

## THIS WEEK AT THE UK REGULATORS 1 OCTOBER 2018

### **FCA uses new enforcement decision-making process for the first time**

On 27 September 2018 the FCA published a Decision Notice setting out the FCA's decision to impose a financial penalty of £409,300 on Linear Investments Limited (LIL). The action was based on the FCA's findings that LIL breached Principle 3 of the Principles for Businesses by failing to take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems in relation to the detection and reporting of potential instances of market abuse.

This is the first case to be completed under a new process for handling partly contested cases introduced in February 2017. It allows firms or individuals under investigation to agree to certain elements of the case and contest others. LIL has agreed facts and liability but is contesting the level of the proposed penalty set out in the Decision Notice. This means that LIL is still eligible for a discount of up to 30 per cent on any penalty imposed. Without this discount, the proposed fine would have been £584,700.

<https://www.fca.org.uk/publication/decision-notice/linear-investments-limited.pdf>

<https://www.fca.org.uk/news/press-releases/fca-and-pra-publish-final-changes-enhance-enforcement-decision-making-processes>

### **FCA issues statement on 'super-complaint' to the CMA on excessive prices for disengaged consumers**

On 28 September, the FCA issued a statement supporting a 'super-complaint' submitted by Citizens Advice calling on the Competition and Markets Authority (CMA) to identify remedies and recommendations to put an end to the penalty paid by loyal and disengaged consumers. The 'super-complaint' highlights that British customers who stay loyal to their providers across five essential markets (namely home insurance, mortgages, savings, mobile and broadband) suffer a 'loyalty penalty' of over £4 billion per year because of repeated annual increases in fees or premiums. The FCA stated that the issues identified in the 'super-complaint', in particular those relating to general insurance products, will be in close focus as the FCA prepares to launch its market study examining this sector in the coming weeks. The FCA has recognised that the 'super-complaint' raised a number of important issues from their perspective (specifically in relation to the insurance, mortgages and savings markets) and committed to working with the CMA closely as it investigates the complaint.

<https://www.fca.org.uk/news/statements/super-complaint-citizens-advice-cma-excessive-prices-disengaged-consumers>

### **Thirty second guide: The week in overview**

The main enforcement development last week was the release of a Decision Notice in connection with the first enforcement action in which the new process for handling partly contested cases introduced in February 2017 has been used.

Away from enforcement developments, the FCA has issued a statement in support of the 'super-complaint' submitted by Citizens Advice to the CMA concerning the 'loyalty penalty' suffered by loyal and disengaged customers because of repeated annual increases in fees or premiums in several essential markets, including general insurance, mortgages and savings.

The PRA also published its report on the impact of climate change on the UK banking sector which examines the financial risks from climate change faced by PRA-authorised firms and clarifies the PRA's supervisory approach in this area.

## Other enforcement notices

On 25 and 27 September, in separate cases, the FCA cancelled the permissions previously granted to each of the firms and individuals listed below. Action was taken following failures to be open and cooperative with the FCA and, in some cases, failure to meet the suitability threshold conditions.

25 September:

- London Road Car Sales Ltd
- Grove Car Centre Limited
- Cecil Robert Spinks
- Leyton John Havard
- Denis Ward

27 September:

- Dual Media Ltd

<https://www.fca.org.uk/publication/final-notices/london-road-car-sales-ltd-2018.pdf>

<https://www.fca.org.uk/publication/final-notices/grove-car-centre-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notices/cecil-robert-spinks-2018.pdf>

<https://www.fca.org.uk/publication/final-notices/leyton-john-havard-2018.pdf>

<https://www.fca.org.uk/publication/final-notices/denis-ward-2018.pdf>

<https://www.fca.org.uk/publication/final-notices/dual-media-ltd-2018.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Branison Partners	25 September 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/branison-partners-clone">https://www.fca.org.uk/news/warnings/branison-partners-clone</a>
Mayfield Pension Services	25 September 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/mayfield-pension-services">https://www.fca.org.uk/news/warnings/mayfield-pension-services</a>
Minsura	26 September 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/minsura-clone-eea-authorized-firm">https://www.fca.org.uk/news/warnings/minsura-clone-eea-authorized-firm</a>
Crypto Options Trader	26 September 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/crypto-options-trader">https://www.fca.org.uk/news/warnings/crypto-options-trader</a>
KontoFX	27 September 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/kontofx">https://www.fca.org.uk/news/warnings/kontofx</a>

Name of firm	Date of warning	Details
Northern Trust	28 September 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/northern-trust-clone-fca-authorized-firm">https://www.fca.org.uk/news/warnings/northern-trust-clone-fca-authorized-firm</a>
Interfinancial	28 September 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/interfinancial-clone-fca-authorized-firm">https://www.fca.org.uk/news/warnings/interfinancial-clone-fca-authorized-firm</a>

## Policy developments

	FCA	PRA
	<b>Proposed developments</b>	
<b>Discussion papers</b>		<p>On 26 September 2018 the PRA published its report "<i>Transition in thinking: The impact of climate change on the UK banking sector</i>". This report examines the financial risks from climate change that impact UK banks, building societies and PRA-designated investment firms, assesses how banks are responding to these, and clarifies the PRA's supervisory approach.</p> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/report/transition-in-thinking-the-impact-of-climate-change-on-the-uk-banking-sector.pdf?la=en&amp;hash=A0C99529978C94AC8E1C6B4CE1EECD8C05CBF40D">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/report/transition-in-thinking-the-impact-of-climate-change-on-the-uk-banking-sector.pdf?la=en&amp;hash=A0C99529978C94AC8E1C6B4CE1EECD8C05CBF40D</a></p>

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