



Insurance Regulatory eBulletin

Round up of regulatory developments in April 2025

Welcome to our Insurance Regulatory eBulletin

Welcome to this April 2025 edition of our Insurance Regulatory eBulletin. This publication aims to keep you updated with significant regulatory developments during the month, and their implications across the insurance sector.

This month the Treasury published a Policy paper, setting out a high-level action plan to ensure Regulators and regulation support growth. Thus underlining the desired direction of travel under the new Government. The FCA also published its annual plan for 2025/2026 setting out its work to achieve its four strategic objectives, the first two of which are becoming smarter regulator: more efficient and effective and supporting growth. This provides the details of the plan to meet the FCA's aims of enabling a fair and thriving financial services market for the good of consumers and the economy. This is with the aim of supporting economic growth and improving lives.

As usual there is much detail, referenced to source documents, included within this document. I hope you will find this helpful in identifying matters relevant to yourself in keeping abreast of Regulatory activity.

Please do not hesitate to contact myself or your usual BDO contact if you have any concerns over any matter highlighted in this update. For more information about our audit, tax and advisory services to the insurance sector, visit our [insurance services](#) page.

I hope you enjoy reading this latest update.



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WELCOME TO OUR INSURANCE REGULATORY EBULLETIN.....	2
PRUDENTIAL REGULATION	5
▶ A New Approach to Ensure Regulators and Regulation Support Growth	5
▶ Financial Stability in Focus: Artificial Intelligence in the Financial System	5
▶ Effect of the Civil Liability Act 2018 on Motor Insurance Policyholders	5
▶ CP7/25 Matching Adjustment Investment Accelerator	5
▶ CP8/25 Regulated Fees and Levies: Rates Proposals for 2025/26	5
CONDUCT REGULATION.....	6
▶ Working together to deliver our enforcement priorities - Speech by Therese Chambers	6
▶ FCA Annual Work Programme 2025/26	6
▶ FCA Establishes Presence in the United States and Asia-Pacific.....	6
▶ FCA Board Minutes: 27 February 2025	6
▶ HM Treasury and Financial Conduct Authority Regulatory Perimeter Meeting - March 2025	6
▶ Updated Regulatory Reporting Requirements	6
▶ FCA Simplifies Supervisory Letters.....	6
▶ FCA Operational Resilience Guidance	7
▶ OPBAS Suspicious Activity Report Project: Phase 1 Findings, Action Taken and Next Steps	7
▶ FG25/2 Guidance for Insolvency Practitioners on How to Approach Regulated Firms.....	7
▶ FCA to Launch Live AI Testing Service	7
▶ CP25/7 FCA regulated fees and levies: rates proposals for 2025/26	7
▶ CP25/8 Data Decommissioning: Removing Reporting and Notification Requirements	8
▶ Keeping Your Firm's Details Up To Date	8
▶ Regulation Round-Up	8
EIOPA	9
▶ Unlocking the Potential of Pensions in Europe	9
▶ EIOPA-BoS-25/118 Bolder, Simpler, Faster: EIOPA's Views for Better Regulation and Supervision	9
▶ Joint Committee - Annual Report 2024	9
▶ EIOPA Considers Bulgaria's FSC to be Compliant with Recommendation on Supervisory Review Process.....	9
▶ JC 2025 14 Joint Committee Report on the Implementation and Functioning of the Securitisation Regulation.....	9
▶ Occasional Research Paper: International Portfolio Frictions.....	9
▶ ESAs Call for Vigilance Amid Rising Geopolitical and Cyber Risks	10
▶ Occupational Pensions Stress Test 2025	10
▶ EIOPA-BoS-25/079 Consultation on Guidelines on Exclusions from Scope of Group Supervision - Solvency II Review.....	10
▶ EIOPA-BoS-25/081 Consultation on Revised Guidelines on the Treatment of Related Undertakings - Solvency II Review	10
▶ EIOPA-BoS-25/097 Consultation Paper on the Proposal for RTS on the Content of Pre-Emptive Recovery Plans.....	10

