
FINAL NOTICE

**David Williams
t/a Debts Maze Solutions
Champion Business Park A4
Arrowe Brook Road
Upton
Wirral
Merseyside
CH49 0AB**

22 February 2016

ACTION

1. By way of an application dated 31 December 2014 ("**the Application**") David Williams trading as Debts Maze Solutions ("**David Williams**") applied under section 55A of the Act for Part 4A permission to carry on the regulated activities of Debt Administration, Debt Collecting and Debt-Counselling.
2. The Application is incomplete.
3. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 16 November 2015 ("**the Warning Notice**") the Authority gave notice that it proposed to refuse the Application and that David Williams was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from David Williams within the time allowed by the Warning Notice, the default procedures in

paragraph 2.3.2 of the Authority's Decision Procedure and Penalties Manual apply, permitting the Authority to treat the matters referred to in its Warning Notice as undisputed and, accordingly, to give a Decision Notice.

6. By its Decision notice dated 21 December 2015 ("**the Decision Notice**"), the Authority gave David Williams notice that it had decided to take the action described above.
7. David Williams had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal (formerly known as the Financial Services and Markets Tribunal). No referral was made to the Upper Tribunal within this period of time or to date.
8. Under section 390(1) of the Act, the Authority, having decided to refuse the Application and there having been no reference of that decision to the Tribunal, must give David Williams Final Notice of its refusal.
9. David Williams has failed to provide the information required by the Authority, and the Authority cannot ensure that David Williams will satisfy, and continue to satisfy the threshold conditions set out in Schedule 6 of the Act.
10. The initial Application by David Williams was incomplete. The Authority has made repeated requests to David Williams for further information. David Williams has failed to provide the outstanding information.
11. By failing to provide the outstanding information, David Williams has failed to demonstrate to the Authority that they will satisfy and continue to satisfy the threshold conditions set out in Schedule 6 of the Act.
12. The Authority decided to refuse the Application and to give this Final Notice as David Williams has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that David Williams will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.

DEFINITIONS

13. The definitions below are used in this Final Notice.

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

"**the Authority**" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority

FACTS AND MATTERS

14. The Application was received by the Authority on 31 December 2014.
15. Further information was requested from David Williams under section 55U(5) of the Act.
16. Details of all the communications between the Authority and David Williams are set out below:

- a) On 22 January 2015 David Williams was asked to provide the following information in support of the Application by 5 February 2015:
 - i. Regulatory business plan;
 - ii. Compliance monitoring procedures;
 - iii. Opening balance sheet;
 - iv. Forecast Closing balance sheet;
 - v. Monthly cash flow forecast;
 - vi. Monthly profit and loss account; and
 - vii. Latest end of year accounts.
- b) On 5 February 2015 David Williams contacted the Authority and requested the deadline be extended to noon on 6 February 2015.
- c) On 5 February 2015 the Authority agreed to extend the deadline for David Williams to supply the information requested on 22 January 2015 to noon on 6 February 2015.
- d) On 6 February 2015 David Williams provided the following information:
 - i. Regulatory business plan;
 - ii. A document entitled "*1 12 month forecast*"; and
 - iii. A copy of what was purported to be Mr David Williams SA302 – Tax calculation summary for 2013-2014.
- e) David Williams failed to provide the following items originally requested by way of email dated 22 January 2015:
 - i. Compliance monitoring procedures; and
 - ii. Latest end of year accounts.
- f) The Authority did not consider that the regulatory business plan was adequate because it appeared to be a template which was not populated under a number of the headings (by way of example, under the heading 'Executive Summary', it stated '*This should be a brief summary of the key points in: The regulatory business plan; and Background; As far as possible this should be in bullet points for ease of reading*').
- g) On 6 February 2015 the Authority acknowledged by email receipt of David Williams' email of the same date.
- h) On 27 March 2015 David Williams was asked by email to provide the following information in support of the Application by 10 April 2015:
 - i. A business plan covering the points as requested in the application form;

