

# Consumer duty

The Financial Conduct Authority's (FCA) Consumer Duty came into force on 31 July 2023 for most firms. Companies holding closed mortgage and equity release books have until 31 July 2024 to comply.

The Duty is comprised of three elements.

## 1) A Consumer Principle that requires firms “to act to deliver good outcomes for retail customers”.

This principle (12) sets a higher standard than both principle 6 “A firm must pay due regard to the interests of its customers and treat them fairly” and principle 7 “A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.”

## 2) Cross-cutting rules that require firms to:

- Act in good faith towards retail customers.
- Avoid causing foreseeable harm to retail customers.
- Enable and support retail customers to pursue their financial objectives.

These cross-cutting rules are aimed at developing and clarifying the Consumer Principle’s overarching expectations of firm conduct and set out how it should apply in practice. They are to help firms interpret the following four outcomes.

## 3) Four outcomes:

- The governance of products and services.
- Price and value.
- Consumer understanding.
- Consumer support.

These outcomes are underpinned by a suite of rules and guidance that set out more detailed expectations for firms and their relationships with consumers.

## What does it mean members?

The Duty applies to all those involved in financial services. For the equity release sector, this means:

- Manufacturers, ie. those companies who develop and offer the product, also known as providers.
- Co-manufacturers, ie. those funders who significantly influence the product and/or service.
- Distributors, ie. those who recommend and administer the product application, also known as advisers.

There are some instances where manufacturers can also be distributors but for the purposes of the Council’s rules and guidance these are separate entities



Council members must confirm its principles, outcomes and rules have been adhered to, including the production of a fair value assessment, via an annual attestation statement.



[Supplementary Council guidance on fair value assessments and post sales communications.](#)



[Webinars and technical bulletins relating to the Duty.](#)



[For full and updated information refer to the FCA finalised guidance FG22/5 and the wider \[www.fca.org\]\(https://www.fca.org\) website.](#)