Financial Services Consumer Panel

Annual Report 2025/2026

An independent voice for consumers of financial services

Financial Conduct Authority

Financial Services Consumer Panel – Annual Report 2025/2026

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Who we are
The Financial Services Consumer Panel (the Panel) is a statutory body set up under the Financial Services and Markets Act 2000 to represent the interests of financial services consumers (we do not represent individual consumers). When we refer to 'consumers', this includes private individuals as well as small businesses. We are independent of the Financial Conduct Authority (FCA). Our members are appointed by the FCA and recruited through open competition.

Members come from a diverse range of professional backgrounds, bringing expertise in consumer advocacy, consumer protection and competition law, economics, regulation, market research, financial services, public policy, tech-enabled services, data and technology, FCA principles, debt collection and recoveries, inclusive product design, risk management and retirement planning.

What we do
Our principal role is to provide independent advice and challenge to the FCA in relation to its statutory duties, in particular its consumer protection objective. Under our Terms of Reference, we also consider wider issues of financial services policy and legislation when they are directly or indirectly related to the FCA's general duties.

We perform our role through engagement with FCA teams, complemented by targeted consultation responses and selected wider stakeholder engagement where appropriate.

We also commission our own independent research projects in support of our aim to inform policy in areas where there are risks to consumers that are not being addressed, or gaps in understanding of the consumer experience of financial services.

How we do it
We meet twice a month – once in full Panel meetings and once in our two Working Groups (except for the month of August, and December for working groups only). FCA staff present in Panel and Working Group meetings and we report our primary concerns monthly to the FCA Board. We also hold regular discussions with teams across the FCA to provide advice and guidance and help inform policy work at appropriate stages in the policy process.

We also work with a wide range of stakeholders and consumer groups and our members sit on various other bodies. We are a member of the FCA's Consumer Network which provides a gateway for certain consumer organisations and the FCA to share insights and discuss policy issues. This helps us surface insights from a wide range of sources which we then strengthen throughout the year by engaging with different consumer organisations on various topics.

How we measure our impact
We evaluate our impact by reference to our duty to represent the interests of consumers, and our responsibilities under our Terms of Reference.

Our commitment to diversity
We are committed to maintaining a diverse Panel as we know that this will enable us to be most effective in our role as a critical friend to the FCA. When we talk about diversity, we talk about it in the broadest sense: different perspectives, characteristics and lived experience, as well as being broadly representative of the consumers and SMEs whose interests we represent. The FCA's annual diversity statement is provided in our annex.

Reporting period
This report covers the activities of the Panel between 1 April 2025 and 31 March 2026. Where there have been important subsequent developments, we make reference to these in this report, and they will be addressed more fully in the next Annual Report.

Find out more about us on our website: FSCP Home

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Foreword by the Chair

In my first foreword as incoming Chair last year, I noted that consumers of financial services were navigating a turbulent period, shaped by geopolitical uncertainty abroad and persistent cost of living pressures at home. I also anticipated that 2025/2026 would remain challenging, as the Panel sought to continue supporting the FCA in striking the right balance between strong consumer protection and the responsible risk taking needed to support economic growth and improve living standards. That judgement has held true – although the scale and nature of geopolitical developments over the past year have been more pronounced than many expected.

The escalation of conflict in the Middle East since February 2026 has provided a stark reminder of how global events can quickly influence the economic environment faced by consumers at home too. Rising energy costs, renewed inflationary pressures and increased market uncertainty have translated directly into higher household bills, increased borrowing costs and reduced financial resilience for many. For consumers already under financial strain, such shocks can quickly intensify existing pressures and constrain their ability to plan and make confident financial decisions.

In this context, the Panel has maintained a clear focus on financial inclusion and the importance of financial capability. Access to financial products and services is only one part of the picture. A financially capable consumer is one who is able to manage their day-to-day finances, understand risk, make informed decisions and go for support when needed. Building capability alongside inclusion is essential if consumers are to engage with financial services in a way that delivers positive outcomes, particularly at times of uncertainty and change.

This has also been a year of significant regulatory development. For instance, the Panel has engaged closely with the FCA on the development of a new crypto regime and the Advice Guidance Boundary Review, culminating in the introduction of targeted support as a new form of regulated activity. We have long supported the ambition to close the advice gap and to widen access to timely and affordable help for consumers making important financial decisions. However, the effectiveness of this new framework will ultimately depend on its delivery – how clearly it is communicated, how well it is implemented by firms, and whether it leads to tangible improvements in consumer outcomes in practice.

The Panel has also worked closely with the FCA on the formulation of the motor finance consumer redress scheme. This represents a major intervention, both in scale and in its importance to consumer confidence. While 2026/2027 was expected to be a year of delivery, it is now clear that the position remains uncertain, with legal challenges introducing potential delays and complexity.

