



Regulatory Update

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REGULATORY UPDATES

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FCA Expands Support for High-Growth and Innovative Firms

10 August 2026

What happened

The FCA has announced the first five solo-regulated firms joining its Scale-up Unit: ClearScore, Modulr, Teya, Urban Jungle and Zilch. The cohort spans payments, consumer finance, credit information and insurtech, and the Scale-up Unit is intended to give fast-growing firms tailored regulatory support as they develop products, respond to policy change and manage the risks of rapid growth. The FCA says the Scale-up Unit now sits alongside Innovation Pathways, PASS and Early and High Growth Oversight, creating a clearer pathway from start-up to scale-up.

Alongside this, the FCA has published good and poor practice from its Early and High Growth Oversight pilot, where it engaged with 15 firms across asset management, wealth management and payments between July 2025 and March 2026. The FCA's central message is that growth is positive, but only where governance, risk management, controls, financial resilience and customer outcome monitoring keep pace with the business. The FCA used data indicators such as revenue, expenditure, staff growth and changes in permissions or control to identify high-growth firms earlier.

The FCA's examples of stronger practice include clear board and committee structures, documented challenge, independent oversight, mature risk frameworks, cross-training to reduce key-person dependency, investment in compliance capability, updated financial crime frameworks and early preparation for regulatory change. Poorer practice included over-reliance on key individuals, outdated policies where target markets or business models had changed, insufficient management information, weak conflict arrangements, poor evidence of cyber/change controls, and wind-down plans that were not current or practical.

Applies to: All Firms

ACTION FOR FIRMS

- Create a growth-risk tracker covering staff growth, revenue growth, new products, permissions, outsourcing, ARs and technology changes.
- Update board MI so it shows control capacity, complaints, fair value, vulnerability, incidents, operational resilience and compliance resources.
- Re-test wind-down, cyber, third-party and financial crime controls before launching into new channels or regulated activities.

ASK A QUESTION ->

[FCA Publication ->](#)

FCA Consults on Value for Money Framework for Workplace Pensions

Aug 2026

What happened

The FCA, DWP and The Pensions Regulator are consulting on the Value for Money Framework, which is intended to shift competition in workplace pensions away from cost alone and towards overall value delivered to savers. The consultation applies directly to workplace pension arrangements, especially contract-based workplace pensions, IGCs, GAAs, trustees and pension scheme service providers. It is not directly aimed at general insurance or consumer credit firms, unless they operate or advise on relevant pension arrangements.

The framework would require in-scope defined contribution workplace pension arrangements to disclose and assess standardised metrics across investment performance, costs and charges, and quality of service. The consultation says workplace pensions often compete predominantly on low cost, but the proposed regime is intended to identify poor-performing arrangements and require them to improve or, where appropriate, exit or transfer savers elsewhere. The paper notes that over a five-year period there can be up to a 55% cumulative difference between the highest and lowest performing pension schemes on a gross investment basis.

The implementation approach is now more phased. In 2028, larger schemes and firm-designed open multi-employer contract-based arrangements would complete full VFM assessments and ratings, while other in-scope arrangements would submit data to regulators but would not publish full assessments in the first year. The first data period would be shortened to July to December 2027, and formal consequences for Amber or Red ratings would not apply until the second assessment cycle from 2029.

The proposed rating model uses Red, Amber, Light Green and Dark Green.

Applies to: All Firms

ACTION FOR FIRMS

- Awareness

ASK A QUESTION ->

[FCA Publication ->](#)

FCA Bans and Fines Former CEO and Managing Director for Dishonest Statements

14 Aug 2026

What happened

The FCA has banned Paul Taylor, former CEO of Blue Horizon Asset Management, and fined him £489,000 for false and misleading statements made during attempted acquisitions of a UK bank and Reading Football Club. The FCA has also banned former managing director Esmeralda Toni and fined her £121,200. Both agreed to resolve the matter and received a 30% settlement discount.

The FCA found that, during an attempted bank acquisition, Mr Taylor falsely claimed to be the ultimate beneficial owner of a bond portfolio worth approximately €200m in order to demonstrate proof of funds. Ms Toni knowingly assisted by making misleading statements and helping to create false documents. The FCA says they knew, or understood it was likely, that the information would be relied on by the FCA and PRA as part of the regulatory assessment of the proposed acquisition.

The Final Notice states that Mr Taylor was approved as SMF1 Chief Executive and SMF3 Executive Director at BHAM, and that he dishonestly made false and misleading statements between December 2023 and October 2024. The FCA concluded that the misconduct involved a prolonged period of dishonesty, was intended to mislead regulators in the performance of their statutory functions, breached Individual Conduct Rule 1 and showed that Mr Taylor was not fit and proper.

The case has obvious read-across for change-in-control, acquisitions, source-of-funds evidence, controller notifications and senior manager integrity. It is also a reminder that internal acquisition activity and commercial negotiations can become regulatory conduct issues where statements are likely to be passed to regulators, counterparties, banks, auditors or investors. For insurance and consumer credit firms, this is relevant to acquisitions, principal/AR changes, funding arrangements, ownership disclosures, controller applications, proof-of-funds packs and regulatory submissions.

Applies to: Consumer Credit Firms

ACTION FOR FIRMS

- Add legal/compliance sign-off for controller notifications, funding evidence, source-of-wealth documents and acquisition packs.
- Verify beneficial ownership and proof-of-funds evidence directly against underlying records before submission.
- Update SMCR training to cover honesty in commercial negotiations, regulatory applications and internal investigations.

ASK A QUESTION ->

[FCA Publication ->](#)



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