

Consumer Duty: Key questions for firms to ask themselves



Implementing Consumer Duty into an advice business will entail reviewing all current procedures and policies. Undertaking this process will highlight any gaps in the firm’s current processes and procedures compared to that required under the new Consumer Duty.

Category:
Regulation

To assist this review, the FCA have provided a set of key questions on each of the four consumer outcomes and also on culture, governance and accountability.

Not all questions are relevant to the adviser firm, but are worth considering.

You can complete the tables below to establish how ready your business is for Consumer Duty and use the answers to inform your implementation plan.

Products and services – key questions for firms

Ensure that the design of the product or service meets the needs, characteristics and objectives of customers in the identified target market.

Products and services	Your firm's answer
Has the firm specified the target market for its products and services to the level of granularity necessary?	
How has the firm satisfied itself that its products and services are well designed to meet the needs of consumers in the target market, and perform as expected? What testing has been conducted?	

Products and services	Your firm's answer
<p>How has the firm identified if the product or service has features that could risk harm for groups of customers with characteristics of vulnerability? What changes to the design of its products and services is it making as a result?</p>	
<p>Is the firm sharing all necessary information with other firms in the distribution chain and receiving all necessary information itself?</p>	
<p>How is the firm monitoring that distribution strategies are being followed and that products and services are being correctly distributed to the target market?</p>	
<p>What data and management information is the firm using to monitor whether products and services continue to meet the needs of customers and contribute to good consumer outcomes? How regularly is it reviewing this data and what action is being taken as a result?</p>	
<p>Where the firm is planning to withdraw a product or service from the market, has the firm considered whether this could lead to foreseeable harm? What action is it taking to mitigate this risk?</p>	

Source: FCA Final Guidance FG 22/5 Final non-handbook Guidance for firms on the Consumer Duty. Chapter 6: Product & Services 6.8 Page 52.

Price and value – key questions for firms

Ensure the price the customer pays for a product or service is reasonable compared to the overall benefits they receive.

Price and value	Your firm's answer
<p>Is the firm satisfied that it is considering all the relevant factors and available data as part of its fair value assessments? Has it gathered relevant information from other firms in the distribution chain?</p>	
<p>What insight has the firm gained for its value assessments by benchmarking the price and value of its products and services against similar ones in the market? Have the price and value of its older products kept up with market developments?</p>	
<p>Can the firm demonstrate that its products and services are fair value for different groups of consumers, including those in vulnerable circumstances or with protected characteristics?</p>	

Price and value	Your firm's answer
If the firm is charging different prices to separate groups of consumers for the same product or service, is the firm satisfied that the pricing is fair for each group?	
What action has the firm taken as a result of its fair value assessments and how is it ensuring this action is effective in improving consumer outcomes?	
What data, MI and other intelligence is the firm using to monitor the fair value of its products and services on an ongoing basis? How regularly is it reviewing this material and what action is it taking as a result?	

Source: FCA Final Guidance FG 22/5 Final non-handbook Guidance for firms on the Consumer Duty. Chapter 7: Price and Value 7.51 Page 67.

Consumer understanding – key questions for firms

Support their customers' understanding by ensuring that their communications meet the information needs of customers, are likely to be understood by customers intended to receive the communication and equip them to make decisions that are effective, timely and properly informed.

Consumer understanding	Your firm's answer
Is the firm satisfied that it is applying the same standards and testing capabilities to ensure communications are delivering good customer outcomes, as it is to ensuring they generate sales and revenue?	
What insights is the firm using to decide how best to keep customers engaged in their customer journey, whilst also ensuring its customers have the right information at the right time to make decisions?	
How is the firm testing the effectiveness of its communications? How is it acting on the results?	
How does the firm adapt its communications to meet the needs of customers with characteristics of vulnerability and how does it know these adaptations are effective?	
What data, MI and feedback does the firm use in its ongoing monitoring of the impact of its communications on customer outcomes? How often is this data reviewed and what action is taken as a result?	

