

## **All Leads Back to Unaccountability**

The FCA's Chairman and Acting CEO appeared in front of the TSC this Wednesday to explain why they had stopped their planned public review into Banking Culture which has been a FCA Board decision.

This comes on the tail of:

- The sacking of Martin Wheatley who was seen to be too anti-bank
- The HBOS Report which took so long that directors could not be fined and are unlikely to be disciplined.
- The RBS Report which has not been published after over 6 years despite the taxpayer sinking £46bn into RBS. We still do not know the real reason for the collapse and who was to blame. Not a single main board director has been fined.
- The suggestion that FAMR is going to allow the banks back into advice business with a light touch – despite them clogging FOS with their cases and being the prime source of misadvice for decades.

It is time we really understood regulation. The naïve might believe that regulation exists to protect consumers. It doesn't. That may be the excuse for its existence.

Currently its prime purpose is to be the Government's undertaker and bury problems. The current system allows regulatory incompetence, government interference and financial scandals to be buried well away from Parliamentary and public scrutiny for such a long time that accountability becomes pointless.

Examples abound. The Equitable Life Scandal. The HBOS report that took too long for anyone to be fined. RBS Report which has still not been published after 6 Years. The taxpayer sunk £46bn into RBS, and we still do not know the real reason for the collapse and who was to blame. Not a single main board director was fined.

All this leads back to unaccountability. We all have bosses. They may be our customers, shareholders, boards etc., The FCA reports to no one officially but is heavily influenced by the Treasury who pretend that they have no influence and take no responsibility for their actions.

This allows the banks to influence the Treasury who influences the FCA. This is why there is some de-facto 2 tier system One rule for the influential and one for the rest.

**The current system is creating a Teflon coated untouchable super-class who can avoid any criticism by employing expensive lawyers, using their high level contacts and generally playing the system.**

The performance of the FCA team was very grim, embarrassingly so. It was so bad I started to feel sorry for them. Much of what they were being blamed for emanated from their lack of accountability. If you have no boss - you start to believe you are untouchable and all-powerful. You start to abuse your power almost by accident. At the same time, you have a ghost of a boss who demands actions but takes no responsibility for those demands. When they fail the regulator takes the rap.

There is a naïve belief that a new CEO will sort the FCA's problems. It won't - the issue is structure not personality. As currently designed UK regulation is unworkable and those in it have a comfortable billet but an impossible job.

Many of the questions asked at the TSC were informed by Libertatem's various letters to the TSC and its members. Libertatem was mentioned in the session for its expertise.

Since we and Panacea published the Heath Report 2 in March 2015; the FCA has done everything in its power to pretend it doesn't exist or to claim "It doesn't recognise its numbers". A bit rich as most of the numbers came from the FCA in the first place.

Thanks to member questioning the FCA has now been told to give its critique of THR2 to the committee. I await that with interest and expect an army of straw men and their arguments.

Yesterday, we also received the news that there will be a 3-hour debate of "No Confidence in the FCA" on February 1st

The fact that the FCA is facing a parliamentary debate of no confidence is in itself extraordinary. I cannot remember it happening before in 28 years of regulation.

We will be briefing MPs and will be ensuring the maximum attendance and will be handing out ammunition to MPs.

### **I need Panacea's Advisers who have good contacts with their MPs to contact me now**

Advisers need to know that all this is proof positive that well designed representation works. Libertatem is having an effect. The Heath Report and the creation of Libertatem has been achieved with a tiny amount of money. How much more could we achieve if advisers supported us properly?

Last week, I received the following response from an adviser who has both joined and put £200 in the Fighting Fund

*"I tend to be an isolationist when it comes to my peers and organisations such as yours and would normally rather stick knitting needles through my kidneys than get involved in wider professional/industry matters and politics.*

*I will however support your cause for the following reasons.*

*You are not trying to defend the indefensible actions of the past*

- 1. You do not appear to be the unhelpful paramilitary wing of a dying breed*
- 2. You appear to be credible with a credible team and infrastructure*
- 3. Your aims appear in the main to be achievable and positive*
- 4. You might actually do it"*

Couldn't have put it better myself!

### **So what are you going to do?**

We have started to make a difference with next to no backing. What could we do if the adviser community united behind us?

- You could join Libertatem: £20 per adviser per month collected quarterly. Email me back and I will send you the forms
- You could fund our Fighting Fund: We have already raised £26,000 of the £50,000 we needed to raise by Feb 1<sup>st</sup> but we need the rest.

Send your funds by transfer to: Sort Code: 23-05-80 - Account No: 16634007 – Account Name: Libertatem Ltd or by cheque to: Libertatem Ltd" | The Clare Charity Centre" | Wycombe Road" | Saunderton" | Buckinghamshire HP14 4BF

You can also use your credit card.

- You could ring me on 01494 569059 to tell me I am wasting my time or volunteer to help

Kindest

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