Alongside these developments, rapid advances in technology continue to reshape financial services in ways that bring both opportunity and risk for consumers. The increasing use of artificial intelligence, data-driven decision-making and digital distribution models has the potential to make products more accessible, more personalised and more efficient. At the same time, these developments raise important questions about transparency, fairness and accountability – particularly where consumers may not fully understand how decisions are being made or how their data is being used. As these areas evolve, the Panel has emphasised the importance of ensuring that regulation keeps pace, that consumer safeguards remain robust, and that firms design and communicate products in ways that support informed decision making rather than confusion or harm.

A consistent theme in the Panel's work has been the importance of ensuring that the consumer perspective, including that of small firms, who are also consumers of financial services, is fully embedded across regulatory policymaking. We continue to encourage the FCA to deepen and broaden its direct engagement with consumers, and with the organisations that represent them, so that policy is informed by lived experience as well as by market and industry insight. Strengthening the consumer voice remains essential to achieving balanced, evidence-based decisions and to ensuring that regulation delivers effectively in practice.

Finally, the Panel is strengthened by the collective expertise of its members, and I would like to thank each of them for their time, insight and commitment throughout the year. Their experience and thoughtful challenge are central to the Panel's ability to fulfil its role.

Looking ahead, the FCA and the wider regulatory system face a complex set of challenges. Economic uncertainty, rapid innovation and the need to support growth will require careful judgement. The Panel will continue to provide constructive challenge and support, helping the FCA navigate these decisions in a way that keeps consumers firmly at the centre, while also ensuring that markets work well and sustainably over the long term.

Chris Pond

Chris Pond
July 2026

1. Our vision and aims

Our vision for financial services

Our vision is that financial markets work well for consumers – both individuals and small businesses – and consumer harm does not occur.

This means that:

- Consumers are well-informed and empowered to take effective decisions.
- Firms act in consumers' best interests – those that do not, are robustly sanctioned or barred; and those that are unlikely to act in consumers' best interests are not admitted to the market.
- Consumers are protected from harm, know when they are protected, understand what "protected" means – and understand the limitations of that protection or when they have no protection at all.
- Regulators act swiftly and effectively to protect consumers against harm, including new and emerging harms, and regulation keeps pace with technological change.
- Regulation takes account of the wider socio-economic and demographic context, including diversity of consumers' lives, vulnerability, and the relative asymmetry in consumers' skills and knowledge compared to firms.
- Consumers receive prompt and commensurate redress when things go wrong.
- Innovation which benefits and protects consumers is encouraged and supported.

Our aim as a Panel

We represent the consumer interest. Our aim is to ensure the voice of the consumer is heard, duly considered and appropriately actioned by the FCA and by policymakers and industry.

2. Our priorities

PRIORITIES FOR 2025/26

We focus on areas with risk of significant harm to consumers, or with the most significant implications for consumers.

Each year we review our progress and refresh our priorities in the context of the FCA's own priorities and the external environment. For 2025/2026 our priorities were:

Keeping consumers front and centre, protecting against harm

As the repercussions of geopolitical change unfold, consumers face an uncertain future, ongoing financial challenges and heightened risk of harm. We will keep consumers' interests and protection against harm at the forefront of policymaking. We will advocate in particular for consumers who are vulnerable; and for consumers to be protected against and appropriately reimbursed where they fall victim to fraud and scams. We will press the FCA to keep the Consumer Duty at the forefront of its approach: actively and effectively supervising and enforcing the Duty to stamp out poor practices and deliver positive outcomes for consumers.

Enabling innovation and economic growth alongside supported risk transfer to consumers

We want consumers to participate in and benefit from a thriving, dynamic economy, with innovative financial products and services delivering tangible, lasting benefits, value for money and good consumer outcomes. But innovation and growth must not come at the expense of consumer protection and should be inclusive of all consumers – empowered to take part in a thriving financial sector, so they can make informed decisions-including around the risks they are taking on.

Safeguarding consumer interests during regulatory change

During a period of regulatory change – for example in redress, FOS review, absorption of the PSR into the FCA, a new crypto regime and Open Banking and Finance we will maintain a strong focus on the consumer interest and delivery of good consumer outcomes. We will continue to press for improvements in incorporating the consumer voice in the FCA's approach. We will advocate for the FCA's emphasis on proportionality for firms to be matched with an equivalent focus on transparency at the FCA, including clarity around how decisions are reached and the evidence that underpins them.

KEY THEMATIC ISSUES

There are several issues that span most financial service products and services, therefore affecting large consumer numbers.

These are reflected in the themes below, which were a priority for us in 2025/2026. Many will remain so for the year ahead.

