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Regulatory Update

Volume #28
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CII Publishes Vulnerability Data Guidance for Insurance and Personal Finance Firms

17 July 2026

Applies to: All Firms

What happened

The CII has published Data Privacy for Customers in Vulnerable Circumstances, a practical guide for insurance and personal finance firms on how to collect, record, store and use vulnerability-related data in a way that supports Consumer Duty outcomes and complies with UK data protection law. The CII says the guidance is intended to address firms' hesitation to process vulnerability data because of perceived UK GDPR risk, and it builds on the FCA/ICO position that data protection law does not prevent firms from supporting customers in vulnerable circumstances.

The guide identifies three main reasons for processing vulnerability data: providing appropriate support and preventing harm, meeting outcomes reporting requirements, and using insights to improve products and services. It also says firms should record enough information to understand the customer's circumstances, the potential harm, and the support that helps. For example, simply recording "customer has dyslexia" is not enough; the firm should understand the risk of misunderstanding complex policy terms and record appropriate support such as accessible formats, verbal explanations or extra time.

The guidance is relevant across the insurance distribution chain, including insurers, brokers, advisers and material third parties. It emphasises practical controls such as lawful basis assessment, accessible privacy notices, role-based access, data minimisation, accuracy reviews, retention triggers and secure sharing where this is needed to deliver good outcomes. The guide also warns against using vulnerability data for commercial gain and encourages firms to use vulnerability insights to improve product design, service journeys and communications.

ACTION FOR FIRMS

- Map what vulnerability data is collected, why it is needed and where it is stored.
- Update call scripts and CRM fields to record support needs, not excessive medical detail.
- Test whether vulnerability MI identifies outcome gaps by product, journey and distributor.

ASK A QUESTION ->

CII Publication ->

Financial Sector Cyber Resilience Becomes a Strategic Priority

8 July 2026

Applies to: All Firms

What happened

HM Treasury has published a report on cyber resilience in financial services, examining the economic and financial value of operational and cyber resilience in the UK financial sector. The report draws on survey data, National Cyber Security Centre incident data and loss modelling. The bulletin highlights that cyber risk has intensified, with the Bank of England's 2026 H1 Systemic Risk Survey recording 82% of surveyed banks, insurers and asset managers citing cyber-attacks as a top five risk to the financial system. The key message is that cyber resilience should not be treated only as a compliance cost, but as a strategic capability that reduces disruption and supports growth, innovation and long-term performance.

For insurance and consumer credit firms, the read-across is clear. Cyber incidents can affect quotation, binding, policy administration, claims, collections, arrears support, complaints, customer data, outsourced servicing and open finance journeys. This also links to FCA operational resilience, incident reporting, data protection, outsourcing and Consumer Duty expectations.

Action for firms

Firms should test whether cyber resilience is adequately reflected in operational resilience mapping, incident response, board MI and third-party oversight. Insurance firms should focus on claims platforms, broker portals, delegated authority systems and third-party administrators. Consumer credit firms should focus on payment collection, arrears handling, affordability systems, customer communications and data integrity.

ACTION FOR FIRMS

- Review internal arrangements.

ASK A QUESTION ->

FCA Sets Out Direction for Consumer Credit Reform

25 July 2026

Applies to: Consumer Credit Firms

What happened

The FCA has published a speech by Alison Walters, Director of Consumer Finance, setting out the FCA's vision for the future of the consumer credit market. The FCA's key message is that a more resilient, joined-up and trusted credit market will require collective action across firms, regulators and partners. The FCA says firms must go beyond avoiding harm and actively deliver better outcomes using data, technology and insight.

The speech frames Consumer Credit Act reform as part of a wider move towards a more flexible, outcomes-focused regime. The FCA expects to consult on key parts of the consumer credit framework currently embedded in legislation once the Financial Services and Markets Bill has progressed. The FCA also links this work to existing initiatives, including CP26/15 on consumer credit financial promotions, the Credit Information Market Study, Retail Banking Business Models data collection and smarter use of activity-based data such as CCR009 for ancillary credit firms. The speech also confirms the FCA's focus on responsible innovation, AI, open finance, affordability, financial difficulty and BNPL/DPC.

The FCA notes that DPC/BNPL coming into regulation is not just a "regulation day" exercise; firms must ensure customers receive the right information at the right time and that affordability checks do not simply shift harm elsewhere. For firms, the clear direction is more data-led supervision, more emphasis on customer outcomes, and a stronger link between product design, financial difficulty support and Consumer Duty evidence.

ACTION FOR FIRMS

- Review credit products against affordability, financial difficulty and customer outcome MI.
- Check DPC/BNPL implementation against information timing, affordability and arrears support.
- Prepare for more activity-based reporting by improving product, channel and outcome data.

ASK A QUESTION ->

[FCA Publication ->]

FCA Urges Customers of Anthony Jones (UK) Limited to Check Insurance Cover

17 July 2026

Applies to: All firms

What happened

The FCA has issued a news story urging customers of Anthony Jones (UK) Limited to check their insurance policy. From 9 July 2026, the broker agreed to stop carrying out regulated activity. The FCA says this means the firm cannot provide services on behalf of an insurer, including selling new policies, offering renewals or providing advice to new or existing customers.

The FCA states that customers who purchased a policy through Anthony Jones should contact the underwriter or insurer directly to check whether the policy is valid and whether cover remains in place. Customers should also check whether any payments made have been received by the insurer. The FCA reminds customers that Anthony Jones acts as an intermediary and is not itself the insurer or underwriter.

The read-across for the market is significant. Insurers, MGAs and brokers need clear controls to identify when an intermediary's regulatory status changes, when a broker can no longer act, and how policyholders will be serviced if a distribution partner becomes restricted. This is also a reminder that client money, premium transfer, delegated authority, renewal control and customer communication arrangements need to be operationally robust.

Action for firms

Insurers and MGAs should review broker and coverholder dependency, regulatory status monitoring and contingency servicing plans. Brokers should ensure they have clear records of insurer placement, premium payment, client communications and policy documentation. Principal firms should also review appointed representative and introducer oversight where customers may assume the intermediary can continue servicing policies.

ACTION FOR FIRMS

ASK A QUESTION ->

FCA Publication ->

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