Charlotte Hill Discusses Senior Manager Accountability for Frontier AI Risks

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Financial Markets and Funds Partner Charlotte Hill offered commentary in *Law360* on how far senior managers should be held accountable for the growing risks posed by frontier artificial intelligence (AI), and whether the Financial Conduct Authority (FCA) should issue further guidance under the Senior Managers Regime.

The article examines lawyers' calls for the FCA to clarify senior managers' responsibilities as increasingly powerful AI becomes embedded in financial services, as consumers mistake machine-generated information for regulated advice, and as criminals deploy more sophisticated AI-driven cyberattacks.

Charlotte emphasized that senior managers must develop a sufficient understanding of AI to exercise meaningful oversight. She warned that they need sufficient understanding “to ask the right questions about its use and limitations, how its outputs are tested, and how customers interpret them,” and that they must know what controls exist if something goes wrong.

She saw a case for the regulator to say more. “There may therefore be value in further FCA guidance for senior managers, particularly around practical expectations for explainability, human oversight and accountability as increasingly sophisticated AI becomes embedded in customer journeys,” she said. At the same time, Charlotte cautioned that the watchdog's challenge is to provide useful clarity without creating technology-specific rules that quickly become obsolete.

Charlotte also addressed the risk that arises when a single AI model is used for two distinct purposes, such as answering factual questions about investment products and making investment recommendations through the same interface. “Depending on the facts, it could amount to a personal recommendation and bring the relevant regulatory requirements into play,” she said. She explained that if a customer shares their age, financial position, attitude to risk and investment objectives, and the tool responds that "Fund X is suitable for you, and you should invest £20,000 in it," that is materially different from providing neutral information about the fund.

She further cautioned that a disclaimer would not necessarily resolve the issue where the substance of the interaction was advisory. "A worst-case scenario would be an AI tool presented as an informational assistant which, through conversation, conducts a fact-find and recommends a particular investment without the business recognizing the interaction has crossed the advice boundary," Charlotte said.

"Frontier AI Explosion Makes Senior Managers Vulnerable," *Law360*, September 18, 2026

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