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UK Financial Conduct Authority reports on enforcement activity

The latest [enforcement statistics](#) released by the UK Financial Conduct Authority (“FCA”) show that the regulator is investigating more firms and individuals than ever in relation to an ever expanding range of alleged misconduct.

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At a glance, it may appear that levels of enforcement activity remain relatively static. The total number of penalties imposed was unchanged from the preceding year at 16. An increase in total amount of financial penalties imposed from £69.9 million to £227.3 million appears dramatic. However, the difference is accounted for by a small number of substantial fines, including two fines finally imposed following the conclusion of a long-running action arising from the collapse of an asset management firm, which together account for £79.2 million of the £80.2 million individuals were ordered to pay during the period.

The more significant figures and messages lie behind the headlines:

- Numbers of enforcement cases opened continue to rise, but case closures are not keeping pace – 343 cases were opened during the course of the year, with 189 closed (compared to 302 opened and 208 closed during the preceding year), continuing the concerted policy implemented by the FCA’s Director of Enforcement Mark Steward.
- The FCA’s focus on culture and governance is translating into more enforcement cases – more than double the number of cases concerning culture and governance issues were opened during 2018/19 than during the preceding year. This perhaps flows from the FCA beginning to make use of the Senior Managers and Certification Regime as an enforcement tool (and in some cases taking action for failures to properly implement it).
- Financial crime enforcement remains a priority – although numbers of financial crime-related cases commenced are down significantly, the highest single fine imposed was for failures in anti-money laundering systems and controls. The case is the second in the past three years in which the FCA has imposed a fine of over £100 million for such failings. There is a significant pipeline of further cases where the FCA is using its extensive regulatory and criminal enforcement powers in this area (often in combination with one another and often against individuals as well as firms).
- Enforcement action continues to take a long time to reach a conclusion – Although the report does not confirm this explicitly, the average length of cases (excluding those closed with no further action) is now 51.3 months (up from 48 months in 2017/18 and 39.3 months in 2016/17). This is a direct consequence of much larger upticks in numbers of cases commenced in previous years combined with resourcing challenges and complex internal decision-making processes.