▶ Consultation on the Insurance Recovery and Resolution Directive	10
▶ EIOPA-BoS-25/110 Consultation on Revised Opinion on Dynamic Volatility Adjustment - Solvency II Review	11
▶ Monthly Update for Solvency II Relevant Risk-Free Interest Rate Term Structures - End-March 2025	11
▶ Monthly Update: Symmetric Adjustment of the Equity Capital Charge - end-March 2025	11
▶ EIOPA-BoS-25/114 Report on the Calculation of the UFR for 2026	11
CORPORATE GOVERNANCE.....	12
▶ Actuarial Monitoring Programme - Observations From Pilot Phase.....	12
▶ FRC Introduces Quarterly Consultation Schedule	12
INFORMATION COMMISSIONER'S OFFICE	13
▶ Law Firm Fined £60,000 Following Cyber Attack	13
▶ Compensation Company Fined £90,000 for Unlawful Marketing Calls	13
ENFORCEMENT ACTION.....	14
▶ PRA / FCA Regulatory Fines & Enforcement Round-up.....	14

PRUDENTIAL REGULATION

A NEW APPROACH TO ENSURE REGULATORS AND REGULATION SUPPORT GROWTH

HM Treasury has [published](#) an action plan on new approaches to ensure regulators and regulation support growth, highlighting the need for regulatory reform to support growth and investment. It outlines a vision for a regulatory system that is targeted, proportionate, transparent, predictable and adaptable to innovation. It also includes commitments from regulators to reduce red tape, enhance regulatory cooperation and ensure accountability, aiming to make the UK more competitive and attractive for investment.

FINANCIAL STABILITY IN FOCUS: ARTIFICIAL INTELLIGENCE IN THE FINANCIAL SYSTEM

On 9 April, the Bank [published](#) a report titled "Financial Stability in Focus: Artificial Intelligence in the Financial System", which discusses the transformative impact of AI on the UK economy, particularly within the financial sector. AI offers potential benefits such as increased productivity and enhanced decision-making, but also introduces risks, especially concerning financial stability. The Financial Policy Committee (FPC) is focused on monitoring and mitigating these risks, considering AI's growing role in banks, insurers, financial markets and its operational risks. The report outlines the FPC's approach to tracking AI-related developments and emphasises the need for flexible, forward-looking monitoring due to the rapid pace of AI advancements.

EFFECT OF THE CIVIL LIABILITY ACT 2018 ON MOTOR INSURANCE POLICYHOLDERS

HM Treasury has [published](#) a report summarising information from motor insurers on the impact of the Civil Liability Act 2018 on costs and insurance premiums.

CP7/25 MATCHING ADJUSTMENT INVESTMENT ACCELERATOR

On 8 April, the PRA [issued](#) a consultation paper setting out its proposal for the introduction of a new framework to enable faster, more efficient

investment by UK insurance firms in new assets. Known as the Matching Adjustment Investment Accelerator, the new framework would remove the requirement to obtain prior PRA approval before a firm can claim Matching Adjustment benefit on certain assets. The PRA believes this would make it easier for insurers to take advantage of investment opportunities more quickly and also promote growth in the UK insurance sector and broader economy.

Comments should be submitted by 4 June 2025.

CP8/25 REGULATED FEES AND LEVIES: RATES PROPOSALS FOR 2025/26

On 10 April, the PRA [issued](#) a consultation paper setting out its proposals for the PRA fees for the financial year 2025/26. The proposals would make changes to the Fees Part of the PRA Rulebook.

CONDUCT REGULATION

WORKING TOGETHER TO DELIVER OUR ENFORCEMENT PRIORITIES - SPEECH BY THERESE CHAMBERS

On 11 April Therese Chambers, joint executive director of enforcement and market oversight, delivered at the Spring Conference of NYU's Program on Corporate Compliance and Enforcement.

