

# Annual Consumer Duty Board Report Guidance for Introducers



This guide has been designed to help our introducers understand the regulatory requirements for Annual Consumer Duty Board Report.

The information provided in this guide is for reference and guidance only, and is based on our interpretation of the requirements. It is your responsibility to ensure your Annual Consumer Duty Board Report follows the requirements set out by the Financial Conduct Authority.

By not conforming to the FCA rules and guidance, you may be subject to regulatory enforcement.

All FCA-authorized firms need a Consumer Duty annual report signed off by the business and completed by 31st July 2024. This is a new report for all firms, and we wanted to share some guidance, based on information we have collated, to assist you in producing your report.

There is no template, format, or method of producing the report given by the regulator. You must make sure your report is proportionate for the size of your firm but detailed enough to explain to the FCA (if they ask for a copy) how you monitor and identify that you are meeting the requirements of the duty. This guidance provides examples of the type of data you could use if you have it.

## Remember:

- Signed off report by **31st July**.
- Needs to be done annually, but the first report can be for a period of your choosing.
- All areas across your business should get involved with the report and provide data.

## The report should:

- Be clear with no jargon.
- Include what you have done, what you have found and any gaps you need to fill.
- Include the poor results as well as the good.
- Back up what you say with the data you have.

## Key things to remember



Every FCA-authorized firm needs to have an annual Consumer Duty report produced by the **31st of July**.

- You don't need to send a copy to the FCA, but they may request it after the deadline.
- The report should be evidence-based, reviewed, and signed off by the most senior people in your business.
- The format should be **simple and clear**, without the use of jargon, and easy for other parties (e.g., the FCA) to understand without them delving deeper and asking questions about the firm's structure and operational model.
- You must explain how you decided on your approach; did you ask an independent third party to review elements such as communications? Did you test your existing communications with consumers?
- State whether there are any planned changes within the firm's business strategy, e.g. business expansion, which have the potential to affect customer outcomes.
- Include in the report management information (MI) that you regularly use within your business.
- Make sure the data you use shows how you identify and monitor Consumer Duty.
- Focus on the four Consumer Duty Outcomes, as well as Principle 12.



## Four Consumer Duty Outcomes and Principle 12

The Financial Conduct Authority (FCA) outlines four key Consumer Duty Outcomes to ensure financial firms treat customers fairly and deliver good outcomes. These outcomes aim to foster trust and protect consumers in the financial market.

### 1 Products and Services:

- Financial products and services should be designed to meet the needs of consumers and be targeted at the right customer groups. This ensures that customers are sold products that are suitable and beneficial for them.

### 2 Price and Value:

- Prices for financial products and services should reflect fair value, meaning customers should get good quality at a reasonable cost. Firms must avoid unfair charges and ensure their pricing is transparent and justifiable.

### 3 Consumer Understanding:

- Information provided to consumers should be clear, accurate, and understandable. This helps customers make informed decisions about financial products and services. Firms should communicate in a way that is accessible and not misleading.

### 4 Consumer Support:

- Firms should offer helpful and responsive customer service that supports consumers throughout their relationship with the company. This includes providing timely assistance and resolving issues effectively.

Principle 12 of the Consumer Duty focuses on ensuring that financial firms act to deliver good outcomes for retail customers.

#### Three Cross-Cutting Rules:

- **Acting in Good Faith:** Firms must always act in an honest, fair, and open manner with their customers.
- **Avoiding Foreseeable Harm:** Firms should take proactive steps to prevent practices or products that could cause harm to customers
- **Enabling Good Outcomes:** Firms must ensure that their actions, products, and services help customers achieve positive financial outcomes

This includes supporting informed decision-making and providing value. Principle 12 emphasises that firms are responsible for prioritising customer interests and fostering a trustworthy, fair financial market.

## When starting your report, ask yourself the FCA's 10 key questions on Consumer Duty:

- 1** Are you satisfied your products and services are well designed to meet the needs of consumers in the target market, and perform as expected? What testing has been conducted?
- 2** Do your products or services have features that could risk harm for groups of customers with characteristics of vulnerability? If so, what changes to the design of your products and services are you making?
- 3** What action have you taken as a result of your fair value assessments, and how are you ensuring this action is effective in improving consumer outcomes?
- 4** What data, MI and other intelligence are you using to monitor the fair value of your products and services on an ongoing basis?
- 5** How are you testing the effectiveness of your communications? How are you acting on these results?
- 6** How do you adapt your communications to meet the needs of customers with characteristics of vulnerability, and how do you know these adaptations are effective?
- 7** What assessment have you made about whether your customer support is meeting the needs of customers with characteristics of vulnerability? What data, MI and customer feedback is being used to support this assessment?
- 8** How have you satisfied yourself that the quality and availability of any post-sale support you have is as good as your pre-sale support?
- 9** Do individuals throughout your firm – including those in control and support functions – understand their role and responsibility in delivering the Duty?
- 10** Have you identified the key risks to your ability to deliver good outcomes to customers and put appropriate mitigants in place?

