

To: **F T Investment & Insurance Consultants**
Of: **27 Church Street Lancaster, LA1 1LP**
Date: 7 August 2002

FINAL NOTICE

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("FSA") gives you final notice about the following matters:-

- (1) a requirement to pay a financial penalty.

THE INTERIM TRIBUNAL

The Notice of Intended Order of the Disciplinary Committee of the Personal Investment Authority ("PIA") which was issued on 29 August 2001 was referred by you to the PIA Membership and Disciplinary Tribunal. Those proceedings were incomplete disciplinary proceedings at 1 December 2001 and were referred by FSA to the Financial Services and Markets Act Interim Tribunal. In accordance with the directions given by the Interim Tribunal the FSA is taking the following action:-

1. THE PENALTY

- 1.1 The FSA imposes a financial penalty on you in the amount of £4,000 ("the Penalty").

REASONS FOR THE PENALTY

Summary

F T Investment and Insurance Consultants ("the Firm") is an independent financial adviser, which was authorised by PIA to conduct investment business from 30 December 1994. The penalty is in respect of the Firm's failures to conduct its pension's review in accordance with PIA Guidance, details of which are set out below.

Relevant Statutory and other Provisions

The Penalty

The penalty arises as a result of your failure to comply with PIA Rule 7.2.2(3) as particularised below.

The penalty is imposed under S.206 of the Financial Services and Markets Act 2000 ("the Act").

In imposing the penalty, FSA is exercising its power under S.206 of the Act in order to give effect to and implement the determination and directions of the Interim Tribunal pursuant to Article 58(4) of the Financial Services and Markets Act 2000 (Transitional Provisions) (Partly Completed Procedures) Order 2001 ("the PCP Order").

Therefore, in accordance with Article 61(5) of the PCP Order, Sections 207 and 208 of the Act do not apply to this Notice.

Relevant Guidance

In deciding to impose the penalty in reliance upon the facts and matters described herein and in accordance with the provisions of Article 60(3) of the PCP Order, the FSA has had regard to the guidance published in Annex D of "PIA's Approach to Discipline - Statement of Policy" (December 1995). The following paragraphs in particular are relevant for the reasons stated:

- (2) *Paragraph 3 a (i)* -The breaches may have exposed clients to actual or potential harm by not conducting its pensions review and its mailing exercise in a timely manner, including its failure to expedite the remedial action required as a consequence of PRMD's findings. Further, by incorrectly excluding a number of cases, clients may not have received compensation even though they were entitled;
- (3) *Paragraph 3 a (v)* – The Firm is a Partnership of 2 persons and the individual who had overall responsibility for the conduct of the Pensions Review is a partner of the Firm;
- (4) *Paragraph 3 a (vi)* – The breaches were not thought to be indicative of the Firm's compliance systems as a whole. However, it should be noted that of the four cases detailed in the disciplinary action taken in 1998, 3 of those same cases remained outstanding at the time of PRMD's October 2000 verification visit. This may be indicative of a lax attitude to compliance by the Firm;
- (5) *Paragraph 3 a (viii)* – As stated in paragraph (4) above, some cases that had been due for completion before the end of 1997 were still outstanding in 2000. Further, in respect of the failings regarding the Firm's inappropriate exclusion of cases, these commenced when the Firm first started identifying its starting population;
- (6) *Paragraph 3 b (i)* – The breaches were not reported by the Firm. The breaches were initially identified by PRMD at their monitoring visit in April 2000;

- (7) *Paragraph 3 b (ii)* – Following the April 2000 PRMD monitoring visit, the Firm failed to expedite the remedial action required and by the time of the October verification visit, much of this had not been completed. Following the October 2000 verification visit, the Firm continued to implement the remaining corrective action required but this had still not been completed by April 2001;
- (8) *Paragraph 3 b (iii)* – The Firm appointed an external consultant to assist with the conduct of its review just prior to the October 2000 verification visit; and
- (9) *Paragraph 3 b (iv)* – As can be seen from paragraphs (5), (6), and (7) above, the Firm does not appear to have applied an appropriate degree of urgency to the completion of the required corrective action.

Facts And Matters Relied On

The FSA considers that F T Investment & Insurance Consultants failed to comply with Rule 7.2.2(3) as follows :

- (a) the Firm failed to identify its starting population accurately;
- (b) the Firm did not conduct its pensions review exercise in a timely manner;
- (c) the Firm failed to exclude cases from the review in accordance with the Guidance; and
- (d) the Firm did not close cases in accordance with the Guidance.

MANNER OF PAYMENT OF THE PENALTY

The Penalty must be paid to the FSA by instalments as set out below.

TIME FOR PAYMENT OF THE PENALTY

The first instalment of the Penalty in the sum of £222.26 must be paid to the FSA no later than 21 August 2002, being not less than 14 days beginning with the date on which this notice is given to you followed by 17 monthly instalments each of £222.22 payable on the 21st day of the month (“the due date”). If the due date falls on a public holiday (including Saturdays and Sundays) in any given month, then the due date is deemed to be due on the next business day immediately following the public holiday concerned.

IF PENALTY NOT PAID

Each instalment must be paid on the due date as specified above and in any event, no later than 14 days after each due date (“the payment period”). If any instalment is not paid within the payment period, and an instalment amount is outstanding on the 15th day after the due date the whole of the outstanding amount of the penalty will become due and the FSA may recover the same as a debt owed by you and due to the FSA.

YOUR RIGHTS

This notice is sent to you in accordance with section 390(5) of the Act.

PUBLICATION

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 FSA must publish such information about the matter to which this notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to you or prejudicial to the interests of consumers.

The FSA intends to publish a press release reflecting the terms of this Notice.

For more information concerning this matter generally, please contact Martin Cole at the FSA (direct line: 020 7676 1706/fax: 020 7676 1707).

Signed:.....

Dated:.....

Julia Dunn

Head of Retail Selling

Enforcement Division