

Reeves' Deregulation Drive Sparks Consumer Protection Concerns

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The UK Government's push to boost economic growth through deregulation is facing mounting criticism from consumer groups, amid warnings that it could weaken long-standing protections for the public.

Since taking office, Chancellor Rachel Reeves has pursued an agenda aimed at reducing red tape and encouraging investment, particularly in the financial services sector. While

ministers insist the reforms will spur growth and improve market competitiveness, campaigners argue the measures could leave consumers more exposed to financial risks.

James Daley, of consumer group Fairer Finance, said the direction of policy was worrying. “While we all want to see a return to sustainable economic growth, it’s a mistake to think that the key to this is removing consumer protections that have been thoughtfully built up over the course of several decades,” he said.

Critics point to a series of decisions and proposals that appear to prioritise the interests of major financial institutions over those of ordinary consumers.

In January, Reeves attempted to intervene in a Supreme Court case on a car finance scandal, concerned that a ruling in favour of consumers could damage the UK’s appeal as a financial centre. The case centred on whether lenders should face a £44bn compensation bill over commission arrangements. The Court ultimately sided with the banks, sparing ministers the need to take further action.

The Treasury defended its intervention, saying it wanted to avoid reduced access to car finance. However, Liberal Democrat MP Bobby Dean described the move as “disgraceful” and said it sent the wrong message to consumers.

The Chancellor is also said to be urging regulators to speed up the process for app-based bank Revolut to gain full authorisation, amid hopes the company will choose London over New York for a potential \$65bn (£56bn) flotation.

Revolut has faced criticism for its fraud prevention record, having been named in more fraud reports than any other major bank in 2023–24, according to Action Fraud data. The company says it has strengthened security measures, preventing over £600m in attempted fraud last year.

Despite a provisional banking licence granted in 2023, Revolut’s full approval has been delayed. Reeves reportedly sought meetings between regulators and the company, but Bank of England governor Andrew Bailey is said to have blocked these over concerns about political interference.

Another contentious policy is the Mansion House Accord, under which pension providers have agreed to invest at least 10% of default workplace pension funds in private markets by 2030. The Government believes this could unlock up to £50bn for the economy.

Tom Selby, of AJ Bell, warned this approach risks leaving savers worse off if higher-risk, illiquid investments underperform. While participation is not mandatory, the Government has the power to enforce it if targets are not met.

In her Mansion House speech, Reeves described excessive regulation as a “boot on the neck” of British business. Her “Leeds Reforms” package includes changes to the Financial Ombudsman Service (FOS), requiring it to refer unclear complaints to the Financial Conduct Authority (FCA) and enabling the FCA to handle mass redress cases.

The Transparency Taskforce, a consumer advocacy group, has expressed concerns that closer FCA-FOS coordination could result in outcomes favouring firms that comply with the letter of the rules but act unfairly in practice.

Reeves has also proposed weakening “ring-fencing” rules that separate retail and investment banking operations. Introduced in 2019 after the global financial crisis, the measure was designed to protect customer deposits from higher-risk investment activities.