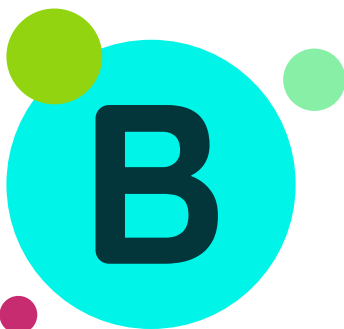
The  
A to Z  
of Consumer Duty

Consumer Duty is now reality for the industry, with companies required to assess and monitor whether they're delivering good outcomes to clients. With so much conflicting information out there about the new legislation, it may all seem a little overwhelming. Smart Money People's A-Z of Consumer Duty related terms is here to help straighten things out.



### ...is for Act

The Consumer Duty sets higher and clearer standards of consumer protection across financial services and requires a firm to “**act** to deliver good outcomes for retail customers”.



### ...is for Boards

The FCA want company's **boards** and senior management to make good outcomes for consumers central to their firm's culture, strategy and business objectives.



## ...is for Consumer understanding and Consumer support

Two of the four outcomes are Consumer Understanding and Consumer Support:

**Consumer understanding** makes sure companies provide clear information so customers can make informed decisions about financial products and services.

**Consumer support** makes sure customers are given enough information and support to meet their needs throughout their relationship with a company.



## ...is for Distributors

Under Consumer Duty, companies are classed as **distributors** if they offer, sell, recommend, advise on, arrange, deal, propose, or provide a product or service, including at renewal.



## ...is for Embed

Companies should **embed** Consumer Duty throughout their whole organisation.



## ...is for the FCA

The **FCA** regulates the financial services industry in the UK. They're the driving force behind Consumer Duty.



## ...is for Good outcomes

Consumer Duty is all about being able to measure whether companies have delivered **good** outcomes for their customers.

H

### ...is for History

The first major milestone in the **history** of Consumer Duty was 27 July 2022, when the FCA published its policy statement and final rules and guidance.

I

### ...is for Implementation plans

In January 2023, the FCA reviewed companies' **implementation plans**. The findings were mixed. Some companies evidenced strong governance frameworks, whilst others gave little detail.

J

### ...is for July

From 31 **July** 2023, Consumer Duty applied to all new products and services, and all existing products and services remaining on sale or open for renewal.

The next deadline is 31 **July** 2024, when Consumer Duty will apply to all closed products and services.

K

### ...is for Key drivers

The FCA say culture is one of the **key drivers** of conduct, and that Consumer Duty encourages companies to pro-actively analyse their culture and how it affects their conduct.

L

### ...is for Legislation

The **legislation** requires companies to make sure their customers' interests are central to their culture and purpose.

M

### ...is for **Manufacturers**

Under Consumer Duty, companies are classed as **manufacturers** if they create, develop, design, issue, operate or underwrite a product or service.

N

### ...is for **Non-UK firms**

The FCA's remit covers companies carrying out regulated activities in the UK. So **non-UK** companies are not subject to Consumer Duty. However, where the distribution chain involves companies in Gibraltar selling products or services to UK customers, the Duty applies.

O

### ...is for **Outcomes**

Consumer Duty's four **outcomes** mean that customers should get communications they can understand, products and services that meet their needs and offer fair value, and they get the customer support they need, when they need it.

P

### ...is for **Price and value; and Products and services**

Two of the four outcomes are Price and Value and Products and Services.

**Price and value** makes sure customers pay a fair price for a product or services, when measured against the overall value they receive from it.

**Product and services** makes sure products are designed to meet the target customers' needs and objectives.

Q

### ...is for **Questions**

There are a number of **questions** for companies to consider under Consumer Duty. For example, what data are they using to monitor the fair value of their products and services on an ongoing basis?

R

### ...is for Regulated activities

Consumer Duty applies to the **regulated activities** of all companies authorised under the Financial Services and Markets Act 2000, and relevant ancillary activities.

S

### ...is for Scope

Consumer Duty's **scope** includes all firms with a key role in delivering retail customer outcomes, including those with no direct customer relationship.

T

### ...is for Testing

**Testing** is a key part of Consumer Duty. For example, The FCA has asked companies to consider how they're testing the effectiveness of communications, and what testing they've done to make sure their products and services meet their target market's needs.

U

### ...is for Unreasonable barriers

Under Consumer Duty, companies must make sure retail customers don't face **unreasonable barriers** (including unreasonable costs). For example, when they want to switch providers or complain.

V

### ...is for Value assessments

Companies must undertake fair **value assessments** to demonstrate if the price a customer pays for a product or service is reasonable compared to the overall benefits they can expect to receive.

  
W

### ...is for **Wide ranging**

Consumer Duty has **Wide ranging** implications for companies, customers, and the FCA as a regulator.

  
X

### ...is for **Xmas**

OK, we struggled a bit here...

But to truly embrace the legislation, companies should treat Consumer Duty as being for life, not just for **Xmas!**

  
Y

### ...is for **Year**

Consumer Duty is a cornerstone of the FCA's three **year** strategy to raise standards and improve customer outcomes.

  
Z


### ...is for **Zero**

To finish, here's an example of Consumer Duty working in practice. The legislation is designed to raise the question whether customer savings accounts paying just above **zero** offer fair value.

## Speak to us about **Consumer Duty**

As specialists in financial services consumer insight, we can help you with your Consumer Duty requirements.

To find out more, email

 [sales@smartmoneypeople.com](mailto:sales@smartmoneypeople.com)