



Non-Financial Misconduct: The Culture Reckoning Deepens

The Financial Conduct Authority's latest correspondence with Parliament (letter from Sarah Prichard, Deputy CEO of the Financial Conduct Authority to Dame Meg Hillier MP, Chair of the Treasury Select Committee, RE: Sexism in the City – FCA response to Committee recommendations, 16th October 2025) and the recently published results of its survey of how firms detect and handle non-financial misconduct ([Culture and Non-Financial Misconduct Survey](#), 25th October 2025) together paint a revealing picture of a market still struggling to align conduct and culture.

The data is striking. The Financial Conduct Authority (FCA) reports 76 open supervisory cases linked to non-financial misconduct (NFM) across financial services—more than double the volume seen three years ago. Insurance and wholesale markets dominate, together accounting for almost half of those open cases. Behind these figures lie real cultural stresses: questions about how firms detect, report and resolve allegations that sit at the intersection of ethics, governance and law.

What the numbers tell us

The FCA's 2024 survey of over 1,000 wholesale firms - covering a workforce of 326,000 employees - revealed that:



- Bullying and harassment (26%) and discrimination (23%) together made up nearly half of reported incidents.
- Medium-sized firms reported the highest incident rates, at 18.7 cases per 1,000 employees, compared with 9.1 in small firms and 16.5 in large ones.
- Only 43% of incidents led to disciplinary or other action, and up to 62% of discrimination cases were not upheld.
- More than a third of firms (38%) said their boards receive no management information on non-financial misconduct, and one in three firms lack any formal governance committee to decide such outcomes.

Meanwhile, the use of confidentiality and settlement agreements has fallen sharply - 87 in 2021 down to 51 in 2023 - suggesting a slow shift away from silencing complainants toward greater transparency.

Why this matters for leaders

These statistics show a system under pressure but still uneven in its response. The rising number of open FCA cases - set against falling NDA use and increasing whistleblowing reports - suggests that behaviours once contained within HR are now surfacing as regulatory risks.

From 1 September 2026, new FCA rules will require all Senior Managers & Certification Regime (SM&CR) firms to treat serious non-financial misconduct as a conduct-rule breach, reportable in regulatory references. That will make individual behaviour, and the firm's response to it, squarely a fitness-and-propriety issue.

Our perspective

For boards, GCs and compliance leaders, this is not just a conduct conversation - it is a strategic governance test. The FCA's data reveal gaps in oversight and inconsistent escalation of NFM concerns. Firms that fail to join up HR, legal and regulatory responses risk appearing tone-deaf to the cultural signals the regulator now treats as prudential.

Independent investigations play a pivotal role here: establishing credible fact-finding, evidencing fairness, and demonstrating to regulators that a firm takes culture seriously. Boards that commission independent reviews early, and ensure MI on NFM reaches the top table, will be best placed to show that "speak-up" cultures are real - not rhetorical.

The message is clear. Non-financial misconduct is no longer a soft-law issue. It is a hard indicator of governance maturity, and the FCA's expanding case list shows it is watching closely.





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Get in touch

info@astraea-group.com

0208 092 8411

Astraea Group Ltd

7 Down Street, London, W1J 7AJ

Author



Piers Rake

Partner, Astraea

T 0208 092 8411

M 07355 674 158

E piers.rake@astraea-group.com

Piers is the head of Astraea's intelligence & forensic investigations team.

A Solicitor, CEDR Accredited Commercial Mediator, Certified Fraud Examiner, and Forensic Investigator, he has 20 years of experience helping clients to manage risk, resolve disputes and investigate and respond to allegations or instances of financial wrongdoing and non-financial misconduct.