**September 20 2022**

**Whistleblower reports of personal misconduct in financial services firms drop 11% last year**

* **Drop in bullying and sexual harassment reports as banks address toxic workplace cultures**

The number of whistleblower reports made to the FCA about personal non-financial misconduct in the financial services sector dropped 11% in the last year from 603 in 2020 to 537 in 2021, says Fox & Partners, the employment and partnership law specialists.
Financial services firms have come under pressure from the Financial Conduct Authority (FCA) to crack down on personal misconduct by individuals in regulated firms. Whistleblowing reports made to the FCA on personal misconduct include claims over whether an individual is fit to do their job and reports of sexual harassment (see table below).

The FCA has made it clear that firms need to have appropriate systems and controls in place to uphold a positive working environment and ensure their employees act with personal integrity. Where senior managers have been in breach of the standards expected, the FCA may issue fines and even ban individuals from working in the industry.

Managers are also required to have a strong handle on conduct in the areas for which they are responsible. Senior managers can face penalties if they fail to take action in response to inappropriate behaviour.

It is widely believed that broader shortcomings in corporate culture within the banking sector contributed to the financial mismanagement and excess risk taking that led to the Global Financial Crisis.

Fox says the drop in the number of personal misconduct reports is likely partly due to action taken by firms. Many have introduced mandatory internal training and leadership messaging to create a culture in which inappropriate behaviour is called out. Firms may also assess staff against a broad spectrum of indicators, ensuring appropriate escalation procedures are in place to help investigate claims.

Catriona Watt, Partner at Fox & Partners, says: “The drop in the number of personal misconduct reports shows action taken by financial services firms to improve workplace culture is starting to yield results.”

“Firms are increasingly aware that individuals within their organisation failing to meet standards of personal conduct pose a threat to their corporate reputation. This has prompted an emphasis on training staff to be able to identify and call out misconduct.”

“As employees return to their offices in greater numbers, we will see whether the training firms have put in place to create appropriate behaviour continues to be effective.”

**Personal misconduct reports drop 11% in last year, with sexual harassment reports dropping to zero**

|  |  |  |  |
| --- | --- | --- | --- |
| **Allegation Subject** | **2019** | **2020** | **2021** |
| Fitness & Propriety | 443 | 384 | 353 |
| Culture of organisation | 219 | 211 | 184 |
| Sexual Harassment | 13 | 8 | 0 |
| **Total** | **675** | **603** | **537** |

**ENDS**

**Press Contact**

Catriona Watt

Partner

Fox & Partners

D: +44 20 7618 2887

M: +44 7912 731 883