the FCA gave the individuals warning notices:

- The FCA considers that the individuals engaged in reckless conduct that demonstrates that they lack integrity.
- The conduct took place between 1 October 2015 and 31 July 2016 (“the Relevant Period”).

1.3 In particular, the FCA considers that, during the Relevant Period:

- Individual A and Individual B recklessly permitted the Firm to operate a seriously flawed advice model for defined benefit pension transfers (“the Pension Transfer Model”) in partnership with an unauthorised introducer firm (“the Introducer”). The Firm failed to gather sufficient information from clients, or take into account information on the onward investment scheme, in order to provide suitable pension transfer advice.
- Individual A and Individual B failed to assess the obvious deficiencies of the Pension Transfer Model and the risks of detriment it posed to the Firm’s clients, and failed to ensure that the Firm performed sufficient and adequate due diligence on introducers and the investments which they promoted to clients.
- Individual A and Individual B failed to respond to warning signs they received in respect of the obvious deficiencies of the Pension Transfer Model and the risks of detriment it posed to the Firm’s clients.
- Individual B failed to address the risk that clients introduced to the Firm by the Introducer would be encouraged to transfer out of their defined benefit pension schemes and invest in high-risk, illiquid and unregulated investments which were unlikely to be suitable for them, notwithstanding the obvious indications he received of the Introducer’s material financial interest in promoting those investments.

1.4 The FCA considers that the individuals’ respective conduct amount to a failure to comply with regulatory requirements aimed at ensuring that customers received suitable advice and were treated fairly.