Our Positive Impact 2025

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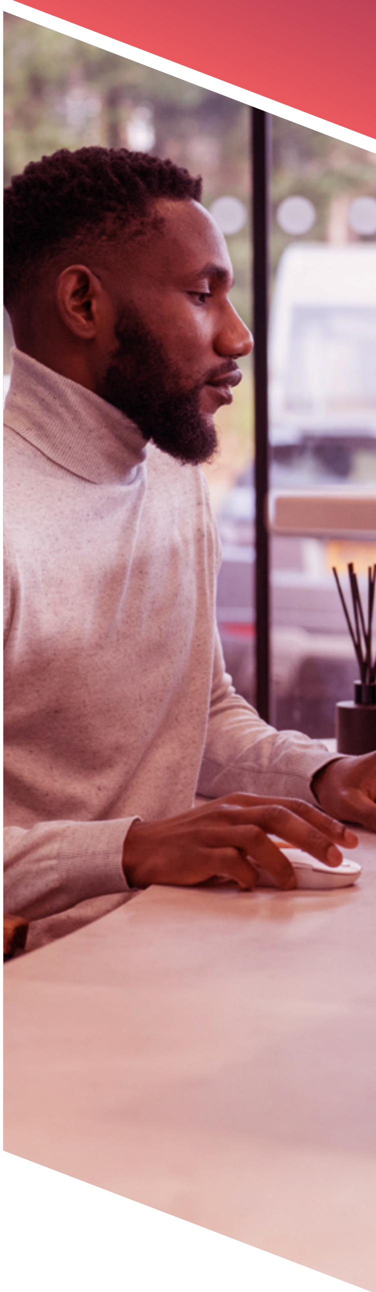

£6.0bn

Total quantified benefits in 2024/25

We have assessed the positive impact of our actions for the period 1 April 2024 - 31 March 2025

Benefit - Cost Ratio:

£7.9 of benefits

per pound spent running the FCA

Summary

As a regulator of financial services, it is important we are accountable to the public and businesses, and that we demonstrate the value of our actions. In this report we highlight the benefits of our activities to consumers and markets. Our Annual Report demonstrates our broader performance, while our service standards report measures our operational performance.

Earlier this year we published our Strategy. This sets out our priorities for the next 5 years: supporting economic growth, fighting financial crime, helping consumers and being a smarter regulator.

This report covers the 2024/25 year, when our approach was guided by our 2022 to 2025 Strategy. This prioritised 4 topline themes: fair value, suitability and treatment, confidence and access. The benefits our regulation has can affect all of these. For example, our interventions can lead to fairer prices (fair value) and enable consumers to buy the financial products that best serve their needs (suitability and treatment). They can also lead to increased participation in financial markets (confidence) and improved access to financial services (access). Wholesale market outcomes include improved market resilience and cleanliness (confidence), and orderliness and lower operational disruptions (access).

Consumer benefits are the most common quantifiable effect of our work. They largely reflect benefits in terms of 'fair value' because this is an outcome which is observable and measurable in monetary terms.

This is the fourth time we have reported on the positive impact of our activities, and we have updated our methodology in this report. To be consistent with our Statement of Policy on Cost Benefit Analysis published during 2024/25, we have assumed that the impacts of our rules persist for 10 years. So, we have included the expected ongoing annual benefits in 2024/25 for all the rules we have introduced since 2015/16. To avoid double counting, we have excluded enforcement benefits from our headline estimates of impact. We have, however, summarised the impact of enforcement in our report.

We need to be transparent about the effect that changing our methodology has had on our estimates. We include results for the past 4 years calculated under our new and old methodologies, to allow for meaningful comparison.

We are only able to include benefits for which we have quantified estimates in our previous cost benefit analyses, so we are likely to underestimate the true effect of our interventions.

For the period 1 April 2024 to 31 March 2025, we estimate the ongoing benefits of our rulemaking to be at least £6.0 billion. This means an annual quantified benefit of £7.9 for every pound spent on running the FCA.

We have completed full evaluations for 6 of the interventions covered by this report. Across these, our evaluations have estimated benefits between £4m and £486m higher than those originally estimated in the cost benefit analyses (CBA). If we replaced the estimates from our CBAs with those from our evaluations where available, we achieve an annual quantified benefit of between £7.9 and £8.6 for every pound spent on running the FCA.

In this document:

- **Chapter 1** discusses the context of our actions and their benefits.
- **Chapter 2** summarises our updated methodology.
- **Chapter 3** gives estimates of the benefits from our policy interventions, as assessed by our CBAs, and how these compare to the evaluations we have since completed.
- **Chapter 4** gives estimates of the benefits we generate through our enforcement activities, which are not counted in our overall impact estimates.
- **Chapter 5** provides our Benefit - Cost ratio.
- **Annex 1** reports our estimates under the methodology used in previous reports.
- **Annex 2** sets out a full list of all the expected benefits realised in 2024/25 from the interventions covered by our report.

Chapter 1

The positive impact of our actions

How we deliver positive impact to the economy

1.1 When financial markets work well, they deliver good economic outcomes. They efficiently transfer resources from savers to borrowers, enabling businesses to expand and for individuals to, for example, invest in pensions and access mortgages. They allow risk to be managed and create market stability, boosting the confidence of investors.

1.2 As a regulator of financial markets, we aim to make these markets work better. We aim to enhance consumer welfare, ensure market integrity, and promote competition. We also aim to ensure that our financial markets make the UK economy more competitive globally and support sustainable economic growth. This aligns with our statutory objectives.

