



# Regulatory Update

Week 6 - 2025



# FEBRUARY 2025

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## Week 6

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.

REGULATORY UPDATES

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## Update

## Summary

## Action for firms

### EU and UK Data Protection Implications of Whistleblowing Procedures

Applies to: All firms,

#### When It Applies to You

This regulatory update applies to **UK firms** that:

- Operate whistleblowing procedures, including helplines or reporting mechanisms.
- Process personal data related to whistleblowing, including that of whistleblowers, witnesses, or accused individuals.
- Outsource whistleblowing procedures to third-party providers.
- Transfer whistleblowing-related data outside the UK or EEA.

#### What to Be Aware Of

- **GDPR & UK GDPR Applicability:** Whistleblowing procedures almost always involve personal data processing and fall within **GDPR and UK GDPR** requirements.
- **Special Category & Criminal Data:** Processing may involve sensitive data, triggering **additional compliance obligations**.
- **Confidentiality vs. Transparency:** Balancing whistleblower protection with GDPR transparency obligations can be complex.
- **DPIAs & Documentation:** Certain whistleblowing schemes may require **Data Protection Impact Assessments (DPIAs)** and robust record-keeping.
- **Data Subject Rights:** Whistleblowing data may be subject to **data subject access requests (DSARs)**, requiring careful handling to balance rights.
- **International Data Transfers:** If whistleblowing data is shared internationally, **GDPR transfer mechanisms** must be in place.
- **Security & Breach Reporting:** Adequate **cybersecurity measures** must protect whistleblowing data, with **breach reporting requirements** if data is compromised.

#### Action to Take:

- **Review & Update Policies:** Ensure whistleblowing and data protection policies align with GDPR and UK GDPR.
- **Conduct a DPIA:** If your whistleblowing procedure involves high-risk data processing, complete a Data Protection Impact Assessment.
- **Check Legal Bases:** Verify that personal data processing is supported by a compliant legal basis.
- **Enhance Transparency:** Review and, if necessary, update your DP Notices.
- **Ensure Security Measures:** Implement encryption, access controls, and secure storage.
- **Prepare for DSARs:** Establish procedures to handle data subject access requests while protecting identities.
- **Review Third-Party Contracts:** If outsourcing, ensure your contract meets GDPR requirements.
- **Monitor International Transfers:** If whistleblowing data is transferred internationally, confirm the use of safeguards.
- **Train Staff:** Provide training on GDPR obligations for employees handling whistleblowing reports.

## Update

## Summary

## Action for firms

### Economic Crime and Corporate Transparency Act 2023 – Failure to Prevent Fraud Offence

Applies to:  
Large Firms  
organisation that meets **at least two** of the following criteria in its last financial year:

- **More than £36 million turnover**
- **More than £18 million in total assets**
- **More than 250 employees**

This update applies to large organisations that may be held criminally liable under the new Failure to Prevent Fraud Offence (FTPFO) if:

- A fraud offence is committed by an associated person (e.g., employees, agents, subsidiaries) for or on behalf of the organisation.
- The fraud benefits the organisation or its clients and has a UK nexus.
- The organisation fails to demonstrate it had reasonable fraud prevention procedures in place.

The FTPFO takes effect on 1 September 2025, requiring firms to implement compliance measures before this date.

#### What to Be Aware Of

- **Scope of Liability:** Large organisations can be held criminally liable for fraud committed by associated persons, even if the misconduct occurs outside the UK.
- **Defence Available:** Firms can avoid liability if they demonstrate they had reasonable fraud prevention procedures in place.
- **Guidance Framework:** The UK Government’s Guidance on the FTPFO outlines six core principles for compliance:
  - **Top-Level Commitment** – SM must actively promote & enforce prevention.
  - **Risk Assessment** – Firms must conduct documented, dynamic risk assessments.
  - **Proportionate Prevention Procedures** – Controls must be tailored.
  - **Due Diligence** – Firms must conduct robust checks on employees, agents, and third parties.
  - **Communication & Training** – Staff must be trained on fraud prevention.
  - **Monitoring & Review** – Regular audits and updates of fraud are required.
  - **Compliance Not Automatic:** Existing financial crime controls (e.g., anti-bribery frameworks) are not sufficient.
  - **Penalties:** Organisations found guilty of failing to prevent fraud.

