

# In Depth: 'Very Poor' FCA Register Sparks Industry Outrage

18TH JUL 2019 | WRITTEN BY: JOHN BASQUILL & JACOB ATKINS

The UK's Financial Conduct Authority (FCA) has admitted its register of regulated firms contains "data quality issues" and will invest £5m in improvements, after outrage that legitimate businesses and consumers alike may currently be at risk.

FCA chief executive Andrew Bailey said at Wednesday's annual public meeting that its existing register, which contains around 750,000 records of firms' regulated status, including payment and e-money institutions, "needs to be made fit for the now larger remit" of the authority.

He echoed statements from the FCA's most recent annual report that a "directory" service and new user interface will be launched in phases from March 2020, allowing consumers and businesses to check details for "a wider range of people working in financial services".

"While the register has undoubtedly helped consumers and firms and prevented harm there have been instances when information displayed on the register has been out of date or otherwise inaccurate," that report said.

The announcement follows growing anger about the way information on a firm's status is displayed.

The FCA's complaints commissioner issued a damning response in May following an investigation into a complaint filed by an unnamed payments institution.

The firm had pointed out that after it changed its regulatory status from small payments institution to authorised payments institution, a new entry was created with the same name. The old entry remained in place and was identified as "no longer authorised", whereas the new entry simply stated "see full details" with a link to its full profile.

Name	Trading/Brand Names (May include Previous Names)	Type of business or individual	Reference number	Status
[REDACTED]	[REDACTED]	Payment services firm	[REDACTED]	<a href="#">See full details</a>
[REDACTED]	[REDACTED]	Payment services firm	[REDACTED]	<a href="#">No longer authorised</a>

According to the company, potential customers had been confused as to whether the company was safe to deal with since January 2018, when the way data was displayed changed.

The commissioner said this had been exacerbated by the fact that a "rogue firm" had previously cloned its details, upping the importance of reassuring customers there was a legitimate entity by that name.

When tracked down by PaymentsCompliance, the chief executive of the company said it now receives "weekly complaints from customers regarding our status".

"Many reasonable people do get confused, and believe we may not be FCA authorised," they said, describing the situation as "intolerable".

After investigating the complaint, the commissioner agreed that the FCA's register "is very poor, and very inflexible".

"It is not properly designed to provide meaningful information to consumers," it said. "Because it is inflexible, it is unable to accommodate the multiple permutations of firm circumstances in a way which makes information readily comprehensible."

The authority was also criticised for spending time and effort "on searches to determine why certain decisions had been made about the design of the register [that] did not get to the heart of the problem".

"Much of the focus of the investigation seems to have been on whether processes were correctly followed rather than whether the outcome was right," it said.

Those factors led to the complaint's resolution being "badly delayed"; the FCA ultimately offered the firm £100 by way of apology, although the register remains unchanged.

## Concerns Emerge Over Errant Firms

The issue is not restricted to the way legitimate firms' status is displayed.

Allied Wallet had its payment permissions abruptly stopped by the authority in June amid fears of ties to fraudulent activity, but its regulatory status remains an authorised e-money institution.

The decision shortly followed [enforcement action](#) taken by the US Federal Trade Commission against three senior executives of the company. The trio were accused of knowingly allowing Ponzi schemes and other scams to process payments, creating networks of shell companies to obscure fund flows from authorities and card networks.

When contacted, the FCA did not confirm whether it has investigated the case, but said the suspension of permissions was an initial step taken to ensure customers are protected. Typically, an investigation leading to the revocation of a licence would be a much longer process.

However, for somebody searching the FCA register, there is no indication that Allied Wallet is not permitted to carry out payment services without exploring the firm's full profile on a separate page.


Name	Trading/Brand Names (May include Previous Names)	Type of business or individual	Reference number	Status
<a href="#">Allied Wallet Limited</a>	Allied Wallet Limited	<a href="#">E-money</a>	900124	<a href="#">Authorised Electronic Money Institution</a>

That has had a knock-on effect on the European Banking Authority's (EBA) register, which is intended to keep track of all payment and e-money institutions authorised under the revised [Payment Services Directive \(PSD2\)](#) across the EU.

