The Financial Conduct Authority's response to the Complaints Commissioner's Annual Report 2025-2026

July 2026

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(For the year ended 31 March 2026)

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July 2026

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Financial Conduct Authority

12 Endeavour Square

London

E20 1JN

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Introduction

We welcome the Annual Report from Rachel Kent, the Financial Regulators Complaints Commissioner (the Commissioner) and the insight it provides. This report sets out our response.

We regulate around 35,500 firms and prudentially supervise around 34,000. Around 14,000 are subject to the prudential standards in our Handbook. These firms support millions of interactions between consumers and financial services providers. The FCA's Supervision Hub also handles a significant volume of direct consumer contact. In 2025/26, we handled 65,940 pieces of correspondence and 42,666 calls. In this context, the number of complaints we receive under the Scheme remains relatively small. Nonetheless complaints are a key source of feedback that help us improve how we carry out our role. We use them to strengthen our processes, decision-making and communications.

Over the past year, we have strengthened our complaints operations. We set an ambitious goal to resolve our portfolio of historic group complaints, and in 2025/26 delivered 18 resolutions—the highest in any operational year to date. Achieving this required sustained focus and clear prioritisation.

We also performed strongly across our wider complaints work. We exceeded our targets for the second consecutive year. Outside of group complaints, the Commissioner fully agreed with our decisions in 89% of cases. We accepted 94% of the recommendations made to us. These results reflect both the quality of our decision-making and our willingness to act where improvements are identified.

We expect to maintain a high level of delivery and performance and meet targets across standard and local area complaints. We will progress remaining group complaints in a timely and proportionate way.

We've continued our dialogue with the Commissioner and her Office, particularly on broader themes emerging from individual complaints. This has helped us to share knowledge and our specialist expertise, contributing to more efficient and timely complaint investigations.

Several of the themes in the Commissioner's report relate to specific sectors or earlier stages of market development. The overall risk appetite for sectors such as peer-to-peer (P2P) lending is set by Parliament through the legislative framework. Many P2P issues highlighted in the Commissioner's report stem from historic market conditions and firm failures. The sector has since evolved, with enhanced consumer protections, a smaller market and fewer firms. As set out later, we've considered these developments and believe our approach is proportionate and appropriate. Where new sectors are brought within our remit, we welcome open discussion about the level of risk and legislative choices.

We will work with the Commissioner to support timely and proportionate outcomes for complainants. And we will use insights from complaints to keep improving.

The Complaints Scheme

The Financial Services Act 2012 (the Act) requires the regulators to operate a Complaints Scheme (the Scheme) to investigate complaints about how they have carried out their relevant functions.

It is designed so that, as far as reasonably practicable, complaints are investigated quickly and proportionately. The Treasury appoints the Commissioner who is responsible for the conduct of investigations, in line with the Scheme.

The Scheme is one of several ways we're held to account. The FCA Board sets our strategic direction and establishes policies and frameworks to manage risks to our operations and deliver our statutory objectives. Each year we report to the Treasury and Parliament on our performance against our statutory objectives, and we're held to account by parliamentary committees. We also engage regularly with ministers and government departments. In this context, complaints about our broader strategic approach or regulatory policy are more appropriately considered through these wider accountability mechanisms. They may also be considered through the regulatory failure framework, as discussed in Chapter 5.

Anyone, for example a firm or consumer, who is directly affected by our actions or inactions can raise a complaint under the Scheme. A complainant can refer their complaint to the Commissioner for independent scrutiny at any time in the complaints process.

The Scheme has 2 distinct stages:

- Stage 1 where the regulator reviews and responds to a complaint.
- Stage 2 where the Commissioner independently reviews the regulator's decision if the complainant is not satisfied with the response received from the regulator.

We cannot handle complaints about the actions of the firms we regulate under the Scheme. There are separate statutory processes for that. For example, via the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Our complaint & outcome definitions

Complaints under the Scheme which are low impact and can be dealt with quickly and easily are investigated by the area which is the subject of the complaint. These are referred to as **local area complaints**. If the complainant is dissatisfied with the response from the local area, this can be referred to the Complaints Department for further investigation.

