

FCA Annual Public Meeting 2026

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Ashley Alder, Chair, FCA (00:32)

Well, good morning and thank you for joining us today, whether here in Edinburgh or online. And this year is especially significant because it's the first time we've held this event outside London. And that reflects our commitment to being a regulator for the whole of the United Kingdom, listening to and engaging with the people, firms and communities in every nation and every region that we serve. Now, the annual public meeting is, as always, an opportunity for us to explain the work we've done and the decisions we've taken and the outcomes we are trying to achieve. But just as importantly, it is the opportunity for us to listen.

Accountability is not simply about reporting on the past. It's about being open to challenge, hearing different perspectives and reflecting on the issues that matter to consumers firms and indeed wider society.

So, I'd like to start by introducing the colleagues who sit on the FCA's Executive Committee and also on our board over here today. So, to my right, needs no introduction, I think, Nikhil Rathie is our CEO; next to Nikhil, our Deputy Chief Executive, Sarah Pritchard; next to Sarah, Stephen Braviner-Roman, who's our General Counsel and Chief Risk Officer; next to Stephen, Sheree Howard, our Executive Director for Authorisations; then, Siobhan Sheridan, who is our Chief People Officer and Head of Corporate Governance; and then David Geale, who's Executive Director for Consumers, Payments and Competition, and also Managing Director of the Payment Systems Regulator. And to my left, Simon Walls, next to me, Executive Director of Markets; Therese Chambers, Joint Executive Director, Enforcement and Market Oversight; Johan Sekora, who's recently joined us as Chief Operating Officer; Jessica Rusu, Chief Data Information Intelligence Officer; and at the end of the row, Steve Smart, Joint Executive Director of Enforcement and Market Oversight. And I'm also delighted to be joined by members of our board in the front row over here. And they are John Ball, Sophie Hutcherson, Anita Kimber, Stéphane Malrait, Julia Black, and Bryan Zhang.

Now, before moving to just a few housekeeping remarks, I would just like to highlight that the fact that, the fact that all of us are having to navigate an environment, an unusual environment, characterised by economic uncertainty, geopolitical instability, and rapid technological developments which are transforming financial services at pace. And we all know that. But these challenges are not, for us, they're not abstract. They have real impact on people's lives. Many households continue to face financial pressures, while too many consumers fall victim to scams, fraud, and other forms of financial crime that can cause significant financial and emotional harm. We do recognise these challenges and we are focused on how regulation should evolve to meet them.

Now, today is an opportunity for an open and constructive dialogue. We welcome scrutiny. We value your views and we want to hear the issues that matter most to you. Now, I'll just briefly set out how this session will run over the next two hours or so. Firstly, I'm really delighted that this is the best attended annual public meeting we've ever held with over 900 people either in the room or registered to attend online. And actually, even more so among all those who've registered to attend, there's great and strong representation from across the piece, from consumers, firms and other stakeholders. Now, given the level of interest, we cannot guarantee that everyone will be able to ask a question, but we will do everything we can to cover as much ground as possible. So, to help us do that, we are limiting attendees to one question each. And throughout the session, what I'll try to do is take groups of pre-submitted questions, those submitted online live, and we'll do everything we can to cover as much ground as possible, of course, with questions from the room. Now, if I come to you in the room, please wait until you have the microphone before asking your question. And please keep your questions short and concise. And we'll do our best, our best at our end to do the same with our responses. And also, when you have the microphone and you're asking a question, please state your name and the organisation you're with, if you're with an organisation, when asking a question.

Now, as I said earlier, we welcome debate and we appreciate that many in this room have faced extremely challenging situations. To give as many of you as possible the chance to have their voices heard, we don't want behaviour that disrupts the meeting or prevents others in the room or online from hearing and participating. That includes refusing to give up the microphone, speaking without one, playing recordings in the room or interrupting other participants who are attempting to ask a question.

So, if necessary, I may have to step in order to keep things moving. I do want to cover as many questions as we possibly can over the next two hours or so. Lastly, we will publish a transcript of everything covered today and we'll publish responses to all unanswered questions, whether raised in the room or registered outside or online afterwards. So, without anything further from me, I'll now hand over to Nikhil to say a few words.

Nikhil Rathi, CEO, FCA (06:45)

Thank you, Ashley, and good morning everybody. On behalf of the executive team, let me start by saying how proud we are to be here in Scotland hosting our annual meeting for the first time outside London. When I became chief executive of the FCA, we had around 100 colleagues based in Edinburgh, and that's now around 350, with an additional 350 in Leeds. And we're on track to have around 20% of our workforce outside London and the South East in the coming years. And we know the richness of Scotland's financial and professional services community, 157,000 jobs dependent on the industry here. We also know that some of the most acute consumer issues dealing with the cost of living challenges are felt here in Scotland. So, we are very keen to be on the ground and engaged with the Scottish Government of all of our stakeholders here.

So, thank you for the warm welcome.

Ashley mentioned Johan's a new face this year. He's relocated from Sweden where he used to run financial crime work for a major bank and was involved in spearheading public and private collaboration on anti-money laundering. Steve is a familiar face. And he will be stepping down at the end of this year from the Executive Committee, having really taken our work on financial crime to a new level. But we're very lucky that he will be staying with us for a year to contribute to the UK's G20 efforts on financial crime as the UK takes on the G20 presidency in 2027. Steve will be succeeded by Dominic Holland who leads our market oversight division and has played a big role in improving our monitoring of fixed income markets and he will work with Therese in a new enforcement and market integrity division.

And that focus on financial crime brings me to our strategy where that is one of the pillars. It's an interconnected pillar with our work to help consumers navigate their financial lives to support growth and competitiveness and to become a smarter regulator. And we've made good progress in the first year or so of our strategy. As I actually said though, the risk environment is changing. The scale, pace and force of technological development is requiring us to think hard about how we prioritise our resources and the issues where we focus. And I think you will see financial crime rising even further up the agenda for us as we tackle the shift in global markets, the scale of operational and cyber risk and what that brings to the financial crime and anti-money laundering agenda.

When it comes to helping consumers navigate their financial lives, we're confident that the Consumer Duty is now increasingly embedded and we're starting to see that in improved metrics around trust in financial services institutions, but we know there is more work to do. We've paid particular attention to work on insurance where we've secured 157 million pounds of redress in one situation, and we're also really pleased that buy now, pay later is now regulated by the FCA and that's critical for financial inclusion. Sarah's led some work to deliver targeted support which has gone live in April and we hope will help over 18 million people access advice more easily than they've been able to so far, and so far that's gone smoothly since our launch. And that work has also been part of our push on growth and competitiveness, which remains an overwhelming priority for the entire country and indeed for all regulators.

We have taken our innovation services to another level over the last year with AI live testing, over 1,000 firms coming through our innovation services, over 89% increase in applications looking to join those services. We'll talk during this meeting about the scale of capital markets reform that we've undertaken and the companies that have benefited from that. Just this morning, a major market participant announced gold futures being traded in London for the first time for quite a long time. And that builds on some of the work we're doing to build a tokenised and digital asset infrastructure in the UK to take advantage of new opportunities. And we've seen over the last year the fruits of our reforms on the mortgage market, with 390,000 first-time buyers last year, up 18%. But as we've undertaken these reforms, I hope you've seen that we try to be very clear that we're rebalancing risk. And we want, in the meeting today, and with all of those to whom we're accountable, to talk openly about the choices we're making as we flex the regulatory system to support growth and competitiveness, but also manage the obvious risks that we're all familiar with.

Being a smarter regulator is important. We have decommissioned 8 data returns where we didn't need the data anymore and we've reduced the frequency of some, but in other areas we've increased our intensity of data collection. And we've improved our digital interface for all the 40,000 or so regulated firms who interact with us. We've had good feedback in our practitioner panel survey.

As Ashley said, we know there's a number of people in the room today who've been affected by wrongdoing in financial services, including with respect to fraud and financial crime, and my team here today would like to really take as many of your questions as possible so that we can engage directly with you and explain the work we are doing. We have increased the number of criminal convictions over the last year to a record level, including record prison sentences for insider trading. Just in the last couple of weeks with the Met Police and HMRC, we participated in a major operation to tackle a very significant suspected serious organised crime gang. But we always know there's more to do. We always know we can join up our intelligence better. We can use our powers quicker and more assertively. And we're certainly aiming to use technology to enable us to do that.

You may also have read in the press in recent days about the very tragic death of Mr Andriesz, who was a whistleblower who engaged with US and UK authorities on matters of very significant concern. And I wanted to express my condolences again to his friends and family and all of his loved ones. I know that Ashley will want to, in the meeting, take questions about this very sad case, so that we can explain how we are responding to the feedback we have received.

With that, Ashley, I'll pass back to you.

Ashley Alder (13:30)

Thanks, Nikhil. Now, we've had a number of suggestions as to how we best mark Mr Andriesz's tragic death. And with this being our annual public meeting and a chance, as I said earlier, to scrutinise us, we feel that the most appropriate way is to go straight to a question from an individual that we have been in contact with, in fact, who is Mr Andriesz's representative, John Robertson. It's an online question, but I'm going to move to that first. And it's this, and it's actually addressed in Nikhil. It's that, Mr. Rathi, firstly, thank you for writing to me personally following Simon Andriesz's death. I genuinely appreciated that. Simon was recognised in the United States as a whistleblower whose disclosures were taken seriously, yet he never felt that he received equivalent recognition or engagement in the UK. Now looking at his experience now, what can the FCA learn from that difference and what could be changed so that someone bringing serious, credible information in the future is properly recognised, supported, and kept engaged with the process here in the UK?

Can we go to Nikhil first and then possibly to Stephen.

Nikhil Rathi (14:49)

Well, may I thank Mr. Robertson for your question and for the way in which you have, I know, supported the family of Mr Andriesz and the way in which you've been engaging with us as well. And I'll turn to Stephen in a moment, who I know will be meeting with you soon.

We receive around 1,300 whistleblowing reports every year, and it's some of the most important work that we do at the FCA. We aim to take every report seriously and consider very carefully the action we may be able to take. The issues that we're dealing with are often some of the most harrowing situations that we come across at the FCA. And we, our colleagues, seek to be as compassionate as we can, whilst also respecting the legal framework we operate in in terms of how much we can disclose about the action we do or do not take.

And the very tragic circumstances about Mr Andriesz will certainly prompt, I think, for us a moment of reflection to make sure we understand how we are communicating with whistleblowers who are expressing concerns to us and see what lessons we may be able to learn for the future. And I'll turn to Stephen who will say some more about this.

Stephen Braviner Roman, General Counsel and Chief Risk Officer (16:08)

Thank you. First, let me add my own personal condolences to those of Ashley and Nikhil, to Mr Andriesz's family and friends. As Nikhil says, we, through our role, we come into contact with people who are in incredibly challenging circumstances, whether that be whistleblowers or people who have lost money through scams or other financial wrongdoing, or people who want to raise issues with us about our service to them. We realise that can be incredibly stressful for those individuals, particularly if they have either lost money or fear consequences in their workplace. That's obviously an incredibly intense, difficult situation for them. And many of those individuals are vulnerable.

