
FINAL NOTICE

Stallion Financial Investments Plc
10th Floor
3 Hardman Street
Manchester
Greater Manchester
M3 3HF

24 January 2018

ACTION

1. By an application dated 28 February 2017, Stallion Financial Investments Plc ("SFI") applied under section 55A of the Act for Part 4A permission to carry on the regulated activities of:
 - i. credit broking;
 - ii. debt adjusting limited to adjusting - no debt management plans; and
 - iii. debt counselling limited to counselling - no debt management plans.
2. On 23 May 2017 SFI informed the Authority that it wished to amend its application under section 55A of the Act for Part 4A permission, by adding the regulated activity of arranging, but not advising on, home purchase plans.
3. The Application is incomplete.
4. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

5. By its Warning Notice the Authority gave notice that it proposed to refuse the Application and that SFI was entitled to make representations to the Authority about that proposed action.
6. As no representations have been received by the Authority from SFI 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.
7. By its Decision Notice, the Authority gave SFI notice that it had decided to take the action described above.
8. SFI had 28 days from the date the Decision Notice was given to refer the matter to the Tribunal. No referral was made to the Tribunal within this period of time or to date.
9. 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 SFI Final Notice of its refusal.
10. The Authority has decided to refuse the Application and to give this Final Notice as SFI has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that SFI will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.
11. SFI has failed to respond to five separate requests for the provision of information considered, by the Authority, to be necessary to allow the Application to be determined. These requests were made over a ten week period; the last three requests included a statement to the effect that SFI must contact the Authority or the Authority would recommend to the RTC that SFI is given a Warning Notice.
12. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that SFI satisfies, and will continue to satisfy, the threshold conditions
13. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and co-operative way. The failure to provide the requested information raises concerns that SFI would fail to do so if the Application were to be granted.
14. The failure to provide the information raises concerns as to whether SFI:
 - i. can be effectively supervised by the Authority as required by threshold condition 2C;
 - ii. has appropriate human resources, given SFI's failure to provide the Authority with the requested information as required by threshold condition 2D; and

- iii. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

DEFINITIONS

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

“the Act” means the Financial Services and Markets Act 2000.

“the Application” means the application referred to in paragraph one above (as amended).

“the Authority” means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority.

“the Decision Notice” means the decision notice dated 7 December 2017 given to SFI by the Authority.

“the PRA” means the Prudential Regulation Authority.

“the RDC” means the Authority’s Regulatory Decisions Committee.

“the RTC” means the Authority’s Regulatory Transactions Committee.

“SUP” means the Supervision chapter of the Authority’s handbook.

“SYSC” means the Senior Management Arrangements, Systems and Controls chapter of the Authority’s handbook.

“the Tribunal” means the Upper Tribunal (Tax & Chancery Chamber).

“the Warning Notice” means the warning notice dated 1 November 2017 given to SFI by the Authority.

FACTS AND MATTERS

16. The Application was received by the Authority on 28 February 2017.

17. Further information was requested from SFI under section 55U(5) of the Act.

18. Details of all the relevant communications between the Authority and SFI are set out below.

19. On 26 June 2017, the Authority wrote to SFI by email using the contact details provided within the Application and requested that SFI provide the following information by 10 July 2017 in support of the Application:

- i. SFI’s opening balance sheet forecast;
- ii. SFI’s projected balance sheet;
- iii. SFI’s projected cash flow;
- iv. SFI’s profit and loss forecast;

- v. SFI's PII quote certificate;
 - vi. SFI's share allotment document;
 - vii. confirmation of what percentage of SFI's business comprised regulated activities;
 - viii. an explanation as to why SFI requires permission to arrange, but not advise on, home purchase plans that it applied for in the Application;
 - ix. an explanation as to how SFI shall carry out arranging, but not advising on, home purchase plans without advising customers if the Application were to be granted;
 - x. an explanation of how SFI is satisfied that a 'home purchase plan' will be suitable for its customers in the circumstances in which SFI proposes to offer this type of product;
 - xi. confirmation of how SFI will ensure its customers are aware it only offers one type of mortgage product;
 - xii. an explanation of how SFI is satisfied that it is not within scope of the Mortgage Credit Directive but proposes to carry out first and second charge mortgages if the Application were to be granted;
 - xiii. an explanation as to why SFI has applied for the permission of debt adjusting in circumstances where SFI has stated that it does not intend to provide advice to its customers;
 - xiv. copies of the mortgage qualifications held by the individual seeking approval to perform the CF1 (Director) and CF10 (Compliance Oversight) controlled functions; and
 - xv. a more comprehensive sales process flow chart.
20. On 3 July 2017, SFI wrote to the Authority by email confirming that SFI's Finance Manager was "*authorised to deal, interact and/or correspond on [SFI's] behalf*".
21. On 18 July 2017, the Authority wrote to SFI by email using the contact details provided within the Application acknowledging SFI's email dated 3 July 2017. This correspondence recorded the fact that SFI had not provided the information requested on 26 June 2017 and that if SFI was unable to provide the information or was not ready to apply for Part 4A permission it may wish to consider withdrawing the Application. The Authority requested SFI provide the outstanding information requested by 21 July 2017.
22. On 19 July 2017, the Authority contacted SFI by telephone using the contact details provided within the Application. SFI advised it was no longer using the compliance advisor recorded within the Application and stated that it was seeking help from an individual who "*works for a company who do the same work that [SFI] intends to do*" if the Application were to be granted. SFI requested that as the assistance is only available on weekends that the deadline to provide the information be extended by three to four weeks. The Authority informed SFI that the outstanding information should have been available when SFI submitted the

