

16th May 2024 - 3 min read

FCA Consumer Duty Dear CEO Letters

[Home](#) \ [Legal Insights, News & Events](#) \ [Insights](#) \ FCA Consumer Duty Dear CEO Letters

Sheldon Mills at the Financial Conduct Authority has released a bundle of Dear CEO letters today. They're aimed at institutions across the spectrum of #FinancialServices on implementing the #ConsumerDuty for closed products and services (in force 31 July 2024). Here's the short view.

What's in the letters?

1. How the Duty applies to closed products and services – in full to closed products but not past actions before 31 July 2024 + reminds that rules don't apply in same way to products and services not open to sale / renewal
2. Priority issues that are particularly acute or widespread in closed products and services
3. Action prompts to ensure firms are prepared for the 31 July 2024 deadline
4. A reminder, in Annex 1, of the definition of closed products and services together with examples and an overview of the rules.

Is this important?

Very. The Duty is a paradigm shift in consumer protection and will continue to evolve. The FCA's up to date insights are invaluable.

It's less important for firms with no closed book products or services but many of the observations and action prompts will still be relevant / useful.

As previously discussed, the regulator has been gearing up for enforcement action and recruiting heavily. The question isn't "if" or "how much" but "when".

The letters confirm that interventions "will be proportionate to the harm – or risk of harm – to consumers, prioritising the most serious breaches and acting swiftly and assertively". In other words, no need for actual harm, the potential for harm is a sufficient trigger in and of itself.

What are the hot topics?

With less than 3 months to go until the final deadline, 5 priority areas have been tagged:

- gaps in firms' customer data
- fair value
- treatment of consumers with characteristics of vulnerability
- gone-away or disengaged customers
- vested contractual rights

A non exhaustive list of action prompts are also given (e.g., where data is not available, what action can you take to ensure your firm is delivering good outcomes for its customers, now and beyond the deadline)

What should I do if breaches are identified?

- Prioritise reviews by Harm Level
- Develop clear, timebound plans to address gaps in implementing remedies
- Mitigate customer harm identified immediately prior to fully implementing identified improvements
- Engage governing bodies to challenge and oversee actions taken
- Consider independent assurance work on their implementation of the Duty in due course.

Significant issues need to be reported via normal supervisory contacts at the FCA ASAP.

\ **Written by**



Jamie Gray

Financial Service Regulatory
+44 (0)131 473 6072
jamie.gray@burnesspaull.com

Want to hear more from us?

[Subscribe here](#) →