Benefits from rule changes

1.3 We use a number of tools to advance our objectives. These include our power to **make or change rules**. Unless an exemption applies, we are legally required to undertake, consult on and publish a Cost Benefit Analysis (CBA) before proposing or amending our Handbook rules. These CBAs provide transparency to the public about the economic impacts we expect if we implement the rules we are consulting on. We quantify these impacts where possible.

1.4 The estimates of economic benefits covered in this report are based on the quantified estimates in our CBAs of rule changes. These broadly reflect the benefits from our policymaking, supervisory and enforcement activities.

1.5 Our **policymaking** function designs and maintains our rules, including providing additional guidance where necessary. These rules set the requirements and expectations regulated firms must follow, ensuring that market participants act in ways that deliver good outcomes for consumers, investors and others.

1.6 Our **supervisory** interventions involve actively overseeing and monitoring firms to ensure they comply with their requirements. This may involve investigations to identify and address potential risks or misconduct. Through timely interventions and corrective actions, we reduce risks, protect consumers and maintain the integrity of financial markets.

1.7 Our **enforcement** activities ensure compliance and give market participants confidence that we'll take action against firms or individuals who do not meet our standards. The benefits we estimate in our CBAs are based on the assumption that those involved comply with our rules, so it is important we supervise and enforce effectively to ensure the benefits continue to be delivered year on year.

1.8 Enforcement activity also establishes **deterrence** against future harmful activity before it occurs.

1.9 Benefits from our rulemaking interventions can flow to consumers, investors, firms or the wider economy. Some benefits are easier to quantify than others. Some benefits can be estimated in terms of changes to market prices – for instance when an intervention is expected to reduce the prices consumers pay for a product or service.

1.10 Estimating other 'non-market' benefits is more challenging. These benefits include the wellbeing effect from reduced debt or debt arrears, or the value of consumers' time when completing tasks needed to engage with financial services. We have commissioned and published bespoke research on wellbeing and value of time to understand these effects and help us produce meaningful estimates of their impact.

1.11 Some benefits depend on how market participants react to our rule changes. These include benefits from improved 'trust' or 'confidence' in markets. For example, if a rule change makes a market more trustworthy and enables investors to participate with greater confidence, there can be benefits from increased transactions and greater market liquidity. There can be additional benefits to the wider economy if the additional investment is used by businesses to expand their productive activities.

1.12 Estimating these benefits involves making several assumptions about how market participants will react – for instance how many new investors will enter a market and how much they will invest. It is often difficult to predict this before we change our rules. Where we cannot provide a robust quantified estimate, we describe in our CBA the type and scale of benefits we would expect to see, the underlying assumptions we have made and the level of certainty that those benefits will occur.

1.13 We discuss more about how we estimate benefits in CBAs in Chapter 8 of our Statement of Policy on CBA.

Benefits of other activities

1.14 As well as rulemaking, we carry out a range of activities which deliver economic benefits. These are not covered by our CBAs and so are not captured in the estimates in this report.

1.15 **Authorisations activities** involve granting firms permissions or approvals to engage in certain activities or operate within specified parameters. By carefully assessing and granting authorisations, we ensure that these firms meet regulatory standards. This promotes stability, innovation and confidence in the financial system, while facilitating legitimate business activities.

1.16 **Advocacy** involves promoting and supporting policies, initiatives, or practices that advance our regulatory objectives. This may involve engaging with industry stakeholders and the public to raise awareness, shape regulatory frameworks or address emerging issues. By advocating for effective regulations and fostering collaboration, we contribute to a safer, more transparent and inclusive financial system. We work alongside other regulators in international organisations such as the International Organization of Securities Commissions (IOSCO) to help set international standards and facilitate coordination and information-sharing with other regulators.

1.17 **Enabling activities** involve helping financial services firms to work better, be more innovative and adopt beneficial technology. We provide support, access to experts and controlled environments to enable firms to safely test their products. Our Innovation Pathway helps firms with innovative business models understand and navigate our rules and provides tailored support. Our Regulatory Sandbox allows firms to test innovative financial products in a controlled environment without being bound by all the usual regulatory requirements, helping shorten the time to bring products to market. Our Digital Sandbox allows access to synthetic data for firms to use for testing without needing access to real consumer data.

Chapter 2

Methodology

Our updated methodological approach

2.1 We have updated our methodology for the 2025 Positive Impact Report. We have made 2 changes:

- **Counting annualised benefits** for all interventions made in the last **10 years**, instead of counting the total lifetime (10 year) benefits for all interventions made in the last 3 years.
- **Excluding enforcement benefits** from our overall estimate of benefits to avoid double counting.

How we now count benefits from rulemaking

2.2 As with our previous methodological approach, the estimates in this report come from the quantified estimates of benefits in our published CBAs. Our Statement of Policy on CBA sets out that we typically consider the effects of our interventions over a 10-year appraisal period. This is the expected 'lifetime' of the policy.

2.3 In practice some of our rules have been in place for longer than 10 years and continue to deliver benefits. However, when we introduce a new rule it is difficult for us to be certain about the impacts it will deliver beyond a 10-year horizon, as markets and technology evolve and the regulatory framework may need to be updated.

2.4 Our previous approach (used in the Positive Impact reports from 2022 to 2024) counted the total lifetime benefits (over the full 10 years) quantified in CBAs for policies introduced over a 3-year reporting period. The total was then divided by 3 to give an estimated average annual benefit of our rulemaking.