The staff that we have dealing with those individuals are obviously dedicated to that task. They seek to act in a professional, sympathetic, empathetic way, and provide the appropriate support to those individuals while respecting the limits, as Nikhil just described, as to the nature of our role and the information we can share. But as Nikhil says, we are mindful of this particular incident.

It's right for us to reflect on whether we can learn any lessons, whether we can improve. And the board have asked our new independent non-executive director, Lea Paterson, to lead a review into our correspondence communications with Mr Andriesz to do just that, to see if there are any lessons that we can learn for the future.

Ashley Alder (17:52)

Thanks, Stephen. Right, I'm going to go to the audience. Incidentally, people will be holding up paddles with numbers. That's simply to indicate where a microphone is. So, when I call out a paddle number, that'll be the microphone that will come to someone who's put their hand up.

So, can I just go to the audience first? I think the first was just over there next to you, paddle number 8.

Paul Carlier (18:18)

My name is Paul Cartier, two-time bank whistleblower. The FCA has sought to convince the public and media that you care sincerely about Simon and all

whistleblowers following the tragic news of Simon's suicide. And that you've launched the lessons learned exercise into the FCA's handling of Simon's case to be headed by Lea Paterson. Surely there should be some kind of independent review or inquiry. And you can't possibly learn any lessons as to the failings of the FCA's whistleblower protocols unless there is a review of the FCA's treatment of all whistleblowers since the financial crisis.

This tragedy was as catastrophic as it has been inevitable for almost two decades. I and many other whistleblowers who fulfilled our obligations and did the right thing suffered the same or similar damage at the hands of our employer and the FCA, and that took us all to that same very darkest of places where Simon, my friend, found himself. Many of us are no longer in that darkest of places, but the memory of being there never goes away. Therefore, and in light of this apparent sincerity and compassion for whistleblowers, I and George Patellis, another whistleblower, urge you to engage in independent process to include review of both of our cases and those of all whistleblowers since the financial crisis, and also to reconsider the shocking response that the FCA sent to George and I in the summer in response to a joint letter that I hand delivered to Ashley Alder's office and that included the new smoking gun evidence we gave you exposing the extraordinary truth about what the FCA did to the both of us and likely to many more whistleblowers.

Will you therefore agree today to proper independent engagement and comprehensive review of all of our cases in good faith as part of this review or do I and George have to formally initiate the joint legal proceedings we have the evidence to support and that have given you notice of, and that would likely become a collective action on behalf of all whistleblowers that have suffered at the hands of the FCA, an action that Simon, for the record, was going to be joining as well.

Ashley Alder (20:12)

Thank you for the question. Can I just, I'll, I think, react to the question around the review that we've asked Lea Paterson to do. I think the first thing to say is that I think it's important to understand this, that the board of the FCA, the non-executive directors, are independent non-executive directors. And we take that role, all of us, I do, and the non-executive directors in the front row over here, incredibly seriously. Our job is to seek assurance from the executive team and to exercise oversight over the operations and activities of the FCA. That is what we do. It's an independent role. Secondly, Lea Paterson, who's just joined the board, has a background which we think is entirely suitable to doing this sort of work. She fully understands that her role is independent, she will report to the board, and the board will publish findings. So, we would guarantee transparency over what she's doing. Her immediate focus will be to have a, to review the communications between the FCA and Mr Andriesz and draw any lessons learned out of those communications. It's incredibly important she does that for obvious reasons. So that's what she will do. And as I say, she'll publish her findings. And we would expect this to move at pace with an aim for findings to be published by the new year. Stephen, do you want to deal with the sort of legal point?

Stephen Braviner Roman (22:00)

Sure. On the specifics, Mr Carlier, as you know, we've been in correspondence for some time on the specifics that you refer to regarding yourself and Mr Patellis. We don't share the characterisation of the smoking gun, the material that you referred to, or either the specifics or the conclusions that you draw in relation to the FCA. If you have new material, please send that to me, to us, we will look at it in the usual way. But I've got nothing further to add to our previous correspondence on that.

Paul Carlier (22:33)

Thank you. OK. If I may, Mr Alder, you've confirmed today that you and non-execs have an oversight function. Can you confirm that I've sent three letters addressed to you personally in your role and capacity of oversight responsibility- one in 2023, one in 2024 specific to car finance and one earlier this year on behalf of myself and George. Can you confirm that you personally did receive, review those correspondence, and the responses by the FCA to all of them were sent with your approval and on your personal behalf.

Ashley Alder (23:12)

I mean, the way in which we operate is that the response of the organisation to the letters that you've been sending, and there's been a vast amount of correspondence, I think you would agree, which I'm aware of, is...

Paul Carlier (23:25)

Did you listen to the audio recording of the former FCA senior manager who told myself and George on the record what the FCA did to us and our complaints in 2015 and 2016?

Ashley Alder (23:40)

I'm aware of the letters. I read one of the letters you've sent to us, and I'm going to. This is my final word on this. And my view is identical to the remarks that Stephen just gave, and I do not recognise the characterisation of the organisation which is contained in that correspondence. And I'm going to move on now to the next question. I want to ensure that as many people as possible in this room and also online have the ability to ask questions.

So I'm now going to move to the next question. I'm going to go to the next question. Just before I do that, just to emphasise that the exercise that will be carried out by Lea Paterson will be an independent exercise and her findings will be published. We'll be absolutely transparent over that.

Okay, so I'm going to go, actually I'm going to go online actually because I've got two questions which are linked. And this is about AI.

The first is from Maria Luisa Twomey, which is, I would like to understand more the FCA's view of regulation of AI in the sector and how this will be overseen.

And from Tim Graham, and this is about the Mills review. It asked for a perimeter review within three to six months of 6th of July. Has it started? Who is on it? And

when will the FCA publish its conclusions on how the advice guidance boundary and the by way of business test apply to general purpose LLMs? Maybe Jessica?

Jessica Rusu, Chief Data Information Intelligence Officer (25:30)

Thanks for the question, Maria and Tim. So, I'll start by just setting a little bit of background on our approach to AI, which has been to be very proactive and to think about the ways in which the technology is evolving to think about those risks and then exactly how firms can be supported to effectively adopt AI because we're both interested in firms using AI productively to be able to embed AI into their operations and to provide better access and support to consumers. So, through the work that we've been doing in innovation services, Nikhil mentioned in his opening remarks, we've expanded the AI lab. That gives firms an opportunity to come and test their propositions with us, those products and services to make sure they're safe and that they can be deployed to consumers. As we've gone further with our testing, we're focused on another cohort now, which is looking at agentic technologies. And as firms continue to deploy that, we've actually been on site with firms in their offices looking at the way in which they deploy AI so that it can be safe and accessible. And we've reflected on what we've seen throughout the year and we'll be shortly publishing in the next week or so a summary of our good and poor practice. And so that will set out essentially some foundational things that we've observed, things that will be important for risk management and the safe adoption of the technologies and the monitoring of those risks as they are adopted throughout the industry.

In terms of the Mills review, as was mentioned, that was published earlier in the summer, in June. And since then, we've been thinking very substantively in particular about our agentic transformation objective, what it means for us to be a smarter regulator, how we can embed technology into our operations, in particular on financial crime, the ways in which we can use intelligence more proactively. So that is part of our response to the Mills review, as is thinking about LLMs. Just for clarity, LLMs and consumer use of LLMs is of course outside the perimeter, but we understand that it's important for consumers to recognise that whether they are asking a medical question, a personal question, or a financial question from a large language model, that that is outside the FCA perimeter. And the recent research that we have done indicates that consumers do understand that they are not protected if they get advice from an LLM.

Ashley Alder (28:16)

Thanks, Jessica. Right, I'm going to go back to the room. Any hands up? Maybe in the middle there, the man in the blue shirt. Number five, yeah.

Bank Confidential (28:27)

Mr Alder, I was going to put this to Mr Aladhal, but he's not here, so I'll put it to Mr Geale and I'll put it to Mr Rathi. On the 2nd of September, John McDonnell MP, wrote to the FCA about the very thing that Bank Confidential, who I work with, have been trying to expose for over a decade now, and that's hidden credit lines on interest rate swaps and the fraudulent use of hidden credit lines on fixed rate loans at Ulster Bank and Lloyds. These were real liabilities. They're on the customer's credit files. They

force customers into GRG, BSU. They force customers into insolvency. They were intentionally used.

After the Treasury got involved at the banks, in fact it became an obligation that managers had to put fixed rates on loans and that led to the destruction of tens of thousands of SMEs. You've been getting asked questions about this now for some time. You're fully aware of how this all works. If you don't understand what contingent obligations are, Mr Rath, you shouldn't be doing your job.

Effectively, since inception of the FCA, when you call skilled persons in, or at that time the FCA directors call skilled persons in, and they told them and agreed with them that they would use sales standards so they would not consider contingent obligations on the customer because it would have led to massive losses that had to be paid out, consequential losses. So, from inception you told the skilled persons, the FCA, not to look at or apply the rules on margin credit and margin obligations.

We've just had a response from Mr Geale, which has come through this morning, how timely. He was asked to respond, or the FCA was asked to respond within two weeks by John McDonnell. It's very simple. Mr Aladhal has been writing to MPs and saying, these credit lines, they're nominal, they're not real, they didn't cause any damage. That is a complete and utter lie. And Mr Geale has written to John McDonnell today and has said, If you have evidence, well, you know we've got evidence. You've all seen my report. We've got thousands of pages of evidence. I can prove it all to you. But the bottom line is, what has Mr Geale said? He's not answered any of the questions. Because the minute you admit that those credit facilities, those liabilities are part of the loan to value, you admit a huge cover-up that the FCA has been guilty of since 2000... Sorry, just let me finish. Thank you.

Ashley Alder (30:50)

Can you move to your question? I think...

Bank Confidential (30:53)

Will any of you today say to the audience that I am wrong and that hidden credit liabilities would not on learn to valuers. Will you say that openly today?

Ashley Alder (31:00)

Okay, I know there's been considerable correspondence around this topic over many, many years, but maybe I first I can go to David.

David Geale, Executive Director for Consumers, Payments and Competition & Managing Director of the Payment Systems Regulator (31:14)

Absolutely, thank you. So, we have looked at all of the evidence that's been provided. We have met with various parties throughout over the course of those years. We've evolved our specialists, including derivative specialists, legal specialists, accounting specialists. We looked at all the material and we have not found anything that we feel either falls within the regulatory perimeter or is evidence of wrongdoing. We have said, as you'll have seen from the response, that if there is new evidence, we will look

at that. But based on what we have seen so far, we've seen nothing to change the views that we've expressed already in correspondence. I believe there was also a suggestion that somebody else may be prepared to come forward. We're happy to meet them through our established processes as well. So, we are happy to look at any new evidence. As we stand here today, we've not seen anything new that would change our view.