The EBA register still displays Allied Wallet as an authorised e-money institution, permitted to passport into every member state, without any reference to the FCA action.

### PSD2 - View Institution Details

Last Updated Date and Time: 2019-06-06 15:01:30

<b>Type of Institution</b>	Electronic-money institution
<b>National Identification Number</b>	900124
<b>Institution Name</b>	Allied Wallet Limited
<b>Commercial Name</b>	Allied Wallet Limited
<b>Street Address</b>	2 London Wall Buildings
<b>City</b>	London
<b>PostCode</b>	EC2M 5UU
<b>Country</b>	 United Kingdom
<b>Status</b>	Authorised: 2018-02-02 <b>(Current)</b>
<b>National Competent Authority</b>	GB - Financial Conduct Authority (FCA)

A spokesperson for the EBA said that national authorities "shall be responsible for the accuracy of the information provided to the EBA for the purpose of the central register under PSD2 and for keeping that information up to date".

However, the entry appears to have been updated most recently on June 6, four days before the FCA's public statement.

The EBA spokesperson added that beyond the respective registers, the directive requires national regulators to share essential or relevant information – particularly when there are suspected infringements by an entity reliant on passporting rights

relevant information — particularly when there are suspected infringements by an entity reliant on passporting rights.


The situation is similar for Premier FX, a UK-headquartered remittance company placed into administration in August last year after it collapsed with outstanding debts of more than €10m.

The FCA [told customers](#) who lost money that they may be able to make a claim against Premier FX, but the regulator's investigation is ongoing.

However, a search for the company on the FCA register does not immediately display that it is in liquidation, but rather presents a link to "see full details", and its EBA register entry also suggests it remains a fully active e-money institution.

## PSD2 - View Institution Details

Last Updated Date and Time: 2019-06-06 15:01:30

<b>Type of Institution</b>	Payments institution
<b>National Identification Number</b>	530712
<b>Institution Name</b>	Premier FX Limited
<b>Street Address</b>	41 London Road Castle Court
<b>City</b>	Reigate
<b>PostCode</b>	RH2 9RJ
<b>Country</b>	 United Kingdom
<b>Status</b>	Authorised: 2018-05-23 <b>(Current)</b>
<b>National Competent Authority</b>	GB - Financial Conduct Authority (FCA)

## FCA Chiefs Set Out Register Upgrade

In a press conference after Wednesday's meeting, senior FCA officials expanded on their plans for bringing the register up to scratch.

Asked whether those who lost money after basing investment choices on the register can claim compensation, Bailey said that "will have to be judged on a case-by-case basis".

"People obviously can, and do, enter some of those cases and if they're not satisfied by our response to their complaint they can go to the complaints commissioner," he said.

Jonathan Davidson, head of retail supervision and authorisations, said the register is a "major priority" for the FCA and conceded it has "been very hard to navigate, and sometimes hard to interpret what you're reading".

"There are a number of ways we're thinking about making it much more navigable by building, if you like, a user interface which is more easily searchable so you can find things," Davidson disclosed.

He said the FCA is "working on a project which I would describe as really envisioning what it might look like, to really make it an effective tool. And we think this is really important because it is one of the prime tools to guard against harms."

"As we direct more and more consumers to it, to say 'look to see if they're authorised', it's really important that it isn't somehow containing inaccurate information or at the very worst hasn't somehow had information inserted by bad actors for their own purposes," he added.

Earlier, the public meeting in central London descended into acrimony as those who claim to have lost money in a series of recent high-profile investment scandals complained that the regulator was weak on enforcement.

As he brought the meeting to a close, FCA chairperson Charles Randell struggled to be heard over shouts of "you're all crooks" and "you should be in jail". One yelled "run away, Mr Bailey, run away" as the regulator's chief executive swept from the hall.

## TOPICS

Filter: Financial Crime

Filter: Payments Regulation