Complaints Commissioner

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10 July 2026

Final report by the Complaints Commissioner

Complaint number 202500601

The complaint

1. On 16 December 2025, you submitted a complaint to my office about the FCA.

2. I have summarised your complaint as follows:

   Element One – Your Firm, X, has maintained an Appointed Representative (AR), Firm Y, since 2009, a relationship that the FCA has been aware of. In June 2025, the FCA requested that you submit a CF1 (controlled function) approval form for an AR in respect of your Firm Y and pay the associated fee. You state that the FCA has not addressed your question as to why this requirement was only raised after 16 years, nor why the absence of the form had not been identified earlier. You have further queried the reasonableness of the FCA requesting this form and the fairness of the £280 fee you have paid, which you believe resulted from the FCA's oversight.

   Outcome – Not upheld.

   Element Two – You are unhappy with how the Complaints Investigator handled your complaint and with the service you received from the FCA.

   Outcome – Not upheld.

Background

3. You are the owner of Firm X which is authorised by the FCA. Firm X is the principal firm for Firm Y. Firm Y has been the AR of Firm X since 13 March 2009.

4. On 5 June 2025 the FCA Supervision Hub contacted you to request a CF1 form A for your AR, Firm Y.

5. You queried the requirement to submit a CF1 Form A in 2025, noting that Firm Y has been your AR since March 2009. You did not understand why this was being requested at this stage, given that the FCA had been aware of the ongoing relationship between Firm X and Firm Y for many years.

6. You remained unhappy with the responses provided by the FCA's Supervision Hub in addition to which you also felt that the Authorisations team delayed your CF1 Form A application and you filed a complaint with the FCA ("Complaint 1") for this on 2 September 2025.

7. In response to Complaint 1, the FCA issued a decision letter on 10 November 2025 and upheld that it failed to respond to subsequent questions from you but disagreed that the Authorisations team had hindered your application and explained that the delay was the result of you submitting the wrong form. It went on to say that the Authorisations team agreed to amend the submission to CF1 without further charges.

8. The decision letter also outlined why the CF1 approval was required and explained that the principal firm is fully responsible for overseeing its ARs.

9. You continued to feel that the Complaints Investigator had ignored your key concerns and remained unhappy with their handling of the complaint. You submitted a second complaint with the FCA (''Complaint 2'')

10. The FCA issued its decision letter on Complaint 2 on 11 December 2025 and did not uphold your complaint as it found that its response to Complaint 1 had addressed your complaint points and explained the regulatory requirements and the escalation procedure for complaints. It also did not identify any service failings during the investigation of Complaint 1.

11. On 16 December 2025, you complained to my office about the FCA.

Analysis

Element One:

12. As the Principal firm, Firm X is responsible for ensuring that its AR meets all the regulatory requirements. Specifically, **SUP 12.6.9G** explains that Principal firms are responsible for submitting applications for the approval of individuals at ARs who perform a controlled function and that these applications should be

submitted as early as possible, as individuals may not carry out controlled functions without FCA approval. This was the responsibility of your firm. It was not the responsibility of the FCA to bring this to your attention.

13. In line with this, the FCA requested your firm to submit Form A for the CF1 function performed by the Director of Firm Y when it contacted you in June 2025.

14. In response to my Preliminary Report, you continue to ask why Form A was required as you say that Firm Y performed no controlled functions relating to Firm X. As outlined in **SUP 10C.15.3G**, Form A is used for applications to perform designated senior management functions and Controlled functions. One of these controlled functions is CF1 which is the Director function. As the FCA has outlined in its correspondence with you and its Decision Letter for Complaint 1, if the AR is a limited company its director is deemed to be performing a governing function and therefore must hold the correlating CF1 function. The CF1 function was required due to the position of the director at Firm Y and not due to any position they held at Firm X.

15. You have also asked what changed to require Form A to be submitted. The requirement for Form A for a CF1 function was not the result of any changes in your relationship with Firm Y. Instead, it was the case that Firm Y should have held the necessary controlled functions earlier and as its Principal firm, Firm X was responsible for ensuring it did so. The reason the FCA contacted you after 16 years was not due to a change in the relationship but because the FCA had not identified this previously.