The key themes of her speech were:

- ▶ The FCA has a strong, productive history of working with partner agencies in the US, and will continue to do so.
- ▶ The FCA's enforcement action is about deterrence. Action to deter misconduct needs to be timely and visible.
- ▶ The FCA's enforcement priorities for the next five years are about keeping dirty money out of the financial ecosystem, cracking down on regulated firms being used as vehicles for fraud and protecting the integrity of UK markets.

FCA ANNUAL WORK PROGRAMME 2025/26

On 8 April, the FCA [published](#) its annual work programme for 2025/26 setting out what the it will do in order to achieve its four strategic priorities:

- ▶ A smarter regulator: more efficient and effective;
- ▶ Supporting growth;
- ▶ Helping consumers navigate their financial lives; and
- ▶ Fighting financial crime.

FCA ESTABLISHES PRESENCE IN THE UNITED STATES AND ASIA-PACIFIC

On 15 April, the FCA [announced](#) that it is establishing a presence in the United States (US) and Asia-Pacific (APAC).

At the British Embassy in Washington, DC in the US, Tash Miah will work closely with the Department for Business and Trade to advance

UK-US financial services policy and regulatory cooperation, and to support financial firms in the US to navigate UK regulation.

In Australia, Camille Blackburn is establishing a regional office as the FCA's director for Asia-Pacific, with a focus on supporting financial services firms to navigate regulation to enter the UK market or to raise capital and provide UK firms with support expanding into the APAC region.

FCA BOARD MINUTES: 27 FEBRUARY 2025

On 10 April, the FCA [published](#) the minutes of the FCA Board meeting, held on 27 February 2025. The minutes of the meeting include reports from the Audit Committee, Policy and Rules Committee, Oversight Committee, CEO, PRA and various board decisions and approvals.

HM TREASURY AND FINANCIAL CONDUCT AUTHORITY REGULATORY PERIMETER MEETING - MARCH 2025

On 11 April, the FCA and HM Treasury [published](#) a summary of the meeting between the Economic Secretary to the Treasury and the Chief Executive Officer of the FCA, held on 24 March 2025. The meeting focused on the FCA's regulatory perimeter, which defines the financial services activities requiring FCA authorisation.

UPDATED REGULATORY REPORTING REQUIREMENTS

On 2 April, the FCA [updated](#) its regulatory reporting requirements for various types of financial firms, including insurance companies. These requirements cover a range of reports such as annual accounts, client asset reports, market data reporting and transaction reporting, with specific guidelines for each sector to ensure compliance with regulatory standards.

FCA SIMPLIFIES SUPERVISORY LETTERS

On 24 April, the FCA [announced](#) changes to how supervisory communications are issued and accessed. From 30 April 2025, the FCA will cease issuing and publishing portfolio letters and will

instead provide market reports that contain relevant communications for different types of firms and insights from supervisory work.

Historical portfolio letters and Dear CEO letters will be marked as 'historical' and remain accessible, although they will no longer be considered current.

This change is part of the FCA's effort to streamline supervisory priorities in line with their Consumer Duty Requirements Review, aiming for smarter and more effective regulation.

FCA OPERATIONAL RESILIENCE GUIDANCE

The FCA has [published](#) guidance regarding the importance of the operational resilience and requirements for firms. Firms are now expected to be able to guarantee they could operate their important business services within their impact tolerances and must have performed mapping and testing before this date.

OPBAS SUSPICIOUS ACTIVITY REPORT PROJECT: PHASE 1 FINDINGS, ACTION TAKEN AND NEXT STEPS

On 24 April, the FCA [issued](#) a communication from the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) regarding the findings from Phase 1 of their Suspicious Activity Report (SAR) project. The report highlights the importance of SARs in combating economic and other criminal activities and emphasises the role of Professional Body Supervisors (PBSs) in improving the quality and submission rates of SARs.

