

**The FCA's response to the
Complaints Commissioner's Report 202400106
Published on 21 August 2025**

We have carefully considered the Complaints Commissioner's Final Report.

We recognise the impact of Firm X's failure on its customers, and we apologise for not acting sooner in this case. We accept the Commissioner's findings and recognise that there were missed opportunities in which we failed to investigate concerns about Firm X as quickly and robustly as we should have.

We took proactive action to complete a comprehensive review to understand the circumstances that led to the firm's insolvency and identify the lessons we could learn to improve our work in the future. The Commissioner has acknowledged this was a thorough review, which resulted in a well-considered strategy and clear blueprint for future internal improvements.

We are committed to learning and to improving our supervision of the sector. We have made several changes in response to the lessons learned. These include strengthening internal processes and our risk tolerance framework, providing additional training to staff on specialist subject matter and continuing to develop internal resources and tools. These actions will contribute to our 'smarter regulator' priority, as set out in the FCA Strategy.

In addition, we are taking forward ongoing work to strengthen the current safeguarding approach so that consumer money is better protected. We consulted on changes to our safeguarding regime in [CP24/20](#), with the aim to minimise customer losses, ensure customer money is returned as quickly as possible, and to strengthen our ability to identify and intervene in firms that do not meet our expectations. We published our policy statement making these changes on 7 August 2025 and will work with firms during the implementation period to embed the changes effectively.

The Commissioner's recommendation for compensation:

Having considered the Commissioner's Final Report and to acknowledge the impact of our handling of this case, we have agreed to make a £500 discretionary compensatory payment for non-financial loss - in recognition of our contribution to the complainant's distress and inconvenience.

The Commissioner invited us to provide an explanation of the criteria we apply when deciding whether to make a compensatory payment for financial loss¹ where we are not the 'sole or primary' cause of the loss.

We [consulted](#) on changes to the Complaints Scheme (the Scheme) in 2020, in order to provide clarity for complainants. The Scheme sets out that for us to consider a payment for financial losses, the FCA must be the 'sole or primary' cause of the loss. In this case, the complainant's loss stems from the actions of the regulated firm, not the FCA.

¹ There are two types of discretionary ex-gratia compensatory payments the Scheme recognises: payments for financial loss and non-financial loss (including for distress and inconvenience).

Where the Scheme's criteria has not been met, we have discretion to pay compensation for financial loss. We consider this on a case-by-case basis, taking account of the specific findings of the complaint and any recommendation made by the Commissioner. To depart from the criteria within the Scheme the circumstances must be exceptional and we do not consider prescriptive criteria should be set for such situations.

We do not think it is appropriate to make a compensatory payment for financial loss in this case, having taken account of the specific circumstances, including the actions taken by the FCA to prevent consumer harm - which included placing restrictions on Firm X accepting client money. As explained above we have offered £500 to recognise our contribution to the distress and inconvenience, which is in-line with the Scheme criteria.