



Newgate News

June 2022

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FCA Fines TFS Loans LTD

The FCA has fined TFS Loans Ltd for the amount of £811,900 for not carrying out the appropriate checks on guarantors within the credit business. Guarantors were liable under a guarantee to repay loans without the necessary affordability checks when the customers failed to meet their monthly obligations to repay the debt. This has created substantial financial risk to guarantors and in some cases has meant that excessive late payments fees were charged. One of the FCA's main objectives as a regulator is to encourage firms to 'Treat Customers Fairly' and with this in mind, the regulator has placed a condition on TFS Loan Ltd (in administration) to compensate those guarantors affected by the lack of due diligence on TFS's part and a redress programme has been agreed to further help customers to make a claim in the administration.

Newgate's advice: The new Consumer Duty forms part of the FCA's recent emphasis on Treating Customers Fairly. Contact your Newgate consultant who can advise how these changes are likely to impact your firm, and how you can prepare for them.

<https://www.fca.org.uk/news/press-releases/fca-fines-guarantor-lender-tfs-loans-ltd-redress-affected-guarantors>

Unauthorised Firm BubbleXT

The FCA are becoming increasingly concerned with the number of consumers who are being targeted by unauthorised firms. On 6 October 2020, the FCA issued a warning to BubbleXT who they said to have been providing financial services in the UK without authorisation. As this is a growing concern for the regulator and the consumers financial interests being their main priority, the FCA's website sets out some guidance on the difference between 'advice' and 'guidance'.

Newgate's advice: Our dedicated Consultants at Newgate, can equip your firm with the right information, guidance, and assistance on how to get your firm authorised.

<https://www.fca.org.uk/news/news-stories/information-customers-unauthorised-firm-bubblext>

FCA Refuses Authorisation to Regulatory Consulting Firm AJCC Limited

The FCA published a final notice on 12 May 2022 to Alexander Jon Compliance Consulting Ltd

for their refusal to grant the firm authorisation to provide regulatory hosting services. Through the FCA's assessment, AJCC, did not meet the criteria, skills, and experience to oversee Appointed Representatives, typically known as ARs. Their business model did not prove to be sustainable enough to reassure the regulator that consumers, obtaining products and services from the ARs were appropriate. The Executive Director of Authorisations mentioned *'It is vital those who are seeking the FCA's authorisation meet our high standards'*.

Newgate's advice: Contact Newgate for support on completing an FCA authorisation. If you are a principal firm, your Newgate Consultant can help strengthen or amend your business model in line with FCA expectations.

<https://www.fca.org.uk/news/press-releases/fca-refuses-authorisation-regulatory-consultancy-firm-alexander-jon-compliance-consulting-limited>

Misleading Credit Adverts

Due to the rise in cost of living, more consumers are falling prone to the obtaining of credit and the FCA has assessed, that credit lenders and loan companies are using misleading adverts to draw people into borrowing money. The regulator has written to more than 20,000 credit firms warning against poorly worded marketing materials that gives consumers the impression that they can easily be approved for credit without the necessary affordability checks that lenders are obliged to carry out. In **a letter** dated 6 May, the FCA has promised to continue to monitor credit advertising and noted it will take enforcement measures; including banning adverts or asking firms to change or withdraw them. Any Financial Promotion or advert must be clear and identifiable to the consumer, and they need to be able to know the benefits and risks without one favouring the other. It should also be informative enough to give the consumer the ability to make an informed decision, be it credit or investments.

Newgate's advice: Newgate can assist firms with reviewing Financial Promotions and advising on the new Consumer Duty.

<https://www.fca.org.uk/news/press-releases/fca-warns-businesses-stop-misleading-credit-adverts-protect-consumers>

'Use It or Lose It'

The FCA has been given new powers to support their recently new initiative 'Use it Or Lose it',

which require firms to use their regulatory permissions otherwise any permissions not within use are to be removed. They are seeking to take a sterner approach to firms that cannot evidence they are carrying out their regulated activities. This will cause firms to lose or have risk having their permissions cancelled, if necessary, action is not taken. This includes firms that fail to pay regulatory fees, submit returns, and complete annual declarations, all of which are markers that show that a firm is failing to meet their obligations. The FCA has so far carried out over 1,000 assessments since May 2021 which has resulted in 264 firms either cancelling or seeking to modify their permissions to carry out regulated activities.

Newgate's advice: Contact Newgate, for support in assessing your firms' regulatory permissions and whether those are appropriate given your firm's business activities.

<https://www.fca.org.uk/news/press-releases/fca-strengthens-consumer-protection-speeding-removal-firms-do-not-use-regulatory-permission>

+44 (0)20 3696 8750

info@newgatecompliance.com

newgatecompliance.com

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About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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