

MARKET ASSESSMENT · 2026

Preparing for FCA Regulation and the Consumer Duty:

The failure of Crypto firms
to simplify their terms

01 — INTRODUCTION

Preparing for FCA regulation and the Consumer Duty

The failure of Crypto firms to simplify their terms

At Amplified Global we have been using our unique Intelligibility Assessment software to assess how compliant, and how understandable, documents are from firms operating across different sectors.

This series of market analysis has enabled us to dive deep into the barriers that consumers face when trying to access information or sign agreements, and the risk that firms face when facing the requirements of the Consumer Rights Act (CRA), or sectoral regulation such as the Financial Conduct Authority (FCA)'s Consumer Duty.

Failure to make key communications intelligible – i.e. likely to be understood by a wide range of consumers – carries significant risk. The Competition & Markets Authority (CMA) has new, stronger powers to directly intervene where firms fall short, and can fine operators up to 10% of the annual turnover if they fail to comply with the CRA. This keystone consumer protection legislation requires all contracts, terms and regulated notices to be written in an intelligible way. Yet our analysis frequently finds significant shortcomings.

We want to help firms better understand the risks they face, and to create communications that combine legal strength with clarity and understanding for readers.

02 — FCA FOCUS

FCA's focus on cryptoasset firms

In this latest assessment, we look at cryptoasset providers. These firms provide a range of crypto-based services, from wallets, to digital exchanges and cryptocurrency.

They're already under the regulatory spotlight. They previously sat outside the FCA's regulatory perimeter until last summer, when they had to comply with more stringent Anti-Money Laundering rules. In summer 2026 they start the process to enter the full FCA regulatory umbrella, with applications recently opening for the FCA's Cryptoasset Gateway and the Pre-Application Service (PASS) (which went live on 11 May).

Cryptoasset firms preparing for the new regulatory regime can officially request pre-application meetings as of this month, which allows firms to discuss their business models and risk profiles before the formal authorisation gateway opens on 30 September 2026.

It's time for these businesses to get themselves in shape, and ready for regulatory scrutiny.

The FCA has already warned that 'poor quality' applications or those submitted outside the window may face immediate rejection. To be accepted, firms must align their operations with the Consumer Duty and operational resilience standards from the outset.

This will be a significant challenge. Our analysis uncovers just how urgent the need to act on improving intelligibility is. It shows the major challenges this creates for a wide range of firms seeking regulatory permission in the coming months.

03 — ANALYSIS

Interpreting our analysis

Our unique Amplifi platform uses AI and advanced linguistic models to assess whether consumers can grasp the meaning, consequence, and context of documents.

Metric	What it means
Intelligibility Score (1-100)	Higher scores indicate that a document is more likely to be understood and that the reader is likely to be able to apply the information in practice.
Intelligibility Levels (1-5)	These levels provide ranges of Intelligibility scores to indicate the level of education or experience needed to understand the text and indicate the percentage of the population likely to fully grasp the meaning (the 'reach').
Regulatory Standard	Under the FCA Consumer Duty, simply providing the right information to consumers is not enough. Firms must test the communications prior to sending them and then prove that consumers can understand them in practice.

	Levels	Score	Indicators	
			Reach	Education or equivalent experience
	Level 5	91-100	>90% of the UK adult population	Pre-GCSE
	Level 4	71-90	82% of the UK adult population	GCSE
	Level 3	61-70	72% of the UK adult population	GCSE A*-C (new Level 9-4)
		51-60	58% of the UK adult population	A Level
	Level 2	26-50	34% of the UK adult population	Undergraduate
	Level 1	1-25	10% of the UK adult population	Postgraduate

The Amplifi tool also provides a range of metrics and insights. This enables us, and our clients, to quickly assess hundreds or thousands of documents, to pinpoint exactly where consumers might struggle to understand them (and why), and how to fix them.

We're already used by clients across financial services, legal and beyond, including regulators of financial and legal sectors.

04 — REGULATORY LANDSCAPE

The regulatory landscape for crypto assets

The Financial Services and Markets Act (Cryptoassets) Regulations 2026 recently confirmed that crypto activities will be brought within the UK regulatory perimeter. By the go live date in 2027 the

full FCA rules including the Consumer Duty will apply. Ahead of that firms will need to seek permission from the FCA to continue operating.

- **Disclosure Rules:** The new regime establishes strict liability for misleading statements or omissions in crypto disclosures.
- **Consumer Understanding:** A primary concern for the FCA is the lack of consumer understanding in areas like staking, lending, borrowing, and consumer protection.
- **Permissions and Scope:** Firms undertaking regulated crypto activities must be appropriately authorised and must demonstrate they can meet the high standards of communication clarity set by the FCA.

