



Regulatory Update

Volume #6
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 REGULATORY UPDATES

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FCA CP26/4 and cryptoasset proposals (incl. safeguarding / CASS 17)

5 Feb 2026

Summary

The FCA has published CP26/4 (23 January 2026), a further “sweep-up” consultation on how the FCA Handbook (and related FCA expectations) would apply to the UK’s incoming regulated cryptoasset activities regime. The consultation (closing 12 March 2026) covers, among other areas: Consumer Duty expectations (supported by a separate guidance consultation), DISP / redress and potential ombudsman/compensation considerations, COBS-style conduct standards, SM&CR tiering, training and competence, SUP 16 regulatory reporting, use of credit to buy crypto, and cryptoasset safeguarding proposals.

Separately, the FCA has set out how the authorisation / VoP “gateway” is expected to operate, including an anticipated application period from 30 September 2026 to 28 February 2027, ahead of the regime’s expected commencement on 25 October 2027.

Firms applying during the application period may benefit from more workable transitional arrangements while applications are determined.

Applies to: Crypto Firms

ACTION FOR FIRMS

Perimeter / strategy: Confirm whether anything you do (or market) could amount to a cryptoasset activity or supporting activity under the new regime.

Consumer Duty lens (retail): Where retail customers are in the distribution chain, start mapping foreseeable harms and mitigations now

Governance, systems and controls: Ensure accountable ownership, documentation, and MI for crypto-facing activity and third parties

Complaints & redress planning: Track CP26/4 proposals on **DISP** application and the intended customer journey for complaints, records, and outcomes

ASK A QUESTION ->

[Further Reading](#)

Lloyd’s issues comment after it reportedly “quietly shelves Blueprint Two”

8 Feb 2026

Applies to: Lloyds of London business lines

SUMMARY

Trade press reports indicate Lloyd’s has paused / de-emphasised the “Blueprint Two” programme (including that market engagement resource was stood down), with a shift in emphasis towards incremental delivery via the Velonetic platform and a desire to move away from the “Blueprint” branding. Lloyd’s has publicly maintained that it remains committed to re-platforming the market to a resilient, cloud-based operational infrastructure, with a more realistic timeline (not expecting completion before 2028) and an intention to keep legacy/heritage systems operationally resilient until at least 2030.

ACTION FOR FIRMS

Where you place/serve business in the Lloyd’s market (broker, MGA/coverholder, delegated authority, or rely on central market processing), treat this as a change-management and operational resilience prompt: refresh your assumptions on cutover timelines and build contingency for processing/claims workflows, supplier dependency and incident playbooks (including Velonetic/market services).

ASK A QUESTION ->

Can senior managers be liable under the UK regulatory regime for decisions made by AI?

6 Feb 2026

Applies to: All firms

SUMMARY

Senior managers can be personally accountable for customer harm or regulatory breaches arising from AI-enabled decisioning, but outcomes are likely to depend on the facts. In particular, whether the issue fell within the senior manager’s allocated responsibilities and whether they can evidence “reasonable steps”.

Under the statutory “duty of responsibility”, a senior manager may be guilty of misconduct where the firm contravenes a relevant requirement in an area they were responsible for, unless they can satisfy the FCA they took steps a person in their position could reasonably be expected to take to avoid the contravention occurring or continuing.

In parallel, the Senior Manager Conduct Rules require senior managers to take reasonable steps to ensure the business they are responsible for is controlled effectively and complies with relevant requirements and standards, with FCA guidance emphasising proactive oversight and challenge rather than passive reliance on others (or a system).

In practical terms, AI does not remove accountability; it increases the need for clear responsibility allocation (including through SM&CR allocation expectations), robust controls, monitoring/MI, and swift remediation, particularly where retail outcomes and foreseeable harms are in play.

ACTION FOR FIRMS

Treat this as a governance and accountability prompt (not “future regulation”). If your firm uses AI in customer journeys (e.g., quote/triage, pricing signals, vulnerability identification, claims support, complaints handling, fraud controls, marketing or scripted sales/support), ensure responsibilities are clearly allocated and evidenced through SM&CR documentation and controls.

ASK A QUESTION ->

[Further Reading](#)

Confusion Clause in reinsurance agreements

20 Jan 2026

SUMMARY

The Court of Appeal has upheld the Commercial Court’s approach to conflicting dispute resolution provisions across related reinsurance documentation in *Tyson International Company Ltd v GIC Re, India, Corporate Member Ltd* [2026] EWCA Civ 40.

In short, where parties use multiple market forms (here, MRC “slips” and later MURA facultative certificates) and the documents contain irreconcilable forum clauses (e.g., English exclusive jurisdiction vs New York arbitration), the court will focus on the parties’ objective intentions, including any hierarchy / inconsistency clause.

