

## NEWS RELEASE

### **Powerchex say pre-employment screening is a “must” as FSA hand out fine for poor practice**

FSA fine director for insufficient pre-employment screening and lax monitoring of appointed representative.

**London, July 3<sup>rd</sup>, 2009.** The FSA have fined a director for failing to monitor an appointed representative and carry out sufficient pre-employment screening checks.

Richard Holmes, Director of AIF Limited, was fined £20,020 despite the fact that the FSA concluded that he did not deliberately contravene the requirements outlined by the FSA, he co-operated with the FSA’s enquiries and accepted the failings set out in his notice, and he also terminated AIF Limited’s agreements with its remaining appointed representatives.

Jonathan Phelan, Head of Retail Enforcement at the FSA, said: “Senior management at firms are responsible for the standards and conduct of the businesses they run – this applies to all firms both large and small.”

“As a director of the firm, Richard Holmes failed to carry out sufficient initial checks and then failed to monitor adequately the activities of the appointed representative over a period of almost a year despite identifying a number of concerns early on – this falls below the standards that the FSA expects of firms. Directors who fail to discharge their personal responsibilities, including monitoring properly, give rise to a risk of consumer loss and we will take action against them.”

The FSA have handed out a number of fines since Chief Executive Hector Sants told firms they should ‘be very afraid’ of the regulator. Sants stated that the FSA's style will become 'more intrusive' and so far they have handed out fines for reasons ranging from poor data security measures to insufficient pre-employment screening practices.

Alexandra Kelly, Managing Director of Powerchex Limited, the leading pre-employment screening firm for financial institutions, believes that the FSA are right to act. She said: “Firms regulated by the FSA should have strong pre-employment screening practices for all employees whether the employee will be performing an FSA approved role or not. The guidelines by the FSA are pretty clear for approved people so there is no excuse for failings in this area.”

With the FSA firmly under the spotlight at the moment firms can expect more regulation and more checks in the foreseeable future.

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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.

[www.powerchex.co.uk](http://www.powerchex.co.uk).

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