Application, that it could not agree to the request and reminded SFI it should provide the outstanding information requested by 21 July 2017.

23. On 25 July 2017, the Authority wrote to SFI by email using the contact details provided within the Application, noting the lack of response to its previous correspondence of 26 June 2017. This correspondence informed SFI that a failure to provide the information requested would result in the Application being determined based upon the information received to date and that this would result in a recommendation to the RTC that it give SFI a Warning Notice proposing to refuse the Application. No response was received to this correspondence by the stated deadline of 8 August 2017 (i.e. within 14 days).
24. On 9 August 2017, the Authority attempted to telephone SFI using the contact details provided within the Application. However the call was not answered and there was no facility to leave a message.
25. Later the same day the Authority wrote to SFI by email and letter using the contact details provided within the Application, noting it had not received a response to its previous correspondence of 26 June and 25 July 2017. This letter informed SFI that a failure to provide the information requested would result in the Application being determined based upon the information received to date and that a failure to provide the information requested would result in a recommendation to the RTC that it give SFI a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 23 August 2017 (i.e. within 14 days).
26. On 24 August 2017, the Authority attempted to telephone SFI using the contact details provided within the Application, however the call was not answered and there was no facility to leave a message.
27. Later the same day the Authority wrote to SFI by email and letter using the contact details provided within the Application, noting the lack of response to its previous correspondence of 26 June, 25 July and 9 August 2017, reiterating that a failure to provide the information requested would result in the Application being determined based upon the information received to date. This letter again noted that a failure to provide the information requested would result in a recommendation to the RTC that it give SFI a Warning Notice proposing to refuse the Application. No response was received to this letter by the stated deadline of 7 September 2017 (i.e. within 14 days).
28. On 6 September 2017, the Authority attempted to call SFI using the contact details provided within the Application. However, the call was not answered and there was no facility to leave a message.

IMPACT ON THRESHOLD CONDITIONS

29. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
30. SFI has failed to respond to five separate requests for the provision of information considered, by the Authority, to be necessary to allow the Application to be determined. These requests were made over a ten week period; the latter three requests included a statement to the effect that SFI must provide the information requested or a recommendation would be made to the RTC that they receive a Warning Notice.

31. The Authority has therefore determined the Application based upon the information received to date, in circumstances where its requests for information have not been met. Having reviewed that information, the Authority cannot ensure that SFI satisfies, and will continue to satisfy, the threshold conditions.
32. Authorised firms (and those seeking authorisation) are expected to engage with the Authority in an open and cooperative way. The failure to provide the requested information raises concerns that SFI would fail to do so if the Application were to be granted.
33. The failure to provide the information requested raises concerns as to whether SFI:
 - i. can be effectively supervised by the Authority as required by threshold condition 2C;
 - ii. has appropriate human resources, given SFI's failure to provide the Authority with the requested information as required by threshold condition 2D; and
 - iii. will conduct its business with integrity and in compliance with proper standards as required by threshold condition 2E.

IMPORTANT NOTICES

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

Publication

35. 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.
36. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

37. For more information concerning this matter generally, contact Kate Pitt, Manager, Lending & Intermediaries department at the Authority (direct line: 020 7066 0714 / email: Kate.Pitt@fca.org.uk).

Andrew Freeman
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 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.
5. 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.
6. 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.
7. 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

8. 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

9. 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.
10. COND 2.4.2G(2A) provides that 'non-financial resources' of the firm include human resources it has available.
11. 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

12. 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.
13. 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.
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 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.