Financial Promotions Manual

Version Control

Date	Version	Change
12 March 25	1.0	Publication
01 April 25	2.0	Updates to various sections
16 July 25	3.0	Incorporate the latest FCA guidance

Template Customisation and Usage Guide [DELETE WHEN READY]

Customising Your Policy/Manual Template

This template is a guideline and must be customised to reflect your organisation's operations, regulatory obligations, and internal controls. Replace all placeholder text with business-specific information to align with your processes, risk framework, and compliance structure.

*****This guidance and footer graphic should be removed from the final saved version*****

Using This Template

This template provides a comprehensive framework to help your organisation develop a policy that meets regulatory requirements and industry best practices. While structured to align with FCA expectations, you must review and adjust the content to reflect your organisation's compliance framework, sector-specific risks, and operational procedures.

If your organisation has policies related to this document, ensure that relevant cross-references are included. Some of the policies referenced are available separately or as part of bundled compliance toolkits.

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1. Introduction to Financial Promotions

1.1 Policy Statement

Our organisation upholds the highest standards of integrity, transparency, and compliance in all financial promotions. We strictly follow the Financial Services and Markets Act 2000 (FSMA) and the FCA Handbook, including relevant sourcebooks such as COBS, CONC, ICOBS, BCOBS, and MCOB, among others. This policy prohibits any promotion that misleads, exploits consumer vulnerabilities, or fails to disclose risk adequately. Breaches may lead to disciplinary action, including dismissal, and could result in regulatory sanctions. All staff, contractors, and affiliates involved in promotions must adhere to this policy and obtain compliance approval before issuing any financial promotion.

1.2 Purpose

The primary purpose of this policy on financial promotions is to safeguard consumers by promoting responsible advertising practices within the financial services sector. It aims to:

- Ensure that all promotions accurately represent the features, benefits, and risks of financial products or services.
- Prevent misleading or aggressive marketing tactics that could lead to poor consumer outcomes.
- Foster trust in the financial marketplace by aligning promotional activities with ethical standards and regulatory requirements.
- Support the organisation's reputation as a compliant and customer-focused entity.
- Provide clear guidance to staff on how to create, review, and disseminate promotions in a manner that complies with legal obligations and best practices.

By achieving these objectives, the policy helps mitigate regulatory risks, reduces the potential for consumer complaints or litigation, and contributes to a fair and competitive financial environment.

1.3 Scope and Application

This policy applies to all forms of financial promotions issued by or on behalf of our organisation, regardless of the medium or channel used. It encompasses:

- Promotional Materials: Including advertisements, emails, social media posts, websites, brochures, telemarketing scripts, and any other communication that invites or induces engagement with financial products or services.
- Personnel: All employees, directors, agents, contractors, and third-party partners involved in the creation, approval, or distribution of promotions.
- Products and Services: All regulated financial activities, such as investments, insurance, credit, pensions, and banking products, as defined under relevant legislation.
- Geographical Scope: Primarily focused on promotions targeting consumers in the UK, but extendable to other jurisdictions where equivalent regulations apply (e.g., EU Consumer Credit Directive or similar international standards).

- Exclusions: This policy does not cover internal communications not intended for public dissemination or non-promotional factual information provided in response to specific client inquiries.

The policy is mandatory and takes effect immediately upon adoption. It will be reviewed annually or following significant regulatory changes to ensure ongoing relevance and effectiveness. Compliance monitoring will be conducted through regular audits, training sessions, and pre-approval processes for all promotions.

1.4 Definitions and Key Concepts

To ensure clarity and consistent application of this policy, the following key terms and concepts are defined:

- Financial Promotion: Any invitation or inducement to engage in investment activity, as defined under Section 21 of the FSMA. This includes communications that encourage the purchase, sale, subscription, or underwriting of financial products or services.
- Regulated Activity: Activities specified in the FSMA Regulated Activities Order, such as advising on investments, arranging deals, or managing investments, which require authorisation from the FCA.
- Clear, Fair, and Not Misleading: A core FCA principle (COBS 4.2) requiring that promotions be balanced, prominently disclose risks alongside benefits, avoid jargon where possible, and not exaggerate potential returns.
- Target Audience: The intended recipients of the promotion, which must be considered to ensure appropriateness (e.g., retail vs. professional clients). Promotions must include suitability warnings if targeting non-expert consumers.
- Approval Process: The mandatory review by the compliance department before any promotion is released, involving checks for accuracy, balance, and regulatory compliance.
- Risk Warning: Standardised statements required in promotions, such as "Your capital is at risk" for investment products, to highlight potential losses.
- Exemption: Certain communications are exempt from financial promotion restrictions, such as those to high-net-worth individuals or certified sophisticated investors, subject to specific certification requirements.

These definitions are aligned with FCA guidelines and may be supplemented by jurisdiction-specific interpretations. Staff are encouraged to consult the compliance team for any ambiguities.

2. General Application

2.1 Fair, Clear and Not Misleading Rule

What This Rule Is

The "Fair, Clear and Not Misleading" rule is a foundational FCA standard that governs all financial promotions and client communications. Codified in multiple chapters across the FCA Handbook—including COBS 4.2.1R, CONC 3.3.1R, ICOBS 2.2.3R, BCOBS 2.2.1R, and MCOB 3A.2.1R—this principle applies universally across all firm types, activities, and communication channels.

Under this rule, any promotional or communicative material issued by a firm must:

- Present information accurately, without exaggeration or distortion;
- Give equal prominence to benefits and risks;
- Be intelligible to its intended audience, avoiding or clearly explaining jargon; and
- Avoid omissions or ambiguous claims that might mislead or confuse.

The rule also extends to comparisons, which must be fair, balanced, and meaningful, and not used to obscure material information.

Key Considerations

This rule exists to preserve market integrity and consumer trust. Its scope includes both traditional financial promotions and less formal communications, such as social media posts and chat interactions. The intended audience's knowledge and vulnerabilities must guide the tone, content, and depth of disclosure.

Promotions must not imply:

- Guaranteed returns,
- Universal suitability,
- Availability irrespective of status,
- Pre-approval, or
- Lack of affordability checks.

For higher-risk products—such as cryptoassets, high-cost credit, or speculative investments—communications must include disclosures around risks, regulatory protections, and the firm's AML posture where applicable.

Firms should embed content sign-off procedures and establish roles for Compliance oversight, particularly for high-risk or cross-border promotions. Controls should be proportionate to product type and distribution method.

What Firms Must Do

- Ensure that every financial promotion is accurate, balanced, and suitable for the audience's likely understanding.
- Make risks and limitations as prominent as any potential benefits.
- Include the firm's identity and regulatory status.
- Use plain language and intelligible structure.
- Implement a robust sign-off process overseen by Compliance, particularly for high-risk communications.
- Where comparisons are used, ensure they are substantiated and fair.
- Disclose material limitations, fees, exclusions, or assumptions.
- Maintain detailed records of all approved promotions, including version control, sign-off logs, and evidence of consumer testing where relevant.
- Escalate breaches immediately and notify the FCA where appropriate, in accordance with SUP 15.3.
- Include AML disclosures in high-risk promotions (e.g. FX, crypto, crowdfunding) in line with SYSC 6.3.1G and MLR 2017 requirements.

What Firms Must Not Do

- Omit or obscure key information or risk warnings.
- Use misleading visuals, endorsements, or testimonials.
- Overstate product performance or downplay risk.
- Suggest pre-approval or imply affordability without checks.
- Use the FCA's name or logo to imply endorsement.
- Bury material risks or fees in small print or hyperlinks.
- Fail to differentiate between regulated and unregulated elements of a product or service.
- Distribute financial promotions without prior Compliance approval.
- Use "image advertising" (name, logo, etc.) to convey implied creditworthiness or availability, unless representative APR and other key data are also included as per CONC 3.1.7R.

2.2 Identifiable as a Financial Promotion

A financial promotion must be immediately recognisable as such. This obligation, captured in COBS 4.3.1R, ICOBS 2.2.5R, CONC 3.3.1R(1)(a), and echoed across MCOB and BCOBS, is designed to ensure consumers understand when they are being marketed to. Transparency is critical—promotions must not mimic editorial content, advice, or factual information without clear labelling.

This requirement applies to all financial promotions, whether written, verbal, digital, or visual in nature. The commercial intent behind the communication must be immediately apparent.

Key Considerations

The rule's purpose is to prevent deception by omission. Consumers must be able to differentiate between advertising and neutral content. This is particularly important on social media and other digital platforms, where advertising often blends into feeds and formats traditionally used for personal or factual content.

The FCA expects clarity regardless of channel. Whether a banner ad, tweet, pop-up, or leaflet, the communication must leave no doubt about its promotional purpose. The threshold for clarity is higher when targeting retail clients, and firms must ensure disclosures are not disguised, hidden, or delayed.

Layering, hyperlinks, or hover-text alone are insufficient where space exists for immediate clarity. Tone, design, and format must reinforce the promotional nature of the material, rather than obscuring it.

What Firms Must Do

- Ensure all financial promotions are clearly labelled using terms such as "advertisement," "promotion," or digital equivalents like "#ad" or "#sponsored".
- Design communications so that their promotional nature is evident from the outset, not only after reading fine print or navigating links.
- Use headers and identifiers suitable for the medium and context—e.g., labelled email subject lines, in-feed indicators on social media, and banners on web pages.
- Include key disclosures (e.g., risk warnings or regulatory status) near the promotional message, with no separation or obscuration.
- Review promotions across all platforms for tone and style that could mislead or create the impression of editorial impartiality.
- Train marketing and communications teams on how to visibly and effectively signpost all forms of promotional content.

What Firms Must Not Do

- Present promotional material in a way that suggests it is independent, editorial, or factual unless disclosed.
- Rely solely on design aesthetics (e.g. muted branding) to avoid labelling an advert as such.

- Separate risk warnings or regulatory information from the main promotional message in a way that impairs visibility or comprehension.
- Bury disclosures in footnotes, hyperlinks, or afterthoughts in lengthy documents or scrolling pages.
- Post social media content with investment or credit references without indicating it is a financial promotion.
- Use misleading headlines, usernames, or presentation techniques that give the impression of neutrality when the intent is commercial.

2.3 Social Media and Digital Communications

The FCA's guidance is clear: all digital communications, regardless of form or channel, fall squarely within the financial promotion regime. In FG24/1 (March 2024), the FCA confirms that content such as memes, reels, livestreams, influencer endorsements, carousels, and short-form videos must meet the same standards as traditional marketing. These promotions must be fair, clear, and not misleading, and they must be immediately recognisable as financial promotions—no matter how brief, novel, or informal the format.

Alongside these content standards, the FCA imposes resilience requirements under SYSC 15A. Where digital promotion is critical to customer acquisition or ongoing operations—such as high-volume onboarding campaigns or reliance on influencer funnels—it may constitute an Important Business Service (IBS). This designation triggers additional obligations, including scenario testing, business continuity planning, and setting impact tolerance.

Key Considerations

Digital content poses unique regulatory risks: it is often brief, widely shared, and consumed quickly. But brevity does not dilute responsibility. A TikTok clip, Instagram story, or LinkedIn video must still convey core disclosures—benefits and risks, product intent, and commercial status—with equal prominence.

The format and design of digital content must support compliance with relevant regulations. Using hyperlinks to provide additional context is acceptable, provided the central message remains balanced and compliant without them. Disclosures must be visible or audible, not relegated to small print, collapsed sections, or off-screen text.

Firms are also responsible for third-party distribution, including influencer content, reposts, and even unauthorised edits of approved messages. The regulatory obligation encompasses the entire distribution chain—firms must not claim ignorance if influencer content deviates from approved messaging or fails to include required risk disclosures.

If a digital campaign is considered operationally critical, it becomes an IBS under SYSC 15A. In such cases, the firm must build formal resilience controls around it. This includes understanding which digital channels are vital to the customer journey, setting downtime thresholds, and simulating disruptions such as social media outages or account takeovers.

What Firms Must Do

Firms must apply the same compliance rigour to digital campaigns as they would to print or broadcast media. Every piece of content must:

- Indicate that it is a financial promotion (e.g. with "#ad", "Promotion", or equivalent).
- Use plain, accessible English, avoiding jargon, and ensure risk warnings are embedded within the main message, not added as afterthoughts.

- Comply with COBS 4, CONC 3, and the expectations outlined in FG24/1.

Influencer content and affiliate marketing must be approved, monitored, and recorded in the same way as internal promotions. Firms must actively supervise all third-party communications, issuing correction notices or takedown requests where necessary.

Where digital promotions qualify as Important Business Services, firms must:

- Set impact tolerances, such as the maximum acceptable downtime for live campaigns, to ensure optimal performance.
- Identify vulnerabilities, including platform reliance, cyber threats, or content moderation failures;
- Conduct scenario-based testing, covering:
    - Ransomware targeting ad infrastructure,
    - Social media account hijacks are spreading false content,
    - Complete outages of critical digital platforms.

These obligations require firms to complete a SYSC 15A.6 self-assessment, feed findings into continuity plans, and maintain backup communication tools—such as email lists or SMS systems—to mitigate harm during outages.

What Firms Must Not Do

Firms must not distribute content that fails to declare its promotional nature. A reel, tweet, or story must not present financial messaging as casual opinion or lifestyle commentary. It is unacceptable to over-emphasise benefits—such as returns, savings, or social impact—without matching risk disclosures.

Critical information must not be buried in bios, “swipe-ups”, or links to external documents. If the main content cannot carry the full message, then it must not be used. Similarly, firms must not allow influencers to operate without oversight, nor ignore reposts or unauthorised edits that distort the original message.

Where digital promotion is integral to business operations, resilience testing must not be skipped. Failing to fulfil these obligations may expose customers to unacceptable harm and firms to regulatory sanctions.

2.4 Difference Between Image Advertising and Financial Promotions

The FCA distinguishes between image advertising and financial promotions to determine when the full suite of financial promotion rules applies. The difference lies in whether the communication merely builds brand awareness or actively invites or induces engagement with a specific product or service.

Under the Handbook—particularly COBS 4.5.1R and supporting guidance—image advertising is narrowly defined. It refers to communications that are limited to general information, such as the firm's name, logo, and a description of the types of products or services it offers. It must not include product-specific features, benefits, comparisons, or calls to action.

By contrast, financial promotions trigger full compliance obligations. These include rules on clarity, balance, risk disclosures, and labelling. Whether a communication is a promotion or an image advertisement depends not on its form, but on its overall impression—what a reasonable consumer would infer from the content.

Key Considerations

This distinction is critical, particularly in space-limited media (e.g. social media banners, display ads, branded merchandise). Image advertising can be exempt from specific financial promotion rules, provided it does not include inducements. The moment a message crosses into persuasion—by referencing a specific product, pricing, benefit, or call to action—it becomes a regulated financial promotion.

Firms should be cautious. Even seemingly innocuous taglines can shift the character of the advert if they imply suitability, returns, or urgency. The FCA has shown little tolerance for firms that misclassify their communications to avoid compliance obligations.

The test is contextual, considering tone, content, and positioning. Communications must be reviewed from the perspective of the average consumer's likely understanding.

What Firms Must Do

- Understand and apply the FCA's definition of image advertising, limiting such communications to:
  - The firm's name or trading name;
  - Logo;
  - Contact details;
  - A general reference to the type of products or services (e.g. "Retail banking and mortgages").
- Treat any mention of specific product features, benefits, offers, returns, risks, or eligibility criteria as a financial promotion, triggering full compliance obligations under COBS 4, CONC 3, ICOBS 2.2, or other sector-specific rules.
- Apply the distinction consistently across all media and platforms, including:
  - Websites,

    - Social media posts,
    - Print and broadcast advertising,
    - Emails and newsletters,
    - Third-party placements.
- Review content through a “reasonable consumer” lens, assessing whether the impression given is one of general awareness or product inducement.
- Escalate ambiguous cases to Compliance for formal assessment and approval.

What Firms Must Not Do

- Misclassify product-specific advertising as image advertising to circumvent financial promotion rules.
- Include product pricing, features, returns, risk levels, performance claims, or action verbs (e.g. “Apply now,” “Earn,” “Unlock,” “Maximise”) in image ads.
- Use testimonials or endorsements that imply the value or effectiveness of a specific product or service.
- Assume brevity or minimalism (e.g. in social media) grants immunity—even short posts may be financial promotions if they imply inducement.
- Rely on disclaimers alone to convert a financial promotion into an image advert—the overall impression overrides fine print.

2.5 Compensation and Protection Information

Financial promotions must inform consumers whether, and to what extent, the product or service they are being offered is protected by compensation schemes. Most notably, this includes the Financial Services Compensation Scheme (FSCS), which provides a safety net in the event of firm failure.

These requirements are set out in various parts of the FCA Handbook depending on the activity type:

- COBS 4.4 and 4.5 for non-MiFID investments,
- ICOBS 2.2.2R for insurance contracts,
- BCOBS 2.2.2R for retail banking services,
- CONC 3.3 for consumer credit,
- and mirrored protections under MCOB for mortgage business.

The purpose of this rule is to enable consumers to make informed decisions about their financial exposure, including awareness of any exclusions, limitations, or absence of compensation.

Key Considerations

Compensation disclosures are essential to avoid creating a misleading impression of safety. Firms must not overstate the protection available or imply that FSCS cover applies when it does not.

Where FSCS or other statutory protection does apply, the nature and scope of coverage must be disclosed, including:

- Product eligibility,
- Coverage limits (e.g. £85,000 per eligible claimant per firm for deposits),
- Exclusions (e.g. non-UK branches, certain investment types),
- The scheme's operational framework (e.g. post-failure payout mechanism).

If no protection applies—such as for unregulated investments, certain cryptoassets, or excluded claims—this must be made explicit to avoid misleading assumptions.

These disclosures must be prominent and integrated, rather than relegated to footnotes or obscured through hyperlinks.

What Firms Must Do

- Clearly state whether FSCS or equivalent statutory protection applies to the product or service promoted.
- Where FSCS protection does apply, include:
    - The scheme's name,
    - The scope and limit of cover (e.g. "up to £85,000 per person per firm"),
    - Any qualifying conditions or exclusions?

- Where FSCS protection does not apply, use clear language to explain the absence of recourse (e.g. "This investment is not protected by the FSCS").
- Tailor messaging to the product and audience—for example, mortgage promotions should refer to MCOB-aligned protections where relevant.
- Ensure all compensation-related disclosures are:
    - Prominently displayed,
    - Consistent with other product messaging,
    - Free from ambiguity or partial truth.
- Train staff and content creators on when and how compensation disclosures are triggered across various business lines.

What Firms Must Not Do

- Imply FSCS protection where it does not exist or is limited.
- Use generic statements (e.g. "protected by UK regulation") without specifying the actual scheme and scope of protection.
- Bury compensation disclosures in terms and conditions or via indirect links.
- Suggest a product is "low risk" or "safe" without clarifying the proper level of consumer protection.
- Assume familiarity—never omit compensation information on the basis that consumers "ought to know".

2.6 Communicating with Retail Clients (Non-MiFID Provisions)

When promoting designated investment business to retail clients, firms must adhere to the communication standards outlined in COBS 4.5. These rules ensure that clients receive information that is fair, clear, and not misleading—principles that also appear in equivalent rules, such as ICOBS 2.2 for insurance, CONC 3.3 for consumer credit, and BCOBS 2.2 for banking.

The rules recognise that retail clients often lack technical knowledge, so communications must be presented in an accessible and balanced way. Promotions must never give a distorted impression of the product's nature, benefits, or risks, nor mislead through emphasis, tone, or layout. The goal is to support informed, rational decision-making without oversimplification or manipulation.

Key Considerations

Retail financial promotions demand a higher level of scrutiny. Communications must avoid jargon and use language that is appropriate to the financial literacy level of the intended audience. Any reference to product features—such as returns, tax benefits, or access—must be balanced with equal prominence given to risks, penalties, or limitations.

This applies equally to digital formats, where space or formatting constraints (e.g. mobile screens, carousels) must not compromise clarity. Risk disclosures must remain visible and legible. Product-specific risks—such as tax withdrawal penalties on Lifetime ISAs or redemption delays on illiquid funds—must be spelt out without euphemism or dilution.

Consistency is critical. Promotional content must align with all other materials provided to the client, including fact sheets, suitability reports, and post-sale disclosures. Inconsistent messaging across formats undermines trust and may breach both Principle 7 and Consumer Duty obligations.

What Firms Must Do

Firms must ensure that their name appears clearly on all promotional materials. Where another firm has approved the content, the name and approval date of the approver must be included. In digital formats, a hyperlink to this information is acceptable, provided it is evident and accessible.

Promotional materials must present information that is:

- Accurate, up to date, and not misleading;
- Balanced—giving fair treatment to both risks and benefits;
- Sufficiently detailed for the average retail client to comprehend.

