

Submission from Protect in response to the open consultation: Anti-Money Laundering and Counter-Terrorist Financing Supervision Reform: Duties, Powers, and Accountability

December 2025

Protect is the UK's whistleblowing charity. Our aim is to protect the public interest by helping workers to speak up to stop harm and wrongdoing. We support whistleblowers by providing free and confidential legal advice- and we have advised over 50,000 people since 1993. We support employers implementing effective whistleblowing arrangements. We campaign for legal and policy reform to better protect whistleblowing.

We welcome the opportunity to submit evidence on the implications of transferring Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) supervision of legal services and accountancy firms to the Financial Conduct Authority (FCA).

Our submission focuses on question 15 "*Do you agree that these existing whistleblowing protections are sufficient and appropriate?*"

Whistleblowers form an essential part of the regulatory scaffolding required to identify financial crime and systemic failings. They provide intelligence that is often unavailable elsewhere, and their role is indispensable to the effective functioning of any AML/CTF framework. It is therefore imperative that any changes to supervisory arrangements reinforce—rather than weaken—the protections, reporting pathways and enforcement mechanisms available to those who speak up. These protections should include:

Reinforcing SYSC 18 to Ensure Effective Whistleblowing in AML/CTF Supervision

- To support the UK's fight against money laundering and counter-terrorist financing, it is essential that legal services and accountancy firms are subject to the same statutory whistleblowing requirements that apply to financial institutions under SYSC 18. Effective internal reporting channels, a designated Whistleblowing Champion, staff training, and clear non-retaliation policies are critical tools for detecting concealed economic crime early.
- Evidence shows that SYSC 18 has strengthened the whistleblowing culture in financial services. Following its introduction, disclosures to the FCA rose from 138 in 2007–08 to 1,047 in 2017, following the implementation of the whistleblowing rules in September 2016.^{1,2}
- Protect's data reflects a similar trend: among more than 350 financial-services workers who contacted our advice line between 2017–19, 93% raised concerns internally, compared with 78% before SYSC 18.³ This points to improved confidence in internal channels.
- However, enforcement challenges remain. Despite SYSC 18, whistleblower victimisation is still widespread. Protect's research shows that between 2017–19, 70% of whistleblowers reported being victimised, dismissed, or forced out.⁴ FCA data for Q2 2025 similarly recorded 40 allegations of SYSC 18 detriment—the highest since reporting began in 2021—indicating persistent victimisation in the sector, which is a barrier for individuals who wish to speak up about AML/CTF concerns.⁵

¹ Financial Conduct Authority, 'FCA introduces new rules on whistleblowing' (FCA, 6 October 2015)

<https://www.fca.org.uk/news/press-releases/fca-introduces-new-rules-whistleblowing> accessed 16 December 2025.

² Financial Conduct Authority, 'Data on whistleblowing disclosures received by the FCA – December 2021' (FCA, December 2021) <https://www.fca.org.uk/freedom-information/data-whistleblowing-disclosures-received-fca-december-2021> accessed 16 December 2025.

³ Protect, '[Silence in the City 2](#)' (2020) p 26.

⁴ Protect, '[Silence in the City 2](#)' (2020) p 7.

⁵ Financial Conduct Authority, 'Whistleblowing quarterly data 2025 Q2' (FCA, 13 August 2025)

<https://www.fca.org.uk/data/whistleblowing-quarterly-data-2025-q2> accessed 3 December 2025.

- Regulatory follow-up to victimisation and other whistleblowing concerns also appears limited. Of the 350 whistleblowing cases the FCA closed in Q2 2025, only 2.3% resulted in significant action (such as a section 166 review or restrictions on firms), while 42% resulted in only low-level interventions.⁶
- This lack of visible enforcement undermines confidence in the regime, particularly given that victimisation of whistleblowers remains widespread. Greater use of the FCA's powers in this area would strengthen trust in the system and demonstrate that retaliation is treated as a meaningful breach
- The consultation present an opportunity to strengthen enforcement of SYSC 18, where firms are required to notify the FCA of whistleblower victimisation only when they have lost an Employment Tribunal case under whistleblowing law. As a result, regulators typically learn of victimisation only when individuals disclose it directly—often after significant career harm has already occurred. Employment Tribunal judgments frequently reveal patterns of bullying, reassignment, or sham redundancies following protected disclosures, yet these trends remain largely invisible to regulators. By contrast, in Ireland public bodies must publish annual data on the number and type of whistleblowing concerns raised by staff, the actions taken in response, and any instances where Ministers have requested action.
- Enhanced transparency would help address the gap that exists in the UK and create a regulatory environment where whistleblowing can operate as an effective early-warning system against economic crime. Drawing on the UK's own approach under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017—where mandatory annual reporting has driven cultural and organisational change—firms with over 250 employees should be required to publish anonymised whistleblowing statistics, including:
 - Number and category of concerns raised;

⁶ Financial Conduct Authority, 'Whistleblowing quarterly data 2025 Q2' (FCA, 13 August 2025) <https://www.fca.org.uk/data/whistleblowing-quarterly-data-2025-q2> accessed 3 December 2025.

