

Financial Services and Markets Bill [HL]

RUNNING LIST OF ALL AMENDMENTS ON REPORT

*Tabled up to and including
14 August 2026*

[Amendments marked ★ are new or have been altered]

Clause 1

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

Leave out Clause 1

Member's explanatory statement

This amendment, along with another in the name of Baroness Neville-Rolfe, seeks to allow for a debate on the Government's intentions around a new regime to be laid down in the regulatory rule book in place of that established by the Consumer Credit Act 1974 and associated legislation, and how they will ensure parliamentary and industry oversight of such a regime.

After Clause 1

BARONESS BOWLES OF BERKHAMSTED
LORD SHARKEY
THE LORD BISHOP OF MANCHESTER

After Clause 1, insert the following new Clause —

“Duty to ensure non-diminution of consumer credit protections

- (1) In exercising any power under this Act to repeal, amend or replace provisions of the Consumer Credit Act 1974 with rules made by the Financial Conduct Authority, the Treasury and the FCA must secure, so far as reasonably practicable, that the overall level of protection and rights of redress afforded to consumers is not diminished.
- (2) For the purposes of subsection (1), the protections and rights of redress to be maintained must include —

- (a) statutory sanctions regarding the legal enforceability of agreements where a firm has failed to comply with required conduct or information duties,
 - (b) continuity of statutory rights and protections where a credit agreement is assigned, sold, securitised or otherwise transferred,
 - (c) protections against predatory interest rate adjustments or variations by an assignee, purchaser or special purpose vehicle, and
 - (d) the right of a consumer to apply to a court for a determination that a credit relationship is unfair, and for the court to order appropriate remedies equivalent to those provided under sections 140A to 140C of the Consumer Credit Act 1974 (unfair relationships).
- (3) Where rights under a regulated credit agreement are assigned, sold, securitised or otherwise transferred –
- (a) the consumer shall retain all statutory rights, protections and avenues of redress against the transferee as against the original creditor, and
 - (b) if any person to whom rights under the agreement have passed is an inactive lender or closed book owner, any variable interest rate or fee structure applied to the consumer must not exceed a reasonable market proxy determined by the FCA.
- (4) Any person exercising rights of enforcement arising from a regulated credit agreement is treated as a creditor for the purposes of this section.
- (5) The duties in this section apply –
- (a) to all regulated credit agreements which are in force on the date on which any provisions of this Act containing a power to repeal, amend or replace provisions of the Consumer Credit Act come into force, and
 - (b) to any assignment, sale, securitisation or transfer of rights under such agreements occurring on or after those dates.
- (6) Nothing in this section requires the reopening of past assignments, sales, securitisations or transfers, nor affects the validity of any such transaction effected before the relevant date mentioned in subsection (5)."

Member's explanatory statement

This amendment seeks to ensure that when provisions of the Consumer Credit Act 1974 are repealed or replaced by FCA rules, the overall level of consumer protection is not diminished. It preserves statutory rights when credit agreements are sold, assigned or securitised, prevents predatory interest rate variations by inactive lenders or SPVs, and retains the unfair relationship court remedy.

Clause 3

BARONESS KRAMER

Clause 3, page 2, line 4, at end insert –

- “(2A) Regulations may only make provision arising directly from the review carried out under subsection (2).”

Member's explanatory statement

This amendment would restrict the scope of the regulations so that they may only implement matters that have been reviewed and consulted upon. It seeks to prevent the power from being used more broadly than Parliament intended.

BARONESS TYLER OF ENFIELD
LORD HOLMES OF RICHMOND
BARONESS KRAMER

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Clause 3, page 2, line 4 at end insert –

“(2A) In making regulations, the Treasury must consider –

- (a) the effectiveness of alternative frameworks, including the Post Office Banking Framework, in providing access to banking and cash services,
- (b) whether independent assessments conducted in connection with proposed branch closures should extend beyond access to cash to evaluate local community needs for essential in-person banking services, and
- (c) the value of mandating of appropriate in-person banking solutions where an assessment under paragraph (b) identifies a requirement based on local circumstances and needs.”

Member's explanatory statement

This amendment would require the Treasury to consider the existing systems when making regulations, including the Post Office Banking Framework, as well as the LINK assessments system.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

Leave out Clause 3

After Clause 3

BARONESS KRAMER
THE LORD BISHOP OF MANCHESTER

After Clause 3, insert the following new Clause –

“Access to affordable credit

- (1) The Financial Conduct Authority must –
 - (a) within 12 months of the day on which this Act is passed, establish and publish a framework for assessing and rating the performance of relevant deposit takers in providing access to affordable credit,
 - (b) annually publish updated ratings and scores produced by the FCA under the framework, and