Risk warnings must not be relegated to footnotes or fine print; they should be clearly presented. Fonts and formatting should give them equal or greater prominence than promotional text. Where tax advantages are mentioned—such as for ISAs or pensions—disclosures must clarify that these:

- Depend on the customer's circumstances, and
- May change with future legislation.

Product-specific disclosures are expected. For example:

- Lifetime ISAs must explain the withdrawal charge and the potential forfeiture of government bonuses.
- Innovative Finance ISAs must note the risk of borrower default and the absence of FSCS cover.
- Funds investing in Inherently Illiquid Assets (FIIAs) must include prominent warnings about redemption delays, pricing uncertainty, and long-term investment risk.

If comparisons are used—such as returns versus a savings account—they must be:

- Justified with objective data,
- Not misleading through omission or selective framing,
- Contextualised with appropriate risk and time horizon caveats.

Firms must also ensure that all promotional content remains consistent with other communications to the client. Disparities between marketing brochures and legal disclaimers will undermine trust and may breach regulatory obligations.

Where products are complex, long-term, or illiquid, firms must apply enhanced scrutiny to these investments. Language, visuals, and framing should all support understanding, rather than confusing, manipulating, or oversimplifying.

What Firms Must Not Do

Firms must not obscure the identity of the firm or the content approver. Promotions must not overstate tax benefits, potential returns, or access features without giving equal weight to risks, fees, and exclusions. Ambiguous links, hidden disclaimers, or small print used to bury material information are not acceptable.

It is equally unacceptable to make assumptions about product availability or suitability without a proper understanding of the target audience. Claims that a product is "perfect for beginners" or "risk-free" are likely to mislead unless qualified.

Finally, promotions must not provide inconsistent messages across documents. If a factsheet describes a product as "low risk" while the terms and conditions cite significant volatility or capital loss, this contradiction must be resolved before publication.

2.7 Approval and Record-Keeping Requirements

All financial promotions must be approved in advance by a suitably qualified individual within the firm. This obligation is set out in COBS 4.10 and further supported by rules in SYSC, ICOBS 2.6, CONC 3.10, and SUP 16.31. No promotion should be issued—whether by the firm or on behalf of an unauthorised person—without this formal approval process.

Promotions must also be appropriately recorded and retained, with sufficient audit trails to demonstrate how compliance was achieved and maintained. Under COBS 4.11, firms are expected to hold records that allow the FCA to reconstruct the approval rationale, risk assessments, attestations, and final issued content.

Where promotions qualify as direct offer financial promotions—communications that enable a consumer to respond immediately (e.g., apply online or submit a form)—additional disclosure standards apply. These include detailed risk warnings, cancellation rights, and suitability caveats as outlined in COBS 4.7.

Firms approving content on behalf of unauthorised persons—such as influencers or Appointed Representatives—must also collect quarterly attestations confirming the promotion remains accurate, compliant, and unchanged. This is a regulatory requirement under COBS 4.10.9AR.

Key Considerations

The FCA expects the approval process to be structured, documented, and managed by someone with the appropriate technical knowledge and regulatory competence. Approval must not be a formality. It must involve an active assessment of risk, audience suitability, disclosure quality, and alignment with relevant chapters of the Handbook.

Where a promotion qualifies as a direct offer, firms must ensure that it includes all necessary product features, costs, tax implications, risk factors, and eligibility warnings. Suitability disclosures must be prominent and proportionate, and firms must provide a clear mechanism for consumer response, whether through a form, an online link, or a direct application portal.

If an unauthorised person continues to rely on approved content, the firm must obtain a quarterly written attestation confirming that the content has not materially changed. Where changes have occurred, the content must be withdrawn or re-approved. The FCA treats failure to collect attestations as a compliance failure and may trigger intervention.

All records must be stored securely and indexed for retrieval during regulatory inspection. The format, medium, and method of storage should support the firm's ability to demonstrate ongoing compliance across its entire promotion lifecycle.

What Firms Must Do

Firms must maintain **formal pre-approval controls** in accordance with COBS 4.10 and SYSC. Responsibility must be assigned to individuals with:

- Deep knowledge of the product being promoted;
- An understanding of the applicable rules, exemptions, and audience risks;
- No commercial conflicts that could impair objective judgment.

Approval must be **denied or withdrawn** where promotions become non-compliant or where real-time communication rules prohibit pre-approval.

Where a promotion is classed as a **direct offer**, it must:

- Provide sufficient detail for an informed decision, including product risks, charges, cancellation rights, and tax treatment;
- Include suitability warnings in the same font size and prominence as the core promotional text.
- Clearly explain if the offer is conditional or time-limited.
- Offer a valid method for immediate customer action;
- Be accompanied by a completed **Direct Offer Checklist**, which should be stored alongside the approval record.

For promotions approved **on behalf of unauthorised persons**, firms must:

- Obtain a signed attestation **every three months**, confirming that there have been no material changes to the information provided.
- Use a standardised template referencing promotion identifiers, status, and confirmation of compliance;
- Log attestations centrally, with version control and automated reminders;
- Trigger re-approval processes if a change is reported or a confirmation is missed.

Record-keeping under **COBS 4.11** must cover:

- Final content as issued,
- Approval forms and checklists,
- Direct offer templates,
- Attestation records and change logs,
- Evidence of any exemptions relied upon,

- Internal risk assessments.

Retention periods vary based on product category:

Promotion Type	Retention Period
Pensions, FSAVCs, transfers, opt-outs	Indefinitely

Life policies and insurance	6 years
MiFID business, high-risk investments	5 years
General banking, credit, insurance	3 years
Exempt or image advertising	Minimum 3 years

When a promotion encompasses multiple product types, the longest applicable retention period should be applied.

Regulatory notifications under SUP 16.31 must be submitted within seven days of approving certain restricted promotions. Where non-mass-market investments are promoted, firms must retain the client's categorisation, risk acknowledgement, and eligibility assessments to support audit readiness.

What Firms Must Not Do

Firms must not approve financial promotions without completing all required checklists, risk assessments, and suitability reviews. They must not allow unauthorised persons to continue using promotional content after material facts have changed. Failure to collect quarterly attestations or update records promptly creates both regulatory and operational risk.

It is unacceptable to issue direct offer promotions that omit statutory warnings, misstate costs, or downplay eligibility conditions. Where 'MI' indicates missing documentation or the expiry of a previous approval, the promotion must be suspended or withdrawn until the issue is rectified.

2.8 Alignment with Consumer Duty (PRIN 2A)

The Consumer Duty, introduced in PRIN 2A, imposes a proactive and outcomes-focused obligation on firms to ensure financial promotions support good outcomes for retail customers. This duty applies across the entire lifecycle of a promotion—from initial concept and approval, through publication, to post-distribution review and analysis.

Firms must ensure every financial promotion demonstrably supports the four statutory outcomes under the Duty:

- Products and Services: Promotions must reflect the product's intended use and audience, avoiding foreseeable harm through misrepresentation or omission.
- Price and Value: Cost-related information must be presented clearly and completely, with no distortion or manipulation of price or benefit.
- Consumer Understanding: Messages must be accessible, using plain English, and clearly explain risks with appropriate prominence, ensuring the intended audience accurately interprets technical terms.
- Consumer Support: Promotions must not obstruct access to help, guidance, or disclosures. Overly complex design, hidden disclaimers, and misleading formats are inconsistent with the Duty.

These outcomes are not abstract principles—they must be actively embedded into the creation, testing, and ongoing evaluation of each promotional campaign. From 31 July 2025, the FCA will begin reviewing compliance with these standards, including firms' use of management information (MI), outcome testing, and vulnerability assessments.

Key Considerations

The Duty applies not just to the content of promotions but to their real-world impact. A compliant promotion helps customers make well-informed, beneficial decisions, not merely one that avoids technical breaches.

The obligation spans the full lifecycle of a promotion:

- At the design stage, firms must assess how different audiences, including vulnerable consumers, are likely to interpret the content.

- During approval, reviewers must verify that disclosures are prominent and key risks are not diluted by tone, imagery, or layout.

- After distribution, firms must monitor how the promotion performs in practice: does it mislead, confuse, or leave material gaps?

The FCA expects firms to use tools such as A/B testing, behavioural analytics, and real-time MI to validate understanding. Promotions that fail these tests—whether due to low engagement, complaints, or high bounce rates—should be revised or withdrawn.

What Firms Must Do

Promotions should be designed from the outset with outcomes in mind. Firms must identify their target market and ensure messaging is tailored to reflect the product's risk, value, and suitability. Language, layout, and visual presentation must take into account vulnerable consumers, such as those with lower financial literacy or cognitive impairments.

Firms must not allow design choices to obscure risk disclosures—using small fonts, poor colour contrast, or placing warnings on hidden carousel slides is not compliant under the Duty.

Outcome testing must be conducted both before and after launch. This may include:

- A/B testing to determine optimal risk warning placement,
- Consumer surveys or panel feedback to measure clarity,
- Simulations that include accessibility or vulnerability scenarios,
- Behavioural analytics, including drop-off rates, misclicks, or skipped sections.

Testing is not a tick-box. Firms are expected to adapt future promotions based on the insights these tests provide.

Ongoing monitoring is essential. Firms must track MI, including:

- Complaint themes and escalation volumes,
- Click-through and abandonment metrics,
- Customer satisfaction survey results,
- Variances in comprehension across demographic groups.

This MI should be incorporated into board-level reporting, with strategic adjustments made to minimise harm and enhance clarity. Each promotion should be accompanied by a Consumer Duty Checklist, which should be reviewed at three-, six-, and twelve-month intervals post-launch.

Vulnerability and Accessibility

The Duty demands specific consideration of vulnerable customers, as set out in FG21/1. Firms must use simplified layouts, increased font sizes, and alternative formats where appropriate. If a customer cannot access or interpret a digital promotion, printed versions or telephone assistance should be made available. Accessibility must not be treated as an optional extra—it is core to the Duty's fairness standard.

Documentation and Governance

Each promotion must include a clear statement of how it satisfies the Consumer Duty. This rationale should be stored with the promotion's compliance record, along with testing data, MI trends, and any adaptations made. Oversight should rest with a named senior manager, typically SMF16 (Compliance Oversight), who remains accountable under SM&CR for ensuring promotional activities deliver good customer outcomes.

What Firms Must Not Do

Firms must not approve or distribute promotions without first confirming that consumers understand the risks, costs, and key terms associated with them. Designs that hide disclosures behind multiple clicks or confusing layouts are unacceptable. Promotional language such as "free" or "no cost" must not be used unless the offer truly entails no fees, now or deferred.

Firms must not ignore MI warning signs—repeated drop-offs before risk disclosures or spikes in related complaints —are signals that the promotion is failing to meet its intended outcome. Similarly, firms must not treat outcome testing as a one-time task; review must be continuous, and insights must lead to meaningful change.

The Duty is not just about compliance—it is about responsibility. Promotions that obscure, mislead, or exclude are no longer just poor practice—they are regulatory failures.

2.9 Sustainability Claims and the Anti-Greenwashing Rule (ESG 4.3.1R)

From 31 May 2024, all financial promotions referencing environmental, social, or governance (ESG) characteristics must comply with the FCA's anti-greenwashing rule under ESG 4.3.1R. This obligation applies to all authorised firms, regardless of whether they fall within the scope of the wider Sustainability Disclosure Requirements (SDR).

The rule mandates that any ESG-related statement—whether explicit ("net zero", "green", "impact") or implied through language or imagery—must be fair, clear, and not misleading, and consistent with the true features of the product or service. Firms must be able to substantiate every sustainability claim with verifiable evidence. Internal reviews and, where appropriate, third-party audits are required. ESG messaging is no longer a branding exercise—it is a regulated activity.

Key Considerations

Sustainability marketing has commercial appeal, but it carries real regulatory risk. The FCA, in Handbook Notice 127, highlights the growing use of enforcement powers against greenwashing, defined as the overstatement or misrepresentation of a product's environmental or ethical attributes. Misleading ESG claims erode trust and can cause consumer harm, particularly where firms imply benefits that do not exist or omit material caveats.

The FCA expects firms to follow a structured substantiation process. Each claim must be documented, verified, and kept up to date. General statements such as "eco-friendly" or "doing our bit" are not exempt—they must be either removed or evidenced. Promotional content must also align with other mandatory disclosures such as Key Information Documents (KIDs), factsheets, or pre-contractual SDR templates.

Naming restrictions under ESG 4.3.2R and 4.3.5R prohibit the use of terms like "sustainable" or "impact" unless a product meets strict SDR disclosure conditions. Temporary flexibility on naming rules expires in April 2025, after which complete alignment is mandatory.

What Firms Must Do

Firms must ensure that all ESG-related statements are based on fact, not aspiration. Where claims are made, they must be matched with data and verified at the point of approval. The substantiation process should include:

- A clear record of what is being claimed;
- The evidence source (e.g. internal carbon data, third-party audits);
- The verification method (e.g. alignment with the Science-Based Targets initiative);
- Date of verification and the name of the individual who signed off on it.

All ESG claims must be reviewed annually and updated if the underlying product features change. Consistency is crucial: promotional messaging must remain consistent across all channels and formats.

For example, an investment described as "low carbon" on social media must match the fund's factsheet and regulatory disclosures.

Where products are within SDR scope—such as investment funds—firms must not use restricted terms unless the product meets the pre-contractual and ongoing disclosure thresholds set out in ESG 4.3.5R.

Evidence templates should be used and retained as part of the financial promotion approval record.

Firms should also track ESG-related complaints or queries through MI reviews under the Consumer Duty. Where inconsistencies arise—such as between product disclosures and advertising—these must be escalated to Compliance and addressed before further promotions are issued.

Training is mandatory for all staff involved in drafting or approving ESG-related materials. Oversight should be assigned to the Compliance Officer, with senior managers (e.g. SMF16) accountable under SM&CR for ESG governance.

What Firms Must Not Do

Firms must not use sustainability claims as brand language without factual support. They must not imply guaranteed environmental or ethical outcomes, or present claims selectively (e.g. highlighting environmental features while omitting governance weaknesses). Outdated product data must not be included in live campaigns, and promotional imagery—such as greenery, the planet, or sustainability icons—must not be used to convey impact unless it accurately reflects the product's actual attributes.

Firms must avoid:

- Using terms like "green", "responsible", or "impact" without verified evidence;
- Relying on vague, emotive messaging that lacks measurable support;
- Describing investment strategies with ESG labels that are not aligned with audited criteria;
- Presenting inconsistent ESG messages across platforms—e.g. softening disclosures in factsheets while exaggerating claims on social media;
- Continuing to use substantiated claims that have become inaccurate due to product change or new data.

2.10 Cross-Regime Compliance (Overlaps with CMA, ICO, and Other Regulators)

Financial promotions must comply not only with FCA requirements, but also with overlapping obligations set by other regulatory bodies. These include competition law, as overseen by the Competition and Markets Authority (CMA), data protection law administered by the Information Commissioner's Office (ICO), and consumer protection provisions outlined in the Consumer Protection from Unfair Trading Regulations 2008 (CPRs). Each regime carries distinct but complementary responsibilities, and promotions that meet FCA standards may still fall foul of other regulators if they mislead, misuse data, or distort competition.

Under rules such as COBS 4.2 and CONC 3.3, FCA-authorised firms must ensure that their communications are fair, clear, and not misleading. But when promotions include comparative claims, behavioural targeting, or personalised offers, they also trigger obligations under CMA guidance, UK GDPR, and PECR. The FCA's April 2025 Regulatory Initiatives Grid confirms that coordination across regulators is intensifying, particularly in areas such as Open Banking, AI-led marketing, and consumer profiling.

Key Considerations

Firms must understand that a breach in one area may create exposure across multiple regimes. A credit promotion that claims "cheapest in the market" without robust, current data may breach CONC 3.3.2R and violate CMA expectations on substantiated comparisons. Similarly, using customer behaviour data to trigger email campaigns without proper consent may breach both FCA rules on fair treatment and data protection rules under UK GDPR and PECR.

High-risk campaigns—such as influencer-led messaging, dynamic pricing, or product targeting based on profiling—require both legal and compliance oversight. Where a promotion engages more than one regime, the review must ensure consistency and defensibility under each standard, not just the FCA's.

What Firms Must Do

Firms must embed cross-regime checks into their promotion approval process. Comparative claims must be evidence-based, up-to-date, and presented in a fair manner. If an advert references better pricing, performance, or features than a competitor, the firm must retain verifiable benchmarks and update them regularly. Data-driven marketing activities must be supported by valid, lawful grounds, typically consent, and provide easy-to-access opt-outs in every communication.

Joint risk assessments should be performed when promotions may overlap with the jurisdiction of the CMA or ICO. These include finfluencer endorsements, automated targeting, and promotional campaigns using behavioural analytics or AI-based decision-making. When risks arise, legal and compliance teams must be consulted before approval.

Key documentation must be maintained, including:

- Comparison of substantiation records for claims involving CMA guidance,

- Consent logs and Data Protection Impact Assessments (DPIAs) for campaigns involving personal data,
- Evidence of a lawful basis, privacy disclosures, and opt-out mechanisms.

Training is essential. Staff responsible for creating, approving, or publishing promotions must complete annual training that covers the expectations of the CMA, ICO, and FCA. Real-world case studies should be used to reinforce multi-regulator enforcement patterns.

What Firms Must Not Do

Firms must not present comparative claims without verifying their accuracy. They must avoid implying superiority or exclusivity unless those claims are objectively supported and current. Data may not be used to target consumers unless there is a clear and lawful basis, typically explicit consent under PECR. Promotions must not rely on aggressive design or manipulative techniques ("dark patterns") to steer behaviour. Nor should firms assume that compliance with one regulator protects them from scrutiny under another. Each regime applies independently and jointly.

2.11 Overseas Promotions and Disclosures

Promotions involving overseas products, services, or issuers must include a clear statement about the absence or limitation of UK regulatory protections. Under COBS 4.9, firms are required to disclose when a financial product is not authorised or regulated by the FCA, and to clarify whether protections such as the Financial Services Compensation Scheme (FSCS) or Financial Ombudsman Service (FOS) apply. This rule applies across all media and financial sectors, and its importance has increased following the Brexit vote.

Cross-border marketing is now under enhanced scrutiny. The FCA's 2025 Business Plan and Regulatory Initiatives Grid emphasise enforcement against firms promoting unregulated or misleading overseas offers. Over 1,600 non-compliant websites were taken down in 2024 alone. Promotions must not create the impression that FCA authorisation applies when it does not, nor should they suggest equivalence with UK standards unless this can be objectively demonstrated.

Key Considerations

Jurisdictional transparency is essential. If the service originates outside the UK, that fact must be explicitly stated. Firms must make clear that consumers may not be protected in the event of default, mismanagement, or dispute. The existence of different legal frameworks, limited recourse options, or foreign compensation schemes cannot be ignored. The FCA expects firms to assess each promotion individually, considering:

- Whether the issuer is regulated in the UK or abroad;
- Whether the promotion is accessible to UK consumers (e.g. via online advertising);
- Whether there is any risk of confusion about regulatory status or protection levels.

Digital promotions available to UK users—whether or not they are actively targeted—are likely to fall within the scope of UK promotion rules. The use of disclaimers or geo-restriction may be necessary, but they must be effective and not merely symbolic.

Where claims of regulatory equivalence are made, firms must back these with clear evidence. Broad statements such as "regulated to international standards" are insufficient. Firms must also assess currency risk, enforcement difficulties, foreign tax obligations, and consumer recourse options.

What Firms Must Do

- Disclose when the FCA does not regulate a product or service.
- State where FSCS or FOS protections do not apply.
- Highlight jurisdiction-specific risks, such as legal uncertainty, tax implications, or enforcement difficulty.
- Assess and approve all overseas content through Compliance with enhanced checks.
- Ensure equivalence claims are evidence-based and verifiable.
- Document any reliance on FSMA s.21 exemptions and notify the FCA where required under SUP 16.31.

- Use tailored warnings in appropriate locations and formats (e.g., web banners, disclaimers, product fact sheets) to effectively communicate risks and benefits.

What Firms Must Not Do

- Imply FCA authorisation or UK-level protections where none exist.
- Suggest equivalence with UK standards without substantiated evidence.
- Obscure disclaimers or hide jurisdictional limitations in fine print or hyperlinks.
- Approve cross-border promotions without a full Compliance review.
- Ignore the accessibility of overseas content to UK audiences, including social media, digital advertising, or influencer endorsements.

Sample Disclosures

- “This product is not authorised or regulated by the Financial Conduct Authority. FSCS and FOS protections do not apply.”
- “This fund is domiciled in [Country] and regulated under local law. UK consumer safeguards may differ.”
- “Investments made via this promotion are subject to overseas jurisdiction and may carry different risks, including reduced access to complaints handling or compensation schemes.”

