

Minutes

Meeting: FCA Board

Date of Meeting: 27 January 2022

Start time: 09:45

Venue: Meeting held via Microsoft Teams and in Room 2.38

Members Present:	Charles Randell (Chair) Liam Coleman Bernadette Conroy Jeannette Lichner Richard Lloyd	Alice Maynard Nikhil Rathi Tommaso Valletti Sam Woods
In attendance:	Set out in Annex A	
Presenters:	Set out in Annex A	
Apologies:		

1 Declarations of interest and Approval of Minutes

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 Liam Coleman declared an interest in relation to IRHP and did not participate in the discussion or decision making for this item. Nikhil Rathi, Charles Randell, David Scott and Jeannette Lichner declared an interest in the Government Study of Buildings Insurance as well as Bernadette Conroy as Chair of Network Homes.
- 1.3 The Board **approved** the minutes of the meeting held on 16th December 2021 and 21st December 2021.

2 Report from the Chief Executive

- 2.1 Mr Rathi briefed the Board on a number of topical issues, including:
 - i. Transformation – The Board noted that Enforcement was becoming a workstream in the transformation programme and that resources were being reallocated to ensure the overall publishing schedule for the Consumer Investment workstream would be met.

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- ii. Investment Harm Campaign – The Board sought assurance on the financial data for the Investment Harm Campaign and noted that the level of spend reported was expected for this point in the year and that this was a multi-year campaign.
 - iii. Business planning - The Board noted that there was a planning issue across the programme of planned work to consider for the coming business plan where funds had been approved at the start of the year and then the plans had not been fully executed in this financial year. The Board were assured that the funds would be spent in the next financial year and that the executive team had been rigorous about holding senior colleagues to account during business planning discussions. The Board noted that a number of projects had been paused due to the impact of the pandemic and that this year’s business plan would reflect the change of pace and the tracking of project capabilities to record where delays or rescheduling/reprioritisation occur and what the root causes of those are.
 - iv. Online Safety Bill – The Board noted there were still significant concerns around consumer protection and online scams, including scam promotions through TikTok and Instagram. ScamSmart was the primary consumer campaign and the FCA had been exploring opportunities to reduce paid for scam advertising and restrict financial promotions to firms authorised by the FCA, as well as increasing consumer education. Board members noted that online businesses still needed to demonstrate that the policies across their different business areas (e.g. Google Search and YouTube, or Facebook and Instagram) provided similar levels of protection.
 - v. FS Register – The Board was advised that the Financial Services Register still contained a number of firms under the Temporary Permissions Regime and that refusal notices would start to be sent out by the end of February 2022 in cases where those firms were not meeting the relevant standards. Work was being done to ensure that there would be signposting within the register that would direct consumers to places where additional detail on particular products can be found. The InvestSmart website was the first iteration of this which highlights the risks of products as well as directing people to the register.
 - vi. Funeral Plans – The Board discussed progress on funeral plans and agreed the Board Risk Committee would have a more detailed discussion about the impact of authorisation decisions on consumers.
 - vii. Crypto – The Board noted ongoing work on cryptoassets and agreed to have a further discussion about the FCA’s approach to consumer harm in high-risk investments.

3 Monthly Reports from the Independent Panels

- 3.1 The Board **noted** the reports from the Independent Panels and, in particular, that many of the Panels had highlighted the impact of the economic crisis and the volume of change that the FCA was driving in the industry. The Board were keen to ensure that the FCA engaged with providers to ensure there were no unnecessary barriers to consumers getting debt advice. It also noted the risk that if the consumer credit market did not respond with more affordable lending solutions, this could result in consumers seeking higher risk or unregulated options. The Executive advised that there would be an uplift in supervision capacity to address the concerns raised.

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- 3.2 The Board discussed the FCA Practitioner Panel's Chairs' letter dated 21st December 2021 to Charles Randell and Nikhil Rathi reporting on the Panel's engagement with trade bodies and the Trade Bodies' Roundtable event that took place on 1 December 2021. It was noted that as the FCA moved towards more normal working in 2022/23 as the pandemic receded, there would be an opportunity for the senior leadership to increase stakeholder engagement, including with consumer and industry representatives.

4 Wanda Goldwag (Consumer Panel Chair)

- 4.1 The Chairman thanked Ms Goldwag for the energy she had brought to the Consumer Panel Chair role over the last few years and noted the significant value gained from many discussions with her and the Panel. Ms Goldwag noted the improved relationship with the Executive team over her tenure and had welcomed early interactions with the Panel on policy proposals.
- 4.2 It was discussed how best to ensure the Panel's views were proportionately considered given that often consumer organisations were unable to respond to consultations owing to lack of funds and staff and it was noted the potential impact was that industry responses to consultations usually outnumbered consumer views, which could risk skewed outcomes. The Board recognised the issue and welcomed the Consumer Panel responding to significant FCA consultations to ensure the consumer perspective was clearly heard. They noted that the Consumer Panel was often a useful source of early insight for the executive. The Board also encouraged the FCA to explore ways to ensure all staff across supervision and authorisations engaged with consumers and obtained consumer perspectives beyond the outreach undertaken by the Chairman and senior staff.
- 4.3 The Board discussed the New Consumer Duty with Ms Goldwag and recognised the Panel's frustration that the duty did not include a private right of action as requested by the Consumer Panel. It was agreed that the success of the New Consumer Duty would lie in the implementation, noting that the FCA would set clear expectations on product design and demand accountability of senior management of firms combined with a supervisory strategy to intervene.

