

[Please remember to 1) cc alex.zitkus@transparencytaskforce.org when you send the email to your MP 2) Fill out all yellow boxes with relevant information and remove the yellow highlighter once completed 3) It's OK to make adjustments to the wording if you need to 4) Delete this wording. If you have any queries email Alex]

Dear [Replace this wording with the name of your MP],

I write as one of your constituents (my postcode is [replace these words with your full address, including postcode]) and refer you to the recent episode of BBC Panorama, broadcast on 16th August 2022 "The Billion-Pound Savings Scandal" which is now available on iPlayer - <https://www.bbc.co.uk/programmes/m001b7jh>. It reveals how the Financial Conduct Authority (FCA) failed to prevent scammers taking £47 million of life savings from consumers (many of them vulnerable), alleges that it had ample evidence of wrongdoing and the powers necessary to act and claims that it has been less than honest about its own role in causing consumers' losses, which are now running at about £1 billion a year.

I invested £[replace this wording with the amount you invested] in Blackmore Bond on [replace this wording with the relevant date and/or year. If you just enter the year, change the word 'on' highlighted in yellow to in], all of which is apparently all gone, according to liquidators.

Regulatory Failure

It is particularly upsetting to know that at the time that the FCA was notified by banking & financial markets expert Paul Carlier in March 2017 that vulnerable consumers were being targeted and defrauded, only £16m had been invested. By the time of the collapse in April 2020, this had risen to more than £47m, all of which is now lost. It got worse, as approximately £10m was subsequently invested after Andrew Bailey (then CEO of the FCA, now Governor of the Bank of England) was made personally aware by Paul Carlier the following year.

The Panorama programme includes reference to those reports made by Paul Carlier in March 2017. The full email exchanges Paul Carlier had with the FCA between March 2017 and 2019 can be viewed online (https://docs.google.com/document/d/1RCpFn2bcPAZQakwk4q4nBIWHEUZ78EvLkUG_b0h-Axw/edit?usp=sharing) so that you can fully appreciate the gravity of the FCA failure. You can also see a separate report sent to the FCA, and specifically to FCA Head of Enforcement Mark Steward in March 2018, by another highly qualified professional, Sam Blanning.

After the collapse of Blackmore Bond, the FCA has adopted and maintained that everything about Blackmore Bond was "beyond the FCA's regulatory perimeter, authority and powers". This is a false position.

Both the Paul Carlier and Sam Blanning reports show that Blackmore Bond was being marketed and sold to 'non-sophisticated' consumers. It is an offence under FSMA (Financial Services & Markets Act) and FCA COBS (Conduct of Business Sourcebook) to sell unregulated

investment products to non-sophisticated investors. This marketing was being undertaken by a firm that was an appointed representative of a company authorised by the FCA, which gave the FCA authority to investigate, and to act. The promotional materials were approved by another FCA-authorised firm, and were misleading, which again gave the regulator both grounds and power to intervene.

Speaking at [the FCA's Annual Public Meeting](#) in October 2022, Mark Steward admitted that the FCA *did* have the necessary powers, and indeed that it *is* now investigating - albeit five and a half years after first being notified that consumer detriment was likely to occur. Had it intervened back then, the outcome would have been very different for consumers.

The following week, it was [announced](#) that Mark Steward would be leaving the FCA. Given everything that has happened around the Blackmore Bond scandal, I believe this was the right decision; but it must not be the end of the episode. There is a need to deliver justice, including compensation, for those who have lost money in Blackmore Bond, and in many other cases where the FCA failed to act as it should have done. And there is a moral duty to implement improvements so these scandals happen far less often.

The episode is also embarrassing for the Treasury; shortly after Panorama was broadcast in August, the Economic Secretary to the Treasury's office issued a statement to a number of MPs claiming that the FCA lacked the necessary powers to act. Mark Steward's admission that it did have those powers leaves the Treasury looking like an apologist for a failing regulator.

Redress and Reform

You may be aware that victims of the London Capital & Finance plc collapse were compensated by HM Treasury for a substantial portion of the losses that they incurred on the basis of FCA failures. The evidence in the Blackmore Bond case demonstrates even greater deficiencies by the FCA. Sadly these are not isolated cases with some other notable examples including: The Woodford Equity Income Fund, The Connaught Income Fund Series 1, Lendy, Collateral and Funding Secure, Asset Life and the Philips Trust Corporation. There are many more - the FCA's failures have been grave, widespread and systemic.