Ashley Alder (32:07)

Thanks, David. Right, I'm going to move on now to a couple of online questions about financial crime and anti-money laundering.

One from Brian Rogers, which is, when will you start communicating directly with law firms over the transfer of anti-money laundering supervision from the Solicitors Regulation Authority of the FCA?

And one from Richard Read, how does the FCA envisage applying its data-led risk-based supervisory models to law firms, given the significant differences between legal practice and regulated financial services, particularly in relation to client confidentiality, legal professional privilege, and the risk-based application of consumer due diligence.

Can I go to Steve on that?

Steve Smart, Joint Executive Director of Enforcement and Market Oversight (32:55)

Thank you, and thank you to Brian and Richard for the questions. I'll take them both together. The first one, when will we start connecting and engaging with the firms, the simple answer is we have already started. Initially with the anti-money laundering reform work, once we formed our project team, we focused our initial efforts with the PBSs, the professional services that are already doing the anti-money laundering supervision. We have now though moved to engaging with the firms and we absolutely recognise that the firms have to be part of the work that we do to design the most effective model for that work.

Clearly, I spoke at the Law Society in England and Wales a couple of weeks ago and spoke about our real desire to have a partnership with the firms as we build this model. My colleague Mark Francis spoke at the Scottish Law Society a couple of weeks before that. We are now reaching out to individual firms; we've started with 14 quite intense interviews with individual firms.

We have a series of events planned now over the next three or four months, one of which is tomorrow here in Edinburgh where we have PBSs, we have the Scottish Government and we have some law firms and accountancy firms coming along to take part in a roundtable on how we will build this model going forward. So, I know there is a real desire out there from the firms to engage more with us and I'm very keen that we do that.

Moving on to the second question around how will we deploy the FCA's risk managed model in terms of AML supervision for the law firms. We are, as an organisation, we

have 400 practicing lawyers in the FCA. But we fully understand, as I've just said, that understanding the law doesn't necessarily mean that we understand the business of the law firms. And that is why this process of engagement that we're going through at the moment is really important for us.

The question I think is partly aimed at how we will ensure and take account of legal professional privilege and confidentiality in terms of law firms. And I hope that the firms have been reassured by HMG's position on this, the Treasury, that the existing protections for LPP will remain in place. From our perspective as the incoming supervisors, we don't expect that the material we will need to see to effectively supervise this population will be LPP material and we will continue working with you on that, but very clearly the current protections will stay in place. How are we looking to do this? And I think whilst we have not supervised law firms in that way before, we do have a lot of experience of supervising thousands of firms across a range of sectors and sizes. And we will look to deploy the approach that we take with those firms, so working in partnership, looking to find risk early and disrupting it at pace. And my colleague Jess just spoke about some of the work we're doing in the technology space to be able to cover the data that we're already doing.

We have a package in the FCA known as the Digital Unified Intelligence Environment that allows us to look across 55 million records when we're looking to identify that harm. It's not just our data. We bring into that data from other regulators. We bring in data from law enforcement agencies. Nikhil spoke about some of our work in the law enforcement criminal space. I am really excited about the possibilities when we bring in data from the legal firms and the accountancy sectors, it will make us even better at being able to spot that crime and criminality and together disrupt it, which is the aim that we all have.

Ashley Alder (36:50)

Thanks, Steve. Right, I'm going to go back to the room. I'm going to go back to the room for one question and then I'm going to take an online question as well in one package. So, here, paddle number 4.

Andy Agathangelou (37:08)

Andy Agathangelou, Transparency Task Force and Chair of the Secretariat Committee to the APPG on Investment Fraud and Fairer Financial Services. This follows up on the exchange you had with Mr Carlier a few moments ago. I'm about to read out a statement from John McDonnell MP. I'm respectful of the time point that you made, sir, so I'm going to cut out part of it. John McDonnell MP states, 'everybody understands that trust in our various institutions is unfortunately at an all-time low and anybody who knows anything about corporate governance in a situation as serious as this, where there has been a tragic death, must surely know that it would be wholly inappropriate for the FCA to be allowed to mark their own homework or to choose who marks it. I personally feel, this is John McDonnell, that there's something quite insulting to the memory of Simon, who was on record over many years expressing his reasons for distrusting the regulator, for the FCA to now want to control the narrative by managing the review. The FCA shouldn't be allowed to have anything to do with it, and that of course includes setting the review's scope, time

frame, terms of reference and, most importantly, who leads it. I, John McDonnell, challenge anybody acting in good faith to argue that in a situation as serious and tragic as this, that the right thing to do is to let the FCA be allowed to mark their own homework or choose who does. The FCA has been allowed to mark its own homework on whistleblowing once before, and it must not be allowed to do so again.'

Last time, they, the FCA, skewed the results of a survey about whistleblowing in their favour. The whistleblowers surveyed were all carefully selected by the whistleblowing case handlers themselves and only fresh whistleblowing cases were included, nothing more than 12 months old. And despite having over 1,000 whistleblowers per year, the sample size for the survey was only about 50 carefully chosen people. And anybody can see how that exercise was riddled with conflicts of interest that were never properly managed.

[interruption]

Now, given your response to Mr Carlier earlier, sir, it is clear to me, and I would suggest, many others, that you are incapable of protecting the reputational integrity of the FCA through allowing a conflicted party, an employee, to now, after a death, be in charge of a review. And on that basis, sir, I call for you to resign, because this organisation, the reputational integrity of the FCA, is determined by how well Mr Alder manages this organisation's reputation. And if he cannot do that, and he has proven time and time again that he cannot do that, you, sir, must step aside. My question is, will you now agree to do that? That's my question. Yes or no?

Ashley Alder (40:56)

I think I did attempt, but I will, before I move on to the next question, I will go back to what I said earlier on, which is firstly, all of the non-executive directors of the board are appointed by government. They're not appointed by the FCA itself, as it were. Secondly, we absolutely, in this circumstance, take our role as independent non-executive directors seriously, seriously. We considered that independent role very, very carefully in coming to a conclusion that we would appoint Lea to conduct a review whose results will be and findings will be public. So you will be able to scrutinise what we have done. When she reports, she will report to the board, to non-executive directors. And of course, we would expect she would come up with a viewpoint on how the FCA communicates with whistleblowers, particularly taking account of communications with Mr Andriesz. That is what we will do. And I can guarantee, from my perspective, that we will look at this with every ounce of seriousness it deserves.

Nikhil Rathi (42:10)

If I may, Ashley. Could I talk about our broader whistleblowing work, and I may turn to Steve in a moment to explain the work that our teams do. As I said at the start, this is some of the most difficult and challenging work we undertake. We receive around 1,300 cases a year. That's an increase, actually, over 20% on previous years. And while Ashley and Stephen have explained how we'll be approaching the case of Mr Andriesz, I'd also draw your attention to a letter I wrote to the Treasury Committee in July 2023 on related matters, it was in relation to some questions we received about a

case we had started investigating into Mr Odey, where there's been recent tribunal judgment. And I won't get into the details of that specific case, the judgment speaks for itself. But what I did talk about there is how we handle whistleblowing in the context of non-financial misconduct, where we receive some of the most harrowing accounts that anybody in the FCA has to encounter.

And as leadership of our organisation, we want to make sure we are empathetic, we are listening to those accounts in the case of non-financial misconduct. We also as leaders of the organisation have to support our colleagues who are trained in this work to make sure they get the support they need, sometimes over many years, in engaging with people who come to us. And one of the most challenging things for us as an organisation is that sometimes we cannot provide always the outcome and the justice that those people are coming to us to secure. And sometimes we are, for many of them, the last port of call. So, we're not always the organisation in those cases that's able to secure the criminal outcome that they're seeking or the employment outcome that they're seeking. That does not mean that we will not take things very seriously. And I think in that domain, where we do get a lot of very serious whistleblowing reports and non-financial misconduct, I think when you look at financial regulators around the world, I think we're quite far ahead in terms of the number and breadth of cases we have taken using the powers we have but also being purposeful and careful about the legal process. As you can see from some of those cases that have been litigated in the tribunal, we are held to a very high standard by the courts of the UK before we can take regulatory or supervisory action, including in relation to individuals.

So, I want to make sure that context is understood and the breadth of the work we do there, but we're always open to learning more and responding to feedback. Thank you.

[Audience member says Mr Alder has not answered his question].

Ashley Alder (44:58)

I have asked to answer your question. The answer to your question was to explain how we are handling this. I'm going to move on now. I am going to move on to the next question. I'm going to move on to the next question. I've heard the question. We're going to move on to the next question now. I'm going to repeat, I'm going to, I'm going to move on to an unanswered question.

Andy Agathangelou (45:34)

You have a statutory responsibility to answer it. But the question is this, will you now resign? And if you don't answer it, you are failing in the fundamental...

Ashley Alder (45:45)

I'm going to have to stop you there. I think I would expect... I'm going to go to an online question now and then I'll come back to the room. And this is from, it's around the Financial Ombudsman Service. It's from Alex Jones. And it's, what is the FCA's long-term vision for its relationship with the Financial Ombudsman Service? Do you

foresee greater alignment or structural changes between the two organisations from 2027 onwards? And can I put that to Sarah.

Sarah Pritchard, Deputy Chief Executive (46:24)

The Financial Ombudsman Service provides a really important role for consumers in accessing fair and fast compensation. As you may know, there is a programme of reform underway at the moment with some proposals contained in the Financial Services and Markets Bill about modernising the redress system. The aim of those reforms is to help ensure that the Financial Ombudsman Service can deliver that fair and fast compensation and that businesses can have greater certainty. We're really supportive of those measures and we do expect much greater closer working between ourselves and the Financial Ombudsman Service. We are already working much more closely now than we have done in the years gone by and we expect that just to increase further too. We don't anticipate any structural changes or structural reforms as part of that package. But I hope that you see not only through the memorandum of understanding that we now have in place for the Financial Ombudsman Service, but also through some of the new work that will come out through joint thematic reports between ourselves and the Financial Ombudsman Service that we'll be sharing more insight from some of the complaints that the Financial Ombudsman Service deals with so that the whole market can see and learn from what's happening.

Ashley Alder (47:39)

Thanks very much. I'm going to go to one more online question, which is, around consumer duty. And I hope I pronounce the person who asked the question correctly. It's Oyin, Oyin Sotoyinbo, and the question is, how does the consumer duty apply to wholesale activities and how that boundary setting will affect firms with mixed retail and wholesale books? Can I go to Simon on that?