- Number of cases escalated to the FCA;
- Substantiation rates;
- Average resolution times;
- Number of reports of whistleblower victimisation;
- Whistleblower retention within 12 months of disclosure; and
- The number of tribunal cases involving protected disclosures.

- To reinforce this transparency, the FCA should consolidate firm-level data through a publicly accessible dashboard, enabling Parliament, civil society and the public to monitor trends, identify high-risk firms, and assess the overall effectiveness of whistleblowing arrangements across regulated sectors.
- This combination of firm-level reporting and FCA-led publication would support early identification of systemic risks, strengthen regulatory oversight, and drive sector-wide cultural change through transparency and accountability.
- To ensure that greater transparency leads to meaningful regulatory outcomes, the FCA should clarify how it responds when firms fail to meet their obligations under SYSC 18 regarding whistleblower detriment. While firms are required to take reasonable steps to prevent victimisation, there is no published guidance setting out how the FCA assesses such breaches or the supervisory and enforcement actions that may follow. The absence of clear expectations limits possible deterrent value and leaves whistleblowers uncertain about whether retaliation will be addressed.
- To reinforce accountability, the FCA should publish anonymised examples of supervisory or enforcement action taken in response to whistleblower detriment. This would align whistleblowing oversight with the FCA's established use of anonymised case studies in other areas, such as AML supervision, to illustrate failings and resulting regulatory outcomes in

financial crime supervision.⁷ This would provide clarity, ensure regulatory follow-through and create confidence that whistleblower retaliation will be treated as a substantive regulatory concern.

Recommendations: SYSC 18

- Extend SYSC 18 requirements to legal and accountancy sectors in full.
- Require firms to publish anonymised whistleblowing performance data.
- Establish an FCA whistleblowing transparency dashboard.
- Clarify FCA expectations on assessing and responding to whistleblower detriment.

Enhancing Transition-Period Safeguards and Closing Cross-Cutting Disclosure Gaps

- The consultation identifies serious scenarios where whistleblowing is essential, such as employees discovering deliberately manipulated systems to prevent detection of high-risk transactions. These examples highlight a central feature of AML/CTF breaches: wrongdoing is often deliberate, concealed, and facilitated by senior decision-making. As a result, regulators are frequently reliant on whistleblowers as the only viable source of intelligence capable of exposing such conduct.
- However, the consultation's reliance on the FCA's status as a prescribed authority does not resolve uncertainty in reporting routes for whistleblowers. Regulatory transitions can potentially create the risk of instability and delays for whistleblowers. This is amplified by the division of responsibilities between the FCA and other bodies with respect to protected disclosures.

⁷ Financial Conduct Authority, 'Anti-money laundering (AML) case studies' (FCA, 2023)
<https://www.fca.org.uk/firms/financial-crime/aml-case-studies> accessed 12 December 2025.

- Effective whistleblowing cannot take place in the absence of clarity, certainty, and predictable regulatory pathways. The 2024 Grant Thornton review commissioned by the UK government found *“raising concerns with the wrong prescribed person can lead to delays, confusion, frustration, or loss of protection for the worker, as well as inefficiency and duplication of work for the prescribed persons.”* and that *“multiple prescribed persons in some sectors can add to this confusion and uncertainty. These gaps, overlap and confusions can result in delays, inefficiencies, potential loss of protections, or wrongdoing going unchallenged.”*⁸
- The government correctly identifies the need for clarity about reporting routes. However, clarity alone is insufficient when disclosures inherently span multiple regulatory boundaries. Although the FCA is set to have responsibility for protected disclosures focused on AML/CTF, and other regulators and professional bodies will maintain responsibility on disclosures relating to professional misconduct. In reality, whistleblower disclosures are often cross-cutting. Notable such cases include: Howard Wilkinson in Danske Bank (2013), and Everett Stern, HSBC, both of which began as AML concerns but then revealed broader professional misconduct.
- These overlaps and likely confusion for whistleblowers as to whom they should turn to, as well as the additional burden imposed by multiple disclosures, can potentially create a chilling effect that will suppress vital intelligence on potential AML/CTF breaches. The need for multiple disclosures to different bodies also increases the pressure on the individual whistleblower. To mitigate this risk, it is necessary to ensure that the transition to FCA supervision is managed with full transparency for those who may need to raise concerns.
- Clear and accessible guidance must be issued on how existing disclosures will be treated during the transition and on the correct reporting route once responsibility shifts to the FCA, so that whistleblowers do not bear the responsibility of navigating changes to the supervisory

⁸ Grant Thornton, 'Understanding the effectiveness of the whistleblowing framework in Great Britain' (14 July 2025) <https://www.grantthornton.co.uk/insights/understanding-the-effectiveness-of-the-whistleblowing-framework-in-great-britain/> accessed 11 December 2025, pp 6, 46.

landscape. This guidance should be made publicly available, consistently communicated, and updated as necessary to maintain confidence in reporting channels.

