



This Decision Notice was superseded by a [Final Notice](#) dated 14 September 2016.

DECISION NOTICE

To: Money Matcher Limited

Address: Metropolitan House
20 Brindley Road
Manchester
M16 9HQ

Interim Permission reference: 628533

Dated: 9 March 2016

ACTION

1. With effect from 1 April 2014, Money Matcher was granted interim permission pursuant to article 56 of the 2013 Order to carry on the regulated activities of:
 - (a) Credit broking under article 36A of the RAO;
 - (b) Debt adjusting under article 39D of the RAO;
 - (c) Debt-counselling under article 39E of the RAO;

- (d) Debt administration under article 39G of the RAO;
 - (e) Providing credit information services under article 89A of the RAO; and
 - (f) Entering into a regulated credit agreement as lender under article 60B(1) of the RAO.
2. By an application dated 22 December 2014, Money Matcher applied under section 55A of the Act for Part 4A permission to carry on the regulated activities at 1(a) to (e) above. The Application was incomplete.
 3. For the reasons given in this Decision Notice, and in accordance with section 55X of the Act, the Authority has decided to refuse the Application.

EFFECT OF THIS NOTICE

4. As soon as this decision notice is given to Money Matcher, Money Matcher's interim permission ceases immediately to have effect. This occurs automatically by operation of law (pursuant to article 58(1)(a) of the Financial Services and Markets Act 2000 (Regulated Activities) (No 2) Order 2013). From this time, Money Matcher is no longer permitted to carry on the regulated activities set out in paragraph 1 (unless otherwise authorised or exempt to do so for the purposes of s19 of the Act).
5. Money Matcher may apply to the Tribunal to suspend this ceasing of effect: see paragraph 589 below.

SUMMARY OF REASONS

6. The Authority cannot ensure that, in relation to the regulated activities for which Part 4A permission is sought, Money Matcher will satisfy, and continue to satisfy, the Threshold Conditions.
7. In particular, the Authority is not satisfied that Money Matcher has appropriate non-financial resources to be able to meet the Threshold Condition set out in paragraph 2D of Schedule 6 to the Act (Appropriate resources), or that it is fit and proper so as to be able to meet the Threshold Condition set out in paragraph 2E of Schedule 6 to the Act (Suitability). Specifically, the Authority:
 - (a) considers that Money Matcher does not have appropriate human resources to ensure it can comply with the regulatory requirements imposed on it as a debt management firm. In particular, the Authority is not satisfied that the Director of Money Matcher has demonstrated that he has the skills and experience required to manage the business in a sound and prudent manner and with due regard to the interests of consumers; and
 - (b) has identified deficiencies in Money Matcher's systems and controls relating to compliance monitoring, quality assurance, staff training, MI and policies and procedures.
8. While Money Matcher has introduced certain policies and procedures to address some of the issues raised by the Authority in the course of considering its Application, and has stated that it has engaged consultancy services (including training) from an external firm in respect of its compliance, Money Matcher has not been able to demonstrate that its systems and controls are adequate to

ensure that it is compliant with the requirements of the regulatory system. The Authority considers that Money Matcher has not demonstrated that it is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to it if it is granted Part 4A permission. In particular:

- (a) While Money Matcher has stated its intention to appoint a compliance officer, it has not yet done so. It has stated that, in the interim, this role will be carried out by the Director; the Authority is not satisfied that that individual has the necessary skills and experience to fulfil that function on an interim basis.
 - (b) The new policies and procedures are not sufficiently detailed or tailored to Money Matcher's debt management business. Money Matcher has also not satisfied the Authority that the new policies and procedures have been effectively implemented and that, as a result of the changes it has made, it is now compliant with the relevant regulatory requirements.
 - (c) Money Matcher has not provided evidence of the scope of engagement of the external compliance consultant, nor adequate details of the training which is to be implemented. Accordingly the Authority cannot be satisfied with regard to the adequacy of these matters.
 - (d) Money Matcher has not demonstrated that its Director has the required level of competence to manage the business in accordance with the regulatory requirements or that he will do so with due skill, care and diligence.
9. Therefore, the changes made by Money Matcher to its systems and controls are not sufficient for the Authority to ensure that Money Matcher, in relation to the regulated activities for which Part 4A permission is sought, will satisfy, and will continue to satisfy, the Threshold Conditions.

DEFINITIONS

10. The definitions below are used in this Notice.

"2013 Order" means the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2013 (SI 2013/1881).

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

"Application" means the application dated 22 December 2014 made by Money Matcher for Part 4A permission, as referred to in paragraph 2 above.

"Authority" means the Financial Conduct Authority.

"COND" means the section of the Handbook entitled "Threshold Conditions".

"Director" means the individual who is the sole director and sole controller of Money Matcher.