Complaints under the Scheme that the Complaints Department investigates are referred to as **standard complaints**.

Multiple complaints about the same event or issue are classed as a **group complaint**. Although complainants bring complaints about the same event or issue, individual complainants may raise different allegations about it.

We must sometimes defer investigating a complaint where it is connected to ongoing regulatory action. This is referred to as a **deferred complaint**. We're committed to only deferring investigation where necessary. We also commit to carefully reviewing each allegation raised to determine whether we can investigate it or not while connected regulatory action is ongoing.

Each individual complaint may make several allegations, and when we conclude a complaint, every allegation made will have a separate outcome. For example, if we receive a complaint that includes 2 allegations, our investigation might uphold 1 of the allegations but not the other.

The possible outcomes for a complaint are:

- **Upheld:** We've investigated all allegations made in a complaint and upheld them all in favour of the complainant.
- **Partially upheld:** Multiple allegations with different outcomes, at least one of which we've investigated and upheld in favour of the complainant. There are other allegations that we've not upheld or not investigated.
- **Not upheld:** We've investigated at least some of the allegations in a complaint but not upheld any.
- **Not investigated:** We've decided to 'not investigate' all the allegations made. There are several reasons this may occur. For example, the allegations may be about something specifically excluded from the Scheme, such as the use of our legislative functions (which includes making rules and guidance). This category also involves complaints which the complainant withdrew after achieving the outcome they wanted – sometimes after we've worked to resolve the issue.

Complaints referred to the Commissioner

Last year, the vast majority of complainants accepted our decision after our investigation. Around 18% referred their complaint to the Commissioner.

During 2025/26, 361 complaints were reviewed by the Commissioner. Additionally, 1 case was reviewed by an alternative to the Commissioner due to a conflict of interest. This made a total of 362 complaints at Stage 2. This is compared to 235 in 2024/25 (+54%). Out of the 362 complaints:

- 100 were standard complaints
- 262 formed part of 8 different group complaints

The Commissioner fully agreed with our outcome in 89% of standard complaints, and in 7% of group complaints.

Out of the 262 group complaints, 242 related to the following cases:

- The British Steel Pension Scheme (BSPS) group complaint – 189 (72%). The Commissioner found that we were behind the curve in anticipating, preventing and responding to widespread unsuitable financial advice. We disagreed with the Commissioner's findings and did not accept her recommendation to revisit the outcome we reached.
- The House Crowd – 53 (20%) related to our decision to apply the time bar in the Scheme to complaints we received about our actions in connection with this firm. The Commissioner did not agree with our rationale in the specific circumstances of this case. We accepted the Commissioner's position and agreed with her recommendation to investigate the complaint.

The remaining 20 (8%) of group complaints were about 6 different groups, with the Commissioner fully agreeing with us on 90% of them.

The Commissioner observed the most common allegations related to failures to regulate firms. As group complaints involve multiple allegations about our authorisation, supervision and enforcement functions, we expect to see this theme continue.

Recommendations from the Commissioner

Over the past year, we accepted 32 of the Commissioner's 34 recommendations (94%) and have made changes as a result.

This has included improving our processes and communication, and providing an apology or compensatory payment where appropriate.

We also note the Commissioner's observations on complaints about our customer service and complaint handling. We recognise that we do not always get it right. We've made targeted improvements to our complaints handling based on her feedback, including enhancing staff training and guidance. We've also improved how we identify and respond to vulnerable complainants, including reasonable adjustments and accessible communications. We've appointed vulnerability champions within the Complaints Team to support our continuous improvement in this area.

These actions reflect our commitment to learning from complaints.

