**The Consumer Duty Implementation Plan**

**Name of Firm:**

**Senior Managers Responsible for scrutinising and overseeing delivery of the implementation plan:**

**Name(s):**

**Date of Plan:** This should be dated 31st October 2022 or earlier

**Introduction:**

*This could be a brief overview of the reasons for the plan. You may want to include something like:*

The Consumer Duty is a collective term for a new FCA Principle together with a set of rules and guidance. The FCA have designed The Consumer Duty to improve the focus of firms on customer outcomes and to reduce instance of customer harm. It will set higher and clearer standards of consumer protection across financial services and require firms to put their customers’ needs first. This marks a shift away from just application of the rules to ensuring good customer outcomes are achieved.

As part of The Consumer Duty, the FCA have requested that each regulated firm completes an implementation plan to review all areas of their business in line with these aims. At (insert name of firm) we have always considered we put the customers’ needs first and that good outcomes are achieved. However, we do not want to be complacent and have therefore completed a detailed review of our business and considered each of the ‘Points to Consider’ below in detail.

*You may want to state everyone who will be involved in the plan and in what capacity.*

*The plan should be proportionate to the size and complexity of your firm. If you are a small business then FCA will not be expecting you to produce a highly complex or detailed plan. But they will still expect you to be able to show that you have considered your business, services and practices in line with the Consumer Duty.*

Please Note:

xxxxx Delete text in this colour in final plan

xxxxx Suggested wording

**Consumer Principle**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Points to consider  Do we at *(insert name of firm)* | Yes / No | Examples as to how this is being achieved and any gaps that need addressing  (You do not necessarily need to provide examples for every section. However, it would be prudent for most to be completed) | Action(s) to be taken//by who/by what date | Date action(s) completed |
| understand what ‘The Consumer Duty’ is and are we aware of the cross-cutting rules and 4 outcomes? | Yes / No | Have you arranged/recorded any staff training? Have any learning modules/webinars been completed? |  |  |
| go further than complying with the FCA’s specific rules and focus on delivering good outcomes for our clients? | Yes / No |  |  |  |
| complete client segmentation (E.g., Financial life stages, income needs, accumulation v deaccumulation, experienced v inexperienced) to ensure we understand our target market? | Yes / No | You may want to just reference the file where this is kept if this has been completed |  |  |
| take account of the needs of our customers in vulnerable circumstances to achieve outcomes that are as good as those for other clients? | Yes / No | What do you record on your files with regard to vulnerability? Explain your process?  Do you have a vulnerable customers policy and are all staff aware of it? Has training been arranged/recorded? |  |  |
| treat all clients fairly irrespective of the level of income they generate? | Yes / No | Do you deal differently with a client wanting a small further advance to a mortgage of £500,000. If so, is the process equally fair to each customer? |  |  |
| deliver the level of service that clients can reasonably expect? | Yes / No |  |  |  |
| consistently consider the needs of our clients at every stage of the product/service lifecycle? | Yes / No | Do you have review system for mortgage deals coming to an end. Are protection needs reviewed at every meeting? |  |  |
| regularly monitor, test and when required change our policies, practices and processes so we can satisfy ourselves that the outcomes for our clients are in line with the FCA’s expectations and provide good outcomes? | Yes / No | How frequently do you monitor or test your policies and processes? You should be reviewing these as and when any changes are made and at least on an annual basis.  Who does this and how often /where is it evidenced? |  |  |

**Cross Cutting Rules**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Points to consider  Do we at *(insert name of firm)* | Yes / No | Examples as to how this is being achieved and any gaps that need addressing | Action(s) to be taken//by who/by what date | Date action(s) completed |
| consider reasonableness to avoid foreseeable harm to our clients? | Yes / No | Consider behavioural biases/customer inertia etc. How do you ensure these do not cause harm?  Are you fair when describing the benefits and risks of the products recommended? |  |  |
| enable our clients to pursue their financial objectives? | Yes / No | Explain your fact-finding process and research methods. What MI do you keep? |  |  |
| make sure that any changes to our firm’s processes and procedures are communicated to all staff and monitor their understanding? | Yes / No | Is this done by email or team meeting? How do you ensure understanding? |  |  |
| have systems and controls in place to be able to identify when clients or a particular group of clients receive poor outcomes? | Yes / No | Consider customer feedback/complaints and whether there is more that you can do to improve outcomes for any specific group of clients. |  |  |

**The Four Principles**

**1/ Consumer Understanding**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Points to consider  Do we at *(insert name of firm)* | Yes / No | Examples as to how this is being achieved and any gaps that need addressing | Action(s) to be taken//by who/by what date | Date action(s) completed |
| issue communications that provide our clients with the information they need? How and when it is communicated? | Yes / No | Explain what documents are provided and when. It is not what you send but whether the customer understands it |  |  |
| make sure all our client facing documentation is presented concisely in easily understandable language and is tailored to the channel of communication that is being used? | Yes / No | Explain who reviews and updates the documents and how often. Include when this was last done  Think about layering communications – bringing the most important information to the front and using Q&A formats. |  |  |
| avoid using industry jargon at all times? | Yes / No |  |  |  |
| provide relevant information in a timely manner to allow our clients enough opportunity to reflect on and consider their options? | Yes / No | When do you send out information about the end of an introductory rate is it very close to its expiry date? |  |  |
| clearly draw our client’s attention to any key changes as and when necessary? | Yes / No | if a mortgage deal has to be amended due to rate change or a protection illustration due to a loading etc., do you clearly draw their attention to the key changes? |  |  |
| when designing a communication aimed at a specific segment of our clients, think about their particular needs and characteristics? | Yes / No |  |  |  |
| communicate at appropriate points throughout the service lifecycle in a way that supports our clients’ decision making? | Yes / No | You need to be mindful of the effect of communicating too frequently as this may diminish the impact of important messages you need to relay. |  |  |
| test and when required adapt our communications, to make sure they are likely to be understood by our target clients including those clients deemed vulnerable? | Yes / No | How do you ensure information being provided is not misunderstood or overlooked by the client  What special provisions do you have for people with hearing or sight impairment, clients with poor language skills or English not being their first language. |  |  |