We selected them because they are areas with greater risk of significant harm to consumers, or they have the most significant implications for consumers, and they need consistent consideration as the Panel engaged with the FCA or responded to consultations:

Consumer testing	Consumer testing is essential to inform any FCA policy change with the potential for direct or indirect consumer impacts. Firms must also be incentivised to use consumer testing throughout the customer journey to ensure products and services achieve appropriate consumer outcomes.
Financial inclusion and capability	Financial inclusion is a key part of markets working well (the FCA's strategic objective). In the long term, the Panel would like to see the FCA's statutory duties complemented by a requirement to have regard to financial capability and resilience.
Redress	Consumers should have access to timely, fair and transparent redress. There should be consistency in the accountability and outcomes across the regulatory system. It should be clear to consumers the steps they should take when something has gone wrong, and they should have confidence they will be appropriately reimbursed.
SMEs, financial services and growth	SMEs and micro-businesses face challenges in accessing fair and appropriate financial services that are appropriate for their distinct needs to that from consumers. Regulatory protections for them are often unclear; the Panel is concerned that SME experiences are not fully understood or reflected in policy decisions. Although SMEs play a vital role in fueling economic growth, their access to capital can be a major obstacle to growing the economy. While the UK Pension Reform, the Private Intermittent Securities and Capital Exchange System (PISCEs) and Private Offering Platform (POP) regimes promise to help SMEs and high-growth businesses better access to capital, such initiatives should not come at the expense of appropriate investor protection.

Technology	Technology must be developed and deployed with all consumers in mind (including those who are digitally disadvantaged) to minimise harm and deliver fairness through the responsible collection, use, and sharing of data. Consumer representation throughout the development of systems, processes, and procedures is essential. Understanding consumer needs, experiences, and potential risks will help regulators and firms stay focused on positive consumer outcomes and ensure data and systems are used fairly and ethically to provide benefits to consumers.
Vulnerability	Firms must recognise that vulnerability, permanent or temporary, may be caused by a wide range of risk factors (social, medical or situational), and may compound existing 'stacked' disadvantage (for example, related to disability, socio-economic background or ethnicity) – including through firms' own behaviour. The focus should be on the challenges consumers face, not the cause. The Panel expects to see outcomes for vulnerable customers improve under the Duty.

Key areas of focus and impact

Over the course of the year, we have engaged across a wide range of issues shaping the financial services landscape. Chapters 3 to 9 that follow present these separately, although they are closely interconnected in practice. Developments in technology, growth policy, financial capability and consumer protection increasingly interact, with implications that cut across markets and consumer groups.

A consistent thread in our work has been the importance of maintaining trust, ensuring that innovation delivers tangible benefits for consumers, empowering them to make informed and effective decisions, and embedding the consumer voice more effectively within regulatory decision-making. We believe that well-informed and capable consumers are a key driver for economic growth. On the flip side, actions that lead to consumer harm can drive economic decline.

As well as active and ongoing discussions over these themes with teams across the FCA, the Executive Committee and the Board, we also engaged through formal responses to consultations – primarily those issued by the FCA as per our remit, as well as a selected few from other relevant stakeholders where time permitted and we believed important to do so. A list of our responses for 2025/2026 and corresponding links can be found in appendix.

3. Digital markets, innovation and technology

Innovation can bring real benefits to consumers, but only where regulation keeps pace, risks are properly addressed, and firms and regulators remain focused on trust, transparency and good consumer outcomes.

Digital innovation remained a significant focus of our work throughout the year. We engaged extensively with the FCA on cryptoassets, stablecoins, tokenisation, payments innovation, artificial intelligence and consumer-facing digital tools, with a consistent focus on ensuring that innovation delivers clear benefits for consumers and is supported by protections that are robust, intelligible and effective in practice.

In relation to digital assets and cryptoassets, we broadly supported the FCA's direction of travel towards a more comprehensive regulatory framework. We have consistently argued that consumers engaging in crypto markets should receive protections as close as possible to those available in traditional retail financial services where the risks are materially similar. That includes clear disclosures, stronger appropriateness testing, effective complaint handling and access to redress, alongside a regime that does not rely on high-level principles alone but is supported by targeted rules and guidance suited to the specific risks of these markets.

Stablecoins became an increasingly important part of this discussion. We recognised their potential to reduce volatility relative to other cryptoassets and to support useful consumer applications, particularly in payments and remittances. At the same time, we remained clear that stablecoins should not be treated as inherently safe or equivalent to cash or bank deposits. We therefore supported a framework built around robust backing assets, redemption rights, independent custody, segregation and transparency, while encouraging the FCA to continue developing its approach so that future payments issues are addressed promptly and with clear consumer protections.

We also engaged on tokenisation, including the tokenisation of funds and the wider implications of tokenising underlying physical assets. We recognised that tokenisation may widen access, support fractional ownership and improve efficiency. However, it does not remove the underlying risks of the assets concerned, including illiquidity, complexity and the potential for consumer misunderstanding. We therefore supported a cautious and phased approach, underpinned by strong disclosures, consumer testing and appropriate safeguards to reduce the risk of poor or overly speculative decision-making.

Payments innovation and future payments frameworks remained another key area of focus. We continued to emphasise that new payment mechanisms will only succeed if consumers can trust them and understand how they differ from existing options. Innovation in payments therefore ought to be accompanied by clear and consistent protections, including in relation to safeguarding, fraud, dispute resolution and the treatment of consumer funds. We also continued to stress the importance of equivalent protections for Open Banking-enabled payments if they are to achieve sustainable adoption, and cautioned against future developments creating fragmentation, confusion or exclusion for those who remain reliant on cash or non-digital channels. And we finally raised concerns about the governance of the Future Entity responsible for overseeing Open Banking infrastructure, emphasising that its accountability structures and consumer representation arrangements must be resolved before commercial expansion proceeds – governance gaps at the centre of the ecosystem create risks that no amount of firm-level consumer protection can fully mitigate.