- (c) keep the framework established under paragraph (a) under review and publish an updated framework as it deems necessary.
- (2) The framework must –
 - (a) assess the extent to which relevant deposit takers serve the credit needs of individuals, households and small businesses, including those who are underserved by mainstream financial services, and
 - (b) enable comparisons to be made between relevant deposit takers.
- (3) In developing the framework, the FCA must have regard to –
 - (a) the distribution of lending across income groups, geographic areas and customer characteristics,
 - (b) the availability of affordable credit to consumers who may otherwise be at risk of financial exclusion,
 - (c) the provision of affordable credit to small and medium-sized enterprises, and social enterprises,
 - (d) the extent to which a bank supports access to affordable credit through partnerships, referral arrangements and funding agreements, with credit unions, community development finance institutions or other community-based lenders, and
 - (e) such other matters as the FCA considers relevant to the objective of promoting access to affordable credit.
- (4) For the purposes of subsection (2), the FCA may –
 - (a) make use of regulatory data already collected by it, including product sales data,
 - (b) require relevant deposit takers to provide such information as it reasonably considers necessary for the purposes of the framework, and
 - (c) make different and proportionate provision for different sizes of business.
- (5) Where a relevant deposit taker receives a score or rating below a minimum threshold prescribed by rules made under this section, the FCA must require the deposit taker to take proportionate remedial action to improve its rating.
- (6) For the purpose specified in subsection (5), the FCA may –
 - (a) make such rules or issue such guidance applying to designated persons as appear to the FCA to be necessary or expedient, and
 - (b) give a direction under this section to a designated person if it considers that it is desirable to give the direction.
- (7) For the purposes of this section, “relevant deposit takers” are –
 - (a) banks, within the meaning given in section 2 of the Banking Act 2009;
 - (b) building societies, with the meaning of section 119 of the Building Societies Act 1986;which meet an FCA-set threshold for the total volume of personal and small and medium business lending.”

Member's explanatory statement

This amendment requires the FCA to establish a framework assessing banks' and building societies' provision of affordable credit, including via partnerships with credit unions and community development finance institutions. It uses existing regulatory data where possible, with proportionate requirements for firms of different sizes.

After Clause 6

LORD SHARKEY

★

After Clause 6, insert the following new Clause —

“Review of the memorandum of understanding between the FCA and the FOS

- (1) The Treasury must appoint an independent person (“the reviewer”) to carry out a review of the operation of the memorandum of understanding between the FCA and the FOS dated July 2025 (“the MoU”).
- (2) The review may not begin before the end of the period of two years beginning with the day on which the MoU came into operation.
- (3) Despite paragraph 6 of the MoU (amendment of the MoU), the FCA and the FOS must not amend paragraph 14 of the MoU before the end of the period mentioned in subsection (2).
- (4) The review must consider, in particular, the strength and robustness of the evidence that —
 - (a) the FCA and the FOS have made inconsistent determinations or decisions in comparable cases,
 - (b) any such inconsistency has given rise to materially damaging uncertainty for authorised persons or to significant detriment to consumers, and
 - (c) the FOS has acted as a quasi-regulator, and any material uncertainty for authorised persons or detriment to consumers arising from its having done so.
- (5) The reviewer —
 - (a) may undertake such research as the reviewer considers necessary to improve the evidence base, and
 - (b) must give due weight to the interests of both authorised persons and consumers.
- (6) The FCA and the FOS must —
 - (a) co-operate fully with the review,
 - (b) provide the reviewer with such documents and data as the reviewer requests,
 - (c) inform the reviewer of the relevant documents and data which they hold, and
 - (d) so far as possible, provide the reviewer with details and an explanation of any case falling within subsection (4)(a), (b) or (c).

- (7) Information or documents required under subsection (6) must be provided –
 - (a) before the end of such reasonable period as the reviewer may specify,
 - (b) at such place as the reviewer may specify, and
 - (c) in such form as the reviewer may reasonably require.
- (8) The reviewer may make such recommendations as the reviewer considers appropriate.
- (9) The Treasury must publish the reviewer's report, together with any recommendations made under subsection (8), and lay it before Parliament before the end of the period of 12 months beginning with the day on which the review begins.
- (10) In this section –
 - “the FCA” means the Financial Conduct Authority;
 - “the FOS” means the scheme operator within the meaning of section 225(2) of the Financial Services and Markets Act 2000.”

Member's explanatory statement

This new clause would require the Treasury to appoint an independent reviewer to review the operation of the memorandum of understanding between the Financial Conduct Authority and the Financial Ombudsman Service dated July 2025.

Clause 7

LORD SHARKEY

Leave out Clause 7

Member's explanatory statement

This amendment would remove provisions relating to how the Financial Ombudsman Service may refer matters on complaints to the FCA.

Clause 8

LORD SHARKEY

Leave out Clause 8

Member's explanatory statement

This amendment would remove provisions relating to how the Financial Ombudsman Service may come to a decision on a complaint, particularly if it determines in favour of the complainant.

