

Consumer Duty

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What is the Consumer Duty

What is the Consumer Duty

- Implemented on 31 July 2023
- More holistic approach to regulation
- Consumer outcomes based
- Top Priority for the FCA
- FCA quicker and keener to intervene

This is not just a compliance change but a culture shift!

What is the Consumer Duty

Consumer Principle

Cross Cutting Rules

Product and
Service
Outcome

Price and
Value
Outcome

Consumer
Understanding
Outcome

Consumer
Support
Outcome

Consumer Principle

FCA Principle 12

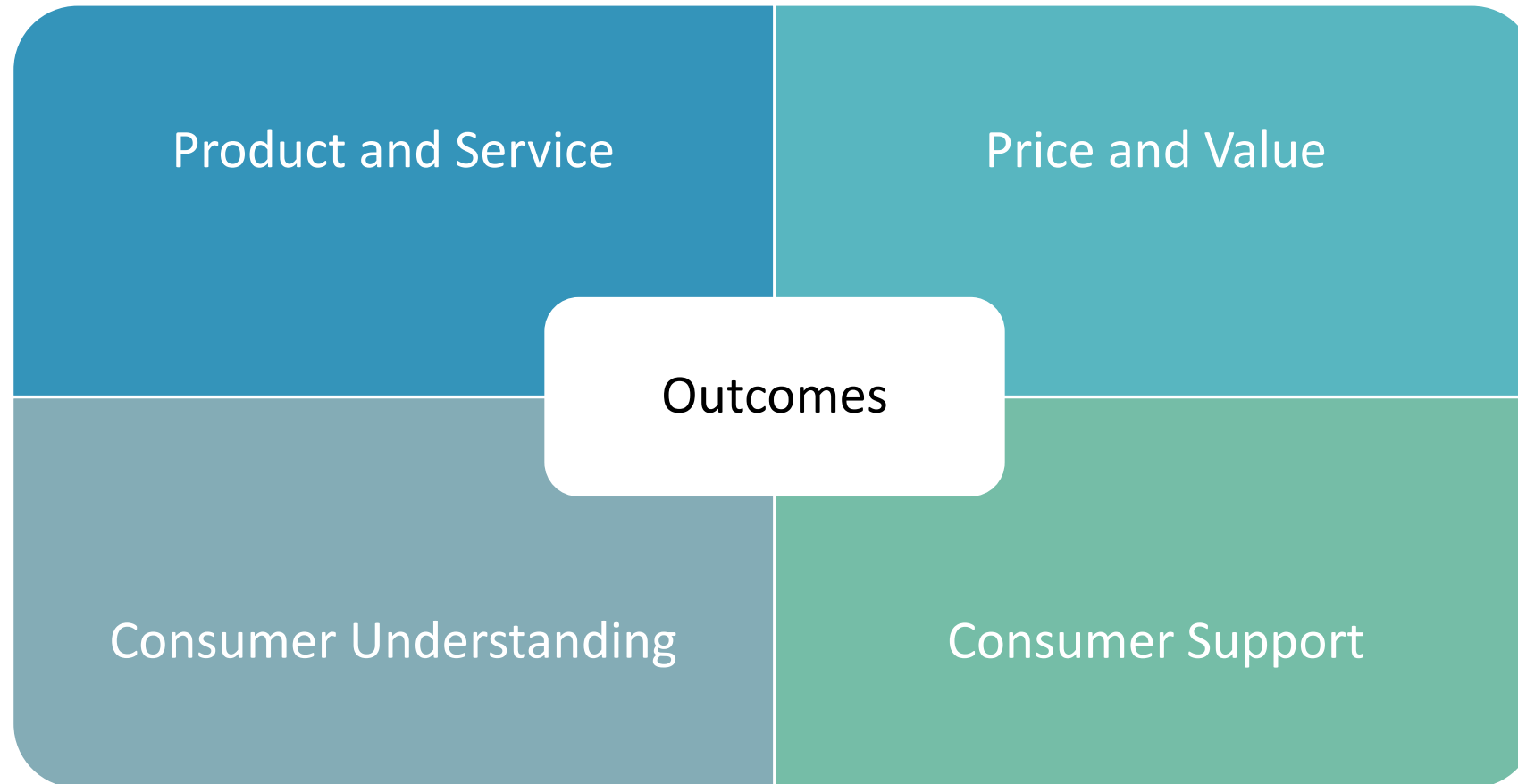
- *‘Act to deliver good outcomes for retail customers’*

Cross Cutting Rules

- **3 Rules**

1. Act in good faith towards retail customers
2. Avoid causing foreseeable harm to retail customers
3. Enable and support retail customers to pursue their financial objectives

Consumer Outcomes



'Not Once and Done'

Not Once and Done

- Long Term Commitment
 - implementation only, not the end!
- Consumer Duty needs to be embedded throughout firms
 - strategy, governance, leadership and people policies.
- Firms expected to
 - continue to learn and improve
 - constantly monitor and assess

Data gathering key, evidence is paramount

Firms focusing on consumer outcomes will be seen as doing well

What should you be doing

- **Review Implementation Plan**
- **Evaluate and refine data and monitoring processes**
- **Ensure and evidence good customer outcomes**
- **Monitor products and services**
- **Assess and embed people policies**
- **Prepare your annual Board Report**
 - Must report at least once a year
 - Include monitoring results – good outcomes being delivered (or not)
 - Remedial action to be agreed before Board sign off
 - Report used to agree future strategy
 - FCA use report as evidence
- **Implement CD for Closed Products – 31 July 2024**

What to Expect from the FCA

*Consumer Duty is fundamental to the FCA
Regulatory Framework*

What Firms Should Expect from the FCA

Policy

Supervision

Authorisation

Enforcement

What Firms should Expect from the FCA

- **Policy**

- Quicker Market intervention – actual or potential consumer harm

- **Supervision**

- Test Duty is embedded in firms
- Increased monitoring of firms
- Testing and checking consumer outcomes - Evidence
- Increased intervention
- Complaints data
- More focus on consumer redress

- **Authorisation**

- Making it more difficult to be authorised
- Improved oversight of Appointed Representatives

- **Enforcement**

- Robust action for breaches of FCA rules and Duty
- Increased sanctions

Positives from the Duty

- **Improved customer engagement**

- Communication
- More knowledgeable staff
- Better informed and supported customers
- Improves sales penetration and repeat business

- **Improved products and services**

- Better suits customers needs
- Better value

- **Improved customer service**

- Less complaints
- More streamlined complaints process
- Vulnerable Customers

Consumer Duty



Consumer Duty



Consumer Duty

Better
Consumer
Outcomes

More
Satisfied
Customers

Improved
Customer
Retention
and
More Sales

Consumer Duty



Less time consuming scrutiny and intervention from the FCA!

Questions

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