RR COMPLIANCE associates

Regulatory Update

Volume #27
13 July 2026

Need Help? Speak to Our Experts!

Book a free consultation and get **tailored compliance solutions** to navigate FCA, ICO or EEA related regulations with ease.

[Book a Free Consultation]

REGULATORY UPDATES

Stay ahead of regulatory changes with our regulatory updates, expert insights, and industry best practices – just read the update below and share with colleagues.

Download Our Free Desk Aids

We have issued a number of free desk-aid to assist you with understanding, self-assessment and implementation.

- ✅ Download the latest free desk-aid today to evidence compliance

RegZone.io - innovative AML Tool

Stay compliant with automated, real-time checks against global sanctions lists and politically exposed persons (PEPs).

- ✅ Accurate & fast AML screening
- ✅ Reduce costs without compromising compliance
- ✅ User-friendly interface & seamless integration

FCA Publishes Mills Review on AI in Retail Financial Services

6 July 2026

Applies to: All Firms

What happened

The FCA has published the Mills Review, an FCA Board-commissioned review on how AI could reshape retail financial services by 2030. The review identifies four main shifts: AI becoming embedded in firm operations, consumer journeys moving towards AI-led or AI-assisted decision-making, competition and market power changing as new AI intermediaries emerge, and increased fraud and cyber risks. The FCA says around one in five UK adults could be likely to use autonomous AI to act within pre-set financial goals.

The review makes seven recommendations, including adapting the regulatory perimeter where needed, strengthening system-wide oversight, scaling the FCA's AI Lab, enabling the foundations for "agentic finance", developing AI-enabled supervision and exploring a trusted public-interest AI financial capability service. The FCA says existing frameworks such as the Consumer Duty and Senior Managers Regime remain central, but it will publish AI good and poor practice later in 2026.

Action for firms

Insurance and consumer credit firms should start mapping AI use across underwriting, pricing, claims, complaints, creditworthiness, affordability, collections, fraud monitoring, financial promotions, customer support and third-party tools. Firms should ensure clear SMF ownership, model governance, human oversight, data protection controls, explainability, customer outcome testing and escalation routes where AI may cause foreseeable harm.

ACTION FOR FIRMS

- Map AI use cases.
- Assign senior ownership.
- Test customer outcomes.

ASK A QUESTION ->

[FCA Publication ->]

Companies House Reports Progress on Register Reform

11 July 2026

Applies to: All Firms

What happened

Companies House has published its latest progress update on implementing the Economic Crime and Corporate Transparency Act 2023. The update confirms that mandatory identity verification has been introduced, misleading information has been removed from the register and Companies House is working with HMRC, the Insolvency Service and law enforcement to tackle economic crime.

Companies House says nearly 4 million individuals have verified their identities and linked appointments since November 2025, and that more than 151,000 company addresses have been removed since March 2024. The next phase includes further identity verification rollout, enhanced Register of Overseas Entities transparency and more intelligence-led enforcement.

Action for firms

Firms should ensure their own Companies House records are accurate, including registered office, directors, PSCs, group entities and trading names. Insurance brokers, MGAs, lenders and credit brokers should also review KYB and onboarding procedures where Companies House data is used for appointed representatives, introducers, brokers, suppliers, merchants, commercial customers or overseas structures.

ACTION FOR FIRMS

- Check company filings.
- Refresh KYB procedures.
- Verify PSC and address data.

ASK A QUESTION ->

CH Publication ->

NCSC Ransomware Guidance Emphasises Backups and Incident Response

July 2026

Applies to: All Firms

What happened

The NCSC has published ransomware guidance explaining how organisations can reduce the likelihood and impact of ransomware attacks. The guidance explains that ransomware commonly encrypts files or devices and may also involve threats to leak stolen data. The NCSC and law enforcement do not encourage, endorse or condone ransom payments, noting that payment does not guarantee recovery and may increase future targeting risk.

The guidance stresses "defence in depth", including regular tested backups, offline or otherwise protected backup copies, patching, blocking malicious content, restricting remote access, MFA, least privilege, asset management, and incident playbooks. The NCSC also recommends identifying legal and regulatory reporting obligations in advance and keeping incident-response contact details available offline.