We did not accept 2 recommendations:

Case	Commissioner's recommendation	Our response
202400106	The Commissioner recommended that we make a contributory compensatory payment to the complainant in recognition of not acting sooner in this case.	We did not accept the Commissioner's recommendation to pay compensation for the reasons set out in our public response. However, we accepted her findings and recognised that we missed opportunities to investigate concerns about Firm X as quickly and robustly as we should have. We proactively completed a lessons learned review to improve our work in the future. The Commissioner acknowledged this was a thorough review, which resulted in a well-considered strategy and clear blueprint for future internal improvements. We're committed to learning and to improving our supervision of the sector. We've made several changes in response to the lessons learned. These include strengthening processes and our risk tolerance framework, providing additional training to staff on specialist subject matters and continuing to develop internal resources and tools. These actions will contribute to our 'smarter regulator' priority, as set out in the FCA Strategy. Although we did not agree that a payment for financial loss was appropriate, we agreed to make a discretionary compensatory payment for non-financial loss of £500 in line with the Scheme.

Case	Commissioner's recommendation	Our response
BSPS	The Commissioner recommended that we revisit our decision not to uphold the complaint allegation that we were behind the curve in anticipating, preventing and responding to the widespread unsuitable financial advice.	We did not accept the Commissioner's recommendation for the reasons set out in our public response.

BSPS

The Commissioner comments that our publication about the lessons we learned from BSPS did not engage with her report's new findings.

There have been several previous independent reviews into our actions on BSPS. The themes identified across those reviews and the Commissioner's report are largely consistent with those already examined. We've already implemented many of the recommendations from these reports.

In particular, we implemented the recommendations of the Rookes Review to improve early intervention and information sharing. This included establishing a formal joint protocol in 2019 with The Pensions Regulator and the Money and Pensions Service. This strengthened coordination across the regulatory system and improved our ability to identify and respond to emerging risks.

We also took decisive action to raise standards across the market. This included introducing a ban on contingent charging and requiring all transfer advice to be given or checked by appropriately qualified pension transfer specialists. We also strengthened professional standards through enhanced qualification and ongoing competence requirements. These were supported by clear and comprehensive guidance to firms, setting out expectations and highlighting good and poor practice to improve the quality and consistency of advice.

Alongside this, we enhanced our supervisory capability, requiring firms to submit detailed and regular data on pension transfers. This has enabled us to identify higher risk firms and intervene more quickly and effectively.

We also took steps to improve consumer understanding of risks. This included publishing clear information on the nature of defined benefit transfers, who such transfers may or may not be suitable for, and what consumers should expect from advisers.

These actions strengthen the framework governing pension transfer advice and demonstrate decisive action to address identified risks.

Themes identified by the Commissioner

We've carefully considered the themes identified by the Commissioner. We set out our response to those where clarification or engagement is appropriate.

Complexity of complaints

The Commissioner notes that the range and complexity of matters considered under the Scheme is broad, reflecting the breadth of the FCA's regulatory remit.

The Scheme is designed to consider individual complaints about our relevant functions in a timely and proportionate way. Its purpose is not to consider the operation of whole markets, sectors or regulatory regimes.

Where concerns relate to broader questions of regulatory policy or potential regulatory failure, other established accountability mechanisms exist, including the regulatory failure framework.

Maintaining the distinction between these functions is essential to make sure each mechanism can operate effectively in parallel, without unnecessary duplication. It is also crucial to allow the Scheme to operate efficiently and proportionately, providing timely outcomes for complainants whether their cases are complex or not.

Confidentiality

We're committed to being as open and transparent as possible with complainants. We want to provide clear and meaningful explanations of our decisions wherever we can.

We operate within a legal and policy framework that places limits on the information we can disclose, including statutory confidentiality restrictions. These requirements help protect sensitive information about firms and individuals, support the effective operation of our supervisory and enforcement work, and ensure the integrity of the regulatory system.

We aim to strike an appropriate balance. We're as transparent as possible in our engagement with complainants, while remaining consistent with our legal obligations and the wider public interest. We will continue to work constructively with the Commissioner on this and to challenge ourselves to enhance transparency wherever possible. This includes through ongoing improvements in how we communicate our decisions and complaints outcomes.

Compensation

We note the Commissioner's comments on the role of compensation under the Scheme and the potential tension between findings of supervisory failure and the scope for financial redress.

