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**A GUIDE TO EVIDENCING ACHIEVEMENT OF THE CONSUMER DUTY OUTCOMES**

A firm’s governing body should review and approve the firm’s assessment of whether it is delivering good outcomes for its customers which are consistent with the Duty and agree any action required, at least annually.

This document provides you with details of the MI, some of which you may already be collecting, which will help you to monitor and evidence achievement of the outcomes in a way which is proportionate to your firm.

Through monitoring firms are expected to:

* identify where the firm is not acting to deliver good outcomes for customers
* identify and manage any risks to good outcomes for customers
* spot where customers are getting poor outcomes and understand the root cause
* have processes in place to adapt and change products and services, or policies and practices, to address any risks or issues as appropriate
* be able to demonstrate how they have identified and addressed issues leading to poor outcomes
* evidence good outcomes for customers.

**1**

**THE PRODUCTS AND SERVICES OUTCOME**

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| **Expectation** | **Evidence to support achievement of outcome** |
| * This outcome requires firms to have systems and controls in place to design, approve, market, and manage products throughout their lifecycle in line with the PROD (Product Intervention and Product Governance rules.   **Manufacturers and co-manufacturers**  The expectation is that firms will ensure that the:   * product approval process remains robust. * products and services meet the identified needs, characteristics and objectives of the target market, including any identified for customers with characteristics of vulnerability * identification of customers for whom the product would not provide the intended level of value remains correct * distribution strategy remains appropriate for the target market * products or services have been distributed to customers in the target market * monitoring and review process remains robust. | Sales information and information on business persistency (customer retention records, claims and cancellation rates, details of why customers leave).  Customer feedback / feedback from others in the distribution chain.  Complaints received about the product or service, and the results of root-cause analysis of those complaints.  Analysis of whether the product or service functions as expected at outset, including whether customers use product or service features as expected   * analysis of claims data including prompt settlement, information requests and amount paid against loss experienced by customer.   Where appropriate, consumer research, such as focus groups or new testing.  Product approval/review records including product approval checklist.  Target market statements.  Fair value assessments.  Downstream distribution reviews   * suitability of distributor * competency of distributor in respect of the product / service * documented distribution strategy.   Product or service testing.  Copies of compliance reports that comply with PROD. |

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| **Distributors**  The expectation is that firms will ensure that:   * distribution arrangements are appropriate and up to date * products and services have been distributed to customers in the target market * target market statements have been received and understood for the products distributed. | Downstream distribution reviews.  Fair value assessments relevant to position in the distribution chain.  File audits e.g., ensuring target market statements have been considered.  Review of target market statements and evidence that they have been received and understood.  Analysis of complaints/grumbles received.  Analysis of (post-sale) feedback received.  Satisfaction surveys.  Net promoter scores.  Training records evidencing knowledge of the products being distributed.  Evidence of any feedback provided up the distribution chain. |

**2**

**THE PRICE AND VALUE OUTCOME**

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| **Expectation** | **Evidence to support achievement of outcome** |
| Customers receive fair value from the products and services that they are sold.  Value is the relationship between the overall price to the customer and the quality of the products and/or services provided. | Fair value assessments relevant to position in the distribution chain.  Downstream distribution reviews.  Review of administration fees/charges.  Review of premium finance rates, if applicable.  Profitability data, including revenue and profit  margins where appropriate.  Analysis of complaints received.  Analysis of (post-sale) feedback.  Satisfaction surveys.  Net promoter scores.  Market conditions, such as the interest rate environment or rates for comparable products.  Cost of providing the product or service, including  credit risk.  Feedback from other firms in the distribution chain including, manufacturers, intermediaries, appointed representatives or other third parties regarding the value of the product.  Review of the value the firm adds to the distribution of the product or service against revenue. |

