



# Newgate News

## September 2023

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## FCA bans Paul Steel for unsuitable defined benefit transfer advice with £850k to be paid in redress

<https://www.fca.org.uk/news/press-releases/fca-bans-paul-steel-unsuitable-defined-benefit-transfer-advice-850k-be-paid-redress>

The Financial Conduct Authority (FCA) has banned Paul Steel of Estate Matters Financial Ltd (EMF) for unsuitable defined benefit transfer advice with £850k to be paid in redress to the Financial Services Compensation Scheme (FSCS). Steel offered unsuitable advice to customers regarding the transfer of defined benefit pension schemes, such as the British Steel Pension Scheme (BSPS).

Over £140m of pension assets were transferred between 2015 and 2018 following defined benefit transfer advice by EMF. This advice failed to meet the required standards and Mr Steel failed to collect the right information and/or disclose the risks of transferring when providing the advice.

Mr Steel was given a £3,694,400 fine by the FCA, but the regulator decided not to enforce in exchange for £850,000 to the FSCS. This represents substantially all of Mr Steel's remaining assets and ensures that he will contribute to the cost of compensating customers who received his poor advice.

Therese Chambers, Joint Executive Director of Enforcement and Market Oversight said:

“Mr Steel failed to provide suitable pension transfer advice. But he also failed to act with honesty and integrity when he improperly sold the firm's assets for less than their value - to himself - so that he could enjoy the profits of the business without the burden of the risks that he had created. We are determined that those who fail in their duties to their customers take responsibility for paying towards redress and do not expect the FSCS, and the vast majority of firms who do the right thing, to pick up the tab for their failings.”

**Suitable for: All Firms**

**Impact for firms: Newgate Compliance offers online training which covers: 'Fair treatment of Customers'**

# FCA bans Lee Morgan for British Steel Pension Scheme advice failings

<https://www.fca.org.uk/news/press-releases/fca-bans-lee-morgan-british-steel-pension-scheme-advice-failings>

The FCA has banned Denis Lee Morgan of Pembrokeshire Mortgage Centre Limited (PMC), who are in liquidation, after its investigation found that he demonstrated a ‘lack of competence in his oversight’ of PMC’s pension transfer advice process between June 2015 and December 2017.

The FCA said his conduct had a particular impact on customers between August and November 2017 when PMC advised an average of 65 customers a month. Mr Morgan was either the primary adviser or the Pension Transfer Specialist on all these files which meant he was ultimately responsible for the quality of advice.

In most cases, Mr Morgan failed to consider the customers’ financial situation, retirement needs, their attitude to risk or that transferring would be in their best interests. This meant people in a vulnerable position did not get the quality of advice they needed to make an informed decision.

Therese Chambers, joint Executive Director of Enforcement and Market Oversight the FCA said:

“People depended on Mr Morgan to provide them with suitable advice on one of the most important decisions of their life. His incompetence put their retirement funds at unnecessary risk, while earning over £2 million in fees for his firm, which he didn’t deserve.

“Where advisers fail to take reasonable steps to ensure the advice they provide is suitable for customers, we will take action to prevent them harming other customers.”

**Suitable for: Firms providing Financial Advice**

**Impact for firms: Newgate Compliance offers online training which covers: ‘Fair treatment of Customers’**

# Adviser Mark Abley pays £106k for poor pension transfer advice

<https://www.fca.org.uk/news/press-releases/adviser-mark-abley-pays-106k-poor-pension-transfer-advice>

The FCA has banned and fined Mark Abley of County Capital Wealth Management (CCWM), who are in liquidation, from providing any advice on pension transfers. He will pay £106,000 to the FSCS rather than the FCA, to contribute towards the redress owed to CCWM's customers.

Mr Abley advised 575 people to transfer out of their defined benefit pension schemes between April 2015 and February 2018. Over half on this advice failed to meet the required standards and showed a lack of competence.