2.13 Unsolicited Communications and Cold Calls

Unsolicited non-written promotions—such as phone calls, video calls, or in-person sales approaches—are subject to strict regulation due to the risk of consumer harm through pressure tactics, misrepresentation, or intrusion. These communications are only permitted in limited circumstances and must meet high standards regarding timing, consent, transparency, and awareness of vulnerability.

Under COBS 4.8, unsolicited real-time promotions for investments are prohibited unless the recipient is an existing client with a relationship that reasonably envisages such contact, or the individual has explicitly consented to be contacted. Equivalent rules apply to other sectors: CONC 3.10 prohibits unsolicited calls for consumer credit, particularly high-cost short-term credit (HCSTC); MCOB 3A.3.5 prohibits mortgage cold calls unless there is an ongoing client relationship. The overarching aim is to minimise harm and preserve consumer autonomy.

FCA data for 2024 shows a material increase in interventions against promotions relying on unsolicited outreach. Of the 19,766 promotions withdrawn or amended, many were linked to cold calling or real-time digital equivalents. The FCA's March 2025 press release on the closure of 1,600 websites for unauthorised promotion also highlighted rising complaints about unsolicited financial contact, particularly among retail investors and vulnerable customers.

Key Considerations

Unsolicited contact without proper safeguards presents multiple risks. Pressure-based selling can distort decision-making, particularly among vulnerable consumers. Firms must not presume consent from existing digital interactions, nor rely on soft opt-ins or pre-ticked boxes. Consent must be freely given, specific, informed, and verifiable. Where real-time engagement is permitted, the interaction must follow a structured, compliant format.

Timing is critical. Calls must be made only within reasonable hours, typically between 9 a.m. and 9 p.m. on weekdays, excluding Sundays and bank holidays. Each call must begin by identifying the firm and its commercial purpose. The recipient must be offered an immediate opportunity to end the call. Where vulnerability indicators are present—such as arrears, age-related flags, or past complaints—the call should not proceed.

Compliance Officers are accountable for the pre-approval of any unsolicited campaign. This includes verifying consent, scripting the engagement, checking for vulnerability, and logging outcomes for audit. All staff involved in real-time promotions must be trained and monitored, with recorded scripts reviewed regularly to ensure adherence.

What Firms Must Do

Firms must ensure that all unsolicited non-written communications are pre-approved by Compliance and meet the following minimum conditions:

- Consent must be explicit and verifiable. A verbal or recorded opt-in is not sufficient unless it is documented. Web forms must not use default ticked boxes or unclear language.
- Only contact individuals during permitted hours. Calls outside 9 a.m.–9 p.m. on weekdays or Sundays are considered unreasonable.
- The commercial nature of the call must be disclosed immediately. This includes stating the firm's name, its FCA authorisation number, and the nature of the product.
- Scripts must include appropriate risk warnings, such as "This is a financial promotion. Your capital may be at risk," and instructions on how to terminate the call or make a complaint.
- Callers must respect requests to end the call and ensure contact details for complaints handling and follow-up are provided.
- Vulnerability checks must be built into the review process. Clients in financial distress, with a history of disengagement, or identified as being at risk must not be contacted.

A structured consent checklist should be completed before any campaign begins and retained for audit. This includes confirmation of relationship status, opt-in validity, scheduling, review of vulnerability flags, script adherence, and post-call logging.

What Firms Must Not Do

Firms must not initiate unsolicited calls unless they have documented, informed consent or a client relationship that includes such contact. They must not rely on inferred or assumed permission from newsletter sign-ups, website visits, or previous enquiries. Use of high-pressure techniques, vague disclaimers, or failure to offer a clear opt-out is unacceptable. Contacting vulnerable individuals without proper safeguards or calling outside of permitted hours constitutes a regulatory breach. Where such a breach is material, it may need to be reported to the FCA under SUP 15.3.

3. Specialist Requirements

This section details the specialised rules and guidance applicable to financial promotions in specific sectors, as outlined in the relevant FCA sourcebooks. These requirements build upon the general principles to address unique risks, disclosure needs, and consumer protections inherent to each area. Compliance must be ensured through tailored approvals, disclosures, and monitoring, with references to relevant sourcebooks, including COBS for investments, BCOBS for banking, ICOBS for insurance, CONC for consumer credit, and MCOB for mortgages and home finance.

3.1 Investments (COBS 4)

Firms promoting designated investment business must comply with the requirements of COBS 4, which sets out how communications with clients and the approval of financial promotions should be conducted. These obligations apply to authorised firms, Gibraltar-based entities, third-country branches, and, in specific cases, to registered cryptoasset businesses under COBS 4.1.1B R.

The purpose of these rules is to protect consumers—particularly retail investors—from misleading, unclear, or overly aggressive communications. Investment promotions must be fair, clear and not misleading, and they must reflect the full risk profile of the product. This is particularly important in the context of complex, speculative or high-risk investments, where mass marketing is subject to restriction.

Although COBS 4 remains substantively stable as of July 2025, firms must stay alert to regulatory developments. These include anticipated ESG-related obligations and possible refinements linked to the Consumer Duty regime (PRIN 2A), as signalled in the FCA's July 2024 Call for Input. The bar for investment promotions is high: content must support good outcomes across the consumer journey, from pre-sale engagement to post-investment clarity.

Key Considerations

Compliance with COBS 4 requires more than a surface-level review. All investment-related communications must be balanced, avoiding emphasis on potential gains without equal treatment of risk. Comparisons must be presented fairly and objectively, without bias or selective presentation. Communications must be tailored to the target audience's level of knowledge and should not imply universal applicability. High-risk promotions—such as those involving non-readily realisable securities or derivatives—require additional scrutiny and, in some cases, may be restricted from mass marketing altogether.

Firms are also expected to align their processes with Consumer Duty expectations, ensuring that promotional content not only avoids harm but actively supports informed decision-making and avoids foreseeable customer detriment.

What Firms Must Do

Firms must ensure that all investment promotions:

- Are reviewed and approved internally before distribution, using COBS 4-aligned compliance checklists;
- Include a documented risk assessment, clarity test, and confirmation of alignment with PRIN 2A obligations;
- Disclose any risks, limitations, fees, or performance assumptions;
- Use language suitable for the intended audience, avoiding technical terms when targeting retail clients.
- Undergo periodic audits, especially where promotions relate to high-risk investments or involve digital distribution.

Staff involved in the creation, review, or sign-off of investment promotions must complete **annual training**, with records retained in accordance with **COBS 4.11** for a minimum of five years.

Where a promotion relates to exempt categories—such as high-net-worth (HNW) individuals or sophisticated investors—firms must verify eligibility and retain signed declarations of eligibility. Where cryptoassets are involved, firms must also comply with the separate regime under **PS22/10** and related rules.

What Firms Must Not Do

Firms must not distribute investment promotions that:

- Overstate potential returns or omit material risks;
- Use misleading comparisons or past performance figures without appropriate warnings;
- Imply that an investment is suitable for all without proper targeting.
- Circumvent pre-approval by Compliance or distribute content that has not undergone clarity and risk testing;
- Fail to reflect evolving regulatory requirements, including Consumer Duty and ESG-related expectations.

Failure to meet these standards may result in **immediate withdrawal** of the promotion, **internal investigation**, and, where required, **notification to senior management and the FCA**. Consequences may include financial penalties, public censure, or a mandate for redress, particularly in cases where consumer harm has occurred.

3.1.1 General Investment Promotions

General investment promotions include any communication that invites or induces engagement with investment products or services. These communications are subject to the broad framework set out in COBS 4.2 to 4.11 and COBS 4.15, which collectively govern content standards, disclosures, performance references, client suitability, overseas considerations, approval protocols, and record-keeping. The objective is to ensure that communications, particularly those aimed at retail clients, are fair, balanced, and not misleading. Firms must consider the type of client, the channel used, and the nature of the investment being promoted when determining their obligations.

Key Considerations

At the heart of investment promotion compliance lies the requirement that all communications be **fair, clear and not misleading**. Under **COBS 4.2.1R**, firms must present information in a way that reflects both risks and benefits with equal prominence. Claims of performance or security must be substantiated, and terminology such as “safe” or “guaranteed” should not be used without clear justification. The FCA expects firms to apply proportionality—communications to retail clients should be more detailed and prominently caveated than those aimed at professionals or eligible counterparties.

Promotions must also be **identifiable** as marketing material. Under **COBS 4.3.1R**, this requires explicit labelling, particularly where content may be confused with editorial or advisory material. Where protections such as FSCS coverage apply, firms must disclose this in plain language. If protections do not apply, this too must be disclosed, especially for MiFID and overseas products.

All retail communications must include the firm’s name, be accurate, balanced, and updated regularly. Comparisons should be fair and meaningful, and any mention of tax treatment should note that such benefits depend on individual circumstances.

Performance claims require particular care. For **non-MiFID promotions**, firms must provide past performance data for a minimum of five years (or as far back as available), ensure it is relevant and not misleading, and accompany it with a warning that past results do not predict future returns. Simulated past performance must be based on actual performance data and clearly labelled. For **MiFID promotions**, future performance projections must be based on reasonable assumptions and accompanied by appropriate disclaimers and risk statements.

Where firms issue **direct offer promotions**, these must contain enough information to allow the recipient to make an informed decision—this includes costs, risks, potential tax implications (especially in pensions), and suitability warnings. Unsolicited, non-written promotions—such as cold calls—must be handled with care. These require proper identification of the firm and purpose, must be conducted at appropriate times, and should cease immediately if the consumer indicates disinterest.

If a promotion involves an **overseas element**, the firm must disclose the lack of UK regulatory protections and avoid any suggestion of FCA authorisation or endorsement. Additional provisions apply to the promotion of life policies under foreign regulators.

The FCA also requires firms to maintain effective systems and controls for **approving promotions**. Compliance approval must be documented, real-time promotions may not be pre-approved, and all promotions must be subject to ongoing monitoring. **Record-keeping obligations** vary: indefinite retention applies to pension-related promotions; six years for life policies; five years for MiFID business and high-risk promotions, and three years for all other types of promotions.

What Firms Must Do

Firms must ensure that investment promotions:

- Present risks and benefits with balance, clarity, and without exaggeration.
- Identify the communication as a financial promotion.
- Include accurate and up-to-date disclosures about compensation schemes, tax considerations, and performance.
- Apply appropriate performance warnings, such as "Past performance is not a reliable indicator of future performance."
- Provide full information in direct offer promotions, including product suitability and cost transparency.
- Handle cold calls and similar interactions with care, respecting customer preferences and regulatory limits.
- Disclose jurisdictional risks and protections where overseas elements are present.
- Approve and monitor promotions via Compliance, retaining detailed records in line with regulatory retention schedules.

What Firms Must Not Do

Firms must not present promotional content that suggests certainty where risk exists, or imply FCA endorsement where the product is unauthorised. They must not approve promotional material that omits risk disclosures, uses vague performance projections, or relies on outdated or misleading information. Comparisons must not be made selectively or unfairly. Failure to document approvals or apply appropriate retention periods constitutes a breach.

Application and Proportionality

These requirements apply to both MiFID and non-MiFID businesses, although the specifics vary depending on the regime. Retail clients require greater protection than professionals or eligible counterparties; therefore, firms must tailor their communications accordingly. Territorial scope includes UK-based promotions as well as those targeted at UK investors from overseas. For example, a UK advertisement for a UCITS fund quoting "10% annual returns" must include a prominent FSCS disclaimer, risk warning, and a clear statement that past performance is not indicative of future results.

3.1.2 High Net Worth (HNW) and Sophisticated Investors

Financial promotions to High Net Worth (HNW) and Sophisticated Investors are governed by specific exemptions under the Financial Services and Markets Act 2000 (FSMA), as outlined in COBS 4.12A and 4.12B, with supporting definitions in COBS 3.5. These exemptions allow firms to promote otherwise restricted investments—such as non-mainstream pooled investments (NMPIs) or speculative mini-bonds—provided the recipient meets defined thresholds and has signed a valid declaration. The purpose is to ensure such promotions are limited to those capable of understanding and bearing the risks involved.

Client categorisation is central. Retail clients receive the highest level of regulatory protection, while professional or elective clients may access a broader range of products subject to less prescriptive conduct rules. Where a firm wrongly categorises a retail client as HNW or Sophisticated, any reliance on the exemption collapses, potentially rendering the promotion unauthorised and breaching FSMA s.21.

On 10 July 2025, the FCA announced a forthcoming review of these thresholds, aiming to modernise client classification and unlock capital for growth. Proposals include raising income and asset limits, simplifying certification, and easing elective professional criteria. Although these changes may take effect in 2026, the current thresholds remain in force for now.

Key Considerations

Firms must not promote restricted investments to retail clients unless a valid exemption applies. Certification forms must be signed, current (within 12 months), and specific to the promotion in question. All documents should be verified and retained, with the Compliance Officer reviewing each case before approval. Declarations alone are not enough—firms must assess plausibility based on supporting evidence, such as income or investment history.

The FCA's review signals a likely upward revision of financial thresholds. For now, however, promotions must continue to reference and comply with the current regime. Claims suggesting retail suitability must be strictly avoided when using HNW or Sophisticated exemptions.

What Firms Must Do

Firms must obtain a valid written certification from the investor—using the appropriate annexe form under the FCA rules—confirming their HNW or Sophisticated status. For high-net-worth individuals, this requires an annual income of over £100,000 or net assets exceeding £250,000 (excluding the primary residence and pensions). For Certified Sophisticated Investors, evidence of recent investment experience and endorsement by an FCA-authorised firm is required. Self-Certified Sophisticated Investors must meet defined behavioural criteria, such as involvement as a business angel. In each case, firms must ensure:

- The certification is less than 12 months old.

- The supporting documentation has been reviewed for its credibility.
- The promotion references the exemption relied upon.
- No language suggests the product is appropriate for retail clients.

Elective Professional Clients—typically institutional or business clients—must meet at least two financial criteria, such as a turnover exceeding £20 million or a balance sheet total exceeding £10 million. For individuals, sufficient investment expertise must be demonstrated and formally recorded.

Firms should anticipate forthcoming reforms by preparing for higher thresholds (e.g., £150,000 income or £500,000 net assets) and broader definitions of experience-based eligibility. Verification checklists must be updated to reflect both the current legal position and the direction of future policy.

What Firms Must Not Do

Firms must not promote restricted investments to retail clients without a valid exemption. Misuse of self-certification, failure to verify income or asset claims, or promotion based on expired or incomplete documentation may render the exemption invalid and constitute a breach of FSMA. Firms must avoid presenting investments as low-risk or retail-appropriate when targeting HNW or Sophisticated investors, even where a certification is held.

Promotions must not downplay the loss of consumer protections associated with elective professional categorisation. Nor should firms pre-emptively rely on the proposed FCA reforms—they remain under consultation and have no legal force at this time.

3.1.3 Restricted Mass Market Investments (RMMI)

Restricted Mass Market Investments (RMMI) are a class of financial instruments that may be promoted to retail investors only under strict conditions. These include products such as peer-to-peer (P2P) agreements, non-mainstream pooled investments, and certain qualifying cryptoassets. Under COBS 4.12A, RMMI promotions are banned for retail audiences unless a valid exemption applies, and firms must apply additional measures to protect consumers from undue influence.

A core component of the FCA's framework is the prohibition of incentives in RMMI promotions. As explicitly set out in COBS 4.12A.28R, firms must not offer or even imply any form of monetary or non-monetary benefit—such as referral bonuses, discounts, or promotional gifts—when encouraging investment in RMMIs. These rules aim to reduce behavioural bias, mis-selling, and unsuitable investment decisions. The FCA's enforcement data for February 2025 shows that 19,766 financial promotions were amended or withdrawn in 2024, with incentive-led crypto and P2P campaigns among the most frequent breaches.

Key Considerations

The ban on incentives applies regardless of the investor's categorisation. Whether an individual qualifies under the high net worth or self-certified sophisticated investor exemption, they must still be protected from inducement. Incentives, even when subtle or indirect, are considered to create unfair pressure to invest.

Firms must be vigilant during the approval process. This includes reviewing all language that may imply a reward for investment. Promotions that describe features such as "competitive returns" are permitted if they focus on product characteristics. However, claims like "invest now and receive a £50 bonus" clearly breach the rule, even if the product itself is otherwise eligible.

Compliance functions must be equipped with approval criteria that include clear veto triggers. Any reference to inducements should result in automatic rejection or revision. Risk assessments should be linked to these reviews, flagging promotions with higher potential for consumer harm due to persuasive tone, urgency, or incentive framing.

What Firms Must Do

All RMMI promotions must include clear risk warnings, appropriate frictions (such as investor categorisation checks), and appropriateness assessments as required under COBS 4.12A. Where an exemption applies, firms must retain valid certification records and ensure the promotion is otherwise compliant.

To comply with the incentive ban, firms must review all RMMI-related content for prohibited inducements. This includes any direct or implied offer of monetary or non-monetary benefit tied to investment action. Staff involved in approvals must be trained to distinguish between product features and inducement language.

Examples of prohibited incentives include:

- Monetary: “Invest £1,000 in our P2P platform and get a £50 bonus.”
- Non-monetary: “Refer a friend to our crypto product and receive access to exclusive tools.”

By contrast, product features may be described in neutral terms (e.g. “target return of 5% p.a.”) provided they are not positioned as a reward for immediate action.

Firms must document all exemption-based promotions and maintain certification evidence in accordance with COBS 4.12A.15R. Additionally, they should apply a veto checklist during approval to ensure compliance. The Compliance Officer is responsible for final approval and escalation of any issues that arise. Any breach—such as the appearance of hidden incentives—requires immediate withdrawal and reporting under SUP 15.3.

What Firms Must Not Do

Firms must not offer, promote, or provide benefits that encourage consumers to invest in RMMIs through rewards. They must not rely on tone, urgency, or exclusive access to influence investment decisions. They must not assume that exemption eligibility permits a looser application of the rules. No RMMI promotion should contain inducement, and no campaign should bypass compliance review.

3.1.4 Qualifying Cryptoassets

The FCA classifies certain cryptoassets—such as exchange and utility tokens—as Restricted Mass Market Investments (RMMIs) under COBS 4.12A. Due to their volatile, high-risk nature, promotions involving these assets are subject to some of the most stringent standards in the financial promotions regime.

A firm promoting cryptoassets to UK consumers must follow strict controls, irrespective of whether the firm is based in the UK or overseas. These controls apply to all channels, including websites, mobile apps, social media influencers, and digital platforms. The FCA aims to ensure that retail clients fully understand the risks associated with such investments before proceeding.

Key Considerations

The cryptoasset market presents a heightened risk of consumer harm due to price volatility, speculative demand, and poor product transparency. The FCA's regulatory approach reflects this, requiring personalised, prominent, and persistent risk disclosures across all cryptoasset promotions.

All promotions must begin with a risk warning, which cannot be generic. It must be tailored to the audience and state clearly: "This is a high-risk investment. You could lose all your money." Additionally, firms must include a 24-hour cooling-off period to allow prospective investors time to reflect. No marketing may pressure clients into immediate decisions.

Firms must categorise each retail investor as restricted, high net worth, or sophisticated, and must confirm this status before the promotion can proceed. An appropriateness assessment, as outlined in COBS 10, must also be conducted to determine whether the consumer understands the risks. This is not optional; any failure to perform this assessment will constitute a regulatory breach.

All promotions must direct clients to further information about the product's risks using prominent calls to action such as "Take 2 minutes to learn more." These must be embedded early in the communication and be unmissable in both mobile and desktop formats.

Under COBS 4.1.7C R, all firms—registered or approved—must maintain written policies and procedures that ensure these standards are met. This includes the approval, logging, and routine monitoring of every cryptoasset promotion issued. The rules apply equally to non-UK firms that promote to UK consumers.

What Firms Must Do

Firms must display clear, personalised risk warnings on every cryptoasset promotion, using language mandated by the FCA. They must enforce a 24-hour cooling-off period before any transactional step is permitted. Each retail investor must be categorised appropriately and undergo an appropriateness assessment to determine their understanding of the product's risks.

Communications must include a direct and prominent link to further risk information. All promotional content must be pre-approved, logged, and subject to regular monitoring. Policies and procedures supporting this framework must be documented and readily available for inspection.

Firms outside the UK that communicate promotions to UK-based consumers must comply fully with these requirements.

What Firms Must Not Do

Firms must not promote cryptoassets to retail clients without completing investor categorisation and a formal appropriateness assessment. They must not issue communications that downplay risk or delay the required cooling-off period. Firms must avoid burying warnings in disclaimers, hyperlinks, or post-purchase emails. They may not rely on influencers or affiliates to bypass these obligations and must not approve promotions lacking clear references to the high-risk nature of the product.