After Clause 13

BARONESS KRAMER

After Clause 13, insert the following new Clause—

“Reimbursement of fraud: liability of technology companies

- (1) The FCA must make rules providing that, where a person is to be reimbursed in respect of losses arising from an authorised push payment fraud, the cost of that reimbursement is to be borne, in whole or in part, by any relevant technology company on whose service the fraud was initiated, facilitated or communicated.
- (2) Rules under subsection (1) must provide for—
 - (a) the apportionment of the cost of reimbursement between relevant technology companies and payment service providers, by reference to the extent to which each contributed to the fraud occurring,
 - (b) a process by which a payment service provider that has reimbursed a victim may recover the apportioned cost from a relevant technology company, and
 - (c) the information that a relevant technology company must provide to the FCA and to payment service providers for the purposes of the rules.
- (3) In making rules under this section, the FCA must have regard to the principle that the cost of reimbursing victims of fraud should fall, so far as is reasonable, on the persons best able to prevent the fraud.
- (4) In this section—

“authorised push payment fraud” means a transfer of funds executed by a payment service provider on the instruction of a payer, where the payer was deceived into giving that instruction;

“relevant technology company” means a person who provides—

 - (a) a user-to-user service or a search service within the meaning of the Online Safety Act 2023,
 - (b) an electronic communications service, or
 - (c) any other online service by means of which an authorised push payment fraud may be initiated, facilitated or communicated.”

Member's explanatory statement

This new Clause would require the FCA to make rules placing liability for the cost of reimbursing victims of authorised push payment fraud, in whole or in part, on the technology companies on whose platforms the fraud originates, rather than solely on payment service providers, and to apportion that cost according to who is best able to prevent the fraud.

After Clause 14

BARONESS KRAMER

After Clause 14, insert the following new Clause—

“Anti-money laundering: provision of support to professional services firms

- (1) Within three months of the day on which this Act is passed, the Treasury must publish an assessment of the arrangements that will be made to provide education, guidance and compliance support to professional services firms subject to anti-money laundering supervision by the FCA.
- (2) The assessment must include a comparison between—
 - (a) the education, guidance and compliance support currently provided by professional body supervisors, and
 - (b) the support that will be provided by the FCA.
- (3) The Treasury must lay the assessment before Parliament.”

Member's explanatory statement

This amendment seeks to require the Government to explain how education, guidance and bespoke compliance support currently provided by professional body supervisors will be maintained following the transfer of anti-money laundering supervisory functions to the FCA.

BARONESS KRAMER

After Clause 14, insert the following new Clause—

“Anti-money laundering supervisory functions

- (1) Within the period of three months beginning with the day on which this Act is passed, the Treasury must publish a timetable for the implementation of the transfer of anti-money laundering supervisory functions to the FCA.
- (2) The timetable must include—
 - (a) the expected date of publication of draft regulations,
 - (b) the anticipated commencement date of the new supervisory regime,
 - (c) key transition milestones, and
 - (d) arrangements for firms supervised under the existing regime during the transition period.
- (3) The Treasury must lay the timetable before Parliament.”

Member's explanatory statement

This amendment seeks to require the Government to publish a clear implementation timetable for the transfer of anti-money laundering supervisory functions to the FCA.

BARONESS KRAMER

After Clause 14, insert the following new Clause—

“Professional expertise in anti-money laundering supervision

- (1) In exercising anti-money laundering supervision, the FCA must have regard to the desirability of ensuring that supervisory staff possess relevant professional expertise and experience of the sectors being supervised.
- (2) This includes, in particular, expertise and experience relating to—
 - (a) taxation;
 - (b) accountancy;
 - (c) legal services;
 - (d) trust and company service provision.”

Member's explanatory statement

This amendment seeks to require the FCA to have regard to the desirability of employing staff with relevant professional expertise and experience in the sectors subject to anti-money laundering supervision.

BARONESS KRAMER

After Clause 14, insert the following new Clause—

“Anti-money laundering: assessment of supervisory costs

- (1) Before assuming anti-money laundering supervisory functions, the FCA must publish an assessment of the likely impact of the transfer on supervisory fees payable by professional services firms.
- (2) The assessment must include—
 - (a) estimated fee levels under the new regime,
 - (b) a comparison with fees payable under the existing supervisory arrangements, and
 - (c) measures proposed to ensure that costs remain proportionate, particularly for small firms.”

Member's explanatory statement

This amendment seeks to require publication of an assessment of the impact of the transfer on supervisory fees payable by professional services firms.

BARONESS KRAMER

After Clause 14, insert the following new Clause —

“Anti-money laundering: regional supervision

- (1) Within six months of the day on which this Act is passed, the FCA must publish a report on its capacity to undertake anti-money laundering supervisory activity across all parts of the United Kingdom.
- (2) The report must include —
 - (a) the geographical distribution of relevant staff,
 - (b) plans for recruitment and deployment of staff outside existing FCA office locations, and
 - (c) arrangements for ensuring supervisory staff have knowledge of regional business practices and risk profiles.”

