



Regulatory Update

Volume #18
11 May 2026

 REGULATORY UPDATES

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FCA Fees, and Reporting Updates for 2026/27

5 May 2026

What happened

The FCA has published its consultation on regulatory fees and levies for 2026/27 (CP26/11), proposing an Annual Funding Requirement of £788.9m, a 0.7% increase on the prior year. For General Insurance Distribution (fee block A.19), the FCA proposes a variable periodic fee rate reduction of 0.4%, though the FSCS Life and Distribution Intermediation levy is set to rise significantly from £87.3m to £109.8m. Final rates will not be confirmed until July 2026, subject to FCA Board approval.

Why it matters?

Insurance intermediary firms sit directly in fee blocks A.13 and A.19, and the sharp rise in the Life and Distribution Intermediation FSCS levy means many firms could face a noticeably higher total bill despite the modest rate reductions in FCA variable fees. The reporting changes affect how and how often you submit data to the FCA, so missing the new requirements or submitting on old schedules could trigger supervisory attention.

Applies to: All firms

ACTION FOR FIRMS

- Use the FCA's online fee calculator now, entering your firm's own income figures across all relevant fee blocks, to get an indicative 2026/27 total and factor this into your budgeting and cash-flow planning before final rates land in July 2026.

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[FCA Press Release ->](#)

FCA Launches Review of Claims Management Practices Across Market

6 May 2026

On 6 May 2026, the FCA announced a formal review of the claims management market, working alongside the Solicitors Regulation Authority (SRA). The review is focused on poor practices including aggressive marketing, misleading advertising, consumers being signed up without clear consent, unfair exit fees, and multiple representation of the same consumer. While motor finance claims brought these issues into focus, the review covers other claim types too, including housing disrepair. The FCA has said it will publish further details on the review by mid-May 2026.

WHY IT MATTERS?

Insurance intermediary firms that generate leads for, refer customers to, or have commercial arrangements with claims management companies (CMCs) are directly in scope of this review. The FCA is explicitly examining lead generators, financial incentives, fee structures, and end-to-end consumer journeys, all of which can involve intermediary firms. Firms that fail to cooperate fully with the review, or that have arrangements with CMCs operating poor practices, risk regulatory scrutiny, enforcement action, and reputational damage.

Applies to: all firms

ACTION FOR FIRMS

- Review any commercial arrangements your firm has with CMCs or law firms, including referral agreements, lead generation deals, or fee-sharing arrangements, and assess whether these create conflicts of interest or could lead to poor consumer outcomes.
- Check how your firm refers or signposts customers to claims management services: make sure any referral process is transparent, properly consented to, and does not expose customers to misleading practices.
- Review any financial promotions or marketing materials linked to claims services that your firm produces or approves, including social media content, and confirm they are fair, clear, and not misleading.

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[FCA Guidance ->](#)

FCA Updates Consumer Duty Focus Areas for 2025 to 2026

7 May 2026

The FCA updated its Consumer Duty focus areas page on 7 May 2026, setting out its priorities for 2025/26. These include four cross-cutting multi-firm review projects covering: products and services design, outcomes monitoring, customer journey design, and consumer understanding. The FCA has also published a joint statement with the ICO on balancing vulnerability obligations with data protection requirements. The FCA has made clear it intends to rely on the Duty rather than creating new prescriptive rules, so firms that embed it well now are less likely to face additional regulation later.

Why it matters

Insurance intermediaries sit squarely within the FCA's insurance sector-specific priorities under Consumer Duty, and the four cross-cutting review projects could result in multi-firm work that directly affects your firm. If your outcomes monitoring, customer journey design, or communications are not up to scratch, you risk being identified as a poor practice example or facing supervisory action. The joint FCA/ICO statement on vulnerability and data protection is particularly relevant for intermediaries handling sensitive customer information during the sales and claims process.

Applies to: All Duty Firms

ACTION FOR FIRMS

- Review your outcomes monitoring framework now. Check that you are actively collecting, analysing, and acting on data that shows whether customers are getting good outcomes, not just recording that monitoring is happening.
- Audit your customer journey, particularly at key friction points such as opt-outs, cancellations, renewals, and complaint escalations. Document why each friction point exists and whether it creates unnecessary barriers.
- For Principal firms with Appointed Representatives: review whether your ARs have their own outcomes monitoring in place and whether their customer journeys and communications meet Consumer Duty standards. You remain responsible for your ARs' compliance, so ask for evidence, not assurances.

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[FCA Publication ->](#)

FOS Award Limits Rise, Redress Consultation Closes and AI Blog Published

8 May 2026

The Financial Ombudsman Service published its Ombudsman News on 8 May 2026, covering four key items. First, a joint FOS and FCA consultation on modernising the redress system closed on 11 May 2026. Second, the FOS Chief Operating Officer published a blog on how AI is changing the consumer complaints landscape. Third, FOS compensation award limits have been updated in line with CPI inflation, as reviewed annually by the FCA. Fourth, the FOS Plans and Budget for 2026/27 have been published, setting out priorities around faster case resolution and improved customer journeys.