16. It is not disputed that the FCA was aware of your longstanding relationship with your AR. You specifically asked why it took the FCA 16 years to request the necessary controlled function, and the FCA did not provide a direct response beyond that this was identified following their internal review. I have also asked the FCA why it took such a considerable amount of time for this to be highlighted. In response to the Preliminary Report, the FCA has provided further information regarding its processes. It appears that the FCA did not have a dedicated mechanism to automatically identify when ARs did not hold the necessary controlled functions, especially in the context of historical AR

applications. The FCA has advised that: “we identified this issue in July 2024, when we were carrying out routine casework. This highlighted that several appointed Firms did not have an approved person. Upon identification of the issue, we investigated the root cause, and it appeared to be caused by processes which are no longer in existence (i.e where appointed representative notification and approved persons forms were not always handled at the same time). This process was changed several years ago and now notification and approved persons forms must be submitted to the FCA at the same time”.

17. The FCA stated that it carries out periodic reviews and spot checks, which ultimately identified the breach but were not sufficient to highlight this earlier. In response to the Preliminary Report, the FCA has confirmed that it has updated its processes for applications to ensure that ARs have the relevant controlled functions in place at the application stage and it has also enhanced its monitoring and data analysis to identify any new breaches in a timely manner. Regardless of how long it took the FCA in your case to identify the breach, this does not affect your primary obligation to comply with the relevant regulatory requirements.

18. I note that you believe that, as the FCA did not notify you of this earlier, the FCA is at fault and therefore should refund the fee you paid. First and foremost, the obligation to comply with regulatory requirements lays with regulated firms. Firms cannot defer compliance until the FCA contacts them. Therefore, the FCA’s failure to contact you earlier on this matter does not exempt you from complying with your regulatory requirements. As such, you remain required to submit the CF1 Form A and pay the associated fee, and the FCA has provided an explanation of this requirement. If you or the FCA had identified this sooner, you would have had to make the payment sooner. You have not lost money as a result of the oversight.

19. For the reasons set out above I do not uphold your complaint.

Element Two:

20. In your interactions with the FCA, you were also unhappy with the service you received, including the fact that the FCA did not answer some of your questions;

that its Authorisation Team delayed the approval of the CF1 application and that your request to speak to the FCA Chief Executive was denied.

21. The FCA accepted that it failed to acknowledge and answer some of your correspondence in line with its service standards. Additionally, it accepted that the Supervision Hub's failure to respond to your later emails resulted in ongoing confusion. For this, it has apologised and passed on feedback to the relevant individuals at the Supervision Hub. In the circumstances of your complaint, I think this was sufficient to remedy these service failings.

22. I note that you were also unhappy with the way the Authorisations team processed Form A and you felt that they had delayed the processing. Initially, you had submitted Form A for the CF30 function rather than the requested CF1 function. Once the error was identified, you were contacted and Authorisations amended the CF30 approval to a CF1 without charging an additional fee. In this case, I have not seen anything to suggest that the FCA deliberately delayed processing. The delay arose from the form being submitted by you in relation to the incorrect function, for which I do not think the FCA was at fault.

23. Additionally, I have reviewed how the Complaints Investigator for Complaint 1 investigated your complaint. I can see that they contacted the relevant internal areas and reviewed your previous correspondence with the FCA. The decision letter also validated your concerns regarding the service you received from the Supervision Hub. To aid your understanding, the decision letter outlined the relevant regulatory obligations and why Form A was needed. I have not seen evidence to suggest that there was any mishandling in the investigation of your complaint.

24. Regarding your request to speak to the CEO, the CEO's office was contacted, and it confirmed that the Complaints team is best placed to address your concerns. In my view, this is reasonable. It is not practical for the CEO to personally address all correspondence he receives. He has an Executive Case Unit to assist with incoming communications, and they decide who is best placed to deal with correspondence. In this case, they decided it was the Complaints Team and I agree.

25. For the reasons above, I do not uphold any element of your complaint.

26. In response to my Preliminary Report, you have said that you are seeking compensation from the FCA for the way they have handled this matter and for the distress you have experienced. In Complaint 1, the FCA has already apologised for the poor service by the Supervision Hub. Beyond this, I have not seen any additional mishandling by the FCA which warrants any compensation. As explained above, you are responsible for ensuring that your AR, Firm Y, meets its regulatory requirements. You failed to do this until the FCA contacted you and therefore the circumstances arose primarily as a result of your own oversight as Firm Y should have had the necessary controlled functions in place prior to the FCA contacting you.

27. I note that you have mentioned taking legal action relating to this matter to claim compensation from the FCA I recommend you seek legal advice regarding this.

The Complaints Commissioner

Complaints Commissioner
10 July 2026