

NEWS RELEASE

Another Director Hit by FSA Fine as Powerchex Recommend Tighter Controls by Firms

Failing to disclose employee lies result in firm being punished

London, August 26th, 2009. The FSA has fined the director of an IFA for failing to disclose that an approved person had lied about the reason for leaving their previous job.

The FSA fined Christopher Davies, Director of Newquay Investment Services Limited, £17,500 because of an adviser at Newquay who posed an “unacceptable risk of customers being recommended unsuitable mortgages”.

It was only after Newquay had applied to the FSA for the adviser to be confirmed as an approved person that Davies became aware that the adviser’s previous employer had suspended the adviser because of concerns about his business methods and ethics. Davies spoke to the adviser and concluded that the adviser had lied to him about why he had left his previous employment, but did not alert the FSA.

The news of the fine comes not long after the FSA fined Richard Holmes, Director of AIF Limited, for failing to monitor an appointed representative and carry out sufficient pre-employment screening checks.

Director of Pre-employment specialists Powerchex, Alexandra Kelly, believes that the FSA will continue to crack down on firms but believes those that are most vigilant before hiring people are the least likely to find themselves in hot water with the FSA.

Kelly said, “Newquay Investment Services Limited could have avoided the situation by implementing proper pre-employment screening practices. If they had known about the advisor’s past before he joined the company they never would have hired the individual in the first place and most certainly would not have put them forward for approved status. Our research has shown that the recession has caused people to hide less desirable aspects of their past and lie more so effective pre-employment screening is becoming more and more important.”

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NOTES TO EDITORS:

About Powerchex

Powerchex is the UK's premier pre-employment screening firm for financial institutions. Based in the City of London, Powerchex checks the background, employment history, criminal records and professional qualifications of applicants on behalf of financial institutions. It sets the industry benchmark of 5 days for a background check.

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