- As a transition period may cause instability for whistleblowers or potentially result in delays to disclosure investigation; appropriate oversight throughout the transition period, a dedicated monitoring mechanism is required. This function – potentially housed within OPBAS - should track how whistleblowing reports are being received, transferred, and managed across regulators. Specific guidance and tracking must be provided for triaging cross-cutting disclosures, including cases where the FCA deems disclosures as not relevant for its mandate but constitute a concern that an individual has potentially breached their professional duty. Continuous oversight will ensure the regulatory whistleblowing framework remains robust, and that no disclosures fall through administrative cracks during structural change.
- This oversight must be coupled with transparency, to maintain trust and enable timely intervention should problems arise, including through mandated regular parliamentary reporting over this reporting period. This should include, as a minimum:
 - The volume of whistleblowing reports received;
 - Processing times;
 - The number and percentage of reports identified as spanning both AML/CTF and professional misconduct
 - Average number of days between FCA receiving a disclosure and transferring relevant elements or the disclosure back to professional bodies (or vice versa);
 - Staffing levels and resourcing of whistleblowing teams in the FCA during the transition; and
 - Any indication of operational bottlenecks, or delays.
- Such transparency will allow civil society and Parliament to identify issues at an early stage, ensure continuity of whistleblower protections during institutional change, and support evidence-based improvements to the whistleblowing framework as the transition progresses.

Recommendations: Transition Oversight

- Publish clear transition-period reporting guidance.
- Establish a monitoring function for transition oversight.
- Create triage protocols for cross-cutting disclosures spanning multiple regulators.
- Mandate regular parliamentary reporting on transition progress.

Ensuring Professional Bodies Maintain Whistleblowing Capacity Post-Transition

- Historical experience from regulatory transitions raises capacity concerns. When the FSA split into the FCA and PRA in 2013, observers questioned whether the loss of economies of scale would affect supervisory capacity, particularly given that unchanged combined resources had to support two separate regulatory bodies rather than one.⁹ While no public evidence tracks the specific impact on whistleblowing functions during that transition, a transparency gap in itself, the structural parallels are significant.
- Professional bodies now face a similar challenge: maintaining investigative capacity and whistleblowing expertise after losing their AML/CTF functions to the FCA, so that their capacity to address other whistleblowing disclosures is not reduced.
- Recent reporting on the Solicitors Regulation Authority highlights concerns of a smaller budget and workforce, as “It would be reasonable to assume that the profession is not going to be willing to pay the same level of fees to fund the SRA if they no longer have this responsibility, given they will also need to fund the [FCA]”.¹⁰
- To prevent slower investigations, reduced follow-up, or a loss of focus on whistleblower concerns, explicit and transparent resourcing commitments are required from professional

⁹ Barnett Waddingham, 'Goodbye FSA, Hello PRA and FCA' (Barnett Waddingham, 3 April 2013)

<https://www.barnett-waddingham.co.uk/comment-insight/blog/goodbye-fsa-hello-pra-and-fca/> accessed 2 December 2025.

¹⁰ Marialuisa Taddia, 'SRA Risks Losing Staff, Budget As FCA Takes Over On AML' (Law360 UK, 23 October 2025)

<https://www.law360.co.uk/articles/2190538> accessed 2 December 2025.



Protect
The Green House
244-254 Cambridge Heath Road
London E2 9DA
Tel: 020 3117 2520
Email: info@protect-advice.org.uk
www.protect-advice.org.uk

bodies. These commitments should set out how investigative functions will be maintained, how whistleblowing reports will continue to be handled, and how capacity will be safeguarded during and after the transition. These assurances are essential to ensure continuity of protection for whistleblowers and to uphold the integrity of professional regulation, necessary for all other economic crimes.

Recommendation: Professional Bodies and FCA

- Require professional bodies to publish resourcing plans for post-transition whistleblowing functions, and ensure that the FCA is adequately funded for its new AML function.

For further information about this submission please contact

Dana Moss,
Policy and Advocacy Officer
dana@protect-advice.org.uk