"DMP" means debt management plan.

"IVA" means individual voluntary arrangement.

"MI" means management information.

“Money Matcher” means the applicant, Money Matcher Limited.

“OFT” means the body that before 1 April 2014 was known as The Office of Fair Trading.

“RAO” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

“SYSC” means the Senior Management Arrangements, Systems and Controls sourcebook in the Authority’s Handbook.

“Threshold Conditions” means the conditions set out in Schedule 6 to the Act for which the Authority is responsible.

“Tribunal” means the Upper Tribunal (Tax and Chancery Chamber).

RELEVANT REGULATORY PROVISIONS

11. Details of the regulatory provisions relevant to this Notice are set out in Annex A.

FACTS AND MATTERS

Background

12. Money Matcher was incorporated on 14 May 2009 and has been trading as a debt management firm since January 2012. Between this time and 31 March 2014, Money Matcher was licensed and regulated by the OFT.

13. On 1 April 2014, Money Matcher became regulated by the Authority (with interim permission reference 628533). Money Matcher applied for full authorisation on 22 December 2014 which was within the period specified by the Authority for the firm to make its application.

Overview of Money Matcher’s business

14. Money Matcher is a debt management firm.

15. Money Matcher's business model entails sourcing indebted customers who are seeking debt advice. It offers advice on a range of debt solutions though it only offers DMPs itself. The firm may refer customers to third parties if they require different debt solutions such as IVAs, or bankruptcy.

16. In order to advise customers on the available suitable debt solutions, Money Matcher has to engage in the regulated activities of debt counselling (i.e. the giving of advice to a consumer about the liquidation of a debt); and debt adjusting, most notably the activity of negotiating the terms of the discharge of debt with a customer's lenders. Money Matcher's debt advice and debt management services fall under the Authority's consumer credit regime and Money Matcher must therefore be authorised by the Authority to carry out the activities set out in its business plan.

17. If the customer agrees to enter into a DMP, Money Matcher will seek to negotiate with the customer's creditors to set up repayment plans in respect of each debt

and, if successful with one or more creditor, will receive and administer the customer's payments to such creditors.

18. Money Matcher's revenue with regard to its debt management business is from the fees it charges customers who are on active DMPs:

- (a) Money Matcher charges a fee for setting up a DMP. The fee is equivalent to two months' worth of a customer's disposable income and is spread equally over the first six months of the DMP.
- (b) Money Matcher also charges a monthly administration fee, which is 17.625% of a customer's disposable income. This is subject to a minimum of £35 per month, and a maximum of £100 per month.

19. Money Matcher has approximately 450 debt management customers.

20. Money Matcher has stated that it does not actively source new customers seeking debt advice and that any new customers are obtained via referrals from existing customers.

The Authority's concerns regarding Money Matcher

Competence of management

21. The Authority conducted a visit to the offices of Money Matcher on 31 July 2015, during which it conducted interviews with members of Money Matcher's staff, including the Director.

22. The firm has applied for approval for the Director to carry out the director (CF1) and compliance oversight (CF10) significant influence controlled functions.

23. During the visit, the Director was asked by the Authority about the systems and controls Money Matcher had in place. In responding to these questions, the Director demonstrated a lack of understanding of the regulatory requirements applicable to Money Matcher. He admitted that he was not aware of which Authority rules or guidelines he needed to read.

24. Money Matcher has stated that the Director has been involved in the process of producing the new policies and procedures (see paragraph 42 below) and has decided to follow them. Money Matcher has stated that this process has concentrated the Director's mind. However, while the Authority does not doubt the Director is now better aware of the importance of compliance with regulatory requirements, the firm has not provided any satisfactory evidence that the Director has remedied his previous lack of knowledge and competence and, accordingly, this is not sufficient to allay the Authority's concerns.

25. During the visit, the Director was also unable to answer important questions with regard to Money Matcher's business operations.

- (a) When asked what he saw as risks to customers based on Money Matcher's business model as a debt management firm, he was unable to identify any such risks "*short of the office burning down*".

(b) He was unable to: (i) say how much commission Money Matcher received for IVA referrals; or (ii) explain how the firm calculated its prudential requirement.

26. Since the visit, the firm has provided a list of risks which it has stated have been identified by the Director. However, the firm has not provided the Authority with any supporting evidence indicating that the Director has personally identified or understood these risks, so as to remedy his previous lack of awareness.
27. Some of the Director's responses to the Authority also demonstrated a lack of skill, care and diligence. For example, he stated that he had not '*kept up to date with keeping the training and the audits of the staff up to date*', although he admitted that it was his responsibility to keep staff up to date with regulatory changes. He also stated that, while he knew the firm had a vulnerable persons policy highlighting how to recognise a vulnerable person and what to do in that situation, he had "*no idea*" what it contained.
28. The Authority considers that the Director does not have adequate skills and experience, and has not demonstrated the diligence required, to manage Money Matcher in a sound and prudent manner and in the interests of consumers.

