

# QUICK GUIDE TO CONSUMER DUTY OUTCOMES

The new Principle behind the Consumer Duty is that **“a firm must act to deliver good outcomes for retail customers.”** This sounds sensible – after all, who would object to the idea of helping their clients achieve what they want? But its implications are far-reaching for adviser firms – particularly since the FCA require evidential proof that good outcomes have been achieved.

## 1

### PRODUCTS AND SERVICES



#### WHAT DOES CONSUMER PRODUCTS AND SERVICES MEAN?

This is a central pillar of the Duty because it goes right to the heart of product design. The FCA want advisers to understand their products completely, and ensure they are targeting and distributing those products to the right client groups. If this sounds like business as usual, it isn't. The Duty requires a tighter definition of client groups' needs and objectives than before, and more data exchanging between advisers and providers to ensure products are fit for purpose.

#### WHAT DO YOU NEED TO DO?

Although this outcome applies more to providers, advisers have an important role to play because of your closeness to end investors, and your ability to feedback on how the product is actually behaving in the market.



#### Your firm is required to:

- **Gather all necessary information from providers about products**, in order that they can more accurately recommend (or “distribute”) them to the right clients.
- **Study their target markets** to be able to match their needs to product benefits.
- **Set up distribution strategies** that are consistent with the providers' own target markets for the product.
- **Regularly review distribution strategies** to check they are still meeting client needs.
- **Supply product review information to providers when requested** including product performance data and client feedback.

### Your firm is NOT required to:

- **Proactively supply product information to providers**, unless there is evidence of financial harm affecting clients.
- **Provide data about individual clients** that might breach data protection laws.



### HOW DO YOU ACHIEVE THIS?

Set up reviews of product performances, as appropriate to the complexity of the products. These may be included in “fair value” reviews since these two outcomes can often be interdependent. Your firm should be ready to share the review results with providers and with the FCA. Reviews will need to use real data such as:

- Sales information, especially cancellations
- Analyses of product performance
- Customer feedback, especially complaints
- Surveys and other forms of client research
- Usage data for product features

Don't forget to check our other Consumer Duty quick guides:

**Price and Value, Consumer Understanding and Consumer Support**



The document is for professional financial advisers only and issued by the Embark Group.

Embark Group Limited is a company incorporated in England and Wales and is the holding vehicle for all companies in the Group. Company registration number: 03578067. Registered at 100 Cannon Street, London, EC4N 6EU.

Past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested.