



Regulatory Update

Week 45- 2024



2024

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Regulatory Updates – FCA (General)

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Regulatory Updates – Others

FCA (General)

Over the past week, our team have noticed the FCA's focus has been on Complaints Data, Big Tech and AI, and Financial Crime Updates.

If you have any questions about any of the items that are featured in this review, please do contact your consultants.

Update	Summary	Action for firms
FCA Director fined £1.1m and banned for misusing funds due to insurers Date Published: 11 November 2024	The FCA has banned Leigh Mackey from working in financial services and fined him £1,102,879 for misleading the FCA and misusing funds due to insurers.	Action to Take: Read the full press release here .
Companies House Verification Survey Date Published: November 2024	Companies House is looking to explore the concept of Identity Verification with users who: <ul style="list-style-type: none"> • Are UK company Directors or Persons with Significant Control (PSC) that are non-UK nationals • Don't hold a biometric passport (A biometric passport is one that has a chip inside it) • Speak English as the research will be conducted in English only • 	Action to Take: To take part follow the link here .
FCA fines Metro Bank £16m for financial crime failings Date published: 12 November 2024	In yet another large fine for a well-known financial institution, this time the FCA have fined Metro Bank £16m for failing to correctly monitor customer transactions for potential financial crime. This highlights the importance for checks and balances when creating processes and automations that process data.	Action to take: Read the full article here .

Update	Summary	Action for firms
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HSBC Faces £6.2 Million Fine For Poor Handling Of Financially Struggling Customers

Date Published: 8 November 24

HSBC was fined £6.28 million by the FCA for inadequate support of financially distressed customers between 2017 and 2018.

Despite initial policy failures, HSBC proactively invested £94 million in corrective actions and issued £185 million in customer redress, reducing the penalty by 30%.

This case underscores the importance of fair treatment and compliance in customer support across the financial industry.

Action to Take:

[Here is the full story.](#)

How to not be fined €290m: lessons on compliant international data transfers

Date Published: 8 November 24

At the end of August 2024 Uber was fined €290m by the Dutch Data Protection Authority (Dutch DPA) for transferring the personal data of its EU based drivers to servers in the US contrary to EU GDPR.

This article considers the fine and how UK based organisations can compliantly transfer personal data outside of the UK

Although the Uber fine was brought under EU GDPR, organisations in the UK are subject to almost identical rules when transferring personal data outside of the UK under UK GDPR. This is because currently, **the UK data protection regime, mirrors the data protection regime in the EU following Brexit.** Both the previous and current governments in the UK have talked about reforming the UK data protection regime but no changes have been made to date..

Action to Take:

You can read the full article [here.](#)

Make sure your processes account for cross-border transfers of data and if you need help get in touch with us today.

Update	Summary	Action for firms
<p>New rules to strengthen resilience of UK’s financial sector</p> <p>Date Published: 12 November 2024</p>	<p>UK financial regulators have confirmed new rules to bolster the resilience of technology and other third parties providing key services to financial firms.</p> <p>The CrowdStrike outage covered in the story below has hit a nerve with the FCA and they have subsequently published this set of rules. Highlighting the risk of over reliance on critical service providers.</p>	<p>Action to Take:</p> <p>Check your BCP, what happens if a critical service provider goes down or goes bust?</p> <p>If you need help with this, get in touch with us today.</p> <p>You can find the full report here</p>
<p>FCA CrowdStrike outage: lessons for operational resilience</p> <p>Date Published: 31 October 2024</p>	<p>The FCA has published its thoughts on the CrowdStrike outage and set out their view and findings for firms reliant on technology and other critical service providers.</p>	<p>Action to Take:</p> <p>We would advise firms to check their BCP and make sure it has a robust plan for dealing with this type of outage.</p> <p>You can find the full report here</p>
<p>Important Sanctions Update from The Financial Action Task Force (FATF)</p> <p>Date published: 25 October 2024</p>	<p>Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing.</p> <p>When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the “grey list”.</p>	<p>Action to take:</p> <p>Read the full article here.</p>

Update	Summary	Action for firms
<p>Court of Appeal hands down judgment in the latest update to the ongoing Motor Finance probe</p> <p>Date Published: 31 October 2024</p>	<p>Last Friday the Court of Appeal handed down judgment in three linked appeals - Johnson v FirstRand Bank Ltd, Wrench v FirstRand Bank Ltd and Hopcraft v Close Brothers Ltd (the Appeal).</p> <p>The appeals which were heard concurrently all concerned the use of discretionary commission arrangements (DCAs) in the motor finance industry.</p> <p>In short, the Court of Appeal found in the customers' favour in all three cases. In doing so, it reviewed the law on secret commissions (or bribes) and set out some principles that are expected to provide guidance to the County Court in deciding on the large number of claims before it.</p>	<p>Action to Take:</p> <p>It is thought that both companies will appeal.</p> <p>The judge's' ruling was rooted, not in the FCA's rules, but the longstanding common law principle of fiduciary duty which meant that the broker – the car dealer here – must act in the best interests of the customer and not put themselves in a position of conflict.</p> <p>For such cases, the FCA have paused until December 2025 the 8-week deadline that firms have to respond to complaints.</p> <p>We will keep a watching brief on this ongoing story.</p>

Update	Summary	Action for firms
FCA publishes results of non-financial misconduct survey Date Published: 25 October 2024	<p>The survey of over 1,000 investment banks, brokers and wholesale insurance firms found that the number of allegations reported increased between 2021 and 2023.</p> <p>In the 3 years covered by the survey, bullying and harassment (26%) and discrimination (23%) were the most recorded concerns. However, the large 'other' group of concerns (41%) indicates how difficult it can be to categorise issues of personal misconduct.</p>	<p>Action to Take:</p> <p>While the data requires careful interpretation, it provides financial firms with valuable benchmarking opportunities and enables management teams to identify and understand any notable variations from their peers.</p> <p>You can find the full report here</p>
FCA Complaints Data Date Published: 24 October 2024	<p>The FCA has published its latest complaints data for H1 2024, showing financial services firms received 1.86m complaints, a 4% decrease from H2 2023.</p> <p>While complaints about decumulation & pensions, insurance & pure protection, and investments saw slight increases, banking and credit cards experienced the largest decrease at 9.6%, with the overall complaints volume remaining relatively stable between 1.8m and 2m since the peak of PPI complaints in 2020.</p>	<p>Action to Take:</p> <p>You can find the full report here</p>
The FCA and Practitioner Panel 2023/24 survey findings Date published: 23 October 2024	<p>The FCA and Practitioner Panel 2023/24 survey reveals increased satisfaction among firms with their relationship with the FCA, with over 75% reporting 'high' satisfaction levels despite significant regulatory changes.</p> <p>While firms identified areas for improvement, including facilitating growth, ensuring proportionate regulation, and streamlining data collection processes, the FCA is actively addressing these concerns through various initiatives, including their first report on delivering against secondary growth objectives and ongoing work to simplify the rulebook.</p>	<p>Action to take:</p> <p>Read the full article here.</p>

Update	Summary	Action for firms
<p>FCA publishes results of non-financial misconduct survey</p> <p>Date Published: 21 October 2024</p>	<p>The survey of over 1,000 investment banks, brokers and wholesale insurance firms found that the number of allegations reported increased between 2021 and 2023.</p> <p>In the 3 years covered by the survey, bullying and harassment (26%) and discrimination (23%) were the most recorded concerns. However, the large 'other' group of concerns (41%) indicates how difficult it can be to categorise issues of personal misconduct.</p>	<p>Action to Take:</p> <p>While the data requires careful interpretation, it provides financial firms with valuable benchmarking opportunities and enables management teams to identify and understand any notable variations from their peers.</p> <p>You can find the full report here</p>
<p>Crypto Asset registrations: building strong foundations</p> <p>Date Published: 21 October 2024</p>	<p>The FCA addresses criticism about their strict crypto firm registration process, emphasising that while they're not arbitrarily rejecting applications, they maintain high standards to prevent money laundering and protect against financial crime. They stress that rigorous standards and proper regulation are essential for building a sustainable, trustworthy crypto sector in the UK, rather than creating a 'race to the bottom'.</p>	<p>Action to Take:</p> <p>The FCA actively encourages engagement with prospective firms through pre-application meetings and practical support, while maintaining that protecting consumers and the financial system's integrity remains their primary focus.</p> <p>You can find the full report here</p>
<p>FCA fines Volkswagen Finance £5.4m over treatment of customers in financial difficulty</p> <p>Date published: 21 October 2024</p>	<p>The FCA has fined Volkswagen Finance £5.4m and secured £21.5m in customer redress for failing to treat customers in financial difficulty fairly between 2017-2023, with around 110,000 customers affected.</p> <p>The case, which highlighted instances of vehicles being inappropriately repossessed from vulnerable customers, demonstrates the FCA's accelerated enforcement approach, taking just 13 months compared to the usual 42-month average, and is part of a broader initiative that has secured £65m in redress for over 320,000 customers across nearly 100 lenders in the past four years.</p>	<p>Action to take:</p> <p>Read the full article here.</p>

FCA launches premium finance market study alongside new Government insurance taskforce

Date Published: 16 October 2024

The Financial Conduct Authority (FCA) has announced a package of work in the insurance market amid concerns about rising prices, alongside the launch of the Government motor insurance taskforce.

The FCA has launched a review, known as a competition market study, to see whether people who borrow to pay for motor and home insurance are receiving fair, competitive deals.

Premium finance allows people to pay for insurance in instalments. The FCA is concerned that premium finance may not be providing fair value. Over 20 million people are estimated to pay for their insurance this way and FCA research shows that 79% of adults in financial difficulty have used the product.

As part of its market study, the FCA will review whether the products represent fair value, how well customers are made aware of their financing options, the role of commission, and other potential barriers to effective competition in the motor and home premium finance market.

Although the FCA are not formally consulting on these Terms of Reference, they welcome any views on the intended scope of this market study. Please provide any views, as well as directing any other queries on the market study, to PremiumFinanceMS@fca.org.uk by **Monday 18 November 2024**.

Action to Take:

You can find out more [here](#).

Update	Summary	Action for firms
<p>FCA's expectations for financial advisers and investment intermediaries</p> <p>Date Published: 7 October 2024</p>	<p>This letter from the FCA outlines key priorities and expectations for financial advice and investment intermediation firms over the next two years. It emphasises the evolving nature of the sector and the FCA's aim to ensure good consumer outcomes and sector sustainability.</p> <p>This FCA letter outlines key priorities for financial advice and investment intermediation firms over the next two years, focusing on reducing harm, implementing higher industry standards under the Consumer Duty, and enabling more consumers to access financial advice.</p> <p>The regulator emphasises four main areas: retirement income advice, ongoing advice services, ensuring 'polluter pays', and responsible consolidation.</p> <p>Firms are expected to review their practices, particularly in light of the March 2024 thematic review on retirement income advice, ensure the appropriateness and fair value of ongoing services, maintain adequate financial resources for potential redress liabilities, and conduct proper due diligence in acquisitions.</p> <p>Read the full letter here.</p>	<p>Action to Take:</p> <p>Brokers should review this letter carefully, considering its applicability to their operations.</p> <p>Key actions include implementing and evidencing compliance with the Consumer Duty, reviewing retirement income and ongoing advice practices, ensuring adequate financial resources, and preparing for potential FCA data requests.</p> <p>The FCA plans to provide further commentary on the retirement income advice market by Q1 2025 and outline next steps on the Capital Deduction for Redress consultation by the end of 2024.</p> <p>Firms are encouraged to engage with the FCA on the Advice Guidance Boundary Review and stay informed about upcoming regulatory publications and guidance.</p>
<p>FCA Regulatory Initiatives Grid</p> <p>Date Published: 15 October 2024</p>	<p>Following the announcement of the General Election on 4 July 2024 the eighth edition of the Grid was delayed.</p> <p>The Financial Services Regulatory Initiatives Forum acknowledges that the Grid is a valuable tool for stakeholders. As the Forum is unable to publish a complete Grid this year, an interim update has been made available.</p> <p>The Grid will return to its usual format in 2025.</p>	<p>Action to Take:</p> <p>You can find the full update here.</p>

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TSB fined £10.9m for ‘woeful’ systems leaving customers at ‘risk of harm’

Date Published: 10 October 2024

The recent FCA fine of £10.9 million levied against TSB for failing to treat customers in financial difficulty fairly highlights significant regulatory challenges for all sectors handling customer relationships, including the insurance broker sector. Between 2014 and 2020, TSB’s inadequate systems, lack of proper staff training, and reliance on incentive schemes led to unfair repayment plans and improper fee charges, exacerbating the difficulties faced by vulnerable customers.

