

Chartered
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Standards. Professionalism. Trust.

Non-Financial Misconduct

From evidence to action

Roundtable summary report

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As a chartered body with a public interest mandate, the Chartered Insurance Institute provides a forum where stakeholders can collaborate on shared challenges. Our independence enables honest dialogue, facilitating the development of sector-wide guidance and recommendations that strengthen professional standards and deliver better customer outcomes.

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Executive summary

The CII convened regulatory representatives, compliance experts, employment lawyers, behavioural scientists, campaigners and sector leaders to examine why non-financial misconduct persists and what can be done to address it. This was the first roundtable in the CII's thought leadership campaign on addressing non-financial misconduct.

The FCA presented its regulatory approach, explaining the relevance of non-financial misconduct to its statutory objectives and the key features of the new COCON rules and guidance, which take effect from 1 September 2026.

The follow-up discussion identified implementation challenges, including the difficulty of exercising judgement at the boundaries of the rule, particularly for grey-area behaviours such as poor management, personality clashes and minor, but cumulative, misconduct. The discussion surfaced tensions between commercial incentives and accountability, with participants describing scenarios where high-performing individuals are tolerated despite poor conduct because of the revenue they generate.

Another theme was the gap between policy and practice: while firms often have exemplary policies in place, they sometimes fail to act on them due to organisational culture, commercial pressures and fear of reputational damage, creating a disconnect between stated intent and reality. The role of non-disclosure agreements (NDAs), the fear of whistleblowing, and the limitations of professional body disciplinary processes were all raised as barriers.

Participants emphasised the value of public reporting, transparency and preventive approaches that address environmental drivers rather than focusing solely on individual behaviour.

The session concluded with strong support for the CII's next phase of research, which will move beyond understanding why misconduct persists to testing which interventions are effective. Participants identified several priorities, including piloting interventions within firms, developing baseline measurement frameworks, creating anonymised case study resources, and providing psychological safety support for those who report misconduct.

Introduction

There is plenty of evidence indicating that non-financial misconduct is widespread within financial services. The FCA's regulatory response is welcome as it drives accountability and establishes clearer expectations across the sector. However, the CII was prompted to ask whether regulation alone would be enough, because the evidence suggests that the dynamics enabling misconduct run deeper than rules and policies can reach on their own.

That is why the CII launched a programme of work on non-financial misconduct based on the hypothesis that rules, policies, training, and even knowing right from wrong, are not by themselves a guarantee of good behaviour.

The CII wants to support the successful implementation of the FCA's new regulatory requirements by addressing the practical implementation challenges firms may face, and by identifying the most effective interventions, taking into account the behavioural, psychological and organisational factors that allow misconduct to take hold and persist.

This paper summarises the discussion from a roundtable held on 31 March 2026 on this topic, focusing on three objectives:

- to explore the practical implementation challenges firms may face;
- to share findings from the CII's literature review on why non-financial misconduct persists;
- and to begin scoping the next phase of the programme, to carry out empirical research to understand what is effective in reducing non-financial misconduct.

The regulatory approach: setting the scene

The FCA representative presented the regulatory context for the new non-financial misconduct rules and guidance which is due for implementation from September 2026.

The latest developments in non-financial misconduct regulation build on the existing conduct rules and fit and proper regime requirements around honesty, integrity and reputation, and advance its statutory objectives.

The guidance published alongside the rules covers a range of practical issues: how non-financial misconduct constitutes a breach of the conduct rules; the boundary between work and private life; the steps managers are expected to take and the limits on what can reasonably be expected of them; expectations around investigating cases outside the workplace; and social media conduct.

Implementation challenges for firms

The facilitated discussion explored the difficulties firms may face in implementing regulatory requirements. Several interconnected challenges emerged.

Defining the boundary: where rules meet judgement

The new rules have a defined core around bullying, harassment and violence, with a seriousness threshold aligned to the Equality Act, but the guidance makes clear that non-financial misconduct as a category is broader than the rule, and firms are expected to exercise their own judgement on whether specific behaviours are serious enough to constitute a breach. Participants debated whether this openness is a strength or a challenge.

Several participants raised the difficulty of grey-area behaviours: poor management, personality clashes, or conduct that may be inappropriate without reaching the threshold of the defined core. The question of how firms will approach those edge cases, and who within the firm has the authority and capability to make those calls, was identified as an implementation concern.

There was recognition that no guidance can be exhaustive, and that the breadth of the rules encourages firms to focus on standards of behaviour rather than finding the precise line of the rule. Participants also observed that in practice, the absence of a fixed boundary will require firms to build internal frameworks for exercising that judgement consistently.

