Financial Conduct Authority

Warning Notice Statement 15/2

The Financial Conduct Authority (the FCA) gave an individual a Warning Notice on 12 May 2015 proposing to take action in respect of the conduct summarised in this statement.

IMPORTANT: a warning notice is not the final decision of the FCA. The individual has the right to make representations to the Regulatory Decisions Committee (RDC) which, in the light of those representations, will decide on the appropriate action and whether to issue a decision notice. The RDC is a Committee of the FCA Board which decides whether the FCA should give certain statutory notices described as within its scope by the FCA's Handbook.

If a decision notice is issued, the individual has the right to refer the matter to the Upper Tribunal which would reach an independent decision on the appropriate action for the FCA to take, if any.

If either the RDC or the Upper Tribunal decide that no further action should be taken, the FCA will publish a notice of discontinuance provided it has the individual's consent.

The following is a summary of the reasons why the FCA gave the individual a Warning Notice:

- The individual held the significant influence function of CF1 (Director) at a business which advised customers on a range of investment products.

- The FCA considers that the individual failed to act with due skill, care and diligence in contravention of Statement of Principle 6 of the FCA's Statements of Principle for Approved Persons because the individual failed to ensure there were arrangements in place adequate to mitigate risks that were particular to the nature, scale and complexity of the business.

- In particular, the FCA considers that the individual, between 1 February 2011 and 27 November 2012:

    - failed to conduct an adequate initial review of, and to scrutinise appropriately, the existing arrangements;

    - as a result of that inadequate initial review, and their lack of understanding of risks to the business, failed to implement adequate arrangements to enable the directors of the business to identify, measure, manage and control the risks to which the business was, or might be, exposed; and

    - in the absence of an internal audit function, failed to take any steps to put in place processes to assess the effectiveness of the systems and controls at the business for identifying and mitigating risk.

- As a consequence of these failings, risks to customers were not adequately identified or managed, thereby causing potential consumer detriment.