Member's explanatory statement

This amendment seeks to require the FCA to report on how it will maintain effective anti-money laundering supervision across all regions of the United Kingdom.

Clause 16

BARONESS BOWLES OF BERKHAMSTED

Clause 16, page 19, line 17, at end insert —

- “(5A) A strategy published under this section must include —
- (a) a description of any major regulatory initiatives which the regulator expects to undertake during the period of the strategy, including major consultations, rule reviews, implementation programmes and significant supervisory initiatives;
 - (b) a provisional timeline for such initiatives and the expected form of each initiative;
 - (c) an identification of any major anticipated trade-offs between the regulator’s statutory objectives and an explanation of how the regulator expects to balance those objectives;
 - (d) an overall assessment of delivery against the previous strategy, including where delivery has not been achieved and the reasons for non-delivery;
 - (e) an explanation of how the strategy reflects the regulator’s statutory duties, including the regulatory principles and any recommendations made by the Treasury under section 1JA.”

Member's explanatory statement

This amendment, together with another amendment in the name of Baroness Bowles, inserts a minimum content requirement for the FCA and PRA strategy documents. The amendment aligns the strategy document with the type of forward-looking reporting expected of listed companies and

regulated entities, and ensures that Parliament has sufficient information to scrutinise the regulators' strategic direction.

BARONESS BOWLES OF BERKHAMSTED

Clause 16, page 20, line 28, at end insert –

“(5A) A strategy published under this section must include –

- (a) a description of any major regulatory initiatives which the regulator expects to undertake during the period of the strategy, including major consultations, rule reviews, implementation programmes and significant supervisory initiatives;
- (b) a provisional timeline for such initiatives and the expected form of each initiative;
- (c) an identification of any major anticipated trade-offs between the regulator's statutory objectives and an explanation of how the regulator expects to balance those objectives;
- (d) an overall assessment of delivery against the previous strategy, including where delivery has not been achieved and the reasons for non-delivery;
- (e) an explanation of how the strategy reflects the regulator's statutory duties, including the regulatory principles and any recommendations made by the Treasury under section 1JA.”

Member's explanatory statement

This amendment, together with another amendment in the name of Baroness Bowles, inserts a minimum content requirement for the FCA and PRA strategy documents. The amendment aligns the strategy document with the type of forward-looking reporting expected of listed companies and regulated entities, and ensures that Parliament has sufficient information to scrutinise the regulators' strategic direction.

Clause 17

BARONESS NORTHOVER
BARONESS HAYMAN
THE LORD BISHOP OF MANCHESTER

Clause 17, page 21, line 34, leave out subsections (2) to (11) and insert –

“(2) In section 3B (regulatory principles to be applied to both regulators), after subsection (1)(h) insert –

- “(i) the need to consider financial stability risks associated with climate change.””

BARONESS BOWLES OF BERKHAMSTED

Clause 17, page 21, line 34, after “duties)” insert –

“(a) in subsection (1), at end insert –

- “(c) ensures that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;
- (d) recognises the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of person such as mutual societies and other kinds of business organisation);
- (e) is as transparent as possible.”;

Member's explanatory statement

This amendment places proportionality and transparency (currently regulatory principles) into the general duties of the FCA and restores protections for the differences in size, nature and objectives of businesses from the original FSMA regulatory principles.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

Clause 17, page 21, line 34, after “duties)” insert “–

(a) in subsection (1), at end insert –

“(c) is proportionate.”;

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

Clause 17, page 21, line 34, at end insert –

“(b) after subsection (6) insert –

- “(6A) For the purposes of subsection (1) “proportionate” includes –
 - (a) ensuring that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;
 - (b) recognising the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of persons such as mutual societies and other kinds of business organisation).”

BARONESS BOWLES OF BERKHAMSTED

Clause 17, page 21, line 37, at end insert –

“(3A) In section 2B(1) (the PRA’s general objective), at end insert –

- “(b) ensures that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;
- (c) recognises the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of person such as mutual societies and other kinds of business organisation);
- (d) is as transparent as possible.””

Member's explanatory statement

This amendment places proportionality and transparency (currently regulatory principles) into the PRA’s general objectives and restores protections for the differences in size, nature and objectives of businesses from the original FSMA regulatory principles.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

Clause 17, page 21, line 37, at end insert –

“(3A) In section 2B (the PRA’s general objective) –

- (a) at the end of subsection (1) insert “and is proportionate”;
- (b) after subsection (3) insert –

“(3A) For the purposes of subsection (1) “proportionate” includes –

- (a) ensuring that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;
- (b) recognising the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of persons such as mutual societies and other kinds of business organisation).””