Artificial intelligence also featured prominently in our work. We welcomed the FCA's efforts to strengthen its own capability and to support firms as adoption grows. However, we also highlighted the need for greater clarity on what good and poor practice look like in firms' use of AI. Without that, it becomes more difficult for firms to operate with confidence, for the regulator to supervise consistently, and for consumers to know whether these technologies are being deployed fairly and responsibly. As AI becomes more deeply embedded across crypto markets, digital platforms and payments systems, we also noted the potential for risks around fraud, bias, lack of transparency and operational failure to become more interconnected, calling for Senior Managers & Certification Regime accountability for AI-driven decisions and explainability requirements.

We engaged closely on Firm Checker and related consumer-facing tools and were pleased to see meaningful progress in their development, welcoming the fact that Panel feedback had been taken into account. At the same time, we continued to highlight that usability is critical. These tools are often presented to consumers as an important defence against fraud and poor decision-making, but they will only serve that purpose if they are simple, accessible and designed around real consumer behaviour. We therefore encouraged continued testing, refinement and investment to ensure that these tools help consumers understand when firms are genuine and when they are protected by regulation.

4. Growth, rebalancing risk and market sustainability

Reforms intended to support growth must be credible, proportionate and demonstrably capable of delivering good outcomes for consumers, with vulnerable customers experiencing the same outcomes as others, alongside benefits for markets.

The FCA's focus on growth and rebalancing risk was a central theme of our work during the year. We supported the objective of a more dynamic and competitive financial services sector, while remaining clear that consumer protection is a pre-condition for sustainable growth and consumer confidence.

We engaged closely in discussions to rebalance risk across markets and products, emphasising that any shift towards greater consumer risk must be clearly articulated, evidence-based and supported by appropriate safeguards. We also confirmed our willingness to work collaboratively with the other Independent Panels on this issue, recognising this as a more joined-up and evolving approach to engagement.

In our wider work on the growth agenda, we continuously emphasised that this is a secondary objective for the FCA, consistently highlighting the potential trade-offs for consumers. We were clear that growth should not be pursued through weaker protections or reduced access to redress, and that consumers and SMEs are central to, rather than incidental to, long-term economic success. We stressed the critical need to implement measures to drive consumers' trust: where confident consumers are more willing to engage in financial services markets – saving, investing and borrowing – this drives sustainable growth. We have also consistently suggested that the FCA explore ways in which firms can take on more risk to help enable growth as the other side to the coin of rebalancing risk, for instance by offering greater forbearance when things go wrong or reaching out to previously excluded consumers who might be considered riskier to engage with.

The Panel emphasised the importance of maintaining a strong focus on protecting consumers from harm, particularly as the FCA advances its broader growth objectives. We cautioned against relying solely on the Consumer Duty in certain areas. While we support the Duty, we emphasised that clear and enforceable requirements remain necessary in areas of higher risk or complexity, and that the removal of detailed rules should be carefully tested and evidenced to help prevent consumer detriment. We reminded the FCA that effective supervision, good and poor practice reviews, and multi-firm reviews are essential to monitor and action areas where consumer harm might occur.

This approach was reflected in our engagement on mortgage rule changes, the most significant shift in the market since the 2014 Mortgage Market Review, including through proposals to ease stress tests and allow larger loan-to-income ratios. While we supported the direction of travel, we highlighted the need for caution, robust affordability and suitability standards, and careful monitoring of wider market effects for unintended consequences, including the risk that increased demand could push up house prices further, reducing financial inclusion by excluding more consumers from home ownership. We were clear that greater flexibility should not come at the cost of repeating the conditions that contributed to the 2008 financial crisis.

We contributed to a variety of investment discussions including consumer composite investments, sustainability disclosures, Environmental, Social and Governance (ESG) policies and consumer access to investments. The Panel are supportive of the work the FCA is undertaking in this area and we will continue to work with the FCA to ensure consumer needs are clearly at the forefront.

The Panel contributed to an ongoing discussion regarding pension reforms and the pension dashboards, in particular how consumers can be protected throughout their life-long pension journey. Given the pace and breadth of change in the pensions and advice sector, the Panel emphasised the need to monitor the combined impact of these reforms on consumers. We also highlighted the risk that interactions between reforms could create unintended complexity and lead to consumer confusion.

5. Vulnerable consumers and financial inclusion

Financial services must work for all consumers, including those in vulnerable circumstances, and firms and regulators must take active steps to ensure that good outcomes are delivered in practice.

Protecting vulnerable consumers and improving financial inclusion remained central to our work throughout the year. We continued to emphasise that vulnerability is not a marginal issue but should be a core consideration across all markets, and that firms must be equipped to recognise and respond to a wide range of consumer circumstances including situational vulnerability.