Simon Walls, Executive Director of Markets (48:05)

Well, the first thing to say is it's a consumer duty, not a wholesale duty. We host really deep, vibrant wholesale markets across all asset classes. By many measures, number 2 in the world and number 1 in the world in many really important markets, fixed income, commodities, FX. And they operate differently. They're not the same as retail markets. This asymmetry between the provider and the consumer that we really look to target with the consumer duty measures doesn't exist in wholesale markets. It's informed counterparties, transactions, contracts, and often recourse to the courts when things go wrong.

So, they're fundamentally different and the really clear answer is that there is no such thing as a wholesale consumer duty. But, we have chosen to apply the duty across value chains. So really important retail markets, like asset management, there's an asset manager you may not deal with directly, and there the consumer duty does apply. And I think that's been bearing fruit, of course, as a trust business, and it's right and appropriate that those firms are caught by the outcomes.

But I would also acknowledge that consumer duty is a really outcomes-focused piece of regulation. It's been a huge lift from industry and there's been some uncertainty looking to this dialogue with the regulator as to what expectations are. And so, what

we've done with the recent consultation is sought to give comfort, to restate those points that I made at the start, restate our expectations for wholesale firms along a value chain. We don't expect a wholesale firm at one end of the chain to know about the individual customer in detail. Of course, other parties do. That's a consultation; there are case studies in there to try and make it easier. And I have in mind a truly wholesale firm that is trying to do the best thing, in many cases has enacted 30-page board reports. We've seen them through our supervision and we want to give comfort to them. Similarly, we're going to do work soon on client classification, which is a similar point. Many of these wholesale firms, if they're dealing with people over 10 million pounds, then we want to give them a much easier route to classify these two markets.

So that's a consultation. It's live now. I'm really looking forward to further engagement with the industry and getting the thing done.

Ashley Alder (50:17)

Thanks, Simon. Right, I'm going to go back to the room. I'm going to take two questions to the room. Just one at the back over there with paddle number 8.

Christian Burgin (50:25)

Hi, Christian Burgin, individual. Kind of follows on to the last two questions really around FOS and consumer duty, because consumer duty, some really great work coming out there. I'm really pleased to see it. But are you satisfied with the mechanisms of how you understand how consumers are experiencing financial services? Because the idea is that we're getting this from the firms or it comes through FOS, but yeah, are you satisfied that the mechanisms are strong enough that you're actually then able to learn from that and improve?

Ashley Alder (50:57)

Thanks. in the front row here. It's paddle number 4, I think.

Audience member (51:02)

Thank you. First of all, I just want to dedicate this question to Simon Andriesz. My question is, what would prevent the FCA from establishing a specialist whistleblowing investigations team staffed by former industry whistleblowers who will be recruited, trained and protected as FCA employees. Thanks very much.

Ashley Alder (51:36)

Okay, I'm going to actually go also go to one online question and I'll put the questions in the room to the team here. And it's just, it's on listings or IPOs. It's from Rona Nairn. What is the FCA doing to revitalise public markets, encourage listings activity and address the growing trend of companies staying for private for longer or indefinitely. So can I, on the question around the FOS and consumers and their relationship with financial services generally, maybe I can go to Sarah first on that?

Sarah Pritchard (52:09)

Of course, so as you said, consumer duty in place now for three years. We think it's been a real success so far. We're using it as the basis of our consumer protection regulations. So buy now pay later, which has come into regulation, targeted support, which is looking to get people greater access to help and guidance to make decisions about their investments. We're using the consumer duty as the bedrock standard. We've also relied on the consumer duty to act quickly where we see problems in markets. So for example, work that we've done in the insurance sector, which has resulted in 157 million pounds saving back to consumers for those that were paying monthly in insurance, that's us relying on the consumer duty fair value as opposed to thinking about new rulemaking. We've been doing an awful lot of work to share insights so that firms can have clarity on the expectations. Really pleased to see through our latest Practitioner Panel survey, which we reported just at the end of last week, 88% of firms saying that they really understand our expectations. And as we now move into the later phases of consumer duty, we do have 11 active enforcement investigations underway. So, where there are egregious outliers, we will be taking action. We're also looking at 30 skilled persons reviews under the consumer duty. So, we are encouraged by the start, and it's very much the bedrock of our consumer protection regulation.

Ashley Alder (53:34)

Nikhil, do you want to add to that?

Nikhil Rathi

If I could just jump, also talk, Chris, to your question of building what Sarah said, look, as Chief Executive, the executive team knows this, I'm never satisfied. And so, we've seen, for example, the Institute of Customer Service and retail banking, for the first time ever, the independent review says that it's actually the sector that's got the best scores. But we know we're moving into a totally different intensity of technological innovation when it comes to delivery of consumer financial services. We think the outcomes-based approach to consumer duty will give us a really strong tool to be able to allow innovation whilst protecting consumers. I think we're going to need to, and we'll need to help everyone in the room and the market to help us keep being imaginative how we really test the outcomes that consumers are receiving as they experiment with these new innovations. So this is, while we're pleased with how it's been embedded, this is by no means job done.

Ashley Alder (54:33)

There was a whistleblowing question on how we operate effectively, I think. Can I go to Steve on that?

Steve Smart (54:40)

Yes. So I mean, we have a dedicated whistleblowing team, which I think people are aware of and you can see the details if you go on our website. I think the question was about a dedicated whistleblowing investigation team with input from whistleblowers. I mean, Nikhil covered a couple of the stats when he talked about whistleblowing earlier. We have a dedicated team that deal with last year over 1,300 whistleblowing disclosures. That was at the 22% increase on the previous year; 42%

of those reports led to direct action. And I think that's a team that really drives that work. But it doesn't work alone in the organisation.

That team engages with the enforcement teams and with the supervision teams, and it sees other intelligence that comes in. And we pull that intelligence together and we have an intelligence picture. So, I'm not sure having a dedicated whistleblowing team that just did the whistleblowing would actually be the right way for us to go. But we do learn from every whistleblowing experience we have.

We introduced, somebody spoke about the whistleblowing review we did. It's very much a qualitative review, not a quantitative review. But we learned from that and that's where we introduced enhanced final feedback 18 months or so ago. We closed 1200 whistleblowing disclosures last year. Every single one of those got some enhanced feedback. And that's a two-way process, that feedback. So, we are listening and we are hearing from that. We have former whistleblowers come in and speak to us. There's a lot of really important experience for us to learn from there. So, I'm very up for us doing more of that and understanding more of that and learning from it.

[Inaudible audience member]

I'm sorry I couldn't hear that question.

Audience member (56:50)

Sorry, of those whistleblower actions you took last year, how many involved detriment to the whistleblowers and how many times did you take action against any of the firms for causing detriment to those whistleblowers?

Steve Smart (57:04)

So I would have to look at the figures again. I couldn't break them down into that level of detail.

Audience member (57:10)

OK, so the enhanced feedback didn't include any specific feedback as to action in respect to any detriment they suffered?

Steve Smart (57:18)

Well, the enhanced feedback will have included information relating to the specific cases, but I can't sit here and tell you I know all 1250 cases.

Ashley Alder (57:30)

I think we can come back to that question when we respond after the meeting. Yes, yeah, OK. Right, let's go to the question actually I raised earlier about listings. Just to remind you, it was basically about the trend of companies staying private for longer or indefinitely.

Simon Walls (57:46)

And what we've done, I think. My colleague Jon Relleen gave a speech yesterday on this and he appended 30 actions that people can see online. I won't do all 30 because people's eyes will glaze over. But in essence, they are reducing the number of pre-emptive checks in wholesale markets and increasing disclosure, showing a little bit more faith in market mechanisms.

On listed equities in particular, we started two years ago with this big reform of listing rules, creating a single category and allowing more flexibility for founder-led companies. And that wasn't straightforward. It followed a lot of discussion between issuers and asset owners. And we found a position which seems to be bearing fruit. We also have made it easier to conduct significant transactions for listed firms. So over 50 transactions since we introduced those rules that would have required a shareholder vote no longer do. And we've made it easier to raise new capital when you're listed. So, we have changed the amount of capital a company can raise without a prospectus from 25% to 75%.

I would say just as significant is all the work we're doing on retail investment. So encouraging, enabling, engaging retail customers in the UK to invest wherever they choose, but including in UK markets. And we've mentioned some of that and I think that is the people sometimes say you can't have capital markets without capital, and I think that is one of the really important elements.

There were details around how we do this. So, we recently made a tweak to the IPO timeline. We reduced to 7 days and we consulted on that in May and we introduced it in August. So, we can hear things. If the market tells us things, we of course weigh it and we can introduce it really quickly.

The final thing I'd say implicit in the question is a trade-off between public market and private markets. I would just say we would see it as a continuum. Our job is to make markets work well. And so as long as great companies can get funding and people in the UK can get access to those, whether it is private markets, public markets, or PISCES is our new venue in the middle, the goal is to make markets work well.

Ashley Alder (59:51)

Thanks, Simon. Right, I'm going to go back to the room. So, paddle number 5, gentleman here standing up.

Wayne Johncock (60:02)

Oh, good. Thanks very much. Good morning, everyone. I'm a little bit nervous for this. I'll see how I go. I spoke last year, Nikhil, and I raised the matter. My wife and I, mostly me, were victims of serious insider fraud at the Bank of America, and you kindly passed that on to Steve to have a look at.

So, I'm just going to let you know where we are now. Currently, we have two repossession orders on our home. We have another one from an insolvency practitioner. I'm 65, my wife is 68. For the benefit of the people in the room, I got completely done over by a career criminal. He set up a financial investment scheme working for the Bank of America. He used their brand, their offices, their laptop, their e-mail, their letterheads, everything. I was not the only victim he got, but I was the

one who spoke up. Victims don't speak up. Not only did he get put in jail for six years and, seven, nine months, I've also had two documentaries done globally about this, aired in the UK and the United Kingdom.

Nikhil, you very kindly gave Steve the action, you've picked that up. I've had two responses from you, Steve. Can I tell you they were absolutely terrible. So, you missed the point when I read the first one. I don't think you got it. It appeared as though you thought I was an employee at Bank of America. I was a whistleblower. They had no idea what was going on.

Jessica, you're the Chief Information and Innovation Digital Officer. I was the Chief Information Officer at British Gas Centrica for five years. I had cyber in my remit. I know cyber. I deliberately, in the 200 plus emails I sent into the Bank of America, put words in there that would trigger an alert, that would raise an alert on their cyber report. Not one got picked up. So that told me their controls failed.

Nikhil, you've got everything you need. The Bank of America in a court of law admitted that they employed a criminal. They didn't do much vetting beforehand, so I'm wondering how many others are running around in there. They admitted their controls failed. They admitted he ran an illegal unregulated financial scheme. And the SEC have now got, they've got administrative proceedings against them. I've got the number here. They've got an exchange act release against them, raised 29th June 2026. John Robson, you mentioned, Mr Alder, he's helping me here, John Robertson, I mean.

