RR COMPLIANCE associates

Regulatory Update

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RR Compliance Associates are a trading style of R&R Compliance Consultants Ltd, a limited company registered in England and Wales (company number 12070286). Our registered office is 51 Lime Street, London, EC3M 7DQ.

REGULATORY UPDATE.

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CMA consults on refreshed unfair terms guidance

26 Feb 2026

Applies to: All firms with Retail exposure

The CMA published draft revised guidance on unfair contract terms on 22 January 2026 and is consulting until 19 March 2026. The underlying law has not changed: this is a refresh of the CMA's guidance on Part 2 of the Consumer Rights Act 2015, but it now expressly reflects the CMA's direct enforcement powers under the Digital Markets, Competition and Consumers Act 2024.

The draft makes clear that the regime applies not only to contract terms but also to consumer notices. Under the Consumer Rights Act 2015, unfair terms and unfair consumer notices are not binding on the consumer; written terms and notices must be transparent; and even core terms on subject matter or price only fall outside the fairness assessment where they are both transparent and prominent.

For FCA firms, this matters even where they are not the visible retail-facing brand. The more important point for wholesale brokers, MGAs, insurers, administrators and principals is governance: if the firm drafts policy wording, approves notices, sets renewal or variation mechanics, or supplies scripts and templates to distributors, it can still create poor consumer outcomes downstream. That is relevant to Consumer Duty because firms must avoid causing foreseeable harm, enable and support retail customers, and manufacturers must provide distributors with adequate information in good time; insurance manufacturers and distributors must also assess fair value under PROD.

Enforcement risk is no longer theoretical. The CMA's draft guidance says unlawful terms and notices can be pursued through court-based enforcement and, for the CMA, through direct enforcement, with penalties of up to 10% of global turnover or £300,000, whichever is greater. The draft also notes that the FCA is among the authorities able to take enforcement action in this area.

ACTION FOR FIRMS

- Review consumer-facing terms, notices and journey wording for fairness, transparency and prominence, especially exclusions, limitations, variation rights, auto-renewal, fees, cancellation wording, guarantees, complaint or claims.
- For firms not directly dealing with consumers, map where your firm drafts, approves or materially influences retail wording used by others.
- Boards and senior management should ensure there is clear ownership across legal, compliance, product and operations for updating standard wording.

ASK A QUESTION ->

Further reading ->

FCA Event: Working together to fight financial crime

14 May 2026

Applies to: All Firms

SUMMARY

The **Working together to fight financial** crime event takes place on 14 May from 8.30 am to 6.30 pm in London.
The event brings together leaders from across regulation, industry, law enforcement, government, technology and professional bodies for a day that's all about practical insight, collaboration and system wide impact.

What you can look forward to:

- Fresh perspectives from senior voices: Hear directly from those shaping the UK's approach to financial crime - including Fraud Minister Lord Hanson and Nikhil Rathi, CEO of the FCA - sharing the latest thinking on collaboration, innovation and emerging threats.
- Practical, actionable takeaways: Walk away with takeaways you can put into practice.
- Meaningful conversations: Engage in discussions that emphasise public-private working and collaboration.
- Interactive breakout sessions: Join sessions hosted by UK Finance, techUK, StopScams UK and the UK Financial Intelligence Unit (UKFIU), each designed to dive deeper into the issues that matter most.
- Insight into the future of financial crime and cyber risk: Explore how criminals are adapting and what the industry must do next to stay ahead.
- Example case studies and real scenarios: We'll use case studies and cross border examples to bring the challenges (and opportunities) to life.

ACTION FOR FIRMS

ASK A QUESTION ->

Find out more->

Whistleblowing and non-financial misconduct expectations continue to rise

12 Feb 2026

Applies to: All firms

A combination of developments materially raises expectations on firms' speaking-up arrangements. First, section 23 of the Employment Rights Act 2025 amends Part 4A of the Employment Rights Act 1996 so that disclosures that sexual harassment has occurred, is occurring or is likely to occur are expressly treated as protected disclosures. Government material says this change takes effect from 6 April 2026.

