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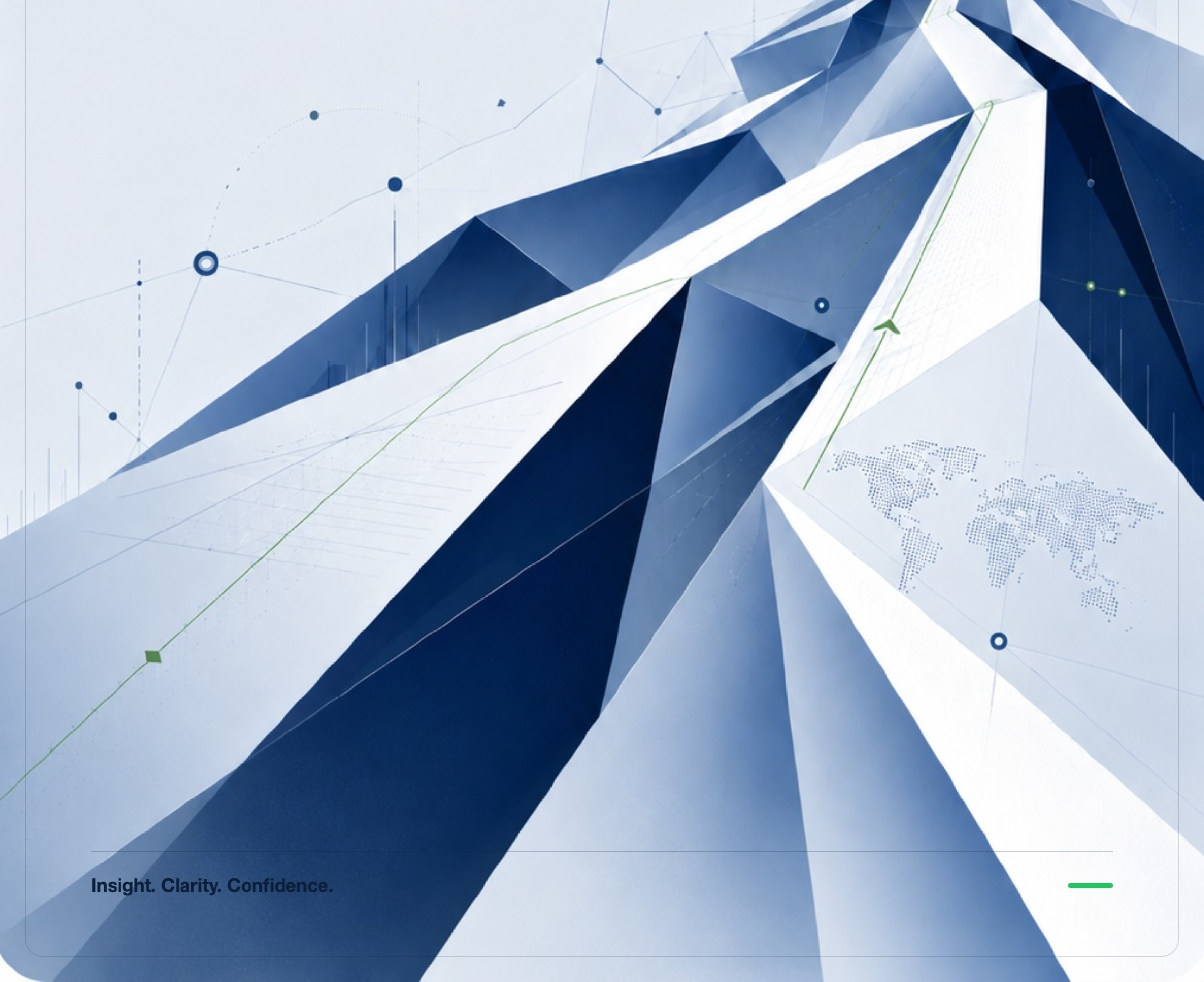

CASS 15 Is Live: What the FCA Is Already Finding

The CASS 15 supplementary safeguarding regime took effect 7 May 2026; here is what it requires now and the statutory trust regime still to come.

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Why safeguarding failures forced the FCA's hand

The FCA's own numbers explain why this regime exists. In its policy statement PS25/12, the FCA states that payment firms that became insolvent between Q1 2018 and Q2 2023 had average shortfalls of 65% of their customers' funds. In 8 of 12 insolvencies studied the shortfall exceeded £1 million, and in 2 cases it exceeded £20 million. These are not edge cases or badly run outliers; they are evidence of a structural weakness across the sector in how safeguarded funds were reconciled, recorded and protected.

CASS 15, the Supplementary Regime set out in PS25/12, came into force on 7 May 2026. It applies to authorised payment institutions (other than firms that only provide payment initiation or account information services), authorised e-money institutions, small e-money institutions, and credit unions issuing e-money in the UK. If your firm falls into any of these categories, CASS 15 is not a future item on the roadmap. It is a current obligation you are already required to be meeting.

