

FCA

Financial Services
Consumer Panel

Email: enquiries@fs-cp.org.uk

9 April 2026

By email: AppointedReps@hmtreasury.gov.uk

Dear Sir/Madam,

Financial Services Consumer Panel response to HMT consultation: The Appointed Representatives Regime

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to respond to the HMT's consultation paper (the CP) titled The Appointed Representatives Regime. We are an independent panel that represents the interests of consumers of financial services including both individuals and small businesses. Our focus is on the outcomes and impacts to these stakeholders.

While our focus is predominantly on the work of the FCA, we are responding to this consultation paper due to its likely significance to consumers, both directly as well as indirectly through its potential impact on the work of the FCA.

The Panel is very appreciative of HM Treasury's analysis of the situation relating to the Appointed Representatives (AR) regime, and we are supportive of the various proposals relating to:

- Establishing a regulatory permission to act as a principal, which includes the responsibility to properly appoint and oversee the activities of ARs acting on behalf of the principal,
- Bringing ARs into the scope of the Senior Managers and Certification Regime (SM&CR), which includes the creation of a new Senior Management Function (SMF) in principal firms to help ensure the effective functioning of these changes, and
- Extending the jurisdiction of the Financial Ombudsman Service (FOS) to ARs that act outside the principal's business.

We are encouraged that these proposals support many of the Panel's views that were expressed in our response to HMT's earlier consultation relating to the AR regime. We would suggest that HM Treasury also refer to that response for additional context¹.

¹[final_draft_fscp_response_financial_services_consumer_panel_response_to_hmts_call_for_evidence_on_the_appointed_representatives_regime.pdf](#)

We have responded to the specific questions raised in this consultation paper in the Appendix, but we also want to highlight some concerns and provide some additional comments:

- We do have some concerns relating to what could be gaps in the framework relating to Introducer Appointed Representatives (IARs). We note that the FCA's good and poor practice review published in September 2024 covered IARs in addition to ARs. We believe that this CP seeks to address many of the concerns relating to ARs that were raised in that review. Although, the FCA's review did not specifically note weaknesses relating to IARs, we are concerned that there appears to be limited oversight of IARs. Therefore, if there are missing consumer protections, we would ask for these to be addressed within these proposals.
- The Panel believes that careful consideration needs to be given to how the scope of an AR's activities that are subject to FOS jurisdiction is communicated to consumers, as ARs may act in various capacities that are not regulated activities, and consumers may not understand – or be able to distinguish - in practical terms the limitations relating to FOS redress.
- It may not be the intention, but we are also concerned that the wording in paragraph 4.21 means that a consumer may need to indicate that they want the FOS to consider a case against an AR when an issue is not within a principal firm's responsibility. We believe that this should be assumed and that the consumer be given the choice to opt out rather than being expected to explicitly state the desire for the FOS to investigate the case relating solely to the AR.
- The Panel would like to suggest that, if it has not already done so, the HM Treasury should explore establishing professional licensure of financial advisors; ARs would be an excellent starting point. This is a very successful model in the US. It creates a situation where the licensee is heavily incentivised to perform their role appropriately, as the loss of a licence is career limiting. It also serves to reduce costs for firms, as the firm's diligence over the appointment of a licensee can be reduced, as the licensing bureau will have a high degree of responsibility to ensure that the licensee meets standards.

Yours sincerely,

Chris Pond

Chair, Financial Services Consumer Panel

Appendix

Question 1: do you agree that a regulatory gateway should operate for principal firms, with authorised firms needing a permission from the FCA to act as principal?

The Panel fully agrees that the supervision of Appointed Representatives by an authorised firm is a critical financial services function that warrants a specific permission to act as principal. We agree that this is likely to increase the rigour of the onboarding by and supervision of an authorised firm over individuals / firms acting on their behalf. We also agree that this will provide the FCA with a better lever to supervise and enforce the appropriate standards to which they can hold a firm that is authorised to act as a principal. This will lead to improved experiences and outcomes for consumers.

We also agree that this activity is at least on a par with the approval of financial promotions, so adding the permission will also bring consistency to the regulatory framework.

Question 2: do you agree with the proposed design of the permission regime for principal firms?

Yes, the Panel fully agrees. The proposed design of the permission regime provides the FCA with the ability to ensure that firms are complying with expected standards and to take urgent actions if they are not. Not only will this design provide the FCA with the appropriate powers, but it should also serve to incentivise firms to meet the expectations. The ultimate effect will be the delivery of improved service and outcomes for consumers.

Question 3: do you agree that all of the detailed requirements applying to the contractual relationship between principals and their ARs, as well as requirements relating to the Financial Services register, should be set out in FCA rules?

The Panel agrees that the detailed requirements applying to the contractual relationship between principals and their ARs are more appropriately addressed in FCA rules rather than in legislation. This provides for greater flexibility, futureproofing, and the ability to address issues and concerns more quickly.