3.1.5 UCITS Scheme Promotions

Promotions involving UCITS (Undertakings for Collective Investment in Transferable Securities) are subject to both general financial promotion requirements, such as being fair, clear, and not misleading under COBS 4.2, and additional obligations designed to ensure that investors receive essential pre-contractual disclosures. Chief among these is the requirement to notify investors of the availability of the Key Investor Information Document (KIID) and to provide that document promptly before any subscription is made.

Under COBS 4.13.2R, all marketing communications—excluding the KIID itself—must include a clear and prominent statement that the KIID is available free of charge. This applies to all UCITS promotions, regardless of medium, and includes advertisements, emails, brochures, and other investor-facing materials. The KIID must be delivered in a durable medium. Where a feeder UCITS is promoted, both the master and feeder KIIDs must be referenced.

These requirements are retained under post-Brexit UK UCITS law. The FCA has reiterated its focus on this area in the April 2025 Regulatory Initiatives Grid, warning firms against non-compliance with pre-contractual disclosures, which it views as a key risk under the Consumer Duty regime.

Key Considerations

A UCITS promotion is non-compliant if it fails to state that the KIID is available, or if the KIID is not provided in advance of the investor making a binding decision. This failure not only breaches FCA rules but may also render the subscription invalid and necessitate redress. Firms must therefore treat KIID handling not as a formality, but as an integrated part of the promotional and onboarding lifecycle.

The statement must be clearly visible and accurately linked, and the KIID itself must meet format requirements under the retained PRIIPs Regulation, including a standalone presentation of the fund's objectives, risks, charges, and past performance. If the KIID is updated after it has been issued but before the client subscribes, the firm must send a revised version and log the update.

Promotions are subject to internal approval by the Compliance Officer, who must verify both the wording and the functionality of any linked content. Provision of the KIID must be logged, and acknowledgements of receipt may be obtained where appropriate. Where changes are made to a fund or its documentation before investment, a repeat issuance of the KIID is required.

What Firms Must Do

Firms must ensure that every UCITS promotion includes a prominent statement stating that the KIID is available free of charge and that it is delivered to the prospective investor in a durable medium before any subscription is accepted. The Compliance Officer must verify that the promotion includes this language and that the KIID link is live and accurate. Records must be maintained to demonstrate provision and timing.

Firms should provide the KIID either via secure email, downloadable PDF, or physical mailing. Access must be unrestricted and available at no cost. If a feeder UCITS is being promoted, both the master and feeder KIIDs must be referenced and made available.

The KIID must be:

- Provided in good time before any investment decision,
- Up to date and in the required format,
- Reissued if any material change occurs before subscription.

Non-provision or late provision invalidates the subscription under the firm's internal policy and may constitute a breach of the Consumer Duty, triggering escalation.

What Firms Must Not Do

Firms must not distribute UCITS promotions that omit KIID availability statements, hide them in fine print, or provide the KIID only after the investor has subscribed. They must not treat the KIID as a post-sale document or rely on outdated versions of it. Promotions should never reference performance, charges, or objectives without simultaneously referencing the KIID.

Required KIID Statement Examples

- Website: "A Key Investor Information Document is available free of charge at [link] or upon request."
- Email: "Before investing, please review the KIID, accessible here: [link]. Contact us if you would like a printed copy."
- Brochure: "Obtain the free Key Investor Information Document from our website or by calling [number] before subscribing."

Process Flow: KIID Provision and Oversight

Step	Description	Key Actions	Timing
1	Identify UCITS promotion	Confirm UCITS scope	Before drafting
2	Include an availability statement	Insert approved wording in a visible position	During content creation
3	Approval check	Verify the KIID statement and test the link	Pre-dissemination
4	Disseminate promotion	Publish or send the approved content	After approval

5	Pre-subscription provision	Send KIID via email, link, or printed format	Minimum 48 hours before commitment
6	Confirm review time	Allow the investor adequate time to read	Before acceptance
7	Proceed to subscription	Only after confirming KIID delivery	Post-review
8	Log provision	Record date, method, and KIID version	Immediately after provision
9	Re-provide if updated	Issue a new version if the product changes	Before final commitment
10	Monitor compliance	Conduct quarterly audits of provision logs	Ongoing

Policy Note: This process must be followed for all UCITS promotions. Logging should be automated and reviewed quarterly to detect and correct any procedural gaps.

3.1.6 Non-Mass Market Investments (NMMI)

Promotions of Non-Mass Market Investments (NMMIs) are subject to a general ban when directed at retail clients, unless the client falls within a limited range of exemptions. These rules exist to protect retail investors from high-risk, illiquid, or complex financial products that are unsuitable for general marketing. NMMIs include products such as unregulated collective investment schemes (UCIS), speculative illiquid securities, and other high-risk instruments. The overarching regulatory framework is set out in COBS 4.12B, which prohibits retail promotions unless one of the exemptions under COBS 4.12B.7R applies.

Exemptions permit communication only to specific categories of clients—such as certified high-net-worth individuals, certified or self-certified sophisticated investors, investment professionals, and certain legal entities—provided the firm thoroughly verifies and documents each case. Promotions to these categories must still comply with the broader principles of fairness, clarity, and non-misleading communication. The FCA's latest data, published in February 2025, shows that exemption failures were a major contributor to the nearly 20,000 promotions withdrawn or amended in 2024. Weaknesses in exemption oversight have triggered heightened FCA audits in 2025.

Key Considerations

The compliance burden lies squarely on the firm promoting the investment. Promotions must not proceed unless the exemption is valid, current, and supported by evidence. General claims of suitability or presumed sophistication are insufficient—each exemption must be confirmed against client documentation, and the promotion must explicitly reference the exemption being relied upon. Where a client self-certifies, the firm must assess the plausibility of the claim. Record-keeping obligations are critical: evidence of all certifications must be retained and reviewed at least annually.

The Compliance Officer must conduct oversight of NMMI promotions. Approvals must be conditional on documented exemption checks, with digital copies of relevant forms attached to the compliance record. Promotions relying on invalid, expired, or unverified exemptions are considered unauthorised promotions and must be withdrawn immediately, with reporting under SUP 15.3 where required.

What Firms Must Do

Firms must apply the general ban under COBS 4.12B.6R, and only permit NMMI promotions to retail clients where a verified exemption applies. Even where an exemption is available, the promotion must remain compliant with all FCA principles, particularly the requirement that communications be fair, clear, and not misleading.

Promotions should only be sent after the following are completed:

- The applicable exemption under COBS 4.12B.7R has been identified.
- The necessary documentation (e.g., signed certification forms, corporate declarations) has been received and verified.

- An explicit reference to the exemption is included in the promotional material.
- Risk warnings and suitability caveats relevant to the exemption category are in place.
- Records of the exemption and promotion approval are digitally retained and regularly reviewed.

Where firms rely on the following exemptions, the listed requirements apply:

Exemption Category	Verification	Disclosure Obligations
Investment Professionals	Confirm via the FCA Register or official credentials	State non-retail nature; no form required
Certified High Net Worth Individuals	Signed form under COBS 4 Annexe 2, valid for 12 months	Reference certification; include high-risk warning
Certified Sophisticated Investors	Certification by an authorised firm (Annexe 3)	State basis of exemption; include sophistication warning
Self-Certified Sophisticated	Annexe 4 self-certification; assess plausibility	Reference in promotion; include risk warnings
Companies / Associations	Review financial statements or declarations	Confirm status; clarify retail protections do not apply
Existing Service Recipients	Confirm provision of NMMI services in the last 12 months	Document relationship; remind of ongoing risk
Eligible Counterparties	Verify via client categorisation procedures	State counterparty status; limited disclosures required
Other Exempt Persons	E.g., trustees of large pension schemes	Evidence scheme size: provide tailored warnings

Firms must integrate the above table into their internal promotion approval workflow and ensure that all certifications are stored in digital format, with regular reviews of their validity and expiration.

What Firms Must Not Do

Firms must not send NMMI promotions to any retail client unless a valid exemption applies. They must not accept expired, incomplete, or unverified certifications as evidence of eligibility. Promotions must never generalise or imply that a product is broadly suitable for retail clients. Exemptions must be treated as narrow legal gateways, not marketing tools.

Promotions must not omit the exemption relied on, nor obscure the nature of the product or the risks it presents. Any breach of these obligations is likely to result in FCA intervention and must be reported under SUP 15.3 if it involves a material failure or unauthorised activity.

3.1.7 Sustainability Disclosure Requirements (SDR) Labelling and Naming Rules

From **2 December 2024**, firms may only use FCA-recognised sustainability labels—**Sustainable Focus**, **Sustainable Improvers**, **Sustainable Impact**, or **Sustainability Mixed Goals**—if the financial product meets the specific criteria set out in **ESG 4.2**. These labels form part of the Sustainability Disclosure Requirements (SDR), introduced to protect consumers from exaggerated or misleading environmental claims.

The use of terms such as "green," "sustainable," "ESG," or "climate-friendly" within a product name or promotion is **strictly limited**. Unless the product qualifies for a valid SDR label or falls under an exemption, such terminology is **prohibited**. The intention is to ensure that the language used in naming and advertising aligns directly with **substance, not aspiration**.

The temporary flexibility on naming conventions—intended to facilitate operational implementation—expires on **April 2, 2025**. From that point, full compliance is mandatory.

Key Considerations

The SDR labelling framework is designed to prevent misuse of ESG terminology. Labels must reflect the **actual ESG characteristics of the product**, not just its ambitions or marketing position. Marketing materials must be consistent with these labels and supported by **verifiable, documented evidence**.

The **anti-greenwashing rule (ESG 4.3.1R)** also applies to all such communications. This means that promotional claims linked to a label must be substantiated and remain consistent across all touchpoints, including product documentation, websites, fact sheets, and advertisements.

Firms that misuse labels or apply ESG language without appropriate authorisation expose themselves to **significant regulatory risk**, including withdrawal of promotional materials, public censure, or enforcement action.

What Firms Must Do

All promotions that reference sustainability labels or ESG features must undergo **formal pre-approval**. Evidence must be collected to demonstrate that the product qualifies for the relevant label under ESG 4.2, and this evidence must be recorded using a standardised template. The justification for using any ESG label or term must be logged in the approval system and must link to internal governance reviews.

Where a product is promoted using an SDR label, all associated marketing must:

- Accurately describe the ESG strategy or impact goal linked to the label.
- Avoid selective disclosure or exaggerated claims,
- Maintain consistency across all media, including short-form digital content, to ensure a cohesive brand presence.

Annual reviews are required to confirm the ongoing eligibility of the product for the label used. If a product changes materially, the firm must reassess its suitability and update all related communications.

Staff involved in marketing, product governance, or communications must be trained on SDR labelling rules and the anti-greenwashing standard to ensure compliant interpretation and application.

What Firms Must Not Do

No product may use the term “sustainable”, “green”, “ESG”, or similar in its name or promotion unless it carries a valid SDR label or qualifies for an exemption. Labels must not be applied aspirationally or used before full eligibility is confirmed. Marketing must not suggest that a product delivers ESG outcomes unless this is both substantiated and aligned with the selected label.

Firms must not continue using outdated or withdrawn labels. Communications must be updated promptly if product characteristics change. Deliberate or careless misuse of ESG terminology will be treated as a breach of the anti-greenwashing rule, with serious reputational and regulatory consequences.

3.1.8 Past, Simulated Past, and Future Performance Rules

Promotions that refer to past, simulated, or future investment performance are subject to strict rules under COBS 4.6(for non-MiFID business) and COBS 4.5A (for MiFID business). These rules are designed to prevent misleading claims and undue reliance by consumers. Firms must ensure all performance-related content is objectively presented, appropriately caveated, and underpinned by reliable data.

Where past performance is referenced, it must not dominate the promotion. The data must cover a minimum of five years (or the full available history if shorter) and be broken into 12-month intervals. The source of the data and the specific reference period must be stated. It is mandatory to include the warning:

“Past performance is not a reliable indicator of future results.”

If performance is reported in a currency other than sterling, a clear disclaimer must be included regarding the potential impact of currency fluctuations.

Simulated past performance—i.e. hypothetical performance based on back-tested data—may only be used if it is derived from actual historical data of a comparable investment or financial index. It must meet the same presentation standards as past performance and carry the following warning:

“Simulated past performance is not a reliable indicator of future performance.”

Forecasts or projections of future performance may only be included where they are grounded in reasonable and objective assumptions. Firms must consider various market conditions and refrain from implying guaranteed outcomes. If performance is shown gross of charges, that fact must be stated. The following warning is required:

“Forecasts are not a reliable indicator of future performance.”

Claims that lack supporting data, use unrealistic assumptions, or selectively present performance to imply consistency or reliability are prohibited. Promotions must avoid creating the impression that favourable past or forecasted performance will continue.

Key Considerations

Performance content often carries disproportionate persuasive weight. It is therefore subject to heightened compliance oversight. The rules apply across all media, whether digital or print, static or dynamic. Where space is limited, such as in social media or short-form videos, the relevant warnings must still appear clearly and legibly within the primary message, rather than being deferred to a landing page or small print.

Data used to support performance claims must be fully documented. This includes inputs, assumptions, benchmarks, and calculations. Any use of performance graphs or charts must be proportionate, include contextual information, and avoid visual exaggeration.

All performance promotions must be pre-approved by the Compliance department. Our policy requires that relevant data be verified, source material be recorded, and the correct warning templates be applied. Records must be retained in line with COBS 4.11 and be made available for audit or FCA review. Omission of required warnings, overstated claims, or unsupported projections will trigger immediate escalation under our financial promotion breach process and may require redress under the Consumer Duty.

What Firms Must Do

- Present past, simulated, and forecasted performance fairly and in accordance with FCA rules.
- Ensure all figures are based on verifiable data and identify the relevant reference period.
- Apply mandatory performance warnings in a prominent and consistent manner.
- Use objective assumptions when making forward-looking statements and reflect a range of market outcomes.
- Submit all performance content to Compliance for verification and approval before use.
- Maintain a clear audit trail documenting data sources, calculations, and approval history.

What Firms Must Not Do

- Use performance as the primary selling point in a promotion without balancing it with risk disclosures and warnings.
- Present selective or cherry-picked results to imply unrealistic consistency.
- Include any forecast or simulation not supported by a documented and reasonable methodology.
- Omit required disclaimers or bury them in fine print or external links.
- Rely on unverified data or present returns in a way that distorts their relevance or impact.

3.1.9 Promotion of Overseas Regulator-Recognised (OFR) Schemes

Firms promoting collective investment schemes recognised under section 272 of the Financial Services and Markets Act 2000 (FSMA)—commonly known as Overseas Regulator-Recognised (OFR) schemes—must comply with specific disclosure obligations under COBS 4.15. These schemes are authorised in their home jurisdiction by a recognised regulator (often in a designated country such as EEA states under transitional arrangements) and have been formally recognised by the FCA for marketing in the UK.

While OFR schemes are permitted to be promoted to UK investors, they do not carry the same level of regulatory protections as FCA-authorised schemes. As such, firms must clearly and explicitly make this distinction in all communications. This includes disclosing the scheme's overseas regulatory status and the limited applicability of UK protections such as the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS).

Key Considerations

The FCA has raised concerns over poor compliance in this area. In its February 2025 data bulletin, it reported a spike in enforcement actions against promotions of overseas schemes that failed to include the necessary warnings. A total of 19,766 promotions were amended or withdrawn in 2024, many of which involved cross-border schemes marketed to UK consumers without adequate clarity on protection levels.

Firms must not assume that FCA recognition under s.272 exempts them from promotional obligations. The FCA expects firms to identify that the scheme is authorised overseas and may fall outside the scope of UK consumer protection schemes, providing material warnings upfront. These disclosures are not optional; they form part of the firm's regulatory duty to avoid misleading communications.

All OFR scheme promotions must be reviewed by the Compliance Officer, with specific approval records documenting the inclusion of prescribed wording and appropriate prospectus references. In cases of breach—such as missing warnings or inadequate clarity—withdrawal and reporting procedures under Section 4.4 must be followed.

What Firms Must Do

Promotions must comply with the rules in COBS 4.15, which require the inclusion of the following statements, unless specific exemptions apply:

- Confirmation that the scheme is authorised overseas and not by the FCA;
- A statement that complaints relating to the operator, scheme, or depositary are unlikely to be considered by the FOS;
- Disclosure that the FSCS is unlikely to cover any losses relating to the operator or depositary;

- A prompt advising investors to seek independent financial advice and to review the prospectus before making any decision.

If an exception applies—for instance, where the operator is a participant in the FOS Voluntary Jurisdiction (VJ)—the general warning about FOS inaccessibility should be replaced with a tailored statement acknowledging potential FOS coverage, while still noting the absence of FSCS protection.

Firms must also clearly indicate the availability of the prospectus, providing either a direct web link or a means for investors to request it. The prospectus must be current, relevant, and easily accessible.

What Firms Must Not Do

Firms must not omit or dilute mandatory disclosures about the scheme's non-UK regulatory status. They must not suggest that FSCS or FOS protections apply unless this has been verified and documented. It is not acceptable to hide these disclaimers in footnotes or postscripts—they must be integrated into the core promotional message. Failure to include these statements not only misleads investors but constitutes a breach of FCA rules, likely requiring escalation and regulatory notification.

Disclosure Examples

- Standard Warning:
  "This scheme is recognised under s.272 FSMA but is authorised overseas, not by the FCA. You may not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. Seek independent advice and review the full prospectus at [link]."

- With FOS Exception:
  "This scheme is authorised in [Country]. Complaints against the operator may be eligible for consideration by the Financial Ombudsman Service under its Voluntary Jurisdiction. However, FSCS protection does not apply. Please consult the prospectus for full risk information."

- Feeder/Master Scheme Note (if applicable):
  "This feeder scheme invests substantially in an overseas master fund. UK consumer protections may be limited. See COBS 4.13 for further details."

3.2 Banking Promotions (BCOBS 2)

3.2.1 Retail Banking Services

Promotions relating to retail banking services must comply with the rules set out in BCOBS 2, which govern communications involving deposit-taking and associated banking products for consumers. These rules are designed to ensure that customers receive clear, accurate and balanced information that supports informed decision-making and prevents misleading impressions about the nature, features, or benefits of banking services. Whether promoting savings accounts, current accounts, packaged bank accounts, or overdrafts, firms must ensure that their communications meet the core expectations of fairness, clarity, and transparency.

Key Considerations

The FCA expects all banking promotions to be designed with the average consumer in mind, particularly those who may be unfamiliar with financial terminology or the implications of banking products. Under BCOBS 2.2.1R, firms must take reasonable steps to ensure that all promotions are fair, ctransparentand not misleading. This includes prominently naming the firm, presenting both benefits and risks without exaggeration, and avoiding jargon unless it is clearly explained. Communications must be structured in a way that the average banking customer can easily understand.

Comparisons between services must be both fair and meaningful. Under BCOBS 2.3.7R, any comparative claim must be substantiated and relevant—cherry-picked or selective comparisons are prohibited. When referring to interest rates, tax treatment, or returns, firms must make clear that outcomes depend on individual circumstances and may change over time, as required by BCOBS 2.3.8R.

Promotions involving overdrafts should be approached with particular caution. Firms must differentiate between available funds and borrowed amounts. BCOBS 2.2.6G and 2.3.10R prohibit firms from presenting overdraft limits as part of a customer's balance in a way that misleads them into thinking these are unencumbered funds.

The use of absolute terms, such as "guaranteed" or "secure," must be accurate and supportable. Where a product includes conditions, limits, or exceptions, these must be clearly explained. The use of sustainability or ESG claims in banking promotions must align with FCA guidance under BCOBS 2.2.5G and ESG 4.3.1R, requiring all such references to be verifiable and consistent with the actual characteristics of the product or service.

What Firms Must Do

Firms must ensure that all retail banking promotions:

- Identify the regulated firm responsible for the offer.
- Present product features, risks, and benefits in balanced, plain English.

- Substantiate comparisons with reliable, up-to-date data and avoid selective comparisons.
- Disclose any relevant conditions affecting interest rates, charges, or tax implications.
- Clearly label overdraft facilities as borrowing and avoid implying they are part of an account balance.
- Support any claims of safety, security, or sustainability with appropriate evidence, avoiding vague or misleading language.

What Firms Must Not Do

Firms must not imply universal suitability or guaranteed outcomes. They must avoid framing overdraft limits or interest-based comparisons in ways that could distort consumer understanding. Any reference to environmental or social impact must not be speculative or unverified. Marketing language that overstates benefits or conceals fees, risks, or exclusions will likely be deemed non-compliant and may trigger enforcement action.