All of these things, Steve, I really want to have a talk to you. Nikhil, it'd be great if you could free Steve up for later this week because I've got five questions. I'm not going to ask five questions, too many. I'm going to ask one question for you because I've got the two letters you've sent me. And really, they are just words on a piece of paper. They don't put food on the table for me and my family. They don't pay the mortgage. They don't restore my professional career. They don't bring back the very successful consulting company that we had. They don't take away the pain and the severe mental health we've got. I am fighting with all the strength I've got. I've got a therapist. I'm under psychiatric help. I don't want it. I want to stay with my wife and grow old. I want to walk my kids down the aisle. I want to be here for my grandchildren when they grow up. These are just words on a piece of paper. You've got everything. The Bank of America are the biggest bank in the UK by a factor, except for HSBC. They're still considerably bigger. So, my question, Steve, why don't you help us? Why don't you help us? We risk losing everything. Please.

Unidentified (63:55)

Well said. Can the FCA please understand what these folks are going through, as well as Wayne, there's another half a dozen people who are close to the edge and you all understand what I mean by close to the edge. You need to change your policy approach to whistleblowers and if you don't, it's a matter of time before we have more Simon Andriesz'. Please listen to what people like Wayne are saying, authentically, actually listen. Don't respond with a PR mindset. Please respond with a policy mindset.

Ashley Alder (64:32)

I was very moved by that testimony. And seriously, and I can see how upset you are. And from what you said, justifiably so. You've been through a lot, clearly. You've been through a lot. I'll go over to Steve shortly to talk about this.

Unidentified (64:58)

Is there any sensible reason why the FCA will not have a meeting this week with Wayne in serious discussion about his lived experience as a whistleblower? That's the question Mr Smart. What is your answer please?

Steve Smart (65:16)

Are you happy for me to take this Ashley? So Wayne, you raised this last year and I didn't know the background or the detail on it and I asked if you could send me the background or the detail and you did. I know you've not been, you're not content with what came back. I can underline for you again that the information you sent in went to the right teams. It was looked at, the firm was spoken to and the right questions were asked. I can't go into the detail on that. As Ashley said, it is really impactful. I feel for you as you talk through what has happened and what continues to happen to you and your family. Fraud is an appalling offence. It's not just about the money, it's about the impact it has when it goes. I think actually on this case, City of London case, working with them and the banks, a lot of people who were defrauded managed to get refunded on it, but it still has that dreadful impact on people. I'm not sure what else we can say in terms of, you know, the information you've got in, we have looked at it, we have worked with the firm on it. It doesn't, I know it doesn't satisfy you and it's not going to help you. You can, obviously, there are other routes you can take if you want to. You can submit a formal complaint. I'm not sure where else we will go.

Wayne Johncock (66:48)

I want to say just one thing before I finish. The Bank of America has 3,000 people in their cybersecurity team and a billion dollar budget. How can one person do the job that 3,000 people can't? They put... I had the help of someone here who had a look at my stuff. He said, boy, you've stepped on some very big toes. The Bank of America put a firm called Herbert Smith Freehills onto me. That's the same company who took 163 million pounds off the Post Office before the money went to the victims. They said to my lawyer, If Mr. Johncock raises anything against The Bank of America, mind you, how can I take a hundred billion dollar company to court? They said, we will ensure he has dire consequences. My lawyer translated that to me that they would make sure we went bankrupt. This is the behaviour you are condoning and the organisations you are protecting. For goodness sake, this is a good news story. I've stood up against the biggest bank in the world, one of the biggest banks, and I haven't backed down, I've exposed crime, I've been truthful. People like me should not have to pay these type of penalties in our 60s to lose our home. We should not have to.

Ashley Alder (68:10)

Wayne, I was very moved, as I said earlier, by your more than anyone else in this room, actually. So, I would be personally, I'm not part of the executive team, I think I

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explained earlier on to another question that my focus is to do my job, in answer to the question around Mr Andriesz and what the board, the independent board has decided to do. But in light of what you said, I'm very willing to meet you. In short order. So look, we'll be in touch. And I think it would be, I think, good to get, for you and I to get together and I can learn a bit more about your circumstances.

All right. Shall we, can I go to another question in the room? There's one I think just back there in the middle. Yeah, paddle number six. Yeah.

Teresa Perchard (69:10)

Hello. I'm Teresa Perchard and I'm from the Fair Banking Foundation charity. And my question is about power of attorney. More than 6 million people across the UK have granted power of attorney to somebody else to look after their financial affairs. So that's not a small group of consumers and there are concerns take-up isn't as high as it should be. Your review of banks' treatment of customers in vulnerable circumstances last year found, I quote, 'most firms have a limited range of channels for people to hold power of attorney to use'. So, we believe this problem is much wider than banks and it's much wider than channels. It's also about choice and access to products, getting better deals. You did highlight this was poor practice and you said no firm can afford to be complacent. But my question is, what if they continue to be complacent? And are you planning to do any more detailed work on making it easier for people who have been granted power of attorney to fully act on behalf of the person who has granted them that power? Thank you.

Ashley Alder (70:41)

Thanks. I'm going to just go to one online question and then we'll go back to yours, to the panel. It's something actually is really important and very current.

It's from Seema Kennedy and it's actually directed to Nikhil. Can you update on the regulation of third party litigation funding and the wider high volume consumer claims ecosystem? In particular, the FCA's recent evidence on misconduct across the claims chain, the Civil Justice Council's recommendation for FCA anti-money laundering registration of funders, regulatory arbitrage between CMCs, law firms and funders, and the case for proportionate statutory oversight that improves transparency and consumer protection without restricting legitimate access to justice.

It's quite a big question, but over to Nikhil.

Nikhil Rathi (71:36)

If I take the power of attorney question first, then I might ask David to add to it. We would like everybody in the UK to get access to the services they need, including through lasting power of attorney. And this is an area where we get feedback on both sides of the argument. One is, are people able to use the lasting power of attorney? I think we perhaps have all had some experience of that in our families, to access the financial services market. We also get a lot of concern around abuse of lasting power of attorney and how we protect vulnerable customers who perhaps are not fully aware of how the power of attorney is being used. And these are really hard and difficult issues and we do want a greater focus on this, not just in banking, by the way, in

insurance, in investment management, in payments, right across the landscape of the FCA.

And this is a very live issue when I talk about risk appetite. This year I would really like, and the team would really like, to make significant progress on later life lending. We have a big issue in the UK where with defined benefit pension transfers phasing out, a large generation of people who will be retiring will have a defined contribution pension and housing wealth, and their state pension probably won't be enough alongside the DC pension to secure the living standards they would like. We need to find ways of unlocking housing wealth, getting over the scars of equity release of the past, but also protecting against potential abuse by relatives of their elderly family members. And we do think we can crack it, but it's not going to be straightforward. Maybe David can fill you in on a bit more on the work we're doing on power of attorney and vulnerable customers more broadly?

David Geale (73:34)

I agree, thank you. And I recognise that when people are looking to use power of attorney, they can often be in vulnerable circumstances. I also think the issue is wider actually in banking when we look at people who are acting as carers for individuals and needing to undertake transactions on their behalf and so on. And I think the area does need more work.

So, we have put out the response to that work that we did. We continue to follow up with individual firms. We've done some further work in the payment sector looking at treatment of vulnerable customers that we'll be publishing later this year. That'll be good poor practice again in terms of what have we seen. And we're engaging with the Treasury on the modernising payment regulations legislation to make sure that actually it does make it easier for people to act in those circumstances. What we see currently is people doing things that actually put them in a difficult position and perhaps sharing PIN numbers and things like that they really shouldn't do. But what we want to do is make it easier for them to act in the right way.

So, there is further work. We'll continue to focus on it through our follow up on consumer duty and treatment of vulnerable customers as a whole. But there are some specifics that we are following through. You'll see some of that later this year.

Nikhil Rathi (74:42)

And on Seema's question, firstly, access to justice is important. And there's a role for third party funding of claims management companies and law firms so that consumers who may not otherwise be able to access redress are able to do so. And I'm glad that in your question you reinforced the need for legitimate access to justice.

In that context, what we've seen growing up in the UK over recent years is extensive funding, often coming in through complex offshore chains through the private credit markets, which have caused us concern and have led to, in many cases, significant misconduct when it comes to what we call lead generation, so adverts which seek to secure customers to be onboarded for claims and many customers haven't known that they've actually signed up or indeed they've been potentially misled.

It's interesting to give you some statistics on this. The Information Commissioner, who we're working with in a task force alongside the Advertising Standards Authority and Solicitors Regulation Authority, executed a search warrant, blessed by the courts a few weeks ago. They were getting up to 100,000 complaints a week for people who are worried about spam marketing relating to claims, be those motor finance claims, but also housing disrepair, military hearing loss, personal injury. After that warrant was executed and they were able to secure the devices that they needed to, those numbers fell to around 2,000, which suggests to what we're seeing in that market. So, what we want to do with our claims management study is get to the bottom of this, make sure access to justice is secured, and in terms specifically of the regulatory position, we've been really clear that we do think for high volume consumer claims, litigation funders should be subject to regulation for money laundering purposes.

We're looking at our powers that exist already, and we know that Parliament also can consider this matter. And we don't think action here needs to wait for our market study or any further work that we're doing.

Ashley Alder (76:51)

OK, thanks, Nikhil. Right, I'm going to go. I'm getting a lot of questions online. So again, just a reminder to please keep your questions as concise and short as possible. I'm going to take one for the room and then go back to the online questions. Can everyone put their hands up? Sorry, in the front row here. Gentleman in the blue suit. Paddle number 4.

Dr Peter Marshall (77:15)

Yeah. Dr. Marshall, Professional Money Management Limited. Is there any possibility in the future that I may be able to submit my reg data, et cetera, once a year as opposed to twice a year, because that doubles my administration and accountancy fee?

Ashley Alder (77:29)

Thanks for the question.

Dr Peter Marshall (77:32)

We're a two-man band, surely, sufficient.

Jessica Rusu (77:40)

Thank you. If you could silence your phones in the audience, please. In terms of asking about the reg data environment, actually we've been spending a lot of time thinking about firm feedback and in particular looking at ways that we can streamline reporting requirements. So, we've invested in the MyFCA one-stop shop.

[phone ringing in audience]

I'll wait because I'd like you to hear my response.

So, we've invested in my FCA which is, the ability to see all of your reporting requirements in one place. And as Nikhil mentioned earlier, we've actually changed both switching off some returns that are not needed, reducing the frequency of some returns. So, for example, instead of quarterly to annually. So those are the things that we are looking at very carefully. We're also looking at bringing in other data sources to actually reduce the reliance that we have on firms. So yes, we are looking at all of those things. We've done a lot of those things so far this year. In terms of the overall decrease in firm burden, we've been able to switch off the equivalent of about 27 million pounds of effort for firms. So that's something we're really interested in continuing to do. So yes, we are looking at all ways that we can simplify reporting in my FCA.

