Last Week in Financial Regulation

18–24 OCTOBER 2026

Parliamentary reform, regulatory developments and the cases shaping financial services.

Private-market conflicts and financial-crime controls featured prominently in the week of 18–24 October, alongside final changes to fund submissions and government plans to reduce reporting burdens. AI appeared both as a governance challenge for financial services firms and as a potential source of hidden concentration in pension portfolios. New complaints data and a Court of Protection judgment add further perspectives on customer outcomes and conflicts of interest.

1. UK Parliament

Nothing to note in this edition.

2. HM Treasury

Government announces reductions in asset-management and company-reporting burdens

23 OCTOBER

On 23 October, HM Treasury announced administrative and tariff measures which it estimates will save businesses almost £800 million annually. The package includes claimed savings of £105 million from reducing duplicative reporting for asset managers and up to £290 million from company-reporting changes.

The announcement also includes a pause to the Companies House profit-and-loss filing requirement planned for April 2028. Details of individual administrative measures are promised for 28 October. The release is a policy announcement, not evidence that the relevant rule changes have been enacted.

Government slashes red tape and tariffs to give businesses breathing space

3. Financial Conduct Authority (FCA)

Handbook Notice 145

23 OCTOBER

Handbook Notice 145, published on 23 October, reports final amendments made by the FCA Board on 22 October. FCA 2026/67 updates UK CRR references and definitions from 1 January 2027, with no material policy change intended.

FCA 2026/68 changes the submission channel for specified fund notifications and forms, including certain fund-manager notifications and delegation changes. The immediate change is to upload existing completed forms through Connect instead of emailing them; it does not require completion of new interactive Gateway forms. The instrument takes effect principally on 1 February 2027, with Annex B commencing on 2 November 2026. The existing fallback process for system outages exceeding 24 hours remains available.

The notice also recaps the sustainability-disclosure instrument made on 24 September, rather than announcing a newly made October rule. That instrument introduces UK Sustainability Reporting Standards-aligned comply-or-explain requirements for in-scope listed issuers from 1 January 2027, with transitional provisions.

Handbook Notice 145

Financial Crime Guide updates: CP26/38

23 OCTOBER

On 23 October, the FCA opened consultation CP26/38 on updates to its Financial Crime Guide. Responses are due by 24 December 2026.

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The proposed updates cover authorised push payment fraud and money mules, cryptoassets, financial and trade sanctions, proliferation financing, data security, AI and third-party tools. They also address accountability in Banking as a Service, embedded-finance and outsourced arrangements.

These are proposed changes to non-binding general guidance, not new rules or immediate implementation duties. Departure from the Guide does not itself establish a rule breach. The FCA intends to publish feedback and final guidance in a Policy Statement; the draft instrument does not specify commencement.

CP26/38 • CP26/38

Private-market conflicts controls have not always kept pace with growth

23 OCTOBER

On 23 October, the FCA published a multi-firm review of conflicts of interest and fair customer treatment across UK private equity, private credit and real estate management and advisory activities. It found examples of effective governance, but considerable variation, with some frameworks failing to keep pace with business complexity.

Recurring weaknesses concerned cross-fund transfers and continuation vehicles, gifts and entertainment, and information barriers. The findings address managers, alternative investment fund managers and investment advisers. They set out supervisory expectations against existing requirements, not new rules, and specify no remediation deadline. The FCA plans targeted follow-up where appropriate.

In its accompanying release, the FCA separately said it was examining governance and conflicts concerns involving private credit funding consumer litigation. That work was outside the published review.

Conflicts of interest and fair customer treatment in private markets • FCA calls on private market firms to manage conflicts of interest in line with rapid growth

Restrictions on six Annex 1 lenders disclosed following anti-money-laundering concerns

23 OCTOBER PUBLICATION | EARLIER RESTRICTIONS

On 23 October, the FCA published an account of restrictions imposed earlier in the year, at the request of six Annex 1 lenders, following concerns about anti-money-laundering controls identified during application assessments. These businesses fall within Money Laundering Regulations supervision, rather than wider FCA authorisation.