2.5 The total lifetime benefits were reported in 'present value' terms. In other words, we discounted each year at a discount rate of 3.5% in line with our Statement of Policy on CBA, before summing them up to reach the 10-year present value.

2.6 We have updated our approach to ensure that the estimates in this and future Positive Impact reports are more consistent with the way we consider benefits in our CBAs. We now count the 'annualised' benefits from every policy introduced within a 10-year reporting period. The annualised benefit is the 10-year present value converted into a constant annual equivalent. We explain more about annualisation in Chapter 13 of our Statement of Policy on CBA.

2.7 This change avoids a potential distortion in the earlier methodology. Including the full 10-year lifetime benefits for a policy for each of the 3 years covered in our report overestimated the annual impact for those 3 years. However, we did not consider any benefits from that policy once it had fallen out of the 3-year reporting period.

2.8 This meant the total estimate of our benefits, and the associated Benefit - Cost ratio (BCR), could fluctuate significantly when high-impact policies entered or fell out of the 3-year reporting period. These fluctuations could distort the BCR ratio, making it less meaningful as a measure of our operational effectiveness.

How we treat enforcement benefits

2.9 As in our previous Positive Impact Reports, in Chapter 4 we present the estimated benefits of our recent enforcement action. This includes redress for consumers and financial penalties imposed on non-compliant firms and individuals.

2.10 Unlike previous years, however, we do not include these benefits in our estimate of overall benefits from our activities. This is because there is a risk that doing so would lead to some double counting.

2.11 When we estimate benefits from our rules, we base the benefits on the assumption that our rules are complied with.

2.12 Unfortunately, not all these benefits will be achieved where there is non-compliance. Our enforcement action is designed to quickly stop and remedy harmful behaviour so the benefits from our rules can be restored. Our estimates of enforcement benefits give a measure of the harm we have prevented and redress we have achieved for consumers. However, many of these benefits would have already been accounted for in our original CBA estimates, on the assumption that our rules would be fully complied with.

2.13 This creates a potential anomaly that, where there was non-compliance which resulted in enforcement action, we could count some of the benefits twice – in the original CBA and the enforcement estimate.

2.14 To avoid this, we have excluded the enforcement benefits set out in Chapter 4 from our estimate of overall benefits and our BCR ratio.

Timing and implementation

2.15 As in our previous Positive Impact reports, we take our estimated benefits from CBAs that accompany Policy Statements (PSs).

2.16 We first publish a CBA alongside a policy Consultation Paper (CP). The CP gives industry and other stakeholders the opportunity to give us feedback on our proposal. After considering this feedback, we may make changes to our proposal before we finalise our rule changes. Where we do this, we update the CBA when we introduce the rule change in our Policy Statement (PS). The benefits figures quoted in this report are based on the final CBA estimates from our published PSs.

2.17 We also include estimates from an intervention on funding of the Financial Services Compensation Scheme that was implemented in Handbook Notice 60 rather than through a policy statement.

2.18 The implementation period of our policies may vary. Implementation typically occurs a few months after we publish our PS. However, for simplicity, in this report we consider the date of publication of the PS to be the time of implementation.

How we adjust for inflation

2.19 When we publish a CBA, the policy benefits we report are given in terms of prices in the year of the CP. In this report, to take account of inflation we adjust all the figures reported in previous CBAs to 2024/25 prices, using the Treasury's latest available GDP deflators at the time of writing (March 2025). Because of this adjustment, figures given here will be higher than those in the published CBAs. Please note that we do not adjust enforcement benefits for inflation in the same way – see Chapter 4 for further details.

2.20 This publication focuses solely on reporting gross benefits to target parties, typically consumers or wholesale markets. It does not include costs to these or other parties that may result from our policies, such as compliance costs to firms. These are included in our CBAs.

2.21 Consistent with our previous publications, we only report on CBAs that quantify at least some element of the benefits. This accounts for around one third of all CBAs during the 3-year period to March 2023. This is broadly similar to the number of monetised CBAs in our previous 2 reports. The list does not include CBAs where we did not quantify any benefits but gave an analysis of the minimum benefits required to break even. We therefore underestimate the benefits delivered by our interventions over this period.

Limitations of our analysis

Not all benefits from our rulemaking are quantified

2.22 As described in Chapter 1, many benefits from financial regulation are difficult to identify and quantify in monetary terms. We have discussed these challenges in more detail in our previous Positive Impact 2022 and Positive Impact 2023 reports. These included the challenge of isolating the benefits from specific interventions, the reliance on assumptions, uncertainty over the time taken to reduce harm and data limitations.

2.23 Other public bodies face similar challenges when trying to quantify benefits of policy interventions. In recent years, some organisations have used the Total Economic Value (TEV) approach to help better capture these benefits. These include the OECD approach to valuing environmental assets, DCMS's approach to valuing culture and heritage capital and Defra's Natural Capital Approach. We are currently exploring how a TEV framework could be designed for financial regulation. We hope this will expand the share of benefits from our interventions that we are able to quantify.

2.24 We believe it is important to quantify the benefits we generate as best we can, to improve both our understanding of the relative effectiveness of different types of interventions and our public accountability.

2.25 We are, however, required to be proportionate in the analysis we undertake. Many of our interventions are motivated by the need to address harmful activity that we have identified in a market. We sometimes face trade-offs between our desire to gather more evidence to help us quantify impacts and the need to intervene swiftly to prevent further harm.