Source: FCA Final Guidance FG 22/5 Final non-handbook Guidance for firms on the Consumer Duty. Chapter 8: Consumer Understanding 8.70 Page 89.

Consumer support – key questions for firms

Design and deliver support that meets the needs of customers, including those with characteristics of vulnerability.

Consumer support	Your firm's answer
How has the firm satisfied itself that its customer support is effective at meeting customer needs regardless of the channel used? Does the firm test outcomes across different channels?	
What assessment has the firm made about whether its customer support is meeting the needs of customers with characteristics of vulnerability? What data, MI and customer feedback is being used to support this assessment?	
How has the firm satisfied itself that it is at least as easy to switch or leave its products and services as it is to buy them in the first place?	
How has the firm satisfied itself that the quality of any post-sale support is as good as the pre-sale support?	
What data, MI and feedback is the firm using to monitor the impact its consumer support is having on customer outcomes? How often is this data monitored and what action is being taken as a result?	
How effective is the firm's monitoring and oversight of outsourced or third-party service providers and is it confident that these services meet the consumer support standards?	

Source: FCA Final Guidance FG 22/5 Final non-handbook Guidance for firms on the Consumer Duty, Chapter 9: Consumer Support 9.54 Page 107.

Culture and governance – key questions for firms

Culture and governance	Your firm's answer
Does the firm's purpose (whether publicly articulated or not) align with its obligations under the Duty? How is it embedded and understood throughout the organisation?	

Culture and governance	Your firm's answer
How does the organisation's culture support the delivery of good outcomes for customers?	
How does the organisation ensure that individuals throughout the organisation – including those in control and support functions – understand their role in delivering the Duty?	
Are staff empowered and feel safe to challenge and raise issues where they feel the firm might not be acting to deliver good outcomes for customers? Are those challenges listened to, and where necessary, acted on?	
Is the Duty being considered in all relevant discussions such as strategy and remuneration? Are customers outcomes a key lens for Risk and Internal Audit?	
How is the firm ensuring that its remuneration and incentive structures drive good outcomes for customers?	

Source: FCA Final Guidance FG 22/5 Final non-handbook Guidance for firms on the Consumer Duty. Chapter 10: Culture & Governance 10.15 Page 112.

Customer outcomes – key questions for firms

Customer outcomes	Your firm's answer
Is the organisation prioritising acting to deliver good outcomes for customers? Are there any areas of concern?	
How is the external environment changing and how will that impact on the organisation's ability to deliver good outcomes for customers?	
Has the firm identified the key risks to its ability to deliver good outcomes to customers and put appropriate mitigants in place?	


Customer outcomes	Your firm's answer
How does the firm define good outcomes (over the short, medium and long term) for customers using its products and services?	
What data does the firm have about its customers and how they use its products? Are there any gaps in the data? What steps is the firm taking to address them?	
What outcomes are customers getting? Are they getting good outcomes which align with their reasonable expectations?	
Are certain groups of consumers getting different outcomes, and if so, why? What's driving any adverse outcomes?	
What actions is the firm taking to improve outcomes? Who's accountable for this work, what will improvement look like and when will it happen?	


Source: FCA Final Guidance FG 22/5 Final non-handbook Guidance for firms on the Consumer Duty. Chapter 10: Culture & Governance 10.15 Page 112.

Further/additional reading

- [FCA Final Guidance FG22/5: Final non-handbook Guidance for firms on the Consumer Duty](#)
- [FCA Final Guidance FG21/1. Guidance for firms on the fair treatment of vulnerable customers](#)
- [FCA Consultation Paper CP21/13: A new Consumer Duty](#)
- [FCA Consultation Paper CP21/36: A new Consumer Duty. Feedback to CP21/13 and further consultation](#)
- [FCA Policy Statement PS22/9: A new Consumer Duty. Feedback to CP21/36 and final rules](#)

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