Secondly, the FCA's PS25/23, published on 12 December 2025, finalises Handbook guidance on non-financial misconduct. The FCA says the guidance applies to all FSMA firms with a Part 4A permission and staff subject to COCON or FIT. In this, the FCA explains how non-financial misconduct can breach the Conduct Rules, and clarifies how it forms part of the fit and proper assessment. The guidance comes into force on 1 September 2026 alongside the new rule at COCON 1.1.7FR.

In practice, culture, bullying, harassment and other non-financial misconduct can feed into conduct rule assessments, fitness and propriety decisions and broader governance judgements even where the firm has little or no direct retail contact.

The FCA's existing whistleblowing framework also remains important. SYSC 18.3.1R requires relevant firms to establish, implement and maintain appropriate and effective arrangements for the disclosure of reportable concerns by whistleblowers, and SYSC 18.4 provides for a whistleblowers' champion in certain banks and insurers.

In the UK Anti-Corruption Strategy 2025, the government said it will explore reform of the whistleblowing framework, including potential financial incentives, and HMRC now offers rewards of 15% to 30% where information leads to recovery of at least £1.5 million in tax.

ACTION FOR FIRMS

- Review whistleblowing policies and procedures now so that, from 6 April 2026, sexual harassment concerns can be recognised, escalated and investigated as potential protected disclosures, with clear confidentiality, anti-retaliation and record-keeping controls.
- Refresh training for managers, HR, compliance and investigators ahead of 1 September 2026 so they understand how non-financial misconduct may engage COCON and FIT, and do not treat difficult culture issues as outside the regulatory perimeter.

ASK A QUESTION ->

Courts continue to refine the boundaries of “fundamental dishonesty” in claims

10 March 2026

Applies to: All firms handling insurance claims

This is not a new FCA rule change but a reminder of how section 57 of the Criminal Justice and Courts Act 2015 and CPR 44.16 are being applied in practice. Section 57 says that where a claimant is entitled to damages in a personal injury claim but is found, on the balance of probabilities, to have been fundamentally dishonest in relation to the primary claim or a related claim, the court must dismiss the whole claim unless dismissal would cause substantial injustice.

CPR 44.16 then allows a defendant, with the court’s permission, to enforce costs to the full extent where the claim is found to be fundamentally dishonest.

In **Boyd v Hughes** the court held that the claimant’s conduct was dishonest, but not fundamentally so: it was “dishonest embellishment” supporting an essentially honest claim and did not go to the root or heart of it. By contrast, in **O’Connell v Ministry of Defence** the court found “overwhelming” evidence of dishonesty affecting multiple heads of loss, says the underlying valid claim may have been worth no more than about half of the dishonestly inflated version.

Two other cases matter for process and evidence. In **Morris v Williams**, a letter marked “without prejudice” was admitted because the judge considered that excluding it would allow the claimant to benefit from “unambiguous impropriety”. In **Perrin v Walsh**, the court still allowed reliance on surveillance evidence despite “very real concerns” about the surveillance company because the footage was considered clearly probative. The practical lesson is that courts will look closely both at the quality of the dishonesty evidence and at how that evidence was obtained and deployed. The other side of the message is that defendants do not get a free run at pleading fraud. In **Hakmi v East & North Hertfordshire NHS Trust**, the claim itself failed, but the defendant also failed to establish fundamental dishonesty and was ordered to pay 15% of the claimant’s costs from the point the allegation was raised.

ACTION FOR FIRMS

For FCA firms, especially those not directly dealing with consumers, the relevance is governance rather than perimeter. ICOBS 8.1.1R requires insurers to handle claims promptly and fairly, while ICOBS 8.3.4G says a firm without authority to deal with a claim should forward the claim notification promptly or tell the policyholder how to claim. Consumer Duty also remains relevant where retail customer outcomes are affected through the distribution chain, because PRIN 2A.2.8R requires firms to avoid causing foreseeable harm to retail customers. In practice, an upstream firm can still create conduct risk if it sets an unduly aggressive fraud strategy.