Measuring success: the challenge of outcomes

Participants discussed how success should be measured, both at firm level and across the sector. It was acknowledged that reporting volumes are an imperfect proxy because they could increase initially as firms take the rules more seriously and may subsequently decrease over time if the deterrence effect takes hold, but confounding variables, including the Employment Rights Act changes, make it hard to isolate the impact of any single intervention. In addition, sub-sector comparisons are unreliable because different cultures produce different reporting behaviours.

The discussion drew parallels with the Home Office's Violence Against Women and Girls (VAWG) strategy, which faces similar measurement challenges. Participants suggested that attitudinal surveys at sector level, tracking awareness and perceived acceptability of misconduct over time, could complement quantitative reporting data to provide a richer picture of whether the regulatory approach is driving change.

The concept of a financial cost of misconduct was raised, drawing on the example from the Centre for Banking Research (CBR) Conduct Costs Project¹, where the financial consequences of bank misconduct were quantified.

Commercial incentives and the cost of inaction

Several participants described the challenge of the high-performing individual whose commercial value insulates them from consequences for poor conduct. This creates an incentive where firms tolerate behaviour that they know to be unacceptable because the perceived cost of action, whether loss of revenue, reputational exposure or internal disruption, outweighs the perceived cost of inaction.

Participants argued that reframing non-financial misconduct as a commercial risk, rather than solely a compliance obligation, could help shift this dynamic. If firms can demonstrate that tolerating misconduct drives away talent, undermines client outcomes and creates long-term reputational liability, the commercial case for action becomes clearer. Linking poor customer outcomes to non-financial misconduct was identified as a potentially powerful lever.

Small firms: proportionality and structural vulnerability

The challenge for small firms was raised as a specific concern. In smaller SM&CR firms, the senior manager responsible for setting the culture may also be the perpetrator of misconduct. In addition, confidentiality is near impossible in small teams.

It was acknowledged that the new rules may be less effective for very small firms for these structural reasons, and that a wider range of tools, including public checks, professional body standing, employment tribunal findings and police checks, are likely to be relied upon in these cases. Participants observed that external reporting routes and third-party support mechanisms would be particularly valuable in the small firm context.

The intersection with employment law

The convergence of the FCA's non-financial misconduct rules with broader employment law changes was noted. The Worker Protection (Amendment of Equality Act 2010) Act places a duty on employers to take reasonable steps to prevent sexual harassment, and the wider reforms in the Employment Rights Act 2025 was another example. This convergence creates both opportunities and risks.

On the opportunity side, the alignment of regulatory and employment law expectations could reinforce the case for firm-wide action. On the risk side, the volume of concurrent regulatory and legal change may mean that non-financial misconduct does not receive the level of attention it warrants, particularly in firms already stretched by other compliance obligations. There may be a risk that firms assume that compliance with one framework satisfies the requirements of the other, when in practice the scopes differ.

Transparency, trust and public reporting

Participants argued that the gap between policy and practice is the central implementation challenge, and that transparency is the mechanism most likely to close it.

Examples were shared from other sectors:

- Oxfam, following the Haiti whistleblowing crisis, began publishing complaints data, processes and outcomes on its website as a trust-building measure.
- Some universities publish annual reporting on complaints, outcomes and actions taken, noting that Ireland will require this of all tertiary education institutions from next year.
- The BBC's recent approach to handling allegations swiftly and publicly was discussed as an example of a large organisation attempting to demonstrate that it takes action.

The point was also made that firms that are doing well should be willing to say so publicly, and that championing ethical employers could have a powerful effect.

From evidence to intervention: scoping the next phase

The CII briefly presented findings from its literature review [*Beyond compliance. Understanding the drivers of non-financial misconduct \(2026\)*](#), examining the behavioural, psychological and organisational dynamics that enable non-financial misconduct and suppress reporting.

The review identifies mechanisms including in-group bias, normalisation of misconduct, cognitive dissonance, groupthink, the role of NDAs, and a reinforcing feedback loop in which each negative reporting experience makes the next person less likely to come forward.

Participants validated these findings against their own professional experience. The discussion then turned to what interventions could help shift culture.