This case serves as a stark reminder of the need for firms to prioritise robust systems and controls to safeguard customer interests.

For insurance brokers, this case emphasises the increasing regulatory scrutiny on customer treatment, especially vulnerable individuals. The FCA’s **Consumer Duty** and **Treating Customers Fairly** (TCF) frameworks require brokers to ensure their systems can identify and manage vulnerable clients effectively, avoiding unfair treatment or unsuitable product offerings. Operational resilience is key; TSB’s failure to implement systems that protected customers from harm underscores the importance of having governance structures that can detect and rectify issues before they result in significant detriment

Read the full article [here](#)

Action to Take:
Given these developments, insurance brokers should take proactive steps to reassess their customer treatment frameworks. This includes reviewing training protocols, customer interaction policies, and compliance with the FCA’s Client Assets (CASS) rules. Ensuring that vulnerable clients are protected and that processes are designed to avoid customer detriment is essential for remaining compliant with FCA regulations.

If your firm is unsure whether it’s meeting the FCA’s evolving expectations—whether it be through vulnerable customer policies, operational controls, or compliance frameworks—RRCA can assist. Our expertise in regulatory compliance can help you navigate these complexities and avoid the risks seen in the TSB case.

Contact RRCA at rrcompliance.com or email contact@rrcompliance.com to discuss how we can support your firm in aligning with the latest regulatory standards.

Are you on top of your supervisory letters?

Date Published: 7 October 2024

With a swathe of Duty related communication, firms often overlook or fail to harmonise other important aspects or regulatory compliance.

In case you missed, you can review some of them [here](#) or contact us at contact@rrcompliance.com

Action to Take:
You can catch up [here](#).

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GET INVOLVED!

Review of FCA requirements following the introduction of the Consumer Duty

Deadline: 31st October 2024

The FCA want to see where they can simplify their retail conduct rules and guidance. They particularly want to address potential areas of complexity, duplication, confusion, or over-prescription, which create regulatory costs with limited or no consumer benefit. The FCA also want to include appropriate flexibility in their rules to be responsive to future changes and innovation.

Action to Take:

This is your chance to let the FCA know what you think, share your views with them before the 31st October 2024.

Online: [Click Here](#)

By Post: Consumer Policy and Outcomes, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

By emailing: ReviewOfRequirementsCFI@fca.org.uk

New U.K. enforcement body piles pressure on sanctions evaders

Date Published: 3 October 2024

Global sanctions rules are increasing rapidly, as are tools to detect and punish those who break them. In response, the U.K. government is creating a new Office of Trade Sanctions Implementation (OTSI) to investigate and penalise those who break sanctions rules.

The consequences can be financial and even criminal, as well as causing reputational damage, loss of professional status, or being barred from practicing.

OTSI's enforcement powers will come into effect from **10 October 2024** and will apply to:

- all UK persons and entities wherever they are in the world; and
- any legal person within the UK and/or UK territorial waters.

It remains to be seen if this cross organisational enforcement group will enforce more sanctions investigations or penalties.

Action to Take:

You can read the full article [here](#).

Update	Summary	Action for firms
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White Paper: Consumer Duty Board reporting

Date Published: 27 September 2024

The Chartered Insurance Institute share their findings and recommendations with the FCA and the wider sector through this White Paper, and the CII will continue to explore with the regulator and our members what more they can do to assist firms in meeting the standards of care expected from the introduction of the Consumer Duty.

Action to Take:

You can read the full results [here](#).

OPBAS finds improvements needed amongst anti-money laundering supervisors

Date Published: 23 September 2024

In its fifth report, the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) has found that while most Professional Body Supervisors (PBS) are complying with money laundering regulations, how they supervise is still not consistently effective.

Action to Take:

You can read the full results [here](#).

Update	Summary	Action for firms
<p>Principal firms embedding the new rules for effective appointed representative oversight: Good practice and areas for improvement</p> <p>Date Published: 6 September 2024</p>	<p>The FCA share their findings on how principals are embedding new rules for overseeing appointed representatives (ARs) and examples of good practice and areas for improvement for firms to consider.</p>	<p>Action to Take:</p> <p>You can read the full results here.</p>
<p>Keeping your firm's details up to date</p> <p>Date published: 2 September 2024</p>	<p>Learn how to keep your firm's details up to date, and about the Firm Details Attestation and Directory Persons' Attestation.</p> <p>You need to ensure that the information the FCA hold about your firm is correct – for example, your firm's name and contact details.</p> <p>You can use the Connect system to tell the FCA about changes to your firm's details at any time.</p>	<p>Action to take:</p> <p>Read the full article here.</p>

Update	Summary	Action for firms
<p>Price and Value Outcome: Good and Poor Practice update</p> <p>Date Published: 18 September 2024</p>	<p>The FCA made it clear that they are working with firms to ensure they are taking an appropriate and proportionate approach to the price and value outcome.</p> <p>However, they will act where they see firms not making improvements in response to feedback, or if firms' products and services are clear poor value outliers when compared to the price and value of similar products and services.</p>	<p>Action to Take:</p> <p>When reading the update, firms must consider how the findings are relevant to them.</p> <p>You can read the full results here.</p>
<p>Catalysing productivity and growth: A change in mindset on financial inclusion</p> <p>Date published: 19 September 2024</p>	<p>An interesting speech by Nikhil Rathi, FCA Chief Executive, delivered at StepChange Connected 2024 covered the following areas;</p> <ul style="list-style-type: none"> Financial inclusion and growth need not be mutually exclusive. There cannot be genuine financial inclusion without digital inclusion. This will require a change in mindset, a different conversation about risk and innovation, and a systemwide effort - not just for government and regulators, but also for employers and schools. 	<p>Action to take:</p> <p>Read the full article here.</p>

Update	Summary	Action for firms
<p>Regulatory Update: FCA Discussion Paper DP24/1 Regulation of Commercial and Bespoke Insurance Business</p> <p>Deadline 16th September</p>	<p>The FCA's Discussion Paper DP24/1 focuses on reviewing and potentially revising the regulatory framework for commercial insurance and bespoke products. The goal is to balance consumer protection with fostering innovation and competition within the industry.</p> <p>Key areas include the classification of commercial customers, co-manufacturing arrangements, and the application of rules to bespoke insurance contracts.</p> <p>We referred to the full details of this consultation on slide 9 of this publication.</p>	<p>Action to Take:</p> <p>You can find the consultation paper here.</p>
<p>FCA charges first individual with running a network of illegal crypto ATMs</p> <p>Date Published: 10 September 2024</p>	<p>The FCA has charged Mr Olumide Osunkoya, who is 45 and resides in London, for unlawfully running multiple crypto ATMs without FCA registration. Crypto ATMs are machines that allow you to buy or convert money into crypto assets.</p>	<p>Action to Take:</p> <p>You can read the full press release here.</p>

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Biba calls on government to cut IPT rate in Autumn Budget Date Published: 12 September 2024	<p>The government has the opportunity to make some specific interventions to help ease the financial burden on customers and help with the issues that we are seeing,' says BIBA chief executive</p> <p>Biba has called on the UK government to cut the rate of insurance premium tax from 12% to 10% in the upcoming Autumn budget.</p>	<p>Action to Take:</p> <p>We will keep a watching brief on this story.</p>
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FCA Faces Pressure Over Pricey Monthly Insurance Premiums Date published: 13 September 2024	<p>A consumer advocacy group urged the British financial regulator on Friday to step in after it found that insurers were still charging up to 45% in interest for consumers who choose monthly payment plans for their annual premiums.</p> <p>The Which? advocacy group called on the Financial Conduct Authority to collect data on the cost to firms to provide premium finance and the difference in their profit margins between consumers who pay monthly and those who do so annually.</p> <p>Described as a tax on the poor, the high cost of insurance premiums leaves many people unable to pay the full annual premium. This is an issue about accessibility and fair value.</p>	<p>Action to take:</p> <p>Read the full article here.</p>
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Update	Summary	Action for firms
<p>The FCA published its annual report and accounts for 2023/24</p> <p>Date Published: 13 September 2024</p>	<p>The FCA Annual Report and Accounts sets out our progress and key achievements over the past year.</p>	<p>Action to Take:</p> <p>You can find the full report here</p>
<p>FCA Enforcement data 2023/24</p> <p>Date Published: 13 September 2024</p>	<p>The FCA enforcement data shows the enforcement action we took in 2023/24 and it forms part of the FCA Annual Report.</p>	<p>Action to Take:</p> <p>You can find the full report here</p>
<p>Prescribed Persons Annual Report 2023/24</p> <p>Date published: 5 September 2024</p>	<p>The FCA are reporting on the whistleblowing disclosures made to us under the Prescribed Persons Regulations 2017, covering April 2023 to 31 March 2024.</p>	<p>Action to take:</p> <p>Read the full article here.</p>

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Oversight of ARs improving but more to do, says FCA

Date Published: 6 September 2024

The FCA has set out good practice and areas for improvement to help principal firms effectively monitor their Appointed Representatives (ARs).

It highlights that the FCA is actively reviewing how principal firms are implementing the enhanced AR rules introduced in December 2022. This indicates ongoing regulatory scrutiny in this area.

Many insurance businesses use the AR model, particularly for distribution. Brokers and MGAs often act as principals for smaller AR firms.

Action to Take:

You can read the data report [here](#).

The release outlines both good practices and areas for improvement, providing clear guidance on what the FCA expects from principal firms in terms of AR oversight.

Insurance businesses in the UK should view this as a clear signal to evaluate and potentially enhance their AR oversight frameworks to ensure they meet the FCA's expectations and avoid regulatory issues.

FCA's improved performance set to help UK finance sector thrive

Date published: 5 September 2024

The FCA has published its Annual Report, which shows significant improvements in its authorisations service.

Recognising the vital role that the regulator plays in enabling new financial services firms' ability to meet regulatory standards to get off the ground, the FCA has improved its authorisation process. Now 98% of cases, including applications by wholesale market firms, are assessed within statutory deadlines, up from 89% in Q1 of 2022/23.

Action to take:

Read the full speech [here](#).

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A targeted and outcomes-based approach to tackling financial crime

Date Published: 5 September 2024

Speech by Sarah Pritchard, executive director, markets and executive director, international at the Financial Crime Summit, London.

- Fighting financial crime is a priority for the FCA and a key commitment in our 3-year strategy.
- Consistent with the national economic crime plan and fraud strategy, our work is based on a partnership approach.
- Financial crime is not just an issue for the financial sector, but for other sectors too, sharing data and intelligence is a vital tool in staying one step ahead.

Action to Take:

You can read the full speech [here](#).

