

# FCA Consumer Duty

## Partnerships Briefing

August 2023

External



**FIRST FOR JUSTICE**

## ***Introduction***

On the 31<sup>st</sup> of July 2023 the Consumer Duty came into force for new and existing products and services. This is substantial change for most Financial Services organisations and DAS is no exception.

Over the past 12 months we have had a cross functional team updating processes and performing reviews to ensure that we are in the best possible position for the launch. As a result, we have spent over 3000 manpower workdays (not including additional training time) on 5 workstreams aligned to the 4 areas of the Duty. During this time, we have continued to update you on our progress and given we have now passed the 31<sup>st</sup> of July 2023, here is a summary of what has been delivered:

- **Outcome 1: Design of Products and Services**

Further improvements made to product governance processes rolled out under GIPP, include:

- Updated product development processes and training to increase the control over significant adaptations.
- Further refinement of the product reviews and maintenance of the calendar and processes to ensure no DAS products are outside of the requirement to review at least every 12 months.
- Development of Product testing guidelines in line with regulatory expectations.
- Implementation of external testing partner – UserZoom.
- DAS Consumer Communications policy aligning a common set of standards for all communications to ensure they meet the standards set out in Consumer Duty.

- **Outcome 2: Price and Value**

Actions that we have worked on to further support price and value outcomes.

- Reviewing additional data to build into the DAS Fair Value Assessment.
- Reviewing Product performance in the DAS Fair Value Assessment template for a second round and rolled out additional training.
- Requesting reciprocal information so that DAS can review gross customer prices to determine if products offer fair value.
- Implementation of a DAS Commission Forum to monitor declared commissions.

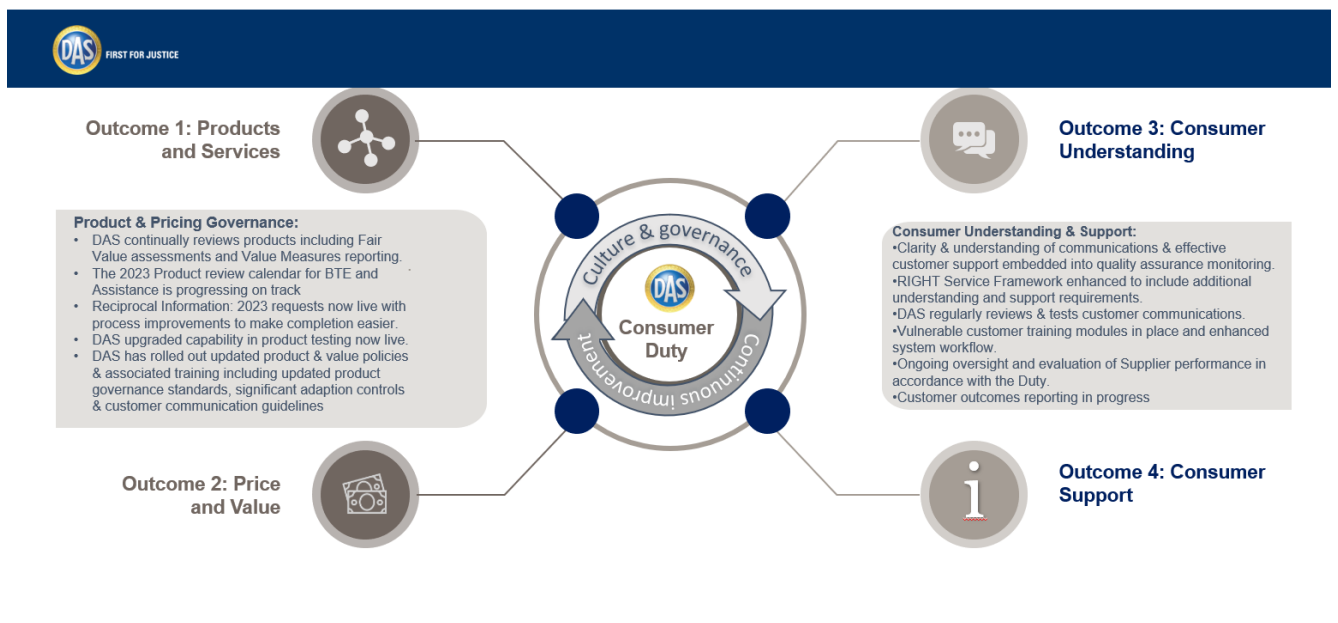
- **Outcome 3: Consumer Understanding**

- Review and collation of all customer communications into a Communications Inventory (e.g. includes letters, telephony scripts, SMS messages etc.) and assessed frequency for review.
- Review & Testing Guidance in place with regular review and testing of customer communications in place.
- Enhanced and updated the RIGHT Service Framework and quality assurance criteria.
- Undertook reviews of higher risk communications.