We engaged closely with the FCA's Pure Protection Market Study, focusing on whether products such as income protection and critical illness cover are delivering fair value and meeting consumer needs. We highlighted the importance of accessibility, clear communication and appropriate claims processes, particularly for consumers facing financial or health-related vulnerabilities.

More generally, a continuing concern for the Panel was the impact on consumers following a bereavement. We stressed that when consumers experience bereavement, firms should respond with sensitivity, flexibility and clear communication. While progress has been made, we continued to highlight inconsistencies in how firms approach these cases and encouraged the FCA to drive more consistent, consumer-centred standards across the market.

Our work also reflected a broader view of vulnerability. We engaged with the FCA on how firms identify and respond to different drivers of vulnerability, including financial resilience, health, life events and capability. We noted the importance of effective implementation of existing guidance, alongside the need for firms to move beyond policies towards consistent delivery in practice.

We also highlighted the importance of financial capability as a foundation for inclusion. We noted that improving access alone is not sufficient if consumers do not have the confidence, understanding or support to make informed decisions, or if products themselves are unnecessarily complex and not designed with consumer needs in mind. We therefore prompted greater coordination across organisations providing guidance, education and support, and, working in cooperation with other Independent Panels, encouraged the FCA to continue engaging with partners, within its remit, to strengthen this ecosystem.

Further, we pressed the FCA to ensure that its supervision of the Consumer Duty's product design and distribution rules translates into meaningful pressure on firms to design products for the full range of consumers likely to use them and not just for a median customer. Where products are designed without adequate consideration of consumers with different needs, lower financial capability or characteristics of vulnerability, the harm is structural and often invisible until it surfaces in poor outcomes data. We encouraged the FCA to treat design-stage obligations as substantive supervisory expectations, not merely process requirements.

Finally, we considered the implications of innovation and technological change for vulnerable consumers. While innovation can improve access and efficiency, we remained concerned that some groups risk being excluded, particularly where services move rapidly towards digital channels. We highlighted the need for inclusive design, accessible alternatives, including access to cash and banking hubs and services, and ongoing monitoring to ensure that vulnerable consumers are not left behind as markets evolve.

6. SMEs and micro-businesses as financial consumers

SMEs and microbusinesses must be treated as an integral part of the consumer landscape, with policies designed to support their access to finance, resilience and ability to contribute to sustainable economic growth

SMEs and microbusinesses as consumers of financial services have continued to be a priority area for the Panel, recognising their central role in economic activity and the distinct challenges they face. Our work emphasised the importance of ensuring that these businesses can access appropriate financial products and services on fair terms, particularly in a period of economic uncertainty.

We engaged across the SME agenda, including access to finance, credit conditions and the broader regulatory framework. We highlighted that small firms and sole traders are critical to the success of the growth strategy and should be explicitly considered in policy development. Access to timely and affordable finance remains a key enabler of business resilience and expansion, and we continued to monitor how effectively markets are meeting these needs.

With this in mind, a consistent theme in our work was the position of microbusinesses as a distinct cohort. While they often share characteristics with retail consumers, including limited financial expertise and bargaining power, they do not always benefit from equivalent regulatory protections. They may also be more reliant on third-party providers, particularly when adopting AI and other technologies, which can introduce additional risks and dependencies that are not always fully visible or understood. We emphasised the need for policy and regulation to reflect these differences more clearly, ensuring that microbusinesses receive appropriate safeguards and support, particularly where they engage with complex or higher-risk products, and as the FCA develops its approach to AI and regulation.

We also highlighted the impact of current macroeconomic conditions on lending. Higher interest rates, tighter credit conditions and ongoing cost pressures have combined to constrain access to finance for many SMEs. We stressed the importance of understanding how these factors affect different types of businesses, including those at earlier stages of development or with less conventional income profiles, and encouraged the FCA to consider both direct and indirect consequences of changes in lending practices.

Finally, we emphasised the importance of including SMEs within wider growth and financial inclusion strategies. SMEs are not only drivers of growth but also users of financial services who require access, clarity and confidence to engage effectively. We encouraged a more integrated approach across policy areas, ensuring that innovation, regulatory reform and inclusion initiatives recognise the needs of SMEs alongside those of individual consumers. Chapter 9 refers to research we commissioned focused on SMEs.

7. Redress, accountability and consumer protection

An effective redress framework is a cornerstone of consumer protection, and must evolve alongside markets and regulation to ensure that consumers are treated fairly and are able to secure appropriate outcomes when things go wrong

Redress, accountability and the effectiveness of the consumer protection framework remained a focus of our work throughout the year. We continued to emphasise that confidence in financial services depends not only on preventing harm, but on ensuring that when harm occurs, consumers can access timely, fair and proportionate redress. In turn, an effective redress regime supports confidence and sustainable growth in financial services markets.

We engaged closely on developments in motor finance and associated redress issues, recognising the scale and potential impact on consumers. We emphasised the importance of clear, consistent approaches to determining liability and calculating redress and highlighted the need for processes that are accessible to consumers and do not place undue burden on those affected. More broadly, we stressed that large-scale redress exercises must be designed with the consumer experience in mind, including effective communication and timely resolution.