Action for firms

Firms should test ransomware playbooks against FCA incident reporting, ICO data breach reporting, cyber insurance notification, customer communications and operational resilience requirements. Insurance and consumer credit firms should ensure critical services such as quote, bind, claims, policy administration, payment collection, arrears management and complaints handling can continue or recover within tolerance.

ACTION FOR FIRMS

- Test offline backups.
- Update incident playbooks.
- Map reporting obligations.

ASK A QUESTION ->

NCSC Publication ->

FCA Enforcement Watch Highlights Consumer Duty Enforcement

2 July 2026

Applies to: All firms

What happened

The FCA has published Enforcement Watch 2, focusing on Consumer Duty supervision and enforcement. The FCA says it currently has 11 open investigations into potential Consumer Duty breaches, covering sectors including insurance, pensions, wealth, consumer investments, peer-to-peer lending and claims management. Around 30 skilled person reviews have also referenced the Consumer Duty.

The FCA gives examples of interventions, including insurance vehicle valuation issues resulting in around £200m redress for 270,000 motorists, claims management marketing concerns, and CFD firms using unauthorised introducers. Insurance examples include claims handling delays, high rejection rates, inconsistent outcomes, missed complaints and possible “hollowing out” of travel insurance cover. The FCA says investigations focus on product design, target market, fair value, consumer understanding and support.

Action for firms

Insurance and consumer credit firms should ensure they can evidence Consumer Duty compliance in claims, complaints, arrears, vulnerable customer support, product governance, price and value, financial promotions and third-party oversight. Firms should review whether MI identifies real customer outcomes rather than simply process completion.

ACTION FOR FIRMS

- Test Duty evidence.
- Review claims and complaints.
- Escalate fair-value risks.

ASK A QUESTION ->

FCA Publication ->

FCA Publishes 2025/26 Skilled Person Review Data

9 July 2026

Applies to: All firms

What happened

The FCA has published data on its use of skilled person reports in 2025/26. The FCA used skilled person reports in 31 cases, with firms appointing the skilled person in 26 cases and the FCA appointing the skilled person in 5 cases. Insurance accounted for 7 cases and consumer finance accounted for 2 cases.

The most common review themes included financial crime, controls and risk management, governance, culture, accountability, Consumer Duty, market abuse, principal oversight of appointed representatives, technology and information management. The FCA completed 19 reviews during the period, with total costs of £47.6m and an average cost of £2.5m.

Action for firms

Firms should treat the data as a supervisory risk indicator. Insurance and consumer credit firms should assess whether they have defensible evidence across financial crime, AR oversight, governance, systems and controls, technology resilience, conduct risk and Consumer Duty. Firms with known remediation programmes should ensure action plans, owners, deadlines and validation evidence are clear.

ACTION FOR FIRMS

- Review s166 risk areas.
- Evidence remediation.
- Prepare review

ASK A QUESTION ->

FCA Publication ->

FCA Publishes First-Year Strategy Metrics and Enforcement Results

9 July 2026

Applies to: All firms

What happened

The FCA has published its 2025–2030 outcomes and metrics and a first-year update against its strategy. The FCA's strategic themes are helping consumers navigate their financial lives, becoming a smarter regulator, supporting growth and fighting financial crime. The FCA says the metrics are intended to show progress over time and invites feedback on its approach.

The FCA's first-year update highlights action on illegal financial promotions and market abuse, including 3 arrests and 650 social media takedown requests during international work on finfluencers, 17 criminal convictions, and 2,329 warnings in 2025. It also cites an estimated £157m annual saving for consumers paying monthly insurance premiums following use of Consumer Duty fair-value rules.

Action for firms

Firms should align board and compliance MI to the FCA's strategic priorities, particularly financial crime, promotions, market abuse, Consumer Duty outcomes, fair value and operational efficiency. Insurance firms should cross-read the monthly premium and fair-value points. Consumer credit firms should focus on promotions, scams, BNPL, affordability, arrears and treatment of customers in financial difficulty.

