

**Joint statement from the Financial Conduct Authority (FCA), the Information Commissioner's Office (ICO) and the Financial Services Compensation Scheme (FSCS), warning insolvency practitioners and FCA-authorized firms to be responsible when dealing with personal data.**

We are aware that some insolvency practitioners (IPs) and FCA-authorized firms have attempted to sell clients' personal data to claims management companies (CMCs) unlawfully.

This can happen either before or after a firm has gone into administration and where it is likely claims for compensation will be made to FSCS.

The terms, conditions and clauses within a standard contract are highly unlikely to constitute sufficient legal consent for personal data to be shared with CMCs to market their services, and may not be lawful.

By passing on personal data, companies may be failing to meet their obligations under [the Data Protection Act 2018](#) and [the General Data Protection Regulation \(GDPR\)](#).

Any subsequent direct marketing calls, texts or emails carried out by CMCs may breach [the Privacy and Electronic Communications Regulations 2003 \(PECR\)](#).

CMCs are required to act honestly, fairly and professionally in line with the best interests of their customers, as required by [FCA's Handbook](#). CMCs using such personal data may not be acting in the customers' interests. CMCs seeking to rely on legitimate interest grounds for processing such data are highly unlikely to meet the requirements of the GDPR.

CMCs that intend to buy and use such personal data must be able to demonstrate how they have considered the fair treatment of customers and how their actions comply with privacy laws.

Where the FCA or the ICO identify breaches of the relevant data protection legislation, or [CMCOB Claims Management: Conduct of Business sourcebook](#), or any other relevant parts of the FCA's Handbook, we will take appropriate action.

**Consumers' rights to compensation from FSCS**

When an FCA-authorized firm enters administration, eligible consumers can bring claims to FSCS. FSCS will then work jointly with the IP to identify potential claimants.

In those circumstances, consumers should contact FSCS directly and the IP should contact the consumers to explain what the administration means for them.

Making a claim to FSCS is free, and in cases where the IP has contacted the customer directly we do not consider that CMCs are likely to provide significant benefit.

Any compensation to which a consumer is entitled from FSCS may unnecessarily be reduced by the involvement of CMCs in such cases.

We continue to work together and with firms and stakeholders across the sector to ensure consumers' interests are not compromised.