Lack of an adequate compliance function

29. The Director informed the Authority during the visit on 31 July 2015 that the individual at the firm previously responsible for compliance had left in October or November 2014. He accepted that Money Matcher's compliance function had subsequently been inadequate.
30. In response to the concerns raised by the Authority, Money Matcher has informed the Authority that it is actively seeking the recruitment of a compliance manager. However, it has stated that no suitable candidate has yet been identified, some 16 months after the departure of the individual previously responsible for compliance. It is also apparent that the recruitment process is still ongoing, and the Authority has been provided with no evidence that the role will be filled imminently. Money Matcher indicated that, in the interim, the Director would fulfil the compliance role. Given the Director's apparent lack of understanding of the regulatory requirements applicable to Money Matcher, the Authority does not consider that this will be a satisfactory arrangement.
31. Further, if (as appears to the Authority necessary in the light of its conclusions about the suitability of the Director to oversee compliance) it is intended that the compliance manager is to be a senior manager with responsibility for oversight of Money Matcher's compliance who will report to the Director in respect of that responsibility, he or she will need to hold the CF10 role. The individual would require approval by the Authority before taking up the role. Also, Money Matcher has not provided a job specification for the compliance manager role, so the Authority is unable to satisfy itself that the new staff member, if appointed, will be required, and able, to oversee the firm's compliance. Until a competent individual acceptable to the Authority has been appointed with appropriate authority to take on the CF10 controlled function, the Authority considers that Money Matcher will not have an appropriate compliance function able to identify relevant issues and take the steps necessary to ensure compliance in relation to the relevant regulatory requirements.

32. Money Matcher has informed the Authority that it has also engaged external consultants to provide compliance assistance. The firm has not provided the Authority with a copy of the engagement letter. It has stated that the consultants will carry out biannual audits and provide feedback, as well as providing training; the Authority has not been provided with any evidence either of the scope and terms of reference of these audits and training sessions, or that the consultants will provide ongoing support outside these activities. The mere statement that external consultants have been engaged on this basis is not sufficient, in the circumstances, to allay the Authority's concerns.

Quality assurance

33. Money Matcher has not been able to demonstrate that it is ready, willing and organised to carry out adequate internal quality assurance checks of debt advice given to consumers by its employees.

34. While the Director stated that Money Matcher records telephone calls, he indicated that advice provided to customers was no longer audited, since the departure of the previous compliance manager.

35. Money Matcher has told the Authority that the new compliance manager is to be responsible for the weekly monitoring of staff and their performance. However, no compliance officer has yet been appointed and the Authority understands that no such procedures are currently in place.

Staff training

36. When asked during the visit on 31 July 2015 what sort of training Money Matcher's staff were provided with, the Director stated: '*I haven't kept up to date with keeping the training and the audits of the staff up to date*'. The Director accepted that Money Matcher's ongoing training was inadequate.

37. Money Matcher has stated that the external consultants engaged to provide compliance assistance will, as part of their role, implement staff training. It has stated that it is developing training that "*will be implemented upon sign-off*". However, Money Matcher has not provided details of what the training will consist of or when it will be undertaken, other than to state in general terms that its new compliance policies and procedures (see below) will form the source material for the training. The Authority considers that Money Matcher is not ready to provide staff training, and will not be so in the near future.

38. Without adequate training and monitoring, the Authority considers that Money Matcher cannot ensure the advice given by its staff to customers is appropriate to the individual circumstances of the customers and has regard to the best interests of the customers.

Management information

39. During the visit of 31 July 2015, the Director admitted that he did not receive MI, although in the office he sat close to the staff member responsible for advising customers, so was always aware of what was going on.

40. Since the visit, the firm has indicated that the Director accepts that Money Matcher requires MI to ensure that it operates compliantly and in the best interests of consumers. It has provided details of MI which it intends to collate, and has indicated that it intends to hold management meetings at least monthly in order, among other things, effectively to communicate findings following the review of MI.
41. However, the firm has not indicated how the MI will be collected, collated and assessed, and it has indicated that the inputs to the MI will be in part dependent on the compliance manager. Given the current lack of an adequate compliance function, the Authority is not satisfied that Money Matcher is ready and able to collate appropriate MI, or to analyse and apply it effectively in its business to assist in ensuring compliance with the regulatory requirements.

