
FINAL NOTICE

To: **Biilz UK Ltd**

Address: **Office 6**
123 King Street
London
W6 9JG

FRN: **901054**

Dated: **9 December 2024**

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action against Biilz UK Ltd.
2. Pursuant to Regulations 10(1)(e) and 10(1)(a) (as applied by regulation 15) of the Electronic Money Regulations 2011, the Authority has cancelled the registration granted to Biilz UK Ltd as a small electronic money institution.
3. The Authority issued Biilz UK Ltd the Decision Notice which notified it of the Authority's decision to take the action specified above.
4. Biilz UK Ltd referred the Decision Notice, out of time, to the Tribunal on 7 October 2024 and requested an extension of time to make the referral.

5. On 29 November 2024, the Tribunal issued its direction refusing Biilz UK Ltd's application for an extension of time in which to make a reference to the Tribunal and concluded that it did not have any jurisdiction to suspend the effect of the Authority's Decision Notice.
6. Accordingly, the Authority has today cancelled the registration of Biilz UK Ltd as a small electronic money institution.

SUMMARY OF REASONS

7. On the basis of the facts and matters described below, the Authority has concluded that the Firm is no longer meeting the conditions for registration as a small electronic money institution under the Electronic Money Regulations 2011. In particular, Biilz UK Ltd has not taken adequate measures to safeguard electronic money holders' funds. In addition, it has failed to issue electronic money since it was registered by the Authority in October 2020.

DEFINITIONS

8. The definitions below are used in this Final Notice (and in the Annex):
 - "the Act" means the Financial Services and Markets Act 2000;
 - "the Authority" means the Financial Conduct Authority;
 - "the Decision Notice" means the Decision Notice issued by the Authority to Biilz UK Ltd dated 4 September 2024;
 - "EG" means the Authority's Enforcement Guide;
 - "the EMRs" means the Electronic Money Regulations 2011;
 - "Enforcement" means the Authority's Enforcement and Market Oversight Division;
 - "the Firm" means Biilz UK Ltd;
 - "the Handbook" means the Authority's Handbook of rules and guidance
 - "Returns" means the annual regulatory report submitted by a SEMI to the Authority using forms FIN060 and FSA065;
 - "SEMI" means "Small Electronic Money Institution" as defined in Regulation 2(1) of the EMRs;
 - "the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and
 - "the Warning Notice" means the warning notice given to Biilz UK Ltd dated 23 July 2024.

RELEVANT STATUTORY PROVISIONS

9. The statutory and regulatory provisions relevant to this Final Notice are set out in Annex A.

FACTS AND MATTERS

10. The Firm was registered by the Authority as a SEMI on 19 October 2020. As part of its registration application, the Firm provided evidence that it had a safeguarding account in

place for the purpose of safeguarding electronic money holders' funds.

11. Since registration the Firm has submitted the Returns annually showing that it has not taken adequate measures to safeguard electronic money holders' funds and that it has not issued electronic money.
12. On 15 February 2022, the Firm underwent a change in control.
13. On 23 September 2022, the Authority wrote to the Firm with respect to its failure to provide information relating to its safeguarding arrangements. The firm was invited to, amongst other things, provide details and evidence of its safeguarding method by 30 September 2022.
14. On 28 September 2022, the Firm responded to state that when the change in control took place, the Firm did not have a safeguarding account in place but was in the final stages of opening safeguarding facilities. Furthermore, the Firm was confident that its safeguarding facilities would be operational during the week beginning 3 October 2022.
15. Between 29 September 2022 and 4 December 2023, the Authority continued to correspond with the firm with respect to its progress in securing safeguarding arrangements and starting to issue electronic money. During this period, the Firm missed numerous deadlines for providing updates as well as self-imposed deadlines for when it expected to be operational and issuing electronic money. On 8 December 2022, the Firm provided a signed undertaking, agreeing to refrain from onboarding or registering new customers and to refrain from providing any of the services it is registered to provide under the EMRs.
16. On 28 February 2024, the Authority sent the Firm a letter notifying it of the Authority's view that the Firm was not meeting the conditions of its registration and had failed to issue electronic money within 12 months of being registered as a SEMI and that its registration may be cancelled on that basis. The Firm was invited to provide evidence that it had secured safeguarding arrangements and was in a position to start issuing electronic money or to voluntarily cancel its permissions. The Firm responded on the same day to request that any enforcement action be placed on hold to allow the Firm to complete a change in control.
17. The Authority continued to correspond with the Firm by email and telephone and confirmed that the enforcement action would not be paused to allow the Firm to complete a change in control. The Authority considers that firms which are not meeting the conditions of their registration and are not using their permissions should apply to cancel those permissions and not seek to sell them on.
18. On 8 April 2024, the Firm provided the Authority with a copy of a safeguarding account acknowledgement letter and safeguarding policy. On 10 April 2024, the Firm submitted a change in control notification.
19. Between 11 April 2024 and 29 April 2024, the Authority continued to correspond with the Firm with respect to its safeguarding arrangements and ability to begin operations if it were to be released from the undertaking signed on 8 December 2022. The Authority confirmed that the Firm had not provided evidence that it had secured acceptable safeguarding arrangements as the safeguarding account was not in the name of the Firm and that the enforcement action would continue.
20. On 30 August 2024 the Firm's change in control notification was withdrawn.