The FCA said that Mr Abley did not obtain the information needed to make a suitable recommendation or properly assess whether the customer could understand and bear the financial risks of transferring their guaranteed pension. He also failed to provide evidence to show that the transfers were in the customer's best interest. There were also errors in the calculations used to compare customers' existing pension schemes with the schemes it was proposed they transfer into.

Therese Chambers, joint Executive Director of Enforcement and Market Oversight at the FCA said:

"Mr Abley's incompetence meant that he failed to give customers the advice they needed to make a significant decision about their retirement. This included hundreds of people who were dealing with the uncertainty around the British Steel Pension Scheme. He earned fees while putting their retirement money at risk. It is only right that he contributes to the costs of compensating these customers."

**Suitable for: Firms providing Financial Advice**

**Impact for firms: Newgate Compliance offers online training which covers: 'Fair Treatment of Customers'**

# The Financial Conduct Authority continues crackdown on unregistered crypto ATMs in the UK

<https://www.fca.org.uk/news/press-releases/financial-conduct-authority-continues-crackdown-unregistered-crypto-atms-uk>

Since the start of 2023, the FCA has visited and inspected 34 locations across the UK suspected of hosting crypto ATMs. These visits have been part of a coordinated operation with other law enforcement agencies to crackdown on this illicit sector and have disrupted 26 machines operating unlawfully across the country.

Steve Smart, Joint Executive Director of Enforcement and Market Oversight at the FCA, said: “If you use a crypto ATM in the UK, you are using a machine that is operating illegally and you may be handing your money over to criminals.

“You will not be protected if something goes wrong, and you could lose your money.

“It is also unlikely you will be able to contact the operator of the machine to resolve any problems you may have. Often, we see no effective channels of communications for people to get in touch with the operator.

“We will continue to warn the public and take appropriate enforcement action against unregistered crypto ATM operators.”

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## Two energy firms fined combined £250,000 for making unlawful marketing calls

<https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2023/06/two-energy-firms-fined-combined-250-000-for-making-unlawful-marketing-calls/>

The Information Commissioner’s Office (ICO) has fined Maxen Power Supply Ltd and Crown Glazing Ltd £250,000 after they were found to be bombarding people and businesses on the UK’s ‘do not call’ register with unlawful marketing calls.

The ICO has issued a £130,000 fine to Crown Glazing Ltd for making more than 500,000 direct marketing calls to people who had registered with the Telephone Preference Service (TPS) at least 28 days prior, resulting in 37 complaints.

Maxen Power Supply Ltd were fined £120,000 after the ICO and TPS received more than 100 complaints about unsolicited marketing calls to businesses and people registered with the TPS and Corporate Telephone Preference Service (CTPS). Complaints indicated that people were receiving multiple calls on the same day, receiving repeated calls despite requests to opt-out, and were subject to “aggressive” marketing tactics causing potential financial damage.

Adam Curry, Head of Investigations at the ICO, said: “Nobody should be made to feel uncomfortable after simply answering the phone. People and businesses register with the TPS and CTPS for a clear reason; to stop unwanted marketing calls and protect their privacy. These companies have not only broken the law by failing to check the ‘do not call’ register, but also caused distress and potential financial damage to businesses on the receiving end of their deceptive sales tactics.”

In addition to the fines, the ICO issued an enforcement notice to both companies ordering them to stop calling people and businesses registered with the TPS and CTPS, or who had previously objected to such calls.

**Suitable for: Firms providing Financial Advice**

**Impact for firms: Newgate Compliance offers online training which covers: ‘Fair Treatment of customers’; ‘Financial Promotions’ and ‘Complaints’.**

## Bastion Capital London Limited fined £2.5m

<https://www.fca.org.uk/news/press-releases/fca-fines-bastion-capital-london-limited-25m-serious-financial-control-failings>

The FCA has fined Bastion Capital London Limited a fine of £2,452,700 for significant financial control failings, in relation to relation to cum-ex trading. Bastion reportedly failed to control the risk of being used to facilitate fraudulent trading and money laundering.