05 — OUR INSIGHTS

Our insights

As part of our analysis, we have assessed a wide range of documents from a variety of firms offering different cryptoasset services. We have then dived deep into the data to run the following analysis:

- **Benchmarking:** We've compared the providers to see which ones are meeting the intelligibility standards set by the CMA and FCA.
- **Risk Identification:** We've highlighted the particularly low-scoring documents that will pose a significant risk under the FCA disclosure rules.
- **Educational Alignment:** We've identified what range of the population and particular groups are most likely to struggle with the documents based on their intelligibility level.
- **Complexity Factors:** Our data has enabled us to diagnose the most common faults and the challenges that consumers face. It shows what's likely to drive misunderstanding, what can firms do to improve their documents, and their likelihood of being given regulatory permission by the FCA?

This analysis of the cryptoasset sector data reveals several critical headlines regarding document intelligibility. These findings serve as a strategic evidence base for these firms and the wider sector to address their compliance with the Consumer Rights Act and the FCA's Consumer Duty.

06 — INTELLIGIBILITY

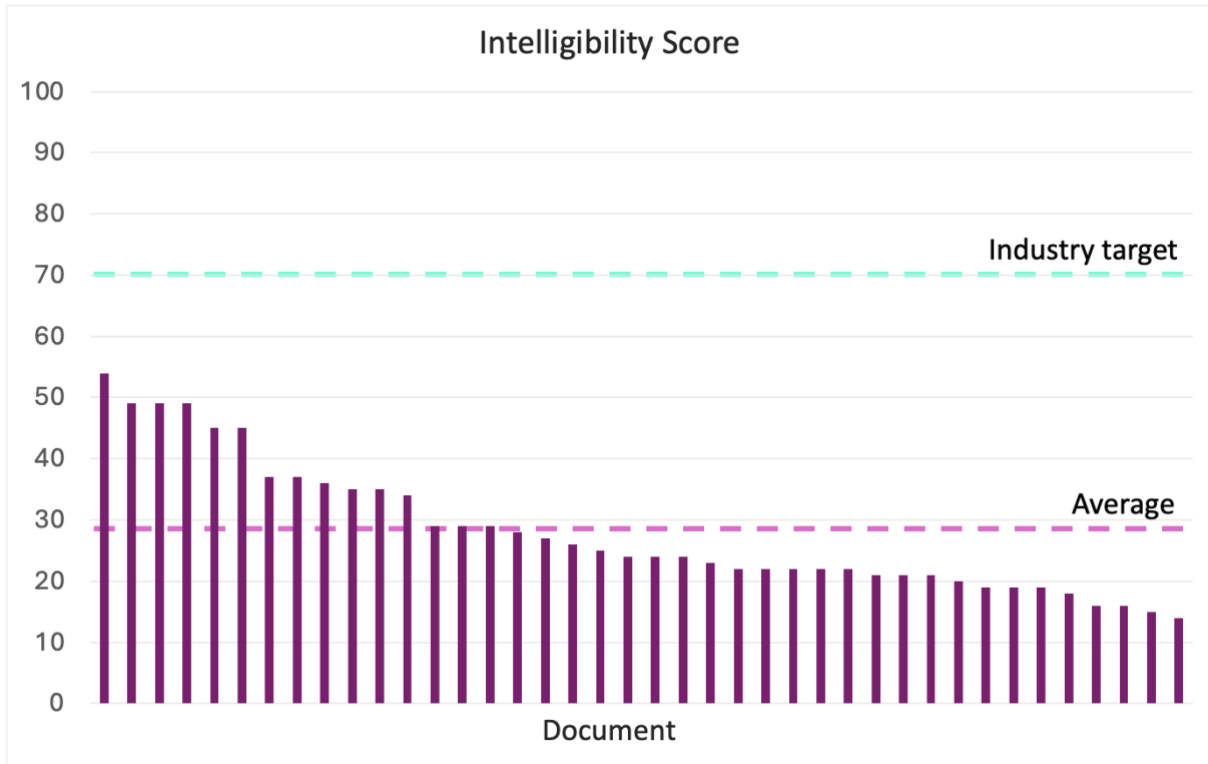
Intelligibility across the cryptoasset sector

To provide some context, many of our clients consider an Amplifi Intelligibility Score of above 70 as being a minimum compliance target for most documents. Scores of 80+ are usually expected for shorter communications and website copy.

