

## Coronavirus: FCA summons council of war

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Two of Chris Woolard's three children were due to sit exams this year, but with GCSEs and A-levels cancelled because of the coronavirus, it is the 48-year-old who now faces the bigger test.

In the fortnight since he became interim chief executive of the City watchdog, the health crisis sparked by Covid-19 has created fear in markets and forced forecasters to warn that the UK — and the global economy — will plunge into deep recession.

With comparisons moving beyond the 2008 financial crisis to the 1930s, Woolard has been at the heart of efforts by policymakers to quell the economic impact of the virus, which has caused tens of thousands of deaths around the world.

Last week the Financial Conduct Authority told companies they had extra time to produce their annual results so they could digest the impact of the coronavirus, which has already taken its toll on investors, with more than 90 companies last week slashing or suspending dividends.

Tomorrow, Woolard will hold a meeting — remotely — with the Bank of England and the heads of the high street banks to hammer out ways to help consumers through a period when they are suffering a dramatic and sudden loss of income as a result of the government's demand to stay indoors.

Speaking from his home, rather than the FCA's office in east London, Woolard said he wanted the regulator and the industry to work out ways to help customers who are no longer able to pay their mortgages, credit cards and personal loans.

“This is about us working with the industry to try to get sensible solutions quickly,” he said. “It's about saying, ‘How do we strike the right balance between helping people in the short term and doing the right thing for them in the next three, six months or even longer?’ ”

The banks have already pledged to offer mortgage holidays to those suffering income loss as result of the coronavirus. Some have offered relief on overdrafts,

but a payment holiday on credit cards may not be the answer because of already high rates of interest. “Rolling up and compounding quite a high rate of interest on that debt isn't necessarily going to help,” said Woolard. Other solutions may be needed.

Consumers who have lost out in a string of recent scandals — such as the closure of Neil Woodford's funds and the mini-bond disaster at London Capital & Finance — have reason to be sceptical about the FCA's ability to look after their interests.

Woolard hopes to prove sceptics wrong by getting the regulator to move at speed to tackle the economic fallout from the coronavirus.

It will involve a key test for the banking sector bosses, who know “there is a moment where the nation is looking for them to step up”.

Banks have to hand out the government-backed loans aimed at small businesses that would not otherwise get finance, to see them through the economic meltdown.

Memories are still fresh of the scandal that gripped Royal Bank of Scotland over the treatment of small business customers in the wake of its 2008 bailout, and while the FCA does not regulate commercial lending, Woolard said senior managers — chief executives and those on executive committees — could be held to account, if there is any wrongdoing, under the senior managers regime brought in after that crisis.

“They need to think about what their own conduct is to the small firms they are helping,” he said. “We really need to see banks behaving in a manner that reflects the national emergency that we are dealing with.”

Woolard was co-signatory on a letter to the industry — along with predecessor Andrew Bailey, who became governor of the Bank of England on March 16, and chancellor Rishi Sunak — published last week to remind banks of their responsibilities.

All three are new in their roles — Woolard is not even permanent, being an interim replacement following Bailey’s move — and yet find themselves tackling a crisis of unprecedented proportions.

Woolard joined the FCA around the time it was set up in 2013, after stints at Ofcom and the BBC, having started in the civil service when he graduated from King’s College London. He grew up on a council estate in south London and attended a comprehensive school. What he “lacked in polish”, he made up for in “tenacity and experience of working with others”, he said.

Running the FCA not only involves ensuring customers get a fair deal, but overseeing 59,000 financial firms to make sure markets are “honest, fair and effective”.

The turbulence in markets sparked by the spread of Covid-19 has been a test. London's stock market has been gyrating wildly. It recorded a 9% rally on Tuesday alone — the same day the Dow Jones index recorded its biggest-ever rise of 11% on hopes of a \$2 trillion (£1.6 trillion) stimulus package. On Friday, it crumbled by 5% as fear gripped the markets again.

The volatility has sparked speculation that markets might be temporarily closed, especially as City firms have skeleton staff in offices, with many at home or at back-up sites. Xavier Rolet, former boss of the London Stock Exchange, said: “Emotion and fear is understandable from those who are not up to speed with the latest technology and would struggle to operate their trading operations remotely.

“They represent the past, though. I can't see a good reason to shut down listed markets. It would, in fact, be a major mistake.”

Woolard agreed, saying: “It is important that markets continue to be open. They underpin the real economy, and they underpin thousands and thousands of jobs.”

Auditors are worried about their assessment of clients' books. “One of the real issues we have as auditors is because we're all now stuck inside, how do we go and see our clients that have physical inventory and verify that their goods exist?” said Bob Neate, head of audit at Mazars UK.

While some countries have banned short-selling — a process of making bets on falling share prices — the FCA has not. Woolard said it would not clamp down on shorting but insisted it was being vigilant.