



## Getting ready for Consumer Duty

### Purpose

The FCA has released their final rules and guidance, and we can now get into the detail.

This quick summary will help you break down the rules in order to consider each section individually. Then you can assess which areas are most impacted and what changes need to be implemented into your business.

### Rules

There are three **cross-cutting** rules, which address how businesses should conduct themselves to make sure they're delivering the correct outcomes for their clients.

These are:

- Act in good faith
- Take **all** reasonable steps to avoid causing foreseeable harm to consumers
- Take **all** reasonable steps to enable consumers to pursue their financial objectives

The FCA explicitly states that each of these is essential to the level of care firms should provide to consumers, so all need to be considered.

In terms of the **outcomes** these relate to:

**Product and services (whether open or closed)** – providers must be clear about their target market, about their products, and about any risks posed by their products. Distributors must do the same and take steps to prevent the wrong consumer types from buying/receiving those products.

**Price and value** – firms need to consider the impact of charges or price over the lifetime of the product or service and check that the benefits to the consumer are proportionate. This doesn't mean the imposition of price caps though. We're suggesting that firms are clear about whether there's added value by the firm being involved in the distribution of this product or service.

**Consumer understanding** – firms should communicate in a way that's reasonably likely to be understood and to facilitate decision making. They should take proportionate steps to review and adapt existing communications with this in mind.

**Consumer support** – customer services must not unduly hinder consumers from acting in their own interests or lead to unreasonable additional costs for consumers, including time costs.

### Action

We suggest you use the above outcomes as sections for your full risk assessment, consider which parts of your business fall under each outcome, then note any questions, comments or actions as appropriate.



Produced in partnership with The Verve Group.