Regulatory Update

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Corporate Criminal Liability and RIDDOR Reform Increase Enforcement Risk

24 June 2026

Applies to: All Firms

What happened

Section 250 of the Crime and Policing Act 2026 came into force on 29 June 2026. It extends the senior-manager attribution model beyond economic crime, meaning an organisation may be criminally liable where a senior manager commits a UK criminal offence while acting within the actual or apparent scope of their authority. The senior manager definition is broad and can include divisional, regional and functional leaders, not only board members or SMFs. There is no "reasonable procedures" defence, although governance, training and escalation controls may still be relevant to prosecutorial discretion and sentencing.

The same update highlights the HSE's RIDDOR reform consultation, which closed on 30 June 2026. Proposed changes include clearer reporting definitions, expanding the list of reportable occupational diseases, updating dangerous occurrence categories and widening the group of healthcare professionals who can provide diagnoses for reporting purposes. For insurers and brokers, this may increase policyholder notifications, HSE investigations, defence-cost issues and claims activity across employers' liability, public liability, D&O and management liability portfolios.

Action for firms

Firms should map who may qualify as a "senior manager" for corporate criminal liability purposes, including operational and regional decision-makers outside the SMCR population. Firms should also review incident escalation, health and safety reporting, investigation protocols, privilege controls, insurance notification triggers and D&O/EL/PL policy response. Insurers and brokers should brief claims teams and consider whether policyholders need clearer guidance on when regulatory investigations or RIDDOR events may trigger notification.

ACTION FOR FIRMS

- Map senior manager exposure.
- Refresh incident escalation.
- Review insurance notification triggers.

ASK A QUESTION ->

FCA Consults on Consumer Duty Scope and Proportionality

29 June 2026

Applies to: All Firms

What happened

The FCA has published CP26/23, consulting on targeted changes to the Consumer Duty's scope and proportionality. The consultation closes on 18 September 2026, with a Policy Statement and final rules expected in Q1 2027. The FCA proposes to remove business with non-UK customers from the Duty, clarify when firms are inside or outside scope, clarify how firms can rely on others in distribution chains, and explain how the Duty interacts with product governance rules.

The FCA says the Duty was not intended to become a "wholesale duty" and has sometimes been applied more widely or intensively than intended, particularly in wholesale and complex distribution chains. The proposals are intended to give firms and boards more confidence to apply the Duty proportionately, focusing on the firm's actual role and influence over retail customer outcomes. The FCA also indicates that activities such as market making, custody and safeguarding should not normally be caught, and that firms may rely on others in good faith where appropriate, while still responding to clear indications of customer harm.

Action for firms

Insurance and consumer credit firms should review their Consumer Duty scope mapping, particularly where they operate in long distribution chains, wholesale-to-retail models, group structures, appointed representative arrangements or cross-border business. Firms should check whether board reporting, outcomes monitoring, vulnerability analysis and information-sharing requirements remain proportionate to their role. Firms should also review whether they have over-engineered Duty MI or duplicated PROD, ICOBS or CONC controls unnecessarily.

ACTION FOR FIRMS

- Re-map Duty scope.
- Review distribution-chain roles.
- Rationalise board MI.
- FCA website

ASK A QUESTION ->

FCA Publication ->

FCA Consults on Further Simplification of Insurance Rules

29 June 2026

Applies to: All Insurance Claims Handling Firms

What happened

The FCA has published CP26/22, consulting on further simplification of insurance and funeral plan rules. The consultation closes on 4 September 2026. The FCA proposes narrowing the territorial scope of detailed ICOBS and PROD 4 requirements so that they apply where there is a clear UK connection, using factors such as the customer's habitual residence and the location of the risk. PRIN and SYSC obligations would continue to apply more broadly where relevant. The FCA notes the importance of this for the London market, which handled $187bn in gross written premium in 2024, with 67% of contracts from non-UK and non-Ireland customers.

The consultation also proposes removing a number of disclosure requirements considered low value, including some firm address, status and remuneration disclosures. The FCA proposes removing the requirement to disclose the nature and basis of intermediary remuneration and employee remuneration, while making clear that fair value, conflicts, Consumer Duty and general law obligations remain relevant. It also proposes allowing more flexibility in digital disclosures, provided information is in a durable medium and paper remains available on request.

The FCA also proposes simplifying the advised-sales rules so that the detailed advice rules focus on personal recommendations, while the demands-and-needs requirement remains. The consultation includes sterling conversion of professional indemnity insurance limits: for insurance distribution, £1.11m for a single claim and £1.65m in aggregate; for MCD credit intermediation, £390,000 for a single claim and £640,000 in aggregate. Most proposals are optional, but the territorial-scope changes would apply going forward once implemented.

ACTION FOR FIRMS

- Insurance firms and intermediaries should review ICOBS and PROD territorial mapping, especially for non-UK policyholders, overseas risks, London market placements and group distribution models.
- Firms should also review disclosure packs, online journeys, demands-and-needs scripts, advice/non-advice boundaries, remuneration wording, commission governance and PII cover levels.
- Firms may wish to respond to the consultation where the proposals affect wholesale, delegated authority, broker, MGA or cross-border operating models.

