Consumer Duty
and the 31st July deadline
Are you compliant?

What is the Consumer Duty?

The FCA wants to see firms doing more to protect customers from harm in retail financial markets. To address this, it has introduced a **new consumer duty** that sets **higher expectations for the standard of care** that firms provide to **retail clients**.

The consumer duty consists of a new consumer principle that is supported by overarching rules. These are underpinned by further rules split into four categories that represent key elements across the whole firm-consumer relationship.

How Can a Firm Fall in Scope?

A firm will fall in scope of the duty where it:

1 **is in a distribution chain that involves a retail client**

A retail client is a client who is not a professional client or an eligible counterparty. Retail clients are considered to have less financial knowledge and are afforded additional protections.

A firm is considered part of a distribution chain which involves a retail client, whether or not the retail client is its direct client.

2 **exerts material influence on a retail customer**

Consumer duty is activated for a firm in a distribution chain with a retail customer if it can materially influence one of the four listed outcomes.

- **Products and Services**
- **Price and Value**
- **Consumer Understanding**
- **Consumer Support**

Rules Imposed on In-Scope Firms

Where a firm falls in scope, due to having a material influence on a retail client in one of the four categories listed above, it will need to comply with the corresponding consumer duty rules under that category. The specific rules that it will need to comply with will depend on whether it is a manufacturer or a distributor of the product.

Additionally, regardless of how the duty applies, all in-scope firms must comply with the duty governance rules which impose obligations on firms to create and approve annual reports as to firm-wide consumer duty compliance.

How Do I Become Compliant?

2022 31 October - Firms should have implementation plans that are deliverable and robust, detailing how they will comply with the consumer duty. They must be able to provide evidence of them scrutinising the plans.

2022 30 April - Manufacturers should have conducted all necessary reviews to meet the outcome rules for their existing products, to share this information with distributors to facilitate appropriate arrangements.

2023 31 July - Firms should be fully compliant with the duty and have all arrangements and relevant contracts in place for new and existing products or services that are open to sale or renewal.

2024 31 July - Firms should be fully compliant with the duty and have all arrangements and relevant contracts in place for closed products and services.

How Can We Assist?

We can provide a comprehensive overview of the duty, outlining the considerations for your firm as well as specialised training tailored to your specific areas of focus. We can assist you by:

- Assessing whether your firm's activities fall in scope of the duty
- Drafting implementation plans
- Providing training to senior employees on consumer duty obligations
- Establishing contractual documentation
- Supporting your firm as to its ongoing compliance

If you need any further assistance or information, please contact:

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