Initial findings indicate that some PBSs have not effectively assessed SAR quality due to lack of access or provision of SARs by their supervised populations. OPBAS encourages PBSs to enhance guidance on information retention and to collaborate with key partners like the UK Financial Intelligence Unit to improve SAR reviews. The next steps involve convening stakeholders for further discussions and conducting targeted assessments of SAR quality among PBSs.

FG25/2 GUIDANCE FOR INSOLVENCY PRACTITIONERS ON HOW TO APPROACH REGULATED FIRMS

On 28 April, the FCA [published](#) finalised guidance setting out information for insolvency practitioners (IPs) when dealing with the failure of firms it regulates. The guidance gives the FCA's view of how an IP should ensure regulated firms meet their ongoing financial services regulatory obligations following the IP's appointment. This guidance is primarily aimed at IPs appointed (or looking to be appointed) over regulated firms, including provisional and interim appointments.

FCA TO LAUNCH LIVE AI TESTING SERVICE

On 29 April, the FCA [announced](#) plans to launch a live AI testing service as part of its AI Lab, aimed at helping firms deploy safe and responsible AI technologies to benefit UK consumers and markets. This new service will allow companies to collaborate with the FCA to ensure their AI tools are ready for market use, while also providing the FCA with valuable insights into the potential impacts of AI on financial markets.

Scheduled to begin in September 2025, the service will run for 12 to 18 months and aligns with the FCA's strategy to promote innovation and maintain the competitiveness of the UK's financial services sector.

Feedback on this proposal is invited until 10 June 2025.

CP25/7 FCA REGULATED FEES AND LEVIES: RATES PROPOSALS FOR 2025/26

On 8 April, the FCA [issued](#) a consultation paper setting out its rates proposals with regard to regulated fees and levies for 2025/26. The rules being consulted on enable the FCA to raise regulatory fees and levies in 2025/26 to fund the FCA and Financial Ombudsman Service and collect certain levies on behalf of government departments.

The deadline for submitting comments is 13 May 2025.

CP25/8 DATA DECOMMISSIONING: REMOVING REPORTING AND NOTIFICATION REQUIREMENTS

On 16 April, the FCA [issued](#) a consultation paper on decommissioning certain regular returns and removing relevant sections from SUP 16 in the FCA handbook.

The deadline for submitting comments is 14 May 2025.

KEEPING YOUR FIRM'S DETAILS UP TO DATE

The FCA has [updated](#) its "Keeping your firm's details up to date" guidance as of 31 March 2025, emphasising the importance of using the Connect system for annual Firm Details Attestation (FDA) and Directory Persons' Attestation (DPA) to ensure accurate firm information and compliance with regulatory requirements.

REGULATION ROUND-UP

On 24 April, the FCA published its monthly Regulation Round-up. In addition to various topics, noted either last month or above, this noted, the following:

- ▶ [My FCA](#) a new portal to manage regulatory risks, is now live for all registered and authorised firms. This has been designed as a single access portal to save time and reduce complexity when meeting regulatory obligations. It brings together regulatory reporting and attestation responsibilities in one place with the aim of offering a more streamlined experience.
- ▶ The latest edition of the [Regulatory Initiatives Grid](#) is available. It sets out the work currently being taken forward by the FCA and other regulators that affects financial services. There are 144 initiatives in total. The FCA is leading 31 of these and is involved in another 35 joint initiatives. The Grid also shows the 90 initiatives that have been completed or stopped since the last full Grid was published in November 2023.

EIOPA

We continue to monitor EIOPA's activity and draw your attention to it, where we believe it to be necessary or helpful. This will, we hope, assist those firms operating in the EU.