5 Report from the PRA

- 5.1 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA including the return to the office following the pandemic and ways of working.
- 5.2 The Board also discussed the ongoing geopolitical situation in the Ukraine and the possibility of wide-ranging sanctions being applied to Russian interests by the US, UK and European states. The FCA was undertaking work to consider the potential impact on the economy and the market and was ensuring teams were coordinating with other regulatory partners including the PRA.

6 Decisions of the Board

- 6.1 The Board noted the letter from the All Party Parliamentary Group on Fair Business Banking requesting that the FCA reconsider its decision not to seek to use its powers to require any
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further redress to be paid to Interest Rate Hedging Product customers. The Board **agreed** that the FCA should not reconsider the Board's decisions of 30 September 2021 and that the letter had raised no material points that had not been previously considered by the Board.

In line with the usual process, the Board **delegated** authority to the Accountable Executive for the IRHP review (Mark Steward) to decide in any similar future cases whether the requestor had made material points and to sign off any response, sighting the IRHP Board Sub-Committee on any response. The Board further **agreed** that the FCA should publish its response to the APPG.

- 6.2 The Board noted the action log and **approved** those requested for extension or closure.
- 6.3 The Board noted the following decisions taken by written procedure:
 - i. To approve the minutes of 23rd November and 25th November 2021
 - ii. To approve the Interim Chair of the PSR
- 6.4 The Board **approved** the appointment of Jeannette Lichner as a member of the Audit Committee with immediate effect.
- 6.5 The Board **approved** the appointment of Mark Jones as a member of the FCA Markets Practitioner Panel from 28th January 2022 to 31st January 2025.
- 6.6 The Board considered how its governance should be modified to ensure that Environmental, Social and Governance issues were appropriately incorporated. In particular, the Board considered the advantages and disadvantages of appointing an Environmental Champion, reflecting that the FCA should hold itself to a similar standard to those it regulates. The Board asked for further Board governance proposals to be brought forward in relation to environmental issues.

7 BritainThinks Annual Stakeholder Research Findings

- 7.1 The Board welcomed the findings from the FCA's ninth annual external stakeholder survey aimed at understanding stakeholder perceptions for the year and to compare with previous results. The findings would be used to inform business planning and the ongoing implementation of the FCA Communications Strategy.
- 7.2 The Board discussed the findings as outlined in the report and noted the key themes identified where further consideration was suggested including demonstrating forward planning and proactivity, leading with actions and outcomes and working to increase visibility and accessibility. The Board reflected that there had been a significant internal focus in the last year and many of the executive team had joined the FCA part way through the year, with the result that the timing of the survey may have impacted some of the responses. It was noted that the survey took place also before the range of announcements from the FCA in December in relation to various policy and enforcement matters. It was agreed that the FCA communications strategy should consider how to reach consumers and other stakeholders most effectively and ensure that messages about the FCA's priorities and work programmes are clearly disseminated.

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- 7.3 The Board **approved** the recommended priorities arising from the research and **agreed** with the findings being shared with the wider organisation as in previous years.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Andrea Bowe – Chief of Staff, Chief Executive Office
Megan Butler – Executive Director, Transformation
Sheree Howard – Executive Director, Risk and Compliance Oversight
Sheldon Mills – Executive Director, Consumers and Competition
Sarah Pritchard – Executive Director, Markets
Jessica Rusu – Executive Director, Chief Data, Information and Intelligence Officer
Emily Shepperd – Executive Director, Authorisations
Mark Steward – Executive Director, Enforcement and Market Oversight
Simon Pearce – Director, Company Secretary
David Scott – Interim Director, General Counsel
Ian Runacres – Manager, Chairman’s Office

Presenters and observers:

Item 1 - Declarations of interest and Minute Approval	No attendees
Item 2 - Report from the Chief Executive	No attendees
Item 3 - Monthly Reports from the Independent Panels FCA Practitioner Panels Chairs Letters – 21st December 2021	Emma Stranack – Head of Department
Item 4 - Wanda Goldwag (Consumer Panel Chair)	Wanda Goldwag – Consumer Panel Chair
Item 5 - Report from the PRA	No attendees
Item 6 - Decisions of the Board	No attendees
Item 7 - BritainThinks Annual Stakeholder Research Findings	Emma Stranack – Head of Department Cordelia Hay – BritainThinks