2.26 Gathering more evidence often also creates a cost to our stakeholders – for instance when we request additional data from firms or surveys to consumers. We are required to act proportionately when collecting evidence. We discuss this further in Chapter 6 of our Statement of Policy on CBA.

Non-rulemaking activities are not included

2.27 As described in Chapter 1, the impacts from our rules broadly cover the impact of our policymaking, supervisory and enforcement activities. We also undertake other activities, such as authorisation of new firms, advocacy and enabling activities. These are only captured in our estimates where they relate directly to one of our rules for which we have estimated benefits in a CBA. Most of the true value of these activities will not be captured in this report.

2.28 When we estimate benefits in a CBA, we estimate the value of the incremental change of introducing a new rule. This assumes that the rest of the regulatory framework is already in place – our other rules and our ability to supervise, enforce them and maintain trust in financial markets. The true value of our activities, compared to a world in which financial markets were unregulated, may be many times greater than the value we can estimate by adding up the incremental benefits from introducing each of our rules.

Benefits of being a smarter regulator are not properly captured

2.29 Our methodology is best placed to capture estimates from making new rules, particularly rules that focus on delivering benefits to consumers. It does not, however, capture the benefits from taking a smarter approach to the existing regulatory framework.

2.30 We can take actions to improve outcomes using existing rules, rather than making new ones. This includes investing in technology to improve the way we supervise and detect harm, streamlining our guidance to make it easier to understand and collecting data in a more efficient way to reduce the burden to respondents. As these activities are not covered in CBAs, we do not have estimates of their value in our report.

2.31 Our new Strategy sets out our ambition to be a smarter, more efficient and effective regulator. This means our focus over the next 5 years will be different from that under our previous strategy. We will be more focused on using our existing rules more effectively, supporting the government's ambition to reduce the administrative cost of regulation across the economy by 25% by the end of the Parliament, and enhancing the competitiveness of the financial sector.

2.32 We introduced our Positive Impact reports in 2022 alongside our previous Strategy. We will consider how we can best demonstrate and report on the activities we carry out under our new Strategy, so we can capture the benefits of being a smarter regulator.

Chapter 3

Benefits from our policy interventions

3.1 This section presents the benefits from our rules that we estimate to have been realised during the time period 1 April 2024 – 31 March 2025.

3.2 As we assume that benefits from rules persist for 10 years after introduction, the rules in scope of this estimate were introduced during the period 1 April 2015 – 31 March 2025. Our estimates count the annualised benefit for each rule in scope.

3.3 We estimate the rules in scope of our report generated **£5,992 million** in economic benefit during the time period 1 April 2024 – 31 March 2025.

Policy interventions included in our estimates

3.4 Table 1 below presents the 10 policy interventions with the largest monetised benefits that count towards our overall benefit estimates. These are ranked in order of size of estimated benefit. A full list of all the interventions with monetised benefits is included in the Annex to this report.

Table 1

Policy statement	Policy intervention	Annualised benefit (£m)*
PS20/6	Pension transfer advice: contingent charging and other proposed changes	1,383
PS21/5	General insurance pricing practices market study: Consultation on Handbook changes	1,199
PS18/4	Credit card market study: Persistent debt and earlier intervention remedies- feedback on CP17/10 and further consultation	1,031
PS19/18	Restricting contract for difference products sold to retail clients and a discussion of other retail derivative products	442
PS15/29	Strengthening accountability in banking: a new regulatory framework for individuals	417
PS20/8	Motor finance discretionary commission models and consumer credit commission disclosure	193
PS20/1	Consultation on mortgage advice and selling standards	143
PS16/2	Pension reforms – proposed changes to our rules and guidance	121
PS15/13	Guaranteed Asset Protection insurance: a competition remedy	111

Policy statement	Policy intervention	Annualised benefit (£m)*
PS16/21	Increasing transparency and engagement at renewal in general insurance markets	110

*Figures in this column may differ from those reported in the respective CBAs and Positive Impact 2024 as they are annualised benefits rather than total benefits, and have been adjusted to 2024/25 prices.

3.5 Of the £5,296m estimated benefits for 2024/25, £579m come from interventions introduced in 2015/16. We will no longer include these benefits in our estimates for the 2026 Positive Impact Report or in subsequent years. This is because they will fall outside the 10-year reporting period.

How our estimates of policy benefits compare to previous years

3.6 This is our fourth Positive Impact report. Because we have changed our methodology this time, the estimates in this report are no longer directly comparable to those in the previous three.

3.7 So we can view our latest estimates in the context of our previous work, we have applied our new approach to data from previous years. The results are shown in Table 2 and are presented in 2024/25 prices.

3.8 We also present the benefits using the methodology used in previous Positive Impact reports for comparison. These are presented in 2023/24 prices, as the previous methodology left a 1-year lag before the year of publication, as set out in Chapter 2 of our Positive Impact Report 2023. We discuss the differences between the old and new methodology in more detail in Annex 1.

Table 2

Year	Annual policy benefits, new methodology (£m)	Annual policy benefits, previous methodology (£m)
2021-2022	7,103	7,779
2022-2023	6,355	10,899
2023-2024	6,252	8,774
2024-2025	5,992	3,556

3.9 High-impact interventions that fell out of the reporting period over the last 3 years include PS12/16 Mortgage Market Review (£763m annual benefits, introduced in 2012/13), PS14/3 Rules for consumer credit (£109m annual benefits, introduced in 2013/14) and PS14/16 Price cap on high-cost short-term credit (£337m annual benefits, introduced in 2014/15).