The current disclosure requirements affecting some legal documents, such as terms and conditions for more complex financial products, can limit how far they can be simplified. However, even in those circumstances most of our clients aim for 60+ and provide some additional support to consumers where that is the case. The underlying requirement for intelligibility, and for consumers to be able to understand the terms they sign up to, is still present. Cryptoasset providers will have no excuse or preferential treatment. They will need to make sure their terms are intelligible.

And this is where we see the problem.

Across all the documents we tested, none of them reached even a score of 60. The closest we saw was a score in the mid-50s, and even those above 40 were a small minority.



The average score was just 29.

To bring this into focus, that’s a score that shows that on average the documents are likely to require an undergraduate level of education to fully understand them. They are university-grade, long and highly complex documents aimed at a mass market audience. Just a third of UK adults are likely to be able to fully understand the average crypto product terms. That is even if they took the time to sit down and read the 14,500+ average number of words.

We believe this will pose a considerable problem for consumers, and a barrier to many of these firms being seen as fit to pass FCA regulation.

Over half the documents fall into Amplifi Intelligibility Level 1, our worst category. This is an extremely high-risk category:

- It is a high risk for a firm’s own regulatory compliance
- There is a high risk the document could be challenged in court for being untransparent, and potentially unfair
- It shows a significantly greater likelihood of leading to a poor understanding outcome for consumers, and a higher risk of complaints.

These documents are likely to be fully understandable to only 10% of UK adults. This figure is even lower for many vulnerable groups, including those with lower levels of education or experience, or without English as their first language.

07 — SECTOR COMPARISON

Comparing crypto products to other financial services and sectors

We have now tested documents for a range of FCA-regulated products and services, as well as key documents across the Gambling and Legal sectors, with more in the pipeline.

Product or Service	Average Intelligibility Score
Credit Card Agreements	52.3
Legal Client Care Letters	44.4
Pension Policies	41.4
Gambling Terms	33.4
Cryptoasset Terms	28.8

Even compared to relatively complex products like pensions and credit cards, the consumer terms for cryptoasset products underperformed. In fact, on average they are the least intelligible documents we have yet tested. Worse than credit card agreements, legal client care letters, gambling terms and pension policies.

08 — PROVIDER PERFORMANCE

Who were the Best and Worst performers across Cryptoassets?

Across the Cryptoasset providers’ documents we tested, the top performing firm achieved an intelligibility score of 54, which equates to an A Level education equivalent. This suggests a reach of under 60% of UK adults that are likely to be able to fully understand and use the information, such as to inform a decision.

This was achieved by a Key Information Document (KID) for Bitstamp, a brand owned by Robinhood. Just 5 other brands achieved scores above 40: Curve Pay, Revolut, Etoro, Moonpay and Ramp Network. While outperforming the other cryptoasset documents we included in the test, these documents fall well below the industry standard for financial services.

Interestingly, we also tested the core Robinhood Account Terms and Conditions. This featured amongst the worst scores, at just 16. Overall, there were 9 brands whose documents scored 20 or below.

The worst was the Terms of Service from Luno, which achieved an intelligibility score of just 14. It is a firm incorporated in South Africa but accepts UK customers, and if they continue to trade in the UK will have to come under FCA supervision in line with the rest of the market.

These documents are amongst the least intelligible documents we have yet tested from any area of financial services, or any other sector. They are equivalent to a postgraduate level of complexity and have a predicted reach of just 10% of UK adults, and even lower for vulnerable customers.

Company	Score	Company	Score
Bitstamp	54	Transak	24
Curve Pay	49	Webull	24
Etoro	49	Paypal	23
Revolut	49	Blockchain.com	22
Moonpay	45	CEX IO	22
Ramp Network	45	Coinbase	22
Crypto.com	37	Stripe	22
Solidi	37	Xapo	22
Bitget	36	CoinJar	21
Interactive Brokers	35	Moneycorp	21
Plutus	35	Skrill	21
Wirex	34	Kraken	20
Bitpanda	29	Gemini Intergalactic	19
Coinpass	29	GlobalBlock	19
Moneybrain	29	Neteller	19
Uphold	28	Paybis	18
BABB	27	OKX	16
Ziglu	26	Robinhood	16
SwissBorg	25	Bankxa	15
Fidelity Digital Assets	24	Luno	14

09 — DRIVERS OF MISUNDERSTANDING

What drives misunderstanding?

To uncover the key factors causing the lack of intelligibility in these documents, we looked at both the findings presented by our Amplifi testing, as well as running some further statistical analysis. The analysis identifies a clear hierarchy of risk where a number of factors significantly reduce a consumer’s ability to understand these critical communications.