## An Example of Report Contents Structure

- 1 Executive Summary.
- 2 Consumer Duty Champion Statement - do they think the business has met the requirements?
- 3 Scope and approach taken to implement and embed the Consumer Duty.
- 4 Cross-cutting rules – high level, how do you meet the three cross-cutting rules of Principle 12?
  - Act in good faith towards retail customers
  - Avoid foreseeable harm to retail customers
  - Enable and support retail customers to pursue their financial objective
- 5 Outcomes Monitoring MI – evidencing how you have monitored customer outcomes and adherence to the duty via management information.
- 6 Business Strategy - What is your strategy, and is it aligned with delivering good outcomes under the Duty? Do you have any business changes planned?
- 7 Culture and Purpose - How your firm's culture and purpose align with the Duty. What does your website say about your business? How do you promote yourselves to your customers?
- 8 Future Commitments - How you intend to act on areas for improvement and implement any new initiatives for further adherence to the Duty.
- 9 Board approval – It is very important to document this and show how they challenged the report.

**Appendices** - include these if it helps. You could also include a copy of your implementation plan and any additional data you have.

## Questions to ask yourself in your Executive Summary and for your board approval

1

How does your firm demonstrate compliance with principle 12?

4

Are your firm's products and services sold at a price that reflects their value, including fees?

2

How does your firm meet the cross-cutting rules?

5

How are your customers equipped to make good decisions with information that is understandable and available at the right time?

3

How do your firm's products and services meet your target market and work as expected?

6

How are your customer service and post-sales support teams equipped to be responsive and helpful without unnecessary friction or barriers?

## Example structure for an Executive Summary

### Executive Summary

#### 1 Introduction

1. This report shows our commitment to treating customers fairly and delivering great service.

#### 2 Key Achievements and Highlights

1. We've improved our vehicle offerings, pricing, and customer service this year.
2. Customer feedback has been positive, showing better satisfaction.

#### 3 Consumer Duty Outcomes

##### 1. Products and Services:

1. We offer vehicles and finance packages that match what our customers need.
2. We've added new models and improved financing options.

##### 2. Price and Value:

1. Our pricing is fair and competitive.
2. Customers get good value for their money.

##### 3. Consumer Understanding:

1. We make sure all information about our cars and deals is clear and easy to understand.
2. We help customers make informed choices.

##### 4. Consumer Support:

1. Our customer service is friendly and helpful.
2. We resolve issues quickly and efficiently.

#### 4 Principle 12 Compliance

1. We always act honestly and fairly.
2. We work to prevent any problems for our customers.
3. Our goal is to ensure every customer leaves happy with their purchase.

#### 5 Challenges and Areas for Improvement

1. We faced some challenges this year but are working on improvements.
2. Next year, we'll focus on bettering our services and customer support.

#### 6 Future Commitments

1. We're committed to continuously improving our offerings, pricing, and customer service.
2. We have plans for new initiatives to enhance the customer experience.

#### 7 Conclusion

1. We're dedicated to providing the best for our customers.
2. We'll keep working hard to improve and meet our customers' needs.



Be sure to explain **HOW** you can evidence each of these points within the report.



## Consumer Duty Board Champion

A Consumer Duty Board Champion is a senior individual within your business, typically a member of the board or leadership team, designated to lead and advocate for the firm's adherence to Consumer Duty principles. Their primary role is ensuring consumer interests are central to the firm's culture, strategy, and operations.

### Role of the Consumer Duty Champion

- **Leadership and Advocacy:**  
Ensures we put customers first in everything we do.
- **Oversight and Accountability:**  
Monitors our compliance with Consumer Duty principles.
- **Engagement and Communication:**  
Promotes clear, honest communication with our customers.
- **Reporting and Feedback:**  
Provides updates on our progress and identifies areas for improvement.
- **Future Focus:**  
Plans for continuous improvements in customer service and satisfaction.

The Consumer Duty Board Champion should provide a dedicated section within the Annual Report, summarising the year's activities, challenges, and successes related to Consumer Duty.

## Example Consumer Duty Board Champion Statement

### Consumer Duty Champion Report

**Introduction:** As the Consumer Duty Champion, I ensure we always prioritise our customers' needs and provide excellent service.

**Leadership and Strategic Influence:** This year, I've worked with our team to ensure our products and services meet our customers' needs. We've reviewed our inventory, financing options, and sales practices to deliver better value.

**Oversight and Accountability:** I've tracked our progress following Consumer Duty principles. We've conducted regular reviews to ensure we're treating customers fairly and meeting their expectations.

