

Boss of City watchdog faces growing backlash from Westminster with Treasury ministers and MPs raising 'serious doubts' about his leadership

By James Salmon for the Daily Mail

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The boss of the City watchdog faces a growing backlash from Westminster with Treasury ministers and MPs raising 'serious doubts' about his leadership.

The Mail understands that Financial Conduct Authority chief executive Martin Wheatley has lost the support of senior politicians who believe the regulator has failed to protect small firms mis-sold risky insurance by banks. Critics say the FCA has also lost credibility following a bungled leak of market sensitive information about an insurance industry probe last year.

One Westminster insider told the Mail: 'There are serious doubts about Martin Wheatley across the piste – including from inside the Treasury. There is currently a massive row over whether he should remain in his post.'



It is understood that Economic Secretary to the Treasury Andrea Leadsom is among the most high-profile critics of Wheatley.

Guto Bebb, the chairman of the Parliamentary group supporting small businesses mis-sold a risky form of insurance by banks, said: 'There is a real concern in Westminster that the FCA is lacking in basic competence. I do not want to personalise this but that does bring into question the suitability of Martin Wheatley.'

But last night the Treasury, which is responsible for hiring and firing the boss of the FCA, said: 'The FCA and Martin Wheatley have the Government's full support. To suggest otherwise is simply incorrect.'

Wheatley, who has run the regulator since it replaced the Financial Services Authority in April 2013, gained plaudits for taking swift action against firms for rigging foreign exchange markets. The FCA handed out a £1.1bn fine to five banks, including Royal Bank of Scotland, in November last year.

But pressure has been rising on the watchdog since a botched leak to the press about a probe into old investments and pension policies hammered insurance company shares last March.

This prompted George Osborne to write a furious letter to the FCA's chairman John Griffith-Jones. An independent report by Simon Davis, a partner at law firm Clifford Chance, criticised the FCA for leaking market insensitive information –although it did not heavily criticise Wheatley personally.

More recently the Treasury Select Committee has accused the FCA of reaching a secret deal with the UK's biggest banks to water down a multi-billion compensation scheme for small firms mis-sold interest rate swaps alongside loans.

In a report published earlier this month, MPs questioned the credibility of the scheme.

An FCA spokesman said the regulator is confident the scheme, which has paid out £1.8bn to 11,000 firms, is 'fair and reasonable'.