3.10 Since April 2022, the largest individual contribution to annual benefits came from PS24/10 Expansion of the dormant assets scheme (£91m annual benefits, introduced in 2024-25). Many of the interventions we have introduced over this period were either smaller or had no quantified benefits.

Evaluating our estimates

3.11 The benefits figures are based on our estimates before the policies are implemented, using the best available information at the time. Because of the uncertainties in before-event estimation, the benefits that materialise after the intervention may differ.

3.12 Impact evaluations are likely to be more accurate. This is because they consider the observed rather than expected impact and are based on information or data collected after the intervention has happened.

3.13 We have published 7 impact evaluations. Six of these covered interventions we introduced in policy statements. These account for around £1,634m of our estimated annual benefits in 2024/25.

3.14 Our impact evaluations did not cover all benefits estimated in the associated interventions. The aspects of those interventions were evaluated were expected to deliver annual benefits between £615m and £736m. Our evaluations estimated the benefits to be between £739m and £1,100m.

3.15 On aggregate, the estimated benefits from our evaluations are between £4m and £486m higher than those originally estimated in the CBAs.

3.16 Table 3 below summarises the evaluations of policy interventions included in this report. All figures are in 2024/25 prices.

Table 3

Policy statement	Evaluation	Policy intervention	Annualised benefit estimated in CBA (£m)	Annualised benefit estimated in evaluation (£m)
PS15/13	EP 18/1	Guaranteed asset protection insurance	111.1 (41.5 – 72.3 in scope of evaluation)	31.5-34.1[a]
PS15/6	EP 18/2	Bringing additional benchmarks into the regulatory and supervisory regime	Unquantified	78.7[b]
PS16/21	EP 19/1	General insurance renewal transparency intervention	109.5	48.1-406.7

Policy statement	Evaluation	Policy intervention	Annualised benefit estimated in CBA (£m)	Annualised benefit estimated in evaluation (£m)
PS19/6	EP 20/1	Rent-to-own and alternatives to high-cost credit	30.0	Unquantified
PS19/16	EP 23/1	High-Cost Credit review: Overdrafts intervention	Unquantified	519.0
PS20/6	EP 25/1	Pension transfer advice: contingent charging and other remedies	1,383.1[c] (433.9 – 524.0 in scope of evaluation)	62.0[d]

a. Please note EP18/1 only quantified part of the benefits, amounting to £41.5m-£72.3m, in PS15/13's CBA
b. EP18/2 reported the benefit over a 9-month period, this benefit has been annualised in the table
c. Please note that PS20/6 had four scenarios, therefore a weighted average was taken for scenario-based benefits rather than mid-point between the highest and lowest one
d. Please note EP25/1 only quantified part of the benefits, amounting to £433.9m-£524.0m, in PS20/6's CBA

Chapter 4

Positive Impact from our enforcement and other activities

4.1 As in our previous publications, our estimates capture:

- The benefits to consumers and others from redress by firms and others in breach of our rules and other legal obligations.
- The amounts paid to the Treasury and the Home Office from penalties and confiscation orders, on the basis that these are then used for public benefit.

4.2 We no longer include enforcement benefits in our overall benefit estimates. This is to avoid the risk of double counting.

4.3 Where possible, we use figures on the actual amounts paid to consumers. Where this is not available, we use the amounts directed to be paid to estimate benefits.

4.4 Other benefits from our enforcement work, such as raising awareness and compliance, or preventing future misconduct, are less tangible and so they are not quantified. However, they are equally important. At the end of the section, we discuss these benefits in more detail.

Our overall approach in measuring benefits from enforcement activities

4.5 Our analysis of enforcement benefits looks at 5 broad types of action:

- **Required redress:** Cases where we formally use our statutory powers to directly require firms or individuals to pay redress to individuals.
- **Administrative cases:** Cases where we did not require firms to pay redress but the firms under investigation voluntarily paid or agreed to pay acceptable redress.

4.6 **Confiscation Orders:** Cases under Section 6, Part 2, Proceeds of Crime Act ('POCA') 2002 where we, as prosecutor, applies to the Crown Court to make a Confiscation Order against a defendant who has been convicted and/or sentenced for an offence (for example, fraud, money laundering offences).

- **Restitution Orders:** Cases under Section 382 FSMA, where we apply to the High Court to order a person (legal or natural), who has breached a relevant requirement, to pay us a sum that the Court considers just, for distribution to victims.
- **Financial penalties:** Cases in which we impose a financial penalty on firms or individuals who engaged in misconduct

Our benefit estimates

4.7 Table 4 below summarises how we measure the benefits from each of the 5 types of enforcement action.

Table 4

Type of enforcement action	Benefits quantification method
Required redress	Total amount of redress directed to be paid to consumers in a given financial year over the period, according to the date of the Final Notice.
Administrative cases	Total amount paid to consumers in a given financial year over the period, according to the date of the Final Notice
Confiscation Orders	Amount paid to consumers in compensation and amount paid to the Home Office (net of ARIS* receipts), both from payments by defendants towards satisfying Confiscation Orders made in a given financial year over the period.
Restitution Orders	Total amount paid to consumers in a given financial year over the period, according to the date of the distribution directions in the Restitution Order
Financial Penalties	Total amount paid and total amount due to the Treasury in a given financial year over the period from financial penalties

*Where these funds are not paid to victims in compensation, they go to the Home Office for general public spending or are spent on certain law enforcement projects. Under the Asset Recovery Incentivisation Scheme (ARIS), the Home Office pays back a proportion of the amount recovered under Confiscation Orders to the FCA and other UK law enforcement agencies. The funds are then spent on asset recovery, crime reduction and community projects

4.8 In Table 5 we report our estimates of the benefits from our enforcement activity for the 5 types of cases separately. For comparison, we have presented data for the most recent 4 years available.