[inaudible comments from audience member]

It depends on what you're asked to do. And also the ad hoc reporting burden is something that's also very important. So, for example, when we need extra data, so we've reduced that by 3,000 ad hoc reports year over year.

Dr Peter Marshall (79:38)

I don't mind some of the ad hoc things. It's the six monthly, quite detailed report I've got to submit. And of course, I'm a limited company, so I've got a professional accountant who now bills me twice a year. I only need to do this once a year, because for everything else, for the government, I only need to submit my accounts once a year.

Ashley Alder (80:00)

Yeah. Thank you. I think we can take that back. I mean, under the overall, and clearly this is with the organisation, with the board, we've signalled really carefully and very clearly that we do want to remove unnecessary burdens, so we'll take that specific point back.

I want to go back onto the online questions. As I said, I've got lots of them. One, I'm going to go through three now. And then I'll locate those three to the members of the panel here.

The first is on consumer duty. It's from Sadaf Mustafa. As the consumer duty becomes more embedded, will the FCA continue to raise the bar on what it considers good practice?

And will we see further guidance or examples to help firms understand what good looks like and how far firms are expected to go to identify and prevent foreseeable harm?

There is another question from Mark Buck. It's this. The FCA September FOI response on the Palantir proof of concept says it holds no supplier dependency or vendor lock-in assessment. The FCA expects regulated firms to have tested exit plans before they rely on an outsourced provider. Will the FCA complete and publish a substitutability and exit assessment before awarding any follow-on decision intelligence contract? And

what controls apply to knowledge of FCA investigative methods gained by supplier staff as distinct from the data which the FCA has said will be deleted?

And then finally, a question around the fees we charge firms. How does the FCA intend to improve transparency around fees and levies, giving firms greater visibility of the relationship between the fees they pay, the FCA's spending priorities and the regulatory activity those fees fund?

So, on consumer duty, can I go to Therese initially on the consumer duty question and good practice and raising the bar.

Therese Chambers, Joint Executive Director, Enforcement and Market Oversight (82:09)

Yeah, thank you. I mean, the consumer duty has significantly raised the bar in terms of the standards and outcomes that consumers can now expect to receive as they interact with financial services, which is a great thing. We're three years in, it's embedding really well. It's not perfect. Nothing is perfect. But through our supervisory engagement, we can see that firms are embedding it really well. We will continue testing how firms are delivering good outcomes. And actually, the consumer duty is going to be very relevant to how firms incorporate AI in their offering to their customers. And in that specific regard, we are going to be publishing some good and poor practice examples a bit later this year. So yes, we're going to continue to engage, this remains a priority for the FCA. We've published quite a lot of guidance. My personal hope is we possibly don't need to keep going at that volume, but we will do whatever needs to be done.

Ashley Alder (83:11)

Thank you. And then could I go to Jessica on the question specifically around procurement, Palantir, and data security?

Jessica Rusu (83:19)

Yeah, for Mark's question. So, I think we've spent a tremendous amount of time this morning talking about how important it is, what we do with our data and our intelligence, and the significant impact of financial crime on consumers. So, the pilot that involved Palantir was around testing our ability to use a singular platform for centralising and testing our ability to pull together intelligence. And that's part of our ambition to be a smarter regulator. So, we've invested tremendously in our internal data science, technology, infrastructure, our ability to develop models that detect patterns of crime and harm across all of the data that we have.

So, this was a time limited proof of concept. It has now come to an end. It was a 12-week endeavour. We worked through a public procurement, which is called G Cloud, and any firm that is available through the Government's process to bid for a contract can participate in any of our procurement exercises. Palantir won that specific procurement outcome. That has now been stood down, so that environment has been closed.

We abide a very important, as you can imagine, cybersecurity and data protection to that pilot so that we could test it in a very safe way. So that pilot is completed now. We're reflecting on what we've learned from that initiative. But I think you see how important technology is to us and how important it is that we connect the dots across all of the information that we hold. Thank you.

Ashley Alder (84:59)

Thanks, Jessica. Right, I'm going to go back to the room.

Nikhil Rathi (85:03)

Sorry, do you want to go to Johan on fees?

Ashley Alder (85:04)

Oh, yeah. Sorry. I forgot you.

Johan Sekora, Chief Operating Officer (85:06)

Don't forget transparency. And just to say up front, transparency is super important to all of us. And we do publish every year in our annual work plan what we're going to spend the money on and that's linked to our five-year strategy so we can see how it flows through.

We also consult with the various firms that we supervise if we do any major changes to the fee structure. And then at the end of the year, we do in our annual report publish what we have spent the money on. So, we think that sort of brings together good transparency. I think just to highlight also that cost efficiency, I'm relatively new to FCA. This is very central to what we do. We're investing more in data, AI, better improvements of processes, so on. I think this year we have kept the increases to less than inflation and that's something that we try to continue to do. So overall good transparency.

Ashley Alder (85:55)

Thanks very much. I was in a rush to get through as many questions as I possibly could. Right, okay. I think back to the room.

The gentleman there next to paddle five.

Mark Haslam (86:09)

Hi, I'm Mark Haslam from Centre Responsible Credit and I've got a question about the persistent debt rules that were brought in in 2018. So, the FCA brought in rules on persistent credit card debt in 2018. These were designed to prevent high-cost burdens for people who were struggling on minimum payments for a long time. Around 18 months was defined as the threshold of harm. And they were also meant to surface when people were in financial difficulty and needed a bit of help to get out of that. StepChange has done a lot of work in this area, recently published a report saying that the persistent debt rules haven't done that job of getting people out of persistent debt and out of difficulty. At Labour Party conference, Fair for All Finance said

something along the lines of the subprime credit card market, so you know, people charging 40-50% interest rate to people, borrowers on the kind of real margins is not working well for consumers.

And this is where a lot of the persistent debt is. So, I guess I've got a couple of questions, to be a bit cheeky.

One is, when the problem has been self-defined as foreseeable harm, so when firms are picking up persistent debt 18 months and then given another 18 months in which to sit on their hands effectively, why is the FCA not bringing forward that kind of really strong intervention kind of point to earlier to stop problems in their tracks?

And given the review was due in 2022-23, it was in the regulatory initiatives grid for 2025. It's 8 years since the rules were introduced. Will the FCA commit today to publishing the review on persistent debt rules and their effects so that the 2 million people who were in persistent debt in 2018 and probably more now because of the cost-of-living crisis, so that we know what effect they're having and so that we can kind of move forward on this real driver of serious harm?

Ashley Alder (88:18)

Okay, I'm going to take one more from the floor and then right at the back there near paddle number 9 and I'll take one more online and then go to the panel. Thank you.

Unidentified (88:29)

Thank you, as financial services firms continue to accelerate technology programs, including the adoption of AI-enabled solutions and increasingly complex third-party systems, what role does the FCA see for independent assurance in providing boards, senior leaders with confidence that these technologies are being designed, implemented and operated safely and in line with regulation?

Ashely Alder (88:59)

Okay, I'm going to also just go to one online question. I'll bundle all three questions together.

So, this is about authorised representatives. It's from Elizabeth Haran. How does the FCA see the authorised representative model evolving alongside direct authorisation, particularly as expectations of principles and accountability within the regime continue to develop? Right, okay, I'm going to go back to the question from the floor on persistent debt rules. Go across to Sarah or David.

David Geale (88:34)

Yes, so we do a lot of work supervising firms in the consumer credit area, as you'll be aware, and that carries on an ongoing basis. We do look at firms' performance individually against persistent debt rules. I wasn't at the Labour Party conference, but what we will do is take account of the comments that have been made, the comments from Fair for All Finance and StepChange, and we'll have a look at the issue. I can't

tell you the timing on that at the moment, but what I will commit to is that we will have a look at whether there is more that needs to be done in that space.

Ashley Alder (90:06)

Thanks. And on the second question from the floor on AI, a large question over to Jessica.

Jessica Rusu (90:13)

Yeah, so I think your question was essentially about the role that assurance can potentially play in AI systems. So, I described earlier the ways in which we're inviting firms to work with us on the solutions that they're deploying. Of course, firms remain accountable for any technology that they deploy, whether it's AI or otherwise. And many firms have chosen to work with an assurance provider to help them give them the assurance that they have looked for bias or model drift or integrity or any of those things. And we'll shortly be publishing the good employer practice, which contains some commentary on that point.

Ashley Alder (90:54)

Thanks, Jessica. Maybe over to David on the question about authorised representatives and their principles.

David Geale (91:01)

Yes, I think the appointed representatives regime is an important part of financial services. It enables a wide diversity of firms or businesses to actually support customers in this instance under the oversight of an authorised principal firm. Obviously, it's a little bit difficult to have a crystal ball in terms of how will the market develop going forward, but we do think it's important for that regime to continue. What we do see is some weaknesses around areas like governance and oversight and indeed accountability. So, the Treasury has brought forward legislation, which is consulted on a number of areas, or they have consulted on a number of areas, including a new FCA permission for directly authorised principles, also looking at strengthening the accountability within appointed representatives and closing what's going to be a small gap in terms of Financial Ombudsman Service access. We support those reforms. We'll work with the Treasury on that, and we will continue to develop our regime and look at any rules and guidance that need to be produced in due course.

Nikhil Rathi (92:05)

Could I just add to that? So, we've been monitoring the level of complaints we've been getting around appointed representatives. It used to be relative to directly authorised firms quite high. We're not there yet, but we are seeing meaningful reductions in some sectors.

So, we do think the work we've done already, plus what may be coming down the tracks, will make progress here whilst also ensuring that this model, which is quite unique to the UK, can continue to operate safely.

Ashley Alder (92:29)

Thanks very much. Okay, right. I'm going to go back to the floor as well. Over here in the paddle number eight, I think in the middle of the row. Maybe put your hand up?

Dr. Sheila Gardner (92:45)

Dr. Sheila Gardner, I'm speaking in my capacity as class representative for the series one Blackmore bondholders. I'm delighted that you chose Edinburgh as your venue this year. It's very fitting because the 18 million pounds now being paid out by the FSCS was the result of a lawsuit which I initiated in the city of Edinburgh in 2021. My question to you is, did the FSCS after 18 months of investigation, using the same evidence and documentation which you had received previously, many years previously, did it make a dreadful mistake or did the FCA wilfully conceal the results of its own investigation? Because only one of those can be true.

Ashley Alder (93:50)

Can I take one more?