UNLOCKING THE POTENTIAL OF PENSIONS IN EUROPE

On 1 April, Petra Hielkema, Chair of EIOPA, delivered a keynote [speech](#) at the Netspar Anniversary Conference on 1 April 2025. She spoke about:

- ▶ the pension gap;
- ▶ the challenges posed by an ageing population;
- ▶ the importance of pensions in ensuring retirement security for citizens;
- ▶ the need to strengthen and expand the second and third pillars pensions; and
- ▶ the role of occupational and personal pensions.

EIOPA-BOS-25/118 BOLDER, SIMPLER, FASTER: EIOPA'S VIEWS FOR BETTER REGULATION AND SUPERVISION

On 8 April, EIOPA [published](#) a document on its views for better regulation and supervision. The document tackles topics in relation to:

- ▶ its approach to simplification and burden reduction;
- ▶ policy work;
- ▶ policymaking; and
- ▶ supervision.

The document identifies the crucial drivers of European competitiveness to be simplification and burden reduction, yet they should be seen as means to an end, not ends in themselves. Also, financial sector must strike a balance between efficiency and resilience, ensuring that both regulatory and supervisory frameworks reduce unnecessary burdens, while enabling the sector to support the broader EU economy.

JOINT COMMITTEE - ANNUAL REPORT 2024

On 16 April, EIOPA, the Joint Committee of the European Supervisory Authorities (ESAs), the European Banking Authority (EBA), and the European Securities and Markets Authority (ESMA), together the European Supervisory Authorities (ESAs), have [published](#) their annual report for the year 2024. The report states that in 2024 the Joint Committee continued to focus on issues of cross-sectoral relevance, including joint risk assessments, sustainable finance, operational risk and digital resilience, consumer protection and financial innovation.

EIOPA CONSIDERS BULGARIA'S FSC TO BE COMPLIANT WITH RECOMMENDATION ON SUPERVISORY REVIEW PROCESS

On 25 April, EIOPA issued a news [article](#) confirming that the Financial Supervision Commission (FSC) (Bulgaria) has improved its supervisory review process regarding the verification of undertakings' and groups' solvency positions in order to be fully compliant with EIOPA recommendations. These recommendations aim to ensure that (re)insurance undertakings under FSC's supervision remain continuously compliant with regulatory solvency requirements.

JC 2025 14 JOINT COMMITTEE REPORT ON THE IMPLEMENTATION AND FUNCTIONING OF THE SECURITISATION REGULATION

The ESAs have [published](#) a joint report regarding the functioning of the Securitisation Regulation. The report assesses the extent to which the SECR has achieved its original policy objectives since its implementation in 2019 and provides legislative recommendations to the European Commission.

OCCASIONAL RESEARCH PAPER: INTERNATIONAL PORTFOLIO FRICTIONS

On 2 April, EIOPA published an Occasional Research Paper which explores the global asset allocation decisions of European insurers and banks in fixed-income portfolios.

The [paper](#) jointly considers the investment behaviours of both banks and insurers and examines the relationship between their asset allocation in domestic and international markets. It also reveals important new barriers or challenges investors face when attempting to diversify their portfolios across borders that cannot be explained by traditional frictions such as home country or home currency biases.

ESAS CALL FOR VIGILANCE AMID RISING GEOPOLITICAL AND CYBER RISKS

The ESAs have released their Spring 2025 Joint Committee [update](#) on risks and vulnerabilities in the EU financial system, which focuses on the challenges linked to geopolitical tensions and cyber risks. They warn of growing geopolitical tensions and rising cyber risks presenting significant challenges to financial stability and emphasise the need for proactive risk management, stronger cyber resilience and a close monitoring of global financial linkages.

OCCUPATIONAL PENSIONS STRESS TEST 2025

On 7 April, EIOPA announced it is conducting a [stress test](#) in 2025 for European occupational pension funds (IORPs) to assess their liquidity vulnerabilities against two scenarios: "yield curve up" and "yield curve down". These scenarios involve sharp changes in interest rates due to geopolitical tensions, affecting inflation expectations and the Euro's value. The test aims to evaluate the impact on IORPs' liquidity and potential spillover effects on financial stability. It covers IORPs in the EEA with defined benefit and defined contribution schemes, based on asset size, market coverage, and derivative use.

