

Your guide to this week in regulation

24 June 2024

Welcome to our weekly round-up for UK financial services regulation. Paul Staples summarises the key announcements and developments. Be sure to subscribe to receive our updates in your inbox every week.

Predictably, during the pre-election period, we're seeing the flow of regulatory announcements slow. However, there's still much to ponder, including in respect of continuing regulatory and political interdependencies. In this week's update, we lead with one such recent example – the Financial Conduct Authority's (FCA) use of mortgage data with the intention of evidencing good customer outcomes from recent initiatives that will, in turn, influence its future policy and supervision approach here.

Elsewhere, in our second item, we look at recent changes at the Financial Ombudsman Service (FOS) to facilitate firms in faster and improved complaint resolution through so-called 'proactive settlement'.

Finally, the relative slow-down of the UK regulatory pipeline allows us to look EU-bound, specifically this week in respect of developments to enhance retail investor protection and improve disclosure to ensure robust and well-functioning markets.

FCA data update on the Government's Mortgage Charter

The FCA recently released its latest data from firms who have signed up to the UK Government's Mortgage Charter. The Charter, introduced in June 2023, represents around 90% of the mortgage market. The Charter contains commitments made by mortgage lenders, including:

- not forcing a borrower to leave their home without their consent unless in exceptional circumstances
- allowing customers to lock in a new deal up to six months ahead of the end of a fixed rate deal
- permitting customers who are up-to-date with their payments to switch to interest-only payments for six months

The FCA introduced new rules to support these commitments. Data suggests that at least 760,000 accounts benefited from one or more of the options set out in the Charter. Around 90,543 mortgage accounts have temporarily reduced their monthly payments under the new FCA rules.

The regulator has stated that it will use the data on the uptake of the Charter to inform its policy and supervisory approach.

[Read more on the FCA data update on the Government's Mortgage Charter](#)

FOS proactively settled complaints continue

The FOS recently published a webpage confirming that, following a trial period, it will continue with its proactive complaint settlement scheme.

Over the last couple of years, the FOS has trialed a new way to help financial business and their customers resolve complaints more quickly. By using 'proactive settlement' financial businesses can make an offer to resolve a complaint before the FOS carries out a full investigation.

From 24 June 2024, the scheme will continue but with some changes. This includes:

simplification of the scheme

businesses must now make an offer within 14 days (reduced from 21 days) from when the case moves to investigation

communicating with customers

the FOS will assess and provide guidance to customers as to whether the complaint meets scheme criteria

improvements to FOS's internal processes

the process has been permanently embedded ensuring that the FOS can continue to send offers onto customers promptly

[Read more on FOS approach to settled complaints](#)

Retail investment package rules in the EU

Recently the European Council (EC) issued a press release confirming that it had reached an agreement on strengthening the EU rules on retail investor protection. The retail investment package aims to support individual consumers seeking to invest on the EU's capital markets. This will be achieved through better protection of investments, clearer information on products, and ensuring greater transparency and disclosure. This includes introducing the concept of 'value for money', which aims to ensure investment products are only offered to retail clients if they offer good value for money.

The package will also look to modernise and simplify investor protection rules to ensure these are coherent across different sectors and EU laws. In terms of next steps: the EC will engage in negotiations with the European Parliament on the final shape of the regulation.

[Read more on retail investment package rules in the EU](#)

Consultation on OTC derivatives

Recently, the EC's Markets in Financial Instruments Regulation (MiFIR) review reformed transparency rules for over-the-counter (OTC) derivatives. These are financial contracts that are typically arranged outside regulated markets. The draft rules mandate pre- and post-trade transparency for derivatives denominated in euro, yen, US dollars, or pounds sterling, subject to the clearing obligation under the European Market Infrastructure Regulation (EMIR), and centrally cleared without exemptions.

The new draft rules require detailed disclosure of OTC derivative trades, ensuring better market

surveillance and investor protection. The reforms aim to demonstrate the EC's commitment to robust financial markets and international standards by increasing transparency. Those wishing to provide feedback on the draft act have until 10 July 2024.

[Read more on the consultation on OTC derivatives](#)