Dr. Sheila Gardner (93:52)

I'm not finished. The FCA has an obligation to act in good faith, and it should never be necessary for members of the public to seek the services of a law firm to establish truth and justice. And to you specifically, Mr Rathi, you said in your 2022 APM that the NCM brochure which advertised the Blackmore bond was largely correct. Do you still stand by that position or do you now wish to amend it that it was substantially incorrect? And will you finally acknowledge that unlike Blackmore Bond, Lonsdale, FCA registered Lonsdale itself was within your scope, perimeter and powers and that you failed to act? Will you also commit today to reimbursing all Series One bondholders for the legal expenses they have had to endure to establish this truth. Lonsdale was your Achilles' heel, and you whitewashed it from all narratives to the public, to bondholders and to Parliament.

Ashley Alder (95:10)

Can I go to, I'm going to go to one more online question, but before that, one more question from the room. Yeah, maybe over there with the hand up there.

Douglas White (95:29)

Douglas White from Consumer Scotland. In the opening remarks you quite rightly referenced the economic instability that we all face currently and that clearly has significant impacts for consumers here in Scotland and across the UK. It would be really helpful if you could say just a little bit about where you anticipate the particular pressure points occurring for consumers across the financial services sector as we head into this winter and any preparatory work that you're undertaking to take action on that. Aligned to that, any further engagement that you're undertaking with other regulators and with government to think about a joined-up approach to tackling the cost-of-living pressures that consumers are experiencing, recognising the

interdependencies that occur between consumers' experiences across different markets.

Ashley Alder (96:19)

The online question I'm going to take in this bundle of questions is actually around our overall strategy, is from Alex Jones, which is, over the next three to five years, how do you see the FCA's remit and supervisory approach evolving, particularly in balancing effective consumer protection and market oversight with the government's growth and competitiveness agenda for UK financial services? So going back to the first question around Blackmore bonds and FSCS. Can I go to Stephen or Therese?

Therese Chambers (97:00)

Maybe I'll, shall I start? I'll start. Yeah, thank you. I'll start. First of all, I just I really recognise the very challenging time that you and other investors in Blackmore have had over the past several years and I do want to express my sympathy for everything that you've been through and it's great to see the FSCS coming forward with compensation for your losses. That's really good to see. You asked if we stand by our characterisation of the risk warnings as being largely correct. We do stand by that characterisation. The marketing materials for Blackmore were largely accurate. They had very relevant risk warnings for consumers. They were not perfect. They were not perfect, but what they did was call out the risks of the investments, the risks of Blackmore's business model, and also specifically that 20% of subscriptions might go to meeting the costs of the capital raise so that there would be a lag on any returns to investors. To suggest that there's been some sort of wilful concealment of the truth, I mean, I totally reject that. That is not what has happened at all. We were addressing a particular question set when we looked at this situation. The FSCS had to address a different question set when it was looking at this situation and what it was due to pay out or not to pay out. Stephen, I don't know if there's anything you want to add.

Stephen Braviner Roman (98:38)

Just to say two things. Firstly, as you well know, we have dealt with a series of complaints about the Blackmore bonds situation, including the way we dealt with the question of the approval of the promotions. Those complaints we dealt with are now with the Complaints Commissioner, so we'll wait to see what the Complaints Commissioner says in response to those. And I'm aware that there are new complaints in very recently in relation to the particular series of mini bonds that you've highlighted. We'll look at those, we'll scope those in the few days, weeks coming.

Ashley Alder (99:19)

Thank you. Can I go to the broader question around from Consumer Scotland on...?

[inaudible comments from audience member]

No one online can hear you without a microphone.

Paul Carlier (99:25)

Nobody has answered the question about Lonsdale. How does the FCA explain that the FSCS is now paying out 18 million in compensation to Blackmore Bond Series One bondholders for findings by the FSCS that said Lonsdale was negligent, it breached its duty and FCA codes when arranging the insurance that Mark Steward said in 2022, and it is in the marketing material, was a significant proposition for Blackmore bond investors, the capital guarantee scheme that guaranteed everyone their money back in the event of a loss. Now, you can have all the risk warnings you want in a document, but every time they mentioned a risk, Blackmore material said it's mitigated by this capital guarantee scheme that will pay out 100% of your losses in the event of a loss. Now, that was in the material, it said it was arranged by Lonsdale, an FCA authorised and regulated insurance broker. Now, you've never mentioned Lonsdale or their role in the arranging of that insurance. And in October 22, and I'm going to say it now, Mark Steward and the FCA committed fraud when Mark Steward said that in respect to that insurance, that it had been arranged with the legitimate insurer and there was nothing untoward about the policy. Now, in addition to the FSCS saying basically that was wrong, the FSCS also said to me, and I've got that on the record, that the insurer was a bogus insurer and the insurance was defective. Now, I gave the FCA the evidence.

Ashley Alder (101:08)

I'm going to move on.

Paul Carlier (101:10)

So why do you take no enforcement action against?

Ashely Alder (101:12)

I'm going to have to stop you there. I do want to move on to other questions, but just before I do, Therese, I think you made your point very clearly. Do you just want to?

[inaudible comments from audience member]

Do you want to?

Therese Chambers (101:28)

We looked at a number of different aspects around the Blackmore bond situation. I do also want to mention that this was an unauthorised high-risk investment.

[inaudible comments from audience member]

If you would let me just answer, if you would let me just answer, please. So, this was an unauthorised high-risk investment. Yes, there was reference to the insurance in quite unclear terms in the financial promotions. I agree with that. I'm not able to give you any specific information in relation to Lonsdale, I'm afraid.

Ashley Alder (102:04)

Okay. I'm going to move on to the next, I'm going to move on to the next question. Out of respect for everyone in the room who needs an opportunity to ask questions.

[inaudible comments from audience member]

Nikhil.

Nikhil Rathi (102:14)

First of all, let me say on Consumer Scotland. If I may just answer, I mean, first of all, can I say how important we see our relationship with Consumer Scotland is and the role that you play here in the Scottish consumer protection landscape. So, thank you for all of that engagement and thank you. We'll be very interested to see in your work on AI that you just launched how we can work together.

I'll ask Sarah to cover the particular programme of work we're doing around cost of living and particularly here in Scotland.

Sarah Pritchard (102:50)

Thank you. So, I really do understand and appreciate some of the pressures that consumers are facing, particularly in this period of economic uncertainty with inflation and rolling into the winter period when there can be real pressures in terms of household budgets.

Back in 2024, we made permanent some of the rules that we introduced through COVID, requiring firms to support borrowers in financial difficulty. And I mention that because we know through our data that some consumers think that if they speak to their financial services firm and explain that they're in difficulty, that might somehow impact their credit file. And it doesn't and it shouldn't. And we do really encourage people to contact their financial services firms if they are in difficulty. Our rules, which we made permanent in 2024, do require firms to give tailored support to individuals and that combined with the consumer duty does require firms to help support consumers that are in difficulty.

We also know that people have really low levels of resilience. We see some increased low resilience in Scotland compared to elsewhere in the UK. But just to bring it to life, one in 10 people have no savings that they can draw on in our Financial Lives Survey data in '24, and a further one in five, less than 1,000 pounds, which is why also through some of the financial inclusion strategy work that we've been doing, we've been looking to see how we can help consumers build greater levels of resilience.

Helping consumers navigate their financial lives is a key part of our strategy and some of the work that we've been doing with workplace saving schemes across the UK, across UK employers to try and encourage employers to offer workplace saving schemes on an opt-in basis so that consumers can build up small levels of resilience is something that we really support. I think you also asked how do we engage with other people, recognising that the way that we live our lives, it's not just financial services, it's energy provider, it's water. And we really do, through our consumer network, through the UK regulator network, engage across the whole. We're always interested in what our fellow regulators are doing in relation to cost-of-living challenges. And actually there's been a huge amount of interest in our consumer duty and the approach that we require firms to take, which is why we've been engaging quite proactively, always happy to engage further as Nikhil said.

Ashley Alder (105:08)

Can I move on to that larger question about strategy, which I think goes to a conversation which is very current, which is that relationship between our consumer protection and market integrity objectives and economic growth and competitiveness?

Nikhil Rathi (105:26)

And if I can start answering that question by building on what Sarah says about some of the work we do in Scotland, both with industry and bodies like Consumer Scotland. So a few years ago, I did a speech on financial inclusion here in Scotland, I called out that in Glasgow it has one of the lowest take-ups of bank accounts, unbanked people in Glasgow is among the most problematic of all cities across the United Kingdom. And the reason I mention that in the context of this growth question is it has been so good to see Scottish Financial Enterprise working with others and the industry coming together to be incredibly creative in schools to tackle that issue. And I do think that's an example of how you can tackle consumer protection, which is the core of this question, and support the industry in driving growth and competitiveness as well.

We are working incredibly intensively. Growth is one of the four pillars of our strategy. Simon talked about much of the work we have done. We have delivered reform right across the landscape of the FCA. We know there's work to do on firm burden. We heard that from the representative in the audience from the perspective of a small firm as well. We also know that technology is going to change the face of this industry and change the experience of consumers and those participating in markets. And so, I think what you will see on the growth agenda now is a significantly intensifying focus on innovation and how we safely adopt technology so that it can start to drive some of the productivity benefits, which it's early days, but if you look at the latest ONS data, starting to see that coming through, we think, in terms of financial services contribution to the economy.

The thing I always ask for when I talk about this topic and in the context of consumer protection is a good open debate around risk appetite. I asked the Treasury for that, I asked Parliament for it. I think we're starting to see engagement with it. I do think there's scope for a fuller debate around that.

So, we as the regulator know the broad guardrails in which we are operating, recognising we're making independent decisions around whether that's mortgage reform or targeted support or the way we allow AI into the market.

The final point I'd make is that, and I think this is fundamental, and it is something that is getting a lot of attention, tackling financial crime, tackling investment fraud and the scale with which we are seeing it, often from overseas, leveraged through very complicated and sophisticated networks. We are going to be putting a lot more effort into this. We're not going to get it right, but we're working with partners. But it's also fundamental to our work on growth because it is the people who pay for financial crime and fraud and money laundering are legitimate firms doing honest business and their customers. And that is damaging to growth, that is damaging to trusted markets. So, I think you're going to see us engaging in a force and scale that has been unmatched previously from the FCA in the coming months and years.

Ashley Alder (108:17)

I want to pick actually up on one online question, which is about redress, in other words, compensation for wrongdoing. It's from Olivia Wood. It's directed to Nikhil, in fact.

At your Treasury Select Committee session on the 15th of July, you were very strong in your comments that the referral mechanism in the Financial Services Markets Bill risks gumming up the redress system and the primary legislation therefore needs to change. Do these concerns still stand? And if so, how can the government address your concerns?

I'm not sure if Sarah or Nikhil want to deal with that.

Nikhil Rathi (109:01)

I can go first and Sarah can pick it up. Let me be clear. It's our job to implement whatever Parliament decides. So whatever Parliament decides with respect to this legislation around the FOS, we will faithfully implement it. It's also our job. If we think there are going to be significant operational consequences from legislation that has been proposed, a framework which we broadly support, but there's certain aspects of it where we have concerns, it's also our job to, inform Parliament of those concerns, which is why I spoke out in the way I did at the Treasury Select Committee. That is one of our primary mechanisms of accountability.

