

FINAL NOTICE – SUMMARY OF CONTENTS

Date of issue: 28 October 2004

Mr Victor Arulanathan and Victors Financial Services Limited

The FSA has refused an application for Part IV Permission to carry on mortgage and general insurance business from Victors Financial Services Limited ("Victors") because it does not satisfy Threshold Condition 4 (adequate resources) and Threshold Condition 5 (suitability). The FSA has also refused Victors' application for the approval of Mr Arulanathan to perform the controlled function of Director. This is because the FSA was not satisfied that he was a fit and proper person to perform this function. Mr Arulanathan was the only candidate to apply to perform controlled functions with Victors.

In January 1998 a monitoring visit by the Association of Chartered Certified Accountants ("ACCA") found that Victors had breached the ACCA rule which required that a firm receiving income from investment business which exceeded 20% of its gross total income must apply for authorisation by the Personal Investment Authority ("PIA"). The ACCA also found that the firm had committed widespread and pervasive breaches of the Conduct of Business rules. The ACCA warned the firm that a failure to improve its level of compliance would jeopardise its continuing investment business authorisation.

A further monitoring visit concluded that Victors had materially breached an undertaking it had given to ACCA that its total investment business for 1999 would not exceed 20% of total income. ACCA also concluded that there was little record of compliance with the relevant Investment Business Regulations in all the firms files inspected at the visit.

In April 2000 the ACCA Authorisation Appeal Committee refused the application by Victors for an Investment Business Certificate for 2000.

In July 2000 Victors' application for membership to the PIA was refused on the grounds that it was not fit and proper to be admitted into membership and that it had not satisfied the PIA as to its honesty and reputation, openness and accuracy of dealing with existing regulators. In November 2000 Victors appealed but on 20 November 2000 Mr Arulanathan withdrew his appeal at which point the Membership Committee's decision to reject the firm was reactivated.

In Victors' applications to the FSA, Mr Arulanathan failed to disclose to the FSA any details about his breaches of the Conduct of Business rules and his previous application for membership to the PIA. Mr Arulanathan did not deal with the FSA in an open and co-operative way by disclosing information of which the FSA would reasonably expect to receive notice.

Therefore the FSA is not satisfied that Mr Arulanathan is a fit and proper person to perform the Director function with Victors. In turn, the refusal of this application means the FSA cannot ensure that Victors satisfies Threshold Condition 4(adequate resources), and because of Victors' connection with Mr Arulanathan, the FSA cannot ensure that Victors will satisfy

Threshold Condition 5 (suitability).

Mr Arulananthan and Victors Financial Services Limited did not refer the matter to the independent Financial Services and Markets Tribunal.