ASK A QUESTION ->

FCA bans Kasim Garipoglu from working in UK financial services

13 March 2026

Applies to: All firms

The FCA has issued a Final Notice prohibiting Kasim Garipoglu from performing any function in relation to regulated activities carried on by any authorised or exempt person, or exempt professional firm, under section 56 FSMA. The FCA says he is not fit and proper because he lacks honesty and integrity.

The Final Notice says Mr Garipoglu was the ultimate beneficial owner of two firms: “Company A”, an authorised firm providing online FX and CFD trading, and “Company B”, an authorised e-money institution whose authorisation was later revoked. During the relevant period, 18 April 2012 to 12 December 2022, he held controlled functions at Company A as Chief Executive (CF3) and Director (CF1), and was the sole or dominant board member.

The FCA says documentary evidence from April 2012 to August 2015 showed a repeated disregard for AML, compliance and wider regulatory requirements; disregard for the advice of AML and compliance personnel; willingness to direct action without an honest and reasonable belief it was compliant, or while reckless as to compliance; willingness to run a serious risk of breach for commercial advantage; and positive encouragement of staff to prioritise profitability over compliance. The notice also says he misled, overruled and undermined compliance personnel and senior UK management, contributing to a culture in which some staff showed open disregard for compliance obligations.

The misconduct findings also go well beyond poor tone or aggressive management style. The FCA says that, between February 2013 and December 2022, Mr Garipoglu deliberately misled the FCA and other regulators by providing false or misleading information or documents. The examples listed include falsely claiming to have completed AML training. The press release also highlights an occasion where he instructed a colleague to impersonate him in dealings with the South African regulator.

ACTION FOR FIRMS

- Review fitness and propriety and certification processes to make sure they test honesty, integrity and regulatory candour,
- Stress-test escalation and challenge where commercial leaders push back on AML or compliance advice,
- Check onboarding, screening and periodic due diligence arrangements so the firm would identify a prohibition order.

ASK A QUESTION ->

FCA Publication ->

FCA publishes consumer understanding good and poor practice note

13 March 2026

Applies to: All Duty firms

The FCA has published a new good and poor practice note on the Consumer Duty consumer understanding outcome. It does **not** create new rules, but sets out the FCA's current supervisory expectations, examples of good practice and areas for improvement. The FCA says firms should read it alongside PRIN 2A.5 and FG22/5 chapter 8.

The FCA's core message is that consumer understanding should be treated as an end-to-end process, not just a drafting exercise. Good practice included using multiple data sources such as complaints, call listening, chat transcripts, web analytics and drop-off data; testing communications before and after changes; using plain language and layered content; designing tools and journeys that genuinely aid understanding; supporting vulnerable customers; keeping promotions balanced; and giving clear senior ownership to the outcome.

The main weaknesses the FCA identified were superficial or poorly evidenced testing, over-reliance on sales data or absence of complaints, weak testing for different customer groups, poor accessibility consideration, unclear accountability and weak feedback loops between MI, governance and actual changes. The FCA also says some firms were not using meaningful data to support decisions, and senior management information could mask how different customer groups were faring.

For firms not directly dealing with consumers, the key point is scope. The FCA expressly says this applies not only to front-end firms, but also to firms that design, manufacture, distribute or support products and services, or whose communications and journeys affect customer understanding. In practice, MGAs, wholesalers, manufacturers, outsourcers and delegated service providers should treat this as relevant where they influence documents, portals, scripts, claims communications or promotional content used with retail customers.

ACTION FOR FIRMS

- Review whether current MI and testing genuinely show customer understanding, rather than just activity, sales or complaint volumes.
- Check that key communications, journeys and promotions are tested with relevant customer groups, including vulnerable customers and those with accessibility needs.
- For non-consumer-facing firms, map where your business influences downstream customer understanding and bring those touchpoints into Consumer Duty governance.

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FCA Publication ->

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