After Clause 17

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

★ After Clause 17, insert the following new Clause –

“Duty of proportionality in relation to small and medium-sized enterprises

After section 3B of the Financial Services and Markets Act 2000 (regulatory principles to be applied by both regulators) insert –

“3BA Duty of proportionality in relation to small and medium-sized enterprises

- (1) In exercising its relevant functions, each regulator must, so far as reasonably practicable, act proportionately in relation to small and medium-sized enterprises.
- (2) In complying with subsection (1), each regulator must in particular have regard to –
 - (a) the nature, scale and complexity of the activities carried on by small and medium-sized enterprises,
 - (b) the likely impact of the exercise of the function on small and medium-sized enterprises,
 - (c) the resources available to small and medium-sized enterprises to comply with regulatory requirements,
 - (d) the desirability of minimising unnecessary burdens on small and medium-sized enterprises,
 - (e) the desirability of maintaining effective competition, and
 - (f) the need to ensure that regulatory requirements imposed on small and medium-sized enterprises are proportionate to the benefits which are expected to result from those requirements.
- (3) The duty in subsection (1) applies only so far as it is compatible with –
 - (a) in the case of the FCA, the advancement of its strategic objective and operational objectives,
 - (b) in the case of the PRA, the advancement of its general objective and insurance objective, and
 - (c) the need to maintain appropriate standards of consumer protection, market integrity and financial stability.
- (4) In this section –

“regulator” means the FCA or the PRA;

“relevant functions” means –

 - (a) making rules,
 - (b) preparing and issuing codes or guidance,
 - (c) determining applications for permissions, approvals, authorisations or variations,
 - (d) imposing, varying or cancelling requirements,
 - (e) exercising supervisory functions,

- (f) exercising disciplinary or enforcement functions, and
- (g) any other function of a regulator specified by the Treasury by regulations.””

Member's explanatory statement

This amendment would require the FCA and the PRA, when exercising relevant functions, to act proportionately in relation to small and medium-sized enterprises so far as reasonably practicable. It would require the regulators to take account of the nature, scale, complexity and resources of SMEs, and the need to minimise unnecessary burdens, while preserving the regulators' ability to advance their statutory objectives and maintain appropriate standards of consumer protection, market integrity and financial stability.

Clause 18

BARONESS BOWLES OF BERKHAMSTED

Clause 18, page 23, line 35, leave out subsections (10) to (13)

Member's explanatory statement

This amendment restores PRA and FCA reporting which are key inputs for Parliamentary and Select Committee scrutiny of the regulators.

BARONESS BOWLES OF BERKHAMSTED

Clause 18, page 24, line 8, at end insert –

“(13A) In paragraph 11(1) of Schedule 1ZA (FCA annual report), after paragraph (ic) insert –

“(id) how the regulator has applied the regulatory principles and other statutory duties, including methodology for determining relevance and examples of application,”.

(13B) In paragraph 19(1) of Schedule 1ZB (PRA annual report), after paragraph (fb) insert –

“(fc) how the regulator has applied the regulatory principles and other statutory duties, including methodology for determining relevance and examples of application,”.

Member's explanatory statement

This amendment inserts a requirement into FSMA 2000 for the annual reports by the FCA and PRA to contain a statement on how the regulatory principles and other statutory duties have been applied.

BARONESS BOWLES OF BERKHAMSTED

Leave out Clause 18

Member's explanatory statement

Clause 18 would significantly reduce the information available to Parliament about the work of the financial regulators by repealing a number of existing reporting, transparency and “have regard” duties. The amendment preserves the accountability framework, without changing the strategy document format of clauses 16 and 17, so that Parliament can continue to scrutinise the regulators effectively.

After Clause 18

BARONESS TYLER OF ENFIELD
LORD HOLMES OF RICHMOND
BARONESS KRAMER

★

After Clause 18, insert the following new Clause—

“Financial inclusion: annual report by the FCA

- (1) The FCA must, at least once in each financial year, prepare and publish a report on financial inclusion.
- (2) The report must set out—
 - (a) how the FCA has, in the exercise of its functions during the reporting period, had regard to financial inclusion;
 - (b) the effect of the exercise of the FCA's functions during the reporting period on financial inclusion, including in relation to—
 - (i) access to, and the affordability of, banking services, credit, insurance and savings products for individuals on low incomes or in vulnerable circumstances;
 - (ii) the extent and effects of the poverty premium in financial services;
 - (iii) the steps the FCA has taken, or intends to take, to improve financial inclusion outcomes;
 - (c) how the FCA's work has contributed to the delivery of the Government's Financial Inclusion Strategy, and
 - (d) the steps the FCA intends to take in the following reporting period to advance financial inclusion.
- (3) The FCA must lay a copy of each report before Parliament and must be prepared to give evidence to the relevant committees in either House on its contents.
- (4) In this section, “financial inclusion” means ensuring that all individuals, particularly those on low incomes or in vulnerable circumstances, have reasonable access to appropriate and affordable financial products and services.”