#### Action to Take:

- **Conduct a Fraud Risk Assessment:** Identify **fraud risks** associated with employees, agents, and subsidiaries.
- **Develop a Tailored Compliance Framework**
- **Review & Update Policies:** Assess current **financial crime controls** and update them to cover **FTPFO risks**.
- **Strengthen Due Diligence**
- **Enhance Whistleblowing Channels:** Establish **secure, anonymous reporting mechanisms**.
- **Provide Staff Training**
- **Regularly Monitor & Update Procedures.**

## 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

### Jurisdiction clause takes precedence over arbitration provision in reinsurance dispute

Applies to:  
Reinsurance Disputes  
International Operational Agreements

In **Tyson International Company Ltd v GIC Re, India, Corporate Member Ltd [2025] EWHC 77 (Comm)**, the English Commercial Court ruled that a **jurisdiction clause in a Market Reform Contract (MRC) takes precedence over a conflicting arbitration clause** in a later Facultative Certificate. The case highlights the complexities that can arise when multiple reinsurance contracts contain differing dispute resolution clauses.

#### Why This Matters for Reinsurance Brokers

- **Contract Clarity is Critical:** Reinsurance brokers play a key role in structuring contracts. This case reinforces the need for **clear dispute resolution terms** across all reinsurance documents.
- **Hierarchy of Terms Matters:** When both an MRC and a Facultative Certificate exist, **a confusion clause (if present) may dictate which prevails**. The ruling suggests that an MRC’s jurisdiction clause can override a later arbitration clause in the absence of clear wording to the contrary.
- **Potential Litigation Risks:** Where arbitration clauses and jurisdiction clauses conflict, insurers and reinsurers may **face costly jurisdictional disputes** before substantive issues are even addressed.

#### Action to Take:

- **Ensure Consistency in Dispute Resolution Terms:** MRCs and Facultative Certificates should have **aligned jurisdiction and arbitration provisions** to avoid future conflicts.
- **Interpretation of Confusion Clauses:** If a policy includes a **hierarchy or confusion clause**, it should **clearly state which contract takes precedence** in case of inconsistencies.
- **Impact of Anti-Suit Injunctions:** The decision demonstrates that **English courts may issue anti-suit injunctions (ASIs) to enforce jurisdiction clauses**, preventing parallel arbitration or litigation elsewhere.
- **Jurisdictional Risks in Multi-Layer Placements:** The ruling contrasts with **Tyson International Company v Partner Reinsurance Europe SE**, where a Facultative Certificate overrode an MRC. **The presence of a confusion clause in this case was the key differentiator.**

## Update

## Summary

## Action for firms

### Insurers Cannot Seek Contribution Under the 1978 Act for Claims Under the 2010 Act

Applies to:  
Insurers

A recent ruling in **Riedweg v HCC International Insurance plc [2024] EWHC 2805 (Ch)** confirms that **insurers facing claims under the Third Parties (Rights Against Insurers) Act 2010 (2010 Act) cannot seek contribution from other liable parties under the Civil Liability (Contribution) Act 1978 (1978 Act)**. The decision highlights a key limitation for insurers when dealing with claims against insolvent insureds, preventing them from reducing their liability through contribution claims.

#### Why This Matters for UK FCA-Authorised Firms

- **Impact on Claims Handling:** Insurers and brokers involved in liability claims must **assess exposure carefully**, as contribution from third parties may not be an available option.
- **Reinsurance Considerations:** Reinsurers covering **professional liability risks** should **factor in this ruling** when underwriting policies or handling claims.
- **Subrogation Complications:** The ruling suggests that **subrogation might be the only route for insurers to recover losses**, but this may be impractical where the insured is dissolved.
- **Potential for Legislative Change:** The judgment leaves a **significant gap in insurer rights**, potentially leading to calls for statutory reform.

#### Key Considerations

- **Liability Under the 2010 Act Differs from Insured’s Liability:** The court ruled that an **insurer’s liability is different from that of the insured**, meaning it does not share the “same damage” as another party.
- **Subrogation as a Possible Alternative:** Insurers may still **pursue subrogation claims**, but this can be **complex, costly, and impractical**—especially if the insured is dissolved.

#### Action Required:

- **Review Policy Wording** – Ensure insurance contracts **address contribution risks**, particularly in cases involving **third-party liabilities and insolvencies**.
- **Consider Reinsurance Protections** – Reinsurance brokers should **assess coverage gaps**, as primary insurers may **struggle to recover** from third parties.
- **Plan for Increased Claims Costs** – Claims teams should **anticipate higher payouts**, as they cannot seek **immediate contribution from other liable parties**.
- **Monitor Potential Legislative Developments** – Given the ruling’s **implications for insurers**, firms should **track any government or industry response** that may seek to amend the law.
- **Advise Clients on Insolvency Risks** – Brokers and underwriters should **consider the impact of the 2010 Act on liability insurance**, particularly in cases involving **insolvent insureds**.

