

# This week at the UK regulators

## Thirty second guide: The week in overview

Last week, two individuals convicted of fraud and other offences last month were sentenced in connection with their roles in promoting an unauthorised collective investment scheme. Other enforcement action included variation of a firm's permission based on concerns that it has breached client assets rules. The FCA has announced details of an agreement reached with a provider of card security products and 11 banks and credit card issuers for a scheme to provide redress to customers following voluntary negotiations.

The FCA has also signalled its support for the approach being taken by the competition regulator and has entered into memoranda of understanding with the Information Commissioner's Office and the Advertising Standards Authority aimed at helping it discharge its consumer credit regulatory functions. It has also commenced an exercise of gathering data aimed at gauging the effectiveness of its current approach to payment protection insurance complaints and has announced plans to introduce rules without consultation in order to address risks associated with new arrangements enabling consumers to access their pensions.

## Individuals jailed for unauthorised collective investment scheme

On 30 January, Mr Alex Hope was sentenced to a total of seven years imprisonment and his co-defendant Mr Raj Von Badlo to a total of two years' imprisonment for their involvement in an unauthorised collective investment scheme. Mr Hope was convicted on 9 January. Mr Von Badlo had pleaded guilty at an earlier hearing. The FCA's press release states that around 175 investors entrusted almost £10 million to them and that significant losses were incurred. The FCA has indicated that it will consider seeking compensation and confiscation orders in due course.

<http://www.fca.org.uk/news/alex-hope-and-raj-von-badlo-sentenced-following-fca-prosecution>

## FCA reaches agreement on card protection products

The FCA has (on 27 January) announced an agreement with Affinion International Limited ("Affinion") and 11 banks and credit card issuers to enter in to a scheme of arrangement designed to pay redress to customers who purchased card security products provided by Affinion. The agreement follows voluntary negotiations with Affinion and the 11 firms. No enforcement action has been taken and neither Affinion nor any of the firms has made any admission of liability. The scheme, agreed under Part 26 of the Companies Act 2006, requires ratification first by a

majority of eligible customers and then by the High Court. The FCA has indicated that letters are expected to be sent to eligible customers in April or May inviting them to vote on the scheme.

The FCA has also used its powers to bind the Financial Ombudsman Service ("FOS") in relation to claims made by customers. This means that the FOS must assess claims in line with a set of rules mirroring the rules of the scheme.

The FCA has also issued detailed information for customers summarising their cancellation rights and how it is proposed compensation will be assessed under the scheme.

<http://www.fca.org.uk/news/compensation-package-agreed-for-consumers-sold-card-security-products>

## FCA to gather information on PPI complaints

The FCA has (on 30 January) announced that it is embarking on an exercise to assess whether its current approach to complaints in relation to Payment Protection Insurance ("PPI") is meeting its objectives of securing appropriate protection for financial services consumers and enhancing the integrity of the financial services system.

The FCA has indicated that it expects to report this summer, and that, depending upon its findings, further interventions such as a communications campaign, a time limit on complaints or further changes to rules and/or guidance may follow.

<http://www.fca.org.uk/news/fca-to-gather-evidence-on-how-the-ppi-complaints-process-is-working>

## FCA publishes Primary Market Bulletin

The FCA has (on 30 January) published the latest edition of its Primary Market Bulletin. It sets out changes to guidance in relation to technical notes on competence requirements for sponsors and adds new guidance notes on this issue and on guidance requirements set out in sections of the Listing Rules to the FCA's Knowledge Base.

<http://www.fca.org.uk/static/documents/ukla/primary-market-bulletin-10.pdf>

## FCA responds to competition regulator's strategic plans

The FCA has (on 26 January) published its response to the Competition and Markets Authority ("CMA") Annual Plan for 2015-16, which was published in draft in November 2014.

The response addresses the areas where the two regulators' remit overlap and endorses work being undertaken by the CMA to better understand consumer behaviour and make risk based targeted interventions accordingly. Price comparison websites and the consumer credit sector are amongst areas identified in the response as those where the FCA and CMA could productively work together.

<http://www.fca.org.uk/static/documents/fca-response-cma-annual-plan-2015-16.pdf>

## FCA enters into memoranda of understanding on consumer protection issues

The FCA has (on 28 January) entered into separate memoranda of understanding with the Advertising Standards Authority and the Information Commissioner's Office. The agreements focus largely on the ways in which the FCA will work with each of them to tackle particular issues associated with the regulation of consumer credit, for which the FCA has been responsible since April 2014.

