

Financial Ombudsman Service response to FCA Consultation Paper CP25/25: Application of FCA Handbook for Regulated Cryptoasset Activities

Introduction

The Financial Ombudsman Service welcomes the opportunity to respond to the Financial Conduct Authority (FCA) consultation on its proposed approach to the regulation of cryptoasset activities.

Our response focuses on discussion Chapter 6 where the FCA has set out various questions about possible access to the Financial Ombudsman Service for regulated cryptoasset activities.

We welcome the opportunity to engage further on this subject and look forward to continuing to work with the FCA on its proposals.

Our response

Our response focuses on two key areas:

1. Access to the Financial Ombudsman Service and its role in resolving complaints, and
2. Ensuring regulatory alignment with the FCA on the regulation of cryptoasset activities.

Access to the Financial Ombudsman Service

If the regulation of cryptoasset activities is intended to provide consumer protection and increase consumer confidence in financial markets, the Financial Ombudsman Service is very well placed to play its part. The Financial Ombudsman Service plays a critical role in providing independent dispute resolution as an alternative to the courts across the broad financial services industry, which could be extended to cryptoasset activities.

We agree with the benefits of access to the Financial Ombudsman as set out in Chapter 6 of the FCA's consultation. As a well-established dispute resolution service, consumers understand the Financial Ombudsman Service and access to our service for disputes about cryptoasset activity would provide consistency with other similar regulated activities.

Ensuring regulatory alignment with FCA

The Financial Ombudsman Service has been working closely with the FCA in considering the regulation of cryptoasset activities. Our organisations have worked collaboratively and effectively to ensure our understanding about the regulation of cryptoasset activities and potential access to the Financial Ombudsman Service are aligned.

If the compulsory jurisdiction of the Financial Ombudsman Service is expanded to provide protection for users of regulated cryptoasset activities, the detailed scope and nature of that regulation will be critical for how the Financial Ombudsman Service performs its role. In an area of new regulation, it will be important for both customers and firms, as well as for the Financial Ombudsman Service, to have as much clarity as possible from the FCA on its

regulatory expectations so that any potential for uncertainty or confusion is kept to a minimum. We note that many of the proposed reforms in our recent consultation on modernising redress provide possible avenues for that clarity and alignment to be provided.

We will continue to work collaboratively with the FCA as it develops its regulatory framework for cryptoasset activities. We would welcome the ongoing support of the FCA as we take on any new responsibilities in ensuring we have the necessary resources, insight and awareness to ensure there is demonstrable alignment with the regulatory position and expectations.