- **Outcome 4: Consumer Support**

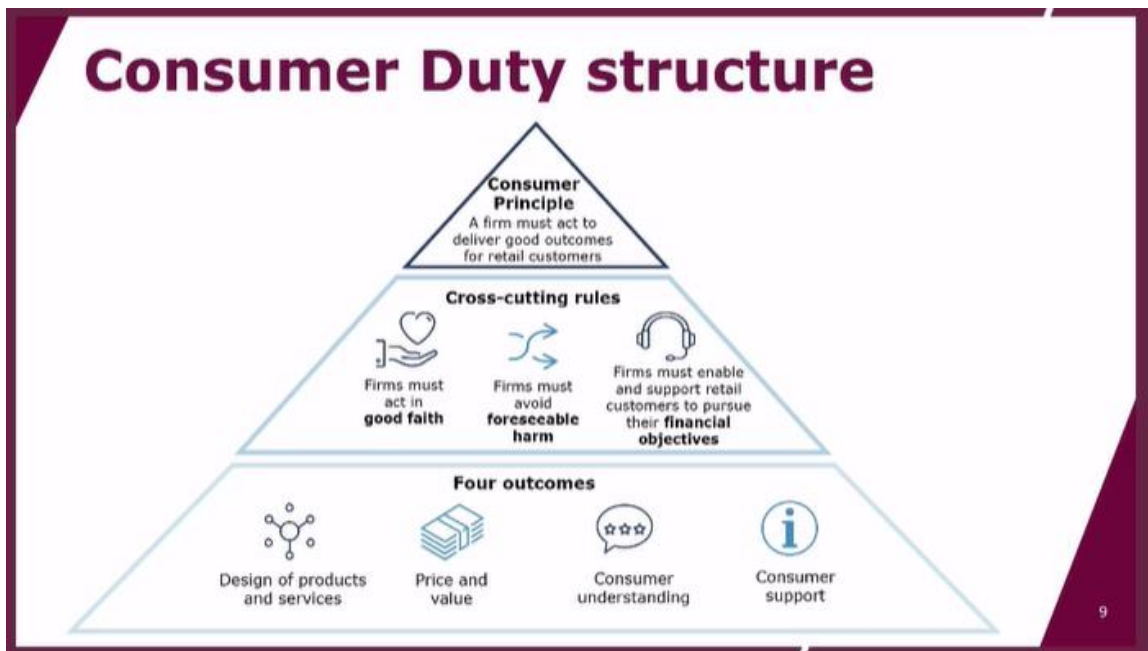
- Undertook reviews and analysis of higher risk support processes and outcomes, embedding improvements.
- Identified higher risk areas against the different claim types/products within customer journeys.
- Further development of Speech Analytics creating categories such as vulnerable customer handling, progress chasing and general line quality.
- Enhanced vulnerable customer training and system workflow.
- Reviewed the performance and controls in place with our supplier arrangements.
- Development of customer outcome measurements and reporting.

- And overarching Culture and Governance & Vulnerable Customer workstreams.
  - Rolled out face to face workshops along with eLearning modules to enhance the skills of all customer facing teams.
  - Monitoring and data capture has also been supplemented to provide more data on the cohorts of customers with characteristics of vulnerabilities. This will be used to inform the evolving development of our products, services and processes to deliver good customer outcomes.
  - Reviewed our Committee and Governance structure to include new regulatory expectations.
  - Consumer Duty training modules completed by all employees.



As a recap the Duty has been designed to improve:

- **Fair value:** consumers pay a price for products and services that represents fair value and poor value products and services are removed from markets, leading to fewer upheld complaints about poor value and unexpected fees or charges.
- **Suitable products and services:** consumers are sold and receive products and services that have been designed to meet their needs, characteristics and objectives, leading to a reduction in the number of upheld complaints about products and services not working as expected.
- **Suitable treatment:** consumers receive good customer service leading to a reduction in upheld complaints about switching, cancellation and service levels and consumers having higher levels of satisfaction with the service they receive.
- **Confidence:** consumers increase their confidence in financial services markets and are equipped with the right information to make effective, timely and properly informed decisions about their products and services.



Slide taken from and FCA Consumer Duty Webinar broadcast on 18th October 2022.

## What comes next?

31<sup>st</sup> of July 2023 is not an end point but the beginning. At DAS we will continue to work past this initial deadline to embed the Duty further into our corporate culture; we will use the continuous improvement approach built into the way we have deployed the Duty to continue to improve the outcomes our products and services deliver, to enhance our data and analytics capabilities and to train our people.

Your DAS team will continue to give you updates on the progress of these activities as part of normal partnership planning and development. A flavour of current work that is now part of BAU and will continue through 2023 is:

- BTE Reciprocal Information request is currently underway.
- ATE Reciprocal Information requests run throughout August.
- Annual Product Reviews continue in line with our PROD requirements to review products annually. The current calendar is below:

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Home Emergency (including residential and landlord variations)				✓								
Commercial LEI								✓				
Family LEI			✓									
Family HNW					✓							
Property Let & Rent Guarantee (Landlord)						✓						
Property Let & Rent Guarantee (Letting Agent)						✓						
Loss Assist						✓						
Motor Breakdown		✓										
Motor LEI								✓				
Group LEI							✓					
Travel LEI							✓					
Marine LEI					✓							
ATE Clinical Negligence					✓							
ATE Personal Injury						✓						
ATE Civil Litigation								✓				

In the meantime, if you do have any further queries regarding Consumer Duty, please contact your Partnership Manager.