ACTION FOR FIRMS

- Align MI to FCA outcomes.
- Review financial promotions.
- Benchmark fair-value evidence.

ASK A QUESTION ->

FCA Publication ->

Regulators Begin Oversight of First Critical Third Parties

10 July 2026

Applies to: All firms

What happened

The FCA, PRA and Bank of England have confirmed that they will begin overseeing the first designated Critical Third Parties from 13 July 2026. The first four designated providers are Amazon Web Services EMEA SARL, Google Cloud EMEA Limited, Microsoft Ireland Operations Ltd and Oracle Corporation UK Limited. The regulators say disruption at these providers could affect multiple firms, markets and millions of consumers.

The CTP regime allows regulators to oversee the resilience of critical services provided to the financial sector. It does not authorise the providers and does not replace firms' existing outsourcing and operational resilience obligations. Firms remain responsible for due diligence, risk management, contingency planning and oversight of their own arrangements.

Action for firms

Insurance and consumer credit firms should map reliance on the designated providers across important business services, including claims, policy administration, quote and bind, broker portals, collections, payments, complaints, data storage and analytics. Firms should review concentration risk, exit plans, contractual rights, incident communications, third-party registers and operational resilience testing.

ACTION FOR FIRMS

- Map cloud dependencies.
- Update exit plans.
- Test incident communications.

ASK A QUESTION ->

FCA Publication ->

FCA Updates Consumer Duty Good Practice on Products, Services and Fair Value

10 July 2026

Applies to: All firms

What happened

The FCA has published and updated good and poor practice material on the products and services and price and valueConsumer Duty outcomes. The FCA says firms should define target markets with sufficient granularity, design products and services to meet those needs, avoid foreseeable harm and consider vulnerable customers from the design stage. The FCA also notes that firms subject to PROD rules, including many insurance firms, must comply with those rules, although the examples remain relevant read-across.

On price and value, the FCA says fair value should be embedded in governance, product design, pricing and review, rather than treated as a retrospective compliance exercise. Firms should consider actual customer outcomes, differential pricing, use of behavioural biases, distributor remuneration, product usage, cancellation patterns, complaints and whether interventions have improved outcomes.

Action for firms

Insurance firms should review target market definitions, exclusions, add-ons, renewal practices, commissions, premium finance, claims outcomes, delegated authority and distributor MI. Consumer credit firms should review fees, charges, APR presentation, arrears charges, forbearance outcomes, broker remuneration and customer groups receiving poorer value. Firms should evidence challenge, decision-making and remedial action where products or customer segments show weaker outcomes.

ACTION FOR FIRMS

- Refresh target markets.
- Evidence fair value.
- Test distributor outcomes.

ASK A QUESTION ->

FCA Publication ->

FCA Updates Consumer Duty Good Practice on Complaints, Root Cause and Support

10 July 2026

Applies to: All firms

What happened

The FCA has updated its good and poor practice material on complaints and root cause analysis and the consumer support outcome. The FCA found good practice where firms used detailed complaints dashboards, linked complaints to Consumer Duty outcomes, considered FOS data and had clear root cause action plans. Areas for improvement included complaints MI that was not granular enough by product, customer type or vulnerability, weak tracking of actions and failure to measure whether interventions improved outcomes.

On consumer support, the FCA found good practice where firms defined customer support objectives, mapped journeys, identified sludge practices, monitored outcomes and improved support for vulnerable customers. Weaknesses included post-sale support being poorer than pre-sale support, over-reliance on transactional metrics such as wait times, and inadequate third-party MI. The FCA gives an example of an insurance firm working with appointed representatives to improve claims handling.

Action for firms

Firms should improve complaints and support MI so that it identifies root causes, vulnerable customer impacts, distributor issues and poor product outcomes. Insurance and consumer credit firms should test claims, cancellations, policy servicing, arrears, forbearance, settlements, complaint handling and digital journeys. Root cause actions should have owners, deadlines, board visibility and evidence that customer outcomes improved.

ACTION FOR FIRMS

- Improve complaints MI.
- Test support journeys.
- Evidence RCA actions.