3.2.2 Payment Services and Electronic Money Promotions

Since August 2019, the FCA has extended certain elements of BCOBS (Banking Conduct of Business Sourcebook) to apply not only to banks but also to payment institutions (PIs), electronic money institutions (EMIs), and registered account information service providers (RAISPs). This development, introduced via Policy Statement PS19/3, established the new category of a “payment service or electronic money promotion” and brought such firms under the scope of BCOBS 2. The intention is to ensure that non-bank payment providers are held to the same promotional standards as traditional banks, particularly in areas where consumer confusion or harm is most likely to occur.

Key Considerations

Promotions by EMIs, PIs, or RAISPs must meet the core conduct standards under BCOBS 2.2.1R, which require that communications are fair, clear, and not misleading, and accurately identify the firm responsible for them. This includes presenting benefits and risks in balanced terms, and avoiding the use of fine print or implied guarantees.

In the context of currency transfers, the FCA is particularly concerned with the use of misleading or unachievable exchange rates. Under BCOBS 2.2.5A G and 2.2.5B G, promotions must not suggest that a customer will receive a rate that the firm is unable to deliver. Disclaimers are not enough to correct the impression if the main message is unclear or unrealistic. Similarly, under BCOBS 2.3.7B R, any comparison of pricing (e.g. with competitors) must reflect total cost, including all relevant fees, margins, and currency spreads.

Firms must ensure that promotional content remains current, relevant, and contextually accurate. Under BCOBS 2.3, statements involving tax treatment or indicative rates must acknowledge their variability. Promotions must not disguise material information or omit facts that would otherwise affect a consumer’s understanding of the product or service.

What Firms Must Do

Promotions must reflect the true nature of the firm’s offering, without exaggerating benefits or obscuring limitations. Where pricing or exchange rates are quoted, they must be deliverable under ordinary circumstances and not based on rare or theoretical assumptions. All applicable charges and margins must be incorporated into any comparative or illustrative content. Tax-related claims, or any reference to regulatory or consumer protection, must be accurate, not overstated, and regularly reviewed for relevance.

Disclosures must be prominently displayed and integrated into the main body of the promotion, rather than relegated to footnotes or hyperlinks. When figures are presented, firms must specify the basis of the calculation, including the timing, volatility, or market dependency.

What Firms Must Not Do

Firms must not imply a level of security or protection that does not exist, nor may they suggest guaranteed outcomes when this cannot be reasonably delivered. Exchange rate promotions must not use inflated rates to attract interest, particularly when such rates cannot be achieved in practice. Disclaimers that contradict the tone or implication of the main message will not protect against FCA scrutiny.

Firms must also avoid making price or feature comparisons unless they have incorporated all relevant costs and can support the claim with objective, verifiable data. Promotional material must not obscure critical caveats or omit references to variability where applicable. Simply put, plausibility, clarity, and fairness must govern all payment-related promotions, particularly where consumer trust is at stake.

3.2.3 Cash Deposit ISAs and Cash Deposit CTFs

Promotions for cash deposit ISAs, cash-only Lifetime ISAs, and Child Trust Funds (CTFs) must follow rules that combine elements from both banking conduct and investment promotion standards. While these products fall under the Banking Conduct of Business Sourcebook (BCOBS), certain adapted rules from COBS 4 also apply, reflecting their tax-advantaged and savings-focused nature.

The relevant framework centres on ensuring that customers receive clear, balanced, and sufficient information to make informed choices. Given the retail audience these products attract—often including young savers or those with limited financial literacy—firms must provide transparent disclosures, avoid overstating benefits, and communicate tax and withdrawal implications.

Key Considerations

Firms promoting these products must adhere to modified Direct Offer Financial Promotion standards. Under BCOBS 2.4.1R, firms are required to apply the COBS 4.7.1R provisions, but with adjustments suitable to the nature of deposit-based products. This includes the obligation to provide adequate information on:

- Key product features,
- Risks (such as loss of tax benefits on early withdrawal),
- Charges or restrictions, and
- The potential impact of taxation depends on individual circumstances.

Promotions must not imply that tax treatment is guaranteed or universally beneficial. For instance, BCOBS 2.3.8R mandates clear statements regarding the dependency of tax treatment on personal circumstances. Additionally, firms must take care not to misrepresent government bonuses or contribution limits for products like Lifetime ISAs. Where withdrawal charges or conditions apply—for example, the 25% government withdrawal penalty for Lifetime ISAs—this must be disclosed prominently.

Comparative claims must also be fair and balanced under BCOBS 2.2, and firms must avoid presenting cash ISAs or CTFs as superior to other deposit accounts without objective support. The language used should match the customer's likely understanding, and where necessary, jargon must be explained.

What Firms Must Do

Promotions must include sufficient information to enable a retail client to make an informed decision, especially when the promotion constitutes a direct offer. This includes a clear summary of the key features, applicable charges, bonus schemes, and withdrawal terms. Warnings about tax dependency and loss of benefits should be integrated rather than buried in footnotes or secondary documents. Where Lifetime ISAs are promoted, firms must explain:

- The eligibility criteria for receiving government bonuses,
- Circumstances in which withdrawal charges apply, and

- Those tax advantages depend on the customer's situation.

These rules apply proportionately. For example, promotional materials aimed at more financially sophisticated audiences—such as advisers or professional clients—may require less prescriptive detail. However, when the target market includes young savers, parents, or the general public, the firm must ensure that the content is tailored accordingly.

What Firms Must Not Do

Firms must not overstate the tax benefits or present these products as risk-free without qualification. They must avoid vague references to "tax-free savings" without noting the individual circumstances caveat. Any promotion that omits the withdrawal penalties on Lifetime ISAs or gives the impression that bonuses are automatic or unrestricted would be non-compliant. Firms should also avoid making comparisons with non-ISA savings products unless such claims are fully substantiated and fairly presented.

3.2.4 Savings Accounts (Including Summary Box Requirements)

Promotions for savings accounts—particularly those that include a direct invitation to apply—must include a standardised summary box that enables consumers to assess and compare key product features. This is a requirement under BCOBS 2.2A.1R, with content and layout prescribed by BCOBS 2 Annexe 1R. The purpose is to present the essential details of a savings product consistently and accessibly, reducing the risk of misunderstanding or selective emphasis in marketing.

Key Considerations

Where a direct offer is made—for example, "Apply now for our new instant access saver"—a summary box must be included. This box must specify the account name, interest rate (including the Annual Equivalent Rate, or AER), term or notice period, minimum and maximum deposit limits, withdrawal conditions, and whether the interest is fixed, variable, or bonus-enhanced. It must follow the precise format specified in BCOBS 2 Annexe 1R.

The presentation of interest rates must also comply with BCOBS 2 Annexe 2G, which guides how to display rates fairly. Promotional content must avoid exaggerating the headline rate without explaining whether it includes temporary bonuses or applies only to specific deposit tiers. Where applicable, tax treatment statements must be included, in line with BCOBS 2.3.1R.

The overarching principles of fairness, clarity and balance still apply. Savings account promotions must not create unrealistic expectations or misleading comparisons. The FCA expects firms to use plain language and to avoid technical complexity that could confuse retail consumers.

What Firms Must Do

Firms must include a summary box in any direct offer financial promotion for a savings account. This box must be complete, accurate, and formatted precisely as required. Where interest rates are tiered, conditional, or time-limited, these features must be clearly explained and disclosed. The box should be placed in the main body of the communication, not relegated to footnotes or external links.

Interest rates should be presented consistently using the AER and disclose any additional bonuses or introductory offers. Any comparisons must be fair and substantiated. If a tax treatment statement is required, it must be displayed with equal prominence and clarity.

Marketing teams must ensure all summary boxes are reviewed and signed off by Compliance before distribution. Templates should be locked down and reviewed periodically to reflect any changes to product features or regulatory guidance.

What Firms Must Not Do

Firms must not omit the summary box from direct offer promotions. They must not use partial or stylised representations of interest rates that could mislead. Bonus rates must not be highlighted unless the qualifying conditions are equally prominent. Firms must not bury key details in hyperlinks or separate documents. Tax statements must not be omitted where required, and comparisons must not give a distorted impression of competitiveness.

3.3 Insurance (ICOBS 2)

3.3.1 General Insurance Promotions

Promotions for general insurance products—including home, motor, travel, and similar non-investment insurance—are governed by the rules set out in ICOBS 2. These rules align with the requirements of the Insurance Distribution Directive (IDD) and are designed to ensure that communications are accurate, appropriately targeted, and do not mislead consumers. The primary objective is to prevent consumer harm by ensuring that promotional material is transparent and proportionate to the audience's needs.

Under ICOBS 2.2.2R, all promotions must be clear, fair and not misleading. This applies regardless of the channel used or the sophistication of the target audience. Where there is any doubt over whether a recipient qualifies as a retail customer, firms must default to treating them as such. In line with ICOBS 2.1, uncertain categorisations should always be resolved in favour of the consumer.

Key Considerations

Insurance promotions must be carefully crafted to avoid overpromising, omitting key terms, or misrepresenting the level of coverage. Where multiple policy types are bundled or include both business and private elements, firms must ensure that all relevant disclosures are made and that rules are applied proportionately to each component.

Marketing content must also be immediately recognisable as promotional. Under ICOBS 2.2.2AR, firms must ensure that communications do not give the impression of being factual, editorial, or independent unless marked as such. In digital formats, such as online comparison sites or social media, this becomes particularly important.

Approval procedures are critical. Under ICOBS 2.2.3R, no general insurance promotion should be published without a formal compliance check having been conducted. If an approved promotion is later found to be non-compliant, the firm must withdraw it promptly and inform any third parties involved in its distribution. A defence is available where the firm can demonstrate that reasonable steps were taken to comply, but this depends entirely on documented processes and oversight.

Where sustainability is referenced, firms must also consider the ESG anti-greenwashing rule under ESG 4.3.1R. This is reinforced by ICOBS 2.2.4AG, which reminds firms that all references to environmental or social characteristics in insurance promotions must be substantiated, fair, and consistent with the product's actual features.

What Firms Must Do

Firms must ensure that all general insurance promotions:

- They are reviewed and approved by a competent person within Compliance before publication.

- They are clear, accurate, and presented in a way that does not mislead.
- They are labelled or formatted in a way that makes their marketing intent immediately obvious.
- Default to treating recipients as consumers in cases of doubt over client categorisation.
- Contain substantiated sustainability claims where environmental features are highlighted.
- Are withdrawn or corrected swiftly if an issue is identified post-approval, with affected third parties notified accordingly.

What Firms Must Not Do

Firms must not issue general insurance promotions that exaggerate benefits, omit material terms, or imply coverage that does not exist. They must not allow promotional content to appear as if it is editorial or factual without appropriate labelling. Promotions should not reference ESG or sustainability attributes unless these are clearly evidenced and consistently applied across all product documentation. Above all, firms must not rely on assumptions or precedents in place of structured compliance checks.

3.3.2 Pure Protection Contracts

Pure protection contracts, such as term life assurance and critical illness cover, provide a defined benefit upon death or specified incapacity but contain no investment element. These are regulated under ICOBS, rather than COBS, due to their protection-focused nature. However, firms may elect to apply COBS rules instead, provided this election is documented appropriately in accordance with ICOBS Schedule 1.

The rules governing financial promotions for these contracts are set out in ICOBS 2.2, which requires all communications to be clear, fair and not misleading, and to include relevant risk warnings, exclusions, and limitations. There must be no suggestion of investment value, market performance, or financial return.

Key Considerations

Promotions for protection products must be carefully worded to avoid misleading impressions about guaranteed payouts, broad eligibility, or the certainty of claims being accepted. In practice, this means avoiding statements that overstate the likelihood of a claim or understate the terms and exclusions that may affect eligibility.

The Consumer Duty further reinforces the need for firms to act in the best interests of customers. Promotions must support good outcomes by helping consumers understand what is—and is not—covered. Any ambiguity regarding policy scope, deferral periods, or medical exclusions risks breaching both ICOBS and Consumer Duty principles.

Where long-term care insurance is being marketed, firms must clarify that such products fall outside the scope of ICOBS, and different regulatory requirements may apply. Firms promoting these must not conflate them with term assurance or critical illness cover, which ICOBS governs.

The FCA's 2025 consultation on commercial insurance contracts may soon reshape the treatment of B2B protection products, particularly where the risks are defined as "commercial or other". Until then, the standard ICOBS or COBS framework applies based on the firm's recorded choice.

What Firms Must Do

Firms must ensure that all pure protection promotions:

- Comply with ICOBS 2.2 or COBS, depending on the elected regime;
- Include clear disclosures about what the policy covers and what it does not cover.
- Avoid phrases that imply investment potential or returns.
- Reflect accurately the conditions for payout, including evidence requirements, deferral periods, or exclusions;
- Clarify if the product is not governed by ICOBS (e.g. long-term care contracts);
- Document and justify the choice of regulatory regime (COBS or ICOBS) at the point of promotion approval.

All such communications require pre-approval by Compliance, and this review must reflect the applicable regime. Where ICOBS applies, firms should follow the relevant disclosure and conduct expectations precisely; if COBS is used instead, firms must be able to demonstrate why that approach is more appropriate and how compliance is still ensured.

What Firms Must Not Do

Firms must not mislead consumers by suggesting that a protection policy includes investment returns. They must avoid overstating claim certainty or minimising limitations. Where optional features or riders are included, promotions must not obscure the underlying exclusions or terms of the policy. It is also unacceptable to promote products outside ICOBS without explicitly stating that different rules may apply, particularly for long-term care or commercial contracts. Approval workflows must not be bypassed, and all decisions on the applicable regime must be formally recorded.

3.3.3 Pricing Claims and Disclosures

Promotional statements relating to pricing—such as claims of the "lowest premiums" or "save up to 30%"—are subject to specific scrutiny under both ICOBS 2.2.4G and broader consumer protection law. The objective is to ensure that exaggerated, selective, or unverifiable cost claims do not mislead consumers. These rules apply to all insurance promotions, regardless of channel or audience, and are designed to align with the requirements of the Consumer Protection from Unfair Trading Regulations 2008.

The FCA expects pricing claims to be substantiated by real data and to present an accurate picture of the offer for the typical customer. Where a claim does not reflect the experience of the majority, this must be disclosed prominently and transparently.

Key Considerations

Pricing is a powerful promotional tool, but also a significant source of consumer detriment if not handled properly. Promoting low premiums without disclosing associated fees, excesses, or exclusions can mislead consumers and result in regulatory action.

Under ICOBS 2.2.4G, any pricing claim must make clear the basis of the claim, including any conditions, customer eligibility criteria, and the relevant timeframe. If the claim is based on a subset of customers (e.g., "30% of customers saved £100"), this must be stated clearly; vague references to savings or "best price" are insufficient.

The total cost to the consumer, including all fees, taxes, and variable components, must be made clear. Disclosures must be integrated into the promotion and not relegated to small print or post-sale documentation.

What Firms Must Do

Firms must ensure that all pricing-related claims are verifiable, transparent, and fairly presented. During approval, Compliance must review supporting data and ensure the claim reflects the likely outcome for most customers or clearly states the scope if it does not.

Where claims are based on customer comparisons or aggregated data, firms must retain the supporting methodology and ensure it is kept up to date. Promotions must not over-promise or create an impression that significant savings are guaranteed unless this is demonstrably true.

All elements of cost, including premiums, administration fees, and variable charges, must be presented. Where pricing is conditional (e.g. linked to no-claims status, payment method, or bundled products), these dependencies must be clearly explained.

What Firms Must Not Do

Firms must not imply that savings or pricing benefits are universally available when, in fact, they are not. They must avoid headline claims that robust data cannot support. Pricing must not be selectively framed to conceal limitations—for example, quoting monthly premiums without stating the annual cost or failing to include optional extras that are necessary to achieve the advertised benefit. It is not acceptable to obscure the actual cost in disclaimers, hyperlinks, or follow-up communications.

3.3.4 Add-On Insurance Products (e.g., Guaranteed Asset Protection - GAP)

Add-on insurance products, such as Guaranteed Asset Protection (GAP) insurance, are regulated under specific rules designed to protect consumers from unfair selling practices. These products are typically offered in conjunction with a primary insurance policy or financial agreement, often at the point of sale. The FCA introduced stricter conduct requirements following widespread concerns that consumers were being charged for products they neither understood nor actively selected.

The core of these rules is a ban on opt-out selling, which took effect on 1 April 2016. This prohibits firms from imposing charges for any add-on unless the customer has taken an active, informed step to agree to the additional product. Alongside this, firms are required to ensure that customers receive sufficient information to understand the nature, limitations, and cost of the add-on product before making a purchase.

Key Considerations

Add-on products must never be treated as default components of the sale. The FCA's position is clear: the purchase of GAP insurance or similar must be based on an informed, unpressured decision. This applies whether the sale occurs in person, online, or through a multi-channel approach.

GAP promotions must also be careful not to mislead. For example, firms must avoid implying that GAP insurance is compulsory or essential when it is optional. The benefits of such policies should be clearly stated, without downplaying any significant exclusions or eligibility conditions.

Sales staff and automated systems must not undermine the customer's ability to assess the product on its merits. Furthermore, any cross-selling must respect the customer's needs and should not detract from the suitability or transparency of the primary insurance product.

What Firms Must Do

Firms must ensure that GAP insurance and similar add-ons are sold in accordance with ICOBS 6A.2.1R, which prohibits the use of opt-out mechanisms. Customers must explicitly agree to the add-on, and no charge can be levied without their consent. Under ICOBS 6.1.6AG, firms are also required to provide the same standard of information about the add-on as would be expected for a standalone product. This includes its features, risks, exclusions, and how it complements the primary policy.

Cross-selling practices must adhere to ICOBS 6A.3, ensuring that the sale of the add-on does not compromise the clarity, fairness, or value of the core insurance offering. GAP-specific promotions must disclose key limitations in plain language and be reviewed periodically for accuracy, particularly in anticipation of evolving regulatory scrutiny, as noted in CP25/12.

What Firms Must Not Do

Firms must not pre-select GAP insurance or other add-ons as part of a default sales journey. They must not present the product as mandatory or suggest it is superior to other protections without providing appropriate substantiation. Disclosures must not be buried in small print or deferred until after purchase. Firms must also avoid bundling that obscures the separate pricing or value of the add-on product.

3.3.5 Claims Handling and Policy Information in Promotions

Promotions for insurance products must accurately reflect how claims will be handled and what the customer can expect from the policy. The FCA requires all such communications to be fair, clear, and not misleading, with particular reference to ICOBS 2.2 (disclosure requirements) and ICOBS 8 (claims handling obligations). Promotional materials must not downplay exclusions, imply faster or more generous outcomes than the policy provides, or create unrealistic expectations about coverage or settlement speed.

The central concern is that consumers understand both the policy terms and the actual claims experience they are likely to encounter. Misleading messaging—whether by omission, exaggeration, or implication—undermines trust and constitutes a regulatory breach.

Key Considerations

Under ICOBS 2.2, insurance promotions must provide a balanced and accurate account of the policy. This includes clearly stating material exclusions, limitations, and conditions, without obscuring them in fine print. The claim process itself is a critical feature of any insurance product and should never be misrepresented as simpler, faster, or more accessible than it truly is.

ICOBS 8.1.1R reinforces the obligation to handle claims fairly, promptly, and without undue barriers. Any promotion that contradicts this obligation—such as implying guaranteed payouts, downplaying documentation requirements, or omitting waiting periods—may be treated as misleading under FCA rules. Where a product requires notification through third parties or intermediaries, this must also be disclosed.

Additionally, ICOBS 8.3 addresses conflicts of interest in claims handling. If any such conflict is foreseeable—such as the insurer relying on affiliated parties to assess or process claims—this should be flagged transparently in promotional materials where relevant.

The FCA has also proposed amendments affecting employers' liability insurance, including the potential removal of some notification obligations. These changes are designed to reduce consumer confusion and simplify disclosures, but do not alter the underlying duty to promote policies honestly and accurately.

What Firms Must Do

Promotional materials must include accurate summaries of claims procedures, clearly outlining any waiting periods, required documentation, and relevant exclusions. Where policies involve excesses, limits, or conditions precedent to claim eligibility, these should be disclosed in a way that is intelligible to the intended audience. If the claim process differs for different cover types (e.g. theft vs. accidental damage), this must be stated or signposted.

Where third parties are involved in the notification or handling process, this must be made transparent. If an intermediary is not authorised to settle claims, this should be made clear to avoid consumer misunderstanding.

All promotions should be reviewed against the actual claims process described in the policy documentation. Claims handling descriptions must not contradict reality, even subtly.

What Firms Must Not Do

Firms must not imply that claims will be accepted automatically, settled without checks, or paid within unrealistic timeframes. They must not describe coverage in overly broad terms that obscure conditions or limits. Promotional messaging must not suggest that claims can be made without fulfilling basic policy requirements, such as providing prompt notification or submitting evidence. Finally, firms must avoid using misleading imagery or testimonials that create a false impression of the claims experience.

