

## ONE PAGE CONSUMER DUTY

# RISK ASSESSMENT

## PURPOSE

The time has come and the FCA has released their final rules. Woo! This is where the work begins. Before we were chatting to firms about the possible areas of their business that could be impacted by Consumer Duty. Now that we know the final rules we can really get down to the nitty-gritty.

The purpose of this one pager is to help you break down the rules in order to consider each section individually. This will then aid you in considering how each should be implemented into your business and which areas are most affected.

## RULES

There are three 'cross-cutting' rules, which address how businesses should conduct themselves in order to ensure they are delivering the correct outcomes for their clients. These are:

- Act in good faith.
- Take all reasonable steps to avoid causing foreseeable harm to consumers.
- Take all reasonable steps to enable consumers to pursue their financial objectives.

The FCA explicitly states that each of these is essential to the level of care firms should provide to consumers, so all need to be taken into account.

In terms of the 'outcomes' these relate to:

- **Product and services** – providers must be clear about their target market, and any risks posed by their products, and also be clear on product information. Distributors must do the same, and take steps to prevent the wrong consumer types from buying/receiving those products.
- **Price and value** – firms need to consider the impact of charges or price over the lifetime of the product or service and check that the benefits to the consumer are proportionate. This does not mean the imposition of price caps though. In essence, here we are suggesting that firms are clear about whether there is added value by the firm being involved in the distribution of this product or service.
- **Consumer understanding** – firms should communicate in a way that is reasonably likely to be understood, facilitate decision making and take proportionate steps to review and adapt communications to adhere to the above.
- **Consumer support** – customer services must not unduly hinder consumers from acting in their own interests or lead to unreasonable additional costs for consumers, including time costs.

## ACTION

We suggest that you use the above outcomes as sections of your full risk assessment, consider which parts of your business fall under each outcome, then note any questions, comments or actions as appropriate.

\*Please note a full Consumer Duty Risk Assessment Template is available for existing Dextera clients in the Resource Hub.