**2/ Products and Services**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Points to consider  Do we at *(insert name of firm)* | Yes / No | Examples as to how this is being achieved and any gaps that need addressing | Action(s) to be taken//by who/by what date | Date action(s) completed |
| make sure that what we charge for our services represents fair value for clients? | Yes / No | The products or services will not represent fair value to a client if the benefits received are not reasonably relative to the price they pay.  Think about this particularly in the more niche areas where costs can be high – like Second Charges, Bridging, Equity Release and Debt con |  |  |
| have a transparent charging structure? | Yes / No | Is your fee charging and refund policy clear? When is it explained to the customer? |  |  |
| considers the requirements of all client segments and vary our charging structure as appropriate? | Yes / No | Has client segmentation been completed? |  |  |
| ensure we have no services that cause harm to our clients through unnecessary costs, delays or stress? | Yes / No | It should be at least as easy to exit a service as it is to purchase it in the first place. |  |  |
| fully understands our PROD obligations as a distributor? | Yes / No | You will need to obtain information from the manufacturer to understand the product or service, its target market and its intended distribution strategy then regularly review the distribution arrangements to ensure they are appropriate and take appropriate action if you identify issues. If you are not complying with PROD, you are not complying with The Consumer Duty |  |  |
| monitor our services to make sure they remain consistent with the identified target market(s)? | Yes / No | If so, how and when is this done? |  |  |

**3/ Consumer Support**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Points to consider  Do we at *(insert name of firm)* | Yes / No | Examples as to how this is being achieved and any gaps that need addressing | Action(s) to be taken//by who/by what date | Date action(s) completed |
| support our clients throughout the lifecycle of a product or service after the point of sale? | Yes / No | How do you support a client if they want to switch advisers, advisory firms, make a claim or complain. |  |  |
| provide a level of customer service that meets the needs of our clients, enabling them to realise the benefits of products and services and act in their interests? | Yes / No |  |  |  |
| ensure there are no barriers to prevent good customer service throughout the consumer journey? | Yes / No | Are your contact details clearly available via your website and it is clear how customers can complain. Make sure this is not too difficult to find |  |  |
| deliver a service that doesn’t hinder our clients from taking timely action to manage their financial affairs or increases their costs in doing so? | Yes / No | Complaints being dismissed without proper investigation, leading to clients potentially missing out on any redress. |  |  |
| have processes that actively take our clients’ needs into account and don’t cause undue hindrance to them? | Yes / No |  |  |  |
| monitor the performance of processes, identifying any customer service areas that fall short and act promptly to address these? | Yes / No | If so, how and when is this done? |  |  |

**4/ Price and Value**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Points to consider  Do we at *(insert name of firm)* | Yes / No | Examples as to how this is being achieved and any gaps that need addressing | Action(s) to be taken//by who/by what date | Date action(s) completed |
| offer products and services that are fit for purpose and represent fair value - This is not just be because they meet our clients’ needs and objectives, but also because their price represents fair value? | Yes / No | Value means the relationship between the overall price to the client and the benefits received by them. You should be able to show that you have undertaken an assessment and can demonstrate why you consider that the relationship between the price and the benefits is reasonable.  Consider all the costs and charges a client may pay for the product or service over time  Consider the overall value chain and how that affects the price clients pay  When charging different prices to separate groups of clients, consider that the product or service is fit for purpose for an average client in each group. |  |  |
| make sure that the benefits of the products and services offered to our clients are reasonable relative to their price? | Yes / No | The FCA includes ‘price’ and ‘value’ as separate factors because it wants to stress the importance of price in determining whether a product or service is fit for purpose and offers fair value. |  |  |

**Conclusion:**

*You may want to include something like:*

(Insert names of all senior managers) at (insert name of firm) have considered all the above ‘Points to Consider’ in our Implementation Plan for The Consumer Duty. We have documented examples of good practice and where appropriate have assigned actions for areas where we feel improvements can be made. These will be followed up to ensure they are completed within the timescales set.

At (insert name of firm) we want to ensure we have the right culture; we are not complacent and that we always strive to achieve the best possible outcomes for our customers on every occasion. This will include always acting in good faith, endeavouring to avoid causing foreseeable harm and enabling and supporting customers to pursue their financial objectives.

Our plan will be reviewed and updated annually to ensure we continue to put our customers’ needs first.

Signed: All senior managers to sign

Date:

**Updates:**

Insert any updates or changes in this section as you work through any actions in the plan