



Regulatory Update

Week 5 - 2025



JANUARY

2025

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Week 5

RR Compliance Associates are a trading style of R&R Compliance Consultants Ltd, a limited company registered in England and Wales (company number 12070286). Our registered office is 51 Lime Street, London, EC3M 7DQ. VAT number 326 1938 96.

REGUALTORY UPDATES

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HAVE A QUESTION? GET IN TOUCH!

| Update | Summary | Action for firms |
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FCA review finds gaps remain in brokers' money laundering defences

Applies to: All firms,

The FCA has found wholesale brokers need to enhance their systems, controls, risk awareness and training to guard against money laundering.

Whilst the findings are directly linked to the capital market players, it is equally relevant to all firms, including estate agencies.

Action to Take:
 Read the full article [here](#).
 Firms must ensure that internal AML controls are robust enough to conduct periodic scans and identify relevant suspicious activities, sanctioned individuals and PEPs.

Consumer Duty

Applies to:
 All Retail firms

The Financial Ombudsman Service (FOS) is proposing notable changes to its fee structure for 2025/26:

- Case Fees for Professional Representatives:
 - FOS plans to introduce charges for professional representatives, such as claims management companies. This is a new cost designed to align with the principles of 'polluter pays' and proportionality, ensuring that those generating complaints contribute to the associated costs.
- No Increase for Firms' Levy or Case Fee:
 - The standard case fee for firms will remain £650, and the overall industry levy will stay at the same level as 2024/25. However, the introduction of charges for specific stakeholders reflects a targeted approach to managing costs.

These measures reflect FOS's commitment to addressing cost pressures without broadly increasing fees for all firms, focusing instead on the entities driving case volumes.

It invites stakeholder feedback by 29 January 2025. The final Plans and Budget will be published in March 2025 after considering all responses.

Action to Take:

- Consider the publication [here](#).

Update

Summary

Action for firms

Modernising the Redress System

Applies to:
DISP captured firms

The Financial Conduct Authority (FCA) and the Financial Ombudsman Service (FOS) have jointly issued a Call for Input titled "Modernising the Redress System," aiming to enhance the efficiency and effectiveness of the UK's financial redress framework.

Proposed Considerations:

- **Fee Introduction for Professional Representatives:** The FOS proposes implementing a £250 fee for each case submitted by PRs after the first ten cases annually, reduced to £75 if the complaint is upheld in the consumer's favour. Individual consumers will continue to have free access to the FOS.
- **Extended Response Times:** Allow firms more time to address complaints internally before escalation, aiming to improve resolution rates and reduce the burden on the FOS.
- **Limiting Appeals:** Consider reducing the scope for appealing FOS decisions to streamline the redress process.

Action to Take:

- Read the full article [here](#).
- Stakeholders are invited to submit feedback on the proposed changes by 30 January 2025. The FCA and FOS will review the responses and publish further proposals in the first half of 2025.

Update

Summary

Action for firms

FOS – new digital platform for firms

Applies to:
DISP captured firms

The Financial Ombudsman Service (FOS) has introduced Business Connect, a new digital portal designed to enhance interactions with financial service providers.

Key Features of Business Connect:

- **Real-Time Case Updates:** Financial service providers can access up-to-date information on the status of complaints, facilitating better case management.
- **Secure Document Exchange:** The portal offers a secure environment for uploading and downloading documents related to specific cases, ensuring data protection and confidentiality.
- **Direct Messaging:** Providers can communicate directly with FOS case handlers through the portal, promoting timely and transparent interactions.
- **Benefits for Financial Service Providers:**
- **Enhanced Efficiency:** By consolidating case information and communications in one platform, providers can manage complaints more effectively.
- **Improved Transparency:** Access to real-time updates ensures providers are informed throughout the complaint resolution process.
- **Data Security:** The secure document exchange feature safeguards sensitive information, aligning with regulatory compliance requirements.

The FOS encourages all financial service providers to register for Business Connect to take full advantage of these features and improve their complaint handling processes.

Action to Take:

- Read the full article [here](#).