Update	Summary	Action for firms
FOS – Quarterly Complaints Data Date Published: 29 August 2024	<p>The Financial Ombudsman Service (FOS) published their Quarterly complaints data: Q1 2024/25</p> <p>Overall, they received 74,645 new complaints between April and June 2024.</p> <ul style="list-style-type: none"> • This is an increase of 70% compared to 43,953 reported in the same period the previous year. • On average, across all financial products we upheld 37% of the cases we resolved this quarter in favour of the consumer. • Credit cards were the most complained about product in the first three months of this financial year. 	<p>Action to Take:</p> <p>You can read the data report here.</p> <p>It makes for interesting reading and provides valuable insight as to where brokers and insurers can improve service, products and consumer outcomes.</p> <p>If you need any help building or implementing a robust compliance plan for an established business or start-up, please get in touch with us today.</p>
Reflecting on recent times – speech by Andrew Bailey Date published: 23 August 2024	<p>From early 2020, the Covid pandemic and then the war in Ukraine caused a surge in inflation around the globe. These events, and the nature of policymakers’ responses to each, have laid bare the challenges and trade-offs inherent in addressing both monetary policy and financial stability shocks.</p> <p>In this speech Andrew Bailey reflects on recent times and discusses what we can learn in terms of our framework for assessing the extent to which inflation may be persistent, and how various types of shock might be dealt with in the future.</p>	<p>Action to take:</p> <p>Read the full speech here.</p>

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FCA News: Upper Tribunal ruling on Thomas Llewellyn Kalaris

On 27 August 2024, the Upper Tribunal ruled in the FCA's favour on the refusal to allow Thomas Llewellyn Kalaris to perform senior manager functions.

Laura Dawes, director of authorisations at the FCA, said: 'We welcome the Tribunal's ruling. It unanimously found that Mr Kalaris was dishonest in 2 enforcement interviews the FCA conducted into events that occurred during his time at Barclays. He is therefore not fit to be a senior manager in a business regulated by us. **It is vital financial firms are led by those who are honest, transparent and who act with integrity.**'

Read the Tribunal's [ruling](#) and the FCA decision notice [here](#).

Action to Take:

It is important that all information shared with the FCA is accurate, honest and complete.

There are significant and serious consequences to not acting with integrity and honesty, which this case highlights.

Date Published: 27 August 2024

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Regulatory Update: FCA Discussion Paper DP24/1

Regulation of Commercial and Bespoke Insurance Business

Date Published: July 2024 -
**Deadline for feedback is 16
September 2024**

The FCA's Discussion Paper DP24/1 focuses on reviewing and potentially revising the regulatory framework for commercial insurance and bespoke products. The goal is to balance consumer protection with fostering innovation and competition within the industry.

Key areas include the classification of commercial customers, co-manufacturing arrangements, and the application of rules to bespoke insurance contracts.

The proposals within DP24/1 have significant implications for general insurance brokers, particularly regarding their roles and responsibilities in the distribution and co-manufacturing of insurance products.

Brokers may need to adjust their practices based on changes to how commercial customers are classified and what protections they receive, especially SMEs.

Additionally, brokers involved in creating bespoke products must be aware of potential changes in product governance requirements.

[Read the full document here.](#)

Action to Take:

- Clarify "Who is Captured": Brokers must clearly understand which customers and firms are affected by these regulatory changes. This includes defining the types of commercial customers (e.g., SMEs vs. large enterprises) and the roles of different firms (e.g., brokers, insurers) in the insurance process.
- Engage with the FCA: Review DP24/1 in detail and participate in the consultation process by providing feedback by **16 September 2024**.
- Review and Adapt Processes: Assess and potentially revise current practices, especially in client classification and product governance, to align with the proposed regulatory changes.
- Monitor Developments: Stay informed about further consultations and potential rule changes to ensure ongoing compliance and competitiveness.

By taking these steps, brokers can ensure they are well-prepared for any regulatory adjustments that may result from DP24/1.

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Retail Mediation Activities Return (RMAR) Data Published Date Published: 2 August 2024	<p>Insurance intermediaries experienced a notable 16% increase in revenue compared to the previous year, signalling robust demand for insurance products amid broader economic uncertainties.</p> <p>This growth can be attributed to heightened consumer awareness of risk management and protection in volatile times. However, this revenue increase is not uniformly distributed across the sector. Larger firms continue to dominate the market, leveraging their scale to maintain competitive advantages, while smaller intermediaries face growing pressures from rising operational costs and regulatory compliance demands.</p>	<p>Action to Take:</p> <p>You can read the data report here.</p>
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Financial promotions quarterly data 2024 Q2 Date published: 21 August 2024	<p>The FCA's Q2 2024 data on financial promotions provides critical insights into the evolving landscape of financial advertising and highlights the increasing vigilance of the regulator in ensuring that consumers are protected from misleading and non-compliant promotions. As financial promotions continue to play a pivotal role in how financial services are marketed to the public, the latest data signals both progress and ongoing challenges in this area.</p> <p>The data from Q2 2024 sends a clear message to financial firms: compliance with financial promotion regulations is not optional, and the FCA is prepared to take decisive action against those who fall short.</p> <p>The increased scrutiny on sectors like crypto-assets suggests that firms operating in these areas need to exercise extra caution in their promotional activities.</p>	<p>Action to take:</p> <p>Firms must prioritise compliance in their marketing strategies, particularly when using digital platforms where the risk of non-compliance is heightened.</p> <p>Clear, transparent communication that accurately reflects the risks and benefits of financial products is not only a regulatory requirement but also a critical component of building consumer trust.</p> <p>Read the full publication here.</p>
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Regulatory Update:

Enhancing Product Governance in General Insurance and Pure Protection Products

Date Published: 27 August 2024

The Financial Conduct Authority (FCA) has recently published the TR24/2 Thematic Review, which scrutinises the governance of general insurance and pure protection products.

This review highlights significant concerns about the adequacy of product governance frameworks across the industry and sets clear expectations for insurers to ensure that their products consistently deliver fair value and positive outcomes for customers.

Key Findings from the Review:

- Inadequate Product Design Processes
- Lack of Robust Oversight Mechanisms
- Challenges in Distribution and Communication
- Regulatory Expectations Moving Forward

Insurers must now prioritise the review and enhancement of their product governance frameworks to ensure they meet the FCA's expectations. This will likely require significant investment in compliance systems, staff training, and ongoing monitoring processes. Firms that fail to adapt may face increased regulatory scrutiny and potential enforcement actions.

Action to Take:

To comply with these regulatory demands, insurers should focus on improving transparency in their communications, rigorously testing products before launch, and maintaining an ongoing dialogue with their customer base to ensure that products remain relevant and valuable over time. The FCA's emphasis on fair value means that insurers must be proactive in identifying and addressing any issues that could lead to poor customer outcomes.

In summary, the FCA's TR24/2 Thematic Review highlights the critical need for insurers to enhance their product governance practices.

By taking the necessary steps to align with these regulatory expectations, firms can not only avoid regulatory penalties but also build stronger, more trusting relationships with their customers.

Read the full publication [here](#).

Update

Summary

Action for firms

The EU's 14th Sanctions Package and UK Shipping Sanction: Implications for the Insurance Industry

Date Published: 22 August 2024

On 25 June 2024, the Council of the European Union adopted its 14th package of sanctions against Russia in response to its ongoing aggression in Ukraine.

This latest package introduces extensive measures targeting critical sectors of the Russian economy, particularly the energy industry.

The sanctions also include new trade restrictions on liquefied natural gas (LNG) and specific vessels, which have significant implications for the (re)insurance industry.

The following update outlines the key elements of the [14th Package](#) and the challenges they present for compliance within the insurance sector.

The 14th EU sanctions package introduces significant regulatory challenges for the (re)insurance industry, particularly in the areas of LNG, shipping, and financial sanctions. Insurers must take proactive steps to update their compliance programs and ensure that they are not exposed to the heightened risks associated with these new measures.

Action to Take:

The introduction of these sanctions presents several challenges for the (re)insurance industry:

Sanctions Due Diligence: Insurers must enhance their due diligence processes to ensure that they do not inadvertently provide coverage to designated vessels or entities. The introduction of shipping sanctions, in particular, requires insurers to update their screening tools and processes to identify sanctioned vessels accurately.

Compliance with Divergent Regulations: The differences between the EU and UK sanctions regimes, particularly regarding LNG and shipping sanctions, require insurers to navigate these regulations carefully to maintain compliance across multiple jurisdictions.

Operational Risk Management: The broadening scope of sanctions, especially the lowering of the knowledge threshold for liability, necessitates that insurers implement robust compliance frameworks and controls to mitigate the risk of violating sanctions inadvertently.

Update	Summary	Action for firms
<p>Regulatory Update: Ensuring Fair Value and Good Customer Outcomes for Insurance Intermediaries</p> <p>Date Published: 21 August 2024</p>	<p>The Financial Conduct Authority (FCA) has recently issued a strong call to action for insurance intermediaries, emphasising the need for these firms to demonstrate that their products offer fair value and deliver good outcomes for customers.</p> <p>This regulatory update is critical as it outlines the expectations the FCA has for insurance intermediaries in a rapidly changing and increasingly scrutinised market.</p> <p>Key Drivers Behind the FCA's Call:</p> <ul style="list-style-type: none"> • Rising Concerns Over Product Value • Transparency and Customer Understanding • Regulatory Focus on Product Governance • Impact on Smaller Intermediaries 	<p>Action to Take:</p> <p>For insurance intermediaries, the FCA's call to demonstrate fair value and good customer outcomes is not just a regulatory requirement but a business imperative. Firms must now prioritise the review and adjustment of their product portfolios, ensuring that each product is rigorously tested for value and suitability.</p> <p>The emphasis on product governance also means that intermediaries must adopt a more proactive stance in monitoring product performance and customer feedback.</p> <p>This will likely require investment in new compliance frameworks and training for staff to ensure that they can meet these regulatory expectations.</p> <p>You can read more here.</p>
<p>General insurance value measures data 2023</p> <p>Date published: 21 August 2024</p>	<p>The Financial Conduct Authority (FCA) has released the General Insurance Value Measures Data for 2023, providing a comprehensive overview of key value indicators across various insurance products.</p> <p>This dataset is part of the FCA's ongoing effort to enhance transparency and ensure that insurance products deliver fair value to consumers. The value measures data are crucial for understanding how well different insurance products perform in terms of claims outcomes, customer satisfaction, and overall value.</p>	<p>Action to take:</p> <p>You can read the full FCA press release here.</p> <p>The FCA's General Insurance Value Measures Data for 2023 provides critical insights that insurers must use to refine their products and improve customer outcomes.</p> <p>By aligning their strategies with these insights, insurers can ensure they meet regulatory requirements while also enhancing customer satisfaction and loyalty.</p>

Update	Summary	Action for firms
<p>Regulators to Facilitate European Economic Area (EEA) Insurers Redomiciling Within the EEA</p> <p>Date Published: 19 August 2024</p>	<p>The Cross-Border Conversion (CBC) mechanism, introduced by the EU Mobility Directive, allows EEA limited-liability companies, including insurers, to relocate their registered offices within the EEA while maintaining their legal personality and assets/liabilities.</p> <p>This process is simpler than previous options like cross-border mergers or the Societas Europaea regime, though it still requires authorisation in the destination EEA Member State.</p> <p>The European Insurance and Pensions Authority has published guidelines to facilitate collaboration between EEA regulators during this process, aiming to ensure regulatory compliance and business continuity.</p> <p>Existing Solvency II permissions and approvals should generally remain valid, and regulators are encouraged to take a cooperative approach to resolve any outstanding supervisory issues.</p>	<p>Action to Take:</p> <p>For EEA insurers with UK branches, the PRA may require a new authorisation but has committed to a streamlined, proportionate approach.</p> <p>Consumer protection remains a priority, with insurers required to inform policyholders of any changes resulting from the redomiciliation, particularly those affecting their rights or complaint handling procedures.</p> <p>You can read more here.</p>
<p>7 Essential Tips for a Successful PII Renewal</p> <p>Date published: 16 August 2024</p>	<p>PII renewal season is approaching, with around two-thirds of law firms expected to renew their insurance in the next six weeks.</p> <p>Following years of limited market appetite, there is now an opportune moment to capitalise on the increasingly favourable market conditions.</p>	<p>Action to take:</p> <p>You can read the full article here.</p>

