RR COMPLIANCE associates

Regulatory Update

Volume #7
23 Feb 2026

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.

Need Help? Speak to Our Experts!

Book a free consultation and get **tailored compliance solutions** to navigate FCA, ICO or EEA related regulations with ease.

[Book a Free Consultation]

REGUALTORY UPDATES

Stay ahead of regulatory changes with our regulatory updates, expert insights, and industry best practices – just read the update below and share with colleagues.

Download Our Free Desk Aids

We have issued a number of free desk-aid to assist you with understanding, self-assessment and implementation.

- ✅ Download the latest free desk-aid today to evidence compliance

RegZone.io - innovative AML Tool

Stay compliant with automated, real-time checks against global sanctions lists and politically exposed persons (PEPs).

- ✅ Accurate & fast AML screening
- ✅ Reduce costs without compromising compliance
- ✅ User-friendly interface & seamless integration

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. VAT number 326 1938 96.

Motor finance commissions: Supreme Court clarity and FCA consumer redress scheme (s.404 FSMA)

16 Feb 2026

Applies to: Insurance Intermediaries

Summary

The UK Supreme Court's decision in *Hopcraft / Johnson / Wrench* [2025] UKSC 33 narrows some liability routes (eg, no general fiduciary duty owed by dealers), but confirms that non/poor disclosure of commission arrangements can still drive an "unfair relationship" finding under CCA s.140A, with remedies including repayment of commission plus interest.

Regulatorily, the FCA has consulted on an industry-wide motor finance redress scheme (CP25/27) and expects (if proceeding) a policy statement/final rules in early 2026, with compensation later in 2026; the complaints-handling pause lifts on 31 May 2026.

A direct read-across from retail motor finance to pure commercial business is limited. The more credible second-order impact is conduct risk where there is a retail customer "down-chain" (eg, intermediated/embedded distribution, premium finance or other fee/commission-driven models): regulators and courts are signaling intolerance for opaque remuneration that can distort customer outcomes, and scrutiny tends to focus on incentives + disclosure + distribution-chain oversight.

ACTION FOR FIRMS

Down-chain mapping: Identify any retail-facing distribution chains where commissions/fees could influence outcomes; confirm disclosures are timely, clear, and evidenced.

Remuneration & conflicts: Re-check incentive structures and third-party oversight against "best interests" / conflict-management expectations in insurance distribution.

Timeline watch: Track FCA final rules (early 2026) and operational readiness ahead of 31 May 2026 where you have treaty/counterparty exposure.

ASK A QUESTION ->

Claims-made notifications & aggregation: High Court reinforces “say it clearly, say it to the right party”

16 Feb 2026

Applies to: Lloyds of London business lines

SUMMARY

In *Ahmed & Ors v White & Company (UK) Ltd & Anor* [2025] EWHC 2399 (Comm) (judgment 22 Sept 2025), investors pursued the insolvent insured’s PI insurer directly under the Third Parties (Rights against Insurers) Act 2010; the court’s focus was whether valid notification had been made and how far later claims could attach.

The court emphasised that matters may be “notifiable” without having been “notified”: where communications identify only specific claimants/investments, they are not readily re-characterised as a broad “hornet’s nest / can of worms” circumstances notification.

Critically, information held by (or sent to) jointly-retained defense solicitors did not satisfy a policy requirement for notification “by the insured” absent clear agency authority. Insurer-side awareness does not automatically cure a defective notification route.

On aggregation, the court treated “same” as a real limiter (similarity ≠ sameness), but found sufficient relatedness to aggregate certain claims where materially the same deficient advice was repeated across clients in a specific investment context.

Implications for insurance/reinsurance players not directly exposed
This is a cross-cutting claims-made control signal (PI, D&O, FI, cyber, liability claims-made forms): coverage outcomes can turn on *process* (who notified, how, and what was actually said), not just underlying merits. For reinsurers/retro, it reinforces the importance of cedant notification discipline and documentation, because “late/defective” notification disputes can propagate up the tower.

ACTION FOR FIRMS

Notification playbook: Tighten templates and minimum content so circumstances notifications are explicitly framed as such (and not left to inference from forwarded correspondence).

Agency clarity: Confirm (in writing) whether/when brokers or panel counsel are authorised to notify on the insured’s behalf and avoid relying on “insurer awareness” through defence channels.

Aggregation readiness: Re-check “related claims / same facts” drafting and your internal aggregation decision tree (and how it will be evidenced).

ASK A QUESTION ->

Further Reading

FCA's "Regulatory Priorities" for insurance: a 12-month supervisory roadmap firms measured against

24 Feb 2026

Applies to: All insurance & intermediary firms

SUMMARY

The FCA has published its first "Regulatory Priorities: Insurance" report, part of a new suite of annual sector reports intended to replace portfolio letters and act as a clearer, consistent statement of where supervision will focus over the coming year.

For insurance, the FCA groups its agenda into four practical themes: (1) improving consumer understanding, claims handling and service quality, (2) increasing access to insurance, (3) supporting growth and innovation, and (4) simplifying regulation.

This report is effectively the FCA's "work programme" for the sector. It signals where evidence will be requested, where thematic reviews are likely, and where firms should expect supervisory challenge (especially around claims/service outcomes and outsourced/delegated models).
Key practical focus areas called out in the report

- Claims & service outcomes (incl. outsourcing/delegated models): continued work on home/travel claims outcomes and an expanded review of oversight of outsourced claims processes and certain delegated authority models/remuneration arrangements.
- Consumer understanding & sales processes: FCA analysis of how different sales processes affect outcomes, and work with industry/consumer groups to improve understanding of cover.
- Access & affordability: actions tied to the Government's Financial Inclusion Strategy and the Motor Insurance Taskforce, plus ongoing monitoring of premium finance for fair value.
- Innovation / emerging risks: evaluation of AI use in insurance.
- Rule simplification: further engagements/changes in early 2026; plus consultation work on international scope (including non-UK consumers) in H1 2026.

