

This week at the UK regulators

Thirty second guide: The week in overview

In a relatively quiet week, the main enforcement development last week was the imposition of a fine on a firm for serious failings relating to PPI complaints handling processes identified as part of a thematic review into the handling of PPI complaints in 2012.

Away from enforcement cases, in a week without any policy announcements, the Chairman of the Treasury Select Committee, wrote to the heads of the FCA and PRA regarding further regulation of the rapidly expanding peer-to-peer lending market, whilst the FCA issued a response to the CMA's provisional decision on remedies as part of its retail banking market investigation. The FCA welcomed the CMA's efforts to increase competition in this market and its proposal of remedies relating to service quality information, prompts and overdraft measures. The FCA will publish a response to the CMA's final report once the investigation has concluded.

FCA imposes fine for failings in its PPI complaint handling processes

The FCA has (on 1 June) issued a Final Notice to CT Capital Ltd imposing a financial penalty of £2,260,900 for failings relating to its historic Payment Protection Insurance (PPI) complaint handling processes. The FCA found that CT Capital breached Principles 3 (management and control) and 6 (customers' interests) of the Principles for Businesses (The Principles).

Specifically, it found that between May 2011 and November 2013, during which time it handled 6,669 PPI complaints, CT Capital failed to put in place complaint handling processes to deal with PPI complaints appropriately, which resulted in customers missing out on redress payments to which they were entitled. It further concluded that the effect on individual customers was potentially significant: the average redress payment made in respect of a fully upheld complaint during the period was £5,959.

Despite being aware that specific provisions governing the handling of PPI complaints had come into force in December 2010, CT Capital failed to put in place processes designed to follow these provisions until November 2011. Even after that time, CT Capital was found to have operated flawed policies, such as directing its complaints handlers that failures in the sales telephone calls need not lead to a complaint being upheld if the subsequent sales documentation outlined the matters clearly.

CT Capital's failings were uncovered as part of a thematic review into the handling of PPI complaints in 2012.

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/ct-capital-limited>

Other Final Notices

- The FCA has (on 2 June) announced that it had issued a Final Notice to Independent Family Advisers Limited (IFAL) on 19 May 2016.

IFAL had applied under section 55A of the Financial Services and Markets Act 2000 (FSMA) for permission to carry on various regulated activities: (i) advising on investments; (ii) advising on pension transfers and pension opt outs; (iii) agreeing to carry on a regulated activity; (iv) arranging deals in investments; and (v) making arrangements with a view to transactions in investments.

The FCA concluded that IFAL will not be a fit and proper person as it did not consider that IFAL's affairs would be conducted in an appropriate manner, having regard to the interests of consumers and the integrity of the UK financial system.

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/independent-family-advisers-limited>

- The FCA has (also on 2 June) announced that it had issued a Final Notice to Ashbank Cars on 1 June 2016 cancelling Ashbank Cars' permission under Part 4A of FSMA. The FCA concluded that Ashbank Cars was not a fit and proper person because it had failed to comply with the regulatory requirement to submit a CCR0007 return for the period ended 31 July 2015, which was due by 14 September 2015. Ashbank Cars failed to respond adequately to the FCA's repeated

requests for it to submit the Return, thereby failing to comply with Principle 11 of the Principles.

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/ashbank-cars>

Treasury Select Committee Chair moots further regulation of peer-to-peer lending market

Andrew Tyrie MP, Chairman of the Treasury Select Committee has (on 1 June) written to the heads of the FCA and PRA about whether consumers would benefit from further regulation of the peer-to-peer lending market. The correspondence highlights the committee's concerns about the potential risks associated with rapid growth in this sector through, for example, policies such as allowing peer-to-peer investments to form part of an ISA allowance.

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/news-parliament-2015/p2p-lending-chairs-statement-16-17/>

FCA responds to CMA's provisional decision on remedies from its retail banking market investigation

The FCA has (on 3 June) issued a response to the Competition and Markets Authority's (CMA) provisional decision on remedies in its retail banking market investigation, which was published on 17 May 2016. The

FCA has welcomed the CMA's efforts to increase competition in retail banking and is supportive of its provisional decision to make recommendations to the FCA to take forward a range of remedies, namely on service quality information, prompts and overdraft measures. Once the CMA's investigation is concluded and the final remedies are confirmed, the FCA will publish a response to the CMA's final report.

<http://www.fca.org.uk/news/response-to-cmas-provisional-decision-remedies-retail-banking-market-investigation>

FCA warnings

Name of firm	Date of warning	Details
MFG Investments	2 June 2016	Clone firm http://www.fca.org.uk/news/warnings/mfg-investments-clone
Traditional Funds Plc	2 June 2016	Clone firm http://www.fca.org.uk/news/warnings/traditional-funds-plc-clone

Further Afield

SFC issues Restriction Notice to broker in relation to proceeds of suspected insider dealing

The Securities & Futures Commission of Hong Kong (SFC) has (on 2 June) used its powers under sections 204 and 205 of the Securities and Futures Ordinance to issue a Restriction Notice to Kingsway Financial Services Group Limited (KFS) prohibiting it from processing cash and shares held in a client account that holds proceeds of suspected insider dealing. The Restriction Notice prohibits KFS, without prior written consent from the SFC, from processing any instructions from the client (or anyone authorised to operate the account) with respect to the shares of a Hong Kong-listed company, including withdrawing the shares, transferring monies arising from the disposal of the shares and/or disposing or dealing with the shares.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=16PR53>

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