

Alsford Page & Gems Limited censured and agrees to pay extended warranty insurance customers £399,902

The Financial Conduct Authority (FCA) has publicly censured Alsford Page & Gems Limited (APG) and APG will pay compensation totalling £399,902 to customers who purchased extended warranty insurance policies during the period 1 February 2013 to 21 March 2016.

APG agreed to resolve the case. The FCA would have also imposed a financial penalty on the firm of £958,100 (£670,600 in light of APG qualifying for a 30% discount for resolving matters) if APG had not established that it was in serious financial hardship and unable to pay this or any amount. The compensation will be paid by APG out of funds provided by its parent.

The FCA notes that APG's current senior management had no involvement in the matters investigated by the FCA.

APG is a wholesale and reinsurance broker which began to sell extended warranty insurance policies to retail customers in 2013, in a move away from its standard business model. The policies were for goods such as satellite equipment or household appliances. The policies were sold on APG's behalf by six Appointed Representatives. This meant that APG was the Principal who was authorised and regulated by the FCA and APG was responsible for ensuring customers were treated fairly by the Appointed Representatives.

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

"Principal firms have a responsibility to oversee their Appointed Representatives and ensure they are carrying out regulated activities properly. Without adequate oversight, customers are at risk and, as this case shows, where that is the case, the FCA will take action against the Principal. APG's oversight of its Appointed Representatives was inadequate and ineffective which created the risk that customers, including those who are vulnerable, might be sold products they did not really want or which did not meet their needs."

The FCA found that APG had failed to sufficiently consider or address the risks associated with selling products to retail customers and its systems and controls in place were wholly inadequate as its oversight of the Appointed Representatives was limited and ineffective.

The consequence of the weaknesses in the sales process was that the FCA found that APG had no assurance that its customers were being treated fairly or being sold products they understood or which met their needs.

The breaches are particularly serious as the FCA found that APG had no effective controls in place to identify and protect vulnerable customers who may have needed additional care and protection in their interaction with sales agents.

The compensation is the amount equivalent to the brokerage fees that APG made from selling the extended warranty insurance policies. Had APG not agreed to fund the compensation, the FCA would have required it to do so although this amount would not have been paid given the firm's serious financial hardship.

All customers who purchased an extended warranty insurance policy from one of APG's Appointed Representatives during the period 1 February 2013 to 21 March 2016 will be entitled to a payment.

The compensation is being funded voluntarily by APG's current parent PSC Insurance Group Limited given APG has insufficient funds.

The FCA is publicly censuring APG for its breaches of Principles 3 and 6 of the Principles for Businesses.

APG will contact eligible customers in due course but if any customers believe they may be entitled to a compensation payment but think their contact details may have changed since they purchased an extended warranty insurance policy from APG's Appointed Representatives, they should contact APG on 0207 456 0584 or email ewi@apg.net.

Notes to editors

1. **The Final Notice can be found here.**
2. **The terms of the restitution programme are set out in Annex C to the Final Notice.**
3. The circumstances in which the FCA recognises serious financial hardship are set out in DEPP 6.5D