We believe that all AR's must be entered onto the Financial Services Register maintained by the FCA; therefore, we agree that this requirement should be set out in FCA rules. The FCA must ensure that this entry also includes information about any and all principal firms under whose responsibility the AR is providing services. This will ensure that consumers / other stakeholders will be able to easily find relevant information pertaining to either the AR, the principal firm(s), or both.

Question 4: do you agree with the overall implementation approach proposed for the principal permission?

and

Question 5: Are there other factors that need to be considered to avoid any disruption to existing principals and ARs?

The Panel generally agrees with the proposed implementation approach to apply deemed permission to existing principal firms, with the clear FCA responsibility to vary or withdraw the permission if it identifies that a principal firm is not complying with expected standards.

Given the rationale for the changes to the Appointed Representatives Regime, the Panel would advocate for further analysis of the Introducer Appointed Representatives and their relevant principals before granting deemed permission. We are concerned that there may be gaps in compliance by either party that have not been identified and that would require enhanced regulation.

Question 6: do you agree with the proposal to repeal section 39A of FSMA 2000?

The Panel has no objection to the repeal of section 39A of FSMA 2000. We agree that a UK firm or agent that is solely performing activities outside the UK should not be included on the FCA register. Their registration and associated responsibilities should fall within the overseas jurisdiction in which they operate.

Question 7: do you agree that the FOS should have jurisdiction to consider a complaint against an AR where the principal is not responsible for the acts or omissions of the AR?

Yes, the Panel agrees that the FOS should have the ability to deal with a complaint against an AR and to make a determination of redress against that AR when the actions of the AR fall outside the responsibility of the principal. We also agree that this extension should not impact the current responsibility of the principal and consider this should be expressly clarified when the changes are introduced.

We believe that it is important to clarify the boundaries of the activities of the AR that are subject to FOS jurisdiction, i.e., application only to regulated activities. The FCA may need to consider appropriate measures to prevent misinterpretation or confusion by consumers if ARs also perform unregulated activities.

Question 8: do you agree that complaint handling arrangements should remain the responsibility of principal firms?

The Panel agrees that the primary responsibility for complaints handling should remain with the principal firm.

However, we do believe that the FCA should anticipate that there will be situations where the principal is not responsible for the particular activities of the AR. Issues arising in these situations should be addressed by creating appropriate DISP rules that apply specifically to the AR.

Question 9: do you agree that the FOS should be able to involve an AR in the investigation of a complaint, as set out above, where a complaint relates to the acts or omissions of the AR?

Yes, the Panel agrees that the FOS should be able to involve an AR in the investigation and resolution of a complaint which relates to the actions of an AR, regardless of whether the complaint is ultimately upheld against the principal or the AR. This is, however, on the assumption that the necessary changes are introduced in such a way to ensure that from a complainant's perspective, the involvement of the AR routinely in the proceedings does not increase the complexity of the complaint or the time taken for FOS to determine the complaint.

However, we question whether the complainant must be required to indicate that they would like their complaint to be considered against the AR if the principal is not determined to be responsible for the AR's actions. We believe that the complainant may be given the option to opt out of this approach, but should not be expected to opt in.

Question 10: do you agree that the proposed extension of FOS jurisdiction is not likely to have a material impact on the role of the FSCS, or the level of FSCS compensation to be provided?

The Panel suggests that it would have been helpful to have visibility of the number of and the maximum and average value of redress awards in the cases involving an AR where the FOS concluded the principal firm could not be held responsible, as noted in paragraph 4.27. However, we agree that this is likely to be small and not likely to materially impact the current FSCS framework or funding model. However, we also appreciate that the FOS, FCA, FSCS, and HMT will monitor the metrics to ensure that material issues do not arise, or actions are taken if they do.

Question 11: do you agree that bringing ARs within scope of the SM&CR, as proposed above, would provide more coherent and proportionate conduct, fitness & propriety and accountability arrangements for ARs and their principals?

The Panel fully supports the proposal to disapply the Approved Persons Regime to ARs and to bring ARs into scope of the SM&CR Regime. We agree with the government's conclusions that there is no reasonable basis to continue as is with

two separate frameworks. The Panel also notes that the SM&CR was originally established to improve the culture and conduct of firms; therefore, if there is any impact, this step is likely to improve consumer protections (although principal firms should still be holding ARs to those standards). The Panel can see that this should significantly reduce the FCA's costs (and liability risks) as they no longer need to approve the large number of ARs, and it would not be expected to materially increase costs to firms. Firm costs could even be reduced, as they would no longer need to navigate between two different regulatory frameworks.

The Panel also agrees that the creation of a new SMF function in principal firms that have ARs will be important and helpful. Assigning the responsibility for the appointment and oversight of ARs in line with all aspects of the SM&CR will ensure that consumers are getting a quality service.