Policies and procedures

42. Following the visit of 31 July 2015, Money Matcher admitted that its existing systems and controls were not adequate for collating MI. Money Matcher has produced new policies and procedures with a view to the assimilation of MI and operational guidance. However, the new policies and procedures are, in a number of respects, not sufficiently detailed and do not set out the specific steps that Money Matcher's staff must take. For example:
- (a) The "Internal Complaints Procedure" does not set out the timescale or process for handling complaints, and the Authority is not satisfied that Money Matcher is in compliance with the Authority's requirements that firms investigate complaints competently, diligently and impartially (see DISP 1.4.1R(1) in the section of the Handbook entitled "Dispute Resolution: Complaints") and assess complaints fairly, consistently and promptly (see DISP 1.4.1R(2)).
 - (b) The "DM FCA Compliance" checklist refers to "explanations" of various solutions and other matters, and to the "pros and cons" of different solutions, but without any description of the different solutions or of the explanations to be given. The Authority has not been provided with any evidence that Money Matcher provides advice which complies with CONC 8.3.4(2) in the Consumer Credit sourcebook in the Handbook, which provides that advice must make clear the actual or potential advantages, disadvantages, costs and risks of each option available for customers, and therefore cannot be satisfied that it does so.
 - (c) The "Client Account Policy and Guide" summarises certain Handbook requirements in CASS at a high level without stating how they are to be applied within Money Matcher: for example, stating the Authority's categories of firm for the purposes of client assets, without stating which category the firm falls into; setting out the permitted options for security signatures for the client account, without stating which option the firm will adopt; and stating that the firm will allocate oversight and responsibility for the client account to a director or senior manager, without saying who that person is or how that person is to be identified.
43. Money Matcher has not satisfied the Authority that the new policies and procedures have been effectively implemented and that, as a result of the

changes it has made, it is now compliant with the relevant regulatory requirements. It has admitted that the procedures are in the process of implementation and that, in particular, the client money procedures are in the course of being updated.

44. On the basis of the above, the Authority considers that Money Matcher does not have adequate non-financial resources for it to comply with requirements imposed or likely to be imposed on Money Matcher and to ensure that Money Matcher's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers. There is a risk that non-compliance of its employees, such as failings in performance, may not be detected and rectified promptly.

IMPACT ON THE THRESHOLD CONDITIONS

45. The Authority considers that, having regard to all the circumstances, it cannot ensure that Money Matcher will satisfy, and continue to satisfy, the Threshold Conditions (as required by s55B(3) of the Act in order for the Authority to grant authorisation): specifically, the Threshold Conditions in paragraphs 2D (Appropriate resources) and 2E (Suitability) of Schedule 6 to the Act.

The Threshold Condition in paragraph 2D (Appropriate resources)

46. The Authority considers that it cannot ensure that Money Matcher satisfies, and will continue to satisfy, the appropriate resources Threshold Condition in light of the concerns identified above in relation to Money Matcher's systems and controls, as well as the appropriateness of its human resources.

47. As regards Money Matcher's systems and controls:

- (a) As set out more fully in paragraphs 29 to 43 above, the Authority has identified significant failings in Money Matcher's compliance monitoring, quality assurance, staff training, MI and policies and procedures.
- (b) The changes made by Money Matcher have not adequately addressed these failings such that the Authority can ensure that it will, and will continue to, satisfy the appropriate resources Threshold Condition;
- (c) The Authority's concerns are heightened by the fact that Money Matcher holds an interim permission and has therefore been required to comply with the Authority's regulatory requirements and standards since 1 April 2014 but has failed to comply with those standards in a number of significant respects, as set out in this Notice.

48. As regards Money Matcher's human resources, Money Matcher lacks sufficient resources at senior management level. In the Authority's view, the firm has not demonstrated that the Director has the competence to ensure ongoing compliance in relation to all aspects of the business.

49. Given the facts and matters set out above, the Authority concludes that Money Matcher has not demonstrated that it satisfies and will continue to satisfy the appropriate resources Threshold Condition in relation to all of the regulated activities for which authorisation is sought.

The Threshold Condition in paragraph 2E (Suitability)

50. The Authority is not satisfied that Money Matcher is a fit and proper person, for the purposes of the suitability Threshold Condition. In particular the Authority considers that Money Matcher has:
- (a) Not 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. This is evidenced by the failings in relation to the firm's systems and controls.
 - (b) Not put in place adequate procedures which are reasonably designed to ensure that its staff members are aware of and compliant with the requirements and standards under the regulatory system.
 - (c) Not demonstrated that the Director (CF1 and CF10 applicant) will carry out his functions with due skill, care and diligence or appointed a suitable individual to take over the CF10 function from the Director.
51. As explained above, the Authority does not consider that the changes Money Matcher has made to its business have satisfactorily addressed these failings. In the circumstances, the Authority cannot ensure that Money Matcher will satisfy, and continue to satisfy, the suitability Threshold Condition.