Blackmore Bond victims are now being supported by a campaign group Transparency Task Force (TTF) This is the Certified Social Enterprise with a formal mission to promote ongoing reform of the financial sector with the aim of serving society better - see here: <https://www.transparencytaskforce.org/> and who also provide the secretariat to the APPG on Personal Banking and Fairer Financial Services, see here: <https://appgonpersonalbankingandfairerfinancialservices.org/>). Together we are calling for investors in Blackmore Bond (and other cases where regulatory failure by the FCA has resulted in consumers suffering financial loss, to be compensated as a matter of urgency and for the Government to take steps to reduce the recurrence of these unacceptable events.

TTF are proposing to achieve these goals through significant amendments to the Financial Services and Markets Bill (<https://bills.parliament.uk/bills/3326>), namely:

- The removal of the FCA's broad exemption from civil liability and the disapplication of the Limitation Act on historic claims for the first six years after it takes effect, combined with changes to its Complaints Scheme to make awards made by the Financial Regulators' Complaints Commissioner binding on the regulators rather than advisory, and to bring the payment of redress for regulatory failure explicitly within scope;
- Improved governance of the FCA to make it more transparent and accountable to consumer interests, centred on the creation of the Financial Regulators' Supervisory Council (<https://drive.google.com/file/d/1SxzWCpQghTik-nB7XsfQSNj2qSuKJPHp/view?usp=sharing>), an oversight body based on that already introduced in Australia (<https://fraa.gov.au/>) following the conclusion of the Royal Commission (<https://www.royalcommission.gov.au/banking>) into financial services misconduct in that country;
- The introduction of a statutory duty of care to be owed by authorised firms to consumers (Parliament passed legislation (<https://www.legislation.gov.uk/ukpga/2021/22/section/29/enacted>) requiring the FCA to consult on such rules last year but the regulator chose instead to consult on and create lesser rules (<https://www.fca.org.uk/publications/policy-statements/ps22-9-new-consumer-duty>), which is why we believe the matter must now be taken out of its hands and dealt with by statute

I would be hugely grateful if you, as my MP, would lend your support to these proposals. Together, they represent the quickest and most effective way to provide much-needed compensation and justice to the many people affected by ineffective and at times conflicting financial services regulation and enforcement, while also addressing the unaccountability of both regulators and the firms that are the underlying causes. Given the imminent progression of the Financial Services and Markets Bill through Parliament, a once-in-a-generation opportunity exists to get such measures onto the statute book by amending Government-sponsored legislation, and thus without the need for additional Parliamentary time.

Please let me know ASAP if you feel able to lend your name and support to these much-needed measures designed to deliver compensation and reform. Transparency Task Force is collating responses from MPs on this matter so please therefore be sure to include alex.zitkus@transparencytaskforce.org (Head of Events and Fundraising at Transparency Task Force, cc'd) when you reply.

Sadly, there really is no reason to have any confidence in the FCA being willing and able to fix itself. It is deflective, defensive and delusional, as evidenced yet again in an interview Mark Steward, the FCA's Head of Enforcement gave that resulted in this astonishing headline appearing in the Sunday Times on August 21st:

FCA: Don't blame us for lost millions, blame the government

In the interview, Mark Steward made various claims suggesting that it was actually politicians that were to blame for its own failures that resulted in me and thousands of others losing life-changing amounts of money. Steward even suggests it was the victims' fault; which I find offensive.

There is an impressively forensic critique in a blog written in response to the Sunday Times article by Paul Carlier that sets out why the FCA is wrong to be blaming others for its failures.

That blog is available for you to examine here; I urge you to do so.

<https://www.jupiter87.com/post/open-letter-fca-false-misleading-representations>

The FCA's position that it's everybody's fault but theirs is obviously nonsense. Please therefore don't hesitate to help us and other Parliamentarians to help fix the FCA; respond positively to my request asking that you support the cause.

Should you have any questions or comments, please don't hesitate to let me know; and if for any reason you are unwilling to oblige my request, please explain why.

I look forward to hearing from you soon.

Yours sincerely,

[Replace this wording with your full name] [Replace this wording with the date] [Remember to remove all yellow highlighting before you send the email; and delete this wording too]