Member's explanatory statement

This new Clause would require the FCA to report annually on financial inclusion: on how it has had regard to it, on the effect of its work, and on its contribution to the Government's Financial Inclusion Strategy — and to lay the report before Parliament and account for it to the relevant committees.

After Clause 22

BARONESS KRAMER

After Clause 22, insert the following new Clause—

“FCA rules: access to certain savings accounts for persons lacking capacity

- (1) The FCA must make rules requiring a relevant provider, where the conditions in subsection (3) are met, to enter into an agreement under which payments from a relevant account held by a person who lacks capacity to manage their own financial affairs (“the account holder”) are made to a person acting on the account holder’s behalf (“the recipient”) instead of to the account holder.
- (2) A “relevant account” means—
 - (a) a Child Trust Fund within the meaning of the Child Trust Funds Act 2004;
 - (b) a junior individual savings account within the meaning of regulations made under Chapter 3 (income from individual investment plans) of Part 6 (exempt income) of the Income Tax (Trading and Other Income) Act 2005;
 - (c) an account of any other description specified by the FCA in rules made under this section.
- (3) The conditions are that—
 - (a) there has been provided to the relevant provider either—
 - (i) a document signed by a registered medical practitioner stating that the account holder lacks capacity to manage their own financial affairs, or
 - (ii) a statement in writing by the recipient that they understand their duty to apply any money received in the best interests of the account holder, that they are aware that they may incur civil or criminal liability if they misapply the money, and that, so far as they are aware, no other person has authority to receive the money by virtue of a power of attorney or an order or appointment made by a court, and
 - (b) the account holder has not informed the relevant provider that they do not wish such an agreement to be made.
- (4) Rules made under this section must—
 - (a) secure that a relevant provider which makes a payment in accordance with such an agreement does not, by making it, incur any liability to the account holder, unless the provider has reasonable cause to believe that the recipient is likely to apply the money otherwise than in the account holder’s best interests,
 - (b) require the recipient to apply any money received under the agreement in the best interests of the account holder, and
 - (c) provide that the aggregate of the payments made under an agreement may not exceed £5,000 in any period of 12 months.

- (5) The purpose of rules made under this section is to enable access to be obtained to money held in a relevant account on behalf of an account holder who lacks capacity without the need for an order or appointment of the Court of Protection or any equivalent order of a court.
- (6) In this section “relevant provider” means an authorised person (within the meaning of the Financial Services and Markets Act 2000) who provides a relevant account.”

Member's explanatory statement

This new clause seeks to require the FCA to make rules enabling money in a Child Trust Fund or Junior ISA belonging to a person who lacks capacity to be paid to someone acting in that person's best interests, subject to safeguards, without an application to the Court of Protection.

BARONESS BOWLES OF BERKHAMSTED

★

After Clause 22, insert the following new Clause—

“PRA rules: risk-weighting for employee-ownership and co-operative transitions

After section 137G of the Financial Services and Markets Act 2000 (the PRA's general rules) insert—

“137GZA PRA rules: risk-weighting for employee-ownership and co-operative transitions

- (1) In making rules relating to credit risk, capital requirements or the calculation of risk-weighted assets, the Prudential Regulation Authority must make provision for a specialised lower risk-weighting framework for lending to small and medium-sized enterprises where the purpose of the lending is to facilitate an employee-ownership or co-operative transition.
- (2) For the purposes of this section, an “employee-ownership or co-operative transition” means a transaction in which—
 - (a) a controlling interest in the enterprise is transferred to an Employee Ownership Trust, or
 - (b) the enterprise converts into a co-operative society, community benefit society or mutual structure.
- (3) Rules made under this section must be designed to reflect the long-term stability, capital retention and lower default risk associated with employee-owned and co-operative enterprises.
- (4) Rules made under this section must require firms using internal ratings-based approaches to treat lending for employee-ownership or co-operative transitions as a distinct exposure class and to calibrate probability-of-default and loss-given-default estimates in a manner that reflects the lower structural risk of such enterprises.”

Member's explanatory statement

This new Clause seeks to require the Prudential Regulation Authority to create a specialised risk-weighting framework for lending to small and medium-sized enterprises where the purpose of the lending is to facilitate an employee-ownership or co-operative transition (including mutuals).

BARONESS BOWLES OF BERKHAMSTED
LORD ALTRINCHAM

★

After Clause 22, insert the following new Clause –

“Section 166 reviews: threshold and proportionality requirements

- (1) Section 166 of the Financial Services and Markets Act 2000 (reports by skilled persons) is amended as follows.
- (2) After subsection (1) insert –
 - “(1A) The regulator may not require a person to provide a report under this section unless it is satisfied that –
 - (a) there is a material risk of serious detriment to regulatory outcomes, and
 - (b) the use of a skilled person is a proportionate response, having regard to –
 - (i) the scale and nature of the suspected issue,
 - (ii) the expected burden on the firm, and
 - (iii) whether the matter could reasonably be addressed through the regulator’s existing supervisory tools.”