We also contributed to discussions on modernising the redress framework, including how it can better respond to mass harm events. We supported efforts to improve efficiency and consistency, and emphasised that reforms need to maintain access to redress, ensure fair outcomes and reflect the full impact of harm on consumers. In particular, we highlighted the importance of ensuring that the framework remains responsive to emerging risks and evolving market structures, and is designed with the consumer experience, including vulnerable consumers, at the forefront.

Our work on advice and pensions considered the role of redress within a changing advice landscape. As reforms seek to improve access to support and guidance, we stressed the importance of maintaining clear accountability where advice is given, and ensuring that consumers understand the protections available to them. We also highlighted the need for a redress system capable of addressing harm in increasingly complex investment and retirement markets.

We welcomed the decision to increase deposit protection limits to £120,000, reflecting a level that better aligns with consumer needs and expectations. This was an area where we had previously advocated for a higher threshold, and we were pleased to see this reflected in the final outcome.

Across all of this work, we emphasised the social dimension of redress and fairness. Financial harm can have wider consequences, including impacts on financial resilience, health and wellbeing, and loss of trust in financial services. We encouraged a broader view of redress that takes account of these factors, alongside the direct financial losses incurred, and stressed the importance of fairness in both process and outcome.

Finally, we highlighted the importance of clarity, consistency and effective coordination between the FCA and the Financial Ombudsman Service, ensuring that consumers receive coherent outcomes and that the system as a whole remains transparent and accessible.

8. Engagement, influence and consumer voice

Consumer evidence in regulation: Effective engagement, both directly by the FCA and through the Panel, is critical to ensuring that policy reflects the needs and experiences of consumers, and delivers outcomes that are fair, proportionate and grounded in real world insight.

Ensuring that the consumer voice is effectively represented in policy and regulation remained a core part of our work. We continued to engage closely with the FCA to support more direct and meaningful interaction between the regulator and consumers, recognising this as essential to well-informed and effective decision-making.

We saw positive progress in direct engagement between the FCA and consumers, including increased efforts to gather insight at earlier stages of policy development. We supported this direction and encouraged further expansion, emphasising that early engagement can help identify potential harms, test assumptions and improve the design of regulatory interventions. We have also advocated for a consumer-first approach to policy development, encouraging the FCA to begin with a clear assessment and understanding of consumer needs as the foundation to build policy from.

A key theme in our work was the use and wider application of consumer engagement tools. We supported the FCA's increasing use of research, behavioural testing and consumer insight to inform policy, and encouraged a more systematic and consistent approach across policy areas. In our view, these tools are most effective when embedded throughout the policy cycle, from initial design through to post implementation review.

We also reflected the importance of influence beyond formal consultations. Much of our engagement with the FCA takes place through ongoing dialogue, including discussions at an early stage of policy development, contributions to working groups and targeted feedback on emerging issues. This allows us to inform thinking at appropriate stages in the policy process and to respond quickly to developing risks and opportunities. Alongside this, we have highlighted that FCA consultations are often geared towards industry responses and have pressed for these to be more consistently accessible and consumer-focused.

9. Our research and recommendations

We have an annual budget to carry out research. We aim to stimulate debate and influence policy in areas where there are risks for consumers that are not being addressed, or gaps in understanding of how financial services products and services affect consumers.

Financial Advice needs through Life events

In our 2024/25 annual report, we highlighted a mixed method research project in collaboration with YouGov. We have completed this research aimed at better understanding the types of help consumers seek and prioritise when facing key financial decisions, particularly at critical life events or financial trigger points, and whether those needs align with the FCA's product-focussed approach within the Advice Guidance Boundary Review (AGBR).

We set out below a summary of the findings from this project as well as our recommendations, and encourage those interested to read further at this link: When Life Happens: Understanding financial advice needs through Life Triggers.

Summary of Findings

- Over a five-year period, nearly nine in ten consumers (86%) experienced life triggers that indicated the need for financial advice/help.
- The research showed that only 30% of consumers know what financial product or service they need at the outset of a financial decision journey; most starting with broad research.
- Trust, impartiality and transparency were seen as key: consumers want to know how any advice / help is paid for and why certain products are recommended.
- Most consumers wanted help / advice that is personalised and considers their whole situation, especially for complex or high-stakes decisions.
- Targeted Support was valued as an initial starting point for further research, but was widely seen as too broad or generic to support confident decision-making.
- Without addressing these consumer needs, a risk was highlighted that Targeted Support may not fully deliver its intended outcomes unless these issues are addressed, and there is a risk of consumer harm, particularly for more vulnerable consumers affected by certain life events.

Our recommendations

1. Build awareness of life triggers into Targeted Support segmentation:

   The FCA should ensure that firms clearly define consumer segments by including common financial life triggers, providing appropriately tailored responses and recognising changing consumer needs. The FCA should require firms to proactively identify and support consumers whose vulnerability may be temporary or triggered by a life event, rather than relying only on product-based definitions.