We want a free to use Financial Ombudsman Service that is independent, accessible for consumers, which is also efficient for industry. We do think the primary legislation that has been put on the table needs to be amended. This can't be left to secondary legislation. But if it's not amended, then Parliament needs to be understanding of what we are saying in terms of what the operational implications could be, which could be quite severe in our view for the way this system will work in the future.

Sarah Pritchard (110:08)

All I'd say is I think it's really important that we work very closely with the Financial Ombudsman Service and absolutely that we should give a view where there is ambiguity, significant ambiguity in our rules. We are just concerned that the drafting of the primary legislation at the moment might catch too many complaints and we want to ensure that we can act swiftly because it's important that consumers get swift and fair compensation. We're in discussions to see whether there is scope for any change, but as Nikhil said, ultimately we will make sure that we comply with whatever Parliament decides the right referral mechanism should be.

Ashley Alder (110:43)

Thanks. Right, now I want to go back to the room. Please keep your questions as concise as possible because time is short. Can I go... Over here? Oh, sorry. Yeah, paddle number six. Thank you.

Gary Millward (111:03)

Hi, my name is Gary Millward. I'm a financial advisor. I've heard some strong statements today with regards to your commitment to ensuring that the industry operates appropriately and that whistleblowing information is handled seriously.

Unfortunately, my experience is very different to what you claim to be successes and listening to people around the room, I think their experiences are different too. So, first of all, I would state that perhaps your experiences of how the FC is operating is vastly different to what professionals are experiencing and also our clients. My particular example relates to an issue which I raised 11 months ago, initially longer than that, but in terms of written communication, I had an experience with one of the UK's largest investment platforms. I made some trades. There was a trading glitch in the interest of time. I won't bore you with the details of that. My client suffered material loss of performance because of that trading issue. I raised it with the platform. I had a number of calls with the senior management team. I recorded those calls because there was admissions on their part. I rejected an offer that they made because it was insignificant to my clients' concerns. I asked my clients to raise complaints.

The platform in question then released 1,200 pages of information relating to ongoing communications of that issue. Within that, they basically admitted the error. And this trading flaw, has impacted my clients, but I suspect the thousands of clients that use that platform and the hundreds of billions that they have under management. I've raised the issue with the Ombudsman and they are progressing it, but the conduct of the business, they threaten me with legal action because of my questions. Their solicitors threaten to take legal action against me to instruct the platform to switch off my fees, which is my livelihood as a small financial practice. They shared information relating to my clients with their solicitors, which is out with the ICO's rules and regs. I've raised that with the ICO. I've chased and communicated with the FCA probably, I estimate, 30 times, and all I've had back is one e-mail with three sentences, which basically amount to we acknowledge your information and that's the end of it.

Now what I'm looking for today is a name and an e-mail address that I can forward my evidence to so it can be thoroughly investigated because as I state it is one of the largest platforms in the UK and it can relate to tens of billions of assets. I'm also aware that possibly this trading anomaly is used within other platforms because of the, the underlying technology provider that's associated. They provide technology to other platforms as well. So, I'm just looking for a name and some accountability from the FCA without me having to spend my time constantly sitting on hold, waiting to speak to someone who doesn't even know what some of these platforms are. Thank you.

Ashley Alder (114:34)

Can I go to Steve? We've talked about whistleblowing a great deal today, quite rightly. Just to possibly recap on how we deal with the whistleblowing. I would just say to the questioner, obviously questions that are asked today, we will also, there's an opportunity for us to respond to them after the meeting as well.

Nikhil Rathi (115:00)

And I'll ask Simon to pick up your particular case, so he oversees the investment platform. So, he will make sure the team will come back to you.

Ashley Alder (115:07)

Maybe Steve first and then Simon.

Steve Smart (115:09)

I mean, I think to get the detail of the case. If it's going to come into Simon and the team, let's get the detail and then we can take a look at it.

Simon Walls (115:17)

Yeah, so I'm more than happy to, Simon Walls, you can e-mail me after this. I think the previous question, if regulated firms do something wrong, they need to put it right. But of course, I don't know the circumstances of the case that you raised, but please bring it to us.

Ashley Alder (115:36)

Okay, thank you very much. Right, I'm going to, I'm looking at the time. I'm going to go to the final set of questions. It might be here in the front. Sorry, paddle nine is the nearest, I think.

Howard McNulty (115:41)

Hello, my name's Howard McNulty. I'm a former governance advisor back a long time ago. I'm also a person who was let down by the entire financial system, and that includes the FCA, FOS, the Ombudsman and the company.

I won't bore you with the details because I'm trying to be positive and prevent what happened to me happening to others. So, in my governance role I would look at what the law says and what the guidelines say and so on and come up with recommendations. Now the FSM Act requires the FCA board to take any steps necessary to ensure FOS is at all times capable of meeting its legal obligations. That will be familiar, I hope, although in your modernising consultation, that was changed to requiring FOS to have the tools necessary to become an ADR. The rules basically give you unlimited powers to ensure that FOS works. We had an ombudsman who was, I would say, incompetent, and we were stuck with a final decision, take it or leave it. It made me look at what the FCA has done. And I asked for what evidence there was that the FCA had taken any other actions as allowed by the law in the last five years. And the answer to that was we have no records of taking any such actions.

The second thing, I believe that the monitoring of FOS has been delegated to the oversight committee. And at the oversight committee, the minutes record in November 2024 that the FCA does not monitor FOS decision quality. Now, if you don't monitor FOS decision quality, I don't understand how you can assure Parliament but the FCA is taking all its actions.

And the third one is, it appears, in my view, this is a board responsibility, so it's good to have all board members here, each of you individually, should ensure that FOS is at all times capable of fulfilling its role. It appears this delegation to the oversight committee leads to you not seeing FOS annual reports, FOS annual reports being sent to the oversight committee and the board receiving a verbal report on the discussions of the oversight committee. So, the board does not approve the oversight committee minutes or agree its actions and I think that's wrong.

So, I'm making suggestions that you perhaps you do have powers to set high standards for quality assurance, but you have delegated that back to FOS. So, FOS does its own quality assurance. It has no quality control system to ensure that the quality assurance procedures have been followed.

In Australia, they have a quality control system where the board dictates what standards should be set. High level, not suggesting you should be involved at low level, but perhaps saying you should comply with international standards for quality systems. They also have independent assessments of spot checks of decision quality done by judges and that's a great reassurance because they found that for virtually all of these the decisions were in line with what a judge would have decided. So, I would ask therefore you maybe consider at your next meeting how better to make sure FOS actually does its role and when there is an incompetent ombudsman, something can be done to sort that, because as a consumer, I can't complain to you about an individual or a decision. So, I hope that's helpful.

Ashley Alder (121:10)

Thank you. Just picking up on a couple of those points from, I think you were, again, sort of referencing the oversight committee of the board on this. Firstly, it's incredibly important that the FOS functions well for all and obviously including the many, many consumers that go to the FOS. Secondly, the reforms that are now embedded in the bill now before Parliament. I mean, fundamentally, they are directed in ensuring that the FOS gives consumers and all who interact with it, much greater predictability, much greater consistent outcomes across the organisation, and actually much greater efficiency.

In other words, speedy outcomes there. I should say that the FOS, it's really important, the FOS is an independent decision maker. And we do not interfere or have a role in relation to those decisions, it is explicitly set up to be independent. One of the proposed reforms in the bill is to effectively nominate the chief ombudsman as the person who has oversight of the decision-making framework, which is an important change, which that should drive consistency. So I would say to you, in terms of the direction of travel around this the reforms are important, and it's important that they land well after they are enacted. And we'll be working with the FOS along those lines. As far as oversight committee is concerned, again, we respect the FOS as an independent decision maker. We obviously have a role in relation to its budget. We have a role in relation to its resources. In fact, we approve its budget.

Early, we examine it, and we scrutinise it to ensure it is able to do its job from that perspective. And we also look at the sort of risk environment which the FOS is

encountering. So that's effective of the job, but it's really important, I think, to be clear that the FOS is independent, must be an independent decision maker.

Nikhil Rathi (123:26)

I saw that Anita Kimber, who's the chair of the oversight committee, one of our board members, she was taking detailed notes, Mr McNulty, as you were sharing your perspective, so it's a complicated setup with us being the oversight, but FOS having its own independent board, but we hope the reforms subject to any amendments, legislation will get us further.

And Sarah has been very involved in the operational improvements and seeing the operational improvements and the FOS in terms of case management. We know it's not perfect. Thanks.

Ashley Alder (123:53)

I'll let you, time's run, we've actually gone over time. I'll just let you come back on just one follow up if you want.

Howard McNulty (124:00)

I was just going to come back on one thing. I had a similar role in health board and at the end had still to report to the health board on how we had performed. And I think if you don't actually specify what standards the public should expect, then you won't necessarily find FOS delivering on those. So, I suggest you still have some sort of high-level requirement for a report based on what you believe are the required standards for FOS.

By all means, they make the decisions and the quality and so on, but you should have some sort of monitoring role with statistics coming to you annually and the quality assurance report, quality control report. Because I think it's important that there is a quality control system. It sounds like the Chief Ombudsman may be the way that's going to go, and I hope it does. But I wish you well anyway. Thank you.

Ashley Alder (125:02)

We will take all your points on board as the reforms develop. They're important points. And as Nikhil said, Anita Kimber over there, who chairs our oversight committee, is scribbling notes around that. OK, now we are over time. I'm going to draw this meeting to a close.

Firstly, just as a housekeeping point, if you haven't been able to answer. If we haven't been able to answer a question today, you have questions to ask, please speak to a member of the team who will be in the lobby or visit the information desk to register a question after this meeting. And then we will incorporate, we'll include answers to those questions when we answer those questions as well as those that have been submitted online.

And for those of you who are online, there's an opportunity after this meeting to submit your questions and there should be a prompt by e-mail for you to do that.

And as I said, we will be publishing after the event, all of our answers to unanswered questions.

So, it leaves me to say really thank you very much to my colleagues on the stage and to the board here for all the work they have done today, but also through the year, everyone behind the scenes here.

But most of all, thank you for turning up today and attending in force. As I said at the beginning, we do welcome challenge. We do welcome debate. We do understand very, very clearly that both people in the room and people online will have very, very strong feelings about what has happened to them and the difficult situation in which they find themselves.

We strive as an organisation to be as empathetic, sympathetic and professional as we possibly can. And as I mentioned earlier on at the very beginning of the meeting, the board intends to move forward with the question of, or questions arising out of, have been put to us around Mr Andriesz in the way I described, which is it will be independent and thorough, and it will be transparent. So, for that, thank you very much for attending today, and I'll bring the meeting to a close.

Thank you.