
FINAL NOTICE

**Knight Home Improvements Limited
Units 1&2
Vulcan Road South
Norwich
Norfolk
NR6 6AG**

20 November 2015

ACTION

1. By way of an application dated 5 December 2014 ("**the Application**"), Knight Home Improvements Limited ("**KHIL**") applied under section 55A of the Act for Part 4A permission to carry on the regulated activity of credit broking.
2. The Application is incomplete.
3. For the reasons listed below, the Authority has decided to refuse the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 17 August 2015 ("**the Warning Notice**") the Authority gave notice that it proposed to refuse the Application and that KHIL was entitled to make representations to the Authority about that proposed action.
5. As no representations have been received by the Authority from KHIL 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 15 October 2015 ("**the Decision Notice**"), the Authority gave KHIL notice that it had decided to take the action described above.
7. KHIL 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 or 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 KHIL Final Notice of its refusal.
9. The Authority decided to refuse the Application and to give this Final Notice as KHIL has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that KHIL will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.

DEFINITIONS

10. 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

11. The Application was received on 5 December 2014.
12. Further information was requested from KHIL under section 55U(5) of the Act. Details of the relevant communications between the Authority and KHIL are set out below:
 - a) On 5 December 2014, the Part 4A application of KHIL was received by the Authority.
 - b) On 11 December 2014, the Authority sent an email to Mr Thomas Knight ("**Mr Knight**"), the director of KHIL, who had confirmed he was authorised to make the Application on behalf of the firm. The email acknowledged receipt of the Application and advised that the case had been allocated to a case officer. The email informed KHIL that an initial review of the Application would be carried out and that it might be necessary to contact the firm for additional information.
 - c) On 22 December 2014, the Authority sent an email to Mr Knight confirming that the interim permission was applicable only for Knight Trade Services Limited, that KHIL was scheduled for an application period in late 2015, and that the Authority would need to check the status of the application periods for both of these firms. The Authority asked what the firm understood the position to be regarding its application period, and gave a deadline of 5 January 2015 for them to provide the information.

- d) On 5 January 2015, Mr Knight contacted the Authority and explained that he wanted KHIL to be authorised as soon as possible, otherwise the firm could not trade properly. Mr Knight explained that the firm would enter customers' domestic premises to measure up and do the pricing for conservatory installations, and would also discuss finance arrangements there.
- e) On 6 January 2015, the Authority attempted to contact Mr Knight by telephone but was informed he was unavailable as he was out of the office.
- f) On 6 January 2015, the Authority sent an email to Mr Knight, which confirmed that the Application for KHIL could be processed despite falling outside the designated application period, and advised that any consumer credit agreements entered into by KHIL would be unenforceable as the firm did not have interim permission. Therefore, the Authority asked the firm:
 - i. whether it had entered into any consumer credit agreements since April 2014; and
 - ii. to amend the name on the Interim Permission Consumer Credit Register back to Knight Trade Services Limited.

In the same email, the Authority also advised that KHIL would need full permission, as it was considered a domestic premises supplier, and provide details of the additional application requirements and increased fee. The Authority requested the following information by 13 January 2015:

- iii. whether the firm now wanted to apply for full permission credit broking;
 - iv. confirmation that Mr Knight was the sole director and controller of Knight Home Improvements Limited;
 - v. confirmation of the consumer credit income for the firm; and
 - vi. whether or not the declared County Court Judgment of 2009 against Mr Knight was satisfied.
- g) On 9 January 2015, the Authority emailed Mr Knight asking for information concerning the liquidation of Knight Trade Services Limited, in particular the amount of any debts owed to suppliers and/or consumers. The Authority gave a deadline of 13 January 2015 to provide the information requested.
 - h) On 9 January 2015, the Authority received an email from Mr Knight saying that he wanted to withdraw the Application and requesting that the Authority refund the application fee.
 - i) On 9 January 2015, the Authority emailed Mr Knight informing him that its policy was not to provide refunds and that the withdrawal of the Application would be processed.

- j) On 9 January 2015, the Authority received an email from Mr Knight saying that, as the application fee would not be refunded, he was now applying for full permission, and that he would forward to the Authority the required information on 12 January 2015.
- k) On 9 January 2015, the Authority emailed Mr Knight acknowledging the firm's decision to proceed with a full permission application. A link was provided to the supplementary form on the Authority's website, details of how he could pay the top-up fee, and the Authority requested confirmation that Mr Knight would convert his application for controlled function CF8 (apportionment and oversight) to CF1 (director). The Authority reminded Mr Knight that he was yet to provide the information requested in the Authority's emails of 6 January and 9 January 2015 ("**the information requested**").
- l) On 28 January 2015, the Authority telephoned Mr Knight, who explained that he had been unwell and in hospital and hoped to amend the Application within the following week or so. The Authority undertook to phone Mr Knight on 6 February 2015 if no response had been received from him by then.
- m) On 10 February 2015, the Authority emailed Mr Knight asking when he would be in a position to submit the information requested.
- n) On 13 February 2015, the Authority attempted to speak to Mr Knight and was informed that he was on leave until 23 February 2015.
- o) On 13 February 2015, the Authority emailed Mr Knight requesting that he submit the supplementary form and fee by 27 February 2015.
- p) On 20 March 2015, the Authority telephoned Mr Knight on the office number. He confirmed that he would not change his business model and would submit a full permission application. The Authority emailed him the same day to confirm the call and giving him a deadline of 3 April 2015 for submission of the information requested.
- q) On 7 April 2015, the Authority attempted to speak to Mr Knight and left a message asking for the call to be returned requesting that he contact the Authority by 8 April 2015.
- r) On 10 April 2015, the Authority attempted to speak to Mr Knight. A colleague answered the call and undertook to pass a message on to him requesting that he contact the Authority. Later that day, Mr Knight's colleague telephoned the Authority to explain that Mr Knight was presently busy and asked for help identifying the emails that to which the Authority required a response. Mr Knight's colleague undertook to print out the relevant emails and bring them to Mr Knight's attention.
- s) On 16 April 2015, the Authority telephoned Mr Knight, who informed the Authority that his office was dealing with the Application and that he would telephone with an update on 17 April 2015.
- t) On 21 April 2015, the Authority sent a letter via Special Delivery to Mr Knight. The Authority also sent an email to Mr Knight. The Authority gave a deadline of 28 April 2015 for Mr Knight to provide the information

