

City regulator denies failings after leaking whistleblower's complaints

[James Hurley](#)

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The FCA is keen to encourage more people to come forward to highlight misconduct

The Financial Conduct Authority passed allegations from a “whistleblower” to the subjects of their complaint, an internal inquiry revealed.

An investigation into alleged failings surrounding the incident by a senior adviser to Andrew Bailey, the chief executive of the City regulator, was itself found to have substandard governance, according to internal FCA documents seen by *The Times*.

An FCA spokesman said the organisation had “carefully considered the information provided” and denied the case demonstrated any failure in its treatment of whistleblowers.

However, the episode is likely to prove embarrassing for the regulator, which is keen to encourage more people to come forward to highlight misconduct, and for Mr Bailey.

Emails sent to the FCA by a member of the public in 2015 contained allegations of impropriety by staff at the regulator. This individual asked for the information to be handled confidentially as if sent by a whistleblower.

However, these emails were forwarded to one of the subjects of the complaints. While an FCA inquiry found the whistleblower's allegations to be baseless, one subject of the claims raised a complaint that the sensitive information had been badly mishandled.

A dispute between the organisation and the employee followed. While two internal inquiries into the matter concluded the FCA employee had not been mistreated by the regulator, broader issues with its handling of the affair were brought to light.

An investigation into this and related matters led by John Sutherland, an adviser to Mr Bailey, was found to be not of the "standard one would expect" as it lacked oversight and "clear terms of reference for the investigation, audit trails covering key decisions and exclusions and a clear and robust process for undertaking a review of emails".

An internal email reveals Mr Sutherland wrote that the employee who had raised concerns about the treatment of the information would be given a "severe and private bollocking". The FCA indicated that this was unrelated to the member of staff raising concerns, but instead to some alleged inappropriate language in the individual's emails.

The FCA employee, who asked to remain anonymous, told *The Times* this could only relate to an email to a colleague saying "wtf" to express shock that highly sensitive information had been forwarded. "If a member of the public were to complain today, how can they have confidence the information they share with the FCA is handled with sensitivity?" the individual said, adding they planned to pass details of the episode to the Treasury select committee.

The FCA indicated that it had not thought it necessary to deal with the correspondence under its whistleblowing procedures and denied that the incidents revealed broader flaws.

The regulator is modifying the way it deals with whistleblowers after complaints from people who have tried to report wrongdoing at banks and other financial firms.

A spokesman for the FCA said the issues that were revealed as part of an employee dispute amounted to "disparate allegations" that were "devoid of context" and "misleading". He added: "An individual alleged that information provided to the FCA had been mishandled. The allegation was reviewed, and it was apparent from relevant emails that the FCA had carefully considered the information provided, and transparently communicated its response."