4.9 We do not adjust our enforcement benefits for inflation by converting them to 2024/25 prices in the way that we do for policy benefits. This is because the payments made to consumers and the public are often made well after the Order or Notice date, in instalments, and their timing varies considerably, making it difficult to adjust appropriately for inflation. The real value of our enforcement benefit may therefore be higher than the figures indicated here.

Table 5

	Type of redress*				
Financial year	Required redress	Administrative cases	Confiscation Orders	Restitution Orders	Financial penalties**
	£m				
2021/2022	0	24.08	-0.31*	0	299.40
2022/2023	0	32.71	0.00	0.03	157.80
2023/2024	0	21.51	0.90	0	0.20
2024/2025	230.00	0.25	6.88	4.59	186.41

* The ARIS funds the FCA received in FY2021/22 exceeded the total amount of confiscation awards paid to consumers and the Home Office due to Confiscation Orders made in that year. This is because the ARIS funds received by the FCA at any given year are not calculated on the basis of Confiscation Order amounts paid to the Home Office in that year, but on the basis of amounts paid to the Home Office in previous years.

** Enforcement costs (including FCA staff and legal costs) have already been deducted from penalties to reach this figure.

Other benefits of our enforcement activity

4.10 Our enforcement activities also bring less tangible benefits, such as increasing awareness and compliance.

4.11 Competition enforcement helps ensure competition in financial services remains strong and delivers good outcomes for consumers.

Box 1: Some of our competition enforcement activities

In April 2024, we launched 1 investigation into a suspected distortion of competition (a Chapter I prohibition).

At the beginning of this period we had 3 investigations open: an investigation into a suspected abuse of a dominant market position (a Chapter II prohibition) launched in January 2023, which we closed in May 2024 due to other priorities; a second similar investigation launched in June 2023, which is ongoing; and a third investigation into a suspected infringement of the Chapter I prohibition launched in July 2023, which is also ongoing.

During this period, we issued 11 'on notice' letters (our equivalent of the CMA's warning letters) and 1 advisory letter to raise firms' awareness of complying with competition law.

Deterrence effects

4.12 As well as the benefits from ending harmful behaviour and providing redress, enforcement action acts as a deterrence to other firms. While the scale is hard to estimate, studies of competition enforcement suggest the benefits of deterrence can be several multiples of the direct benefits.

4.13 There may also be a deterrence effect from our authorisations work. Firms wanting to provide regulated services must be authorised by us to do so. The aim of the authorisations process is to ensure that firms and individuals meet our minimum standards, known as 'Threshold Conditions'. This process deters potentially harmful firms from entering the market. We don't quantify the direct effect of our authorisations work but have some evidence on its deterrence effect. Please see Box 2 for further details.

Box 2: The deterrence effects of authorisations

In 2023 we published a report by London Economics on the deterrence effects of our authorisations activities. Some key findings of the report include:

- For every firm which changes its behaviour as a direct effect of our engagement, 1.49 change their behaviour due to deterrence effects
- For every infringement prevented due to the direct effect of authorisations, 6.6 infringements are prevented due to deterrence effects.

The report also suggests that the direct effect of our authorisations process might generate an annual value of between £0.9bn and £1.4bn in prevented consumer harm.

4.14 The report suggests that there may be substantial benefits from the direct and deterrence effect of authorisations activities. However, due to the high level of uncertainty around their monetary estimates of the direct effect, we have not included them in the benefits claimed in this Positive Impact report. However, they do provide an indication of the potential scale of the benefits of our authorisations work.

Chapter 5

Benefit - Cost ratio

5.1 This section compares the quantifiable benefits we expect our rules to have delivered to the total costs of running the FCA in the period 1 April 2024 – 31 March 2025.

5.2 To provide a benchmark for the scale of our benefit estimates, we express them relative to our Annual Funding Requirement (AFR), excluding capital expenditure, as set out in each year's Business Plan. Our AFR over the reporting period was £755 million.

5.3 Our Benefit – Cost ratio (BCR) divides the estimated benefits from our rules by the AFR. The benefits of our rules broadly cover our policy, supervision and enforcement activities. The AFR, however, covers all of our activities. Additionally, some of the benefits of our rules are unquantified and so not counted in our estimate. This means the real ratio of benefits from all FCA activities to AFR running costs are larger than our BCR suggests.

5.4 We do not count the costs incurred by businesses as a result of our rulemaking in this estimate. We report the additional costs to businesses from new rules we have made over the past year as one of our Secondary International Competitiveness and Growth (SICGO) objective metrics. In 2024/25, this was £51.2 million. This relates only to the cost of new interventions introduced over 2024/25, and not over the whole 10-year period for which we have counted benefits in this report.

5.5 In 2024/25 our BCR ratio is **7.9**. As set out in Chapter 3, our evaluations of previous interventions have estimated benefits between £4m and £486m higher than those originally estimated in the CBA. If we replaced the estimates from our CBAs with those from our evaluations where available, our BCR ratio would be between 7.9 and 8.6.

