
FINAL NOTICE

To: Carnu Limited

Address: House 3
The Maltings
East Tyndall Street
Cardiff
Caerdydd
CF24 5EA

FRN: 980570

Dated: 3 April 2025

ACTION

1. On 16 September 2024, the Firm made an application under paragraph 4(2) of Schedule 6A to the Act to annul the Authority's decision to cancel the Firm's Part 4A permission under paragraph 1 of Schedule 6A of the Act.
2. The Authority issued to the Firm the Decision Notice which notified the Firm of the Authority's decision to refuse to annul its decision to cancel the Firm's Part 4A permission. The Firm has not referred the matter to the Tribunal within 28 days of the date of the Decision Notice.
3. Accordingly, pursuant to paragraph 5(2)(c) of Schedule 6A to the Act, the Authority has today refused to annul its decision to cancel the Firm's Part 4A permission.

SUMMARY OF REASONS

4. The Authority has concluded on the basis of the facts and matters set out below, that it is not satisfied that, in all the circumstances, it is just and reasonable to annul its decision to cancel the Firm's Part 4A permission.
5. This is because the Authority is not satisfied that the Firm was carrying on any regulated activity to which its Part 4A permission related at or immediately prior to the date the cancellation took effect.

DEFINITIONS

6. The definitions below are used in this Final Notice (and in the Annexes):
 - "the Act" means the Financial Services and Markets Act 2000;
 - "the Annulment Application" means the application made by the Firm under paragraph 4 of Schedule 6A to the Act;
 - "the Authority" means the Financial Conduct Authority;
 - "the Decision Notice" means the Decision Notice issued by the Authority to the Firm dated 7 February 2025;
 - "the Firm" means Carnu Limited;
 - "the Firm's Part 4A permission" means the Part 4A permission granted by the Authority to the Firm;
 - "the Handbook" means the Authority's Handbook of rules and guidance;
 - "Notice of Decision" means the notice of decision issued by the Authority to the Firm dated 16 September 2024;
 - "Part 4A permission" means permission to conduct regulated activities, granted by the Authority under Part 4A of the Act;
 - "SUP" means the Supervision Manual, part of the Handbook;
 - "the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and
 - "the Warning Notice" means the warning notice given to the Firm dated 10 January 2025.

RELEVANT STATUTORY PROVISIONS

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

FACTS AND MATTERS

8. The Firm was authorised by the Authority on 9 September 2022 to carry out the following regulated activities in relation to consumer credit business:
 - (a) agreeing to carry on a regulated activity;

- (b) entering into regulated consumer hire agreements as owner; and
- (c) exercising or having the right to exercise the owner's rights and duties under a regulated consumer hire agreement.

9. On 16 September 2024, the Authority gave the Firm the Notice of Decision which stated that the Authority had decided to cancel the Firm's Part 4A permission, with effect from the date of the Notice of Decision.
10. The reason for the cancellation of the Firm's Part 4A permission was that the Authority considered that the Firm was carrying on no regulated activities to which its Part 4A permission related.
11. On 16 September 2024, the Firm submitted the Annulment Application for the annulment of the Authority's decision to cancel the Firm's Part 4A permission.
12. Having considered the Annulment Application, the Authority has concluded that, in all the circumstances, it is not just and reasonable to grant the annulment. This is because the Authority is not satisfied that the Firm was carrying on any regulated activity to which its Part 4A permission related at or immediately prior to the date the cancellation took effect or that the Firm can demonstrate an evidenced intention, ability or concrete plan to commence regulated activity in the near future.
13. The Firm confirmed in the Annulment Application that it was not carrying on any regulated activities at the time the cancellation took effect or in the 12 months preceding that date. This is consistent with the information provided to the Authority by the Firm prior to the Notice of Decision being issued.
14. The Authority's Policy Statement 22/5 (New cancellation and variation power: Changes to the Handbook and Enforcement Guide) stated that only firms that carry on one or more Authority-regulated activities should generally remain authorised to do so¹. Given that the Firm has confirmed that it was not carrying on any regulated activities, the decision to cancel the Firm's Part 4A permission was correct.
15. Through the Warning Notice, the Authority gave notice that it proposed to refuse to annul its decision to cancel the Firm's Part 4A permission. The Firm was given the opportunity to make representations to the Authority. The firm did not make any representations.
16. The Authority then gave the Firm the Decision Notice, setting out the Authority's decision not to annul its decision to cancel the Firm's Part 4A permission.
17. The Firm did not refer the matter to the Tribunal within 28 days of the date of the Decision Notice.

ANNULMENT

18. From the facts and matters described above and pursuant to paragraph 5(2) of Schedule 6A to the Act, the Authority has refused to annul its decision to cancel the Firm's Part 4A permission on the basis that, in all the circumstances, it is not satisfied that it is just and reasonable to do so.

PROCEDURAL MATTERS

¹ <https://www.fca.org.uk/publication/policy/ps22-5.pdf>

19. This Final Notice is given to the Firm in accordance with section 390(1) of the Act.

Decision maker

20. 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

21. 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 information would, in the opinion of the Authority, be unfair to the Firm or prejudicial to the interests of consumers.

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

Authority contact

23. For more information concerning this matter generally, the Firm should contact Kevin Toskaj at the Authority (direct line: 0113 541 2141).

Angela Curtis
Enforcement and Market Oversight Division

ANNEX

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. If a person previously holding a Part 4A permission given by the Authority under Part 4A of the Act is aggrieved by the Authority's decision to cancel its Part 4A permission under paragraph 1 of Schedule 6A to the Act, it may apply to the Authority under paragraph 4 of Schedule 6A to the Act to have the decision annulled.
3. In relation to a decision to cancel an Authority-authorized person's Part 4A permission under paragraph 1 of Schedule 6A of the Act, paragraph 5(2) of Schedule 6A of the Act permits the Authority to:
 - (a) annul the decision unconditionally;
 - (b) annul the decision subject to such conditions as the Authority considers appropriate;
or
 - (c) refuse to annul the decision.
4. Paragraph 5(3) of Schedule 6A of the Act provides that the Authority may annul the decision (unconditionally or subject to conditions) only if satisfied that, in all the circumstances, it is just and reasonable to do so.

RELEVANT HANDBOOK PROVISIONS

5. In exercising its power to grant an annulment (with or without conditions) or to refuse to grant an annulment, the Authority must have regard to the regulatory requirements and guidance published in the Handbook and in regulatory guides. The main considerations relevant to the matters stated in this Final Notice are set out below.

Guidance concerning annulments

6. Guidance on annulments is set out in SUP.

SUP 7.4 – Annulment of FCA decision to exercise its additional own-initiative variation powers

7. SUP 7.4.4G states that in determining whether and subject to what conditions it is just and reasonable to annul a decision to cancel an Authority-authorized Part 4A permission under Schedule 6A of the Act, the Authority will consider all the relevant circumstances, including, without restriction:
 - (1) the applicant firm's reasons for failing to respond as directed to the relevant notices served on it under paragraph 2 of Schedule 6A of the Act;
 - (2) what explanation the firm has for the facts that led the Authority to form the view that it was no longer carrying on any regulated activity to which its permission related; and

- (3) if applicable, what remedial steps the firm proposes to take in relation to those.
- 8. SUP 7.4.5G sets out other factors the Authority may consider when deciding whether and subject to what conditions it is just and reasonable to annul a decision to cancel an Authority-
authorised Part 4A permission under Schedule 6A of the Act.