REPRESENTATIONS

52. Annex B contains a brief summary of the key representations made by Money Matcher and how they have been dealt with. In making the decision which gave rise to the obligation to give this Notice, the Authority has taken into account all of the representations made by Money Matcher, whether or not set out in Annex B.

PROCEDURAL MATTERS

53. This Notice is given under section 55X(4)(f) and in accordance with section 388 of the Act.
54. Section 394 of the Act does not apply to this Notice.

Decision maker

55. The decision which gave rise to the obligation to give this Notice was made by the Regulatory Decisions Committee.

The Tribunal

56. Money Matcher has the right to refer the matter to which this Notice relates to the Tribunal. Under paragraph 2(2) of Schedule 3 of the Tribunal Procedure (Upper Tribunal) Rules 2008, Money Matcher has 28 days from the date on which this Notice is given to it to refer the matter to the Tribunal. A reference to the Tribunal is made by way of a signed reference notice (Form FTC3) filed with a copy of this Notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, Fifth Floor, Rolls Building, Fetter Lane, London EC4A 1NL

(tel: 020 7612 9730; email: uttc@hmcts.gsi.gov.uk). 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>

57. A copy of the reference notice (Form FTC3) must also be sent to the Authority at the same time as filing a reference with the Tribunal. A copy of the reference notice should be sent to Costas Pittas at the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.
58. As part of a reference, Money Matcher may ask the Tribunal to grant an order under rule 5(5) of the Tribunal Procedure (Upper Tribunal) Rules 2008 suspending the ceasing of its interim permission pending the Tribunal's substantive decision on the matter.

Confidentiality and publicity

59. This Notice may contain confidential information and should not be disclosed to a third party (except for the purpose of obtaining advice on its contents). Section 391 of the Act provides that a person to whom this Notice is given or copied may not publish the Notice or any details concerning it unless the Authority has published the Notice or those details.
60. However, the Authority must publish such information about the matter to which a decision notice or final notice relates as it considers appropriate. Money Matcher should be aware, therefore, that the facts and matters contained in this Notice may be made public.

Contacts

61. For more information concerning this matter generally, contact Costas Pittas, Manager, Credit Authorisations at the Authority (direct line: 020 7066 0042 / email: costas.pittas@Authority.org.uk).

Peter Hinchliffe
Deputy Chair, Regulatory Decisions Committee

ANNEX A

RELEVANT REGULATORY PROVISIONS

Statutory Provisions

1. Section 55A(1) of FSMA provides for an application for permission to carry on one or more regulated activities to be made to the appropriate regulator. Section 55A(2) defines the 'appropriate regulator' for different applications.
2. Section 55B(3) of FSMA provides that, in giving or varying permission, imposing or varying a requirement, or giving consent, under any provision of Part 4A of FSMA, each regulator must ensure that the person concerned will satisfy, and continue to satisfy, in relation to all of the regulated activities for which the person has or will have permission, the Threshold Conditions for which that regulator is responsible.
3. The Threshold Conditions are set out in schedule 6 of FSMA. In brief, the Threshold Conditions relate to:

Paragraph 2B: Location of offices

Paragraph 2C: Effective supervision

Paragraph 2D: Appropriate resources

Paragraph 2E: Suitability

Paragraph 2F: Business model.

Handbook Provisions

Guidance on the Threshold Conditions ('COND')

4. This section of the Handbook sets out the minimum standards for becoming and remaining authorised.
5. COND 1.3.2G(2) states that, in relation to the Threshold Conditions set out in paragraphs 2D to 2F of Schedule 6 to the Act, the Authority will consider whether a firm is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to the firm if it is granted Part 4A permission.
6. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the Threshold Conditions, the Authority will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.
7. COND 1.3.3CG provides that, when assessing the Threshold Conditions, the Authority may have regard to any person appearing to be, or likely to be, in a relevant relationship with the firm, in accordance with section 55R of the Act (Persons connected with an applicant). For example, a firm's controllers, its directors or partners, other persons with close links to the firm (see COND 2.3), and other persons that exert influence on the firm which might pose a risk to the

firm's satisfaction of the Authority Threshold Conditions, would be in a relevant relationship with the firm.