Suggested actions and interventions

- **Anonymised case study discussions within firms:** A participant described using scenario-based group discussions led by leadership representatives, to get people talking about conduct issues. This approach was reported to be effective in breaking the vacuum that forms when individuals disappear from organisations without explanation.
- **Psychological resilience and support for those who report incidents:** The literature identifies the enormous psychological burden on those who report misconduct. Participants argued that professional bodies have a duty of care to support members who speak up, including through partnerships with charities and organisations that can provide emotional and practical support.
- **Championing positive practice:** Participants argued strongly for making ethical firm behaviour visible and celebrated. This includes senior leaders speaking openly about conduct expectations, and creating mechanisms, such as ethical scorecards or public commitments, through which firms can demonstrate their standards.
- **Learning from other sectors:** Participants contributed examples from higher education, the creative industries, the military, the criminal justice system and major corporates. There was support for the research programme drawing systematically on cross-sector experience, particularly around public reporting, scenario-based training, and the use of organisational data to identify patterns.
- **Addressing the role of junior employees:** Participants highlighted that junior employees are particularly vulnerable to misconduct but also, according to the research, more likely to recognise it when they first encounter it. Preserving that fresh perspective and empowering junior staff to speak up was identified as a focus for intervention design.

Conclusions and next steps

Insights from the discussion include:

- **Regulation is necessary but not sufficient.** The FCA's new rules close a practical gap and establish clearer expectations, but the behavioural and cultural dynamics that enable misconduct, including in-group bias, normalisation and the suppression of reporting, require interventions that go beyond rules and guidance.
- **The gap between policy and practice is the central challenge.** Firms can have great policies and still fail to act on them. Commercial pressures, fear of reputational damage, and institutional inertia create a disconnect between stated intent and operational reality that must be addressed through cultural and structural change.
- **Judgement requires frameworks.** The breadth of the rules requires firms to build internal capability for exercising consistent judgement, particularly at the boundary between the defined core of the rule and the broader category of non-financial misconduct.
- **Transparency builds trust.** Public reporting on complaints, processes and outcomes, championing firms that act ethically, and making the positive narrative around reporting cognitively available are all mechanisms that can help close the gap between policy and practice.
- **Small firms require targeted support.** The structural challenges of small firm environments require specific attention.
- **Non-financial misconduct framed as a commercial risk.** Reframing misconduct from a compliance issue to a risk that damages talent pipelines, client outcomes and long-term firm value could help align commercial incentives with accountability.
- **Collaborative effort is essential.** The FCA, professional bodies, trade bodies, firms and campaigners all have complementary roles to play. No single organisation can deliver the behavioural and cultural change required.

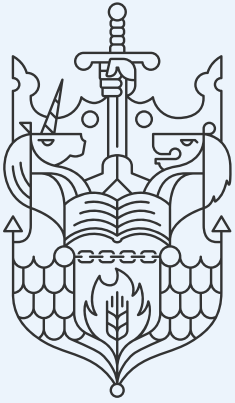
The CII will:

- Use the insights from the roundtable to inform the design of Phase 2 of the research programme, which will focus on identifying and testing interventions empirically.
- Establishment of an advisory group drawn from roundtable participants and beyond to inform the next phase of work.

For the CII's literature review on the behavioural drivers of non-financial misconduct, see [Beyond compliance: understanding the drivers of non-financial misconduct](#) [\[link\]](#).

Participants

- **Dr Anna Bull**, University of York, Lecturer and founder of The 1752 Group
 - **Peter Curtis-Valino**, FCA, Manager, Governance and Cross-cutting standards
 - **Christopher Digby**, Howden, Executive Director
 - **Ella Jenkins**, Thinks Insight, Associate Director
 - **Bella MacFarlane**, Insurance Compliance Services, Head of London Market
 - **Carol McNaughton Nicholls**, Thinks Insight, Managing Partner
 - **Emma Parry**, Independent Advisor, Conduct and Culture
 - **Zelda Perkins**, Can't Buy My Silence, Founder
 - **Hayley Rabbets**, Calton Wealth Management, Head of Evergreen
 - **Kelly Thomson**, RPC, Partner
 - **Alex Sheenan**, Lloyd's Market Association, Senior Executive, Regulatory Affairs
 - **David Withnell**, Independent Broking Solutions, Chief Executive
 - **Charlotte White**, RPC, Partner
 - **Dr Alan Whittle**, PFS Board Member Director
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- **Rebecca Aston**, CII, Head of Professional Standards
 - **Matthew Connell**, CII, Director of Policy and Public Affairs
 - **James Edmonds**, CII, Vulnerability Lead
 - **Adam Harper**, CII, Executive Director, Strategy, Advocacy and Professional Standards
 - **Vanessa Riboloni**, CII, Head of Research and Insight
 - **Chris Shadforth**, CII, Communications Director
 - **Ian Simons**, CII, Content and Capabilities Director
 - **Ke Zhang**, CII, Research Coordinator



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