Update

Summary

Action for firms

AML changes - ACSP

Applies to:
All firms conducted AML checks for third party companies

The UK government is implementing significant changes under the Economic Crime and Corporate Transparency Act to enhance the integrity of company operations. A key component of this initiative is the introduction of **Authorised Corporate Service Providers (ACSPs)**.

Who It Applies To:

- This requirement affects third-party professionals who conduct identity verification and file information on behalf of clients with Companies House, including:
 - Company formation agents
 - Solicitors
 - Accountants
 - Chartered secretaries and governance professionals

Registration Process:

- Starting **25 February 2025**, eligible professionals can apply to become an ACSP through the 'Apply to register as a Companies House authorised agent' service. Applicants must be supervised by a recognized UK Anti-Money Laundering (AML) supervisory body, such as HMRC, the Financial Conduct Authority, or the Insolvency Practitioners Association. The application involves identity verification, providing business information, and a £55 registration fee.

Deadline:

- Professionals intending to perform identity checks or file information on behalf of clients must complete their ACSP registration by **25 February 2025**. Detailed guidance will be available on GOV.UK in early February 2025 to assist with compliance responsibilities.

Action to Take:

- Read the full publication [here](#).

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Captive Insurance Regulation

Applies to:
Reinsurance

To attract a greater share of the global captive insurance market, the UK government is consulting on reducing regulatory burdens for certain types of captives. This includes tailoring requirements for direct-writing and reinsurance captives while excluding certain high-risk business lines.

Who It Applies To:

Firms considering establishing captive insurers in the UK.
Existing captives evaluating UK opportunities as part of their risk management strategies.

Key Implications:

Reduced Barriers: Firms could see lighter regulatory frameworks, making the UK a competitive domicile for captives.
Specialisation Focus: Certain business lines, such as pensions and life insurance, may remain excluded, requiring firms to adjust their strategies.

Deadline:

The consultation closes on **7 February 2025**. Firms should evaluate their positioning in this market and submit responses to help shape the regulatory framework.

Action Required:

- The consultation period is open until 11:59 am on 7 February 2025. Stakeholders are [encouraged to submit](#) their responses before this deadline.

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Proposed Reform of the Senior Managers and Certification Regime (SMCR)

Applies to:
All firms

The FCA and PRA, alongside the Treasury, are reviewing the SMCR to address concerns about its complexity and perceived barriers to growth. Proposed reforms include replacing the Certification Regime with a more proportionate approach.

Who It Applies To:
All SMCR-regulated firms, including senior managers and certified individuals.

Key Implications:
Simplification for Growth: Changes may reduce compliance burdens, particularly for smaller firms, while still ensuring governance and accountability.
Proactive Engagement: Firms should engage with the review process to highlight pain points and propose practical improvements.

Action Required:

- The government is expected to launch a Call for Evidence in the first quarter of 2025 to gather insights from industry participants. Stakeholders should monitor official channels for the announcement and participate accordingly.

Update

Summary

Action for firms

FCA Operational Resilience Framework

Applies to:
All firms

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) have set a deadline of 31 March 2025 for firms to implement the operational resilience policy outlined in PS21/3. This policy mandates that firms must be capable of remaining within their impact tolerances for important business services during severe but plausible scenarios.

Who It Applies To:

All FCA-regulated firms with critical operational dependencies.

Key Implications:

Contractual Readiness: Firms should review and update third-party contracts to ensure clear responsibilities for incident management.

Cultural Shift: Operational resilience should move beyond compliance, becoming a core element of organisational strategy.

Deadline:

Full implementation is required by **31 March 2025**, with annual reviews and testing expected thereafter.

Review the Guide:

- [Available Here](#)

Update

Summary

Action for firms

Consumer Duty Focus for 2025

Applies to:
All Duty firms

The FCA continues to monitor firms' implementation of the **Consumer Duty**, focusing on complaints handling, consumer support, and outcomes for vulnerable customers. This aligns with its broader commitment to improving market transparency and fairness.

FCA publication available [here](#).

Who It Applies To:

All FCA-regulated firms providing retail financial services.

Key Implications:

Price and Value Scrutiny: Firms must demonstrate that pricing and product offerings deliver fair value to customers.

Vulnerable Customers: Improvements in servicing standards and claim handling are expected, particularly in life and long-term savings products.



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