5.6 Table 6 below summarises the ratio of the benefits from our rulemaking to our AFR. As we have updated our methodology this year, we show what our BCR ratio would have been over the past 4 years had we used the same approach. All figures below are presented in 2024/25 prices.

Table 6

Year	BCR ratio	Total benefit (£m)	Annual Funding Requirement (£m)
2021-2022	9.8	7,103	722
2022-2023	9.2	6,355	693
2023-2024	8.8	6,252	708
2024-2025	7.9	5,992	755

5.7 The ratio has fallen steadily over the past 4 years. As described in Chapter 3, some high-impact interventions from 2012 to 2015 fell out of the reporting period during this time. Many of the interventions we have introduced over this period have been relatively small and the associated CBAs did not include any quantified benefits.

Annex 1

Summary of estimates using previous methodology

Key differences between our previous and new methodology

1. Our previous methodology is described in our Positive Impact Report 2023. We previously counted both the policy and enforcement benefits in our overall estimate of benefits. Our current methodology only counts policy benefits.

2. We previously included interventions that were made in a 3-year period which finished 1 full year before the year of our report. The Positive Impact Report 2024 included Policy Statements introduced or enforcement action taken between 2020/21 to 2022/23. For all the interventions included, we counted the full benefits we expected to be realised across the full (10 year) lifetime of the policy. We then divided the total benefits by 3 to give a 3-year average. When calculating our BCR (described in the previous reports as a Value for Money (VfM) ratio) we divided the 3-year average benefits by a 3-year average of the AFR.

3. Our current methodology includes Policy Statements introduced in the past 10 years (since 2015/16). However, for those interventions we only count the portion of the benefits we expect to be realised in the most recent year (2024/25). We do not divide by 10 to give a 10-year average as we only include benefits that we expect to be realised in the most recent year. In cases where the expected benefits are the same every year, this would be equivalent to a 10-year average. However, the profile of benefits for a particular intervention can vary across the 10 years.

Comparison of estimates

4. If we followed the approach used in previous years for Positive Impact 2025, the average benefits across the 3 years from 2021/22 to 2023/24 would be **£3,735m**. This is made up of £3,556m in policy benefits and £179m in enforcement benefits. The 3-year AFR would be £708m. Our BCR would therefore be **5.3**.

5. Table 7 puts this in the context of the benefits reported in previous reports. Because the 3-year period that defined the relevant interventions finished a full year before the year of the report, we reported the values in the price year that preceded the report. The PI 2022 report used the price year 2020/21, PI 2023 used price year 2021/22 and PI 2024 used 2022/23. We have used price year 2023/24 for the values presented for PI 2025.

Table 7

Year	Annual policy benefits, (£m)	Annual enforcement benefits, (£m)	Total benefits, (£m)	Annual Funding Requirement (£m)	BCR (VfM) ratio
PI 2022	6,904	459	7,363	563	13.1
PI 2023	9,616	479	10,096	587	17.2
PI 2024	8,287	416	8,703	639	13.6
PI 2025	3,556	179	3,735	708	5.3

6. For effective comparison across years, Table 8 presents the same figures with all prices converted into the same price year (2023/24). This takes into account the effect of inflation.

Table 8

Year	Annual policy benefits, (£m)	Annual enforcement benefits, (£m)	Total benefits, (£m)	Annual Funding Requirement (£m)	BCR (VfM) ratio
PI 2022	7,779	517	8,297	634	13.1
PI 2023	10,899	544	11,443	665	17.2
PI 2024	8,774	440	9,214	677	13.6
PI 2025	3,556	179	3,735	708	5.3

7. Using our previous methodology, we see a large drop in the benefits and BCR. This is because 2 interventions with high benefits (PS20/6 - Pension transfer advice: contingent charging and PS20/8 – Motor finance discretionary commission models and consumer credit commission disclosure) dropped out of scope. Under our previous methodology, only interventions introduced between 2021/22 and 2023/24 are in scope of the report.

8. Our CBA methodology assumes that the benefits of interventions usually last for 10 years. This implies that some benefits from both PS20/6 and PS20/8 were still being delivered in 2024/25. Our new methodology captures these. Table 1 in Chapter 3 shows that PS20/6 was the largest single contributor to our total benefit estimate (£1,383m) under our new methodology. PS20/8 was the sixth largest contributor (£193m).

9. Our previous methodology counted the full (10-year) expected lifetime benefits for any intervention within the 3-year period. This meant for example that in PI 2024, PS20/6 contributed lifetime benefits of £12,609m and PS20/8 contributed £1,420m (in 2022/23 prices). When divided by 3 as part of the averaging process, these contributed £4,203m and £501m respectively to the total £8,287m of policy benefits reported in PI 2024. Their

exclusion from the 3-year period in PI 2025 under the previous methodology removes over half the policy benefits that were counted in PI 2024.

10. This is an example of the type of anomaly that could occur under our previous methodology. By counting the full (10-year) lifetime benefits of an intervention for the 3 years it was in scope of our report, we were probably overvaluing the true economic impact that the intervention would have in a single year. However, by taking it out of scope after 3 years, we were counting its ongoing economic impact as zero, despite the fact our CBAs assume that the benefits of an intervention last for 10 years.