Kingscrown Finance Ltd received restrictions on 21 April and further restrictions on 25 September, including limits on receiving customer payments and an orderly loan-book wind-down. Restrictions imposed on MOMSB Ltd and Momentus Capital Ltd on 7 October, and on Grosvenor Funding Ltd and Grosvenor Funding (North West) Ltd on 9 October, constrain new business and customer payments and require independent AML reviews.

Abbital Ltd's restrictions, imposed on 15 October, specify permitted new business and payments and require an independent AML review. The FCA also said it was assessing responses to an information request covering around 900 registered Annex 1 firms.

FCA restricts 6 firms following concerns over anti-money laundering controls

Market integrity strategy emphasises intelligence and system-wide risks

22 OCTOBER

In a speech delivered on 22 October, chief executive Nikhil Rathi outlined a more assertive approach to using existing powers against system-wide threats to market integrity, including harms originating outside the authorisation perimeter.

He described greater use of AI, intelligence and cross-agency cooperation, alongside planned industry engagement on duplicative assurance and compliance processes, including the three lines of defence. He also signalled experimentation with intelligence-led anti-money-laundering approaches while retaining the value of KYC and monitoring information. The speech is a statement of regulatory strategy, not a consultation or new binding requirement.

Market integrity in a digital age

Asset-management speech signals advice and tokenisation work

21 OCTOBER PUBLICATION | SPEECH 20 OCTOBER

In a speech delivered on 20 October and published on 21 October, deputy chief executive Sarah Pritchard outlined priorities for asset management and retail investment regulation.

She signalled forthcoming updated simplified-advice rules with Financial Ombudsman Service case studies, and an FCA–Bank of England tokenisation roadmap expected in November. She also warned firms to prepare for T+1 settlement and reiterated expectations for financial-crime controls tailored to their risks, particularly in private markets.

The linked FRAME fund-reporting consultation had a response deadline of 22 October. Its proposals remain distinct from final rules.

Reshaping regulation, deliberately

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AI good-and-poor-practice examples accompany plans for agentic finance

19 OCTOBER

In a speech published on 19 October, chief data, information and intelligence officer Jessica Rusu announced AI good-and-poor-practice material covering consumer outcomes, governance and accountability, and operational resilience.

The accompanying publication gives illustrative examples for customer-facing and internal AI applications across retail and wholesale financial services. It expressly creates no new requirements.

Rusu also announced planned work with industry, regulators and frontier laboratories on an agentic-finance framework addressing agent identity, delegated authority, accountability and execution. She called on general-purpose AI providers to explain the limitations of AI-generated financial information through disclaimers. These are policy signals and planned work, rather than final rules.

Comment For retail and wholesale firms deploying AI, the examples provide practical benchmarks for assessing consumer outcomes, meaningful human escalation, senior-management ownership and resilience, without prescribing one implementation model. Rusu also identified significant AI failures and near-misses as a reporting priority. Firms need to distinguish that supervisory message from their applicable notification obligations: the speech does not create a blanket duty to report every AI near-miss.

Building the future of finance in the age of AI

4. Courts & Tribunals

Irwin Mitchell Trust Corporation v PW & Anor [2026] EWCOP 53 (T2)

Court of Protection | 20 October

In a judgment handed down and published on 20 October, the Court of Protection addressed remedies following the 2024 self-dealing ruling involving Irwin Mitchell Trust Corporation.

HHJ Hilder rejected unconditional retrospective ratification. Ratification was permitted on condition that IMTC pay 60% of PW's potential claim, calculated using the receipts approach and excluding VAT and third-party disbursements.

IMTC must confirm acceptance within 21 days and pay within 28 days of hand-down. Refusal requires an application to discharge its deputyship. PW's prospective ratification remains unresolved.

Comment The decision is material to professional deputies and investment advisers considering connected-party appointments, but it is an individual best-interests determination, not a general 60% recovery rule or a final valuation of PW's claim. The judgment describes an existing interim safeguarded scheme covering 260 other individuals while the conflict continues until 30 May 2027. PW's repayment condition does not automatically extend to them; their cases require further consideration.