As the Commissioner acknowledges, we consulted on changes to the Complaints Scheme and set out our approach to compensatory payments in our Policy Statement of July 2023 (PS23/12). The purpose of these changes was to provide greater clarity and transparency about what complainants can expect from the Scheme. This includes the circumstances in which discretionary compensatory payments may be made.

We will consider making a payment for financial loss where 2 conditions are met: there has been a clear and significant failure, and we are the sole or primary cause of loss. This approach strikes an appropriate balance between recognising where our actions have fallen below expected standards, and reflecting the statutory immunity from liability for damages provided to us by Parliament.

The Scheme is not an alternative route for consumer redress arising from the actions or inactions of financial services firms. In most cases, financial loss arises from the conduct of firms, for which there are established statutory avenues for consumers to seek redress. These include pursuing a complaint directly with the firm, referral to the Financial Ombudsman Service, and, where relevant, access to compensation through the Financial Services Compensation Scheme. We do not have a direct relationship with individual consumers in this context, and the Scheme is not a mechanism of last resort where losses fall outside those frameworks.

In this context, we consider that the Scheme's current approach reflects its intended purpose, while ensuring that appropriate recognition can be given where our own actions have solely or primarily caused loss.

Our role in connection to the Financial Ombudsman Service

We agree with the Commissioner that this is an area where there can be misunderstandings about the nature and scope of our responsibilities. We've worked closely with the Commissioner over the past year to provide a clearer and more comprehensive explanation of our role. This includes both our formal statutory responsibilities and the informal mechanisms through which we engage with the Financial Ombudsman.

As the Commissioner sets out, our role in relation to the Financial Ombudsman is defined and limited by statute. Under the Financial Services and Markets Act 2000 (FSMA), our responsibility is to take the steps necessary to ensure that the Financial Ombudsman is capable of carrying out its statutory functions. This includes responsibilities such as approving the Financial Ombudsman's budget and appointing its Board. However, it does not extend to general oversight of individual casework, nor does it permit us to direct the Financial Ombudsman or its Ombudsmen in how to determine complaints, interpret evidence, or apply regulatory rules in specific cases. The Financial

Ombudsman operates as an independent decision maker. We note that the Financial Services Bill currently before Parliament is expected to introduce changes to the framework set out above.

In our experience, many complaints in this area arise where a complainant has received a decision from the Financial Ombudsman they disagree with. In such cases, complainants often seek to challenge that outcome indirectly through a complaint about our oversight of the Financial Ombudsman. However, as the Commissioner recognises, our role does not extend to reviewing or intervening in individual Financial Ombudsman decisions, nor to acting as an appeal body for Financial Ombudsman determinations. Shortcomings identified in the handling of specific complaints by the Financial Ombudsman do not, in themselves, constitute evidence that we failed to discharge our statutory duties.

We also engage with the Financial Ombudsman through established mechanisms. This includes a Memorandum of Understanding which sets out how we cooperate and share information. This involves regular engagement and arrangements to identify and discuss issues that may have wider implications. It ensures that systemic themes arising from Financial Ombudsman casework can inform our regulatory activity, while maintaining the Financial Ombudsman's operational independence.

We recognise the Commissioner's long-standing observations about the need for greater transparency in this area. We will continue to work constructively with the Commissioner to improve understanding of our role. This includes by ensuring that the distinction between our responsibilities and the independent decision-making role of the Financial Ombudsman is clearly communicated to complainants.

Time bar

We note the Commissioner's observations on the application of the time bar under paragraph 2.4 of the Scheme, and the conclusions reached in the cases referred to. As set out in our response last year, we agree with the Commissioner on the nature of the applicable test – that it is based on actual knowledge, rather than what a complainant ought to have known. The key issue in these cases, as noted, concerned the point at which a complainant can reasonably be said to have become aware of the circumstances giving rise to their complaint.

The time bar is an important feature of the Scheme. It reflects the need to ensure that complaints are brought within a reasonable timeframe, and that it remains practical for both the Regulators and the Commissioner to investigate complaints effectively. It would not be feasible to allow an indefinite period for complaints to be raised. In particular, where evidence may become more difficult to assess over time.

