FINANCIAL CONDUCT AUTHORITY

Four former directors of online consumer credit broker banned for misleading customers

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The Financial Conduct Authority (FCA) has banned David James Carter Mullins, Edward John Booth, Christopher Paul Brotherton and Mark Robert Kennedy, the former directors and shareholders of Secure My Money Limited (now dissolved).

The firm took fees of over £7.2 million from approximately 124,000 online customers by duping them into believing they had been approved for short term loans.

Mark Steward, Executive Director of Enforcement and Market Oversight, said:

“These four individuals consistently misled vulnerable customers into paying money for worthless services and into believing SMM had found them a loan, in addition to selling on their data. They showed complete disregard for the consequences of their actions. We have taken the strongest action possible to prevent them from working in financial services again.”

The FCA found that between November 2013 and July 2014 all four lacked honesty and integrity as they had deliberately misled often vulnerable customers, in relation to fees and services provided through web-based brands i-loansdirect, LoanZoo and the1loan.

Customers searching for loans online were informed on arrival at the websites they had been ‘*approved*’. They were shown details of a sample loan and were asked to enter their payment card details in order to ‘*verify their account*’. Customers were not pre-approved for a loan and there was no such account verification, instead their cards were charged between £39 and £69. Many of Secure My Money’s (SMM’s) customers, including those least able to afford the fees, were unaware a fee would be charged.

The sites’ membership areas then purported to provide a list of pre-approved loan offers. In reality, Secure My Money had no contact or arrangements with any lenders. Customers had been presented with a standard, untailored list of web links primarily to lender website homepages.

The FCA took over regulation of consumer credit firms in April 2014. In May 2014, the FCA asked SMM to take down the websites. SMM disabled the homepages, informing the FCA that it had taken them down for new customers. All four individuals knew however that the majority of customers arrived on the sites via other pages, that those pages were still live and that SMM was still taking fees from new customers.

From late May 2014, SMM started charging customers a further monthly fee of £4.99 for continued access to membership areas. To increase revenue, Mr Kennedy subsequently arranged for the £4.99 charge to be backdated to March 2014, even though he was aware that doing so was outside customer terms and conditions. Mr Mullins had also arranged for customers clicking on lender icons in the membership areas instead to be redirected to other fee-charging credit broker websites. The sale of customers’ personal data to third parties led to some customers receiving multiple marketing calls or texts, and in some instances to customers being charged by more than one credit broker.

The bans imposed by the FCA are the strongest sanction available in this case as the conduct took place before the FCA had the power to fine individuals at consumer credit firms. The Insolvency Service, with assistance from the FCA, disqualified all four individuals as directors last year for periods of between 5-8 years. The FCA's bans remain in place for life or for as long as necessary for consumer protection.

SMM went into liquidation on 31 July 2014. Approximately £1.4 million was repaid by SMM as a result of customers either requesting chargebacks from card providers or making refund requests direct to the firm, and a further £33,564.17 was paid out after SMM's liquidation.

Notes to Editors

1. Final notices for Mark Robert Kennedy, David James Carter Mullins, Edward John Booth and Christopher Paul Brotherton.
2. The FCA's bans are for unlimited duration subject to individual rights to apply for bans to be lifted at a later date.
3. On 1 April 2014, consumer credit regulation transferred from the Office of Fair Trading (OFT) to the Financial Conduct Authority. On that date, we became responsible for approximately 50,000 consumer credit firms, including credit brokers.
4. The FCA introduced new rules on 2 January 2015 restricting the way credit brokers can charge fees, and have made a lot of changes over the last 4 years of consumer credit regulation to help protect people.
5. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
6. Find out more information about the FCA.

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