EIOPA-BOS-25/079 CONSULTATION ON GUIDELINES ON EXCLUSIONS FROM SCOPE OF GROUP SUPERVISION - SOLVENCY II REVIEW

On 3 April, EIOPA [issued](#) a consultation paper on Guidelines on exclusions from the scope of group supervision which were developed in the context of the review of Directive 2009/138/EC. The amended Article 214(3) now requires the group supervisor to consult with EIOPA and the other supervisory authorities concerned before deciding to exclude one or more undertakings from the scope of group supervision where that

would not trigger the application of group supervision under Article 213(2)(a) to (c) of Directive 2009/138/EC.

Comments should be submitted no later than 26 June 2025.

EIOPA-BOS-25/081 CONSULTATION ON REVISED GUIDELINES ON THE TREATMENT OF RELATED UNDERTAKINGS - SOLVENCY II REVIEW

On 3 April, EIOPA [published](#) a consultation paper on the review of its guidelines on the treatment of related undertakings, including participations (EIOPA-BoS-14/170 EN), along with the explanatory text. The amendments to the guidelines aim solely at clarification and streamlining, with no intention to reduce supervisory expectations. They do not provide new guidance for the application of the legal framework. Therefore, the revisions are not expected to have a material impact on the insurance industry or supervisory authorities. As a result, this consultation paper does not include an impact assessment of the proposed changes.

Comments must be submitted by 26 June 2025.

EIOPA-BOS-25/097 CONSULTATION PAPER ON THE PROPOSAL FOR RTS ON THE CONTENT OF PRE-EMPTIVE RECOVERY PLANS

On 29 April, EIOPA [issued](#) a consultation paper on the proposal for Regulatory Technical Standards (RTS) regarding the content of pre-emptive recovery plans and group pre-emptive recovery plans. This proposal aims to provide a more harmonised EU framework by specifying the minimum content required for these plans.

EIOPA invites stakeholders to provide their feedback by 31 July 2025.

CONSULTATION ON THE INSURANCE RECOVERY AND RESOLUTION DIRECTIVE

On 29 April EIOPA issued various consultation paper in respect of the Insurance Recovery and Resolution Directive (IRRD). These were as follows:

- ▶ [EIOPA-BoS-25/99](#) on proposed regulatory technical standards that establish criteria for selecting insurers required to prepare pre-

emptive recovery plans and methods for calculating market share coverage. The consultation aims to ensure at least 60% of the respective insurance market is covered by these requirements.

- ▶ [EIOPA-BoS-25/100](#) on the proposal for Guidelines on criteria for the identification of critical functions. The consultation paper outlines EIOPA's suggested guidelines for determining critical functions, whose disruption might significantly affect policyholders, beneficiaries and the wider economy, including financial stability.
- ▶ [EIOPA-BOS-25/101](#) setting out draft regulatory technical standards that further specify the minimum elements that have to be included in the resolution plans.
- ▶ [EIOPA-BoS-25/102](#) proposing Guidelines to further specify the criteria for assessing the resolvability of undertakings or groups, including the feasibility and credibility of their resolution strategies.
- ▶ [EIOPA-BoS-25/103](#) on the proposal for Guidelines on the removal of impediments to resolvability. This paper is about the alternative measures included in the Directive that resolution authorities may take to address or remove impediment to the resolvability of the insurance or reinsurance undertakings or groups in scope.

In each instance comments must be submitted no later than 31 July 2025.

EIOPA-BOS-25/110 CONSULTATION ON REVISED OPINION ON DYNAMIC VOLATILITY ADJUSTMENT - SOLVENCY II REVIEW

On 3 April, EIOPA [issued](#) a consultation paper on the revised Opinion on the supervisory assessment of internal models including a dynamic volatility adjustment. The changes aim to align the Opinion with Solvency II directive amendments and have no material impact on the regulatory requirements in force.