3.3.6 Extended SDR for Insurance Products

Although the Sustainability Disclosure Requirements (SDR) labelling regime currently focuses on investments, the anti-greenwashing rule under ESG 4.3.1R applies universally to all authorised firms, including those marketing insurance products. As a result, any insurance promotion that references sustainability must meet the same standards of clarity, fairness, and evidence-based substantiation required in the investment sector.

There is no exemption for insurance under these ESG rules. Firms must not imply environmental benefits or ESG credentials without verifiable support. This includes general insurance, life insurance, and any product with linked investment elements, such as unit-linked policies. The FCA's Policy Statement PS23/16 confirms that all sustainability-related statements—regardless of sector—must be substantiated, proportionate, and consistently presented.

The pause on the broader SDR extension to portfolio management until April 2025 does not affect the enforcement of anti-greenwashing expectations in insurance marketing. ICOBS 2.2 continues to apply and is now interpreted in conjunction with ESG 4.3.1R for sustainability claims in insurance distribution.

Key Considerations

Sustainability claims in insurance promotions must be specific, verifiable, and transparent. Words such as "eco-friendly", "sustainable", "low-carbon", or "green" cannot be used loosely or without clear backing. For example, a policy marketed as contributing to environmental goals must explain how, such as by funding specific projects or underwriting criteria that reflect ESG outcomes. If the product has an investment component, such as a unit-linked feature, firms must also assess whether SDR labelling obligations under COBS 4 apply.

The Compliance Officer should review all sustainability-related claims before publication. Supporting data, third-party certifications, and evidence logs must be available on request and retained in an audit-ready format. Where claims are found to be misleading or unsupported, promotions must be withdrawn immediately and assessed under the firm's SUP 15.3 breach reporting process.

What Firms Must Do

Firms must ensure that all insurance promotions referencing ESG themes are reviewed for accuracy and consistency to ensure compliance with relevant regulations. Claims must be:

- Worded and not exaggerated;
- Supported by verifiable data, such as independent assessments, ISO certifications, or alignment with recognised frameworks like the EU Taxonomy;
- Consistent across all materials, including websites, policy documents, and social media.

Where relevant, firms should include disclosures to manage expectations. For instance: "This policy funds climate-aligned assets. Sustainability outcomes are subject to market and regulatory changes."

For insurance products with investment features, firms must cross-reference SDR labelling obligations under COBS 4, ensuring consistency with ESG 4.3.5R where applicable.

The use of a standardised substantiation template is recommended. Each claim should be documented with a description, the source of evidence, the method of verification, and the date it was last reviewed.

What Firms Must Not Do

Insurance promotions must not contain vague or aspirational language related to ESG. Firms must avoid suggesting that products are guaranteed to have positive environmental or social impacts without clear and measurable outcomes. Terms like “green insurance” or “carbon neutral” cannot be used unless they are specifically defined and independently verified. Marketing must not imply FCA or regulatory endorsement of ESG claims where none exists.

Sample Evidence Template

Claim Element	Description	Evidence Source	Verification Method	Date Verified
Eco-Friendly Home Insurance	Policy covers sustainable rebuilds with low-carbon materials	Lifecycle assessment; ISO 14001 certificate	Third-party audit against EU Taxonomy criteria	15/06/2025

3.3.7 Extended SDR for Credit Products

While the Sustainable Disclosure Requirements (SDR) regime has primarily targeted investment products, its scope extends to consumer credit promotions that reference environmental or sustainability-related features. From May 2024, under ESG 4.3.1R, any claim of sustainability, such as "green loan," "eco-financing," or "carbon-conscious credit", must be fair, clear, not misleading, and supported by verifiable evidence, even where the underlying product is regulated under CONC 3 rather than COBS.

Though PS23/16 focuses on investment disclosures, it does not prevent the FCA from applying SDR principles more broadly. The regulator's 2025 thematic work highlights growing concern over "greenwashing" in credit marketing, with FCA audits identifying promotional claims that lack substantiation, especially for loans marketed as sustainable or ESG-aligned.

Key Considerations

Sustainability claims in credit promotions are increasingly scrutinised. Firms must take care not to imply environmental benefits unless those benefits are measurable, proportionate, and conditional on usage. For instance, a personal loan described as "eco-friendly" for electric vehicle (EV) purchases must not only refer to the end-use but also clearly communicate that condition in the advertisement.

Marketing content must not overstate environmental impacts or generalise sustainability credentials. A claim such as "Finance your green future" becomes problematic if it is vague or unsupported. In line with investment standards, firms should ensure that all credit promotions featuring ESG language have an evidence trail linking the product's use to the claim being made.

Where such claims are made, the firm must use adapted substantiation templates to document the rationale, including data sources, eligibility conditions, and verification methods. Oversight rests with the Compliance Officer, who must ensure alignment with both CONC 3.3 (fair and clear communication) and ESG 4.3.1R. Vulnerability considerations must also be assessed, particularly where such claims may influence decision-making by financially inexperienced or environmentally motivated consumers.

What Firms Must Do

Firms must ensure that any credit promotion referencing sustainability—such as green home improvement loans or vehicle financing—includes:

- A clear explanation of the environmental claim being made.
- Disclosure of conditions or assumptions (e.g. "available only for qualifying energy-efficient upgrades");
- Supporting data, such as lifecycle impact assessments or compliance with standards (e.g. EPC ratings, carbon offset thresholds);
- Use of a tailored evidence template capturing:
    - The nature of the ESG claim.

- The product’s purpose or criteria.
- Source and method of verification.
- Date of review and name of approver.

All such claims must be reviewed before publication. Any ambiguity or marketing exaggeration must be corrected before launch. Compliance approval must be logged, and the evidence trail attached to the promotion record.

What Firms Must Not Do

Firms must not make environmental or sustainability-related claims in credit promotions without clear, auditable substantiation. They must avoid broad or aspirational language (“supporting a better planet”) unless accompanied by precise criteria. Promotions must not imply environmental benefit where the financing purpose is unrestricted, nor may they repurpose investment-grade ESG language for credit products without contextual clarity. If an ESG feature depends on customer behaviour or product use, this dependency must be stated.

3.4 Consumer Credit (CONC 3)

3.4.1 General Consumer Credit Promotions

Consumer credit promotions encompass any communication intended to invite or induce a person to enter into a credit agreement or related service, including loans, credit cards, buy-now-pay-later arrangements, or debt advice. These promotions are regulated under CONC 3 and must reflect the FCA's principles of responsible lending, consumer protection, and fair treatment.

The rules apply across all media, including digital, print, television, telemarketing, and social platforms. Firms must ensure that communications are not only legally compliant but also proportionate to the target audience's likely understanding and financial vulnerability. Inappropriate or misleading credit promotions may cause real consumer harm, especially if they obscure risks, suggest guaranteed outcomes, or misrepresent affordability.

Key Considerations

Promotions must be clear, fair and not misleading as per CONC 3.3.1R. This means that benefits—such as ease of access, flexible terms, or low introductory rates—must be presented alongside risks, including potential debt accumulation, adverse credit score impacts, or affordability challenges. Language must be plain and accessible. Fonts, colours, audio speed, and visual design must not obscure critical information, particularly in short-form digital ads. All promotions must include the firm's legal name and be readily identifiable as advertising, using conventions such as "#ad" or "sponsored post" on social platforms.

Comparative statements, such as "lower than typical rates" or "more affordable than others," must comply with CONC 3.3.2R. They must be substantiated by current and objective data, and must not be misled by selective presentation or omission of qualifiers. Where a promotion mentions APR or repayment terms, it must also highlight that these are subject to individual assessment. Promotions must not imply that credit is available regardless of the consumer's financial circumstances. Statements like "everyone approved" or "guaranteed acceptance" are prohibited under CONC 3.3.5R.

Where a firm approves a financial promotion on behalf of an unauthorised person (e.g., an affiliate or introducer), it assumes responsibility under CONC 3.10. Approval must only be granted where the communication is fully compliant. The firm must monitor ongoing adherence, and if any breach occurs, the promotion must be withdrawn, with affected parties notified. Real-time, dynamic formats such as live telemarketing or transient banner ads are not eligible for third-party approval under this rule.

While promotions solely for business purposes, or brand-only messages without inducements, may fall outside CONC 3's scope, they remain subject to the Consumer Protection from Unfair Trading Regulations 2008. Even where rules do not apply in full, promotions must not be misleading in content, structure, or tone.

What Firms Must Do

Firms must ensure all consumer credit promotions:

- Present benefits and risks in a balanced manner, using plain language.
- Identify themselves as advertising and include the firm's legal name.
- Include a standard risk disclaimer, such as:
  "Credit is subject to status and affordability checks. Late payments may affect your credit score."
- Substantiate any comparisons with objective, up-to-date data.
- Clarify that advertised rates or terms depend on creditworthiness and may vary.
- Approve promotions for unauthorised persons only where proper oversight is in place, with breach tracking and prompt withdrawal procedures.

What Firms Must Not Do

Firms must not suggest that credit is universally available or pre-approved. They must avoid unqualified comparisons or exaggerated claims about cost, ease, or speed of access. Promotions must not omit risk disclosures, downplay affordability checks, or employ presentation techniques that mislead consumers. Real-time third-party promotions must not be approved under any circumstances.

3.4.2 Representative APR and Total Charge for Credit Disclosures

Where a financial promotion includes any reference to interest rates, charges, or costs associated with credit, it must also include a representative example and the representative Annual Percentage Rate (APR). These disclosures, required under CONC 3.5, are designed to help consumers understand the actual cost of borrowing and compare products fairly. The rule prevents misleading pricing by ensuring that advertised rates accurately reflect the actual terms most customers will receive.

The representative APR must be presented as "%APR representative" and must not be less prominent than any other cost reference within the promotion. The example must be labelled clearly, and its contents governed by strict formatting and data reliability rules.

Key Considerations

The representative example must cover several specific items: the rate of interest (fixed or variable), any mandatory fees (such as arrangement charges), the credit amount, the representative APR, repayment frequency and amount, the duration of the agreement, and the total amount payable. These details must be grouped, presented clearly and prominently—typically in a boxed section or bolded area—and labelled explicitly as a "representative example."

A representative example becomes mandatory if the promotion references any numerical rate or cost element, if access to credit is described as restricted or selective (e.g., "bad credit considered"), or if any incentive or benefit is offered (such as cash back, waived fees, or comparison to competitor rates). These are known as trigger terms, and when present, the representative example must appear with equal prominence to avoid misleading impressions about affordability or availability.

The Total Charge for Credit—as defined under CONC 3.5.1R—includes all mandatory costs over the life of the agreement, such as interest and fees. It excludes optional items, such as payment protection insurance. Where assumptions must be made (for example, for running-account credit), firms should apply reasonable estimates, such as assuming a £1,200 drawdown for accounts with a credit limit below £30,000.

Promotions must also comply with the 51% test under CONC 3.5.5G. The representative APR and associated example must reflect terms the firm reasonably expects at least 51% of respondents to receive upon agreeing. This assumption should be based on actual data, such as historical approval patterns, market trends, or statistically sound forecasts. For example, if a firm expects that 60% of customers will be offered 10% APR, that rate should be disclosed. If the profile of successful applicants changes, firms must update promotional material accordingly.

Firms are expected to document the basis of their 51% assumption during the promotion approval process. These records support compliance reviews and can be critical during FCA audits or supervisory visits.

What Firms Must Do

- Include a complete representative example when promoting interest rates, charges, or cost-related figures in credit promotions.
- Ensure the example is presented, consistently formatted, and labelled as such.
- Show the representative APR as “%APR representative,” and ensure it is no less prominent than any other rate.
- Reflect terms that at least 51% of responding consumers are reasonably expected to receive.
- Use reasonable assumptions when calculating the total charge for credit, especially for variable-rate or running-account products.
- Review and update promotions if offer terms or approval trends shift.
- Retain approval documentation showing how the 51% basis was established.
- Utilise FCA-compliant tools or methodologies to calculate the total cost and ensure consistency across all media channels.

What Firms Must Not Do

- Reference interest rates, incentives, or charges without also including a compliant representative example.
- Use a misleading design to downplay or separate the example from the trigger content.
- Quote a representative APR that does not reflect the firm’s expectations for the majority of applicants.
- Base the example on out-of-date, selective, or aspirational data.
- Hide total charges or minimise key disclosures through hyperlinks, footnotes, or disjointed formatting.

3.4.3 High-Cost Short-Term Credit (HCSTC) and Risk Warnings

High-cost short-term credit (HCSTC) refers to loans with an APR of 100% or more, repayable within 12 months or less, excluding certain home-collected or bill-of-sale agreements. Due to the acute risk of consumer harm, financial promotions for HCSTC are subject to strict disclosure rules. The FCA requires firms to present the risks of such credit products prominently and unambiguously, discouraging unsuitable or impulsive borrowing. These requirements are outlined in CONC 3.4, along with additional guidance on how warnings should be displayed and reinforced.

Key Considerations

The core regulatory requirement is the mandatory risk warning, which must appear on all HCSTC promotions. This includes digital banners, social media content, SMS messages, and printed materials. The wording is prescribed and cannot be altered:

“Warning: Late repayment can cause you serious money problems. For help, go to moneyhelper.org.uk.”

This statement must be given at least equal prominence to any promotional language or product benefits. The use of bold formatting, standalone positioning, or headline styling is expected. Firms may also include the MoneyHelper logo to reinforce the message, provided the logo is used in accordance with licensing conditions.

Warnings must not be diluted or visually undermined. For example, placing “easy approval” or “get cash now” messaging adjacent to the warning is inappropriate and may breach CONC 3.4.2G. The tone and presentation of the entire promotion must support the seriousness of the disclosure and not create mixed signals.

Where other disclosures are triggered—such as representative APRs or illustrative cost examples—these must be integrated coherently with the risk warning. The overall impression must remain clear: while credit is accessible, it is expensive and not suitable for casual or repeat borrowing.

What Firms Must Do

Firms must embed the required risk warning in all HCSTC promotions, ensuring that:

- The language is exactly as prescribed by CONC 3.4.1R, without alteration.
- The warning is visually prominent—equal or greater in impact than any marketing headline or benefit statement.
- The warning is included in every version of the promotion, regardless of format or platform.
- Where applicable, representative examples or APRs are presented alongside the warning in a balanced layout.
- The inclusion of the MoneyHelper logo is encouraged but not mandatory; if used, it must be accurate and unmodified.

- Templates and automated marketing systems include pre-approved warning formats as standard, with periodic A/B testing to confirm visibility and comprehension.

What Firms Must Not Do

Firms must not alter the risk warning wording or embed it within longer blocks of text that reduce its visibility. They must not pair the warning with language that downplays risk or encourages impulsive decisions. Promotions that include language like “instant cash,” “guaranteed approval,” or “no credit checks” alongside the warning are likely to breach FCA expectations, as they undermine the intended cautionary effect. Firms must also avoid placing disclosures behind hyperlinks or in secondary pages—warnings must be part of the primary content.

3.4.4 Prohibitions (e.g., No Guaranteed Credit, No Pre-Completed Amounts, No Incentives to Apply)

Consumer credit promotions are subject to explicit prohibitions under the FCA's CONC 3.3 rules. These restrictions are in place to prevent firms from misleading consumers about the availability, ease, or affordability of credit. Promotions must not create a false sense of guaranteed approval or imply pre-determined lending terms without proper assessment. These rules are central to protecting vulnerable consumers and ensuring that advertising does not undermine the principles of affordability and suitability under CONC 5.

Key Considerations

Firms are prohibited from using terms that imply credit is automatic or guaranteed unless such claims are factually accurate and legally justifiable—something that is rarely the case. Words like "guaranteed," "pre-approved," or "no credit checks" are generally not permitted unless credit is genuinely unconditional, which, in practice, is rarely the case for regulated firms. The intention is to prevent consumers from applying under false assumptions about eligibility or ease of access.

Incentives linked to the act of applying for credit are also banned. Firms must not offer gifts, discounts, or benefits conditional upon an application or the entering into of an agreement. Even where incentives are offered on other grounds, these must not distort the consumer's decision-making and may trigger the requirement for representative APR disclosures.

Another key restriction relates to pre-completed or suggested amounts. Firms must not include application forms with pre-filled credit values or suggest that a specific loan amount is available without a prior assessment. This links directly to the affordability obligations set out in CONC 5 and helps prevent misleading impressions of entitlement.

Additional restrictions apply to ensure transparency in presentation. For instance, firms must not advertise "equivalent monthly payments" unless these match actual repayments. Nor may firms approve or disseminate real-time promotions on behalf of unauthorised persons. "Bait advertising"—offering headline rates that are not realistically available to most applicants—is also strictly prohibited.

What Firms Must Do

Firms must scrutinise all credit promotions to ensure they do not use prohibited phrases or imply credit is automatic or risk-free. All incentive structures must be reviewed to ensure they are not linked to credit applications or agreements. Marketing teams must avoid using pre-filled forms or promotional materials that suggest predetermined credit amounts. Where figures are shown, these must reflect actual and representative terms.

All offers must be submitted through Compliance and, where necessary, reviewed by legal counsel. Any promotion that includes terms likely to mislead around credit terms, ease of approval, or affordability must be amended or withdrawn. Oversight of promotional compliance should be embedded within the credit approval and product governance frameworks.

What Firms Must Not Do

- Use expressions such as “guaranteed acceptance,” “no credit checks,” or “pre-approved” unless the product genuinely warrants it.
- Offer gifts, cashback, or benefits as a reward for applying for or entering into a credit agreement.
- Send or publish application forms with pre-completed credit amounts or fields.
- Present example repayment figures (e.g. monthly payments) that do not correspond to the actual terms a customer would receive.
- Approve or distribute any credit-related promotions for unauthorised firms or affiliates, particularly in real-time settings such as social media.
- Use bait rates—such as headline APRs that apply only to a small proportion of applicants—without clearly and prominently disclosing this information.

3.4.5 Hire-Purchase and Conditional Sale Agreements

Hire-purchase (HP) and conditional sale (CS) agreements are regulated forms of consumer credit under which ownership of the goods transfers to the consumer only after all payments have been made. These agreements are widely used in sectors such as motor finance and must be promoted with care. The key risk is that consumers may believe they own the goods upfront, when in fact, the lender retains title until the final payment is made. Under CONC 3.8, firms are required to disclose their ownership structure in financial promotions, alongside the potential risk of repossession.

Key Considerations

Financial promotions for HP or CS agreements must distinguish them from outright purchases. Phrases like “Drive away today” or “Own the car” can mislead if not qualified by an explanation of deferred ownership. Firms must clearly state that the consumer does not acquire ownership until the agreement has been fully paid and that failure to keep up with payments may result in the goods being repossessed.

In particular, firms must highlight the repossession risk under the Consumer Credit Act 1974, which allows recovery of goods without a court order if less than one-third of the total price has been paid. This provision must be explained in clear, straightforward terms that consumers easily understand.

For motor finance, CONC 3.8.2G provides additional guidance: promotions should reference the consumer’s voluntary termination rights and clearly link to the pre-contractual information required under CONC 4. These rights allow a consumer to exit the agreement early by returning the goods and paying 50% of the total amount due. The FCA expects these features to be made transparent during the promotional stage.

Where representative examples are used, they must accurately reflect the full cost to the consumer, including interest, deposit, the number of payments, and the total payable. The example should not focus solely on monthly instalments or deposit amounts if this would distort the overall cost impression.

Visual aids, such as flowcharts or timelines, may help illustrate ownership transfer or payment structures, but they must be accurate, up-to-date, and avoid oversimplification.

What Firms Must Do

Firms must explain that the consumer does not own the goods until the final payment has been made. They must disclose the risk of repossession and the conditions under which it could occur. Where applicable, firms should reference voluntary termination rights, ensure the content aligns with the relevant pre-contract disclosures under CONC 4, and provide representative examples that reflect total cost. Any promotional comparison to a cash purchase must be fair and differentiated.

What Firms Must Not Do

Firms must not imply immediate ownership, omit repossession risks, or understate total payment obligations. They must avoid presenting HP or CS agreements as functionally equivalent to purchasing outright. Statements that create an impression of ownership from day one, without qualification, are likely to breach CONC 3.3, 3.5, and 3.8. Promotions must not create misunderstandings about legal rights, particularly regarding the cancellation or early return of goods.

3.4.6 Buy Now Pay Later (BNPL) and Deferred Payment

From 31 May 2025, Buy Now, Pay Later (BNPL) agreements offered by third-party lenders fall under full regulatory scope following the Financial Services and Markets Act 2000 (Amendment) Order 2025. These agreements are now treated as regulated credit under the Consumer Credit Sourcebook (CONC) and must comply with the FCA's rules on financial promotions, affordability, and consumer protection.