Update	Summary	Action for firms
<p>Will IPT be increased in the autumn budget?</p> <p>Date Published: 21 August 2024</p>	<p>Government IPT revenues exceed £3bn for first four months of 2024/25 financial year.</p> <p>With the industry looking towards the autumn budget, it looks unlikely that IPT will be reduced.</p> <p>Read the full article here.</p>	<p>Action to Take:</p> <p>We will keep a watching brief on this story.</p>
<p>FCA calls on insurers to ensure they demonstrate fair value and good customer outcomes</p> <p>Date published: 21 August 2024</p>	<p>Insurers and brokers have improved governance and oversight of how products are designed, managed, reviewed, and distributed, but many still cannot show how they are providing fair value to customers or that they were receiving good outcomes.</p>	<p>Action to take:</p> <p>You can read the full press release here.</p>

Update	Summary	Action for firms
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<p>Overseas Funds Regime: Update for firms</p> <p>Date Published: 22 August 2024</p>	<p>The Overseas Funds Regime (OFR) is expected to go live later in 2024. The FCA has provided some key dates and initial information about how you can apply.</p> <p>The OFR is a new gateway to allow certain investment funds established outside the UK to be promoted in the UK, including to retail clients.</p> <p>If a fund applies for and is given 'recognised scheme' status under the OFR, it can be promoted in the same way as an authorised collective investment scheme established in the UK.</p>	<p>Action to Take:</p> <p>You can read the FCA announcement here which also includes links to the roadmap pdf and key dates -</p> <p>Overseas Funds Regime: Update for firms FCA</p>
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<p>Is the FCA rule book too big?</p> <p>Date published: 23 August 2024</p>	<p>Industry leaders give their opinion on whether the FCA rulebook is too big at nearly 9,000 pages and can work be done to streamline this so it doesn't overlap with the Consumer Duty rules?</p>	<p>Action to take:</p> <p>You can read the full article here.</p>
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Update	Summary	Action for firms
<p>FCA fines and bans Martin Sarl for dishonest and reckless conduct</p> <p>Date Published: 14 August 2024</p>	<p>Between 7 November 2017 and 24 October 2019, Mr Sarl, who was the sole director at Perry Prowse (Insurance Consultants) Ltd, failed to pass clients' premiums to insurers, meaning that some customers were left uninsured without their knowledge.</p> <p>The FCA's investigation uncovered that Mr Sarl used money from the firm's client account to pay both his personal debt, and that of the firm. That was not allowed under the FCA's Client Money rules, and these funds should have been kept separate.</p> <p>As a result, there was not enough money to transfer the premiums - that his customers had paid to him - to insurers, leaving customers without cover and at risk of having their home, and car insurance claims rejected.</p> <p>Read the full article here.</p>	<p>Action to Take:</p> <p>The Client Money Rules require firms to calculate the amount of client money that should be segregated in a separate client bank account. Firms must segregate the client money until the premium is either paid to the insurer or client money is paid out to a client.</p> <p>Firms must always hold the right amount of client money in a segregated client bank account to avoid a shortfall occurring. The FCA continues to take failures to segregate appropriately seriously as this action shows.</p>
<p>FCA fines PwC £15m over audit failings at London Capital & Finance</p> <p>Date published: 16 August 2024</p>	<p>PwC fined £15 million for failing to alert the FCA to suspected fraudulent activity at London Capital & Finance plc. This is the first time the FCA has fined an audit firm.</p> <p>Auditors have a central role to play in keeping our markets clean. They have privileged access to information and they are required by law to report suspicions of fraud to the FCA.</p> <p>There were a number of red flags that led PwC to suspect fraud. They should have acted on them immediately. Their failure to do so deprived the FCA of potentially vital information.</p>	<p>Action to take:</p> <p>You can read the full press release here.</p>

Update	Summary	Action for firms
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Financial promotions quarterly data 2024 Q2	<p>This report gives a summary of data generated between 1 April 2024 and 30 June 2024 from FCA actions against firms breaching financial promotion rules, and referrals and investigations into unregulated activity.</p> <p>You can read the full report here.</p>	<p>Action to Take:</p> <p>We encourage you to have a look at the report to see the types of financial promotions the FCA are looking at and the action they are taking.</p>
Date Published: 16 August 2024		

FCA helps improve crypto firms' compliance with new marketing rules.	<p>The FCA recently reviewed several crypto firms' compliance with certain financial promotion rules designed to help people better understand the risks of investing in crypto.</p>	<p>Action to take:</p> <p>You can read the full update here.</p>
<p>Date published: 7 August 2024 and Updated on 15 August 2024</p>	<p>The regulator is working with firms to improve standards and has published guidance to help companies meet their obligations. Firms are urged to engage directly with the regulator rather than relying on industry comparisons. The regulator warns that continued non-compliance may result in regulatory action and could affect future authorisation applications under the upcoming crypto asset regulatory regime.</p>	

Update	Summary	Action for firms
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<p>Culture in insurance firms: New duty to prevent sexual harassment</p> <p>Date Published: 7 August 2024</p>	<p>From 26 October 2024, employers will have a new proactive duty to "take reasonable steps" to prevent sexual harassment of their employees. Sexual harassment remains a significant issue in the financial services sector, as highlighted by the "Sexism in the City" inquiry. The new duty shifts focus from redress to prevention and protection, emphasising proactive measures.</p> <p>The Equality and Human Rights Commission (EHRC) has published draft guidance on this new duty. Regulators (FCA and PRA) consider sexual harassment as non-financial misconduct, which is a regulatory issue.</p> <p>Read the full article here.</p>	<p>Action to Take:</p> <ol style="list-style-type: none"> 1. Review and Understand Current Practices: 2. Develop and Implement an Action Plan: 3. Establish Ongoing Review and Reporting Processes: <p>These actions aim to help firms comply with both the new legal duty and regulatory expectations, while fostering a positive workplace culture and mitigating risks associated with sexual harassment claims.</p> <p>We will continue to monitor the situation for clients.</p>
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<p>FCA helps improve crypto firms' compliance with new marketing rules.</p> <p>Date published: 7 August 2024</p>	<p>The FCA recently reviewed several crypto firms' compliance with certain financial promotion rules designed to help people better understand the risks of investing in crypto.</p> <p>The regulator is working with firms to improve standards and has published guidance to help companies meet their obligations. Firms are urged to engage directly with the regulator rather than relying on industry comparisons. The regulator warns that continued non-compliance may result in regulatory action and could affect future authorisation applications under the upcoming crypto asset regulatory regime.</p>	<p>Action to take:</p> <p>You can read the full update here.</p>
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Update

Summary

Action for firms

[EU AI Act: first regulation on artificial intelligence](#)

Date Published: July 2024

The EU AI Act, will became law on 1 August 2024, establishes a comprehensive regulatory framework for artificial intelligence within the European Union. This Act is relevant to UK firms that operate within the EU market or interact with EU customers. It sets out a series of compliance deadlines that businesses must adhere to, especially those dealing with high-risk AI systems.

Action to Take:

Here is the legislative timeline;

1. AI Act Becomes Law (1August 2024)
2. High-Risk AI Systems Identification (December 2024)
3. Compliance Plan Development (July 2025)
4. Full Compliance Required (August 2026)

All high-risk AI systems must be fully compliant with the EU AI Act by this date.

Bank of England - Solvency UK
– time to build – speech by
Gareth Truran

Date published: 9 July

1. Matching Adjustment (MA) Reforms:
 - Investment Flexibility
 - Capital Efficiency
2. Risk Management:
 - Enhanced Responsibilities.
 - Advisory Role
3. Supervisory Priorities:
 - Focus Areas
 - Pricing Discipline

Action Points for Insurance Brokers:

You can read the full speech [here](#).

Update	Summary	Action for firms
<p>Which! Report on Consumer harm in the insurance claims process.</p> <p>Date Published: 23 July</p>	<p>Which! recent analysis of 8,500 Financial Ombudsman Service (FOS) decisions using AI found that 2023 had the highest levels of insurers causing distress and inconvenience in upheld insurance complaints since 2019.</p> <p>This included widespread evidence of significant harm caused by insurers' claims-handling processes.</p> <p>Insurers failing to consistently ensure that customers in vulnerable circumstances are experiencing outcomes as good as those for other consumers.</p> <p>Insurers not providing sufficient oversight of how customers are treated where there are third parties contracted to help assess claims or provide remedies.</p>	<p>Action to Take:</p> <p>You can download the full report HERE</p>
<p>Changes to RICS Professional Indemnity Insurance (PII) arrangements in the UK and Ireland</p> <p>Date published: 20 July</p>	<p>These changes, particularly related to fire safety and external wall fire risk assessment, have garnered broad support from the industry.</p> <p>Key Amendments Effective 1 July 2024 cover areas including;</p> <ul style="list-style-type: none"> • Fire Safety Coverage • External Wall Assessments (EWS) and Fire Risk Appraisals of External Walls (FRAEW) • Cyber Clause 	<p>Action Points for Insurance Brokers:</p> <ul style="list-style-type: none"> • Policy Adjustments • Client Communication • Training and Competence • Market Opportunities <p>These changes are expected to enhance protection for consumers and firms while maintaining a sustainable PII market, reflecting a more optimistic outlook regarding future fire safety exposures.</p>

Update

Summary

Action for firms

The AI adventure - how artificial intelligence may shape the economy and the financial system

Speech by Mr Klaas Knot, Chair of the Financial Stability Board and President of the Netherlands Bank, at the International Monetary Fund-World Bank Constituency meeting, Moldova, 11 July 2024

This was an interesting speech and we encourage you to read it in full. However the key areas of focus were:

Regulatory Coordination and Compliance

- Enhanced Coordination: Expect more coordinated efforts among international regulators to ensure consistent compliance standards.
- Compliance Updates: Stay informed about regulatory changes and ensure timely adjustments to policies and procedures.

These updates underscore the importance of resilience, risk management, and regulatory compliance for insurance brokers, ensuring they can navigate the evolving financial landscape effectively.

Action to Take:

You can find the speech [HERE](#)

1. Enhance Operational Resilience:
2. Integrate Climate Risk Management:
3. Embrace Technological Advancements:
4. Strengthen Cybersecurity:
5. Adopt Proactive AI Regulation Attitude:
6. Ensure Regulatory Compliance:

[Proposed amendments to Guidance on the treatment of politically exposed persons \(PEPs\)](#)

Date published: 18 July

The Financial Conduct Authority (FCA) has published the findings of its review into firms' treatment of domestic politically exposed persons (PEPs). Key recommendations include avoiding the expansion of the PEP definition beyond legal requirements and improving communication with PEPs in line with the consumer duty.

Alongside the review findings, the FCA has launched a consultation on proposed amendments to its guidance on the treatment of PEPs. The proposed changes aim to:

1. Risk Differentiation.
2. Role Clarification.
3. Approval Flexibility.

Action Points for Insurance Brokers:

- Review and Adjust PEP Policies
- Enhance Communication Strategies
- Implement Immediate Improvements:
- Participate in the Consultation

Brokers have until 18/10/2024 to respond to the consultation. You can read the full paper by clicking the link on the left.

Update	Summary	Action for firms
<p>Cyber Security and Resilience Bill: what businesses and insurers need to know</p> <p>Date published: 18 July</p>	<p>This article provides a practical overview of the Bill announced by the UK Labour government forming part of its legislative package in its first King’s Speech.</p> <p>While there was no announcement of specific AI regulations, future AI legislation was hinted at. The Cyber Bill aims to enhance the UK’s cybersecurity measures and protect the digital economy, responding to recent high-profile cyber incidents affecting key services and infrastructure.</p>	<p>Action to Take:</p> <p>You can find the article HERE</p>
<p>Whistleblowing quarterly data 2024 Q2</p> <p>Date published: 23 July</p>	<p>Key Data Points:</p> <ul style="list-style-type: none"> • New Reports: 253 new whistleblowing reports received (down from 300 in Q2 2023 and 298 in Q1 2024). Majority of reports were submitted via the online reporting form. • Whistleblowing Allegations: 253 reports contained 641 allegations in total. Top 10 types of allegations were identified. • Closed Reports: 382 reports closed between April and June 2024. 	<p>Action to Take:</p> <ol style="list-style-type: none"> 1. Enhance Reporting Mechanisms. 2. Improve Whistleblower Communication. 3. Review and Act on Allegations. 4. Compliance and Training: Train staff on the importance of whistleblowing and how to handle disclosures appropriately.