Member's explanatory statement

This new Clause would introduce a statutory threshold for the use of section 166 skilled persons reviews, requiring the regulator to demonstrate a material risk of serious detriment and to consider proportionality.

BARONESS HAYMAN
BARONESS NORTHOVER
BARONESS YOUNG OF OLD SCONE
BARONESS GRIFFIN OF PRINCETHORPE

★

After Clause 22, insert the following new Clause –

“Climate transition plans

Within six months of the day on which this Act is passed the Treasury must publish and lay before Parliament a roadmap setting out –

- (a) its plans to place on the FCA and PRA a requirement to make rules requiring that UK-regulated financial institutions must develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement;
- (b) a timetable for implementation.”

Member's explanatory statement

This amendment seeks to enable the Government to set out how and when it intends to implement its manifesto commitment to mandate UK-regulated financial institutions to develop and implement credible transition plans, and allows it to determine the most appropriate means of doing so.

Clause 40

BARONESS KRAMER

Clause 40, page 47, line 30, leave out from beginning to end of line 2 on page 48 and insert –

- “(1) The appropriate regulator must consider whether there is sufficient provision to ensure the effective provision to a ring-fenced body of services and facilities that it requires in relation to the carrying on of a core activity.
- (1A) Subject to subsection (1B), when considering whether there is sufficient provision for the purposes of subsection (1) concerning services and facilities that are provided to a ring-fenced body by another member of its group, the appropriate regulator must take account of all relevant circumstances, including –
 - (a) the appropriate regulator’s ability to assess and influence the terms on which such services and facilities are made available to a ring-fenced body,
 - (b) the availability, continuity and sufficiency of such services and facilities, including in circumstances where the Bank of England would be entitled to exercise any of the stabilisation powers under the Banking Act 2009, and
 - (c) any assessment that the Bank of England has made of a group of which the ring-fenced body is or proposes to become a member under a statement of policy that the Bank of England has issued pursuant to section 3B(9) (safeguards relating to directions under section 3A) of the Banking Act 2009 and, where applicable, the absence of any such assessment.
- (1B) The appropriate regulator must not consider that there is sufficient provision for the purposes of subsection (1) where a ring-fenced body is, or proposes to become, a member of a group for all or part of which the appropriate regulator is not responsible for consolidated supervision, and such services and facilities are provided to the ring-fenced body from outside the United Kingdom by a member of the group that is not in a part of the group that is subject to consolidated supervision by the appropriate regulator, unless the appropriate regulator has made rules to ensure that –
 - (a) there is no less uncertainty concerning the availability, continuity and sufficiency of such services and facilities than there would be where they are provided to a ring-fenced body within a group that is subject as a whole to the consolidated supervision of the appropriate regulator, and

- (b) the ring-fenced body is not permitted to receive such services and facilities unless the provider of those services and facilities is adequately resourced and the arrangements under which those services and facilities are provided would facilitate the orderly exercise by the Bank of England of its stabilisation powers under the Banking Act 2009 in circumstances where the Bank of England would be entitled to exercise those powers.
- (1C) If, having regard to all the circumstances, including the matters referred to in subsection (1A), the appropriate regulator does not consider that there is sufficient provision for the purposes of subsection (1) or may not do so under subsection (1B), the appropriate regulator must exercise its power to make rules requiring a ring-fenced body to make arrangements to ensure the effective provision referred to in subsection (1).
- (1D) The appropriate regulator must consider whether there is sufficient provision to achieve the group ring-fencing purposes.
- (1E) The appropriate regulator must not consider that there is sufficient provision for the purposes of subsection (1D) where a ring-fenced body is or proposes to become a member of a group for all or part of which the appropriate regulator is not responsible for consolidated supervision, unless the appropriate regulator has made rules to ensure that there is no less uncertainty concerning the achievement of the group ring-fencing purposes in those circumstances than would be the case where the ring-fenced body is a member of a group that is subject as a whole to the consolidated supervision of the appropriate regulator.
- (1F) If the appropriate regulator does not consider that there is sufficient provision to achieve the group ring-fencing purposes, or may not do so under subsection (1E), the regulator must exercise its power to make rules for the group ring-fencing purposes that apply –
 - (a) to ring-fenced bodies, or
 - (b) to authorised persons who are members of a ring-fenced body's group."

