HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dame Meg Hillier MP
Chair Treasury Select Committee
House of Commons
London
SW1A 0AA

19 May 2026

Dear Meg,

Financial Services and Markets Bill: Lords Introduction

I am writing following the introduction of the Financial Services and Markets Bill today. I know that the Bill will be of interest to the Committee. I would like to take the opportunity to set out the purpose and objectives of the Bill in more detail.

The Chancellor set out the Leeds Reforms in 2025, as part of the Government's vision to strengthen the UK's position as a leading global financial centre and ensure the financial services sector can continue to support households and businesses across the country. The government sees vast potential in the sector, and that is why it has been identified as one of the eight growth-driving sectors in the government's modern Industrial Strategy, whose success is essential to delivering the Plan for Change.

The Bill will deliver key parts of those reforms, modernising how the sector is regulated, supporting growth and lending to businesses, and ensuring consumer protections are fit for the digital age. It will achieve this while maintaining high standards of regulation and oversight in a more competitive global environment.

The Bill will:

- Modernise consumer protections and redress arrangements to reflect today's markets and maintain confidence. It will ensure consumers are appropriately protected when something goes wrong, making sure protections are fit for the digital age. Reforms to the Financial Ombudsman Service will increase consistency and clarity of decision-making, helping people resolve disputes more quickly and with greater certainty.

- Consolidate the regulatory framework to enable stronger coordination and clearer responsibilities, reduce fragmentation of the regulators and support innovation. By streamlining the regulatory architecture and consolidating the

Payment Systems Regulator within the Financial Conduct Authority (FCA), firms will deal with fewer overlapping regulators, providing clearer accountability and faster decision-making.

- Ensure that the administrative burden on financial services firms is proportionate without compromising on core consumer, prudential and market protections, including reducing the overall burden of the Senior Managers and Certification Regime –the framework that holds senior leaders in financial firms personally accountable – by 50 per cent, with a focus on accountability of the most senior figures in financial services, freeing up firms to focus on serving customers and invest in growth, rather than dealing with overly burdensome compliance processes.

- Enable credit unions to expand by improving the rules on who can become a member. This will allow credit unions to serve more people and communities, widening access to affordable finance and supporting the Government's aim to double the size of the mutual and co-operative sector.

- Support lending and investment including by updating the statutory framework underpinning the ring-fencing regime, which requires major banks to separate their UK retail banking services from investment banking activities. The reforms will unlock more finance for UK businesses. Improved competition in Small and Medium-sized Enterprises (SMEs) lending will help small businesses access finance more easily, recognising SMEs as key drivers of innovation, job creation and economic growth across the UK.

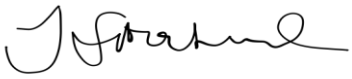
- Modernise oversight of anti‑money laundering and counter‑terrorist financing. Consolidating supervision of professional services firms, which is currently spread across 22 professional body supervisors. The FCA will assume responsibility for the supervision of lawyers, accountants and trust and company service providers, delivering stronger, more consistent oversight and improving confidence in the UK regime. The Bill will also enable the Home Office to seize more illicit cryptoassets, preventing criminals from putting proceeds of their crimes out of reach, and returning money to law enforcement, victims and the public purse.

- Ensure access to in-person banking services for the future. The Government has commissioned an independent review in this area and the Bill includes a power, pending the outcome of that process, to ensure the Government can take steps to protect access to face-to-face banking where needed.

I look forward to working with you all on this important legislation.

Yours sincerely,

RACHEL BLAKE MP
ECONOMIC SECRETARY TO THE TREASURY



LORD STOCKWOOD OF GREAT GRIMSBY AND CLEETHORPES

MINISTER FOR INVESTMENT

DEPARTMENT FOR BUSINESS AND TRADE AND HIS MAJESTY'S TREASURY