**Engagement and Communication:** We've trained our staff to communicate clearly and honestly with customers. We've also listened to customer feedback to improve our services.

**Reporting and Feedback:** This report highlights our achievements, such as better customer satisfaction and new financing options. We've included examples of how we've helped customers find the right vehicle at the right price.

**Future Focus:** Looking ahead, I will focus on improving our customer service and ensuring we continue to offer great value. We're committed to making ongoing improvements to serve our customers better.

**Conclusion:** We're dedicated to putting our customers first and providing excellent service. We'll keep working hard to meet our customers' needs and exceed their expectations.

**Scope and approach taken to implement and embed the Duty – questions to answer in your report:**

? What work have you done before July 2023 and since to implement Consumer Duty?

? Developing your approach to monitoring customer outcomes - what have you changed to make sure you are meeting the duty?

? Committee and senior management roles – who is responsible for monitoring which outcomes? Do you have any regular meetings to review management information (MI)?

? How have staff been upskilled and trained to deliver the Duty?

? Regulatory interactions regarding the Consumer Duty – have you had any contact with the regulator outside of normal returns, etc.?



## Principle 12 – how can you evidence compliance with the three cross-cutting rules?

Firms can implement and document specific practices and measures to evidence this. Here are ways to demonstrate compliance with each rule:

### 1 Acting in Good Faith

#### Practices:

- **Transparent Communication:** Ensure all advertising, contracts, and customer interactions are clear, honest, and transparent.
- **Training Staff:** Regularly train employees on ethical sales practices and customer service.
- **Customer Feedback:** Actively seek and act on customer feedback to improve service and address issues.

#### Evidence:

- **Documentation of Training Programs:** Records of training sessions, attendance, and materials used.
- **Customer Feedback Records:** Logs of customer feedback, surveys, and actions taken in response.
- **Transparent Contracts:** Copies of clear and easy-to-understand contracts and sales agreements.

### 2 Avoiding Foreseeable Harm

#### Practices:

- **Thorough Inspections:** Conduct comprehensive inspections and maintenance checks on all vehicles before sale.
- **Disclosure of Vehicle History:** Provide complete and accurate vehicle history reports to customers.
- **Fair Sales Practices:** Avoid high-pressure sales tactics and ensure customers are given the time and information needed to make informed decisions.

#### Evidence:

- **Inspection Records:** Detailed records of vehicle inspections and any maintenance performed.
- **Vehicle History Reports:** Copies of vehicle history reports provided to customers.
- **Sales Process Documentation:** Documentation of the sales process, showing how information is provided to customers and their decision-making process is supported.

### 3 Enabling Good Outcomes

#### Practices:

- **Personalized Recommendations:** Offer cars and financing options that suit the individual needs and circumstances of customers.
- **After-Sales Support:** Provide robust after-sales support, including warranties, service plans, and a clear process for addressing complaints.
- **Continuous Improvement:** Regularly review and update practices based on customer feedback and market trends.

#### Evidence:

- **Customer Profiles:** Records of customer needs assessments and how recommendations were tailored to meet those needs.
- **After-Sales Support Logs:** Documentation of after-sales support provided, including service records and customer follow-up.
- **Improvement Logs:** Records of changes made to practices based on customer feedback and internal reviews.

## Outcomes monitoring and management information (MI) – tips for sharing and interpreting your data

Include the data you have and explain what the data is telling you. Do you deliver consistently good outcomes for consumers? What complaints have you received, how many, and what changes have they identified?

Show how this relates to the four Consumer Duty outcomes – Price and Value, Products and Services, Consumer support, and Consumer understanding. One piece of data could cover more than one outcome.

Have you done customer surveys? Have you checked your website and promotions? What information do you have on consumer APRs, etc.?

Include any second-line monitoring you have, either internally or via external support.

Grade the results of your data – e.g. red, amber, green, for a clear visual cue on success measurements for your outcomes.

Include visual of data to report on from the email.

You can access the Dealer Review Report via the Reports section in DealerZone. This provides some useful MI relating to finance products.

## Example of supporting data

A good place to start is the list published by the FCA of the types of data firms should include in their report. What each of these means and what is available will be different for every firm but use this list to guide what you include.