The Threshold Condition in paragraph 2D of Schedule 6 to the Act (Appropriate resources)

8. COND 2.4.2G(2) states that the Authority will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability, and 'resources' as including all financial resources (though only in the case of firms not carrying on, or seeking to carry on, a PRA-regulated activity), non-financial resources and means of managing its resources; for example, capital, provisions against liabilities, holdings of or access to cash and other liquid assets, human resources and effective means by which to manage risks.
9. COND 2.4.1A(4) states that the matters which are relevant in determining whether A has appropriate non-financial resources include the skills and experience of those who manage A's affairs; whether A's non-financial resources are sufficient to enable A to comply with the requirements imposed or likely to be imposed by the Authority in the course of the exercise of its functions and any other requirement in relation to whose contravention the Authority would be the appropriate regulator for the purposes of any provision of part 14 of FSMA.
10. COND 2.4.2G(2A) states that Paragraph 1A(2) of Schedule 6 of FSMA provides that "non-financial resources" of a firm for the purposes of the Threshold Conditions include any system, controls, plans or policies that the firm maintains and the human resources that the firm has available.
11. COND 2.4.2G (3) states that high level systems and control requirements are in SYSC. The Authority will consider whether the firm is ready, willing and organised to comply with these and other applicable systems and controls requirements when assessing if it has appropriate non-financial resources for the purpose of the Threshold Condition set out in paragraph 2D.
12. COND 2.4.4G states that, when assessing whether a firm has appropriate resources, the Authority will have regard to matters including:
 - i. Whether the firm has taken reasonable steps to identify and measure any risks of regulatory concern that it may encounter in conducting its business and has installed appropriate systems and controls and appointed appropriate human resources to measure them prudently at all times.
 - ii. Whether the resources of the firm are commensurate with the likely risks it will face.

The Threshold Condition in paragraph 2E of Schedule 6 to the Act (Suitability)

13. COND 2.5.1A(1) states that the applicant must be a fit and proper person having regard to all the circumstances, including:
 - i. The need to ensure that A's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system (COND 2.5.1A(1)(c)).

- ii. Whether A has complied and is complying with requirements imposed by the Authority in the exercise of its functions, or requests made by the Authority, relating to the provision of information to the Authority and, where A has so complied or is so complying, the manner of that compliance (COND 2.5.1A(1)(d)).
 - iii. Whether those who manage A's affairs have adequate skills and experience and act with probity (COND 2.5.1A(1)(e));
 - iv. Whether A's business is being, or is to be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner (COND 2.5.1A(1)(f)).
14. COND 2.5.2G(2)G states that the Authority will also take into consideration anything that could influence a firm's continuing ability to satisfy the Threshold Condition in paragraph 2E. Examples include the firm's position within a UK or international group, information provided by overseas regulators about the firm, and the firm's plans to seek to vary its Part 4A permission to carry on additional regulated activities once it has been granted that permission.
15. COND 2.5.4(2)(c)G states that examples of the kind of general considerations to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, the Threshold Condition in paragraph 2E include, but are not limited to, whether the firm can demonstrate that it conducts, or will conduct, its affairs with the exercise of due skill, care and diligence.
16. COND 2.5.6G provides that 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, this Threshold Condition include, but are not limited to, whether:
- i. The firm 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 (COND 2.5.6G (1)).
 - ii. 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 (COND 2.5.6G (1A)).
 - iii. The firm has put in place procedures which are reasonably designed to:
 - (a) ensure that it has made its employees aware of, and compliant with, those requirements and standards under the regulatory system that apply to the firm for which the Authority is responsible and the regulated activities for which it has, or will have permission;
 - (b) ensure that its approved persons (whether or not employed by the firm) are aware of those requirements and standards under the regulatory system applicable to them;
 - (c) determine that its employees are acting in a way compatible with the

firm adhering to those requirements and standards; and

- (d) determine that its approved persons are adhering to those requirements and standards (COND 2.5.6G (7)).
- iv. Those persons who perform controlled functions under certain arrangements entered into by the firm or its contractors (including appointed representatives or, where applicable, tied agents) act with due skill, care and diligence in carrying out their controlled function (see APER 4.2 (Statement of Principle 2) or managing the business for which they are responsible (see APER 4.7 (Statement of Principle 7)) (COND 2.5.6G (12));
- v. The governing body of the firm is organised in a way that enables it to address and control the regulated activities of the firm, including those carried on by managers to whom particular functions have been delegated (COND 2.5.6G (14)).
- vi. The firm has taken reasonable care to ensure that robust information and reporting systems have been developed, tested and properly installed (COND 2.5.6G (16)).