We consider each complaint on its own facts and circumstances. This includes the evidence available as to when a complainant had actual knowledge of the matters complained of. As shown in the cases referenced, this can involve careful judgement. So we will continue to assess each case on its merits. We will also carefully consider the Commissioner's reasoning and recommendations. This includes in cases where she takes a different view on the application of the time limit.

Fee related complaints

We note the Commissioner's observations on complaints about our fees framework, including concerns about proportionality, timing and clarity.

We recognise the issues raised, particularly the 'cliff edge' effect where firms remain liable for a full annual fee after cancelling permissions shortly after 31 March. To address this, we've consulted on changes in CP25/33. This includes proposals to introduce pro-rating of fees, which would create a more proportionate outcome for firms exiting the market.

We consult on our fees annually. This gives firms an opportunity to input into our approach before it is finalised. In addition, firms can use our online fee calculator to estimate their fees and support forward planning.

On proportionality, the basis of our administrative fees is to recover the costs of carrying out the relevant activity. This applies irrespective of the size of the firm. We have, however, reviewed our approach and consulted on reducing the late submission fee, reflecting improvements in processes and a commitment to ensuring fees remain fair.

We've also streamlined our processes, including through the introduction of MyFCA, and have sought to pass these efficiencies on to firms. We will continue to keep our fee framework under review, taking into account feedback from firms and the Commissioner.

Vulnerable complainants

We agree with the Commissioner's observations regarding complaints involving vulnerable consumers. We also recognise an upward trend in complaints regarding vulnerability over the past year.

Making sure vulnerable consumers receive fair outcomes is a central expectation under the Consumer Duty. We actively supervise firms to assess how effectively they deliver against this. In 2025, we published examples of good practice and areas of improvement to help firms support customers in vulnerable circumstances.

We do not resolve individual disputes between consumers and the firms we regulate. But we closely monitor the intelligence we receive from consumers, including complaints, and use this to inform our supervisory priorities, interventions and market-wide work.

On our interactions with vulnerable complainants, we acknowledge that we could have done more in the case highlighted by the Commissioner. We've taken targeted steps to strengthen our approach. This includes enhancing our processes, improving training and increasing expertise within the Complaints Team (we've appointed a vulnerability champion within the team), to ensure we better identify and respond to the needs of vulnerable individuals and meet the standards expected of us.

Delays and deferrals in complex and group cases

We recognise the importance of making sure deferrals are appropriately justified, actively monitored and kept under regular review. We've reflected on our approach in light of both our own experience and feedback from the Commissioner. In particular, we've strengthened our approach to deferrals, moving from assessment at case-level to considering this by individual allegation. This enables more granular consideration of whether elements of a complaint can progress, even where other aspects remain linked to ongoing regulatory or enforcement activity.

This change reflects a more proportionate and flexible approach. It allows us to challenge previous assumptions and consider more actively whether it is appropriate to progress a complaint in parallel with ongoing regulatory work. In doing so, we carefully assess the specific circumstances of each case. This includes the nature of the allegations, the stage of any related regulatory action, and whether progressing the complaint could risk prejudice to any ongoing process or civil, criminal or regulatory proceedings.

Deferral can have a significant impact on complainants, particularly where cases are complex and long-running. We emphasise that deferrals should only be used where necessary, kept under review, and ended as soon as appropriate.

P2P lending platforms

We note the Commissioner's observations on the P2P sector and recognise the themes identified across complaints. The majority of these are linked to historic firm failures and the earlier stages of market development between 2014–2018, as acknowledged by the Commissioner.

Since then, we've made significant improvements to the regulatory framework to protect consumers. In more recent years, failure volumes have been low, with only 1 firm failure since 2021, and the sector has shown increased stability under the strengthened regime.

Our strategy for the sector is designed to:

- Strengthen compliance standards.
- Enhance firm financial resilience.
- Improve risk management and disclosures.
- Support better consumer understanding of P2P outcomes and risks, noting that P2P is a high-risk investment with no FSCS protection.

In addition, as noted by the Commissioner and in line with our general supervisory approach across all sectors, last year we carried out a review to assess ongoing risks and growth opportunities. Data, industry insights, multi-firm work, bilateral firm engagement and complaint themes have all informed this review.