11. This created 'cliff edges' when high impact interventions such as PS20/8 fell out of the 3-year period. Our new methodology addresses the issues described above by only counting the portion of the benefits that are expected to be delivered in the most recent year, while keeping the intervention in scope for the full 10 years.

12. Table 9 sets out the difference in our estimates under our old and new methodologies.

Table 9

Methodological approach	Annual policy benefits, (£m)	Annual enforcement benefits, (£m)	Total benefits, (£m)	Annual Funding Requirement (£m)	BCR (VfM) ratio
Old methodology	3,556	179	3,735	708	5.3
New methodology	5,992	Not counted	5,992	755	7.9

Annex 2

Complete table of benefits

Policy statement	Policy intervention	Annualised benefit (£m)*
PS20/6	Pension transfer advice: contingent charging and other proposed changes	1,383
PS21/5	General insurance pricing practices market study: Consultation on Handbook changes	1,199
PS18/4	Credit card market study: Persistent debt and earlier intervention remedies- feedback on CP17/10 and further consultation	1031
PS19/18	Restricting contract for difference products sold to retail clients and a discussion of other retail derivative products	442
PS15/29	Strengthening accountability in banking: a new regulatory framework for individuals	417
PS20/8	Motor finance discretionary commission models and consumer credit commission disclosure	193
PS20/1	Consultation on mortgage advice and selling standards	143
PS16/2	Pension reforms – proposed changes to our rules and guidance	121
PS15/13	Guaranteed Asset Protection insurance: a competition remedy	111
PS16/21	Increasing transparency and engagement at renewal in general insurance markets	110
PS24/10	Expansion of the Dormant Assets Scheme – second phase	91
PS19/17	High-cost Credit Review: Feedback on CP18/12 with final rules and guidance and consultation on Buy Now Pay Later offers	71
PS20/10	Prohibiting the sale to retail clients of investment products that reference cryptoassets	70
PS16/24	Capping early exit pension charges	59
PS19/21	Retirement Outcomes Review: Investment pathways and other proposed changes to our rules and guidance	56
PS19/13	Consultation on proposals to improve shareholder engagement	51
PS19/08	Increasing the award limit for the Financial Ombudsman Service	44
See CP18/11	Reviewing the funding of the Financial Services Compensation Scheme (FSCS): feedback from CP16/42, final rules, and new proposals for consultation	40
PS18/6	Advising on Pension Transfers	39
PS19/6	Rent-to-own and alternatives to high-cost credit	30

Policy statement	Policy intervention	Annualised benefit (£m)*
PS17/5	Markets in Financial Instruments Directive II Implementation – Consultation Paper V	30
PS21/13	LIBOR transition and the derivatives trading obligation	29
PS19/11	Product intervention measures for retail binary options	21
PS21/20	Changes to UK MIFID's conduct and organisational requirements	17
PS24/16	Operational resilience: Critical third parties to the UK financial sector	17
PS15/22	General Insurance Add-ons Market Study – Proposed Remedies: Banning opt-out selling across financial services and supporting informed decision-making for add-on buyers	15
PS15/12	Proposed changes to our pension transfer rules	13
PS20/14	Delay to the implementation of the European Single Electronic Format	12
PS19/1	Retirement Outcomes Review: Proposed changes to our rules and guidance - improved consumer engagement with retirement income decisions: wake-up packs, risk warnings and annuity information prompt	12
PS23/5	Debt packagers: feedback on CP21/30 and further consultation on new rules and perimeter guidance	11
PS21/18	Restricting CMC charges for financial products and services claims	11
PS17/20	Transaction cost disclosure in workplace pensions	11
PS18/21	Consultation on SME access to the Financial Ombudsman Service and Feedback to DP15/7: SMEs as Users of Financial Services	10
PS15/20	Consumer credit - proposed changes to our rules and guidance	9
PS20/3	Signposting to travel insurance for consumers with medical conditions	9
PS22/15	Improving outcomes in non-workplace pensions	9
PS16/2	UCITS V implementation and other changes to the Handbook affecting investment funds	9
PS24/2	Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages	8
PS19/27	Mortgage customers: proposed changes to responsible lending rules and guidance	8
PS20/11	Consultation on mortgages: Removing barriers to intra-group switching and helping borrowers with maturing interest-only and part-and-part mortgages	8
PS17/12	Implementing information prompts in the annuity market	7

Policy statement	Policy intervention	Annualised benefit (£m)*
PS22/14	Consumer redress scheme for unsuitable advice to transfer out of the British Steel Pension Scheme	5
PS15/27	Cash savings remedies	4
PS21/8	Funeral Plans: Proposed approach to regulation	4
PS16/15	Consumer credit: proposals in response to the CMA's recommendations on high-cost short-term credit	2
PS23/1	Proposed extended asset retention requirement for firms under the British Steel Pension Scheme consumer redress scheme	1
PS22/10	Strengthening our financial promotion rules for high risk investments, including cryptoassets	1
PS17/6	Changes to disclosure rules in the FCA Handbook to reflect the direct application of PRIIPs Regulation	0.1
PS15/11	Buy-to-let mortgages – implementing the Mortgage Credit Directive Order 2015	0.02
PS16/8	Handbook changes to reflect the introduction of the Innovative Finance ISA and the regulated activity of advising on peer-to-peer agreements	0.01

*Figures in this column may differ from those reported in the respective CBAs and Positive Impact 2024 as they are annualised benefits rather than total benefits, and have been adjusted to 2024/25 prices.

12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk

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