- ii. Confirmation of the regulated activities David Williams is applying for with an explanation of how each fits with his business plan and why the permissions included in the Application do not match those for which it hold interim permission;
 - iii. Details of the skills and experience of David Williams regarding the regulated activities applied for in the Application;
 - iv. Marketing and financial promotion plan;
 - v. Confirmation of whether David Williams would visit customers residences;
 - vi. Vulnerable customers policy;
 - vii. Terms of business booklet;
 - viii. Structure of the commission and/or charges David Williams would receive from third parties;
 - ix. Confirmation of David Williams's business structure and details of any of its employees;
 - x. Confirmation of whether David Williams has a locum and their details. If David Williams does not have a locum, an explanation of why not;
 - xi. Compliance monitoring document or, if David Williams does not have one, an explanation for how it ensures compliance with all relevant legislation; and
 - xii. Latest management accounts.
- i) On 10 April 2015 David Williams emailed the Authority stating that the email requesting information had been sent to their 'spam folder' and had just been seen. It stated that David Williams would start getting the required information to the Authority as well as asking if the Authority had a view concerning compliance consultants.
 - j) On 10 April 2015 the Authority sent David Williams an email requesting provision of the information originally requested on 27 March 2015 by 20 April 2015. The Authority confirmed the use of a compliance consultant was not a requirement for the application process and it was for David Williams to determine whether to engage their services or not.
 - k) On 22 April 2015 the Authority wrote to David Williams requesting a response to the email sent 27 March 2015.
 - l) On 23 April 2015 David Williams responded by email stating that he was engaging a compliance consultant and that he would provide an update on its progress by 'Friday' (24 April 2015).
 - m) On 27 April 2015 the Authority wrote to David Williams requesting an update as no correspondence had been received by the Authority on 24 April 2015 (as stated in his email of 23 April 2015).

- n) On 28 April 2015 David Williams responded by email saying that it had engaged a different company offering compliance support, which had caused the delay, and that it was organising the required information.
- o) On 29 April 2015 the Authority wrote to David Williams requesting that the information originally requested on 27 March 2015 be provided by 8 May 2015.
- p) On 12 May 2015 the Authority called David Williams on the number provided in the Application and left a voicemail asking for the information originally requested on 27 March 2015 to be provided by 15 May 2015. This was confirmed in writing later the same day.
- q) On 18 May 2015 David Williams advised the Authority by way of email that he would send further information 'shortly' and stated:
 - i. He believed that he required 'debt collecting' as he has *'negotiated settlements for clients and thought this could be seen as collecting the debt'*;
 - ii. In relation to why he considers he would not be carrying out 'debt management', *'Debt Counselling without debt management, on line application would not let me apply'*;
 - iii. In relation to home visits, it *'could be better to conduct a fact find in a place where the potential client feels most comfortable'*;
 - iv. In relation to vulnerable consumers, *'[p]erson perceived as vulnerable would be suggested to that the (sic) can and should have a family member or friend present during the meeting and available for any phone calls'*;
 - v. In relation to employees, *'Barbara Williams is my wife how (sic) assists with administration, she draws no wage. The on line application only seemed to be sole trader or limited company'*; and
 - vi. In relation to whether he had a locum, *'Locum pending'*.
- r) Mr Williams also answered some questions with 'As above', but it is unclear which paragraph or response above he was referring to.
- s) In the same email David Williams also requested clarification from the Authority regarding the following matters:
 - i. Whether a CV was required to demonstrate the skills and experience of David Williams's controller;
 - ii. What David Williams needed to provide concerning marketing and financial promotions; and
 - iii. If the names of the firms and amounts paid in commission to David Williams needed to be provided to the Authority.
- t) Mr Williams also stated in this email that he was *'considering if I am to continue if it would be better to expand my business as clearly authorisation*

would be easier for a larger business to show they are compliant with the regulations'.

- u) On 19 May 2015 the Authority responded by way of email to clarify the points raised by David Williams in his email of 18 May 2015. David Williams was asked to provide the following information by 26 May 2015:
 - i. Confirmation of the regulated activities David Williams wants to be included in the Application;
 - ii. Business plan covering the points as requested in the application form; and
 - iii. Confirmation of David Williams' business model and structure with details of any proposed changes and their implementation dates.

- v) On 27 May 2015 David Williams stated by way of email (within the information attached) that some information would follow, but provided the following information:
 - i. A *'Brief career history'*;
 - ii. In relation to why David Williams requires debt administration, they stated *'Debt administration, mainly in the making of payments (e.g. Settlements) electronically'*;
 - iii. In relation to financial promotions, David Williams stated *'There is no advertising being done. Any in the future will be submitted for approval prior to use.'*; and
 - iv. In relation to home visits, David Williams added to their previous response, stating *'Any potential client who is local can come into the office where there is a private room with tea and coffee available so that initial meetings can be in surroundings were (sic) the potential client can feel at ease'*.

