



Regulatory Update

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REGULATORY UPDATES

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FCA Reviews Insurance Firms' Financial Crime Controls

23 June 2026

What happened

The FCA has published a multi-firm review of financial crime controls across selected large retail, wholesale and life insurance firms. The FCA found that controls were mostly effective overall, but identified areas for improvement in risk assessments, client due diligence and transaction monitoring. Life insurance firms generally had stronger controls than retail and wholesale firms, and the findings are relevant to all insurers and insurance intermediaries operating in the UK market.

The FCA's cross-sector themes include documenting the rationale for proportionate transaction monitoring, having risk-based second and third-line testing, tailoring group policies to business units and jurisdictions, clarifying financial crime ownership, maintaining obligations registers and strengthening risk-based oversight of third-party outsourcing. Retail firms should particularly review risk assessment and CDD documentation, wholesale firms should review fraud MI and transaction-monitoring rationale, and life firms should focus on transaction-monitoring improvements.

Action for firms

Insurance firms should benchmark their financial crime framework against the FCA's findings and evidence where controls are proportionate to their business model. Firms should prioritise documented risk assessments, CDD rationale, transaction-monitoring decisions, third-party oversight and clear allocation of financial crime responsibilities.

Applies to: All Firms

ACTION FOR FIRMS

- Review financial crime risk assessments.
- Document transaction-monitoring rationale.
- Refresh third-party oversight MI.
- Contact us for a practical self-assessment.

[ASK A QUESTION ->](#)

[Read the Publication here ->](#)

ICO Data Protection Complaint Handling Requirements Come Into Force

19 June 2026

What happened

The ICO has issued guidance on the new requirement for organisations to have a data protection complaints process under the Data (Use and Access) Act. The requirements came into force on 19 June 2026 and there are no exemptions from having a process. Organisations must give people a way to make data protection complaints, acknowledge complaints within 30 days, investigate without undue delay, keep complainants informed and provide the outcome without undue delay.

A data protection complaint may arise where an individual considers that an organisation has infringed data protection law in the way it handled personal information. Complaints may relate to subject access requests, other rights requests, data security, data breaches, collection, use, retention or accuracy of personal data. Individuals do not need to use legal terminology, so firms need effective triage between service complaints, DISP complaints, SARs, breach reports and data protection complaints.

Action for firms

All firms should update complaint-handling procedures to identify data protection complaints at all entry points, including email, telephone, web forms, post and social media. Firms should align DPO, complaints, breach and SAR processes, train frontline teams and ensure acknowledgements and outcomes are recorded.

Applies to: All Firms

ACTION FOR FIRMS

- Implement 30-day acknowledgement controls.
- Train staff to triage GDPR complaints.
- Update complaint and privacy wording.

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[ICO Publication ->](#)

AI-Enabled Fraud Reshapes Insurance Risk Assessment

15 June 2026

What happened

Weightmans has published an article on how generative AI is changing insurance fraud risk. The article notes that photos, invoices, identity documents and voice recordings can now be fabricated or enhanced quickly and cheaply, with fraudsters masking location and operating across jurisdictions. It also cites Verisk research indicating that 98% of US-market insurers surveyed agreed that AI-powered editing tools are fuelling digital media fraud.

The key risk is not limited to fully invented losses. The article highlights “inflation” of real events, manipulated repair evidence, altered PDFs, false identity documents and deepfake voice calls. It argues that AI can help flag anomalies, but cannot replace skilled human judgement. Insurers need stronger evidence provenance checks, disciplined claims protocols, evidence preservation, trained handlers and governance that stands up if decisions are challenged.

Action for firms

Insurers and brokers should review fraud controls across underwriting, claims, complaints and delegated authority arrangements. Firms should ensure digital evidence checks are proportionate but robust, that fraud decisions are explainable, and that staff understand when AI-generated or AI-enhanced evidence should trigger escalation.

Applies to: All Insurance Claims Handling Firms

ACTION FOR FIRMS

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[Publication ->](#)

FCA Reviews Claims Management Company Practices

June 2026

What happened

The FCA has launched a review of the claims management market following concerns that some claims management companies and law firms are failing consumers. The review will examine poor practices including aggressive marketing, misleading advertising, unfair exit fees, consumers being signed up without consent and consumers being represented by multiple firms, potentially causing confusion and delaying compensation. The FCA said motor finance claims have brought these issues into sharper focus, but the review will also consider other claims areas.

The FCA will examine whether consumers receive fair value, whether price caps remain fit for purpose, whether fee structures and funding arrangements create conflicts of interest, whether lead generation and advertising deliver good outcomes, and whether differences across regulatory regimes affect firm behaviour. The FCA is working with the SRA and other regulators and has said it may take supervisory or enforcement action and recommend legislative change where needed.