Why it matters

Insurance intermediaries are directly in scope for FOS complaints, so any rise in the maximum compensation award limits increases your potential financial exposure when complaints are upheld. The joint consultation on redress modernisation could reshape how complaints are handled and resolved, affecting your processes and costs. The FOS AI blog signals that the ombudsman is actively considering how AI use by firms and consumers is changing the complaints landscape, which is relevant if your firm uses AI in any customer-facing or claims-handling capacity.

Applies to: All firms

ACTION FOR FIRMS

- Check the updated FOS award limits now and make sure your professional indemnity insurance cover is sufficient to meet any new maximum compensation amounts that could be awarded against your firm.
- Pull your own complaints data for 2025/26 and compare your volume and uphold rate against the FOS Plans and Budget expectations for 2026/27, so you can identify any patterns or problem areas before they escalate.
- Review your internal complaints handling procedure to ensure it is aligned with any changes signalled by the redress modernisation consultation, even though the consultation has now

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[FOS Publication ->](#)

ICO Publishes Wave of Updated GDPR Guidance Under New Data Law

28 April 2026

The ICO has published several pieces of finalised guidance and has a significant pipeline of new and updated guidance in development, all linked to changes introduced by the Data (Use and Access) Act (DUAA). Already published items include guidance on recognised legitimate interest as a new lawful basis, updated legitimate interests guidance, a personal data breach log template, and a guide to lawful basis. A large number of further updates covering subject access requests, data breaches, rights of data subjects, special category data, recruitment, and controller/processor contracts are at drafting stage, with most due in Summer 2026 and some as soon as Spring 2026.

Why it matters

Insurance intermediaries handle significant volumes of personal and sensitive data, including health information, financial details, and claims data, so changes to the legal framework around lawful basis, legitimate interests, subject access requests, and data breach handling directly affect your day-to-day compliance obligations. The DUAA introduces a new lawful basis called recognised legitimate interest, which may be relevant to how your firm shares data for fraud and scam prevention purposes. Firms that do not track and implement these guidance updates risk operating on outdated policies and procedures, leaving them exposed to ICO enforcement action.

Applies to: All firms

ACTION FOR FIRMS

- Review the ICO's already published guidance on recognised legitimate interest and updated legitimate interests now: check whether your firm's lawful basis assessments and privacy notices need updating to reflect these changes, particularly if you rely on legitimate interests for marketing, fraud prevention, or data sharing.
- Check your firm's personal data breach log against the ICO's newly published breach log template and update your internal breach recording process if it does not already capture all required fields.
- Diarise the upcoming Summer 2026 guidance publications covering special category data, SAR handling, recruitment, data sharing for fraud, and data subject rights: assign a named individual to review each piece as it lands and assess the impact on your policies.

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[FCA Decision Notice ->](#)

FCA Whistleblowing Reports Rise Sharply in Q1 2026

8 May 2026

The FCA published its whistleblowing quarterly data for Q1 2026 on 8 May 2026, covering January to March 2026. The FCA received 355 new whistleblowing reports in this quarter, up from 281 in the same period in 2025, a 26% increase year on year. The 355 reports contained 906 individual allegations in total. Of the 265 reports closed in the quarter, 9% resulted in significant regulatory action including enforcement, skilled person reviews, or restriction of permissions, and 30% led to direct harm-reduction activity such as firm visits or requests for information.

Why it matters

The sharp rise in whistleblowing reports tells us that employees, ex-employees, and others inside regulated firms are increasingly willing to report concerns directly to the FCA. For insurance intermediaries, this means conduct and culture issues inside your firm or within your AR network are more likely than before to reach the FCA's desk, even if they never come through your own internal channels. A single whistleblowing report can trigger supervisory visits, skilled person reviews, or enforcement action, so having a credible internal whistleblowing culture is not just good practice, it is a genuine risk management priority.

Applies to: All firms

ACTION FOR FIRMS

- Review your internal whistleblowing policy now: check it is up to date, easy to find, and genuinely accessible to all staff including part-time, remote, and contract workers.
- Make sure staff know how to raise concerns internally and that they will be protected if they do. If people feel they cannot speak up internally, they will go straight to the FCA instead.
- Check that your whistleblowing champion (required under SMCR for some firms) is named, active, and has been communicated to staff recently. Record this in your governance logs.

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[FCA Publication ->](#)

New FCA Return - RegData

8 May 2026

Following the FCA's publication of Regulatory Priorities Report (2026), the FCA has launched new regulatory return which is accessible via MyFCA-> RegData. This return mostly compromise of an attestation from the relevant senior management team, stating that they understand and aware of the Priorities.

As part of the return, users will be able to access the Publication which is also available [here](#).

Applies to: All firms

ACTION FOR FIRMS

- Firms must complete the return.
- Firms and senior managers should read and understand how the publication impacts them, document such assessment and establish a viable project for addressing any weaknesses identified.

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