- w) On 1 June 2015 David Williams was asked by way of email to provide the following information in support of the Application by 15 June 2015:
 - i. Confirmation of the permissions David Williams intended to apply for and an explanation for why those permissions had been applied for;
 - ii. A business plan covering the points as requested on the application form;
 - iii. Details of commission received by David Williams for referrals and identify the third parties who would make those payments;
 - iv. Terms of business booklet;
 - v. David Williams's compliance document;
 - vi. Details of David Williams' actual or potential locum;
 - vii. Latest management accounts; and

- viii. Confirmation of whether David Williams will be changing its business model and structure (as mentioned in their email dated 18 May 2015) and, if any changes were to be made, to provide details of the proposed changes and timescales for the implementation of those changes.
- x) On 19 June 2015, David Williams stated by way of email that some information would follow, but provided the following information:
 - i. In relation to the commission received, he stated *'In terms of IVA cases these can be different for each case as the payment is based on a proportion of the IP fees involved'*; and
 - ii. *'Treating Customers Fairly'* documentation.
- y) On 25 June 2015, David Williams was asked by way of email to provide the following information ("**the Information**") by 9 July 2015:
 - i. Confirmation of the permissions David Williams was applying for in the Application and an explanation of why those had been applied for;
 - ii. A business plan covering the points as requested on the application form;
 - iii. Third parties David Williams proposes to refer clients to and the amount of commission they would receive for each referral;
 - iv. Up to date terms of business booklet that clients of David Williams would receive;
 - v. Compliance document;
 - vi. Details of David Williams actual or proposed locum;
 - vii. Latest management accounts; and
 - viii. Confirmation of whether David Williams would be changing its business model and structure (as mentioned in their email dated 18 May 2015) and, if any changes were to be made, details of the proposed changes and timescales of implementation of those changes.
- z) On 10 July 2015 the Authority wrote to David Williams informing him that a failure to provide the Information would result in the Application being determined based upon the information received to date and that this might result in a recommendation to the FCA's Regulatory Transactions Committee ("**RTC**") that it issue David Williams with a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 24 July 2015.
- aa) On 24 July 2015 David Williams emailed the Authority stating that the Information was too large to send by email and he would provide the Information by post. The Authority does not consider this to be a substantive response.

- bb) On 28 July 2015 the Authority wrote to David Williams noting that the Information was outstanding and requested confirmation of whether the Information had been sent by recorded delivery and if so, that he provide the reference number.
 - cc) On 4 August 2015 the Authority called David Williams to ask for the Information. David Williams confirmed that he had been assisting his mother as her nursing home had been shut down, and that this had been taking up a lot of his time. David Williams said that a 'couple more days' was needed to provide the Information.
 - dd) On the same date, the Authority wrote to David Williams, noting the lack of a substantive response to its previous letters of 25 June 2015 and 10 July 2015 and reiterated that a failure to provide the Information would result in the Application being determined based upon the information received to date. The letter again noted that a failure to provide the Information might result in a recommendation to the FCA's RTC that it issue David Williams with a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 18 August 2015 (i.e. within 15 days).
 - ee) On 20 August 2015 the Authority wrote to David Williams, noting the lack of a substantive response to its previous letters of 25 June 2015, 10 July 2015 and 4 August 2015 reiterating that a failure to provide the Information would result in the Application being determined based upon the information received to date. The letter again noted that this might result in a recommendation to the FCA's RTC that it issue David Williams with a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 4 September 2015.
 - ff) On 6 September 2015 David Williams emailed the Authority in response to its letter of 20 August 2015 stating the following, "*I am considering the options outlined, what is the route I would need to take to restart the application?*".
 - gg) On 7 September 2015 the Authority wrote to David Williams stating that the Application could not be '*restarted*', and outlined the options available; namely, withdrawing the Application, or proceeding with the Application, of which the Authority would recommend refusal to the RTC, on the basis that the Information requested on 25 June 2015 had not been provided. No response was received to this email by the stated deadline of 10 September 2015.
17. No response has been received by the Authority indicating that any of the correspondence sent could not be delivered.
18. From 19 June 2015 the Authority has not received a substantive response to any of the communications set out above. The information provided by David Williams in the Application has been insufficient to enable the Authority to determine the Application.
19. On 1 December David Williams confirmed by way of letter receipt of the Warning Notice, and stated that he would provide a response to the Warning Notice "*in writing and not oral*".
20. Following this, the Authority did not receive any representations from Mr Williams by the deadline specified in the Warning Notice.

21. The Authority emailed David Williams on 10 December 2015 to confirm receipt of his letter of 1 December 2015 and asked if he intended to make written representations in response to the Warning Notice. David Williams was reminded that the deadline to make written representations in response to the Warning Notice was 9 December 2015. No response was received to this email. The Decision Notice was issued on 21 December 2015.