ACTION FOR FIRMS

- **Translate the four themes into your 2026 plan:** map each to owners, MI, and "evidence packs" you can hand to supervisors.
- **Stress-test delegated/outsourced oversight:** confirm contracts, controls, and MI actually demonstrate good claims/service outcomes and effective governance in delegated authority.
- **Get ahead of sales-process scrutiny:** document how sales journeys drive understanding and outcomes; fix known friction points.
- **Premium finance & affordability hygiene:** ensure fair value and customer communications remain robust where monthly payment create vulnerability.

ASK A QUESTION ->

Further Reading

FCA whistleblowing data (Q4 2025): what it signals and how firms should use it

16 Feb 2026

Applies to: All firms

SUMMARY

The FCA has published its Q4 2025 whistleblowing quarterly dataset (Oct–Dec 2025). The FCA received 281 new reports in the quarter (vs 405 in Q3 2025 and 292 in Q4 2024).

The FCA also closed 282 reports in the quarter. Outcomes were:

- 9 (3%) leading to "significant action to manage harm";
- 96 (34%) leading to "action to reduce harm";
- 164 (58%) used to inform wider work (no direct action); and
- 13 (5%) assessed as not indicative of harm.

Implications for insurance/reinsurance players not directly exposed

- The relevance isn't "retail vs commercial"; it's control effectiveness down the chain. If you rely on delegated underwriting, outsourced claims, appointed representatives, or distribution partners, whistleblowing themes at those entities can become your conduct issue (via customer outcomes, remediation cost, supervisory attention, or counterparty disruption).

- The Q4 closure data implies that roughly 37% of closed reports (9+96 out of 282) resulted in some form of FCA action to manage/reduce harm. This is useful as a benchmark for how often issues escalate beyond "noise" when they are in-scope.

ACTION FOR FIRMS

- **Whistleblowing MI:** ensure Board dashboards show themes, severity, time-to-triage, time-to-close, and repeat issues (with clear ownership).
- **Run root-cause + control fixes (not case-by-case):** where allegations touch customer outcomes (sales, claims, complaints, incentives), track remediation to closure and test it.
- **Extend to key third parties:** require equivalent speak-up controls, escalation routes and incident reporting from MGAs/TPAs/claims outsourcers and coverholders

.

ASK A QUESTION ->

FCA publication

FCA "Enforcement Watch": what the new transparency era means for 2026 supervision and enforcement

11 Feb 2026

Applies to: All firms

SUMMARY

The FCA has launched Enforcement Watch, a new newsletter intended to give firms clearer visibility on enforcement priorities, live case-types, and how the FCA will use its (expanded) publicity powers. The first edition was published 28 Jan 2026.

Two "why now" signals sit behind it:

- More public enforcement: Enforcement Watch explains how the FCA will apply its updated publicity policy (e.g., naming a firm under investigation in "exceptional circumstances").
- Sharper, outcome-led targeting: The FCA disclosed that between 3 Jun and 31 Dec 2025 it opened 23 enforcement operations, and highlighted priority categories including Consumer Duty / fair value, systems & controls / third-party reliance, and financial crime controls.

For insurance specifically, the FCA states it is investigating 6 potential Consumer Duty breaches focused on fair value, and that two of these investigations concern insurance firms (described as the most serious cases identified in its multi-firm work).

The FCA has already demonstrated the practical effect of the new publicity stance by publicly announcing an enforcement investigation into a claims management company (TCPA), with the FCA noting that the High Court upheld its decision to name the firm (two-part judgment 23 Oct 2025 and 2 Jan 2026).

ACTION FOR FIRMS

- Audit contracting sets (slips, certificates, endorsements, addenda) to ensure one coherent dispute resolution pathway across all documents.
- Where multiple forms must be used, include an express hierarchy / inconsistency clause (and ensure it is clearly incorporated) to avoid satellite litigation on forum.

.

ASK A QUESTION ->

FCA publication

FCA CP25/36: Client categorisation reform and Conflict of Interest

18 Feb 2026

Applies to: All firms

SUMMARY

The FCA has consulted on a "reset" of client categorisation rules (how firms distinguish retail vs professional clients for designated investment business under COBS), alongside a clean-up of the FCA's conflicts of interest rules in SYSC 10 / SYSC 3 to make them easier to navigate.
For insurance, the practical relevance is: (1) conflicts frameworks (including distribution chains, remuneration, delegated models) and (2) only if you also run investment services / COBS activity (often in life/wealth parts of a group) do the client-categorisation reforms bite.

This CP does not change how insurers/intermediaries classify policyholders as consumer or commercial customers under ICOBS/IDD-style distribution frameworks. The FCA explicitly flags insurance firms only in relation to conflicts of interest.

The simplification exercise intended to improve usability of the rules and therefore does not introduce any change in substance.

The draft text explicitly addresses how SYSC conflicts rules apply to insurance distribution activities (and interaction with IBIP-specific provisions).

ACTION FOR FIRMS

- **Insurance distribution (everyone):** Use this as a prompt to re-check conflicts governance end-to-end (product design → distribution → claims/service),
- **Insurance groups with COBS investment business:** Start a gap check against the likely new opt-up mechanics.
- **All firms:** Track for the forthcoming Policy Statement (consultation closed) and plan for implementation once final rules land.

ASK A QUESTION ->

CP

RR COMPLIANCE associates

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.