## Update

## Summary

## Action for firms

### The Vulnerability Registration Service – A Tool for Supporting Vulnerable Customers

Applies to:  
All firms

The FCA estimates that **31% of UK adults have at least one vulnerability characteristic**, yet the insurance sector **struggles to identify vulnerable customers consistently**. The **Vulnerability Registration Service (VRS)** is a voluntary tool that allows consumers to register their vulnerability status, enabling service providers to tailor their approach accordingly. While other sectors have integrated VRS data, **the insurance industry has yet to make significant use of the system**. With fewer than **3% of vulnerable individuals currently registered**, a wider adoption of the VRS could help insurers and brokers **streamline vulnerability detection and improve customer outcomes**.

#### Why This Matters for UK FCA-Authorised Firms

- **FCA Compliance:** The **Consumer Duty** requires insurers and brokers to **identify and support vulnerable customers**, making tools like the **VRS a valuable compliance aid**.
- **Operational Efficiency:** A **centralised vulnerability database** would reduce the burden on customers who currently have to **repeat vulnerability disclosures** each time they switch providers.
- **Data Sharing Challenges:** Vulnerability data may involve **sensitive personal information**, making **cross-firm communication difficult**. The VRS could **facilitate secure information sharing** while ensuring **customer confidentiality**.
- **Improving Customer Outcomes:** A standardised approach to vulnerability detection would allow firms to **provide better, more tailored support**, improving **trust and customer experience**.

#### Action Required:

- **VRS is Voluntary:** Since **not all vulnerable customers will be registered**, insurers must **continue using their own internal vulnerability assessments** alongside any VRS integration.
- **Compliance & Data Protection:** Firms must **carefully manage the use and sharing of vulnerability data** to comply with **GDPR and FCA requirements**.
- **Industry Adoption Needed:** The insurance sector's **lack of engagement with the VRS** limits its effectiveness. Wider industry participation could **create a more inclusive and supportive insurance market**.
- **Practical Implementation:** If insurers **adopt the VRS**, they must ensure **seamless integration with existing customer service processes** and **staff training on how to use the data responsibly**.



## Update

## Summary

## Action for firms

### Potential Statutory Consumer Advocate for Insurance

Applies to:  
All firms

Citizens Advice has called for **statutory consumer advocate status** in essential markets, including **insurance**, arguing that **consumers lack representation in regulatory decision-making**. If implemented, this could lead to **greater scrutiny of insurers**, particularly in **personal lines**, and **new data disclosure requirements**.

A statutory consumer advocate would:

- **Represent consumer interests** in regulatory discussions.
- **Have data gathering powers** to hold firms accountable.
- **Scrutinise pricing practices**, such as **loyalty penalties**.
- **Challenge FCA enforcement priorities** where consumer harm is identified.

#### Why This Matters for UK FCA-Authorised Firms

**Potential Mandatory Data Disclosure:** Insurers may have to **share consumer pricing and claims data** with an independent body.

**Greater Scrutiny of Consumer Duty Compliance:** The advocate could **challenge insurers on fairness, transparency, and customer outcomes**.

**Stronger Focus on Vulnerable Customers:** The FCA already requires firms to **consider the needs of vulnerable customers**, but a statutory advocate could **push for stricter requirements**.

**Regulatory Influence Shift:** Citizens Advice argues that **regulators have prioritised industry over consumers**, meaning insurers could **face stronger interventions in the future**.

## Update

## Summary

## Action for firms

### Cyber Risks in the Insurance Industry – 2024 Recap & 2025 Outlook

Applies to:  
All firms

Cyber insurance remains the **fastest-growing global insurance product**, driven by escalating cyber threats. With **77 cyber risk insurers** now operating within the Lloyd’s market, competition has led to **tailored policy offerings**, but also **greater variance in coverage terms**.

The **lack of standardised policy wording** means that **disputes over coverage** are becoming more frequent, particularly as **businesses often only realise the scope of their policy after a loss has occurred**. The absence of judicial authority on cyber insurance interpretation also increases the risk of litigation.

The **CrowdStrike outage in July 2024** served as a **wake-up call** for insurers, highlighting the **potential systemic risks posed by global cyber incidents** and raising questions over how insurers will **handle large-scale business interruption claims**.

#### Why This Matters for UK FCA-Authorised Firms

**Market Volatility & Coverage Uncertainty** – The **inconsistency in cyber insurance policy terms** makes it **harder for firms to assess coverage**.

**Litigation & Dispute Risks** – The **lack of judicial guidance** on cyber insurance **creates uncertainty over claims outcomes**.

**Regulatory Fines & Insurance Indemnity** – Firms must assess whether **insurance policies cover regulatory fines**, especially under **GDPR enforcement actions**.

**Systemic Cyber Risks** – Large-scale **cyber events could trigger substantial claims**, putting pressure on insurers and **leading to tighter underwriting standards**.