IMPACT ON THRESHOLD CONDITIONS

22. The regulatory provisions relevant to this Final Notice are referred to in Annex A.

23. By virtue of David Williams' failure to provide the Information and, from 19 June 2015, to substantively reply to the Authority's correspondence, the Authority cannot ensure that David Williams' satisfies, and will continue to satisfy, the following threshold conditions:

2C (Effective Supervision)

- i. David Williams's failure to provide the Authority with the Information calls into question whether the Authority would be able to obtain (on an ongoing basis) sufficient information about the firm's activities such that the Authority would be able to effectively supervise them.

2D (Appropriate Resources)

- ii. In failing to respond to the Authority's requests and correspondence in the manner set out above, David Williams has been unable to satisfy the Authority that they have the appropriate human resources.

2E (Suitability)

- iii. The failure by David Williams to supply the Information means that the firm is not being open and co-operative with the Authority or demonstrating that they are ready, willing and organised to comply in their dealings with the Authority.

24. On the basis of the facts and matters described above, the Authority has concluded that David Williams will not satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which David Williams would have permission if the Application were granted.

IMPORTANT NOTICES

25. This Final Notice is given under section 390 (1) of the Act.

Publication

26. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Final Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

27. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

28. For more information concerning this matter generally, contact Andrew Hayward-Wills, Manager, Credit Authorisations Division at the Authority (direct line: 020 7066 5374 / email: Andrew.Hayward-Wills@fca.org.uk).

Patricia Knox
on behalf of the Regulatory Transactions Committee

ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

1. Section 55A(1) of the Act 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 the Act provides that, in giving or varying permission, imposing or varying a requirement, or giving consent, under any provision of Part 4A of the Act, 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 that apply for the purposes of this application are set out in Part 1B schedule 6 of the Act. In brief, the threshold conditions relate to:
 - (1) Threshold condition 2B: Location of offices
 - (2) Threshold condition 2C: Effective supervision
 - (3) Threshold condition 2D: Appropriate resources
 - (4) Threshold condition 2E: Suitability
 - (5) Threshold condition 2F: Business model

Relevant provisions of the Authority’s Handbook

4. In exercising its powers in relation to the granting of a Part 4A permission, the Authority must have regard to guidance published in the Authority Handbook, including the part titled Threshold Conditions (“**COND**”). The main considerations in relation to the action specified are set out below.

Principles for Businesses

5. PRIN 2.1.1R, Principle 11 states that a firm must deal with its regulators in an open and co-operative way, and must disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice.

Threshold Conditions in general

6. COND 1.3.2G(2) states that, in relation to threshold conditions 2D to 2F, 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.
7. COND 1.3.3AG provides that, in determining the weight to be given to any relevant matter, the Authority will consider its significance in relation to the regulated activities for which the firm has, or will have, permission in the context of its ability to supervise the firm adequately, having regard to the Authority’s statutory objectives. In this context, a series of matters may be significant when

taken together, even though each of them in isolation might not give serious cause for concern.

8. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the Authority's threshold conditions, the Authority will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.
9. COND 1.3.3CG provides that, when assessing the Authority's 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's threshold conditions, would be in a relevant relationship with the firm.

Threshold condition 2C (Effective supervision)

10. COND 2.3.3G provides that, in assessing the threshold conditions set out in paragraph 2C of Schedule 6 to the Act, factors which the Authority will take into consideration include, among other things, whether:
 - (1) it is likely that the Authority will receive adequate information from the firm, and those persons with whom the firm has close links, to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the Authority is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators and the rules in SUP on the provision of information to the Authority).

Threshold condition 2D (Adequate Resources)

11. COND 2.4.1BG states that the relevant appropriate resources for threshold condition 2D are set out in paragraph 2D of Schedule 6 to the Act.
12. 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.
13. COND 2.4.2G(2A) provides that, 'non-financial resources' of the firm include human resources it has available.
14. 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 conditions set out in threshold condition 2D.

Threshold condition 2E (Suitability)

15. COND 2.5.2G(2) states that the Authority will also take into consideration anything that could influence a firm's continuing ability to satisfy threshold condition 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.
16. COND 2.5.4G(2)(c) 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, threshold condition 2E include, but are not limited to, whether the firm can demonstrate that it conducts, or will conduct, its business with integrity and in compliance with proper standards.
17. 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:
 - (1) the firm has been open and co-operative in all its dealings with the Authority and any other regulatory body (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the Authority's Handbook) 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.