



## **The Association of Professional Compliance Consultants**

### Professional Standards for Member Firms

#### Sample Procedures for Dealing with a Failing Client (suitable for a sole consultancy)

Where the Firm identifies that a regulated client is not following the advice of the Firm and in the view of the Firm this is, or is likely to lead to, a material breach of the FCA rules the Firm will follow the procedures set out below.

1. The Firm will document the advice given to the regulated client, the response of the client and the Firm's subsequent response(s) to the regulated client. The Firm will consider whether the advice given has been properly communicated to each of the members of the regulated client's senior governing body and if not will take appropriate action.
2. The Firm will document the likely impact of the failure by the regulated client to follow its advice on:
  - a. the regulated client
  - b. the end clients of the regulated client
3. The Firm will document whether it has advised the regulated client that the client's failings are sufficiently serious that under Principle 11 of the FCA's Principles for Businesses that the FCA should be informed. The Firm will ensure that this advice is given to each member of the regulated client's governing body and that this advice includes the appropriate statements on each individual's personal responsibility for compliance with the FCA rules.
4. The Firm will document whether it considers any criminal activity has, is, or will take place as a result of the regulated client's failings.
5. The Firm will document what impact on its own reputation it considers the failings of the regulated client will have.
6. Taking into account the above items the Firm will document what action it will take in respect of the failing client. These actions may include ceasing to act for the client and, where criminal activity is suspected, whistleblowing to either the police or the FCA.

Where the failing of the regulated client and the Firm's dealing with the particular circumstances of the failing take place over a lengthy period of time the Firm will continue to document its actions and the reasons for its actions.

Unless criminal actions by the regulated client is suspected the Firm is under no obligation to inform the FCA or the police.