ANNEX B

REPRESENTATIONS

1. Money Matcher's representations (in italics), and the Authority's conclusions in respect of them, are set out below.

Competence of the Director

2. *The Authority had 'cherry-picked' several answers given by the Director to the Authority during the visit of 31 July 2015 and sought to use them to demonstrate that he does not have sufficient knowledge of the business operations of Money Matcher. The Authority had not had sufficient regard to the fact that, during the same interview, the Director had performed successfully when answering questions specific to debt management firms.*
3. Money Matcher has accepted that certain answers given by the Director during the visit were inaccurate and/or required clarification. In particular, Money Matcher has accepted that the Director had not adequately identified the risks associated with the firm's business model and that the Director's lack of knowledge regarding the calculation of the prudential resources requirement was inappropriate for an individual that has applied for approval to perform the CF10 function. These were important questions about Money Matcher's business operations and the Director's inability to answer them demonstrates a serious lack of knowledge of the firm's business. Moreover, the Authority would expect the Director, as the sole director and controller of the firm, to understand the information provided in the Application.
4. In addition, in responding to the Authority's questions about the systems and controls Money Matcher had in place, the Director demonstrated a lack of understanding of the regulatory requirements applicable to Money Matcher. This is not sufficient for an individual who has applied to perform the CF10 function.
5. The Authority acknowledges that the Director demonstrated a good understanding of debt management services and products during the interview. However, this is not relevant to the Authority's finding that the Director was unable to demonstrate an adequate knowledge of Money Matcher's business operations and the regulatory requirements applicable to debt management firms. As set out in this Notice, the Authority has not been provided with supporting evidence demonstrating adequately that the Director has remedied his lack of knowledge and competence in these respects.
6. *In response to the concerns raised by the Authority, the Director had reviewed some of his answers in relation to the operations of Money Matcher. He acknowledged that, in his zeal to be frank and candid, the nature of the answers provided could have been misconstrued and potentially led the Authority to believe that he had insufficient knowledge of the business.*
7. The Authority does not consider that it misconstrued the nature of the Director's answers during the visit. Money Matcher has not attempted to provide alternative interpretations of the Director's answers; rather, the firm has accepted that some of the Director's responses were inadequate and has provided revised responses to certain of the Authority's questions.
8. *In relation to the Authority's question about what the Director saw as the risks to Money Matcher's customers based on its business model, Money Matcher had*

provided a revised answer listing a number of risks applicable to Money Matcher's business as a debt management firm, which the Director had identified.

9. The firm has not provided any evidence to show that the Director identified these risks himself (for example, evidence that the Director undertook relevant training or carried out a risk assessment). In the absence of such evidence and given the Director's previous lack of awareness, the Authority is not satisfied that he has personally identified or understood these risks, or would be able to identify and address relevant risks in the future.
10. *The Director's lack of knowledge of the basis on which the firm's prudential resource requirement was calculated was inappropriate for a CF10 function. However, the Director had since refreshed his knowledge and was aware that the requirement was calculated on the basis of the total value of the relevant debts under management which were outstanding as at the accounting reference date and the sum of 0.25% of the first £5 million of the total value. Money Matcher's current prudential resource requirement is £15,500.*
11. Money Matcher has not provided any supporting evidence to show that the Director established this information himself. In view of the Director's previous lack of awareness, the Authority cannot be satisfied that the Director personally understands the calculation of the prudential resources requirement or would be able to do so in the future.
12. *Money Matcher stated that the Director was involved in the process of producing the new policies and procedures and the decision to follow them. This process had concentrated his mind.*
13. While the Authority does not doubt that the Director is now better aware of the importance of compliance with regulatory requirements, the firm has not provided sufficient evidence that the Director has remedied his lack of knowledge and competence and would be able to maintain and adjust such policies and procedures where required. Accordingly, the Authority places little weight on this representation.

Money Matcher's systems and controls

14. *Money Matcher is actively seeking the recruitment of a compliance manager to, amongst other things, assist in ensuring that the firm's procedures are adhered to and understood and that the firm acts in the best interests of its customers. The responsibility of the compliance manager will include implementing a weekly monitoring of staff and their performance as an additional input to the MI.*
15. Money Matcher has informed the Authority that no suitable candidate has yet been identified and as such, the role remains vacant. It is therefore apparent that the recruitment process is still ongoing, and the Authority has not been provided with any evidence that the role will be filled imminently. Money Matcher has indicated that, in the interim, the Director will fulfil the compliance role. Given the Director's apparent lack of understanding of the regulatory requirements applicable to Money Matcher, the Authority does not consider that this will be a satisfactory arrangement. Further, in view of the long period which has elapsed since the Director first became aware of the need to recruit specialist assistance, the Authority does not consider that he has acted with appropriate diligence to address that need.