2. Prioritise trust and transparency:

   The research demonstrated trust to be the most important factor when consumers look at financial advice options, and participants were wary of suggestions that could be biased or linked to commissions. The FCA should provide guidance identifying standardised segment definitions and prescribe how these assumptions are communicated to ensure consumers understand what data underpins the Targeted Support. The FCA must close the trust gap by ensuring that firms are providing advice and support that is demonstrably clear and transparent. Disclosures around remuneration and incentives should be standard, not optional, to counteract deep consumer scepticism found throughout the research.

3. Design Targeted Support as a stepping stone, not an endpoint:

   Consumers want access to a range of information sources to inform their decisions. Targeted Support should be positioned as an early signpost, helping consumers begin their journey, but always providing clear routes to more tailored, personalised support. The FCA should require that firms build in signposting to impartial resources and routes to professional advice, making it easy for consumers to do their own research and to escalate as their needs become more complex.

4. Use inclusive design principles for higher-risk and more vulnerable groups:

   The FCA should ensure that firms focus interventions and future testing on those life events and demographics identified as highest risk (such as divorce, inheritance, and debt) as well as those less likely to have confidence in the system (e.g., younger adults, those with lower income or educational attainment). Protections and oversight are needed to ensure that those in complex or vulnerable situations are not left out or subject to harm.

5. Acknowledge the limitations of Targeted Support clearly with warnings:

   Consumers repeatedly criticised Targeted Support for being too broad and not relevant to their individual needs; the majority felt it would not be of use to them. Warnings should be clear that recommendations may not reflect individual circumstances, and consumers should be encouraged to consider their personal needs.

Our research for 2025/2026

This year, the Panel set out to investigate the experiences of SMEs, with a focus on sole traders and micro-businesses, when it comes to barriers they face in growing their business.

Our working hypothesis is that there is more that could be done in the UK through regulation to improve the financial services and products available to help these businesses to grow.

The research aims to:

- Understand the experience of sole traders and micro-businesses when it comes to potential barriers they face in the UK towards growing their business.
- Potentially provide evidence that can be used in written responses and discussions with the FCA to influence its thinking and policy making.

We commissioned a desk-based review of existing research, expert opinion and case studies to evaluate the hypothesis and we expect to publish findings in the first half of 2026. We look forward to engaging with the FCA on these findings, our recommendations and suggested next steps. We will provide an update in our 2026/2027 Annual report.

10. Look ahead

Each year we review our priorities and set them for the upcoming year in the context of the FCA's own priorities and the external environment. This section sets out the Panel's priorities for 2026/2027. We re-prioritise during the year when and if circumstances require us to do so.

Looking ahead, we expect the environment for consumers to remain challenging and uncertain. **Cost of living pressures** continue to affect household finances, with many consumers facing constrained budgets and reduced financial resilience. In this context, access to fair products, appropriate support and effective protections will remain critical.

At the same time, **geopolitical instability** is likely to continue shaping financial markets and consumer outcomes, with implications for inflation, investment markets and confidence. These dynamics may increase volatility and uncertainty, reinforcing the importance of clear communication, robust safeguards and a regulatory framework that responds effectively to changing conditions.

Technological change will remain a defining feature of the landscape. For example, developments beyond AI, such as **agentic AI** and **quantum computing**, while still emerging, have the potential to transform areas such as data security and financial infrastructure. Alongside this, the **tokenisation of assets**, including fractional ownership of physical assets such as property, may expand access to new forms of investment. While these developments offer opportunities, they also introduce risks around complexity, understanding and consumer protection.

We also expect continued evolution in **payments and financial infrastructure**, including new approaches to how consumers move and access money. Combined with the increasing use of artificial intelligence and the broader agenda to rebalance risk, these developments may reshape consumer journeys and the distribution of risk between firms and consumers. It will be important to ensure that these changes are supported by clear protections and informed consumer choice.

Finally, we recognise that, as markets evolve, **new forms of harm** can emerge quickly, particularly where innovation outpaces consumer understanding and regulatory response. A key part of our role will therefore be to identify and signal emerging issues early, drawing on consumer insight and wider engagement to inform the FCA's forward-looking agenda.

Across all of these areas, our focus will remain on ensuring that the consumer perspective is clearly understood and reflected, supporting the FCA to anticipate risks, respond proportionately and deliver fair, sustainable outcomes.

Against this backdrop, we will continue to work with the FCA as it continues to deepen its direct engagement with consumers and to embed consumer insight more consistently across its work. This includes making more effective use of engagement tools, ensuring consultations are accessible, and strengthening the role of consumer evidence in decision-making. Delivering good outcomes depends not only on policy quality, but on how effectively the consumer voice is heard and acted upon.