REASONS FOR THE ACTION

21. The Authority has concluded that, on the basis of the facts and matters described above, the Firm has failed to take adequate measures to safeguard electronic money holders' funds as required by Regulation 13(7)(c) of the EMRs. This provides a basis for cancelling the Firm's registration in accordance with Regulation 10(1)(e) (as applied by Regulation 15) of the EMRs.
22. Furthermore, the Firm has failed to issue electronic money since its registration in October 2020 and therefore did not issue electronic money within 12 months, beginning with the date on which its registration took effect. Although this is in part because the Firm has failed to secure safeguarding arrangements, the Firm had a safeguarding account in place when it was registered, and still failed to issue electronic money.
23. The Firm's failure to issue electronic money within 12 months beginning with the date on which the registration took effect also provides a basis for cancelling the Firm's registration in accordance with Regulation 10(1)(a) (as applied by regulation 15) of the EMRs.
24. The Authority has therefore cancelled the Firm's registration as a SEMI for the reasons described above.

REPRESENTATIONS

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

PROCEDURAL MATTERS

26. This Final Notice is given to the Firm in accordance with section 390(1) of the Act (as applied by paragraph 8 of Schedule 3 of the EMRs).

Decision maker

27. The decision which gave rise to the obligation to give this Final Notice was made by an Authority staff member under the executive procedures.

Publicity

28. Sections 391(4), 391(6) and 391(7) of the Act (as applied by paragraph 8 of Schedule 3 of the EMRs) 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 information would, in the opinion of the Authority, be unfair to the Firm or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
29. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contact

30. For more information concerning this matter generally, the Firm should contact Toby Hiscock at the Authority (direct line: 020 7066 0918).

Jeremy Parkinson
Enforcement and Market Oversight Division

ANNEX A

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1B of the Act include protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of protection for consumers.
2. Regulation 15 of the EMRs provides:

"Regulations 7 to 11 apply to registration as a small electronic money institution as they apply to authorisation as an authorised electronic money institution with the following modifications—

 - (a) references to authorisation are to be treated as references to registration;
 - (b) for regulation 8 substitute—

"8.[...]

 - (2) The conditions that must continue to be met are—
 - (a) the conditions in regulation 13(6) to (10);

[...]"

 - (c) in regulation 10 for paragraph (1)(e) substitute—

"(e)the person no longer complies with, or is unlikely to continue to comply with, any of the conditions mentioned in regulation 8(2)(a), (b), (c) and (d);"

[...]."
3. Regulation 13 of the EMRs provides:

"13.—(1) The Authority may refuse to register an applicant as a small electronic money institution only if any of the conditions set out in paragraphs (2) to (10) is not met.

[...]

 - (7) The applicant must satisfy the Authority that—

[...]

 - (c) it has taken adequate measures for the purpose of safeguarding electronic money holders' funds in accordance with regulation 20."
4. Regulation 20 of the EMRs Provides:

"20.—(1) Electronic money institutions must safeguard funds that have been received in exchange for electronic money that has been issued (referred to in this regulation and regulations 21 and 22 as "relevant funds").

(2) Relevant funds must be safeguarded in accordance with either regulation 21 or regulation 22

[...].”

5. Regulation 21 of the EMRs provides:

“21.—(1) An electronic money institution must keep relevant funds segregated from any other funds that it holds.

