

The Commissioner has today published four final reports arising from her investigation into complaints received from investors in Keydata Investment Services Ltd (Keydata).

The complaints arose between 2009 and 2011 but were subject to lengthy deferrals until enforcement proceedings against individuals involved with Keydata were concluded in November 2018. The FCA's internal complaints investigation found that there had been some inadequate supervision of Keydata by its predecessor the FSA but offered the complainants no remedy for this. As a result of the Commissioner's investigation, the FCA has now agreed to issue an apology to the complainants, and accepted other recommendations about its complaints handling process and delays. The Commissioner decided not to recommend a payment for financial loss on the facts of these cases but considered that the FCA should offer the complainants a higher ex gratia compensatory payment under the Complaints Scheme for the severe distress and inconvenience they have experienced arising from the regulator's poor supervision of Keydata. The FCA decided not to accept the recommendation of the level of payment for distress and inconvenience. The FCA has agreed to increase the amount it has offered to the complainants but not the amounts the Commissioner recommended because it says that it is not appropriate to offer any distress and inconvenience payment under the Scheme for supervisory failings in these circumstances.

The Commissioner notes that her recommendations are not binding on the regulators; however her view is that such compensatory payments are clearly available under the Scheme in circumstances where a complaint is 'well founded'. While acknowledging that the events in Keydata occurred many years ago and that the FCA has implemented significant changes since then, the impact of the distress caused to these complainants cannot be underestimated.

The Commissioner is further concerned that some of the issues identified by the FSA in 2009, about its supervision of Keydata, recurred in similar form in the regulator's oversight of the Connaught income fund series 1 and connected companies (Connaught) and London Capital & Finance plc (LCF). The issue of the FCA's regulatory failings in supervising these firms has been the subject of wider public interest this year following the Treasury's publication and the FCA's response to [Dame Elizabeth Gloster's](#) report into the FCA's regulation of LCF between 1 April 2014 and 30 January 2019 and the FCA's publication and response to a report by [Mr Raj Parker](#) into the FSA and FCA's handling of Connaught. Over the coming year the Commissioner will be monitoring closely the improvements the FCA is seeking to make through its Transformation programme - <https://www.fca.org.uk/news/press-releases/financial-conduct-authority-senior-appointments-transformation> - as well as the recommendations that it has accepted in her final reports on the Keydata complaints.

[FCA00814 Final Report / FCA Response](#)

[FCA00816 Final Report / FCA Response](#)

[FCA00818 Final Report / FCA Response](#)

[FCA00844 Final Report / FCA Response](#)

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