

Consumer Duty Temperature Check & Assurance

Taking the temperature of your
compliance in with the Consumer
Duty

July 2023

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Taking the temperature of your Consumer Duty implementation and providing assurance

The implementation of the Consumer Duty is upon us and the FCA will be checking compliance with the Four Outcomes and overall alignment with the Duty through examination of firms' culture

The Consumer Duty ("the Duty") applies to all firms that 'have a material influence over, or determine, retail customer outcomes'.

Through recent communications, the FCA has stressed the need for firms to be able to show, that they are acting to deliver good customer outcomes. While FCA acknowledges that firms will need to continue to improve how they monitor and demonstrate compliance, it has also said that firms can expect it to take '*...robust action, such as interventions or investigations, along with possible disciplinary sanctions*' in those instances where it considers there are serious breaches.

The FCA also issued 10 key questions from its Guidance, that firms should be asking themselves to gauge their readiness for implementation, as well as ongoing compliance with the Duty. These areas show where the FCA will focus its pre- and post-implementation supervision efforts.

DWF are offer a range of support services to help you achieve the outcomes required under the Duty. Our services are intended to ensure that firms get their Consumer Duty right first time for the benefit of the business and its customers. In addition, we can work with you towards understanding how you are set up to go beyond compliance and achieve full alignment with the spirit of the Duty, including how you can review your culture to ensure the correct behaviours are in place.

Part of our Consumer Duty offering is a one-day 'temperature check' service, which is intended to provide you with a rapid and insightful review of your Consumer Duty compliance and alignment. We can also provide an independent assessment of firms' culture and behaviours, to understand how it is supporting good customer outcomes. **The benefits of our Temperature Check, Assurance and Cultural Assessments are set out on the following pages.**



30 April 2023

Manufacturers should have completed all work necessary to meet the outcome rules for their existing open products



31 July 2023

Implementation deadline for new and existing products or services that are open to sale or renewal



30 July 2024

Implementation deadline for closed products or services

Consumer Duty Milestones

DWF's One-Day Temperature Check

Areas we will address:

1. Whether the firm has correctly identified the scope and application of the Duty to its own products and services
2. Is the firm able to assess, test, understand and evidence the outcomes their customers are receiving?
3. Is the firm delivering good outcomes for customers, with reference to its products or services, the characteristics of the firm's customers (including potential vulnerabilities), the firm's relationship with its customers and the size of the firm?
4. How has the firm considered the external environment and how that will impact on the firm's ability to deliver good outcomes for customers?
5. Has the firm considered how its culture supports the delivery of good outcomes for customers?
6. Whether the firm is needs to do more work post 31 July to achieve full alignment with the Duty?

Benefits for the firm

1. Confirming whether the firm is either meeting - or has in place an action plan to meet - the obligations under the Duty
2. Being able to answer the FCA's questions post implementation with confidence as you will have better understanding of your position
3. Understanding whether the design of your Consumer Duty framework will meet the expectations of the firm under the Duty
4. Understanding if the Firm is going to be able to robustly evidence how it is meeting the outcomes expected under the Duty
5. Whether the design and/or progress of any remaining solutions look fit for purpose to meet the Duty requirements
6. A tool to demonstrate ongoing commitment to align with the Duty, and to engage areas of the firm with the FCA's expectations

We will provide a summary of areas considered and our findings, and includes a 30 – 60 minute de-brief.

The Temperature Check can be varied to meet your needs, for example, with a more detailed, day-long examination of each of the four outcome areas, or thematically i.e. a review of MI and Culture

Culture as a driver of good customer outcomes

All of the FCA's communications signify that as a result of the Consumer Duty they are expecting an evolution in firms' cultures and that Executives will be held accountable through the SMCR

'Culture remains central to the FCA's supervisory model. It is what underpins outcomes – firms with healthy cultures will be best equipped to adapt to a changing world and to consumers with changing expectations.'

Emily Shepperd, FCA Chief Operating Officer and Executive Director of Authorisations, June 2023

The Senior Managers & Certification Regime (SM&CR) will be used to measure how a firm's leadership and employees behave to embed the Consumer Duty, with the Outcomes being used to confirm the level of service that what Consumers receive.

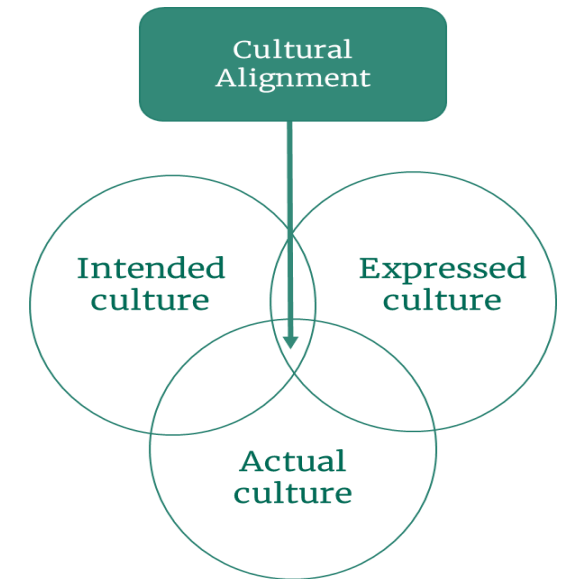
Senior Managers will also be expected to ensure that a firm's **Purpose, Leadership, Approach to rewarding and managing people** and **Governance** all underpin the Consumer Duty.

DWF can offer an independent assessment of your firm's culture and behaviours to provide you with robust, data-driven evidence of your cultural alignment and ability to place good customer outcomes at the heart of your products and services.

Our approach examines the strength of alignment between:

1. Intended culture – the behaviours and standards of conduct you seek and espouse from the top down
2. Expressed culture – how you reinforce these behaviours and standards across the firm through policies and procedures
3. Actual culture – the behaviours as they happen in practice

When all three elements are in alignment, this is where we see firms achieve their cultural aspirations and are able to demonstrate to regulators - and other key stakeholders - how they are optimising their culture as a unique and distinctive business force for good.



Culture and Conduct drive Consumer Duty alignment and underpins business performance and confidence



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