During 2014 and 2015, Bastion completed trades, worth approximately £49 billion in Danish equities and £22.5 billion in Belgian equities on behalf of Solo Group clients. The trades were carried out in a manner that was highly indicative of financial crime.

Transactions were arranged to facilitate withholding tax reclaims in Denmark and Belgium. As a result, Bastion received a payment of £1.55 million, forming a substantial part of the company’s revenue during that period. Bastion failed to notice or deliberately ignored numerous red flags relating to these trades, which had no economic purpose, besides the transferring of funds from

the Solo Group's controller to his business associates. So far, the FCA has imposed over £20 million in fines on firms that have earned over £7 million in fees from this type of trading.

Bastion has since accepted the fine and agreed to settle early, entitling them to a 30% discount.

**Suitable for: All Firms**

**Impact for firms: Newgate Compliance offers online training which covers: 'Anti-Tax Evasion'**

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## Investment Directors sentenced to 8 years in prison

<https://www.fca.org.uk/news/press-releases/andrew-and-peter-currie-sentenced-combined-8-years-fleeing-consumers-through-collateral-p2p>

Andrew and Peter Currie who are P2P investment directors, have been sentenced to a combined eight years in prison for cheating consumers through the Collateral P2P platform.

Andrew Currie was given two and half years for fraud and money laundering following prosecution by the FCA and Peter Currie, received five and a half years. Peter was also convicted of two counts of fraud, one by false representation as to the register and one by abuse of position, and one count of money laundering.

The FCA stated that, prior to its collapse into administration in February 2018, Collateral offered peer-to-peer style investments on a website that fraudulently claimed it was authorised and regulated by the FCA. Across 18 months, the company advertised as being authorised by the FCA to encourage people to invest in loans on the Collateral platform.

Following on from the Collateral's administration and order from the FCA to cease trading, the two brothers continued to receive investments and also removed approximately £750,000 from Collateral client accounts. They later also appointed an administrator without informing the FCA as they were required to and transferred £88,000 from Collateral funds.

During their sentencing hearing both Andrew and Peter were disqualified from being company directors.

Steve Smart, Joint Executive Director of Enforcement & Market Oversight stated that, "Peter

Currie fraudulently amended the Register to entice investors in, along with Andrew, stole client money once they knew the game was up. Unfortunately, the investors will now be left to pick up the tab for the loans that have turned bad. The FCA has begun confiscation proceedings to recover the financial benefit obtained by the defendants, as well as compensation proceedings to recover investor funds. We welcome these significant sentences which show we will take every enforcement action at our disposal to pursue criminals and protect consumers.”

**Suitable for: All Firms**

**Impact for firms: Newgate Compliance offers online training which covers: 'Anti-Money Laundering'; 'Conduct of Business' and 'Board of Directors: Duties, Responsibilities and Liabilities'**

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## Morgan Stanley fined by Ofgem for discussing energy trading business over WhatsApp

<https://www.bbc.co.uk/news/business-66590824>





Investment banking group, Morgan Stanley were fined a huge £5.4million by Ofgem, for failing to adhere to policies prohibiting the use of WhatsApp. It is illegal in the UK and also the US to conduct insider trading, as it provides an unfair advantage to those with access to the information. As well as this, legally, Ofgem expect firms to record and retain electronic communications relating to trading wholesale energy products to ensure transparency and discourage market manipulation and insider trading.

Ofgem's investigations found that the bank fell short in implementing reasonable measures to monitor adherences to regulations, in which they accepted spanned from January 2018 to March 2020. Morgan Stanley has accepted the fine and promised to enhance their staff training and fortify their internal systems and mechanisms.

**Suitable for: All Firms**

**Impact for firms: Newgate Compliance offers online training which covers: 'Conduct of Business' and 'Market Conduct'**



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## About Us

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

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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