What CASS 15 requires today

The FCA's press release on the new rules and its policy statement set out the operational core of the Supplementary Regime:

- **Daily reconciliation.** Firms must conduct daily checks to confirm the right amount of money is being safeguarded, closing the gap between what is owed to customers and what is actually held.
- **Monthly regulatory returns.** Firms must submit monthly reports to the FCA on their safeguarding position, giving the regulator an early warning system rather than relying on annual snapshots or post-failure discovery.
- **Annual safeguarding audits.** Firms must appoint an independent, qualified auditor to conduct an annual audit assessing both the adequacy of systems and actual compliance at period end. The FCA built in proportionality here: firms holding under £100,000 in customer funds are carved out of the audit requirement.
- **Resolution Pack retrievability.** Firms must be able to produce a CASS 10-style Resolution Pack within 48 hours of a request, so that in the event of failure an administrator can act quickly rather than reconstructing the position from scratch.

None of this yet creates a statutory trust over customer funds. That is a deliberate and important distinction, and it is the one most likely to be misunderstood by firms and their advisers.

What the FCA is already finding, and why "policy on paper" is the wrong bar

Ahead of and around the 7 May 2026 commencement, industry commentary consistent with the FCA's own supervisory messaging has identified a recurring pattern: firms have documented safeguarding policies, but controls that do not operate as intended in day-to-day practice. The pattern described is an "implementation gap", firms can produce a policy document on request, but cannot demonstrate through actual customer records or independent testing that the policy is followed. Manual reconciliation processes, fragmented systems, data silos that prevent a clean daily reconciliation, and inconsistent understanding across firms of what actually constitutes a safeguarding breach are the specific weaknesses most commonly flagged.

The practical consequence for a compliance officer is that a CASS 15 audit is not a document review. An auditor assessing compliance "at period-end" under PS25/12 will want to see live evidence: reconciliation records that tie out daily, not periodically reconstructed; a Resolution Pack that can genuinely be produced inside 48 hours because someone has actually tested doing so, not because a policy says it can be; and staff who can explain what a safeguarding breach is and demonstrate they would identify one proactively rather than after the fact.

The regime everyone should be watching for: the statutory trust

CASS 15 as it stands is what the FCA and market commentary describe as the first of two stages. The Supplementary Regime introduced in May 2026 operates within the existing legislative framework of the Payment Services Regulations 2017 (PSRs 2017) and Electronic Money Regulations 2011 (EMRs 2011). It tightens operational practice without changing the underlying legal character of how customer funds are held.

The second stage is different in kind, not just degree. Because it would introduce a statutory trust over safeguarded funds akin to the client-money trust that already exists for investment firms under CASS 7, it requires HM Treasury to legislate changes to the PSRs 2017 and EMRs 2011 themselves, not just further FCA rulemaking. Market commentary describes this second stage, sometimes referred to as the Post-Repeal Regime, as expected to follow a HM Treasury consultation on payment services law later in 2026, though the timing and even the eventual form of legislative change have not been confirmed by government at the time of writing, and commentary describes it as currently paused pending further consultation.

For a firm building a multi-year compliance roadmap, the message is: comply with the operational Supplementary Regime now, because it is in force and being tested, but do not assume the client-money-style statutory trust arrangements you may be used to designing for other permissions are already legally in place for payments and e-money safeguarding. They are not yet, and the legislative process to get there has not been completed or even fully scheduled.

Dated table: safeguarding regime timeline

Date	Event
Q1 2018 to Q2 2023	Period over which the FCA identified an average 65% shortfall in safeguarded funds across insolvent payment firms
PS25/12 published	FCA policy statement setting out the Supplementary Regime (CASS 15)
7 May 2026	CASS 15 Supplementary Regime comes into force: daily reconciliation, monthly returns, annual audits (over £100,000 threshold), 48-hour Resolution Pack retrievability
Later in 2026 (expected, unconfirmed)	HM Treasury consultation on payment services law, feeding the second-stage statutory trust regime
Not yet confirmed	Second-stage "Post-Repeal Regime" with statutory trust, requiring legislative change to PSRs 2017 and EMRs 2011

What to do next

1. Confirm your firm's precise category under CASS 15 (authorised payment institution excluding PISP/AISP-only firms, authorised EMI, small EMI, or e-money-issuing credit union) and whether the £100,000 audit threshold applies to you.
2. Test your Resolution Pack retrieval process for real, inside 48 hours, rather than relying on a policy statement that it can be done.
3. Move daily reconciliation off manual, spreadsheet-based processes where you currently rely on them; the FCA's own supervisory commentary flags manual reconciliation and fragmented systems as the specific weaknesses most likely to fail an audit.
4. Brief your board and relevant SMF holders on the distinction between the operational Supplementary Regime now in force and the statutory trust regime still to come; do not let internal reporting imply a legal protection (a trust over funds) that does not yet exist.
5. Track HM Treasury's payment services law consultation when it is published, since the second-stage statutory trust regime will require firms to reassess governance, systems and possibly commercial arrangements around how customer funds are structured.
6. If you have not yet appointed an independent auditor for the annual safeguarding audit, do so now; auditor capacity across the sector is being absorbed by the same May 2026 commencement date across many firms simultaneously.

Sources

1. https://www.fca.org.uk/news/press-releases/payment-safeguarding-rules-changes, 65% average shortfall statistic for 2018-2023 insolvencies, 7 May 2026 in-force date, daily reconciliation/monthly reporting/annual audit requirements, £100,000 audit threshold. Accessed 23 August 2026.
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