

Compliance Monitor

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Married to the FCA

Elton John said it – “sorry seems to be the hardest word”. And what’s true of love is true of financial services.

Being regulated is like being married. You go through rough patches, do things wrong, don’t behave as expected, or just fail to communicate – it all damages the relationship.

In these situations, a simple “sorry” will go a long way to restoring the equilibrium. And that would be most firms’ instinctive reaction. Whether directly supervised or in a Contact Centre relationship, a simple phone call followed up by a form filled in can in many cases do much to increase the FCA’s confidence.

But it can become a problem when you’re in the habit of not being so open. Then, the secrecy can become corrosive. Even if you want to make a clean breast of it now, you worry about the things left unsaid previously. So you clam up, and keep it all in.

And it can get more complicated once the lawyers are involved. They may think your best interests are served by not admitting anything. That’s understandable in pre-trial litigation, but bad practice in a long-term relationship. No regulated

firm should ever bear itself toward the FCA as if they were equal before the law. That may be true, but the chances are that if you adopt that posture, you’ll never make it to the Tribunal to find out. The FCA has many ways of encouraging firms to “do the right thing”, and formal enforcement procedures are only one of them.

So say “sorry”. Admit your mistakes. Apologise when things have gone wrong. And do fix them. This may be painful and embarrassing in the short term, but it’s worth it. Because one thing’s for sure – there’s one important difference between being in a relationship and being regulated.

At the end of the day, if your relationship breaks down, you can always leave that relationship, move out, move on, or get a new partner. But you can never get a new regulator.

So make sure you work on that relationship – otherwise, as Elton knew, you’re in a “sad, sad situation”.

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