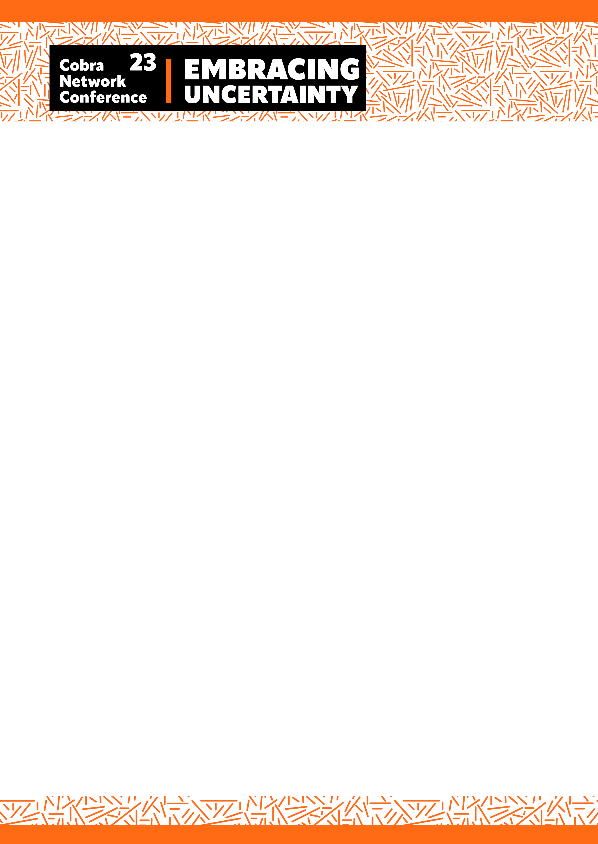
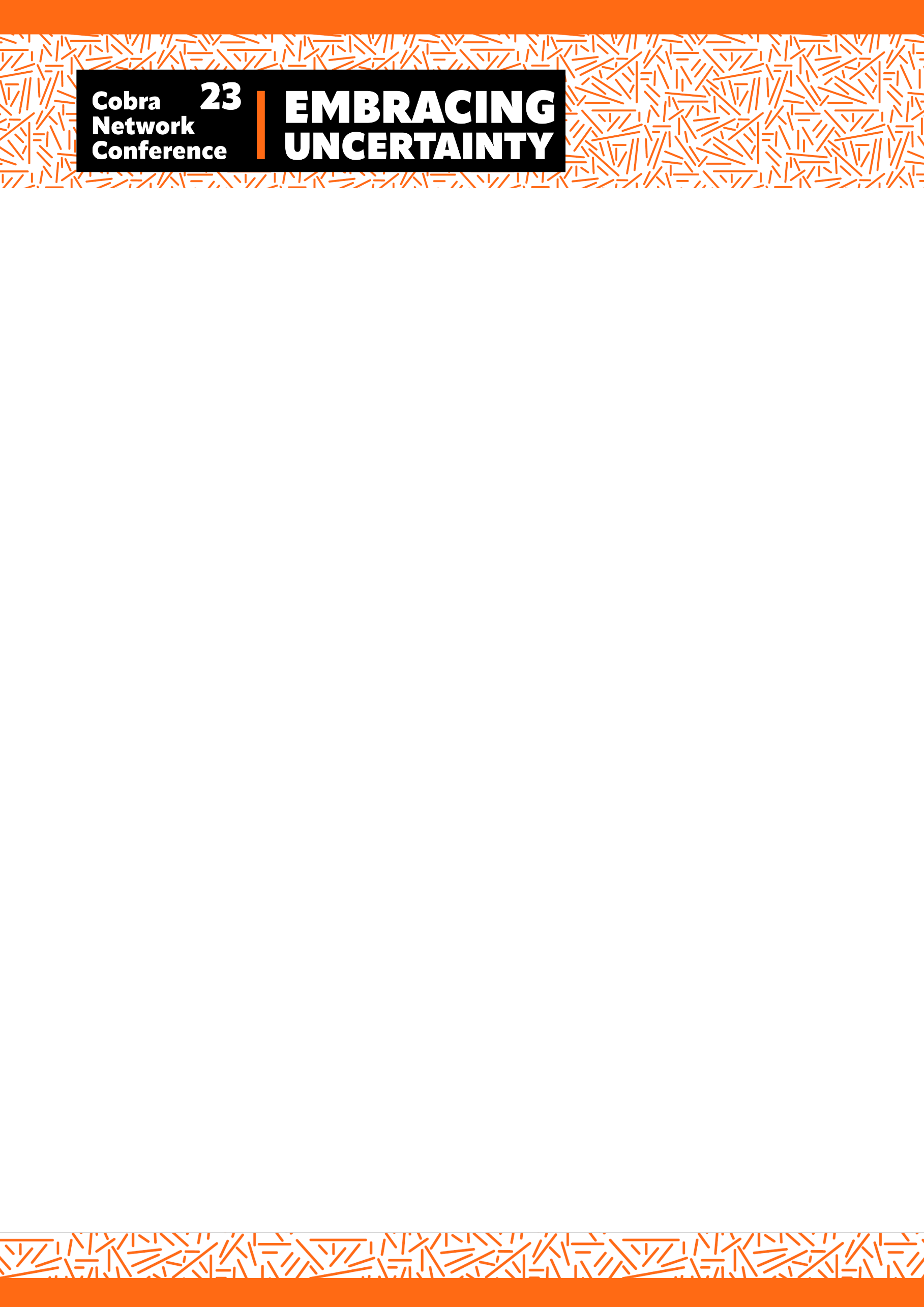
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**2**



