



« **BACK** Woodlock Financial Services (1998) Limited

The Financial Services Commission (Bailiwick of Guernsey) Law, 1987, as amended ("the Financial Services Commission Law")

The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("the Protection of Investors Law")

The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended ("the Insurance Managers and Insurance Intermediaries Law")

Woodlock Financial Services (1998) Limited ("Woodlock")

On 30 January 2015 the Guernsey Financial Services Commission ("the Commission") decided:

- 1. to impose a financial penalty of £28,000 under Section 11D of the Financial Services Commission Law on Woodlock and;*
- 2. to make this public statement under Section 11C of the Financial Services Commission Law.*

The Commission considered it reasonable and necessary to make these decisions having concluded that Woodlock failed to fulfil the minimum criteria for licensing set out in Schedule 4 to the Protection of Investors Law by not complying at all times with The Licensees (Conduct of Business) Rules, 2009, issued under the Protection of Investors Law.

The background to these decisions is that;

Woodlock was visited by the Conduct Unit in October 2013, as part of a thematic review of advice given by insurance and investment intermediaries. The visit identified a number of concerns with regard to treatment of clients, including the obtaining of adequate information from clients, risk warnings to clients, the suitability of advice and record keeping. The concerns arising from the visit were referred to the Enforcement Division.

As a result of its enquiries, the Commission found that:

- Woodlock failed to evidence that its advisers obtained sufficient knowledge of the clients and did not document the information in a readily accessible manner;*
- Client files did not contain sufficient information regarding the client's financial circumstances to evidence that the advice given was suitable for the client;*
- As a result of the above, it was not possible to assess whether the products recommended were suitable having regard to the facts disclosed by the client;*
- In addition, the Commission had previously raised concerns with Woodlock over the lack of client information on file and the suitability of the products recommended but Woodlock failed to prevent such issues from recurring;*
- In written advice Woodlock informed clients that it had compared the whole of the marketplace using a research tool prior to making a recommendation. However, only a pre-selected range of products was considered. In addition, a risk profiling tool used as one part of the assessment of clients' attitude to risk was not used specifically in the way it was represented to clients;*
- Woodlock did not keep and properly maintain records relating to its controlled investment business;*

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- *Woodlock failed to retain responsibility for the compliance function which it outsourced to a third party.*

Mitigating Factors

At all material times, the directors of Woodlock were co-operative with the Commission and assisted with its enquiries.

In reaching its decision, the Commission has taken into account that Woodlock put in place a remediation plan to address the issues raised. As a result of the remediation work, Woodlock implemented a new risk profiling system to assist in assessing clients' attitude to risk, made improvements to the form of recording information obtained from clients on file and made changes to the way in which information regarding product research was presented to clients.

In addition, the directors of Woodlock have undertaken to arrange, in principle, for the transfer of its clients to another licensee, thereby maintaining the interests of the clients, having decided to voluntarily surrender its licences under the Protection of Investors and Insurance Managers and Insurance Intermediaries Laws. The financial advisers of Woodlock have arranged to continue to act under the management of another licensee.

Woodlock agreed to settle at an early stage of the process and this has been taken into account by applying a discount in setting the financial penalty.

Notice for clients

In the event that any clients of Woodlock may be concerned about their investments, they should seek advice from a financial adviser before making a decision to sell as early encashment might not be the optimal investment choice for some investments. For the avoidance of doubt, the Commission's investigation did not cover mortgage advice which is not a regulated activity.

End of Statement