

## FINANCIAL CRIME FAILINGS

The FSA have published their review of small firms handling of financial crime matters.

They have focussed on three main areas, anti money laundering/financial sanctions, data security and fraud controls.

This is a vital read for everyone which highlights the findings across a wide variety of firms. There are also good and bad examples to consider which are quite helpful.



Firms should review their policies and procedures against the findings and, where necessary, update them to meet the required standard.

Failure in any of these areas is likely to lead to enforcement action against both firms and individuals.

The full review can be read at:

[http://www.fsa.gov.uk/smallfirms/pdf/financial\\_crime\\_report.pdf](http://www.fsa.gov.uk/smallfirms/pdf/financial_crime_report.pdf)

If you need any help to review your processes and procedures get in touch.

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## FSA FEES

The FSA have published their Policy Statement and final fees structure for 2010/2011.

There are no major surprises for Lenders and the majority can expect to see fees of under £2,000 per annum.

The policy statement can be read at:

[http://www.fsa.gov.uk/pubs/policy/ps10\\_07.pdf](http://www.fsa.gov.uk/pubs/policy/ps10_07.pdf)

And you can check your likely fees by using the FSA's calculator:

[http://feecalc.fsa.gov.uk/FeeCalc.asp?fy=2010\\_2011&sc=Final](http://feecalc.fsa.gov.uk/FeeCalc.asp?fy=2010_2011&sc=Final)

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## CLIENT MONEY AND ASSETS

The FSA wrote to all Chief Executives of firms authorised to hold client money and client assets in January pointing out the findings of a review of practices and reminding them of the need to comply with the rules.

All firms had to reply to the FSA to confirm they were satisfied with their controls and they have now issued a reminder to those who have not responded yet giving them a deadline of 30th June to reply.

If you haven't responded to the letter yet make sure you reply to all three points by the deadline or the FSA will follow up which is likely to lead to enforcement action and a hefty fine!

The content of the reminder letter with details of what is required can be found at:

<http://www.fsa.gov.uk/pubs/ceo/20may2010.pdf>



## UNFAIR TERMS

The FSA have found that 3 terms of the Chesham Building Society's mortgage offer were unfair.

The findings included disproportionate penalties and total discretion in the right to withdraw the offer at any time.

Lenders should review the findings against their terms and conditions and take any action to change them as required.

Details can be found at:

[http://www.fsa.gov.uk/Pages/consumerinformation/unfair\\_contracts/uct\\_term\\_changes/chesham.shtml](http://www.fsa.gov.uk/Pages/consumerinformation/unfair_contracts/uct_term_changes/chesham.shtml)

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## SALE AND RENT BACK IMPACT ON LENDERS

Under the new FSA rules for Sale and rent Back coming into play from 30 June tenants will have security of tenure for at least 5 years.

This means Lenders will not be able to override the agreement by asking tenants to sign waivers which will impact their ability to obtain vacant possession should there be a need to repossess the property. They will therefore have to sell with a tenant in situ.

Lenders will need to amend their application process to ensure that they

identify sale and rent back (SARB) cases at the earliest possible stage since this will impact their lending decision. This will include cases that might be re-mortgaging at a later date or being sold on.

Declining borrowers at a late stage (after they have incurred expenses such as valuation fees) or obtaining unenforceable waivers will be a breach of TCF principles and won't do the Lenders reputation much good either!

Full details of the SARB regime are available at:

[http://www.fsa.gov.uk/pubs/cp/cp10\\_04.pdf](http://www.fsa.gov.uk/pubs/cp/cp10_04.pdf)



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## Handbook Notice 100

There is nothing of significant consequence to Lenders in the notice not already covered elsewhere

## COMPLAINTS REVIEW

The FSA have published a major review of complaint handling based on the Banks.

Although it is Bank based the findings can be applied to all business in that there are lessons that can be learned, with examples of good and poor practice being detailed.

The review also includes a useful template for reviewing complaint cases which will help highlight how well complaints are handled, although is not the only tool that should be considered.

New rules started in April 2010 that required firms with more than 500 complaints in a six month period to publish data every 6 months with the first results to be published by the end of August. The FSA then plan to publish some consolidated data on this in September.

Details of the review can be found at:

[http://www.fsa.gov.uk/pubs/other/complaint\\_review.pdf](http://www.fsa.gov.uk/pubs/other/complaint_review.pdf)

An overview and links to the template can be found at:

[http://www.fsa.gov.uk/pages/Library/Other\\_publications/complaint\\_handling/index.shtml](http://www.fsa.gov.uk/pages/Library/Other_publications/complaint_handling/index.shtml)



## SUPERVISION



Details of the FSA's new approach to intensive supervision can be found in a speech by Jon Pain, MD, Supervision at:

[http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2010/0518\\_jp.shtml](http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2010/0518_jp.shtml)

This covers aspects for both existing firms, those firms seeking to become authorised and individuals seeking to become approved persons.

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***Jackson Cohen specialise in providing a range of compliance support services for lenders.***

***As well as providing compliance services to Bank and Building Society customers we also have a strong niche connection with Short Term Lenders.***

***If you feel you need assistance with any of the issues in this update or other aspects of compliance then please feel free to contact us to see how we may be of assistance.***

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