(2) Where the institution continues to hold the relevant funds at the end of the business day following the day on which they were received it must—

- (a) place them in a separate account that it holds with an authorised credit institution or the Bank of England; or
- (b) invest the relevant funds in secure, liquid, low-risk assets (“relevant assets”) and place those assets in a separate account with an authorised custodian.

[...].”

6. Regulation 10(1)(e) of the EMRs (as applied by Regulation 15), provides that the Authority may cancel the registration of a small electronic money institution where that firm fails to meet the conditions of its registration including the condition in Regulation 13(7)(c).

7. Regulation 10(1)(a) of the EMRs (as applied by regulation 15), gives the Authority the power to cancel the registration of a small electronic money institution where the firm does not issue electronic money within 12 months beginning with the date on which the authorisation/registration took effect.

RELEVANT HANDBOOK PROVISIONS

8. In exercising its powers to cancel the registration of a small electronic money institution, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The main considerations relevant to the action stated in this notice are set out below.

9. The Authority’s policy in relation to exercising its enforcement powers is set out in EG, the relevant provisions of which are summarised below.

10. EG 19.23.3 provides that the Authority’s approach to enforcing the EMRs will mirror its general approach to enforcing the Act.

11. EG 19.23.4 provides that, in relation to the EMRs, the Authority has decided to adopt procedures and policies in relation to the use of its sanctioning and regulatory powers, akin to those it has under the Act.

RELEVANT APPROACH DOCUMENT PROVISIONS

12. Paragraph 10.43 of the Authority’s approach document on Payment Services and Electronic Money (September 2017) states that the safeguarding account in which relevant funds or equivalent assets are held must be held in the name of the institution.

ANNEX B

REPRESENTATIONS

1. The Firm made representations in response to the Warning Notice via email on 29 July 2024, 31, July 2024, 1 August 2024, 7 August 2024, 8 August 2024, 12 August 2024 and 13 August 2024. Additionally, the Firm made representations directly to Enforcement via telephone on 29 July 2024. A summary of the Firm's key representations (in bold), and the Authority's conclusions in respect of them, are set out below:
2. **The Firm stated that it has an ongoing change in control application being assessed and that the incoming controllers will have adequate safeguarding arrangements in place. The Firm requested that enforcement action is placed on hold pending the outcome of the change in control.**
 - (1) The Firm had ample time to address these issues outlined in the Warning Notice and failed to do so. Additionally, the Authority considers that firms which are not issuing electronic money and are not meeting the conditions of their registration should apply to cancel their permissions and not seek to sell them on.
 - (2) The Firm provided no evidence of safeguarding arrangements held by its proposed controllers. On 30 August 2024, the Firm withdrew its change in control notification.
3. **The Firm stated that it is continuing to engage with account providers with respect to securing safeguarding arrangements.**
 - (1) The Firm had stated since 28 September 2022 that it was in the process of securing safeguarding arrangements. It had ample time to get safeguarding measures in place and failed to do so. The Firm provided no reason for the Authority to believe that these attempts would be any more successful than its previous attempts.
4. **The Firm stated that the safeguarding method that it proposed in April 2024 is actually an accepted method of safeguarding funds and that this therefore addresses the assertion that the Firm does not have adequate safeguarding measures in place.**
 - (1) In support of this ground, the Firm provided evidence of an email from the account provider. That email provided no insight as to why the proposed method is acceptable, and instead confirmed that the Firm's adviser, and not the Firm, is the account holder.
 - (2) As noted at paragraph 13 of the Annex to the Warning Notice and Annex A of this Decision Notice, paragraph 10.43 of the Authority's approach document on Payment Services and Electronic Money states that the safeguarding account in which relevant funds or equivalent assets are held must be held in the name of the institution.
 - (3) As the Firm is not the account holder for its proposed safeguarding arrangement, the Authority maintains its view that the arrangement is not acceptable.

5. The Authority concluded that the Firm is not meeting the conditions for registration as a SEMI, as the Firm does not have arrangements in place to safeguard electronic money holders' funds. Additionally, the Firm has failed to issue electronic money since it was registered in 2020. The Authority concluded that the Firm has had a considerable amount of time to obtain safeguarding arrangements and commence issuing electronic money and has failed to do so. Therefore, the Authority is satisfied that it is both appropriate and proportionate to cancel the Firm's registration as a SEMI.