



Regulatory Update

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REGULATORY UPDATES

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FCA Consumer Duty board reports: year 2 progress and what comes next

16 April 2026

The FCA says year 2 Consumer Duty board reports show genuine progress. Boards are more actively engaged, reports are more likely to include clear action plans and accountable owners, and firms are using broader quantitative and qualitative data to assess customer outcomes, including improved monitoring of vulnerable customers. However, the FCA also says quality remains variable and that some firms are still not linking MI clearly enough to actual customer outcomes.

The FCA has highlighted several areas for further work ahead of the third reporting cycle. In particular, it wants firms to strengthen oversight of outcomes delivered through intermediaries and outsourcing partners, evidence more meaningful board challenge in minutes and papers, and deepen their assessment of consumer understanding and support, rather than focusing too heavily on products and value alone.

Applies to: All firms subject to Duty

ACTION FOR FIRMS

- Refresh the Consumer Duty reporting pack now rather than waiting for the next cycle. Boards should expect clearer outcome analysis, stronger distributor and outsourced-service oversight, better evidence of challenge, and more robust testing of communications, comprehension and support journeys.

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[Further Reading ->](#)

FCA bans misleading adverts by claims management company – wider lessons for insurance intermediaries

14 April 2026

The FCA has banned adverts used by a claims management company which featured edited and unauthorised clips of Martin Lewis, used the FCA logo without permission, and made unsupported claims about average compensation. The FCA also objected to “No Win, No Fee” messaging where fees and exit fees were not properly explained, and noted that consumers could pursue claims directly for free via lenders or the Financial Ombudsman Service. The regulator also said that, since January 2024, CMCs have removed or amended 899 misleading adverts following FCA action.

Although the enforcement action was against a CMC, the read-across for other sectors is clear. This is a wider warning on digital customer acquisition, including use of logos, endorsements, headline claims, lead-generation journeys and fee messaging.

In the current environment, firms should assume the FCA will take a similarly hard line where online promotions create a misleading impression of regulatory endorsement, overstate likely outcomes, or fail to explain the commercial model properly. That inference is reinforced by the FCA’s perimeter report, which flags growing concern around AI-generated and influencer-led online promotions.

Applies to: All Firms issuing FinProm

ACTION FOR FIRMS

- Review websites, paid ads, affiliate content, introducer journeys and any appointed representative marketing. Make sure headline claims are evidence-based, FCA branding is used appropriately, and fees, exclusions and customer options are explained clearly and prominently.
- Review internal sign-off processes to ensure the risks are appropriately screened for.

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[FCA Publication - >](#)

FCA Perimeter Report 2026: regulation continues to expand around technology, data and consumer harm

26 March 2026

Applies to: All firms

The FCA’s latest Perimeter Report says technological change and AI adoption are making the boundary between regulated and unregulated activity harder to define, and that legislative change is needed both to close harm gaps and to support sustainable growth. Recent developments highlighted by the FCA include deferred payment credit / BNPL coming into regulation from July 2026, targeted support taking effect from April 2026, ESG ratings providers entering the FCA perimeter from June 2028, and seven regulated cryptoasset activities being brought into scope under the February 2026 crypto legislation.

The report also identifies several areas where the FCA wants further reform. These include Critical Third Parties, where Treasury designations are expected in the next 12 months; extension of SM&CR to currently excluded populations such as payments and e-money firms, credit rating agencies and recognised investment exchanges; more visibility over firms relying on the Overseas Persons Exclusion; and a modernised payments framework that can deal with stablecoins, tokenised payments and agentic payments.

The FCA also points to rising concern over AI-generated and influencer-led financial promotions, the need for clearer boundaries around occupational pension schemes, and the fact that it still does not have powers to require wider banking services beyond access to cash. It says it wrote to the Treasury Select Committee in January 2026 setting out its priorities for legislative change.

ACTION FOR FIRMS

- Treat this as an early warning on perimeter creep. Firms should map where their model touches fast-moving boundary areas such as AI-enabled customer journeys, social media promotion, BNPL, crypto, targeted support, outsourcing concentration and overseas distribution, and be clear with customers about what is and is not regulated.

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Synthetic data and AML: FCA signals stronger support for privacy-safe innovation

15 April 2026

The FCA has published a research note on a joint project with the Alan Turing Institute, Plenitude Consulting and Napier AI to create a fully synthetic dataset based on UK retail banking data and enhanced with realistic money laundering scenarios. The FCA says the aim is to support innovation in AML detection while addressing the legal and privacy constraints that often limit access to detailed financial data.

The dataset will be made available through the FCA’s Digital Sandbox as part of its Synthetic Data AML Solution Sprint. The FCA says firms will be able to use the data to test how technologies, including AI, can improve financial crime detection, and applications for the sprint close on 26 April 2026.

Applies to: All firms

ACTION FOR FIRMS

- AML and innovation teams should consider whether to participate directly or, at a minimum, use the FCA’s direction of travel to review internal plans for AI-enabled transaction monitoring, data governance, model validation and explainability.

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[Further reading ->](#)



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