

W. J. Morris – Written evidence (SCG0013)

I am a member of the public, taxpayer and voter. My experience of FCA has been of an inept, outdated unresponsive publicly funded agency, described as a regulator of financial conduct. I have identified that FCA is in practice unaware of most misconduct and relies on self certification by those institutions that fund it via a levy ultimately funded by consumers. Victims Are not acknowledged in its process and no restitution is possible.

Capability or capacity to regulate?

My own credit score was wrecked by errors by banks and credit agencies in a switch application. AML is overlooked in typos and the error is perpetuated and shared. All banks operate this breach of AML and have no process in place to manually check such minor errors. FCA has neglected this oversight and not mandated manual checks. How many misspelt accs is unknown and how many of them are fraudulent is equally unidentified. FCA is weak and unresponsive.

- Inaccurate data was accepted despite AML,
- was not manually checked and rectified.
- Instead it was attached to my genuine data.
- No one noticed except the consumer who alerted all institutions and FCA.
- I noticed letters and cards had a misspelling of my name.
- Software and manual checks under AML should have identified the error and negated the harm.
- Instead it was still in place and damaging my financial record and thus my ability to manage my assets.
- It remained unaltered, waiting to cause greater harm.

Pure chance led to the discovery.

- Three months after the switch I applied for a new credit card.
- I have never been declined,
- nothing had changed except the chaotic switch.
- Probability for the new card should have been 4 or 5 offers with 85 to 90% acceptance.
- I had one offer, with just 40% probability of acceptance.
- Then I knew there was still a problem, incorrect data held and shared.
- When would this problem have come to light? When I wanted to make a future major purchase? Buy a house? And derail it?

- Even when aware, Banks and Agencies did not audit the inaccurate data that they held. ICO is dealing with that. It happened over a year ago.

FCA seems unaccountable to anyone.

- It works by relying on enough disgruntled members of the public, as consumers and tax paying stakeholders, to supply intelligence.
- It provides no route for reporting misconduct except for queries/questions
- Its other source is whistleblowers.
- FCA has no autonomy to instigate investigation without the public/whistleblowers and supplies no contact email for the consuming public

FCA accepts the information supplied, uses it and fails to inform or involve the source. A cursory thanks is offered at the start.

- That leaves victims of financial misconduct without information and without redress.
- The Ombudsman scheme is ADR.
- The victim of financial crime is not in need of dispute resolution.
- The facts exist of the misconduct, often agreed by the perpetrator.
- Thus no place for ADR.
- ADR is all that is on offer to the victims, to haggle with an Ombudsman service that does not deal with unlawful conduct, of which, the Banking Industry is well aware.

Has the right capability and capacity to fulfil their regulatory objectives on growth and competitiveness?

- FCA relies entirely on others to 'tip FCA off' about issues- aka breaches of regulation.
- FCA cannot be a valid regulator when it has no means to independently check or instigate monitoring of compliance.
- FCA has no investigative capacity. Regulatory Misconducts create victims who are ignored in the current process, FOS cannot examine harm from unlawful conduct except as a part of poor service. Losing one's entire financial record status through such error (TSB +Experian failures in AML) remains unacknowledged and unaddressed. Those with weak financial status are at risk of self harm from the laxity with

the FCA process and lack of adequate safeguards and redress for those stakeholders (taxpayers) who are the unseen victims.

- Without these capabilities and capacities, FCA only **appears** able to promote innovation some of which may also be harmful but unrecognised as not captured in the current process.
- Effectiveness appears good but what is invisible? Unrecorded by the FCA current remit, as above? The industry is one stakeholder yet its users/taxpayers are not represented and their needs are not considered except as potential consumers.
- Taxpayers and consumers are stakeholders. They have no scrutiny or tracking of progress within FCA. It would be beneficial to provide some, before any secondary growth within the industry. Transparency for these stakeholders is nil and any growth would be risky on such weak foundations.

1. Are the existing accountability measures around the secondary growth and competitiveness objective adequate?

No when there are few primary processes to monitor and misconduct is ignored when not monitored or its data captured. Using limited sources distorts the true picture of success or effectiveness and can hide failure and incompetence.

2. What might the FCA and PRA be able to learn and apply from comparable supervisors in other markets in terms of applying secondary objectives on growth and competitiveness?

Unknown but as primary supervision is limited by statute it is inadequate making FCA unaccountable in reality and unfit for an enlarged responsibility.⁹

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