



PRESS STATEMENT

FOR IMMEDIATE RELEASE

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The FCA's Payment Safeguarding Rules: Too Little, Too Late for Consumers.

The Transparency Task Force welcomes the step in the right direction being made by the FCA with regard to [new payment safeguarding rules](#), but is disappointed by the regulator's approach, describing it as "too little, too late" for consumers who have suffered devastating losses from payment firm failures.

The FCA's own data reveals the scale of their failure to protect consumers: payment firms that collapsed between 2018-2023 had average shortfalls of 65% of customer funds. This has led to life-changing losses and consequential financial and emotional devastation for thousands of consumers impacted by the consequences of the FCA's failure to regulate the sector effectively.

Shocking Admission of Regulatory Failure

"The FCA is essentially admitting they've presided over a consumer protection disaster for the past seven years," said Andy Agathangelou, founder of consumer advocacy group Transparency Task Force.

"These aren't technical failures - these are real people losing their life savings, house purchase deposits, and emergency funds because the regulator failed to act. It's simply

scandalous that it's taken this long for the FCA to acknowledge what consumer groups have been warning about. It's a lax and woefully tardy response from a regulator that has been promising to be more responsive, more proactive and more effective for years.

It seems the FCA has the capacity to watch detriment from the sidelines for far too long before eventually taking action. But even then the action taken simply doesn't go far enough. Consumers, and consumer groups just aren't being listened to; there's an asymmetry of influence over the regulator."

Inexcusable Delays Put More Consumers at Risk

The FCA's decision to delay implementation until May 2026 - a full 9 months away - is an abandonment of consumer protection. Every day of delay potentially means more consumer losses from firm failures that could be prevented with proper oversight.

"While the FCA gives payment firms another 9 months to prepare, British consumers continue to face the daily risk of losing their money to inadequately regulated firms," continued Agathangelou. "This delay prioritizes industry convenience over consumer protection - exactly the wrong approach from a regulator that should put consumers first. How many more people need to lose their money before the FCA treats this with the urgency it deserves?"

Two-Tier Protection Creates Second-Class Consumers

"The FCA's decision to exempt firms holding less than £100,000 from audit requirements creates a dangerous two-tier system where consumer protection depends on the size of the firm holding their money. The FCA is creating second-class consumers based on arbitrary financial thresholds, and introducing a system with a gameable loophole.

I'm not suggesting the regulator is naive but I wonder how well their impact modelling has taken into account the possibility that firms may now use a bit of structural creativity to escape oversight."

Missing the Fundamental Problem

Most concerning is what the FCA hasn't addressed: payment firm customers still lack the Financial Services Compensation Scheme protection that bank depositors enjoy. This leaves millions of consumers inherently vulnerable, even with the proposed improvements.

"The FCA is applying sticking plasters to a system that's fundamentally broken," said Agathangelou. "While they tinker with safeguarding rules, consumers remain vulnerable. This is regulatory theatre - making it look like they're fixing the problem while leaving consumers unnecessarily exposed."

Reactive, Not Proactive Regulation

These measures represent classic reactive regulation - waiting for widespread consumer harm before acting, then implementing insufficient remedies with unnecessary delays.

"This isn't proactive consumer protection - it's damage limitation after the horse has bolted," said Agathangelou.

TTF wants to see:

- Swift implementation of enhanced safeguarding rules, not May 2026
- Universal audit requirements regardless of firm size
- FSCS-equivalent protection for all payment firm customers
- Real-time consumer transparency requirements
- Independent review of FCA's failure to protect consumers 2018-2023

"The British public deserves better than this half-hearted response from a regulator that seems more interested in keeping the industry happy than protecting consumers," concluded Agathangelou. "Until we see real urgency and comprehensive protection, consumers will continue to pay the price for the FCA's failures."

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Background

The Transparency Task Force is a certified social enterprise established to advocate for the interests of financial services users. The organisation campaigns for greater transparency, accountability, and consumer protection in financial services, to help consumers make better-informed decisions and to be treated fairly, such that there is sufficient trust and confidence in the system, thereby stimulating economic growth.

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