BNPL promotions must disclose the terms of the agreement, particularly when affordability checks, repayment terms, and potential risks are applicable. Terms such as "interest-free" must not be used to obscure the consequences of missed payments. The FCA's Policy Statement PS25/3 confirms that firms must tailor BNPL promotions to mitigate mis-selling risks and avoid targeting financially vulnerable consumers.

Key Considerations

The FCA expects BNPL promotions to be obvious, given that many consumers may not perceive these agreements as credit. Communications must never suggest automatic approval or minimise the risks of repayment failure. Statements such as "quick and easy" or "instant approval" are unacceptable unless fully explained in context. Vulnerable consumers—those who may be over-indebted or financially unstable—should be actively excluded from targeted marketing strategies where appropriate.

Firms must ensure that all BNPL promotional content is pre-approved by Compliance and supported by documented evidence of product alignment, affordability representation, and risk disclosure. Merchant-provided offers may be exempt from authorisation, but if the firm approves or co-brands such content, the responsibility remains.

Disclosures must also support FCA data collection for regulatory returns. There must be consistency between promotional language and the firm's reported affordability processes.

What Firms Must Do

Firms must clearly disclose affordability checks in all BNPL promotions. Communications should include statements such as "Credit subject to status – affordability checks apply". Any impression of guaranteed approval must be avoided. Where deferred payments may result in additional charges, representative cost examples must be provided. These examples must be accurate, proportionate, and tailored to the specific product being promoted.

Risk warnings should accompany all offers. These must highlight the consequences of late or missed payments, such as late fees, debt accumulation, or a negative impact on credit scores. The benefits of BNPL—such as interest-free instalments—must be presented in balance with clear caveats. Firms must use targeting data responsibly to avoid marketing BNPL products to consumers who are unlikely to meet repayment obligations.

If any fees apply after default, firms must disclose a representative APR, even if the initial offer is 0%. All languages must comply with CONC 3.3 and CONC 3.5, as well as the expectations set out in PS25/3.

Internal policies should ensure that BNPL promotions are integrated into the firm's regulatory reporting. Promotions must reflect the actual consumer journey and be consistent with reported practices around affordability assessment and credit risk modelling.

What Firms Must Not Do

Firms must not present BNPL as a frictionless or guaranteed option. Promotions must not use suggestive language implying ease or automatic eligibility. Risk disclosures must not be omitted, downplayed, or buried in small print. Vulnerable customers must not be deliberately or inadvertently targeted for marketing purposes. Promotions must not contradict the firm's actual affordability practices or reporting, nor should they present merchant-offered BNPL as risk-free if the firm is involved in the approval process.

3.5 Mortgages and Home Finance (MCOB 3A)

3.5.1 General Mortgage Promotions

General mortgage promotions refer to any communication that invites or induces engagement with home finance products. These promotions are regulated under MCOB 3A, which imposes standards to ensure that such communications are clear, fair, and not misleading. The aim is to ensure that consumers are provided with a balanced and accurate understanding of mortgage offerings, including the risks and limitations, as well as the potential benefits.

Promotions falling under this category can appear across a wide range of media, including websites, emails, brochures, paid advertisements, and social media posts. Whether real-time or not, the content must comply with the relevant disclosure and fairness requirements set out in MCOB 3A.

Key Considerations

Mortgage promotions carry the risk of leading customers into commitments that may not be fully understood or appreciated. Therefore, firms must take steps to ensure that communications are not only factually correct but also understandable by the average consumer. This includes prominently highlighting key risks, such as repossession or the possibility of falling into negative equity, particularly when promoting initial low rates or flexible features.

Promotions must never conceal, downplay, or obscure material information. Where credit is secured against a home, that fact must be clearly stated. Claims about savings, flexibility, or speed of approval must be balanced against relevant risks and conditions.

Non-real-time promotions (such as website pages or brochures) must include the name of the firm or its appointed representative, as well as a contact address or a means of obtaining one. If a promotion is presented as being “solicited,” the consumer’s active, informed consent must have been obtained—silence or failure to opt out is not sufficient.

Specific terminology, such as “early repayment charge” or “lifetime mortgage,” must be used precisely as prescribed under MCOB 3A.2.6R, without modification or substitution that might reduce clarity or legal precision.

Where the promotion references sustainability attributes, such as green home loans or energy-efficient mortgage schemes, firms must ensure compliance with the FCA’s anti-greenwashing rule under ESG 4.3.1R, applying the same evidentiary standards used for investment products.

What Firms Must Do

Firms must ensure that all general mortgage promotions:

- Present benefits and risks with equal prominence and in terms suitable for the target audience;
- Include a clear statement about the secured nature of the credit when applicable.

- Use only FCA-prescribed terminology, avoiding misleading synonyms or marketing euphemisms;
- Contain the name and a contact point of the firm or its appointed representative;
- Document customer consent when issuing solicited promotions, ensuring the purpose of contact is made evident in advance.
- Ensure sustainability claims—where used—are supported by verifiable evidence in line with ESG 4.3.1R;
- Maintain records of all promotional content and customer approvals, in line with MCOB retention rules.

What Firms Must Not Do

Firms must not issue promotions that misrepresent the nature, cost, or security of a mortgage product. They must avoid omitting critical information, especially risks associated with variable rates, affordability, or the possibility of repossession. Language must not be softened in regulatory terminology, and firms must not assume consent for direct communications unless it has been actively given. Comparisons to other products or providers must be fair, accurate, and up-to-date.

3.5.2 MCD Regulated Mortgage Contracts (Including Interest Rate Indications)

Where a financial promotion relates to a mortgage regulated under the Mortgage Credit Directive (MCD), it must include standardised information whenever interest rates or costs are referenced. The aim is to ensure that consumers are presented with clear, comparable, and reliable information that prevents the formation of unrealistic expectations. This requirement is detailed under MCOB 3A.5 and applies to both intermediaries and lenders.

A promotion which states or implies a rate—fixed or variable-or any cost element of the mortgage must present a representative example, structured and presented in a way that meets FCA standards for clarity, prominence, and consistency. Failure to include these elements renders the promotion non-compliant and potentially misleading.

Key Considerations

The core principle is consumer protection. Promotions must not give a partial or favourable impression of mortgage affordability by quoting attractive rates without full context. Any interest rate shown must be accompanied by a complete representative example that reflects realistic expectations for most consumers.

The example must be based on data showing that at least 51% of expected customers would be offered an Annual Percentage Rate of Charge (APRC) of 51% or better. This is known as the 51% test, and may rely on either historical customer data or reasonable forward projections. Promotions must also be carefully formatted: legible in print and audible in audio, and never tucked away in footnotes or obscured by design.

Where any ancillary product (such as insurance) is a required condition of the credit offer and its cost is not yet known, it must be declared alongside the APRC.

What Firms Must Do

Firms referencing an interest rate or mortgage cost must include all required standardised details prominently and clearly. This includes:

- The identity of the lender or credit intermediary;
- A statement that the mortgage will be secured on the property;
- Whether the borrowing rate is fixed, variable, or both;
- The total amount of credit.
- The APRC, given equal prominence to any stated interest rate;
- The duration of the credit agreement.
- The monthly instalment amount and the total amount repayable.
- The number of instalments.
- A warning about potential currency fluctuations, if applicable.

The representative example must be calculated using the 51% rule and formatted in a boxed layout, where possible, for visual clarity. In digital formats, this should be screen-readable and not hidden behind clicks or hyperlinks. Where compulsory ancillary services apply, this must also be stated directly within the example if the cost is not yet finalised.

Interest rate types must be described accurately. If the rate is variable, it should be explicitly stated, along with any applicable charges or mechanisms for change. Firms must avoid any wording that could give the false impression of availability, certainty, or affordability.

What Firms Must Not Do

Firms must not imply rates are guaranteed or widely available when they are not. They must not omit key details from the representative example or bury it in illegible formatting. They must not rely on vague or historical claims without verifying their current accuracy, and they must not fail to disclose required ancillary products that impact the total cost.

3.5.3 Equity Release Products

Equity release promotions—most commonly associated with lifetime mortgages—must clearly and sensitively communicate the long-term financial implications. These products typically enable older homeowners to access the value in their property while deferring repayment until death or the onset of long-term care. Under MCOB 3A.2 and 3A.3, promotions must remain fair, transparent and not misleading, with appropriate emphasis on estate reduction, benefit implications, and the absence of a fixed term. Lifetime mortgages are not standard credit products; the messaging must reflect the potential erosion of wealth and the need for specialist advice.

Guidance from MCOB 8 and MCOB 9 emphasises the requirement for personal recommendations and suitability assessments, which should be flagged or referenced in promotional content, even when the material is non-interactive or generic.

Key Considerations

These are complex, irreversible financial decisions often made later in life. Misunderstanding the implications can result in financial detriment, strained family dynamics, or loss of access to means-tested benefits. Promotions must not oversimplify or lead with emotional appeal (e.g. “unlock the value of your home”) without equal prominence of the associated risks. Terminology such as “lifetime mortgage” must be used consistently and precisely, avoiding euphemisms or softened phrasing.

If the promotion mentions interest rates, it must include a representative APRC (Annual Percentage Rate of Charge) via a worded example. Where roll-up interest applies, the long-term compounding effect should be described plainly. Reference to the home being at risk is mandatory where repayment failure (such as non-payment of required interest on specific variants) could lead to repossession.

What Firms Must Do

Promotions must state clearly that the product is a lifetime mortgage and include the mandatory warning:

“This is a lifetime mortgage. To understand the features and risks, ask for a personalised illustration.”

The promotion must address the key risks, including:

- The absence of a fixed repayment term,
- The reduction of the consumer’s estate and inheritance,
- The possibility of negative equity,
- The impact on eligibility for state benefits or local authority support.

If an interest rate is quoted, firms must include a representative example showing the APRC, in line with MCOB 3A.4.1R. The example must reflect the total cost over the loan term, including any accrued interest, fees, or charges. Firms must also disclose that the product is secured on the borrower's home and that property ownership may be affected.

In addition, all marketing content must align with Equity Release Council standards, including the use of approved disclaimers and design elements that reflect the Council's sound practice principles.

What Firms Must Not Do

Firms must not present equity release as a short-term cashflow solution or suggest it is suitable for everyone over 55. They must not downplay the long-term effect on the borrower's estate or fail to reference the need for a personalised recommendation. Interest rates must not be quoted in isolation or without explicit reference to the APRC and the full financial implications. Phrases such as "tax-free cash from your home" must not be used unless balanced with the loss of ownership equity and estate value.

3.5.4 Home Reversion Plans and Regulated Sale and Rent Back Agreements

Home reversion plans and regulated sale and rent back (SRB) agreements are complex arrangements that involve the sale of a property or part of it in exchange for cash and the right to remain in the home, typically as a tenant. These are high-risk products with potentially permanent consequences, particularly the irreversible loss of ownership, exposure to tenancy insecurity, and, in some cases, the risk of eviction.

Under MCOB 3A.3.1R, all financial promotions relating to these agreements must present a balanced view, clearly disclose material risks, and use prescribed wording that prompts consumers to seek personalised information. These rules are designed to prevent firms from downplaying the seriousness of entering into such agreements, which often target vulnerable homeowners in financial distress.

Key Considerations

Promotions for home reversion and SRB agreements must avoid any suggestion that these are straightforward or risk-free options. A failure to prominently state the permanent loss of legal ownership, the potential for eviction, or the lack of recourse to the Financial Services Compensation Scheme (FSCS) in some cases can amount to a misleading communication under MCOB and broader FCA principles.

For SRB agreements specifically, the FCA regards these as a last resort product and expects all promotions to reflect this. Consumers must be made aware that they could face future rent increases, limited security of tenure, and that their housing stability could deteriorate. Where the agreement is subject to short tenancy terms, this must be disclosed prominently, including the risk of not being able to remain in the property long term.

Any reference to rates or returns in a promotion must be accompanied by the complete set of standard information required under MCOB. Simplified figures or vague claims about cash sums or lifetime occupancy rights are not permitted without the necessary context.

What Firms Must Do

Firms must ensure that all financial promotions for home reversion or SRB agreements:

- Include the prescribed warning:
  "This is a home reversion plan", or "This is a sale and rent back agreement. To understand the features and risks, ask for a personalised illustration."
- Clearly explain that entering into such an agreement means:
  - Giving up ownership of the home, in whole or in part;
  - Receiving a sum that may be significantly less than the market value;
  - Accepting potential risks to future tenancy security.
- For SRB promotions specifically:
  - Disclose that the product is generally considered a last resort;
  - Outline the risks of rent increases and short tenancy periods.

    - Clarify the absence of FSCS protection and the possibility of eviction;
    - Explain how receiving lump sums may impact means-tested benefits.
- Ensure all disclosures are integrated within the promotion, not hidden in disclaimers or behind links.
- Include explanations around valuation methods, tenancy length, and any conditions tied to remaining in the property.

What Firms Must Not Do

Firms must not imply that ownership may be retained or recovered, nor may they suggest that these agreements are simple, standard solutions. They must not reference cash offers or tenancy security without including the accompanying risks and required standardised warnings. Any attempt to downplay the long-term implications—such as failing to explain that the home will not pass to heirs—will be regarded as non-compliant. Promotions must not present these products as equivalent to conventional mortgages or equity release plans, which carry different risk profiles and consumer protections.

3.5.5 Cold Calling and Unsolicited Promotions

Cold calling and other unsolicited real-time promotions are subject to strict restrictions under the FCA's mortgage conduct rules, particularly within MCOB 3A.3 and 3A.4. These measures are intended to protect consumers from pressure-based sales tactics and unwanted contact, especially in the context of complex or high-risk financial products such as regulated mortgage contracts, home reversion plans, and sale and rent back (SRB) agreements.

Firms must not make unsolicited approaches to potential customers unless there is a clear, pre-existing relationship in which such communication is reasonably expected. Even then, any contact must comply with rules on transparency, timing, consent, and conduct.

Key Considerations

Under MCOB 3A.3.5R, cold calls are prohibited for regulated mortgage contracts, home reversion plans, and SRB arrangements unless the firm already has a relevant customer relationship and it would be reasonable to expect such calls to be made. This ensures that vulnerable or unsuspecting individuals are not subject to intrusive or aggressive selling tactics.

Real-time promotions—whether conducted via telephone, video call, or in-person—must adhere to the strict engagement protocols outlined in MCOB 3A.4.1R. The caller must immediately disclose the purpose of the communication, obtain the customer's consent to proceed, and provide clear contact details. The customer's right to terminate the interaction at any time must be respected, and no contact should occur during unsocial hours—typically before 9 a.m., after 9 p.m., or on Sundays.

Importantly, real-time promotions do not require prior FCA approval under MCOB 3A.4.5R, but firms remain fully accountable for their compliance and conduct. All calls should be conducted with care, and records maintained to demonstrate adherence.

The definition of a "solicited" contact under MCOB 3A.3.3R is narrow. Consent must be explicit and specific—it cannot be assumed through silence, pre-ticked boxes, or vague contract terms. Consent must be express and evidenced.

What Firms Must Do

Firms must ensure that cold calls only take place where an established relationship justifies the contact and the customer would reasonably expect it. All real-time promotions must follow a structured script that includes a declaration of the caller's identity, the reason for the call, and a request for permission to continue. Calls must respect boundaries on time and manner, and allow for immediate disengagement if requested.

Internal procedures must include:

- Logging all real-time promotional activity,
- Using consent scripts that align with MCOB 3A.3.3R and 3A.4.1R,

- Providing staff training on handling real-time interactions appropriately.

Firms must maintain call records, consent notes, and script confirmations to demonstrate compliance with relevant regulations.

What Firms Must Not Do

Firms must not initiate cold calls without a prior customer relationship. They must not rely on implied consent or buried contract clauses to justify real-time promotional contact. Unsolicited communications during prohibited hours or failure to respect termination requests will constitute a breach of MCOB and expose the firm to regulatory enforcement. Firms must also avoid exerting pressure during real-time interactions or presenting them as anything other than a promotion.

3.5.6 Targeted Support for Struggling Borrowers

Firms must ensure that financial promotions do not compound the financial difficulties of customers already at risk of harm. Under PRIN 2A.7 (within the Consumer Duty framework) and sector-specific provisions such as MCOB 11, firms are expected to avoid communications that could mislead, pressure, or inappropriately influence borrowers experiencing hardship. Messaging such as “instant approval,” “quick cash,” or “no questions asked” is considered especially problematic when aimed at vulnerable consumers or those facing affordability challenges.

Promotions that may reach at-risk audiences must include appropriate warnings, references to support mechanisms, and signposting to forbearance options. These include payment holidays, reduced interest rates, or extended repayment terms. Communications must also clarify the potential consequences of inaction—such as default or repossession—while making it equally clear that help is available.

Key Considerations

The FCA has made clear in CP25/11 (May 2025) that firms are expected to offer proactive and visible support to borrowers in difficulty. This consultation reinforces earlier positions in CP23/13, advocating for a culture of early intervention and transparent signposting in all customer-facing content, including promotional materials. Communications that ignore the potential vulnerability of the recipient or fail to mention available support are increasingly viewed as inconsistent with the Consumer Duty.

Firms must assess whether borrowers may perceive promotional messaging as difficult and, if so, adapt the language and framing accordingly. This includes refraining from urgency-based calls to action or any implication that further borrowing is a simple solution to financial strain. The absence of tailored content for vulnerable groups is a regulatory weakness and may trigger enforcement action or consumer redress.

What Firms Must Do

Promotions must be reviewed through a vulnerability lens as part of the standard approval process. Where there is a risk of exposure to struggling borrowers, firms must adapt the content to include appropriate messaging. This includes:

- Clear references to forbearance options (e.g. payment plans, interest reductions),
- Warnings about the risk of repossession or default if action is not taken,
- Assurances that help is available and engaging early are encouraged.

All staff involved in the preparation or approval of such content must complete annual training on communicating with vulnerable customers. The firm’s Compliance Officer is responsible for ensuring vulnerability templates are used and that each campaign is assessed for proportionality and risk. These reviews must be documented and supported by Management Information (MI) tracking under the Consumer Duty framework.

What Firms Must Not Do

Promotions must not use emotive or coercive language such as “get money now” or “no credit check needed” when addressing or potentially reaching financially vulnerable consumers. Firms must not imply that borrowing is the only solution to financial stress, nor should they fail to reference the availability of support. Silence on forbearance is not neutral—it can be harmful. Where a promotion omits this context and targets, even indirectly, a struggling borrower segment, it may be considered misleading or unfair under PRIN 2A.7.

Breaches—such as failure to include appropriate warnings or support signposting—require the immediate withdrawal of the promotion, formal escalation to the Compliance function, and assessment for potential redress or notification to the FCA.

4. Responsibilities and Governance

4.1 Roles and Responsibilities

Effective governance of financial promotions requires defined roles across the organisation, from senior management to frontline staff, to ensure accountability and prevent breaches. This aligns with SYSC 3, which outlines systems and controls for compliance, where firms must allocate responsibilities to avoid gaps or overlaps.

Key Requirements

- Senior Management (SMF Holders): Under SMCR and SYSC 6.1, senior managers (e.g., SMF16 Compliance Oversight) are responsible for establishing and overseeing the compliance framework for financial promotions, including policy approval, resource allocation, and escalation of issues. They must ensure promotions align with regulatory standards (e.g., COBS 4, CONC 3) and report to the board on compliance metrics. Policy: The Chief Compliance Officer (CCO) holds ultimate accountability, with quarterly reports to the board on promotion approvals and breaches.
- Marketing and Business Teams: Staff creating or disseminating promotions must adhere to internal guidelines, seek pre-approval, and maintain records. They are responsible for initial risk assessments and ensuring content is fair, clear, and not misleading.
- Compliance Team: Acts as the second line of defence, reviewing and approving promotions, conducting training, and monitoring adherence (SYSC 6.1.1 R). They advise on regulatory changes and investigate potential breaches.
- All Employees: In accordance with COCON (Conduct Rules), staff must act with integrity, skill, and diligence in relation to promotions and report concerns promptly.
- Third Parties: If outsourcing (e.g., agencies), contracts must specify compliance obligations, with oversight retained by the firm (SYSC 8).

4.2 Compliance Officer Duties

The Compliance Officer (typically SMF16) plays a central role in financial promotions governance under SYSC 6.1, overseeing regulatory compliance and ensuring the integrity of all promotional activity.

This includes managing applications via the Financial Promotions Gateway, introduced under FSMA amendments (November 2023). Firms must obtain FCA permission to approve promotions on behalf of unauthorised persons. The Gateway closes a critical oversight gap, reducing risks of consumer harm.

As of July 2025, FCA analysis of Gateway applications highlights recurring failings, including incomplete submissions, inadequate controls, and a lack of clarity on oversight, which lead to rejections or conditional permissions.

