



Personal
Finance
Society

Standards. Professionalism. Trust.

Consumer Duty

Consumer Duty Toolkit: **Overview**

Why we are introducing this toolkit for members

Financial service professionals have been building professional expertise and culture in their workplace throughout their career.

They use many tools to achieve this, including:

- qualifications
- continuous professional development, including the resources provided by the PFS Power programme
- mentoring
- networking and informal discussion with colleagues and peers throughout the profession
- plus many other resources.

At the heart of many of the tools in this Consumer Duty toolkit is a challenge, summed up in the PFS Code of Ethics, that asks:

Do I say:

“show me where it says I can’t”

or do I say:

“is this ethical”?

The Consumer Duty starts from exactly the same place. The FCA has stated that the key aim of the Duty is to:

“trigger fundamental culture change within firms by creating a unifying, overarching standard of care that moves firms to ask ‘is this right?’ rather than ‘is this within the rules?’”

The FCA regulates a vast number of firms, and financial services professionals are often much further along the journey of achieving profession excellence than other sectors.

As a result, the challenge the Consumer Duty poses for financial services professionals is often how to evidence their professional behaviour in a way that captures the language of the Consumer Duty, and address the specific good practice challenges that the FCA has identified for financial services professionals.

This toolkit has been designed in association with compliance experts who have worked with smaller financial services firms to help them prepare for the introduction of Consumer Duty. It is designed to help build a comprehensive and coherent presentation of all the activities that makes a firm compliant with the Duty.

It provides a practical approach to answering the question:

Do I say: ***“show me where it says I can’t”***
or do I say: ***“is this ethical”?***

How the toolkit works

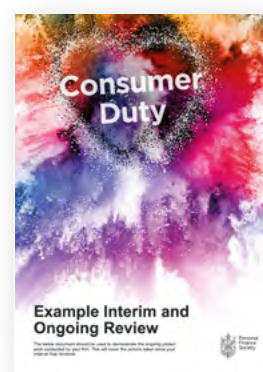
The PFS Consumer Duty toolkit is made up of eight templates for:



Gap Analysis



Implementation Plan



Interim & Ongoing Review



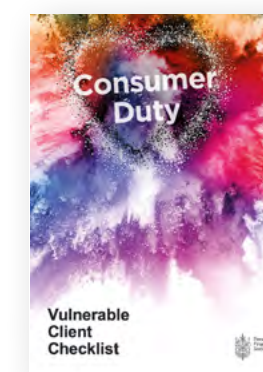
Fair Value Statement: Initial Advice



Fair Value Statement: Ongoing Advice



Fee Divergence Register



Vulnerable Client Checklist



Vulnerable Client Register

Some of the templates have been pre-populated with example answers, drawn from real-life scenarios. Firms may use these examples as the basis for their wordings for Consumer Duty documentation, or they may treat them simply as a rough guide when completing the template, or they may disregard them altogether.

Some statements will be more relevant for some firms than for others – for example, very small firms will have less need to design processes and accountability statements, especially if there is only one person in the firm.

The treatment of vulnerable customers is a particularly important aspect of the Duty. The FCA has said, 'Firms need to take extra care when dealing with consumers with characteristics of vulnerability, as set out in the rules for the Duty and also in our Guidance on the fair treatment of vulnerable customers.' For this reason, the tool also contains a vulnerable client checklist and register.

How the Toolkit fits into the FCA's timetable for the Consumer Duty

The timetable for the Consumer Duty has been very tight and has been even more constrained by the fact that many product providers have only released product governance information on target markets relatively recently.

Consumer Duty Timetable

Preliminary

December 2021	FCA issues Consultation Paper 21/36
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After final rules

July 2022	FCA issues final rules and guidance: PS 22/9 and FG 22/5
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September 2022	Firms started Value Assessment process, including MI requirements
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31 October 2023	Firms finalised the Implementation Plan & highlighted all senior manager responsibility
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To July 2023	Complete gap analysis, formalise action plan
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31 July 2023	Consumer Duty comes into effect
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After implementation date

Q4 2023	FCA publishes its thematic review of retirement income advice – it has said, ‘The results will also be an important indicator of how firms are implementing the Consumer Duty.’
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	Firms update their gap analysis and ongoing Consumer Duty compliance plan in light of results.
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Future resources

We'd like to thank Capital Compliance for their support in developing this Consumer Duty Toolkit for PFS members. The Personal Finance Society will continue to develop good practice guidance for members and we expect to add additional resources to both this Consumer Duty Toolkit and web hub on an ongoing basis, so do listen out for announcements of new content.

If you have comments or questions relating to this Toolkit, or have additional guidance needs please email us in the first instance at consumerduty@thepfs.org

Please note that this toolkit is available for information purposes only and the PFS/CII do not in any way whatsoever guarantee that using the same will ensure compliance with the FCA's Consumer Duty responsibilities. It is therefore advisable that individuals refer to the FCA website for further information and to satisfy themselves that they meet the FCA's Consumer Duty requirements.

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COH_J3524(07/23)