16. Further, if it is intended that the compliance manager is to be a senior manager with responsibility for oversight of Money Matcher's compliance (who will report to the Director in respect of that responsibility), he or she will need to hold the CF10 role. The individual would require approval from the Authority to perform this function and would therefore not be able to commence the role immediately. Also, Money Matcher has not provided a job specification for the compliance manager role, so the Authority is unable to satisfy itself that the new staff member, if appointed, will be responsible for overseeing the firm's compliance, and able to do so.
17. Until a CF10 acceptable to the Authority has been appointed, the Authority considers that Money Matcher will not be able to identify relevant issues and take the steps necessary to ensure compliance in relation to the relevant regulatory requirements.
18. *Money Matcher had engaged external consultants to provide compliance assistance, including bi-annual audits and feedback as to whether Money Matcher is conducting its regulated activities in a compliant manner.*
19. Money Matcher has not provided any evidence to confirm the scope of engagement of the external consultants. Without further detail as to the compliance assistance that the consultants will provide (for example the scope of the biannual audits and the frequency/template for the feedback), Money Matcher's statement that it has engaged consultants is not sufficient to allay the Authority's concerns as to the firm's compliance function.
20. *The external consultants will, as part of their role, implement staff training. The new policies and procedures will form the source material for the training.*
21. Money Matcher has not provided details of what the training will consist of or when it will be undertaken. The Authority also notes that the training will be based on the new policies and procedures, which, as explained below, the Authority considers are not sufficiently detailed and which have not yet been implemented. The Authority considers that Money Matcher is not ready to provide staff training, and based on the significant failings set out in the Notice, the Authority is not confident that it will be ready to do so in the near future.
22. *Money Matcher is developing a process for collating MI, which will include: customer affordability checks; staff monitoring; assessing advice given to customers; staff re-training and competency assessment trend analysis; complaints reviews; and mystery shopping and customer satisfaction surveys. Money Matcher will implement management meetings on at least a monthly basis in order to, amongst other things, communicate the findings from the MI and implement any changes to policies and procedures, as well as any additional remedial action. The Director will include in monthly management meetings a review of the monthly accounts.*
23. Money Matcher has not indicated how the MI will be collected and collated. It has also stated that the compliance manager will provide inputs to the MI and, to that extent, the implementation of the new MI processes is dependent on the recruitment of the new compliance manager and subject to the Authority's approval if that individual is to perform the CF10 function. On this basis, and given the current lack of an adequate compliance function, the Authority is not satisfied that Money Matcher is ready and able to collate appropriate MI, or to apply it in its business to assist in ensuring compliance with the regulatory requirements.

24. *Money Matcher has introduced, and is in the process of implementing, new policies and procedures relating to: anti-bribery; conflicts of interest; data protection; financial promotions; internal complaints; third parties; vulnerable persons; whistleblowing; performance appraisal; and client complaints, as well as an advice compliance checklist. These policies and procedures will form the basis for Money Matcher's operational guidance as well as the assimilation of MI. They will also form the source material for the implementation of internal training. Money Matcher intends to implement the new policies and procedures immediately throughout the firm and will continue to monitor and develop these in line with any risks identified.*
25. The Authority has identified a number of deficiencies in the new policies and procedures, which are particularised in this Notice. In addition, Money Matcher has not satisfied the Authority that the new policies and procedures have been effectively implemented and that, as a result of the changes it has made, it is now compliant with the relevant regulatory requirements. It has acknowledged that the procedures are in the process of implementation and that, in particular, the client money procedures are in the course of being updated.
26. *The issues identified by the Authority in relation to the new policies and procedures (for example, the extent to which they are sufficiently clear and effective) are not overly serious in nature and can be readily addressed. It must be assumed that the new compliance manager will take ownership of the procedures and make amendments as appropriate.*
27. The issues identified in relation to the new policies and procedures indicate that Money Matcher is not complying with the regulatory requirements. As explained above, there is no evidence that the compliance manager will be appointed imminently and even then the individual will need to seek approval from the Authority if he or she is to perform the CF10 function. Accordingly, the Authority cannot be satisfied that Money Matcher is ready, willing and organised to comply on a continuing basis with the regulatory requirements applicable to the firm.
28. *The fact that the new policies and procedures are not fully embedded cannot be a basis on which to refuse authorisation, as otherwise it would be impossible for any new business to obtain authorisation (it not being able to embed its procedures until it obtains authorisation, and it not being able to obtain authorisation until it embeds its procedures).*
29. The Threshold Conditions set out the minimum conditions for becoming and remaining authorised. Accordingly, as for any firm seeking authorisation, the Authority must consider whether Money Matcher would be able to satisfy the Threshold Conditions were it to be given Part 4A permission to carry on the regulated activities for which it has applied. In light of the Authority's concerns in relation to Money Matcher's non-financial resources, and based on the firm's significant failings during the period in which it has held interim permission, the Authority considers that Money Matcher has not demonstrated that it is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to it, if it is granted Part 4A permission. As explained above, the changes made by Money Matcher to its systems and controls, especially in the light of Money Matcher's lack of an adequate compliance function, are not sufficient for the Authority to ensure that Money Matcher, in relation to the regulated activities for which Part 4A permission is sought, will satisfy, and will continue to satisfy, the Threshold Conditions.