Update

Summary

Action for firms

EU Renews Russian Financial Sanctions For 6 Months

The Council today renewed the EU restrictive measures in view of the Russian Federation's continuing actions destabilising the situation in Ukraine for a further 6 months, **until 31 January 2025**.

Action to Take:

You can find the background to this decision [HERE](#)

Date published: 22 July

[Cyber-Insurers Could Be On Hook From Global IT Outages](#)

The Global IT outage could provide a payday for cyber criminals hoping to cash in on confusion and uncertainty created by the Crowdstrike and Microsoft outage.

Action to Take:

Be vigilant, we are seeing stories of Cyber scammers preying on unsuspecting people experiencing unrelated IT issues or offering a solution for the Crowdstrike fault.

Date published: 19 July

It follows reports of a surge of adverts on social media platforms and in email inboxes promising to “fix” issues caused by Crowdstrike's faulty antivirus update on Friday.

Update	Summary	Action for firms
<p>The King's Speech - AI & Cyber Security - What Next for Insurers?</p> <p>Date published: 17 July</p>	<p>The King's Speech earlier this week included several elements that could impact compliance regulation and compliance consultants in the UK:</p> <p>Draft Audit Reform and Corporate Governance Bill Digital Information and Smart Data Bill Terrorism (Protection of Premises) Bill Cyber Security and Resilience Bill:</p> <p>Overall, the King's Speech suggests a significant focus on regulatory changes across various sectors.</p>	<p>Action to Take:</p> <p>The full speech and list of Bills here</p> <p>We will share updates so you can stay abreast of these changes as the new regulatory landscape emerges.</p> <p>The emphasis on transparency, accountability, and fairness in various sectors may lead to more stringent compliance requirements, creating both challenges and opportunities for businesses.</p>
<p>Prudential Regulation Authority (PRA) statement on the design of the dynamic general insurance stress test (DyGIST) 2025</p> <p>Date published: 15 July</p>	<p>This statement provides further information on the dynamic general insurance stress test that the PRA intends to run in 2025.</p>	<p>Action to Take:</p> <p>You can find the details HERE</p> <p>Brokers must stay informed, adapt risk management strategies, and ensure compliance based on the stress test outcomes.</p>

Update

Summary

Action for firms

[FCA Consumer Duty - 1 Year on Webinar](#)

Date published: 30 June

The FCA are live streaming an event on 31 July 2024 to mark these milestones. We will focus on:

- The impact the Duty has had in its first year
- Examples of good practice and areas for improvement
- Our priorities for the year ahead

Speakers will include:

Sheldon Mills: Executive Director, Consumers and Competition, FCA

Graeme Reynolds: Director of Competition, FCA

Abby Thomas: Chief Executive and Chief Ombudsman, Financial Ombudsman Service

Action to Take:

The Consumer Duty sets a higher standard of consumer protection in financial services. It came into force on 31 July 2023 for new and existing products, and will apply to closed products and services from 31 July 2024.

Click the Link to register for this event and log your questions.

[Insurance multi-firm review of outcomes monitoring under the Consumer Duty](#)

Date published: 26 June 2024

Under the Consumer Duty (the Duty) firms must regularly assess, test, understand and evidence the outcomes their customers are receiving. Without this, it will be impossible for firms to know that they are meeting the requirements set out in the Duty.

This publication sets out the key findings from our review of larger insurance firms' approaches to outcomes monitoring under the Duty. The FCA recognise this represents a new expectation of firms and have set out examples of good and poor practice to help all firms raise their standards where necessary.

Firms that identify gaps in their compliance with our rules should act immediately, putting robust plans in place to address any shortcomings.

Action to Take:

Firms must regularly monitor the outcomes retail customers receive to identify whether they are meeting their obligations under the Consumer Duty.

Update

Summary

Action for firms

[FCA Product Sales Data \(PSD\)- 2023](#)

The FCA collect data from the firms they regulate on what products they are selling. Firms operating in the mortgages, retail investments or protection sectors submit product transaction data to the FCA quarterly.

Information on interpreting the data and the full data tables can be found here - [Interpreting the data | FCA](#)

Date published: 27 June 2024

[Overseas appointed representatives](#)

Read more about the challenges and expectations for principal firms with overseas appointed representatives (OARs).

Feedback to the FCA's consultation on improving the appointed representatives regime showed that principals may have challenges overseeing and communicating effectively with their OARs due to:

- differences in legal, accounting and regulatory requirements for each jurisdiction
- geographical distance
- cultural and language differences

Action to Take:

Principals must also establish on reasonable grounds, on a continuing basis, that the activities of their OARs do not result in undue risk of harm to consumers or market integrity.

Update

Summary

Action for firms

[Update on the FCA's review of treatment of Politically Exposed Persons](#)

Last year, the FCA launched a review of the treatment of domestic Politically Exposed Persons (PEPs) by financial services firms.

They had been on track to publish the findings from this review in line with the end of June deadline set in the Financial Services and Markets Act 2023.

However, the FCA do not think it is appropriate to publish the review during the pre-election period. The FCA will now publish it in July once Parliament has returned.

Date published: 19 June 2024

Update

Summary

Action for firms

[Wider Implications Framework Annual Report 2023-2024](#)

The Financial Conduct Authority (FCA) has released its Wider Implications Framework Annual Report for 2023-2024, outlining key focus areas and regulatory updates aimed at enhancing the resilience and integrity of the UK's financial markets and consumer protection mechanisms.

Key Focus Areas:

1. **Consumer Duty:** The FCA is dedicating significant resources to supervise and enforce compliance with this duty, ensuring firms support consumers effectively, especially amid rising living costs([FCA](#)) ([Welcome to WilmerHale](#)).
2. **Operational Resilience:** The FCA emphasises the need for firms to bolster their operational resilience against cyber threats, operational risks, and geopolitical uncertainties. Firms must demonstrate their ability to remain within specified operational impact tolerances by 2025 ([Welcome to WilmerHale](#)).
3. **Financial Crime Prevention:** Reducing and preventing financial crime remains a priority for the FCA. This includes enhancing authorisation processes, improving firm assessments, and investing in data-driven analytical tools for anti-money laundering (AML) supervision ([KPMG](#)).
4. **Market Abuse:** The FCA plans to intensify efforts against market abuse by ensuring firms have robust systems and controls in place. It aims to deter wrongdoers through stringent sanctions and increased investigation and prosecution efforts ([Welcome to WilmerHale](#)).
5. **Future Regulatory Framework (FRF) and Edinburgh Reforms:** Over £12 million will be invested to support the FRF and Edinburgh Reforms, which aim to enhance the UK's economic growth and international competitiveness. This includes integrating retained EU law into the FCA Handbook and establishing a cost-benefit analysis panel to enhance regulatory efficiency ([KPMG](#)).

Action for Firms

1. **Review and Implement Consumer Duty.**
2. **Strengthen Operational Resilience:**
3. **Enhance Financial Crime Defences:**
4. **Prepare for Regulatory Changes:.**
5. **Engage with the FCA:**

If you need any assistance understanding or implementing any of the actions please get in touch with us today.

Date published: 19 June 2024

Update

Summary

Action for firms

[Whistleblowing Quarterly Data 2024 Q1](#)

Date published: 14 June 2024

The FCA has published its whistleblowing data for Q1 2024, reporting an increase in new cases. Key highlights include:

- **298 new reports** received, up from 280 in Q1 2023.
- **801 allegations** in total, primarily reported via the online form.
- **253 reports closed**, with significant action taken in 4% of cases, including enforcement actions and restrictions.

Action to Take:

1. **Review Internal Processes:** Ensure your firm's whistleblowing procedures are robust and compliant with FCA guidelines.
2. **Enhance Training:** Provide regular training for staff on the importance of whistleblowing and how to report concerns.
3. **Monitor and Report:** Maintain thorough records of all whistleblowing reports and actions taken, ensuring timely reporting to the FCA.

[NCSC and Cyber Insurance Industry Joint Guidance on Ransom Payments](#)

Date published: 14 May 2024

NCSC and Cyber Insurance Industry Joint Guidance on Ransom Payments

For the first time, the National Cyber Security Centre (NCSC) has collaborated with the cyber insurance industry, including the Association of British Insurers (ABI), British Insurance Brokers' Association (BIBA), and International Underwriting Association (IUA), to produce joint guidance for organisations considering paying a ransom. This guidance, published on 14 May 2024, aims to provide much-needed advice to organisations contemplating ransom payments during cyber-attacks.

Action to Take:

1. Review Incident Response Plans:
2. Engage External Experts:
3. Understand Regulatory Obligations:
4. Promote Staff Awareness:

See the full guidance for the detail or contact us for more information and advice on how to implement the actions.

Update

Summary

Action for firms

NEW Blog Post

[Crypto Compliance: Navigating the Regulatory Maze](#)

As the crypto industry continues to attract scrutiny, robust compliance has become crucial for firms to establish legitimacy and mitigate risks. In my latest blog, I share insights from my experience as a compliance consultant, guiding crypto startups through the evolving regulatory landscape.

Read the full blog to gain a comprehensive perspective on navigating the crypto compliance labyrinth and positioning your firm for sustainable growth in this dynamic industry.

Date published: 19 June 2024

Key themes covered:

- Understanding the UK's crypto regulations: MLRs, FSMA, RAO, and more
- FCA registration requirements for crypto asset service providers
- Implementing robust AML/KYC measures and leveraging decentralised solutions
- Addressing data security concerns and adopting comprehensive security practices
- Challenges of multi-jurisdiction operations and maintaining global standards
- Exploring new monitoring methods: blockchain analytics, smart contracts
- Importance of staff training and education on evolving regulations

Update	Summary	Action for firms
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<p>Building Operational Resilience - 10 Months Till the Deadline</p> <p>Date published: May 2024</p>	<p>The FCA set out their final rules and guidance on new requirements to strengthen operational resilience in the financial services sector in March 2022.</p> <p>The FCA rules and guidance came into force on 31 March 2022.</p>	<p>As soon as possible after 31 March 2022, and by no later than 31 March 2025, firms must have performed mapping and testing so that they are able to remain within impact tolerances for each important business service. Firms must also have made the necessary investments to enable them to operate consistently within their impact tolerances.</p>
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<p>FCA Multi- Factor Authentication</p> <p>Date published: May 2024</p>	<p>FCA Multi- Factor Authentication</p> <p>The FCA are making changes to improve and speed up how they verify callers to the FCA Supervision Hub.</p> <p>From mid-June 2024, multi-factor authentication will be used to verify firms' identity when they call the Supervision Hub, using a one-time passcode that will be sent by text message.</p> <p>.</p>	
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Update	Summary	Action for firms
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<p>Consumer Duty - Next Deadline - 31st July 2024</p> <p>Date published: May 2024</p>	<p>The next milestone on 31 July 31, 2024. By then, firms should have assessed their closed product ranges.</p> <p>The FCA defines closed products as products which are no longer marketed or distributed to retail customers nor open to renewal. It is up to firms to consider each product and decide whether it is closed, and if it falls within the scope of Consumer Duty.</p> <p>The FCA have updated the following pages on their website - https://www.fca.org.uk/firms/consumer-duty-information-firms</p>	<p>If you're navigating these changes and not sure what you need to do, we are here to help. Whether you're seeking guidance on compliance or have questions about regulatory responsibilities, get in touch. We'd love to help you.</p>
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<p>European Union: New EU rules have been adopted to combat money-laundering and terrorist financing</p> <p>Date published: May 2024</p>	<p>The European Parliament has adopted the new AML/CFT legislative package, which aims to comprehensively strengthen the EU rules to fight money-laundering and terrorist financing, including the establishing of a New EU Authority to directly supervise the riskiest entities, an EU limit on large cash payments up to EUR 10,000, and more detailed, directly applicable rules regarding customer due diligence and beneficial ownership.</p> <p>The legislation still needs to be formally adopted by the Council, after which it will be published in the Official Journal.</p> <p>The AMLA will enter into force seven days after publication and will apply from 1 July 2025, and the AMLR will enter into force 20 days after publication and will apply 36 months from the date of entry into force, with the exception of a few articles, AMLD6 will enter into force 20 days after publication and Member States will have two years from the date of entry into force to transpose the Directive.</p> <p>The TFR will enter into force in Member States from 30 December 2024.</p>	
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Update

Summary

Action for firms

[FOS Statistics Update](#)

We would like to share with you the recent performance stats released by the FOS, summarised as follows;

These can be read in full by clicking the link on the left hand side.