1. The Dominant Issue: Structural Complexity

- The single biggest factor dragging down intelligibility scores is the structural failure present in the documents. Complex Sentences and Poor Sentence Structure had the biggest negative impact on intelligibility.
- **Insight:** The data shows that how sentences are constructed, specifically the use of nested clauses and convoluted logic, is the primary driver of consumer confusion. A high percentage

of complex sentences is a strong predictor of regulatory non-compliance and poor consumer understanding outcomes.

2. The Length-Structure Correlation

- There is a strong link between Average Sentence Length and Poor Sentence Structure. As sentence length increases, the structural integrity of the communication collapses.
- **Insight:** The data strongly suggests that longer sentences in crypto disclosures are not merely ‘more detailed’. They are systematically more likely to be structurally broken, making them unintelligible to the average consumer.

3. Vocabulary

- Complex and Challenging Words reduce intelligibility, make the information less engaging, and more difficult for consumers to understand.
- **Insight:** The Harvard theory ‘The Curse of Knowledge’ explains how industry experts, particularly those from technical or legal background, often fail to notice when they use complex words that lay readers may not recognise or understand.

Complex or Legalistic Term	Simpler Replacement
Pursuant to	Under / According to
Notwithstanding	Even if / Despite
Prior to	Before
Herein / Hereunder	In this document / Below
Commence	Start
Terminate	End / Cancel
Disclose	Share / Tell
For the avoidance of doubt	To be clear
Incurred	Charged / Cost you

An Example of Unnecessary Complexity

Kraken – Scope and Third-Party Terms (Kraken Terms of Service)

Verbatim Complex Version

“Please read these Terms of Service (including all Annexes, “Terms”) carefully, as they are binding and govern your use of our services, and our websites (including but not limited to kraken.com, and pro.kraken.com), and mobile applications through which you access our services and any other interfaces we make available, including third-party messaging applications, through which you may access or place instructions for our services (“Platforms”), along with any applicable third-party terms you may have agreed to as part of using or receiving our mobile applications (such as terms for the Apple App Store or Google Play, if applicable).”

Simplified Version

Please read these rules carefully because **they are a legally binding contract**. They cover your use of all Kraken websites, apps, and messaging tools. If you downloaded our app from Apple or Google, **you must also follow their store rules**.

10 — RECOMMENDATIONS

Recommendation: Prepare for FCA supervision by replacing complexity with intelligibility

For firms looking to meet the Consumer Duty Understanding Outcome ahead of their PASS applications, the lack of intelligibility in their key documents needs to be addressed and evidenced.

Factor	Policy Insight	Required Firm Action
Sentence Architecture	Structural failure is the leading cause of intelligibility risk.	Deconstruct and Decouple: Firms must move away from the ‘all-in-one’ sentence style common in legal drafting.
Better Navigation	High sentence length is a proxy for poor navigation.	Set Hard Length Caps: Policy guidance should recommend an average sentence length of 15–20 words to ensure easier and more effective engagement, as per CMA standards.
The Density Trap	Use of uncommon language often pairs with structural density.	Layering: Instead of one dense document, firms should use ‘progressive disclosure’ and layering to separate technical definitions from core consumer rights.

Using Amplifi would help these firms by identifying these issues and guiding content creators and legal teams through the simplification process. Using Amplifi provides regulators with hard evidence of how these issues have been addressed, and to what end.

This is the standard Cryptoasset firms must now contend with to pass FCA scrutiny and avoid a more challenging permissions process.

11 — THE ROLE AMPLIFI CAN PLAY

The role Amplifi can play to deliver compliance

The data shows that the current average intelligibility for crypto disclosures is exceptionally low. Almost all the documents we tested score in the High-Risk category. None met the standards our clients habitually set themselves to evidence their Consumer Duty compliance to the FCA.

Amplifi has been developed together with the FCA through their direct innovation support since 2019 and validated in the FCA Sandbox and through the Solicitors Regulation Authority (SRA) Innovation Programme. The tool has been developed to specifically test, and improve, regulatory

and legal communications, and to align with the compliance requirements of the Consumer Duty and aligned to the CMA's Guidance on Unfair Terms.

We have helped clients, from high street banks and global payment providers to wealth management and debt services, to comply with the FCA requirements to test and simplify their communications and ensure they meet the requirements of the Consumer Duty. We're already used by regulators in both the financial and legal sectors.

By embracing best-in-class intelligibility software like Amplifi and addressing these challenges ahead of applying to the FCA, Cryptoasset firms show that they can comply with the standards other regulated firms must meet.

To discuss how Amplifi can help you prepare for FCA regulation and the PASS process contact ewan@amplified.global to receive a demo and a free trial.

Clarity you can prove. Compliance you can track.