

# FSA Update

## Last week at the FSA:-

### FSA imposes fine for PPI redress delays

The FSA has (in a Final Notice dated 15 February, released on 19 February) imposed a financial penalty of £4.315 million on **Lloyds TSB Bank PLC**, **Lloyds TSB Scotland PLC** and **Bank of Scotland PLC** (together Lloyds Banking Group ("LBG")) for breaching Principle 3 (management and control) of its Principles for Businesses ("the Principles") and provisions of the Dispute Resolution: Complaints ("DISP") section of its Handbook.

The FSA found deficiencies in the processes used for preparing and monitoring the payments made to customers, leading to delays in payments being made to customers following the issuing of decision letters relating to the mis-selling of payment protection insurance ("PPI").

The penalty imposed was reduced by 30 per cent as LBG settled at stage 1 of the FSA's executive settlement procedures. The FSA's Final Notice acknowledges that, when problems were detected, LBG quickly completed a comprehensive reconciliation of its PPI redress payments to ensure that all customers had been correctly paid and compensated for any delay, and has improved processes.

<http://www.fsa.gov.uk/static/pubs/final/lloyds-banking-group.pdf>

### Andrew Bailey named as CEO of Prudential Regulatory Authority

The FSA has (on 19 February) confirmed that Andrew Bailey, has been appointed as Deputy Governor of the Bank of England with responsibility for prudential regulation, and will be the CEO of the Prudential Regulatory Authority when it inherits the FSA's powers and responsibilities in relation to prudential regulation in April. He has acted as CEO of the Prudential Business Unit of the FSA since April 2012.

<http://www.fsa.gov.uk/library/communication/statements/2013/andrew-bailey>

### FSA updates timescales for implementation of CRD IV

The FSA has (on 22 February) issued a refreshed statement, further to a statement issued in August 2012 in relation to the timescales within which it expects that the draft European Union legislation to update the framework for capital requirements ("CRD IV"). The legislation has been due to be implemented by 1 January 2013, but negotiations between the European Parliament, European Commission and Council of Ministers to finalise the legislation are continuing. Taking account of this slippage, the FSA has stated that it expects to be able to begin collecting data under the common reporting provisions for the period beginning 1 January 2014, should the legislation have entered into force by this date.

<http://www.fsa.gov.uk/library/communication/statements/2013/crd-iv-implementation>

<http://www.fsa.gov.uk/library/communication/statements/2012/crd-iv.shtml>

## Further afield: -

### Treasury Select Committee publishes FSA's response to LIBOR recommendations

Following the publication of its report in August 2012, the Treasury Select Committee has (on 21 February), published the FSA's response, which replies to the Committee's observations and criticisms in relation to action taken as at that date, and comments more generally on the scope of the FSA's enforcement powers (and those which will be available to the Financial Conduct Authority), including looking at areas in which consideration could be given to their expansion in future.

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmtreasy/901/901.pdf>

## Key issues

- FSA imposes fine for PPI redress delays
- Andrew Bailey named as CEO of Prudential Regulatory Authority
- FSA updates timescales for implementation of CRD IV
- Treasury Select Committee publishes FSA's response to LIBOR recommendations

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