

Cabinet News and Views

Informed analysis for the financial services industry



New FCA Consumer Duty of Care



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UK firms manufacturing financial products that reach retail customers are facing a significant deadline this April to conform those products to meet the new consumer duty.

Back in July 2022, the United Kingdom's Financial Conduct Authority (the "FCA") published its approach to that duty in the form of final rules and guidance for an explicit "consumer duty of care," impacting all firms that distribute or manufacture products and/or services to retail customers. The new rules require a higher standard of care and protection for consumers of financial services by compelling firms to:

- end excessive charges and fees;
- make it as easy to switch or cancel products as it was to take them out in the first place;
- provide helpful and accessible customer support;
- provide timely and clear information;
- provide products and services that are right for their customers; and
- focus on the real and diverse needs of their customers, including those in vulnerable circumstances.

The FCA is giving firms until July 31, 2023 to implement the new rules for all new and existing products and services that are currently on sale. The rules will eventually be extended to closed book products (to come into force on July 31, 2024) to allow more time to bring older products up to the new standards.

By October 31, 2022, firms had agreed on implementation plans to meet the new higher standards. Currently, manufacturers are preparing themselves to meet the

next milestone April 30, 2023 deadline to complete reviews in order to comply the outcome rules – those cross-cutting rules that should ensure that the required consumer outcomes are achieved. The FCA has also been putting information out on how they are going to support firms' implementation programmes through regular communication, including working closely with industry and consumer organisations to identify and share good and poor practice, but it is clear that the ball is firmly in the firms' court to ensure that the consumer duty is both embedded and in play in every aspect of the product lifecycle in good time for summer 2023.

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