Member's explanatory statement

This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

BARONESS KRAMER

Clause 40, page 48, line 7, after "rules," insert "assessments,"

Member's explanatory statement

This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

BARONESS KRAMER

Clause 40, page 48, line 19, at end insert –

“(za) in subsection (1), for “D” substitute “E”;

Member's explanatory statement

This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

BARONESS KRAMER

Clause 40, page 48, line 21, at end insert –

“(c) after subsection (5) insert –

“(5A) Condition E is that, in the case of a ring-fenced body of the kind to which section 142H(1B) refers, the appropriate regulator does not consider that there is sufficient provision for the purposes of subsection (1) or (1D) of section 142H and considers that this is unlikely to be rectified by the appropriate regulator making, or taking steps to enforce, rules.””

Member's explanatory statement

This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

After Clause 40

BARONESS KRAMER

After Clause 40, insert the following new Clause –

“Ring-fencing rules etc (No. 2)

In Schedule 1ZB of the Financial Services and Markets Act 2000 (the Prudential Regulation Authority), in paragraph 19 –

(a) after sub-paragraph (1)(fb), insert –

“(fc) a summary of the PRA’s opinion of whether –

- (i) under section 142H (ring-fencing rules) subsection (1), there is sufficient provision to ensure the effective provision to a ring-fenced body of services and facilities that it requires in relation to the carrying on of a core activity, and
- (ii) under section 142H (ring-fencing rules), there is sufficient provision to achieve the group ring-fencing purposes, and”;

- (b) at the end of sub-paragraph (1A)(a) insert “and, where applicable, any differences in the extent of such compliance between ring-fenced bodies that have a parent undertaking incorporated outside the United Kingdom and ring-fenced bodies that do not have such a parent undertaking”.

Member's explanatory statement

This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

After Clause 46

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

After Clause 46, insert the following new Clause –

“Digital assets strategy

- (1) Within 12 months of the day on which this Act is passed, the Treasury must prepare, publish and consult on a strategy for the regulation and development of digital assets and related digital financial market infrastructure in the United Kingdom.
- (2) A strategy under subsection (1) must consider, in particular –
 - (a) the Government’s approach to the regulation of digital assets, including cryptoassets, qualifying stablecoins, Central Bank Digital Currencies, tokenised securities and other digital and tokenised financial assets,
 - (b) the practical operation of digital asset businesses and activities under current legal, regulatory and market conditions in the United Kingdom,
 - (c) the extent to which firms carrying on, or seeking to carry on, digital asset activities in the United Kingdom are able to obtain and maintain appropriate access to banking, payment and settlement services,
 - (d) the risks to competition, innovation and lawful market participation arising from the withdrawal or denial of such services, including where this is done on a blanket or insufficiently risk-sensitive basis,
 - (e) developments in the law, regulation and supervisory practice of other jurisdictions so far as relevant to the safe regulation of new asset classes and digital financial market infrastructure, including digital currency exchanges,
 - (f) the interaction between the regulation of digital assets and the development of related regimes and initiatives, including in relation to tokenisation, stablecoins, digital settlement assets and other digital payment or settlement arrangements relevant to financial markets,
 - (g) the implications of the current and proposed framework for consumer protection, market integrity, financial stability and the international competitiveness of the United Kingdom, and
 - (h) any legislative or regulatory changes which the Treasury considers may be required.

- (3) In preparing a strategy under subsection (1), the Treasury must consult –
- (a) the Bank of England,
 - (b) the Prudential Regulation Authority,
 - (c) the Financial Conduct Authority,
 - (d) representatives from industry forums, and
 - (e) such other persons as the Treasury considers appropriate.”

Member's explanatory statement

This amendment seeks to require the Treasury to prepare and consult on a strategy for digital assets, including regulation, tokenisation, practical operating conditions, access to banking and payment services, and international regulatory developments.

After Clause 47

BARONESS SHEEHAN
BARONESS YOUNG OF OLD SCONE
THE LORD BISHOP OF MANCHESTER
BARONESS COFFEY

- ★ After Clause 47, insert the following new Clause –

“Forest risk commodities

Within six months of the day on which this Act receives Royal Assent, the Secretary of State must make regulations under Schedule 17 (use of forest risk commodities in commercial activity) of the Environment Act 2021, including regulations under paragraph 1.”

Clause 50

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

- ★ Leave out Clause 50

Clause 52

LORD SHARKEY

- ★ Clause 52, page 55, line 30, at end insert –
- “(A1) Sections 7 and 8 may not be brought into force until the report under section (Review of the memorandum of understanding between the FCA and the FOS) has been published and laid before Parliament.”

Member's explanatory statement

This amendment is consequential on another amendment in the name of Lord Sharkey

Schedule 1

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

Leave out Schedule 1

Member's explanatory statement

This amendment, along with another in the name of Baroness Neville-Rolfe, seeks to allow for a debate on the Government's intentions around a new regime to be laid down in the regulatory rule book in place of that established by the Consumer Credit Act 1974 and associated legislation, and how they will ensure parliamentary and industry oversight of such a regime.

Financial Services and Markets Bill [HL]

RUNNING LIST OF ALL AMENDMENTS ON REPORT

*Tabled up to and including
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