ASK A QUESTION ->

FCA Publication ->

FCA Updates Price and Value Good and Poor Practice Guidance

10 July 2026

Applies to: All firms

What happened

The FCA has updated its Price and Value Outcome: Good and Poor Practice publication. The update replaces the previous version published in September 2024 and is intended to help firms improve how they assess fair value under the Consumer Duty.

The FCA's key message is that fair value should now be embedded in product design, pricing, approval, governance and ongoing review, rather than treated as a retrospective compliance exercise. Fair value assessments should be supported by evidence used at the time decisions were made.

The FCA also warns against superficial assessments. Poor practice includes defining target markets too broadly, relying only on headline price or market benchmarking, failing to assess how customers actually use a product, not considering vulnerable customers, and failing to justify differential pricing between customer groups. For insurance, the FCA specifically refers to GAP insurance examples where target markets were too broad and "peace of mind" benefits were not adequately evidenced where claim payouts were very low. For consumer credit, the FCA highlights concerns around debt collection fees, high-cost longer-term loan benchmarking, and second charge mortgage fee models.

The FCA also gives a positive premium finance example, where firms identified that the total cost of credit, including interest and fees, may not represent fair value and took action by reducing interest rates, arrangement fees and late-payment charges. The FCA says firms should not simply identify or disclose fair-value risks; they need specific mitigating actions, clear owners, timelines and monitoring to check whether outcomes have improved

ACTION FOR FIRMS

- Insurance and consumer credit firms should review whether fair value is evidenced through live governance and product decision-making, not just annual assessment templates.
- Firms should test whether customer groups receive different outcomes, including customers with vulnerability characteristics, back-book customers, customers using premium finance, customers incurring charges and customers who rarely claim or use key product features.
- Firms should also review commission, distributor remuneration, add-ons, fees, charges, claims ratios, arrears fees, broker fees, cancellation charges and any pricing model that relies on customer inertia or low engagement.

ASK A QUESTION ->

FCA Publication ->

FCA Updates Consumer Support Outcome Good and Poor Practice

10 July 2026

Applies to: All firms

What happened

The FCA has updated its Consumer Support Outcome: Good Practices and Areas for Improvement publication, adding further examples of how smaller firms can meet the Consumer Duty's consumer support requirements proportionately.

The FCA found good practice where firms clearly defined what good support outcomes look like, aligned support to their target market, identified vulnerability characteristics, mapped customer journeys, removed unreasonable barriers and used MI to identify risks of poor outcomes. Examples include using customer personas, enabling customers to disclose support needs, using digital tools to identify vulnerability, providing human support where digital channels may be unsuitable, and reviewing higher-risk journeys such as bereavement, financial difficulty, cancellations and serious ill health.

The FCA also identified areas for improvement. Some firms had not aligned support processes to the needs of their target market, focused more heavily on pre-sale support than post-sale support, relied too much on transactional metrics such as wait times and contact rates, or failed to evidence how training, incentives and governance supported good customer outcomes.

For insurance, the read-across is particularly relevant to claims, renewals, cancellations, mid-term adjustments, bereavement, vulnerable customers, appointed representatives and delegated claims handling. The FCA gives an example of an insurance firm working with appointed representatives to improve claims handling after identifying negative feedback trends. For consumer credit, the read-across is relevant to arrears, forbearance, payment difficulty, vulnerability identification, repeat contact, complaints, digital journeys and customers seeking to exit or vary products.

ACTION FOR FIRMS

- Firms should test whether customer support is genuinely designed around customer needs rather than operational convenience.
- Insurance and consumer credit firms should review post-sale journeys, support for vulnerable customers, outsourced support, appointed representative oversight, complaints and repeat-contact MI.
- Firms should also check whether board and committee MI shows customer outcomes, not just service efficiency, and whether root-cause actions are tracked through to outcome improvement.

ASK A QUESTION ->

FCA Publication ->

RR COMPLIANCE associates

RR Compliance Associates are a trading style of R&R Compliance Consultants Ltd, a limited company registered in England and Wales (company number 12070286). Our registered office is 51 Lime Street, London, EC3M 7DQ.

www.rrcompliance.com

contact@rrcompliance.com

0203 488 4322