<http://www.fca.org.uk/static/documents/mou/mou-fca-ico.pdf>

<http://www.fca.org.uk/static/documents/mou/mou-fca-asa.pdf>

## Enforcement Notices

- The FCA has (on 30 January) published a summary of a Final Notice issued to an unnamed applicant on 8

August 2014 refusing an application for interim permission to carry on consumer credit activities on the basis of failure to meet fitness and propriety requirements and to deal with the FCA in an open and co-operative manner. The action was based on the fact of a conviction in 2011 and a failure to disclose the conviction.

<http://www.fca.org.uk/static/documents/final-notices/15-01-consumer-credit-application-refusal.pdf>

- The FCA has (on 28 January) issued a First Supervisory Notice in respect of LQD Markets (UK) Limited ("LQD") imposing restrictions on how it may deal with client money. The action is based on the FCA's concerns that LQD has breached rules contained in the Client Assets Sourcebook relating to internal client money reconciliations, and that losses stated to be due to systems and controls breaches may mean that the firm may not be able to meet its liabilities.

<http://www.fca.org.uk/static/documents/supervisory-notices/lqd-markets.pdf>

- The FCA has (on 26 January) cancelled the interim permission previously granted to Leadgen Limited to operate as a credit broker owing to breaches of Principle 11 (relations with regulators) of the Principles for Businesses arising from a failure to contact the FCA.

<http://www.fca.org.uk/static/documents/final-notices/leadgen-uk-limited.pdf>

## FCA sets out intentions on retirement reforms

The FCA has (on 26 January) published a letter sent by Christopher Woolard, Director of Strategy and Competition, to Chief Executives of firms affected by retirement reforms announced in the Budget in 2014. It sets out the FCA's intention to bring into force from 6 April rules relating to information to be provided to customers seeking to access their pension. Based upon concerns that customers may be exposed to a significant risk of not receiving appropriate advice, the FCA proposes to introduce these rules on a temporary basis without consultation in the first instance, and to consult on final rules at a later date. The letter sets out various sources of previously published relevant guidance in relation to the FCA's expectations of firms in this area.

<http://www.fca.org.uk/static/documents/dear-ceo-letters/dear-ceo-letter-retirement-reforms-guidance-guarantee.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Versima Plc	29 January 2015	Not authorised <a href="http://www.fca.org.uk/news/warnings/versima-plc">http://www.fca.org.uk/news/warnings/versima-plc</a>
Oumal Bank Ltd	27 January 2015	Not authorised <a href="http://www.fca.org.uk/news/warnings/oumal-bank-ltd">http://www.fca.org.uk/news/warnings/oumal-bank-ltd</a>
Drive Cars	27 January 2015	Not authorised <a href="http://www.fca.org.uk/news/warnings/drive-cars-cc">http://www.fca.org.uk/news/warnings/drive-cars-cc</a>
Thomas Capital Partners	26 January 2015	Not authorised <a href="http://www.fca.org.uk/news/warnings/thomas-capital-partners">http://www.fca.org.uk/news/warnings/thomas-capital-partners</a>

## Policy developments

FCA		PRA		
<b>Proposed developments</b>				
		<b>Deadline for responses</b>		
<b>Consultation papers</b>	Following the FCA's consultation on the same issue last week, the new Payment Systems Regulator has (on 26 January) published a consultation paper (PSR CP 1/15 ) seeking views on proposed guidance in relation to its concurrent competition powers. Specifically, it has sought views on its intended approach to the use of the	20 March 2015	27 February 2015	The PRA has (on 30 January) published a consultation paper (CP 4/15 ) setting out proposed new rules and guidance to be contained in the PRA Rulebook and amendments to the PRA Handbook relating to depositor and policyholder protection and dormant account schemes.  <a href="http://www.bankofengland.co.uk/pr/Documentation/publications/cp/2015/cp415.pdf">http://www.bankofengland.co.uk/pr/Documentation/publications/cp/2015/cp415.pdf</a>

	<p>powers it will inherit under the Competition Act 1998 and on guidance relating to how and when it may use market reviews, market studies and market investigation references.</p> <p><a href="http://www.fca.org.uk/static/documents/psr/psr-cp15-01.pdf">http://www.fca.org.uk/static/documents/psr/psr-cp15-01.pdf</a></p>			
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