**THE CONSUMER UNDERSTANDING OUTCOME**

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| **Expectation** | **Evidence to support achievement of outcome** |
| Communications meet the information needs of customers, are likely to be understood by the intended customer, and equip them to make decisions that are effective, timely and properly informed.  This outcome applies when the firm is involved in the production approval or distribution of customer communications regardless of whether there is a direct relationship with the customer. | Analysis of complaints received / complaints data .  Lack of queries from customers.  Analysis of all feedback including comments on social media and feedback about the product even if not directed at the firm (monitoring of press).  Communication review checklist.  Communications register.  End of conversation questioning evidenced by meeting notes/notes of telephone conversations.  File audits.  Findings from any testing of communications (where needed).  Customer response rates to communications which prompt action.  Broader analysis of whether customers are following instructions in communications.  Analysis of responses to communications during customer journeys, including responses and drop-out rates at each stage.  Product take-up rates.  Product switching rates where an alternative is offered.  Claims rates , including analysis of declined claims, if appropriate.  Training Logs: - e.g., vulnerable customers, decision making and behavioural biases, technical knowledge, product knowledge.  Sales process including renewals – evidence of timescales allowing adequate time to digest information and ask questions. |

**4**

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| **Expectation** | **Evidence to support achievement of outcome** |
| This outcome applies where the firm interacts directly with the consumer and provide support.  The expectation is that firms will ensure that they:   * design and deliver support that meets the needs of customers, including those with characteristics of vulnerability * ensure that customers can use products as reasonably anticipated * ensure that the customer journey includes appropriate friction to mitigate the risk of harm and give customers sufficient opportunity to understand and assess their options, including any risks * ensure that customers do not face unreasonable barriers (including unreasonable additional costs) during the lifecycle of a product or service * monitor the quality of the support offered, looking for evidence that may indicate areas where the firm falls short of the outcome, and act promptly to address these, and * ensure particular groups of customers are not disadvantaged, including those with characteristics of vulnerability. | Analysis of customers’ use of products and services (claims).  Root-cause analysis of complaints.  Customer feedback/testimonials/grumbles.  Customer persistency or retention information.  Abandoned claim rates, unusually low volumes of claims or declined/successful claims analysis (is unreasonable information being requested/is the process unreasonable).  First contact resolution rates and average time to resolution (complaints and claims).  Speed to answer the telephone and average wait times, call abandon rates.  Email and digital channel speed to answer.  Internal quality assurance against procedures:   * Complaints procedures * Claims procedures * New business procedures * MTA process * Renewal process * Accounts – payments sent promptly (refunds/claims).   Customer call listening exercises.  Satisfaction surveys.  Net promoter scores.  Remuneration policy/charging structure.  Evidence that existing customers are of equal importance as new customers (KPIs/bonus).  Clear fair and not misleading information is provided to customers on what to do in the event of a claim / if they wish to complain. |

**THE CONSUMER SUPPORT OUTCOME**

Firms are expected to be able to explain how they reached a decision on the most appropriate intervention, demonstrate how it has delivered good outcomes and, if not, what they have done further to address the issue.

More information is available at <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf> or by contacting the Cobra Network Compliance Team.

The action that firms take when they identify problems will vary depending on a range of factors. Potential interventions could include:

* adapting, amending or discontinuing a product or service,
* adapting product or service design, fees or charges,
* making appropriate changes to the firm’s operations,
* updating customer support processes or distribution channels,
* modifying communications to make them more easily comprehensible,
* providing redress where customers have suffered harm (where appropriate).
* addressing foreseeable harm identified where harm has not occurred.

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**5**