

First UK financial companies asked to submit non-financial misconduct data to sector regulator

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UK financial companies are on notice from their regulator to provide information on the ways they are dealing with instances of non-financial misconduct. The Financial Conduct Authority has started rolling out a sector-wide survey that will reach banks, insurance companies and financial intermediaries such as brokers. In the first survey sent to the wholesale insurance market yesterday, firms were given a month to gather data and reply.

The UK financial industry has seen their regulator kick off its planned drive to ensure they are effectively dealing with cases or claims of non-financial misconduct including bullying, sexual harassment and discrimination in or outside the workplace.

The Financial Conduct Authority plans a "sector-wide information gathering exercise" that will involve sending compulsory surveys to banks, insurers, brokers and financial intermediaries.

It is understood to be staggering the release of the survey, and it started with the wholesale insurance market, sending a letter yesterday to Lloyd's of London managing agents and London insurance market participants and intermediaries requesting that they respond with the required information by March 5.

It focuses on three data points: the number of non-financial misconduct incidents recorded, the method by which the incidents were detected — whether through whistleblowing or surveillance — and the outcomes of the incidents along with the number of further outcomes recorded.

The regulator is asking for high-level, aggregated statistics for 2021 to 2023 on the volume and type of incidents of non-financial misconduct, the methods of detection and the actions taken to address them.

Firms not responding to the mandatory survey would be liable for action under the Financial Services and Markets Act 2000, the FCA said, and could face public censure, office raids and financial penalties.

The regulator expects companies to have "effective systems" in place to identify and mitigate risks emanating from non-financial misconduct, it said in its letter yesterday. "Our publicly expressed view sets out that non-financial misconduct is misconduct and not an additional principle," the FCA said.

"We are requesting data that includes incidents that took place at the office, working from home, working offsite and social situations related to work," the regulator said.

"Should allegations or evidence of non-financial misconduct become known, we expect a regulated firm to take them seriously, have the internal procedures to investigate them promptly and fairly, and to take appropriate action when allegations are upheld."

Companies have been advised to also distinguish in their datasets between senior and non-senior management functions.

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