- Overall, the FOS received a total of 95,349 complaints between 1 July and 31 December 2023. This is an increase of almost 20% on the same period in 2022,
- In the second six months of the year, the FOS upheld 36% of complaints in the consumers' favour, compared to 34% in the second half of 2022.
- [Banking](#) and [consumer credit](#) related complaints were the main driver of the rise.
- For the insurance sector, there was an increase. Complaints about [car or motorcycle insurance](#) saw the sharpest rise, with issues including delays in putting things right when a claim is made, and claims valuations.

Date published: 1 May 2024

Update	Summary	Action for firms
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[Charging Claims Management Companies and other professional representatives Consultation paper](#)

Date published: 29 May 2024

The FOS has launched a consultation to implement a fee for Claims Management Companies (CMCs) and other professional representatives.

In particular, This paper sets out how and why we propose to introduce a £250 fee for CMCs and other professional representatives, reducing to £75 for cases we determine in favour of the complainant, with the objective of ensuring that our case fee arrangement allocates an element of the costs of resolving cases to CMCs and other professional representatives who can derive benefit from our service.

We propose that where the £250 has been paid we will reduce the fee for the respondent firm by £175.

To be responded to by 4 July 2024.

Please email your response and any questions about this consultation to

consultations@financial-ombudsman.org.uk

[FCA regulatory Initiatives Grid](#)

Date published: 29 May 2024

The new issue of Regulatory Initiative Grid is delayed due to general election.

Following the Government announcement of the General Election on 4 July, the eighth edition of the Grid has been delayed. Members of the Financial Services Regulatory Initiatives Forum will consider when best to publish an update on the regulatory pipeline and initiatives later this year.

Update

Summary

Action for firms

[FCA regulated fees and levies: rates proposals for 2024/25](#)

The FCA has made changes to the FEE consultation based on feedback received. In particular, 29 May 2024 addendum:

Read and familiarise yourself with the Addendum

Date published: 29 May 2024

Following feedback, the FCA have expanded Table 3.3 in our CP to include other fee-blocks which weren't previously shown. See the addendum for further details.

[Preparing your firm's financial information | FCA](#)

Preparing your firm's financial information both for new firms and VoP
The FCA are improving the way they collect financial information at the gateway. On the Authorisations webpage, in [preparing your firm's financial information](#), you can now find a new template, available to Wholesale firms.

Date published: 30 May 2024

You can download this template and use it when you submit your firm's financial information, as part of your application. The aim is to improve firms' experience when applying for authorisation, by preventing unnecessary later requests for baseline financial information. Please note that this template does not replace the financial questions in other forms you need to submit with your application.

Update	Summary	Action for firms
Financial Resilience Date published: 30 May 2024	<p>Whilst not applicable to most insurance intermediaries, the FCA has issued a reminder to firms to prepare to the new rules surrounding financial resilience.</p> <p>The new rules come into force in 10 months and will be applicable to insurers and enhanced SMCR firms.</p>	<p>Read and familiarise yourself with the Addendum</p>
FCA - Multi-Factor Authentication Date published: 30 May 2024	<p>Security is at the heart of our Technology and Data platforms. With this in mind, we're making changes to improve and speed up how we verify callers to our Supervision Hub.</p> <p>From mid-June 2024, callers will need to verify using a one-time passcode sent by text message. The changes align our phone verification process with multi-factor authentication which was rolled out for FCA systems last year.</p>	<p>There are a number of useful guides and videos on the FCA website, click the link on the left hand side of this slide.</p>

Update

Summary

Action for firms

[Firms to recommence GAP insurance sales following FCA action](#)

Firms that have resumed sales of GAP insurance have done so with materially lower levels of commission being paid out to those selling GAP, improving value for customers.

Following this action, customers purchasing GAP insurance can expect to receive better value cover which is suited to their needs, and receive better outcomes.

The FCA has agreed that the following firms can recommence selling GAP insurance:

Fortegra Europe Insurance Company Ltd
Motors Insurance Company Ltd
Amtrust Europe Ltd
Financial & Legal Insurance Company Limited

To restart sales, firms need to demonstrate that their GAP products provide fair value to customers, in line with FCA rules.

Date published: 21 May 2024

Update	Summary	Action for firms
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[Change to the FCA Handbook](#)

For the insurance sector, there are no material changes to note, however firms should be aware that the FCA is looking to introduce annual consultation on TC and qualification requirements.

Read the Handbook Notes

Date published: May 2024

[FCA Update Information on Closed Products following 16th May Dear CEO Letter](#)

Firms should carefully consider the FCA definition of ‘closed books’ and in turn, appropriately document the internal decisions.

Firms must take action before the 31 July 2024 deadline.

Date published: 24 May 2024

Update

Summary

Action for firms

['Finfluencers' charged for promoting unauthorised trading scheme](#)

News this week that several reality TV stars have been charged with allegedly providing advice on buying and selling contracts for difference (CFDs) when they were not authorised to do so.

CFDs are a high-risk investment product used to bet on the price of an asset, in this case, the price of foreign currencies. It is also alleged that they were paid to promote the Instagram account at the heart of the case.

Firms need to be mindful of where they use influencers, and indeed influencers too, that they are not undertaking a regulated activity.

The FCA clarified its expectations for when firms and others, such as influencers, use social media to communicate financial promotions and address emerging consumer harm arising from the use of social media.

If you need any help understanding or implementing these rules please get in touch with one of the team today, we'd love to help you.

Date published: 16 May 2024

Update

Summary

Action for firms

[FCA 'Dear CEO' Letter](#)

Date published: 16 May 2024

The letter focuses on the next deadline of the Consumer Duty for closed products and services by 31 July 2024. The 'Dear CEO' Letter outlines the areas that firms need to focus on. The letter sets out the actions firms need to take which can be broadly summed up as follows;

1. gaps in firms' customer data
2. fair value
3. treatment of consumers with characteristics of vulnerability
4. gone-away or disengaged customers
5. vested contractual rights

If firms do not have closed products, they need to acknowledge it internally and file it away.

Firms must take action before the 31 July 2024 deadline.

[FCA Authorisations operating service metrics 2023/24 Q4](#)

Date published: 15 May 2024

The FCA performance shows 10 metrics are green, 6 are amber and none are red.

98.1% of applications across all metric areas were determined within the statutory deadline.

The regulator will publish our performance for the first quarter of 2024/25 in August 2024.

Update	Summary	Action for firms
Office of Financial Sanctions Implementation (OFSI) published a new set of Frequently Asked Questions (FAQs). Date published: May 2024	<p>The FAQs provide short-form guidance and technical information on financial sanctions.</p> <p>Via an accompanying blog (the Blog), OFSI states it will not generally accept individual requests for new FAQs. Instead, it will publish them on an as-needed basis, focusing on areas where new guidance would be beneficial to a substantial audience. OFSI has indicated that it will continue to work closely with the industry to identify issues where additional guidance would be beneficial and that it will announce any new FAQs via its E-Alert service.</p>	<p>OFSI strongly recommends reviewing the FAQs alongside their existing guidance and legislation, which take precedence.</p>
Changes in Companies House Fees - general increase Date published: May 2024	<p>This FCA information shows the individual firm data reported to the FCA by financial services firms for 2023 H2 between 1 July to 31 December 2023. It includes analysis on the latest trends for each product.</p> <p>The current data set was published on 19 October 2023 and covers complaints received up to 8 October 2023.</p>	<p>Familiarise yourself with the fees and how they are calculated.</p>

Update

Summary

Action for firms

Approach to Artificial Intelligence

Date published: 3 May 2024

On 22 April 2024, the Financial Conduct Authority (FCA) and the Bank of England (including the Prudential Regulation Authority (PRA), together the Bank) published updates on their approach to artificial intelligence (AI). The FCA's update is available [here](#) and the Bank's update is available [here](#).

Firms should now expect, where they are using AI, that they will need to be able to explain their use of AI to their regulators. This will involve explaining how risks associated with the deployment of AI have been identified, assessed and managed. The acid test is: if the regulator asks, do you have a convincing narrative about your approach to managing the risks associated with AI?

What do you need to do now?

- Understand, and be prepared to explain, how AI is being used at all levels of your business. This includes suppliers and outsourced service providers – are they using AI, and do you know about it?
- Understand how your legal and regulatory obligations interact with any existing or proposed use of AI in your business.
- Ensure that client and commercial data is protected – you will need to make sure you understand how your staff are using AI, and what systems and data their AI tools can access.
- Put in place and maintain robust governance arrangements, and systems and controls, to discharge your legal and regulatory obligations in connection with AI – this might involve, for example, the implementation of an "AI policy".

Update

Summary

Action for firms

[The European Union Artificial Intelligence Act \(the Act\)](#)

Date published: 3 May 2024

The European Union Artificial Intelligence Act (the Act) is the world's first comprehensive framework on Artificial Intelligence (AI). But what does the Act mean for insurers in the UK?

The Act introduces an AI classification system that determines the level of risk an AI solution could present to individuals. The four levels of risk classifications are:

- Unacceptable risk – Application of AI that is banned within the European Union (EU), for example social scoring and monitoring of people and AI which manipulates human behaviour or exploits people's vulnerabilities.
- High risk – Examples include AI that controls access to financial services, critical infrastructure or employment. High risk AI systems are subject to strict conformity assessment and monitoring. AI systems that profile individuals, for example that process personal data to assess various aspects of a person's life such as health or economic situation, interests or behaviour.
- Limited risk – Examples include chatbots. They are subject to specific transparency obligations. For example, users should be aware that they are interacting with AI. There are also requirements to ensure that AI generated content is identifiable.
- Minimal risk – Examples include spam filters and AI enabled video games. Minimal risk is unregulated.

How does it relate to UK firms?

A number of businesses and [insurers](#) operate in both jurisdictions. The Act applies to those that intend to place on the market or put into service AI systems in the EU, regardless of whether they are based in the EU or a third country. It also applies to third country providers where AI system's output is used in the EU.

The UK currently relies on existing insurance laws and regulations, which are broad enough to apply to new technologies. It has implemented a cross-sector and outcome-based framework for regulating AI, underpinned by five core principles:

1. Safety, security and robustness
2. Appropriate transparency and explainability
3. Fairness
4. Accountability and governance
5. Contestability and redress.

With the Act the EU is hoping to play a leading role globally. The UK is holding off introducing legislation until the challenges and risks of AI are better understood.

Update

Summary

Action for firms

[Financial Ombudsman - Fees and Budget Update 24/25](#)

Date published: 3 May 2024

What are key points for insurers?

The FCA will continue to embed the Consumer Duty and the focus on delivering good outcomes for all consumers.

Focus on ensuring products deliver value for money.

Key activities the FCA will start in 2024/25 are:

- Multi-firm work and market studies on how the [insurance industry](#) responds to claims, including where customers are more likely to show characteristics of vulnerability. The FCA will also look at how firms assess overall product value and respond where they identify unfair value.
- A review on how customers in vulnerable circumstances are treated.