A “Confusion Clause” stating that the RI slip takes precedence over the reinsurance certificate “in case of confusion” was construed as a practical hierarchy mechanism to resolve inconsistency between the two documents, meaning the English jurisdiction clause in the MRCs prevailed over the New York arbitration clause in the certificates.

The decision also reinforces the distinction between: (i) potentially inconsistent clauses within a single contract (where courts try hard to give effect to all provisions), and (ii) inconsistent provisions across separate contracts agreed at different times, where an agreed hierarchy clause should be applied if the provisions cannot sensibly be read together.

Applies to: Reinsurance

ACTION FOR FIRMS

- Audit contracting sets (slips, certificates, endorsements, addenda) to ensure one coherent dispute resolution pathway across all documents.
- Where multiple forms must be used, include an express hierarchy / inconsistency clause (and ensure it is clearly incorporated) to avoid satellite litigation on forum.

ASK A QUESTION ->

n/a

Principles-Based Oversight (PBO)

1 Jan 2026

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Applies to: Reinsurance

ACTION FOR FIRMS

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- Where multiple forms must be used, include an express hierarchy / inconsistency clause (and ensure it is clearly incorporated) to avoid satellite litigation on forum.

ASK A QUESTION ->

n/a

Data (Use and Access) Act 2025 (DUAA)

1 Jan 2026

SUMMARY

On 5 February 2026, the ICO confirmed that the next implementation phase of the Data (Use and Access) Act 2025 (DUAA) commenced, bringing into force most of the remaining data protection reforms (primarily amendments to the UK GDPR, the Data Protection Act 2018 and PECR) via the Commencement No. 6 Regulations.

The ICO highlighted two key “not yet” points:

- (i) the new statutory complaints-handling procedure for organisations is delayed until 19 June 2026, and
- (ii) certain ICO governance / Information Commission provisions will follow later.

For most organisations, relevance is immediate wherever UK personal data processing and/or cookies/e-marketing are in scope, particularly around: recognised legitimate interests / lawfulness, automated decision-making, international transfers, research/statistical processing, cookies rules, and enhanced ICO enforcement powers.

The ICO also signposted updated guidance (including by design/by default and SAR guidance).

Applies to all organisations processing personal data under UK GDPR / DPA 2018 and/or using cookies / electronic marketing under PECR (including non-UK entities caught by UK GDPR extra-territorial reach).

Applies to: All firms

ACTION FOR FIRMS

- Gap assessment / governance: confirm which DUAA-tranche areas you rely on (LI/RLIs, ADM, transfers, research, PECR) and update policies/ROPA/DPIA triggers accordingly.
- Digital / marketing: re-check cookies and PECR-facing controls (consent models, exemptions, enforcement exposure) and align with the live rules.
- ADM / AI-enabled decisioning: validate whether any “significant decisions” are solely automated and ensure safeguards (transparency, contestability, governance/MI) map to the new framework.

ASK A QUESTION ->

n/a

FOS complaints data

1 Jan 2026

SUMMARY

The Financial Ombudsman Service (FOS) has published its Q3 2025/26 complaints figures (covering October–December 2025), showing 47,300 new complaints. This is down from 68,400 in the same quarter last year and broadly steady versus 46,300 in Q2 (suggesting volumes have normalised back towards 2023/24 levels).

The mix is material: motor finance commission complaints fell sharply (400 in Q3 vs 14,400 a year earlier), linked to the FCA’s complaints-handling pause and planned redress approach. The FOS also resolved 7,100 motor finance commission complaints in the quarter, which depressed the overall uphold rate (27% overall; higher when motor finance commission is excluded).

FOS also reports a continued shift away from professional representatives (4% / 2,100 of new cases in Q3 vs 43% / 29,300 in Q3 2024/25), consistent with its charging model and improved case quality; current accounts remained the most complained-about product (8,500), followed by credit cards (5,200) and hire purchase (motor) (3,500)

Applies to: All firms

ACTION FOR FIRMS

ASK A QUESTION ->

n/a

Financial Ombudsman Service: new interest rate from 1 January 2026 (effective from 1 January 2026)

1 Jan 2026

Applies to: All firms

SUMMARY

This guidance explains how to apply interest to compensation awards when a complaint is upheld. It confirms the default “interest for being deprived of the use of money” changes for complaints referred from 1 January 2026: moving from simple interest at 8% per year to simple interest at the average Bank of England base rate plus 1 percentage point, using a time-weighted average over the relevant period.

The guidance also confirms that interest for delayed payment (where a firm misses the payment deadline set in an ombudsman decision) remains simple interest at 8% per year, and that deprivation/late payment interest are not subject to the statutory award limit (whereas interest included within a money award is).

ACTION FOR FIRMS

- Update redress/interest calculation logic for “deprivation of money” interest
- Build/validate the calculation method and audit trail
- Strengthen payment controls to avoid late-payment interest exposure:
- Train complaint handlers to apply the right interest type:

ASK A QUESTION ->

[FOS Guidance Note](#)



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