Comments should be submitted by 26 June 2025.

MONTHLY UPDATE FOR SOLVENCY II RELEVANT RISK-FREE INTEREST RATE TERM STRUCTURES - END-MARCH 2025

On 3 April, EIOPA [published](#) technical information on the relevant risk-free interest rate (RFR) term structures as of the end of March 2025, based on their Technical Documentation.

MONTHLY UPDATE: SYMMETRIC ADJUSTMENT OF THE EQUITY CAPITAL CHARGE - END-MARCH 2025

On 3 April, EIOPA [published](#) the technical information on the symmetric adjustment of the equity capital charge for Solvency II, referencing the end of March 2025.

EIOPA-BOS-25/114 REPORT ON THE CALCULATION OF THE UFR FOR 2026

EIOPA has [published](#) the calculation of the Ultimate Forward Rate (UFR) for 2026. The UFR does not change for any of the relevant currencies compared to 2025. The applicable UFR as of 1 January 2026 will be 3.30% for the Euro.

CORPORATE GOVERNANCE

ACTUARIAL MONITORING PROGRAMME - OBSERVATIONS FROM PILOT PHASE

On 7 April, the FRC [published](#) its key observations from the pilot phase of its actuarial monitoring programme. This programme is intended to strengthen the FRC's engagement with practitioners to gain insight on their application of its principles-based Technical Actuarial Standards.

FRC INTRODUCES QUARTERLY CONSULTATION SCHEDULE

On 15 April, the FRC [announced](#) the introduction of a quarterly consultation release schedule. Under the new release schedule, FRC consultations will be published once per quarter commencing in May 2025, with releases also planned for July 2025 and October 2025. In subsequent years, the FRC will publish consultations in January, March, July and October.

INFORMATION COMMISSIONER'S OFFICE

We continue to monitor material being issued by the ICO with a view to highlighting high-level matters that may be relevant to readers.

LAW FIRM FINED £60,000 FOLLOWING CYBER ATTACK

On 16 April, the ICO [announced](#) that it had fined Merseyside-based DPP Law Ltd (DPP) £60,000, following a cyber-attack that led to highly sensitive and confidential personal information being published on the dark web.

DPP failed to put appropriate measures in place to ensure the security of personal information held electronically. This failure enabled cyber hackers to gain access to DPP's network, via an infrequently used administrator account which lacked multi-factor authentication, and steal large volumes of data.

The ICO highlighted the need for all organisations to continually assess their cybersecurity frameworks and act responsibly in putting in place robust measures to prevent similar incidents.

In addition, it stated that it will hold organisations to account for a failure to notify where there was a clear obligation to do so at the time of the underlying incident.

COMPENSATION COMPANY FINED £90,000 FOR UNLAWFUL MARKETING CALLS

On 24 April, the ICO [announced](#) that it had fined AFK Letters Co Ltd (AFK) £90,000 for making more than 95,000 unsolicited marketing calls to people registered with the Telephone Preference Service (TPS), in a clear breach of electronic marketing laws.

AFK used data collected through its own website and a third-party telephone survey company to make 95,277 marketing calls without being able to demonstrate valid and specific consent from

the people contacted. Despite AFK claiming it could not provide evidence of consent because it deleted all customer data after three months, when challenged, it was also unable to provide consent records for several calls made within a three-month timeframe.

AFK's third-party data supplier was using consent statements which did not specifically name AFK when asking the public for consent to be called. Additionally, AFK's own privacy policy only mentioned contact by email, and did not state that people would also receive phone calls.

ENFORCEMENT ACTION

PRA / FCA REGULATORY FINES & ENFORCEMENT ROUND-UP

We have identified no relevant key enforcement action announced by the PRA / FCA during April 2025.

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