



# Financial Services Act 2012

## 2012 CHAPTER 21

### PART 5

#### INQUIRIES AND INVESTIGATIONS

##### *Investigations*

#### **74 Duty of PRA to investigate and report on possible regulatory failure**

- (1) Subsection (4) applies where it appears to the PRA that—
- (a) relevant public expenditure has been incurred in respect of a PRA-authorized person, and
  - (b) that expenditure might not have been incurred but for a serious failure in—
    - (i) the system established by FSMA 2000 for the regulation of PRA-authorized persons and their activities, so far as it relates to the functions of the PRA, or
    - (ii) the operation of that system, so far as it relates to those functions.
- (2) Subsection (4) also applies where it appears to the PRA that—
- (a) events have occurred which—
    - (i) had or could have had a significant adverse effect on the safety or soundness of one or more PRA-authorized persons, or
    - (ii) if the effecting and carrying out of contracts of insurance is a PRA-regulated activity for the purposes of FSMA 2000, related to a PRA-authorized person carrying on that activity and indicated a significant failure to secure an appropriate degree of protection for policyholders, and
  - (b) those events might not have occurred, or the adverse effect or failure might have been reduced, but for a serious failure in—
    - (i) the system established by FSMA 2000 for the regulation of PRA-authorized persons and their activities, so far as it relates to the functions of the PRA, or

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**Changes to legislation:** Financial Services Act 2012, Section 74 is up to date with all changes known to be in force on or before 19 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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- (ii) the operation of that system, so far as it relates to those functions.
- (3) Subsection (4) also applies where the Treasury direct the PRA that it appears to the Treasury—
- (a) that the conditions in subsection (1)(a) and (b) are met in relation to a specified person, or
  - (b) that the conditions in subsection (2)(a) and (b) are met in relation to specified events.
- (4) The PRA must—
- (a) carry out an investigation into—
    - (i) the events that gave rise to the incurring of the public expenditure mentioned in subsection (1)(a) and the circumstances surrounding them, or
    - (ii) the events mentioned in subsection (2)(a) and the circumstances surrounding them, and
  - (b) report to the Treasury on the result of the investigation.
- (5) Subsection (4) does not apply by virtue of subsection (1) if the Treasury direct the PRA that it is not required to carry out an investigation into the events concerned.

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**Commencement Information**

**II** S. 74 in force at 1.4.2013 by [S.I. 2013/423](#), art. 3, [Sch.](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act power to apply conferred (temp.) by [2014 c. 21 s. 79\(4\)](#)
- Act power to apply conferred (temp.) by [2014 c. 21 s. 81\(10\)](#)