

We have received a large number of emails about complaints related to London Capital and Finance (LCF), which have been deferred by the Financial Conduct Authority (FCA). We are sorry to hear that the situation has not yet been resolved for complainants and that it is continuing to cause distress.

The Commissioner has been following the FCA's developments regarding LCF and closely monitoring the situation.

By way of background and for helpful reference, in April 2020 the previous Complaints Commissioner sent an update to complainants whose complaints were already registered with us, setting out his position. The update said the following:

“The Commissioner has been in correspondence with the FCA, to seek clarification about the update it issued on 23 January 2020 in response to complaints about its actions in relation to London Capital and Finance (LCF). The FCA has now confirmed that it will continue to defer its complaint investigation whilst the criminal investigations, in conjunction with the Serious Fraud Office (SFO), and the independent review of its actions by Dame Elizabeth Gloster, are concluded. However, the FCA will review the appropriateness of the deferrals at six months intervals and continue to update complainants and the Commissioner.

In light of the criminal investigations and the likely relevance of the outcome of the independent review, it is the Commissioner's view that deferring the complaints at this time is the best way forward. We will continue to monitor the situation.”

Since then, the Independent Investigation by Dame Elizabeth Gloster has now been published and you can find it here

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945247/Gloster_Report_FINAL.pdf

The FCA's response to the report can also be found here

(<https://www.fca.org.uk/publication/corporate/lcf-independent-investigation-response.pdf>)

FCA and SFO February 2021 update:

The FCA also published an update on their website on 26 February 2021 regarding their LCF work in conjunction with the Serious Fraud Office (SFO). The FCA and the SFO invite complainants to complete a questionnaire to provide them with more information about their LC&F investments, including potential losses. If you haven't already done so and would like to complete the questionnaire, you still have until 31 March 2021 to do this and can access the update and questionnaire here <https://www.fca.org.uk/news/news-stories/london-capital-and-finance-plc> and here <https://www.sfo.gov.uk/cases/london-capital-finance-plc/>

FCA March 2021 update:

The Commissioner has been in correspondence with the FCA to closely monitor the situation. The Commissioner is also aware that the FCA wrote to complainants at the beginning of March 2021 with

an update on their complaint. We understand that the FCA is still discussing the findings of Dame Elizabeth Gloster's report and how this can affect complaints with the Treasury and the FSCS. As discussions have not yet concluded the FCA is not able to respond to complaints.

We are also aware several processes are running at the same time, involving the FCA, Treasury, the Financial Services Compensation Scheme (FSCS) and administrators. The Commissioner agrees that to co-ordinate these as much as possible to achieve consistent outcomes and minimise the impact to bondholders, the continuation of the deferral of complaints is necessary.

The FCA has communicated to complainants that it will keep them updated with its progress and will be in touch again by 31 March 2021. The Commissioner will continue to monitor this. Once the deferral is lifted, under the Complaints Scheme (see <http://frccommissioner.org.uk/complaints-scheme/> for further details), the FCA usually do its own investigation first, as that is usually the best way of resolving matters. Once the FCA has completed its review, you can ask the Commissioner for an independent investigation if you are not satisfied with the FCA's decision.

The FSCS

As of 18 February 2021, we understand that the FSCS has paid out just over £56.3m in compensation to 2,787 LCF bondholders who held 3,815 LCF bonds. More information on this can be accessed on the FSCS website here <https://www.fscs.org.uk/failed-firms/lcf/>

We suggest that if you have a question for the FSCS or if you have not yet contacted them with a claim, you should do so now. Contact details for the FSCS can be found here:

<https://www.fscs.org.uk/contact-us/>

The Treasury

John Glen Economic Secretary to The Treasury, announced that the Treasury will set up a compensation scheme for LCF bondholders. The scheme will assess whether there is a justification for further one-off compensation payments in certain circumstances for some LCF bondholders. This update and further updates can be accessed here <https://questions-statements.parliament.uk/written-statements/detail/2020-12-17/hcws678>

Complaints Scheme:

Please note that we cannot comment on the work of or decisions of the FSCS or any other organisations as this falls outside the remit of the Complaints Scheme. If you have not yet complained to the FCA directly or if you have not had an update in 2020 about the status of your complaint, you should contact the FCA Complaints Team for further information using the following email address: complaints@fca.org.uk

Under the rules of the Complaints Scheme, which can be found on this link: <https://frccommissioner.org.uk/complaints-scheme/>, it is not within the powers of the Commissioner to order the FCA to pay compensation to consumers and payments are not awarded under this Scheme in the same way, if at all, as they are awarded by the Financial Ombudsman Service, the FSCS or the Courts.

[Please see the current consultation by the FCA and the other regulators about amendments to the Complaints Scheme, which include a proposed limit (which can be waived in exceptional circumstances) on compensation under the Scheme. The previous Commissioner's views on those proposals which the current commissioner supports can be found at <https://frccommissioner.org.uk/wp-content/uploads/Response-to-CP20-11-for-publication.pdf>

18 March 2021