Action for firms

Consumer credit firms should review high-volume complaint handling, CMC engagement, authority validation, multiple-representation controls and MI on claims activity. Insurance firms should cross-read for delegated claims, lead-generation, marketing, introducer and third-party oversight risks.

Applies to: All firms offering consumer credit

ACTION FOR FIRMS

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

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Counterparty monitoring: FCA Publicly Censures CACEIS Over WealthTek Controls

June 2026

What happened

The FCA has issued a Final Notice publicly censuring CACEIS Bank UK Branch in relation to its dealings with WealthTek. CACEIS agreed to make a voluntary payment of £31.7m for the benefit of WealthTek clients. The FCA decided not to impose a financial penalty because of CACEIS's cooperation, acceptance of failings and voluntary payment; otherwise, the FCA said it would have imposed a penalty of £32.99m, reduced to £23.09m after settlement discount.

The FCA found that CACEIS failed to satisfy itself that WealthTek had the required permissions before making accounts available, failed to act when later checks identified permissions issues, and failed to identify a restriction preventing WealthTek from holding client money. The FCA also found weaknesses in transaction monitoring and KYC alert handling, including failure to remedy KYC deficiencies or record the basis for closing concerns. Credits into WealthTek client accounts exceeded £314m during the relevant period, and the FCA found a breach of Principle 2.

Action for firms

Firms should cross-read this as a reminder on KYB, permissions checks, onboarding gates, ongoing monitoring and alert closure discipline. Insurance and consumer credit firms should apply the lesson to appointed representatives, introducers, outsourced partners, delegated authority arrangements and any third party handling customer money or customer activity.

Applies to: All firms regulated firms

ACTION FOR FIRMS

- Check permissions before onboarding.
- Review KYB and alert closure.
- Evidence escalation decisions.
- Contact us if you require automated counterparty monitoring via [Regzone.io](https://www.regzone.io).

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[FCA Publication ->](#)

FCA Decides to Fine Senior Manager for Disclosure Failures

June 2026

What happened

The FCA has announced that it has decided to fine Carlos Fuenmayor, Chief Executive of BancTrust, £99,600 for failing to disclose three matters to the FCA. Mr Fuenmayor has referred the Decision Notice to the Upper Tribunal, so the FCA’s findings are provisional. The FCA says he failed to disclose a FINRA investigation and sanction, and failed to disclose that the Venezuelan financial intelligence authority had frozen his local currency bank accounts and those of his Venezuelan companies and their directors.

The FCA said the disclosure failures prevented it from fully considering Mr Fuenmayor’s fitness and propriety and seeking further information. The FCA concluded that the failures were negligent and breached APER Statement of Principle 4 and Senior Manager Conduct Rule 4, which requires individuals to disclose appropriately information the FCA would reasonably expect.

Action for firms

Firms should treat this as an SMCR reminder. Insurance and consumer credit firms should review regulatory application controls, annual fit and proper attestations, certification processes, senior manager disclosures, adverse information escalation and checks for overseas regulatory, litigation, insolvency, criminal or financial crime matters.

Applies to: All firms regulated firms

ACTION FOR FIRMS

- Refresh SMCR disclosure training.
- Review fit and proper attestations.
- Strengthen adverse-info escalation.

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[FCA Publication ->](#)

FCA Publishes Handbook Notice 142

25 June 2026

What happened

The FCA has published Handbook Notice 142, confirming Handbook changes made by the FCA Board on 25 June 2026. The notice includes the Targeted Clarifications of Handbook Materials Instrument 2026, which forms part of the FCA’s Consumer Duty Requirements Review and is intended to simplify requirements by relying more on high-level rules while continuing to support and protect consumers.

For insurance and funeral plans, the changes simplify aspects of the non-investment insurance and funeral plan framework. The FCA is removing PPI and packaged bank account-specific requirements where broader ICOBS rules and the Consumer Duty are considered sufficient, removing PROD 4.5 duplication, replacing the 12-month funeral plan review minimum with a more flexible approach, and removing a redundant pricing attestation record-retention rule. The FCA also expects firms to highlight key eligibility information and relevant changes in circumstances rather than relying on customers to find this in terms and conditions, particularly for long-term pure protection products.

Action for firms

Insurance and funeral plan firms should map the ICOBS and PROD changes to sales scripts, policy documentation, renewal and servicing communications, eligibility prompts and product governance controls. Consumer credit firms should also note the FCA’s small credit broker guide pilot, which was published as part of the same simplification workstream.

Applies to: All firms regulated firms

ACTION FOR FIRMS

- Update eligibility communications.
- Review PROD and ICOBS mapping.
- Brief sales and servicing teams.

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[FCA Publication ->](#)



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