Financial Services Consumer Panel Consultation responses

FCA

1. CP 25/11: Mortgage Rule Review: First steps to simplify our rules and increase flexibility
2. CP 25/9: Consultation on further proposals for the new regime Consumer Composite Investments (CCIs)
3. Response to the Discussion Paper on Regulating Cryptoasset Activities
4. Call for Input – Future regulation of alternative fund managers
5. Consultation on lifting the ban on retail sale, marketing and distribution of cryptoasset exchange traded notes (cETNs)
6. CP25/12: Simplifying the Insurance Rules
7. Key considerations in implementing a possible motor finance consumer redress scheme
8. CP25/14: Discussion Paper on proposals for regulating stablecoins and cryptoasset custody
9. CP 25/15: A prudential regime for cryptoasset firms
10. CP 25/17: Supporting consumers' pensions and investment decisions: proposals for targeted support
11. CP25/21: Senior Managers & Certification Regime Review
12. CP25/22: Modernising the Redress System
13. CP25/23: Deferred Payment Credit (unregulated Buy Now Pay Later): proposed approach to regulation
14. CP25/25: Proposed rules and guidance for cryptoasset firms across the Handbook & CP25/25 (2)
15. CP 25/26: Consequential Handbook changes following the proposals in CP25/17
16. CP25/27 Motor Finance Consumer Redress Scheme – Changes to handling rules for motor finance complaints & 25/27(2)
17. CP25/28: Progressing Fund Tokenisation & 25/28(2)
18. CP25/31: The Framework for a UK Equity Consolidated Tape
19. CP25/34 ESG (Environmental, Social, Governance) ratings: Proposed approach to regulation
20. CP25/36 Client categorisation and conflicts of interest
21. CP25/39: Adapting our requirements for a changing pensions market
22. CP25/40: Regulating Cryptoasset Activities
23. CP25/41: Regulating Cryptoasset Activities: Admissions & Disclosures and Market Abuse Regime for Cryptoassets
24. CP25/42: Prudential Regime for Cryptoasset firms
25. MS24/1.3: Market Study on Structure of the UK pure protection market for retail customers

26. Feedback on Market study into the distribution of pure protection products to retail consumers MS24/1.4 – Interim report
27. DP25/2: Mortgage Rule Review: the future of the mortgage market
28. CP26/1: The Value for Money Framework: Response to consultation, further consultation and discussion paper
29. CP26/2: Application of FCA Handbook for Regulated Cryptoasset Activities II
30. GC26/2: Application of the Consumer Duty to Cryptoasset Firms

HMT

31. Consultation on Regulations for Alternative Investment Fund Managers
32. Targeted Support Policy Note and Draft Statutory Instrument
33. Consultation on Reforming the Senior Managers & Certification Regime
34. Consultation on Review of the Financial Ombudsman Service

FOS

35. Consultation on Interest on compensation awards
36. Consultation on FOS Evolving our funding model

PRA

37. CP4/25: Prudential Regulation Authority's (PRA) proposals in relation to the Bank Resolution (Recapitalisation) Bill (the Bill)
38. Proposals in connection with the limit of protection available from the Financial Services Compensation Scheme (FSCS)

Bank of England

39. Consultation on the proposed regulatory regime for sterling-denominated systemic stablecoins

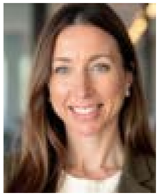
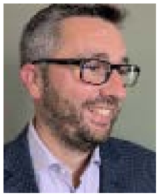
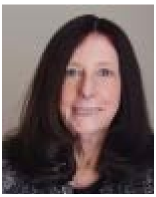
Fair4All Finance

40. Consultation on the use of dormant assets to support the development of financial capability in the UK (jointly with PP and SBPP)

CMA

41. CMA review of the SME Banking Undertakings 2002

Members of FCA Financial Services Consumer Panel

From L-R: Chris Pond(1), Helen Charlton(2), Darina Armstrong(3), Larna Bernard, Natasha de Teran, Bailey Kursar, Julia Mundy(4), Anna Roughley(5), Angela Stathi, Caroline Siarkiewicz, Johnny Timpson, Chris Warner, Katherine Wilson.

(1) Chair, term began 2 June 2025
(2) Chair, term ended 31 May 2025
(3) term began 1 March 2026
(4) term ended 31 January 2026
(5) term began on 1 January 2026

Panel diversity statement

The FCA has agreed to adopt diversity targets for all the FCA's Independent Panels. These targets reflect those introduced by the FCA in April 2022 for the board and executive management of listed companies and are as follows:

- At least 40% of each Panel are women.
- At least one of the senior positions (Chair, Deputy Chair or equivalent) across the Panels is held by a woman.
- At least one member of each Panel is from an ethnic minority background.

To monitor our progress against these targets, diversity monitoring information is collected from Panel members on a voluntary basis. Based on the data collected, as of 31 March 2026:

- 80% of the Consumer Panel are female. This exceeds the target set by the FCA.
- Across all the Independent Panels, the target for at least one senior position to be held by a woman is met.
- Three Independent Panels meet the target that at least one member is from an ethnic minority background.

The Panel supports the FCA in its objectives of improving diversity in the appointments it makes to all the Independent Panels.

NOTE – Data is reported across all Panels where disclosure on an individual Panel basis would lead to the release of personally identifiable information.

Financial Services Consumer Panel

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