We consider that the regime appropriately balances access to private credit opportunities with consumer protection. The number of P2P firms has reduced from 63 in January 2019 to 41 in June 2026. Overall market size has declined from approximately £6bn to £1.4bn over the same period. In the context of a significantly reduced and stabilising market, we do not consider that further fundamental change to the existing regime is currently warranted or proportionate. While the P2P market has shrunk, we're seeing positive changes in the broader alternative finance sector. Some firms are successfully moving to other funding models, supporting innovation and sustainable growth.

We've also engaged with industry and consumers over the past year through our Discussion Paper DP25/3 Expanding Consumer Access to Investments on the regulatory regime for P2P lending and published our Consumer Investments Market Priorities report in March 2026.

We will continue to keep the regime under review while supervising and intervening assertively, using our full regulatory toolkit, where we identify risks of harm.

Measuring our performance

In this section, we report on the volume of complaints opened and concluded during the year, and the outcomes we reached.

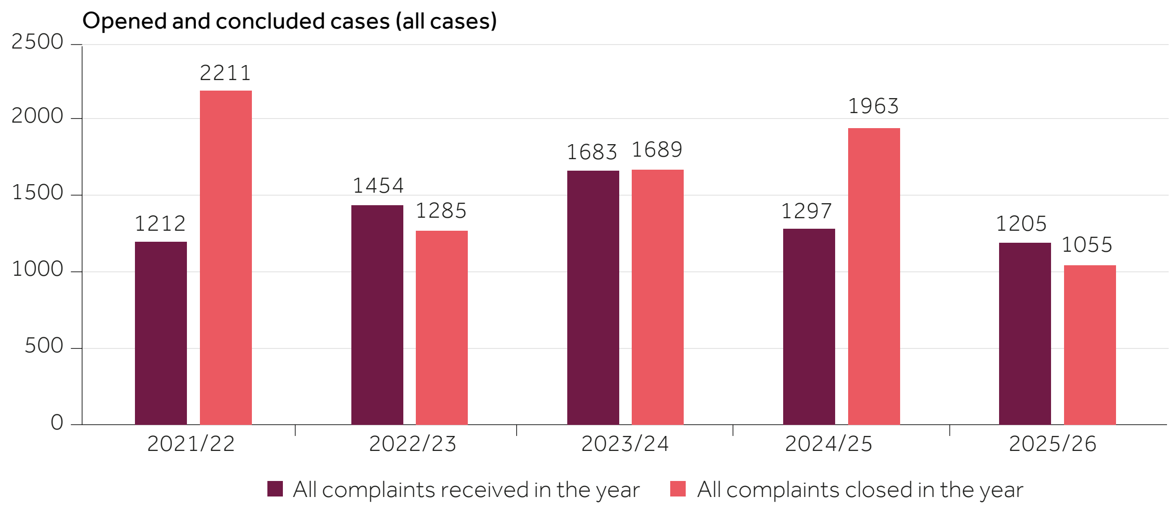
Opened and concluded complaints

We received 549 standard and local area complaints and 656 group complaints last year (1,205 in total). This represents a 7% decrease compared to the previous year (1,297 in 2024/25).

We concluded a total of 550 standard and local area complaints and 505 group complaints last year (1,055 in total). This represents a decrease of 46% from 1,963 in 2024/25. Although we resolved 18 group complaints last year, these comprised of fewer individual complainants than those concluded in the previous year.

The difference between opened and concluded complaints last year is predominately as a result of group complaints which have either been deferred or form part of our ongoing caseload.