The FCA is assessing the impact of AI on UK markets to better understand the risks and benefits. The FCA says: “We will build on our pro-innovation and technology-agnostic approach to ensure that the outcomes for consumers and markets are beneficial, while recognising there are risks and opportunities.”

Continue investigations on digital consumer journeys and firms using sludge practices.

What are key points for insurers?

- FOS intends to reduce its cost to the financial services industry. Its case fee will reduce from £750 to £650. The compulsory and voluntary jurisdiction levy costs to businesses will also reduce.
- FOS is now expecting to see 210,000 complaints (47,400 regarding insurance) during 2024/25; an increase from its previous expectation of 181,300 complaints (44,300 regarding insurance).
- FOS is still considering whether to exercise new powers granted under the Financial Services and Markets Act 2023 to introduce a fee for professional representatives bringing a case to its service on behalf of a consumer. It will publish a further consultation which will outline the feedback it has received on this topic and next steps, during the first quarter of 2024/25.

Update

Summary

Action for firms

Various FCA Upcoming Reviews

Date published: 3 May 2024

Insurance intermediaries: In May 2022 the FCA wrote portfolio letters to P&CLII and LLMI on key risks and notes that they will write again in 2024 to provide their updated view of the key risks firms in this portfolio pose, the extent to which these risks are being mitigated and their updated supervisory plan.

Vulnerable customers: The FCA intends to conduct a post-implementation review of FG21/1 in 2024 to test the effectiveness of firm's implementation and look at how this has impacted on outcomes for customers in vulnerable circumstances. It aims to publish a final report by end of 2024.

Multi-occupancy buildings: Legislation - Leasehold and Freehold Reform Bill - expected to be enacted which will ban managing agents, landlords and freeholders from taking commissions and other payments when they take out buildings insurance but replacing these with more transparent fees.

Update

Summary

Action for firms

[Scotbeef Ltd v D&S Storage Ltd & Anor \[2024\] EWHC 341 \(TCC\) \(20 February 2024\)](#)

Date published: 30 April 2024

The Insurance Act (2015) - In [Scotbeef Ltd v D&S Storage Ltd \(In Liquidation\) \[2024\] EWHC 341 \(TCC\)](#), the court considered the interpretation of various clauses purporting to be conditions precedent to liability in light of the Insurance Act 2015 (the IA 2015). The judgment is one of only a handful of cases to have considered the application of the IA 2015 and considers in particular s.9(2), which prevents representations being converted into warranties (and abolishes basis clauses), and ss.16 and 17, which set out the transparency requirements for parties to contract out of the policyholder protections. The court found that a misrepresentation by the insured which put the insured in breach of a condition precedent could not be relied on by the insurer because of the application of the IA 2015.

The case is also a useful reminder that the remedies for breach of the duty of fair presentation have changed significantly since the pre-IA 2015 position and that the onus is on the insurer to show what they would have done had there not been a breach.

In this case although the court found that the duty had been breached, the insurer had no remedy as it did not show that the policy terms would have been altered if the risk had been properly represented.

[FCA - Firm Specific Complaints Data](#)

Date published: 25 April 2024

This FCA information shows the individual firm data reported to the FCA by financial services firms for 2023 H2 between 1 July to 31 December 2023. It includes analysis on the latest trends for each product.

The current data set was published on 19 October 2023 and covers complaints received up to 8 October 2023.

This information can be used to see examples of good complaint handling processes by firms.

Update	Summary	Action for firms
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[Artificial Intelligence \(AI\) update – further to the Government’s response to the AI White Paper | FCA](#)

Date published: 22 April 2024

The FCA issued an AI Update further to the Government’s response to the AI Whitepaper.

In the update the FCA have outlined their approach to AI and want to promote safe and responsible use of AI in the Financial Markets.

The update focuses on the FCA’s roles and objectives, work so far, existing approach, and plans for the next 12 months.

Firms should ensure that they have read the report and understand the FCA’s approach to AI in the Financial Markets.

[‘Big Tech a priority’ says FCA Chief Executive](#)

Date published: 22 April 2024

The FCA’s Chief Executive Nikhil Rathi delivered a speech announcing the FCA’s plans to examine how Big Tech firms unique access to large sets of data could unlock:

- Better products
- More competitive prices
- Wider choices for consumers and businesses

The FCA’s Big Tech Plans are included in a feedback statement to it’s call for input on data sharing between Big Tech and Financial Services Firms.

We recommend that firms have read the speech and understood the FCA’s focus on Tech and AI

Update

Summary

Action for firms

[Using the new Form A | FCA](#)

Date published: 12 April 2024

The FCA published changes to using the new form A.

They have incorporated a new version of form A

Some of the changes include:

- Adding questions of the right to work in the UK
- Removal of the send later function
- Improved virus scanning on attachments
- A checklist of information needed before you start the application
- Improved layout
- Easier navigation
- Improved help and guidance
- If you are a solo regulated firm, you will input 10 years of Employment history instead of uploading a CV.

Firms should read through the new Form A and ensure that they are clear on all the changes and how these affect the firm,

Your consultants are able to help if you have any questions or queries regarding the form.

Update	Summary	Action for firms
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[Firm notification form \(SUP 15\) | FCA](#)

Date published: 2 April 2024

The FCA have issued the Firm notification form (SUP15)

Regulated firms and Insolvency Practitioners can complete this form to notify the FCA of an event that has occurred or will occur in the foreseeable future.

Principle 11 requires a firm to deal with its regulators in an open and cooperative way and to disclose anything relating to the firm of which they would reasonably expect notice.

To improve the efficiency of this process, they have created a new webform for Sup 15 notification submission. This asks for more details of the issue before firms upload their submission. This will allow the FCA to identify high-risk concerns which we may need to escalate promptly.

Firms should use it when submitting a Sup 15 notification.

We would like to remind firms of the SUP 15 process and the new web form, please ensure that you have familiarised yourself with this process.

Update	Summary	Action for firms
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Complaints data FCA Date published: 25 April 2024	<p>The FCA have published this update on their Complaints Data.</p> <p>The latest findings:</p> <ul style="list-style-type: none"> • In 2023 H2, financial services firms received 1.87m complaints, a decrease of 1% from 2023 H1 (1.89m). Since the Payment Protection Insurance (PPI) peak in 2020, complaints have stayed relatively constant between 1.8m and 2m. • The product groups that experienced an increase in their complaint numbers were: banking and credit cards (up 3.2%), home finance (up 3.7%), and investments (up 3.4%). • The percentage of complaints upheld decreased from 61% in 2023 H1 to 58% in 2023 H2. 	<p>Firms should keep up to date on the complaints received, the causes of these, and ensure that they are aware of how these type of complaints could affect the firm.</p>
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Update

Summary

Action for firms

<https://www.fca.org.uk/publication/consultation/cp24-9.pdf>

The FCA published the consultation paper CP24/9 on Financial Crime Updates.

Firms should keep up to date on the Financial Crime updates and the firm's responsibilities in relation to Financial Crime.

Some of the key points:

- Sanctions: The updates to Chapter 7 will focus on enhancing firms' systems and controls for managing financial sanctions without referring to specific regimes. The key changes include:
 - Mandatory reporting of sanctions breaches.
 - Governance frameworks for oversight of sanctions controls.
 - Emphasis on management information to monitor sanctions controls effectively.
 - Guidance on assessing exposure to and preparation for potential sanctions.
 - Examples of expected practices using screening tools for sanctions compliance.
 - Integration of Customer Due Diligence and sanctions risk management.
- Proliferation Financing (PF) Revisions in Chapter 7.2 to incorporate PF risk assessment guidance and links to relevant resources, reflecting changes to the Money Laundering Regulations (MLRs).
- Consumer Duty: Integration of the Consumer Duty with financial crime controls, reminding firms to consider these duties together for products open for sale or renewal.

Date published: April 2024

Legal Developments

Legal updates and developments are summarised below.

Update

Summary

Action for firms

MS Amlin Marine NV v King
Trader Ltd & others (Solomon
Trader) [2024].

The case reaffirms the court's reluctance to interfere with clear wording in insurance contracts. The dispute centered around a "pay first" clause in a charterers' liability policy.

The Third Parties (Rights Against Insurers) Act 2010 does not protect third parties in contracts of marine insurance from "pay first" clauses.

Outcomes:

1. The court upheld the "pay first" clause, requiring the insured to discharge their liability before seeking indemnity from the insurer.
2. The clause was found to be valid and enforceable, even in cases where the insured is insolvent or unable to pay.
3. The court rejected arguments of inconsistency, repugnancy, or implied terms that would limit the operation of the "pay first" clause.

Review Policy Wordings: Carefully review and potentially revise policy wordings to ensure that all important clauses, especially those affecting claim payments like "pay first" clauses, are clearly stated and prominently positioned within the policy document. This helps avoid disputes and potential accusations of hiding critical terms.

Enhance Communication: Implement clear communication strategies to ensure policyholders fully understand key policy provisions, especially those that may affect their ability to claim. This could include highlighting important clauses during the sales process and in policy documentation.

Date 9 August 2024

Update

Summary

Action for firms

[Project Angel Bidco Ltd \(In Administration\) v Axis Managing Agency Ltd & Ors \[2024\] EWCA Civ 446](#)

Date 8 May 2024

Drafting errors must be clear and obvious - a brief look at the English Court of Appeal's decision in Project Angel Bidco Ltd (In Administration) v Axis Managing Agency Ltd [\[2024\] EWCA Civ 446](#)

Date 12 July

Court of Appeal dismissed the claimant's appeal, agreeing with the Commercial Court's earlier decision - that as the insured under a buy-side warranty and indemnity insurance policy, they had failed to show that an apparent inconsistency between the insured obligations and the policy exclusions was the result of a clear drafting error.

Commercial Court Decision: The Commercial Court sided with the insurers, stating no contradiction existed between the insured obligations and the ABC Exclusion Clause. The various parts of the W&I Policy, when read together, did not indicate an obvious error, and thus, no cover was provided for the ABC Warranties.

The case involved Project Angel Bidco Ltd (the Buyer) who acquired a civil engineering company and took out a buyer-side warranty and indemnity insurance policy. The Buyer claimed that the sellers had breached warranties relating to compliance with anti-bribery and anti-corruption legislation (ABC Legislation) and sought coverage under the policy. However, the policy contained an exclusion for "ABC Liability," which the Buyer argued was a drafting error that contradicted the Cover Spreadsheet indicating coverage for ABC Legislation warranties.

Both the English Commercial Court and the Court of Appeal ruled in favour of the insurers. The courts held that the threshold for judicial intervention to correct alleged drafting errors in commercial contracts is high. Lord Justice Lewison of the Court of Appeal noted that while there was an apparent conflict between the Cover Spreadsheet and the ABC Liability exclusion, the drafting error was not clear enough to warrant the court's intervention. The court emphasised the importance of considering the policy as a whole within its contractual context and noted that inconsistencies can exist in complex policies.

Readers may be interested in Lord Justice Lewison's Judgment and the court's decision to uphold the Commercial Court's decision, dismissing Project Angel's appeal.

Key Points for Drafting Warranty and Indemnity Insurance Policies also make for interesting reading.

This case underscores the importance of carefully reviewing and explaining policy wordings to clients, particularly in complex commercial insurance policies. Pay close attention to any inconsistencies between provisions, especially those relating to the scope of cover and exclusions. Advise clients to discuss any ambiguities or potential conflicts in policy wording with you and the insurers before finalising the policy. Remember that courts are unlikely to intervene in cases of alleged drafting errors unless the error and its correction are both clear and obvious. Therefore, it's crucial to ensure that the policy accurately reflects the intended coverage and that clients fully understand any limitations or exclusions.

Update

Summary

Action for firms

[Project Angel Bidco Ltd \(In Administration\) v Axis Managing Agency Ltd & Ors \[2024\] EWCA Civ 446](#)

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[Norman Hay Plc vs Marsh Ltd Case](#)

Date 2 May 2024

Norman Hay Plc, a company with global operations requiring frequent business travel, retained Marsh Ltd to arrange non-owned auto insurance on a country-by-country basis for the policy year 2017/2018 and under a global liability programme for the policy years 2018/2019 and 2019/2020. Non-owned auto cover insures motor liability when cars are hired.

On 22 November 2018, Mr Nigel Kelsall, an employee of Norman Hay's subsidiary, Internationale Metall IMPragneier GmbH (IMP), was killed in a road accident in Ohio, USA, while driving a hire car without insurance. The other driver, Ms Sage, was seriously injured and sued Norman Hay and IMP, alleging negligence by Mr Kelsall. The case was settled with Norman Hay paying Ms Sage US\$5.5 million.

The Judge set out a series of actions to take note of;

1. Review Insurance Arrangements:
 - Ensure adequate coverage for all potential risks, especially for frequent business travel.
2. Document Decision Processes:
 - Maintain thorough records of insurance advice and decisions to support claims if disputes arise.
3. Legal and Regulatory Compliance:
 - Regularly review compliance with legal and regulatory obligations to avoid negligence claims.

Update	Summary	Action for firms
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<p>On 29 April 2024, the EU published in the Official Journal a new Directive criminalising sanctions violations, Directive (EU) 2024/1226</p> <p>Date May 2024</p>	<p>New EU Directive Criminalises Sanctions Violations</p> <p>The EU has published a new Directive that mandates Member States to criminalise certain intentional violations of EU sanctions. The covered offenses include making funds available to designated persons, failing to freeze assets, enabling entry of designated persons, and engaging in prohibited trade, financial services, or other services. It also criminalises four forms of sanctions circumvention. Member States must punish inciting, aiding, abetting, and attempted violations. While allowing exemptions for low-value violations under €10,000, the Directive aims to achieve more consistent enforcement of EU sanctions across Member States.</p>	<p>Companies and individuals engaged in international trade or finance should review their compliance programs and procedures to ensure adherence to the new criminal sanctions regime across the EU.</p>
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Update	Summary	Action for firms
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[High Court Holds That Limitation Clause Did Not Limit Primary Payment Obligation](#)

Date 14 May 2024

The High Court ruled that a broadly drafted limitation of liability clause did not cap the defendants' primary obligation to pay for goods received from Costcutter.

The defendants argued the clause limiting "total liability...arising out of any...breach of contract or otherwise" reduced their debt to zero. However, the court distinguished between primary obligations like paying for goods, and secondary obligations like damages for breach. It held limitation clauses only apply to limit secondary liability, not primary obligations to perform a contract's core duties, unless explicitly stated. Following the Supreme Court's guidance, the court was reluctant to find the clause excluded Costcutter valuable rights without clear wording.

This serves as a useful reminder of the difference between primary and secondary contractual obligations and the court's reluctance to infer that primary contractual obligations are limited by broadly drafted limitation of liability clauses.

This highlights that broadly worded exclusions are unlikely to limit core contractual payment obligations.

[Bellini v Brit: The Court of Appeal serves up a slightly sour COVID-19 decision](#)

Date 14 May 2024

The Court of Appeal ruled against the policyholder in a case involving a "Murder, suicide or disease" extension clause for business interruption coverage.

The key issue was whether the disease clause provided non-damage cover or required property damage, as defined in the policy. The court found that the clause's wording, when read objectively alongside the overall policy, clearly required property damage to trigger coverage. Despite potentially providing only limited additional coverage, the court held the clause was unambiguous and could not be re-written absent a drafting mistake.

This decision highlights the importance of carefully reviewing policy wordings, as endorsements may not expand coverage as intended if they incorporate requirements from the main insuring clause.

Update

Summary

Action for firms

[Project Angel Bidco Ltd \(in administration\) v Axis Managing Agency Ltd \(as representative of Syndicate 1686 at Lloyd's of London\) and other companies](#)

As seen from the case, definitions (and coverage) may change because of a single letter. Insurers should exercise care and caution in the drafting of policies as the English courts (and ones in other common law jurisdictions) are reluctant to step in to rewrite the contract (even when there is an apparent inconsistency). Instead, as seen from the Court of Appeal's judgment, the court's intervention is confined to very limited circumstances where there is an obvious drafting error and where the cure is equally obvious.

For Reinsurance clients

Date 9 May 2024

[Tyson International Company Ltd v Partner Reinsurance Europe SE](#)

The article discusses a legal dispute between Tyson and Partner Re over a reinsurance contract. Initially, they entered into a Market Reform Contract (MRC) on July 1, 2021, governed by English law and jurisdiction. Eight days later, Partner Re issued a Market Uniform Reinsurance Agreement (MURA) covering the same risks but with New York law and arbitration clauses.

For Reinsurance clients

Date 9 May 2024

The key question was whether the MURA superseded the MRC or was merely an administrative document. The Court of Appeal ruled that the MURA replaced the MRC, objectively analysing the parties' actions and the MURA's terms, including an entire agreement clause stating it superseded prior agreements.

Despite the MRC being a valid contract, the court held that the parties intended to switch to the MURA, which resembled a binding reinsurance contract governed by New York law. As the judge quipped, "the parties began by playing cricket but then switched to baseball," referring to the change from English to New York law.

Update	Summary	Action for firms
Improving the quality of data on our registers Date 3 May 2024	From 4 March 2024, greater powers for Companies House to query information, stronger checks on company names, new rules for registered office addresses, and new lawful purpose statements.	We recommend that firms read and understand the related risks to their firm
Confirmation statement changes Date 3 May 2024	From 4 March 2024, new requirements to provide a registered email address and to confirm that the intended future activities of the company will be lawful.	
Changes to Companies House fees Date 3 May 2024	From 1 May 2024, increased fees to take new future expenditure into account, as well as making sure costs are recovered from existing expenditure.	
Identity verification Date 3 May 2024	Companies House will introduce a new identity verification process to help deter those wishing to use companies for illegal purposes. Anyone setting up, running, owning or controlling a company in the UK will need to verify their identity to prove they are who they claim to be.	Over the coming months, we'll explain when these changes will come into effect and how the identity verification process will work. You do not need to do anything yet.

Update

Summary

Action for firms

[Changes to accounts](#)

Date 3 May 2024

The measures set out in the Economic Crime and Corporate Transparency Act will improve transparency by making more financial information available to the public.

The new legislation lays the foundation for Companies House to require companies to file accounts in a digital format. To comply with these changes, all companies will need to find suitable software before web-based and paper filing options are no longer available.

This applies to directors who file accounts themselves, and companies who use third party agents or accountants to file their annual accounts.

We recommend that firms read and understand the related risks to their firm

[Protecting your information](#)

Date 3 May 2024

The Economic Crime and Corporate Transparency Act has introduced measures to prevent abuse of personal information held on the Companies House register.

One of the aims is to balance the need for corporate transparency with the understanding that personal information should only be published when it's necessary and proportionate to do so.

These measures will come into force over the next two years in a phased approach.

[Changes to limited partnerships](#)

Date 3 May 2024

Limited partnerships will need to file their information through authorised agents, and they'll need to file more information with Companies House.

This is for information only at this stage as these measures will need secondary legislation before they're implemented.

Update

Summary

Action for firms

[Improving transparency of company ownership](#)

Date 3 May 2024

Under measures introduced by the Economic Crime and Corporate Transparency Act, company ownership will be more transparent.

When the measures come into force, companies must:

- record the full names of shareholders who are individuals – or the full names of corporate members and firms – in their registers
- provide a one-off full shareholder list so Companies House can display shareholder information in a more user-friendly way

Companies House will:

- collect and display more information from companies claiming an exemption from providing person with significant control (PSC) details, including the reason for the exemption
- collect and display the conditions which allow a relevant legal entity (RLE) to be recorded as a PSC

We recommend that firms read and understand the related risks to their firm

[Investigation, enforcement and data sharing companies house](#)

Date 3 May 2024

The Economic Crime and Corporate Transparency Act will introduce a number of changes over the next few years. This page summarises everything you need to know about the new measures.

More effective investigation and enforcement powers for Companies House, and new powers to share data with law enforcement agencies and other government departments.

We recommend that firms read and understand the related risks to their firm

Update

Summary

Action for firms

<https://ondemand.questionmark.eu/delivery/open.php?session=0435667000435667&customerid=607443&name=TELLABAB&group=2024>

Date 26 April 2024

HMRC have created the Tell ABAB Survey 2024 to allow the Administrative Burdens Advisory Board (ABAB) to use insight from HMRC to inform small business services and make tax quicker and easier.

We would recommend that firms complete the survey.

[Company directors should consider company's nature-related risks \(including climate risks\): landmark English law legal opinion – CCLI](#)

Date April 2024

This article provides some Key takeaways on nature-related risks and directors' fiduciary duties in UK law:

- When exercising their duties to promote the success of the company, and to exercise reasonable care, skill and diligence, directors should approach identification and assessment of nature-related risks as they would any other type of risk.
- When conducting such an assessment, companies would be wise to apply a double materiality approach, in line with recommendations from the Taskforce on Nature-Related Financial Disclosures (TNFD) – i.e., identifying and assessing not only how nature-related risks may affect enterprise value (financial materiality), but also how their business activities impact and depend on nature (impact materiality).
- Directors who perform such an assessment, who actively consider nature-related risks, dependencies and impacts, and who document how they do so, are more likely to have discharged their duties than those who give those risks no consideration at all.

We recommend that firms read and understand the related risks to their firm.

Update

Summary

Action for firms

[Non-Financial Misconduct: How Your Organisation Should Prepare for Regulatory Reform and Mitigate Risk](#)

Date 18 April 2024

This article by Ankura, highlights the Non-Financial Misconduct consultation the FCA have been focusing on.

The FCA's September 2023 consultation paper proposes to explicitly include non-financial misconduct within the regulatory regime. Specifically:

- bullying within the workplace is relevant to fitness and propriety, as well as similar behaviour in a person's private life;
- clear conduct rules covering *serious instances* of bullying and harassment towards colleagues;
- to bring discriminatory practices (e.g., sexually, or racially motivated offences) and any adverse findings against associated individuals within the suitability criteria for firms.

We would recommend that firms read the consultation paper and are aware of the FCA's expectation in relation to Non-Financial Misconduct.

Update

Summary

Action for firms

[Protect the House New Criminal Offence Raises Risks Amid Accountability Crackdown](#)

Date 23 April 2024

This article by Latham and Watkins LLP, highlights the Enhanced Serious Fraud Office powers and promises of swifter action on economic crime underscore the importance of anti-fraud measures for sponsors and portfolio companies.

Since 2010 there have been a growing number of “failure to prevent” offences — which pass on criminal liability to organisations for wrongdoing by those working on their behalf. As liability can accrue from crimes committed by employees or agents working anywhere in the business, and at any level, even legitimate and sophisticated organisations have been caught out. Fines are potentially unlimited — last year, a fine of £465 million was imposed to settle an investigation into failure to prevent bribery.

In this environment, portfolio companies could face criminal liability if their personnel pay bribes, facilitate tax evasion, or commit fraud. While it is unlikely that a fund would be held liable for criminal conduct committed by a portfolio company itself, the test for the new “failure to prevent fraud” offence is nuanced and fact-specific; it warrants careful consideration in the context of each sponsor/fund structure.

We would recommend that firms read this article and are aware of the expectation in relation to bribery, liability, and failure to prevent fraud.

Update

Summary

Action for firms

[Changes at a glance](#)

Date April 2024

The Government have issued their list of changes.

The Economic Crime and Corporate Transparency Act will introduce a number of changes over the next few years. This page summarises everything you need to know about the new measures.

Some of the changes include:

- Confirmation Statements
- Changes to Companies House Fees
- Changes to Ltd Partnerships
- Investigation and Enforcement Data Sharing

We would recommend that firms read the changes and are aware of how this effects then firm.

Events

Other details: n/a



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