



FCA and PRA jointly fine Mr James Staley £642,430 and announce special requirements regarding whistleblowing systems and controls at Barclays

Press Releases | Published: 11/05/2018 | Last updated: 11/05/2018

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) have together fined Mr James Staley, Chief Executive of Barclays Group (Barclays), a total of £642,430. Mr Staley failed to act with due skill, care and diligence in the way he acted in response to an anonymous letter received by Barclays in June 2016.

Barclays is also now subject to special requirements by which it must report annually to the regulators detailing how it handles whistleblowing, with personal attestations required from those Senior Managers responsible for the relevant systems and controls.

Mark Steward, FCA Executive Director of Enforcement and Market Oversight, said:

"Given the crucial role of the Chief Executive, the standard of due skill, care and diligence is more demanding than for other employees.

"Mr Staley breached the standard of care required and expected of a Chief Executive in a way that risked undermining confidence in Barclays' whistleblowing procedures. Chief Executives must act with a high degree of care and prudence at all times. Whistleblowers play a vital role in exposing poor practice and misconduct in the financial services sector. It is critical that individuals are able to speak up anonymously and without fear of retaliation if they want to raise concerns."

Sam Woods, Deputy Governor for Prudential Regulation and Chief Executive Officer of the PRA, said:

"Protection for whistleblowers is an essential part of keeping the financial system safe and sound. Mr Staley's behaviour fell below the standard we require, resulting in today's fine and public censure. In addition, Barclays is now subject to special requirements to report to the PRA and FCA how it handles its whistleblowing cases in the coming years."

Mr Staley attempted to identify the author of an anonymous letter received by Barclays in June 2016 that claimed to be from a Barclays shareholder. The letter contained various allegations, some of which concerned Mr Staley. Given his conflict Mr Staley should have maintained an appropriate distance; he should not have taken steps to identify the author. Mr Staley should have explicitly consulted fully with those with expertise and responsibility for whistleblowing in Barclays and sought express confirmation from them that what he wanted to do was permissible. He failed to do this.

The investigation found this to be a breach of the requirement to act with due skill, care and diligence (Individual Conduct Rule 2) but not a breach of the requirement to act with integrity (Individual Conduct Rule 1). As CEO, Mr Staley should have identified that:

- He had a conflict of interest in relation to the letter, and needed to take particular care to maintain an appropriate distance from Group Compliance's investigation.
- There was a risk he would not be able to exercise impartial judgement in relation to how Barclays should respond.

- Once the complaint was in the hands of the Group Compliance team, it was important that Group Compliance retained control over its investigation process.

This is the first case brought by the FCA and PRA under the Senior Managers Regime. The investigation found that Mr Staley made serious errors of judgement. While he made no personal gain in this instance, both regulators viewed his misconduct as sufficiently serious for each to impose a penalty of 10% of Mr Staley's relevant annual income. Taking into account that he has settled at an early stage, Mr Staley has been fined a combined sum of £642,430. The FCA and PRA consider this to be appropriate and proportionate given the seniority of Mr Staley and the potential impact of the breach. In addition Mr Staley is censured by the publication of the regulators' Final Notices.

Barclays

In light of Mr Staley's actions above, the FCA and PRA have some concerns about the Firm's whistleblowing systems and controls, and have concluded that these require enhanced monitoring and scrutiny. Barclays is, therefore, now subject to requirements by which it must report annually to the FCA and PRA, including any whistleblowing cases involving allegations made against its Senior Managers and any cases where Barclays has sought to identify any anonymous whistleblowers. Barclays' Whistleblowers' Champions, who are approved by the FCA and PRA under the Senior Managers Regime, will have to attest personally to the soundness of its whistleblowing systems and controls on an annual basis. These measures, which apply to all cases until the end of 2020, are the first of their kind applied to a regulated firm in relation to whistleblowing. Barclays agreed to the requirements. They are published today by the FCA and PRA.

Notes to editors

1. Mr Staley has been fined according to the FCA and PRA penalty regimes which each have five steps to calculate the level of the fines imposed. The detailed calculations are set out in both the PRA and FCA Final Notices. Mr Staley agreed to settle at an early stage of the regulators' investigation and therefore qualified for a 30% reduction in the overall fine. Without this discount, the combined fine imposed by the FCA and PRA would have been £917,800.
2. The relevant events occurred during the period when Barclays' whistleblowing policy applied only to employees. It was not until 7 September 2016 that the FCA and the PRA introduced new rules requiring firms to provide whistleblowing protections for 'reportable concerns' raised by 'any person' (i.e. not just workers). These rules require that firms have 'appropriate and effective whistleblowing arrangements in place'; this includes requiring that all employees have appropriate training in relation to whistleblowing processes.
3. [Final Notice: Mr James Edward Staley](#)
4. [Voluntary Application for Imposition of Requirements: Barclays Bank UK plc](#)
5. [Voluntary Application for Imposition of Requirements: Barclays Bank plc](#)
6. On 1 April 2013, the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
7. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
8. Find out more information [about the FCA](#).

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