



## Non-Financial Misconduct: The Iceberg Lurking Below the Waterline

---

Conduct-related risk is a crucial issue that should be on every investor's radar and on every board agenda. Non-financial misconduct (NFM) can fly below the radar but has an outsized reputational and business impact. Early independent investigation of allegations of behavioural misconduct is not only the right thing to do, but it can uncover other risks before they would otherwise come to light.

### Introduction

Organisations need to take NFM very seriously and treat instances of NFM by employees and leaders as a material business risk. Consequences are not limited to performance issues or HR disciplinary measures. Time and again we see instances where events result in financial and legal repercussions and in some cases significant long-lasting reputational damage, and unwelcome attention from regulators and even law enforcement. These issues can and do sink businesses, blow up brands and destroy shareholder value.

If you are a member of a board, a professional tasked with managing wealth, or an investor, the issues we discuss in this article should be front of mind. We explore what we mean by NFM, look at real-world examples of how NFM has impacted organisations of different types, and provide you with some critical questions you should be asking every organisation you are involved with or invested in.

### What is Non-Financial Misconduct?

NFM can be understood as poor interpersonal behaviour inside or outside the workplace. This includes, but is not limited to, instances of bullying, harassment, sexual harassment, discrimination, and victimisation. Regulators of financial service firms are alive to the broader risk that NFM presents. The Financial Conduct Authority (FCA) has made it clear that sexual harassment falls within the scope of its regulatory framework and has included NFM in its Conduct Rules and as part of assessing the fitness and propriety of senior personnel in regulated firms.

---

## Sample Real-World Examples

**Coldplay Concert Astronomer CEO Scandal:** The married CEO of Astronomer, a data company, was caught on a 'kiss cam' at a Coldplay concert with his arms around the company's HR executive, resulting in the CEO resigning, and causing significant reputational damage for the company.

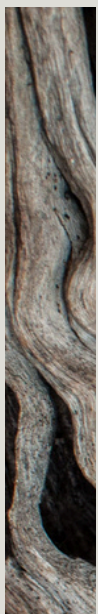
**Crispin Odey and Odey Asset Management:** In 2023, allegations of sexual misconduct against hedge fund manager Crispin Odey led to swift and catastrophic consequences for Odey Asset Management. The firm was wound down, and its funds and managers departed to other firms.

**James Staley and Barclays:** Former Barclays chief executive James Staley was fined for attempting to identify a whistleblower and for misleading the FCA about his relationship with Jeffrey Epstein. The material impact for Barclays included regulatory attention and the imposition of special requirements and ongoing monitoring.

**The Confederation of British Industry (CBI):** In April 2023, the CBI faced a scandal involving widespread NFM, including sexual misconduct and an allegation of rape. The scandal led to the loss of members, severed political links, and a near-collapse of the organisation.

**Oxfam:** The 2019 Charity Commission report on sexual misconduct by Oxfam staff in Haiti and the Philippines highlighted that NFM is also prevalent in the non-profit sector. The scandal led to the suspension of government funding, job cuts, and reduced aid programmes.

## Critical Questions for Organisations and Investors



1. Has the organisation conducted a business risk assessment and when was it last reviewed or refreshed?
2. How is NFM risk treated in the context of the business' enterprise-wide operational risk management framework?
3. How does the organisation monitor for, investigate, and report (or escalate) instances of NFM and who is involved in each stage of the process?
4. Does the organisation have a whistleblower framework, how does it operate, and how is it publicised internally to staff?
5. How many instances of NFM have been reported internally in the last 3 years, and what was the outcome in each case?



6. Is the organisation under any regulatory obligation to disclose instances of reported NFM, and what disclosures have been made to the regulator over the same period?
7. How does the organisation measure the effectiveness of its whistleblower framework in the context of helping to embed a speak-up culture?
8. What role does senior leadership in the organisation play in promoting the culture of the organisation and a speak-up culture?
9. Are exit interviews conducted with employees that are leaving the business, who conducts these interviews, and what is done with the written notes of these interviews?

## Conclusion

As with any other risks, organisations should carry out assessments to identify and assess risk and measure harm. Robust control measures should be developed to prevent and manage risk. NFM risk should form part of the organisation's enterprise-wide operational risk management framework. When NFM does occur, independent investigations and a strong whistleblowing framework are crucial. Leaders should proactively communicate their values and expectations on the issue of NFM to create a culture where NFM is openly discussed and addressed.

By addressing NFM proactively, organisations can protect their reputation, ensure regulatory compliance, and foster a positive workplace culture.

## FCA's Consultation on NFM

Recent data from an FCA survey conducted in October 2024 (“Culture and non-financial misconduct survey – findings”, 25/10/24) revealed a 60% rise in reported cases of bullying, harassment, and discrimination within regulated firms over the past three years. In response, the FCA published Consultation Paper CP25/18 in July 2025, titled “Tackling non-financial misconduct in financial services.” This paper proposes extending existing non-financial misconduct (NFM) rules, currently applicable to banks, to include non-bank firms, and introduces broader, strengthened measures to address NFM across the entire financial sector. These changes are set to take effect from 1 September 2026.

---

Key proposals include amending the FCA's Code of Conduct (COCON) to specifically address serious forms of NFM—such as bullying, harassment, and violence—within its regulatory framework. The main aims are to give firms the authority to take decisive action against serious misconduct, ensure consistency in how NFM is managed across the financial sector, and promote inclusive workplace cultures that build public trust in financial services. The consultation also seeks feedback on whether additional guidance in the FCA Handbook would better support firms in meeting these expectations.

Astraea is a special situations legal and professional services firm with multi-disciplinary capabilities.

---

Author: **Piers Rake**, partner and head of intelligence and investigations at Astraea.

Astraea undertakes conduct-related investigations in relation to complaints and disciplinary processes, whistleblowing reports and as part of wider fact-finding investigations. Where appropriate, these investigations can be led by in-house King's Counsel. Issues investigated include allegations of bullying, harassment, sexual misconduct, abuse of office, and breaches of an organisation's policies and procedures.



Piers Rake  
Partner, Astraea  
T 0208 092 8411  
M 07355 674 158  
E [piers.rake@astraea-group.com](mailto:piers.rake@astraea-group.com)