#### Actions to take:

- **Review Cyber Insurance Policies** – Ensure coverage **aligns with business needs** and that **key risks are adequately covered**.
- **Clarify Policy Terms** – Work with brokers and insurers to **understand exclusions, limitations, and scope of coverage**.
- **Strengthen Cyber Resilience** – Implement robust **security controls, incident response plans, and regulatory compliance measures**.
- **Engage Senior Leadership** – Boards and senior management should **actively assess cyber risks and ensure insurance policies are fit for purpose**.
- **Monitor Industry Trends** – The cyber insurance market is **rapidly evolving**, and firms must **stay informed on emerging risks and coverage developments**.

## Update

## Summary

## Action for firms

### FCA's Reframing of Risk – Consumer-Led Sustainable Growth

Applies to:  
All firms

In a recent speech at the **2025 Risk Leader Summit**, FCA Chief Operating Officer **Emily Shepperd** outlined the regulator's **evolving approach to risk and growth**, balancing **consumer protection with sustainable financial sector expansion**. Shepperd reaffirmed the **Consumer Duty as central to financial resilience**, while also **signalling a shift towards encouraging responsible risk-taking** in response to **government calls for a more competitive financial market**.

#### Why This Matters for UK FCA-Authorised Firms

- **Regulatory Flexibility on Consumer Duty Governance** – The FCA is offering **greater flexibility** on appointing a **Consumer Duty Board Champion**, though firms must still maintain **strong governance**.
- **Increased Encouragement for Risk-Taking** – The regulator is **aligning with government priorities to support sensible risk-taking** by insurers, banks, and asset managers, while maintaining consumer protection.
- **Shift in Market Expectations** – The speech suggests that **UK financial regulation will aim to foster growth**.

#### Key Considerations

- **Consumer Duty Remains Central**
- **Governance Adjustments** – The FCA's **more flexible approach to the Consumer Duty Board Champion** does not remove the obligations.
- **Competitive Positioning** – With **government backing for financial sector growth**, firms should **explore innovation opportunities** while ensuring compliance with **FCA standards**.
- **Regulatory Dialogue on Risk** – The FCA is **adapting its stance to align risk appetite with market growth objectives**.

#### Actions to take:

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

## Update

## Summary

## Action for firms

### **FCA's Practitioner Survey Launched**

Applies to:  
All firms

The Financial Conduct Authority (FCA) and the Practitioner Panel have initiated their joint survey for 2025, inviting all regulated firms to provide feedback on the FCA's regulatory performance. This annual survey, conducted by the independent research organization Verian (formerly Kantar Public), aims to gather insights to enhance the FCA's effectiveness and efficiency.

#### **Key Changes in the 2025 Survey**

For the first time, the survey is being distributed to all regulated firms, aiming for a comprehensive collection of feedback across the industry. The FCA has also streamlined the survey to make it more concise, encouraging broader participation.

#### **Utilisation of Survey Results**

- Inform the FCA's strategic decisions.
- Implement changes to improve regulatory processes.
- Align the FCA's operations with the needs of the firms it regulates.

The results will be presented to the Practitioner Panel and the FCA Board and are scheduled for publication in the summer of 2025.

#### **Actions to take:**

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

Update	Summary	Action for firms
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**FCA to Launch ‘My FCA’ Portal for Streamlined Reporting**

Applies to:  
All firms

The FCA is launching My FCA in spring 2025, a single sign-in portal designed to simplify access to FCA systems. This initiative is part of the Transforming Data Collection programme, which aims to reduce the regulatory reporting burden on firms.

**Why This Matters for UK FCA-Authorised Firms**

- Easier Access to Regulatory Tools – My FCA will combine Connect, RegData, and firm register access under one login.
- Improved Visibility of Reporting Obligations – Firms will be able to track all regulatory reporting and attestation tasks in one place.
- Reduced Administrative Burden – The FCA is also reviewing and removing unnecessary regulatory returns, with an upcoming consultation to cease three regular reports, benefiting up to 16,000 firms.

**Actions to take: n/a**

**FCA Strengthens Firm Authorisation Processes**

Applies to:  
All firms

The FCA is updating its **Firm Details form**, requiring firms to **verify core details**, including email addresses, phone numbers, and postal addresses.

**Why This Matters for UK FCA-Authorised Firms**

- Stronger Validation – The updated form will enhance verification checks, improving data accuracy for regulatory oversight.
- Integration with Companies House – Firms must ensure their Companies House records are up to date, as the FCA will use officially registered details.

**Actions to take:**

- Verify business details with Companies House – Ensure that company name, registered address, and financial year-end information are correct.
- Prepare for stricter validation – Firms should review and update their firm details before the new form is implemented.

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[www.rrcompliance.com](http://www.rrcompliance.com)



[contact@rrcompliance.com](mailto:contact@rrcompliance.com)



0203 488 4322