



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Settlement Agreement between the Central Bank of Ireland and Lupton Financial Services Limited t/a Lupton & Co. Financial Services

The Central Bank of Ireland imposes a fine of €1,225.00 on Lupton Financial Services Limited t/a Lupton & Co. Financial Services for a breach of the Investment Intermediaries Act 1995.

The Central Bank of Ireland (the “Central Bank”) has issued a fine of €1,225.00 and a reprimand to Lupton Financial Services Limited t/a Lupton & Co. Financial Services (the “Firm”) in respect of a breach of the Handbook of Prudential Requirements for Investment Intermediaries (the “Handbook”). The Handbook was imposed on investment intermediaries on 1 October 2014 under Section 14 of the Investment Intermediaries Act 1995.

The Firm breached the requirements imposed under Part 4 of the Handbook by failing to hold Professional Indemnity Insurance (“PII”) from 1 October 2014 to 26 January 2016.

The findings have been accepted by the Firm as part of the Settlement Agreement between the Central Bank and the Firm entered into on 28 November 2017.

The Central Bank’s Head of Enforcement Investigations, Brenda O’Neill has commented as follows:

“The Central Bank views PII as a key prudential and consumer protection safeguard. It is important the consumers know that, in the event of a valid professional negligence claim being established, there will be a source of funds available to them in connection with that claim. Ensuring compliance with PII

obligations is therefore fundamental to the Central Bank's mandate of protecting consumers in the context of the regulation of the Retail Intermediaries sector.

Firms should be aware that where consumers are put at risk through failures by firms to respect their obligations the Central Bank will apply its supervisory and enforcement powers. The Central Bank's approach aims to act as a deterrent to others and to ensure that standards are met."

BACKGROUND

The Firm is a regulated financial service provider authorised by the Central Bank as an Investment Intermediary under the IIA.

PII policies typically provide insurance cover on what is known as a "claims made" basis. This means that the PII policy in place at the time that a claim is made provides cover in respect any valid claim, irrespective of when in the past the events giving rise to the claim occurred. The Firm's failure to hold PII on a continuous basis means that had a consumer sought to make a claim during the period when the Firm had no PII in place, the protections afforded by Part 4 of the Handbook would not have been available to them.

For this reason, the Central Bank views non-compliance with the statutory requirement to hold PII seriously, as non-compliance represents a failure to provide consumers with key protections afforded to them under the Handbook in their dealings with Investment Intermediaries.

PRESCRIBED CONTRAVENTIONS

The Firm has accepted that it failed to comply with Part 4 of the Handbook of Prudential Requirements for Investment Intermediaries which requires Investment Intermediaries to hold PII on a continuous basis.

CENTRAL BANK ACTION

The Central Bank's Consumer Protection Directorate became aware of the breach as a result of a thematic review by the Consumer Protection Directorate in relation to retail intermediaries and their professional indemnity cover.

PENALTY DECISION FACTORS

In deciding the appropriate penalty, the Central Bank considered the following matters:

- The previous compliance record of the Firm; and
- The fact that the firm settled at an early stage in the Administrative Sanctions Procedure.

The Central Bank confirms its investigation into the Firm in respect of this matter is now closed.

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