Data	
<b>Business persistence</b>	Analysis of customer retention records – e.g. claims and cancellation rates and details of why customers leave. This may flag where poor treatment is contributing to high customer turnover.
<b>Distribution of products/pricing and fees and charges</b>	Review of whether certain groups of customers are more likely to buy certain products, incur particular fees and charges, or appear to be receiving outcomes that are not as good as other groups of customers.
<b>Behavioural insights</b>	Customer interactions and drop off rates; use of different communications channels including digital; consumer testing of user interfaces and design such as websites and apps, and the results of such testing, e.g. whether consumers changed their behaviour as a result of the design. This would include consumer testing of any gamification elements in the user interface and design of apps. This may flag where firms need to improve policies, processes and systems (e.g. where there are barriers to consumer engagement or understanding).
<b>Training and competence records</b>	Analysis of records of staff training, including remedial actions where staff knowledge or actions were found to be below expectations.
<b>File reviews</b>	Reviewing customer files and monitoring calls to check for errors and assess if customers received good outcomes (this is particularly useful for sales processes).
<b>Customer feedback</b>	Using formal and informal feedback from customers to identify trends and areas for improvement (e.g. complaints and comments made to the firm but also comments and complaints on social media).
<b>Numbers of complaints</b>	Trends in numbers of complaints involving poor customer outcomes throughout the customer-firm relationship.
<b>Complaints root cause analysis</b>	Investigating complaints fully to understand the cause of customer complaints, not just dealing with the symptoms.
<b>Results of the regular testing and monitoring required under the outcome rules:</b>	Many of the four outcomes rules include requirements for firms to monitor and review over time. The results of these reviews, together with any action taken would be relevant for consideration of whether the outcomes are being followed.
<b>Feedback from other parties in the distribution chain</b>	Such as manufacturers and distributors sharing information about the way in which products are sold, and the extent to which actual sales matched the target market.
<b>Compliance reports</b>	Review compliance reports to check if standards are being met in terms of good outcomes for consumers.
<b>Researching or testing customer experiences</b>	Through processes such as mystery shopping, auditing customer journeys, focus groups and deep dives, or working with consumer organisations to gain insight into the needs and experiences of consumers.
<b>Allowing staff to feed back honestly</b>	When they think products or services, or the processes used to deliver them, could be improved.
<b>Reviewing whether processes and policies are effective</b>	In delivering good outcomes for customers.
<b>Drawing on external sources of data about consumer outcomes</b>	The Financial Lives survey, for example, contains granular data about the financial lives of different groups. <a href="https://www.fca.org.uk/financial-lives">https://www.fca.org.uk/financial-lives</a> .

This is an example of how you can show each piece of data in your report, explaining what information you are including, what the results tell you, any issues or actions that have been completed and any gaps (that you might want to work on for next year). You can support this summary with more detailed data, graphs, etc., that will help explain your results.

<b>Data description/element</b>	
<b>Data available</b>	
<b>KPI threshold (as per board where in place)</b>	
<b>Monitoring outcome from the period (or different period as per specified)</b>	
<b>Root cause analysis (if below threshold)</b>	
<b>Action taken</b>	
<b>Action required</b>	
<b>Are there any GAPS in data or monitoring that need addressing?</b>	

Try and summarise all the data and outcomes in a simple way, as per this example.  
 You can also use a table format for all your data.

Area	Summary position	Risk factors	Mitigants	RAG
Products & Services				
Price & Value				
Consumer Understanding				
Consumer Support				
Cross Cutting Rules				
Culture, Governance & Accountability				
Business Strategy				

RAG Status	Description
	Risk has been identified and action is required.
	Outcome being met, but improvements identified.
	Outcome being met.



## Business strategy, culture and purpose

### Key questions to consider:

### Business Strategy

#### What is your strategy, and is it aligned with delivering good outcomes under the Duty? Do you have any business changes planned?

- Include any sales or marketing strategies that you are currently following or intend to follow in the future.
- Have you made any enhancements to your customer service processes that have improved the overall customer experience?

### Culture & Purpose

#### How does your firm's culture and purpose align with the Duty?

- Internally, do you have any values or key mission statements that your staff work towards with the customer experience at its heart?
- Is your leadership team demonstrating its commitment to the Duty? Do they make decisions that prioritise customer outcomes?
- Do you have any training programmes or processes for staff to understand the importance of customer service excellence?
- What does your website say about your business? How do you promote yourselves to your customers?
- What do you have in place regarding customer feedback loops and opportunities for employees to voice concerns and make suggestions for improving customer outcomes?

## Board approval

Once you have put together your report, whether you are a large firm or a small outfit, it must be reviewed by your board or executive team. This means presenting the report to your board and providing them with the opportunity to ask questions, discuss findings, and make suggestions for improvement.

You will require formal approval of the report, which could be noted in a board approval section, along with a summary of any challenges/suggestions for improvement.

### Key things to consider:

- Providing a high-level brief to the board before the report presentation will help to highlight the key points and ensure everyone is aligned with the outcome of the report.
- Keep the presentation as concise as possible to accompany the report, with the key findings and recommendations highlighted
- Note any questions or challenges to the report so that they can be documented and improve the overarching report before approval.



For further regulatory support, please see our [Consumer Duty Resource Hub](#).

Your Account Manager can assist you with the information needed to complete your report.