ASK A QUESTION ->

FCA Publication ->

FCA Publishes 2026/27 Fees and Levies

2 July 2026

Applies to: All firms offering consumer credit

What happened

The FCA has published PS26/14, confirming final FCA periodic fees and levies for 2026/27, including FCA fees, Financial Ombudsman Service levies and other government levies. Invoices will be issued from July 2026 and firms can use the FCA fees calculator to estimate their invoice. The FCA says it has finalised the rules largely as consulted, with minor rate changes. Retained penalty income of £72.4m will be used to reduce fees, and total fees payable are £716.5m, 0.7% higher than the previous year.

For insurance and consumer credit, the fee movements are mixed. For A003 general insurers, the gross written premium rate increases by 3.1% and the best estimate liabilities rate increases by 0.2%. For A004 life insurers, the gross written premium rate increases by 1.9%, while the best estimate liabilities rate decreases by 9.6%. For A019 general insurance distribution, the rate decreases by 5.1%, driven by higher tariff data offsetting the AFR movement. For CC01 and CC02 consumer credit, variable rates decrease by 7.6%, although the consumer credit AFR increases by 1.7% and 2026/27 is the final year of the phased minimum fee increases. The CMC rate increases by 17.8%.

Action for firms

Firms should check fee-block allocation, tariff data, permissions, appointed representative data, consumer credit income, insurance distribution income and any group-level assumptions used for budgeting. Firms should reconcile FCA, FOS, FSCS, MaPS and other levy components when invoices are received. Consumer credit and DPC firms should also budget for authorisation, variation of permission and future periodic fee impacts where their business model is changing.

ACTION FOR FIRMS

- Review CMC interaction controls.
- Check lead-generation oversight.
- Strengthen claims and complaints MI.

ASK A QUESTION ->

FCA Publication ->

FCA Finalises Operational Incident and Third-Party Reporting Rules

June 2026

Applies to: All firms regulated firms

What happened

The FCA, PRA and Bank of England have finalised new rules for operational incident reporting and material third-party arrangement reporting. The new regime comes into force on 18 March 2027. Operational incident reporting will apply to all Part 4A firms and certain other regulated entities. The rules introduce a single reporting process, a common definition of operational incident and reporting thresholds based on intolerable consumer harm, firm or market participant safety and soundness, or risk to market stability, integrity or confidence.

Most FCA solo-regulated firms will submit a shorter standard report through Connect, while a smaller population will be subject to enhanced reporting. The material third-party arrangement regime has a narrower scope, including enhanced SMCR firms, Solvency II firms, CASS large firms and certain other firms. It covers material outsourcing and material non-outsourcing arrangements where disruption could cause intolerable client harm, systemic risk or issues with threshold conditions, Principles or SYSC 15A obligations. In-scope firms will need to notify new or significantly changed material third-party arrangements and submit an annual register.

Action for firms

Firms should start mapping operational incident criteria against existing incident, breach, cyber, outsourcing, data protection and business continuity processes. Insurance firms, particularly Solvency II firms and larger groups, should identify material third-party arrangements beyond traditional outsourcing and prepare register data. Consumer credit firms should focus on incident identification, escalation, Connect reporting, board MI and alignment with SUP 15, DISP, Consumer Duty and data breach procedures.

ACTION FOR FIRMS

ASK A QUESTION ->

FCA Publication ->

FCA Updates Complaints Reporting Changes

3 July 2026

Applies to: All firms regulated firms

What happened

The FCA has updated its complaints reporting page ahead of the new single unified complaints return. From 1 January 2027, the single return will replace five existing returns: DISP 1 Annex 1, the Consumer Credit Return, the Funeral Plans Return, the Claims Management Companies Return and the Electronic Money and Payment Services Return. The change applies to FCA-authorised firms subject to DISP, including insurance, consumer credit, claims management, funeral plan and payment services firms.

Key changes include fixed six-month reporting periods on a calendar-year basis, with the first reporting period running from 1 January to 30 June 2027. Reporting sections will be based on permissions, firms will be able to submit nil returns upfront, group reporting will be removed so reporting is at legal entity level, and the product and complaint type taxonomy will change. The FCA is also introducing vulnerability-related data points, including whether vulnerability was identified and whether the complaint arose from failure to consider or respond to vulnerability. Contextualised complaints data will be required for retail banking, insurance, payment services and CMC firms only.

Action for firms

Firms should assess whether complaints systems can capture the new data points from 1 January 2027. Insurance and consumer credit firms should map current complaint categories to the revised taxonomy, confirm legal-entity reporting ownership, update MI definitions, test vulnerability flags and align reporting with Consumer Duty outcomes monitoring. Firms should also monitor FCA updates on data reference guides, XML specifications, validation rules and RegData testing.

ACTION FOR FIRMS

ASK A QUESTION ->

FCA Publication ->

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