Our policy mandates the Compliance Officer to prepare, submit, and monitor all Gateway applications and outcomes. A Gateway application log must be maintained and reviewed annually. Failure to hold valid permission prohibits the firm from approving third-party promotions, and any breach must be escalated and reported in accordance with FSMA s.21 obligations.

Key Requirements

- Oversight and Monitoring: Establish procedures for promotion approval, conduct regular assessments of effectiveness (SYSC 6.1.3 R), and report to management on deficiencies. This includes post-publication reviews and thematic audits.
- Advice and Guidance: Provide expert advice on FCA rules (e.g., COBS 4 for investments), interpret guidance such as FG24/1 on social media, and ensure integration with the Consumer Duty.
- Resource Management: Ensure the compliance function has sufficient authority, resources, and access to information (SYSC 6.1.4 R).
- Breach Management: Investigate and escalate breaches in accordance with SUP 15, guiding remedial actions to ensure timely and effective resolution.
- Training Coordination: Oversee competency programs for staff handling promotions (linked to TC sourcebook). Policy: The CCO chairs a monthly promotions committee, documenting all duties in a role profile aligned with SMF responsibilities.
- Financial Promotions Gateway Management:
    - Application Process: For firms approving promotions for unauthorised entities, submit applications via the FCA's Connect system. Key steps are outlined in the table below:

Step	Description	Key Actions/Requirements	Timeline/Notes

1. Pre-Assessment	Review internal controls and evidence to ensure readiness for Gateway permission.	Gather documentation on approval systems (e.g., per COBS 4.10), records, and risk management frameworks. Assess competence and resources.	Before submission, the internal review typically takes 2-4 weeks.
2. Submission	Complete and submit the application form via Connect.	Provide details on types of promotions approved, volume, compliance procedures, and harm prevention measures (as per PS23/13). The initial window closed February 6, 2024, but modifications or new applications follow similar processes.	Submit when ready; FCA acknowledges receipt.
3. FCA Review	Await FCA evaluation, responding to any queries.	FCA assesses within statutory timelines (e.g., 3 months for complete applications), potentially requesting additional information on controls or risks.	3 months standard; extensions possible if incomplete.
4. Outcome Handling	Process the decision and implement accordingly.	If approved (with or without conditions), update internal permissions and notify teams. If rejected, cease all relevant approvals immediately, notify affected parties, and explore appeals or resubmission. Rejections may stem from inadequate controls or high-risk history.	Take immediate action upon receipt and document the outcomes in the log.
5. Post-Approval	Maintain and review permission status.	Conduct quarterly attestations of compliance (COBS 4.10.9A R) and annual reviews to ensure ongoing eligibility.	Quarterly/annual; escalate changes to FCA if needed.

- Policy: Refer to this table in training and approvals, supplementing with visual tools such as process diagrams in internal systems as needed.

4.3 Training and Competency

Staff must be trained and competent before handling financial promotions, in line with SYSC 5 and the FCA's Training and Competence sourcebook (TC). No employee may be assessed as competent until they demonstrate the required knowledge and skill (TC 2.1.1R).

Training must cover core FCA principles, including COBS 4.2 on fair, clear, and not misleading promotions, as well as product-specific rules and emerging risks. All training must incorporate the Consumer Duty's vulnerability standards (PRIN 2A.7) and definitions under FG21/1—covering health, life events, capability, and financial resilience.

Our policy mandates mandatory initial training before staff engage in any promotional activity, including vulnerability modules and targeting assessments. Ongoing annual certification and CPD (e.g., 35 hours for advisers) are required. Competency must be supported through scenario-based exercises, including roleplay and case study reviews.

Line managers are responsible for day-to-day supervision and management. The Compliance team will conduct spot checks, especially where vulnerability risks arise (e.g., aggressive credit marketing or crypto exposure). All promotional designs must include completed vulnerability checklists, which are recorded and archived for audit purposes in accordance with TC 2.1.28R.

Breaches or competency failures trigger retraining or disciplinary action, as required. All records—training logs, certifications, targeting reviews—must be retained and linked to each promotion as part of our compliance assurance process.

4.4 Breach Reporting and Handling

Breaches of financial promotion rules must be reported under SUP 15.3.1R, which requires firms to notify the FCA of significant events, including regulatory violations. This duty aligns with DISP 1, which mandates fair and prompt resolution of complaints, including those arising from misleading promotions or mis-selling.

Under Consumer Duty (PRIN 2A), firms must go further—proactively identifying harm caused by unclear, unbalanced, or high-risk promotions, and offering timely redress. This includes refunds, corrections, or withdrawal of affected materials.

FCA complaints data (April 2025 report) shows a 15% year-on-year rise in promotion-related complaints, often linked to digital channels and high-risk products. Firms must therefore maintain integrated escalation processes to ensure a fast response and prevent recurrence.

Our policy requires all breaches and complaints related to promotions to be logged in a centralised system, with escalation protocols ensuring DISP timelines are met—8 weeks for final response, with interim updates as needed.

The Compliance Officer works with the complaints team to prioritise consumer outcomes. Delays or process failures are escalated to senior management and may trigger FCA notification, particularly where harm or repeated issues are identified.

Key Requirements

- Reportable Breaches: Any material non-compliance, e.g., misleading promotion leading to consumer harm, or fraudulent activity (SUP 15.3.11 R). For promotions, include unauthorised approvals or rule breaches (e.g., missing risk warnings).
- Timelines: Immediate notification if significant; otherwise, within a reasonable time (SUP 15.3.1 R). Use Form SUP 15 via Connect.
- Handling Procedures: Internal escalation, investigation, remediation (e.g., withdraw promotion, consumer notifications), and root cause analysis. Report to the FCA if the threshold is met (SUP 15.11 for conduct rules). Policy: Maintain a breach register; CCO notifies FCA within 24 hours for high-impact issues.
- SMF Breaches: Report via Form D or C (SUP 10C).
- Complaints and Redress Linkage (DISP 1 and PRIN 2A): Treat promotion complaints as potential breaches; acknowledge within five business days (DISP 1.5), investigate fairly, and provide redress proactively if harm is identified (e.g., compensation for mis-sold products). Under Consumer Duty, monitor for systemic issues and offer redress without formal complaints if outcomes are poor. Use the following escalation flow for complaints:

Step	Description	Actions	Timeline (per DISP 1)

1. Receipt & Acknowledgement	Log a complaint (e.g., via email/phone) about a misleading ad.	Acknowledge, provide a summary of the process, and offer FOS referral.	Within five business days.
2. Investigation	Assess validity (e.g., check promotion compliance with COBS 4).	Gather evidence; involve product teams; identify harm (e.g., financial loss).	Ongoing, aim for resolution in 4 weeks.
3. Resolution & Redress	Determine outcome; offer redress if upheld (e.g., refund fees).	Issue final response; explain decision; proactively redress if Duty harm evident.	Within 8 weeks, notify if delayed.
4. Escalation & Reporting	If unresolved, refer to FOS; report to FCA if systemic.	Escalate to senior management; log in MI for trends.	Immediate for significant; annual FCA returns are required.
5. Review & Prevention	Root cause analysis; update policies.	Train staff; monitor for recurrence.	Within 30 days post-resolution.

5. Monitoring, Review, and Revision

5.1 Compliance Monitoring Program

A structured program ensures continuous adherence, as per SYSC 6.1.3 R, involving regular assessments of promotion processes. This includes leveraging management information (MI) and advanced analytics, such as AI-driven breach detection, to evaluate the effectiveness of promotions and identify risks proactively. The FCA's use of technology has enabled a 3,200% increase in financial promotion reviews over the past three years (from 2022 to 2025), as reported in their February 2025 data analysis. Firms are expected to adopt similar technology for internal monitoring to enhance compliance and consumer outcomes. The FCA's March 2025 highlight on key risks notes that advanced tools help detect breaches, such as non-compliant claims, urging firms to move beyond manual processes to avoid bottlenecks. Our organisation's policy mandates the use of MI dashboards and AI integration in monitoring to support data-driven decisions and align with FCA expectations.

As organisational policy, the monitoring program incorporates AI tools for real-time analytics, with quarterly MI reports to senior management. The Compliance Officer oversees implementation, ensuring tools are audited for accuracy and bias. Manual processes are minimised to prevent bottlenecks, with breaches flagged automatically for swift remediation.

Key Requirements

- Activities: Sample reviews of promotions, thematic testing (e.g., social media per FG24/1), and post-publication monitoring for consumer feedback. Enhance with AI-driven detection (e.g., natural language processing to scan for misleading language) and analytics for trends (e.g., engagement vs. complaint ratios).
- Frequency: Quarterly spot-checks, annual deep dives. Policy: Use tools like RuleGuard for real-time monitoring, supplemented by AI platforms for breach alerts.
- Reporting: Escalate findings to senior management with metrics (e.g., breach rates from FCA data). Include AI-generated insights in reports.
- MI and Analytics Integration: Collect comprehensive MI on promotion effectiveness, such as conversion rates, consumer understanding metrics (e.g., via surveys), and harm indicators (e.g., redress claims). Use advanced analytics for predictive risk assessment (e.g., machine learning to forecast breach hotspots). AI tools must include human oversight to validate detections.
- MI Dashboard Examples: Implement dashboards for visualisation; examples include:

Dashboard Metric	Description	Data Source	Target/Threshold	Example Insight

Breach Detection Rate	Percentage of promotions flagged by AI for potential issues (e.g., missing warnings).	AI scanning tools are integrated with approval systems.	<5% false positives; 100% review of flags.	High flags in social media indicate the need for template updates.
Consumer Engagement vs. Complaints	Ratio of interactions (e.g., clicks) to complaints received.	Platform analytics and complaints log.	Complaints <1% of engagements.	Spike post-campaign signals misleading content.
Effectiveness Score	Composite score from surveys on understanding/balance (e.g., Net Promoter Score adapted for compliance).	Post-promotion consumer feedback tools.	Score >80%; below triggers review.	Low scores in vulnerability segments prompt tailored warnings.
Risk Heatmap	Visual map of promotion risks (e.g., high-risk products like crypto).	Analytics software aggregating MI.	Red zones (high risk) are prioritised for audits.	Identifies bottlenecks in manual reviews, justifying AI investment.

- Policy: Dashboards updated monthly; accessible to compliance and senior teams for real-time oversight.

5.2 Risk Assessment and Auditing

Risk assessments identify vulnerabilities in promotion, with audits verifying controls (SYSC 9 on internal audit). This includes evaluating risks from emerging technologies, such as AI and automated tools in promotion generation and targeting, to ensure they do not introduce biases or generate misleading content. The FCA has identified AI as an emerging 2025 priority in compliance risks, overlapping with operational resilience requirements under SYSC 15A, as firms increasingly use AI for content creation and audience targeting but face challenges in uncontrolled applications leading to breaches in data privacy, confidentiality, consumer harm, and discriminatory practices. The FCA's AI Sprint summary (published April 23, 2025, following the January 2025 event) highlights four common themes: opportunities for innovation, governance challenges, bias in decision-making (including targeting), and the need for robust oversight to mitigate risks like unfair outcomes for vulnerable groups. SYSC 15A mandates firms to map vulnerabilities in important business services (IBS), such as digital promotions, and test for disruptions, including AI-driven biases that could amplify vulnerability under Consumer Duty (PRIN 2A.7). Our organisation's policy requires an expanded AI usage framework within risk assessments to cover both generation and targeting, ensuring human oversight and preventing non-compliant outputs or biased ad delivery.

As organisational policy, all use of AI or automated tools in promotion generation and targeting must follow a structured policy, including bias checks, human review, and documentation. The Compliance Officer oversees the implementation process, conducting annual audits to assess risks related to AI. Uncontrolled AI use is prohibited, and breaches (e.g., biased or misleading content/targeting) trigger immediate escalation and remediation. This ties directly to vulnerability protections, as biased targeting (e.g., discriminatory ad algorithms) could exacerbate harm to protected groups, a key focus of 2025 enforcement amid rising complaints.

Key Requirements

- Risk Assessment: Annual evaluation of promotion risks (e.g., crypto volatility), scoring likelihood/impact. Incorporate AI-specific risks, such as algorithmic bias in targeting (e.g., ads disproportionately shown to vulnerable demographics) or content generation that could mislead vulnerable consumers.
- Auditing: Independent audits (internal/external) review approvals, records, and effectiveness (SYSC 6.2). Policy: Biennial external audits, with findings actioned within 90 days.
- Tools: Utilise FCA data for benchmarking purposes.
- AI Usage Policy in Promotion Generation and Targeting:
    - Pre-Deployment Evaluation: Assess AI tools for compliance risks before use, including testing for bias in targeting (e.g., discriminatory audience segmentation) and accuracy against FCA rules, such as the fair, clear, and not misleading principle. For targeting, evaluate datasets for fairness (e.g., avoiding over-representation of low-income groups in high-cost credit ads).

  - Human Oversight: Mandate human review of all AI-generated content and targeting decisions; approvers must verify balance, disclosures, and risk warnings, overriding AI outputs if needed. No fully automated approvals or targeting allowed.
- Bias Checks: Implement systematic checks using tools such as fairness audits or diverse datasets to detect and mitigate biases (e.g., ensuring promotions do not unfairly target vulnerable groups based on protected characteristics, such as age or ethnicity). For targeting, conduct disparate impact analyses (e.g., "Does this algorithm exclude ethnic minorities from beneficial offers?").
- Documentation and Traceability: Log AI inputs/outputs, including prompts, targeting parameters (e.g., audience criteria), and edits, retained per record-keeping rules (e.g., COBS 4.11). Include bias audit reports.
- Training Integration: Staff using AI must complete modules on risks and oversight, aligned with the TC sourcebook, including targeting ethics (e.g., avoiding vulnerability exploitation).
- Incident Response: If AI generates non-compliant content or biased targeting (e.g., ads shown disproportionately to indebted consumers), quarantine it, conduct a root cause analysis (including bias forensics), and report according to breach protocols. Remediate via dataset retraining.
- Targeting-Specific Controls: For AI-driven ad targeting (e.g., via platforms like Google Ads or Meta), ensure algorithms comply with SYSC 15A by setting impact tolerances (e.g., no more than 5% bias variance in audience delivery) and testing for disruptions (e.g., biased data leading to unfair outcomes).

Appendix A: Risk Summaries and Investor Statements (COBS 4 Annexes 1-5)

A.1 Usage Guidance

- When to Use:
  - Annexes 1-2: Mandatory risk summaries in RMMI/NMMI promotions (COBS 4.12A/B); display prominently before engagement.
  - Annexes 3-5: Investor statements for exemptions from promotion bans (COBS 4.12A.5/4.12B.3); obtain signed versions annually.
- Format: Use prescribed wording; adapt font/size for readability, but keep bold/italics. Digital: Hyperlinks allowed if full text is accessible.
- Verification: Confirm investor eligibility (e.g., income/assets for high net worth); retain evidence.
- Proportionality: Retail-focused promotions require a more prominent display; professionals may use summaries to enhance their effectiveness.
- Cross-References: Align with vulnerability (2.8) and approvals (2.7); non-use invalidates exemptions.

A.2 COBS 4 Annexe 1: Risk Summary for Non-Mass Market Investments (NMMI)

- Purpose: Warns of high risks in NMMI (e.g., speculative illiquid securities); mandatory in all NMMI promotions.
- Full Template (COBS 4 Annexe 1R, verbatim): Don't invest unless you're prepared to lose all your money invested. This is a high-risk investment. You could lose all the money you invest, and you are unlikely to be protected if something goes wrong. Take an additional two minutes to learn more about this topic.[Hyperlink or reference to further risk information, including liquidity risks, lack of FSCS/FOS, and capital at risk.]
- Usage Details:
  - Display at the start of the promotion (e.g., at the top of the email/website).
  - Include a 2-minute pause prompt linking to detailed risks (e.g., illiquidity, valuation issues).
  - For pooled investments: Note the potential total loss.
- Example in Promotion: In a P2P lending ad: [Template above] followed by: "These investments are illiquid and not easily transferable. No secondary market exists, and FSCS does not apply."

A.3 COBS 4 Annexe 2: Risk Summary for Restricted Mass Market Investments (RMMI)

- Purpose: Highlights risks in RMMI (e.g., long-term products like unlisted shares); required before investor categorisation.
- Full Template (COBS 4 Annexe 2R, verbatim): Don't invest unless you're prepared to lose all your money invested. This is a high-risk investment. You could lose all the money you invest, and you are unlikely to be protected if something goes wrong. You're unlikely to be able to

cash in this investment early. You may need to pay an early exit fee to cash in your investment. You're unlikely to be able to sell your investment if needed, and you may have to hold it for an extended period or be unable to sell at all. You're unlikely to get your money back quickly, and you may have to incur high costs to recover it. This is a complicated investment. It's challenging to comprehend how it works and the reasons why you might lose money. Take an additional two minutes to learn more.[Hyperlink to detailed risks, including capital loss, illiquidity, and fees.]

- Usage Details:
  - Prominent in all RMMI promotions; adapt for specific risks (e.g., omit exit fees if inapplicable).
  - Link to full explanations; enforce a 2-minute learn-more pause in digital formats.
- Example in Promotion: For unlisted equity: [Template above] with link: "Learn more: High fees (up to 10%) for early exit; no guaranteed buyer."

A.4 COBS 4 Annexe 3: Statement for Certified High Net Worth Investors

- Purpose: Certifies investors as high net worth for exemptions from RMMI/NMMI bans; valid 12 months.
- Full Template (COBS 4 Annexe 3R, verbatim): High Net Worth Investor Statement. I make this statement to receive promotional communications relating to non-mass market investments as a certified high net worth investor. I understand that this means:
  - I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority;
  - The protections afforded by the UK regulatory regime will not apply, including access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
  - I am a certified high net worth investor because at least one of the following applies:(a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more;(b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more. Net assets do not include my primary residence, pension rights, or life insurance. I acknowledge that I may lose my property and other assets by making investment decisions based on financial promotions. I am aware that I can seek advice from someone who specialises in advising on non-mass market investments.Signature: ____________________ Date: ____________________
  - Usage Details:
    - Obtain signed annually; verify evidence (e.g., tax returns for income).
    - Use before sending exempt promotions; retain copies for an indefinite period.
  - For a speculative investment promo, send the statement form first; upon return, proceed with the ad.

A.5 COBS 4 Annexe 4: Statement for Self-Certified Sophisticated Investors

- Purpose: Self-certification for sophisticated investors exempt from bans; valid 12 months.
- Full Template (COBS 4 Annexe 4R, verbatim): Self-Certified Sophisticated Investor Statement I declare that I am a self-certified sophisticated investor for the purposes of the Financial Services and Markets Act (Financial Promotion) Order 2005. I understand that this means:
    - I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority;
    - An authorised person has not approved the content of the promotions, and such approval is, save where the content is a financial promotion of an unregulated collective investment scheme, generally required by UK law.
    - Reliance on the promotion for protection is at my own risk, as the Financial Conduct Authority does not verify the accuracy, soundness, or other aspects of unapproved promotions.
    - It may be difficult to make a claim for redress if I have a complaint;
    - The Financial Ombudsman Service and Financial Services Compensation Scheme may not be available.
- I am a self-certified sophisticated investor because at least one of the following applies:(a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;(b) I have made more than one investment in an unlisted company in the two years prior to the date below;(c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;(d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million. I acknowledge that I may lose my property and other assets by making investment decisions based on financial promotions. I am aware that it is open to me to seek advice from someone who specialises in advising on investments.Signature: ____________________ Date: ____________________
    - Usage Details:
        - Self-completed but verify plausibility; renew annually.
    - Essential for NMMI exemptions; cross-check with evidence if high-risk.
- Example: Email form to potential investor; upon signed return, send a tailored promotional message.

A.6 COBS 4 Annexe 5: Statement for Certified Sophisticated Investors

- Purpose: Third-party certification for sophisticated investors; valid for 12 months.
- Full Template (COBS 4 Annexe 5R, verbatim; issued by authorised firm): Certified Sophisticated Investor Statement[Firm Name, FRN] certifies that [Investor Name] is sufficiently knowledgeable and experienced in the relevant field to be capable of evaluating the merits and risks of the prospective investment. This certification is based on [basis, e.g., professional experience/investment history]. The investor understands that:
    - They can receive promotions not approved by an authorised person;
    - UK protections (FOS/FSCS) may not apply.
    - They accept the risks and can seek independent advice.
- Firm Signature: ____________________ Date: ____________________Investor Acknowledgment: I confirm the above.Signature: ____________________ Date: ____________________
- Usage Details:
    - Issued by an authorised firm after assessment; valid for specific investment types.
    - Retain assessment evidence for use in high-risk exemptions.
- Example: The firm certifies based on the investor's VC experience; attach to the promo pack.
- These annexes must be used as prescribed to maintain exemptions and disclosures, thereby reducing the risk of mis-selling in 2025 audits. Please consult with compliance for any necessary adaptations.