Figure 1. Year-on-year comparison of all open vs concluded complaints

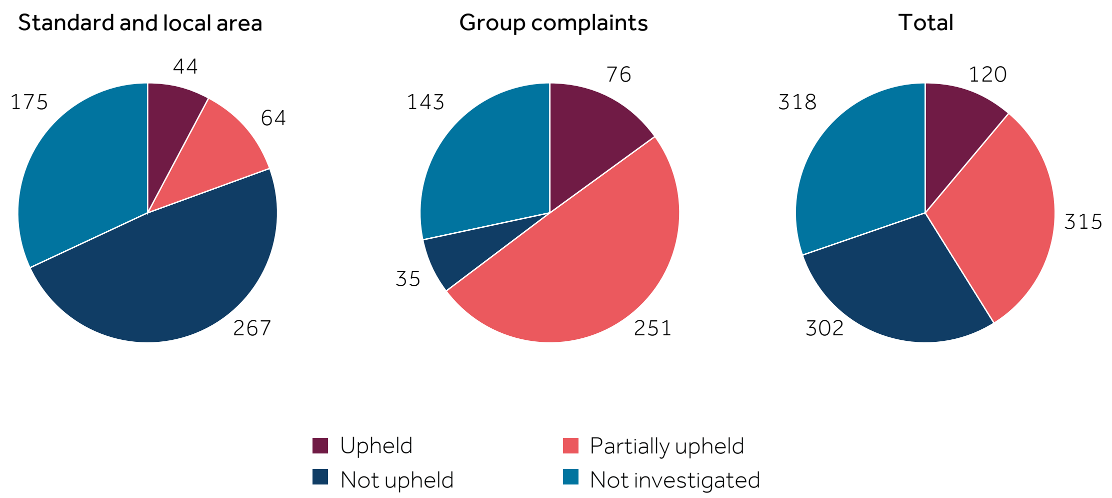


Outcomes of all complaints (standard, group & local area) concluded in 2025/26

Table 1. Outcomes of all complaints (standard, group & local area) concluded in 2025/26

Outcome	2025/26	2024/25	Difference
Upheld	120 cases (11.4%)	812 cases (41.4%)	-692 cases
Partially upheld	315 cases (29.9%)	125 cases (6.4%)	+190 cases
Not upheld	302 cases (28.6%)	750 cases (38.2%)	-448 cases
Not investigated	318 cases (30.1%)	276 cases (14%)	+42 cases
Total	**1,055 cases**	**1,963 cases**	**-908 cases**

Figure 2. Complaints outcomes 2025/26 split by standard and local area, group and total.



Outcome	Standard and local area	Group complaints	Total
Upheld	44	76	120
Partially upheld	64	251	315
Not upheld	267	35	302
Not investigated	175	143	318

Our operating service metrics for complaints

We aim to conclude 75% of standard and local area complaints within 8 weeks. We do not measure this metric for group complaints as they are typically more complex, historic and take longer to resolve. Last year, we concluded 90% of standard cases within 8 weeks, exceeding our target.

We're committed to maintaining this strong performance.

Table 2. Percentage of standard complaints resolved within 8 weeks

Year	Operating service metric
2025/26	90%
2024/25	86%
2023/24	90%
2022/23	83%
2021/22	60%

Table 3. Year-on-year operating service metrics performance for standard and local area complaints

Operating service metric	Target	2023/24	2024/25	2025/26
Local area complaints responded to within 10 working days	95%	87%	97%	98%
Standard & Local area acknowledgement sent within 5 working days	95%	98%	99%	97%
Standard complaints receive scope or decision letter within 20 working days	95%	97%	95%	97%

Conclusions

Looking ahead, we expect to maintain a high level of delivery and operational performance, continuing to meet our service standards. We will progress remaining group complaints in a timely and proportionate way. We anticipate that group complaint casework will remain a feature of the Commissioner's caseload. This reflects the progression of complaints to Stage 2 following our resolution at Stage 1.

We will build on this year's improvements, with a focus on strengthening our processes, enhancing quality assurance and embedding learning more consistently across the organisation. This will support our ability to respond to increasingly complex complaints while maintaining high standards of service.

We remain committed to our open and collaborative relationship with the Commissioner. We will work closely together to ensure the Scheme operates effectively, delivering timely, fair and proportionate outcomes for complainants. In doing so, we will continue to support our ambition of becoming a smarter regulator – one that learns, adapts and improves, and delivers better outcomes for consumers and firms over time.

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FINANCIAL CONDUCT AUTHORITY

12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk