

Consumer Duty – Constructing an Implementation Plan

When the FCA issued their new ‘Consumer Duty’ legislation on 27 July, one of the unexpected additions was a requirement for all regulated firms to have agreed an implementation plan for their business by 31 October 2022.

This does not mean that you need to have the final answer in place as to how your firm will meet the various requirements, but you will need to have reviewed each area and have a plan in place to ensure the final deadline can be met – which for most firms will be 31 July 2023.

Firms should expect to be asked to share implementation plans, board papers and minutes with FCA supervisors and be challenged on their contents.

If you are unsure where to start, the following steps can be used as an outline to help you meet this requirement.

Firstly, some assumptions



It is assumed in the legislation that every firm, no matter how big or small, will have appointed a Consumer Duty Champion. For smaller firms, or sole traders, this might just be the designated SMF within your business, for larger firms a suitable SMF candidate of seniority should be chosen.



The plan however needs to be ‘owned’ by the firm Principal. It is possible for them to delegate ‘actions’ but the firm Principal has ultimate responsibility for adhering to the Consumer Duty.



All senior managers within a firm need to be aware and ensure they are familiar with the legislation.



If you are a larger firm, or directly authorised, then it is expected that sufficient resource is given to Consumer Duty compliance.



If you are part of a Network, whilst they will be carrying out an implementation plan, the overall ethos of the Consumer Duty means it should still be part of your own agenda and an awareness will be required. Your Network should confirm any subsequent actions your firm will need to take as part of their implementation plan.



Tips for writing an Implementation Plan

1. The implementation plan needs to be in writing and should be completed in advance of the 31 October deadline.
2. The plan should document what has or will be reviewed, when the review will be completed, who is responsible for carrying out the review and what actions may be required following the review.
3. Remember to include sufficient time to allow any actions resulting from the review to be completed.
4. As a minimum, the review and subsequent plan should include the following key areas from the Consumer Duty legislation being reviewed against existing standards within the firm.
 - ▶ The products and services outcome
 - ▶ The price and value outcome
 - ▶ The consumer understanding outcome
 - ▶ The consumer support outcome
 - ▶ The cross-cutting rules

As a reminder, anyone responsible for reviewing one or more of these areas will need to be familiar with the Consumer Duty paper and the associated guidance. You should also cover other areas of the Consumer Duty paper such as Monitoring and/or Governance. See our document 'Consumer Duty: A Quilter guide' for further support on understanding the Duty and its outcomes.
5. Once the plan has been written, it should be discussed at a sufficiently senior level within each firm and challenged to assess how realistic and achievable it is. For a sole trader this may not require any other input than to record who it was completed by, but for larger firms, any meeting(s) held to discuss the plan should be documented.
6. Once the implementation plan is finalised, the next stage will be for the firm to follow through with the plan and cascade it throughout your business as appropriate. The plan does not need to be submitted to the FCA but Firms should expect to be asked to share implementation plans, board papers and minutes with FCA supervisors and be challenged on their contents.

Important information

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