requested. The email and letter stressed that failure to provide the information might result in the case being recommended to the Authority's Regulatory Transaction Committee. The letter was signed for on 22 April 2015 with an illegible signature.

- u) On 30 April 2015, the Authority attempted to contact Mr Knight on the office number and, having received no reply, sent a letter via Special Delivery. The Authority also sent an email to Mr Knight. The Authority gave a deadline of 8 May 2015 for Mr Knight to provide the information requested. The letter again stressed that failure to provide information might result in the case being recommended to the Authority's Regulatory Transactions Committee. The letter was signed for on 1 May 2015 with an illegible signature.
- v) On 5 May 2015, the Authority attempted to contact Mr Knight on the office number several times. A call to the phone number quoted on the firm's website was answered by Mr Knight's colleague, and the Authority requested that Mr Knight email with an update regarding the status of the Application.
- w) On 18 May 2015, the Authority attempted to contact Mr Knight on the office number three times. On the first occasion the Authority was informed that Mr Knight was on the phone, on the second that he was out of the office, and on the third that he had left the office and was not back until 19 May 2015.
- x) On 18 May 2015, the Authority sent letters to Mr Knight at the office address and his home address by Special Delivery. Both letters were signed for on 19 May 2015 with illegible signatures. The Authority also sent an email to Mr Knight. The Authority gave a deadline of 2 June 2015 for Mr Knight to provide the information requested. As well as highlighting again the potential of a Warning Notice being issued, the correspondence advised Mr Knight how to withdraw the Application should he wish to do so.
- y) On 22 June 2015, the Authority noted that KHIL had not amended their entry on the Interim Permission Consumer Credit Register, as requested in the Authority's email of 6 January 2015, to show that Knight Trade Services Limited held interim permission as opposed to KHIL. The Authority amended the firm's entry and sent an email confirming this amendment, warning that only Knight Trade Services Limited had interim permission, and advising that the Authority was in the process of preparing papers in order to make a recommendation to the Regulatory Transactions Committee to issue the firm with a Warning Notice.

13. No response has been received indicating that any of the letters could not be delivered.

14. During the above period, the Authority received five substantive responses to the communications sent to KHIL (a telephone call on 5 January 2015, two emails on 9 January 2015, a telephone call on 28 January 2015, a telephone call on 20 March 2015). However, the information provided in these communications has been insufficient to enable the Authority to determine the Application as KHIL has failed to provide adequate responses to the Authority's requests for information.

IMPACT ON THRESHOLD CONDITIONS

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

16. By virtue of KHIL's failure to provide the requested information and, from 20 March 2015, to substantively reply at all to the Authority's correspondence, the Authority cannot ensure that KHIL satisfies, and will continue to satisfy, the following threshold conditions:

2C (Effective Supervision)

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

2D (Appropriate Resources)

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

2E (Suitability)

- iii. The failure by KHIL to supply the information requested means it is not being open and co-operative with the Authority or being ready, willing and organised to comply in its dealings with the Authority.

17. On the basis of the facts and matters described above, in particular the failure to provide the information required by the Authority, and in the absence of the information sought, the Authority has concluded that KHIL will not satisfy, and continue to satisfy, the threshold conditions in relation to the regulated activity for which KHIL would have permission if the Application were granted.

IMPORTANT NOTICES

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

Publication

19. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this 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.

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

Authority contacts

21. For more information concerning this matter generally, contact Katherine Webster, Senior Manager, Credit Authorisations Division, at the Authority (direct line: 020 7066 4126 / email: Katherine.Webster@fca.org.uk).

Val Smith
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 are set out in 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 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) provides 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 threshold conditions, the Authority will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.

Threshold Condition 2C: Effective Supervision

9. COND 2.3.3G states that, in assessing the threshold condition set out in paragraph 2C of Schedule 6 to the Act, factors which the Authority will take into consideration include, among other things, whether it is likely that the Authority will receive adequate information from the firm to determine whether it 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: Appropriate resources

10. 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.
11. COND 2.4.2G(2) provides that, non-financial resources of the firm will include human resources.
12. COND 2.4.2G(2A) provides that, 'non-financial resources' of the firm include human resources it has available.

Threshold condition 2E: Suitability

13. 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 the threshold conditions set out in paragraphs 2E and 3D of Schedule 6 to the Act. 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.
14. 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 the firm has been open and co-operative in all its dealings with the Authority (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system.