Irwin Mitchell Trust Corporation v PW & Anor

5. Financial Ombudsman Service (FOS)

Complaints rise as quarterly and firm-level data are published

22 OCTOBER

On 22 October, FOS published its July–September 2026 complaints data, reporting 56,973 new cases—around 3,400 more than the preceding quarter. Current accounts remained the most complained-about product, with 10,285 cases, more than half concerning fraud and scams. Credit cards accounted for around 6,400 cases and car or motorcycle insurance for around 4,400.

FOS upheld 27% of complaints resolved during the quarter, or 31% excluding motor finance commission complaints. The overall rate was affected by closures of groups of motor commission cases which FOS considers unsuccessful following legal developments. Resolved cases generally concern complaints received in earlier quarters.

FOS also published firm-level half-yearly data. Although titled "H1 2026", its stated reporting period is April–September 2026. Total complaints for that period were around 110,500; FOS cautions that its move to financial-year reporting prevents comparison with previous half-year releases.

Reported firm-level new cases included 4,883 for Barclays Bank UK, 4,869 for National Westminster Bank and 4,467 for HSBC UK. Publication requires at least 30 new and 30 resolved complaints in the period. Separate early-resolution data are available, and proactively settled complaints do not count towards firms' change-in-outcome rates.

Comment For banks, card providers and motor insurers, the releases help identify workload pressures and recurring dispute themes, especially current-account fraud and scams, credit-card affordability and Section 75 claims, and motor-insurance valuations. Firm-level comparisons need business-size and product-mix context: raw referral counts do not establish misconduct. Likewise, the quarter's uphold rates describe resolved cases, not the likely outcome of its new intake.

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The Financial Ombudsman Service received 57,000 cases in the second quarter of 2026/27 • Half-yearly complaints data: H1 2026 • Quarterly complaints data: Q2 2026/27

6. Financial Services Compensation Scheme (FSCS)

Nothing to note in this edition.

7. The Pensions Regulator (TPR)

Guidance addresses hidden AI concentration in pension portfolios

22 OCTOBER

On 22 October, TPR published guidance on hidden AI-related concentration risks in pension scheme portfolios. It asks trustees to assess aggregate direct and indirect exposure, including within default arrangements, and to test severe but plausible downturns for losses, liquidity demands and changing correlations.

The guidance addresses concentration in passive strategies, scrutiny of active managers, leverage and liquidity vulnerabilities, and proportionate contingency communications for defined contribution members. It is investment-governance guidance, not a new statutory rule.

Comment For trustee boards and investment advisers, the central issue is whether apparent diversification across funds and managers conceals a shared economic exposure. Individual managers' assessments may not reveal the scheme's aggregate position. The guidance therefore has practical relevance to portfolio-wide oversight, including passive strategies and default arrangements, without requiring trustees to adopt a particular investment allocation.

TPR sets expectations on "hidden" concentration risks in pension portfolios

8. Exchanges & Trading Venues

Nothing to note in this edition.

9. Financial Reporting Council (FRC)

Nothing to note in this edition.

10. Information Commission

Ogi Networks Limited and Data Cymru reprimanded over ransomware security failings

20 OCTOBER

On 20 October, the ICO reported reprimands against Ogi Networks Limited and Data Cymru following a ransomware attack on 1 November 2024 in which personal information concerning 3,300 people, mostly children, was taken.

Attackers exploited a redundant test account protected by "Password1" for more than 12 years. The ICO found that both organisations breached UK GDPR security requirements through inadequate controls and reviews. Data Cymru also breached Article 28(4) because its arrangement with Ogi Networks Limited lacked the required sub-processor contractual terms.

Both organisations subsequently strengthened access controls and account reviews. A compliant processing contract was entered into on 30 April 2025. The publication reports reprimands, not fines or court proceedings.

Comment The case is relevant to regulated businesses and professional firms using outsourced IT services: dormant accounts and gaps in processing-chain contracts can remain consequential long after systems are established. The ICO's recommendations on remote-access multi-factor authentication and account reviews illustrate practical safeguards, but should not be described as newly enacted universal technical requirements. Contractual terms and effective security oversight are separate parts of the protection.

"'Password1' is not an appropriate password": Two Welsh organisations reprimanded after cyber-attack exposed children's information • "Dyw 'Password1' ddim yn gyfrinair priodol": Ceryddu dau sefydliad Cymreig ar ôl i seiberymosodiad ddatgelu gwybodaeth plant

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