

Consumer Duty: Latest good and poor practice report from the FCA

29 January 2025  Joanna Wallens

In December 2024, the FCA published two further Consumer Duty good and poor practice reports, as part of its ongoing efforts to help firms embed the Consumer Duty and provide more clarity on expectations.

The reports look at [complaints](#) and root cause analysis, and Consumer Duty Board reports.

Complaints: What are the key area for improvement?

1. Customers with vulnerability

Complaints MI should be granular enough to tell firms about the outcomes for different groups of customers.

2. Decision-making forums

Decision-making forums need to discuss the data and identify actions to improve customer outcomes. Sending data must be more than a tick box exercise; firms must be able to demonstrate that detailed discussions about the data have occurred and appropriate actions taken. The FCA has identified a lack of challenge at a number of firms.

3. Impact measurement of interventions

Firms need to measure the impact of interventions they make to ensure they are effective. The FCA identified having Consumer Duty as a standing agenda item at committee meetings as an example of good practice.

4. Complaints insight feedback

Insights from complaints need to be fed back to those responsible for the cause of the complaints to enable appropriate changes to be made and reduce the likelihood of further complaints.

The [FCA says that good policy and procedures documents](#) should be:

“interactive, engaging and informative, giving examples of common situations to equip staff to know how to handle a situation or process”.

Consumer Duty Board reports: What are the key area for improvement?

1. Data quality

Not having sufficient data quality to justify conclusions or to give governing bodies adequate assurance that firms are meeting their obligations under the Consumer Duty. The FCA says that the “best reports showed that firms have a clear grip on what their data does and doesn’t tell them about customer outcomes, together with a plan to address any material gaps”.

2. Report evidence

Reports not containing evidence that appropriate amounts and types of information have been shared between the firm and third parties across the distribution chain.

3. Evidence outcomes

Not evidencing that adequate consideration had been given to outcomes for different groups of customers, including those with characteristics of vulnerability. This should not be treated as a “catch all” category; the specific needs of certain groups of customers need to be assessed.

4. Target markets information

Need to ensure that there is enough information on target markets, such as how they were determined, and overviews of target markets for main products and services. The FCA says that the “better reports gave profiles for customers that fell into the target market cohorts, showing the board how they were receiving good outcomes”.

5. Challenge from governing bodies

Need to ensure that it is evident that there has been effective challenge from firms’ governing bodies on the content of the reports; for example, through the minutes of board meetings.

6. Include all relevant business areas

Need to ensure that reports are not produced almost solely by the firm’s compliance team. Reports should be produced with the involvement of and input from relevant business areas, forums and committees.

There should be scrutiny by and input of key stakeholders to ensure that there is ownership in the business of any issues identified. The board should not simply be a “rubber stamp” for the report.

7. Action plans

Need to ensure that action plans are accompanied by details such as timescales, action owner, and the data that will be used to evidence good outcomes.

The [good and poor practice report](#) also contains guidance specifically targeted to smaller firms, to help firms who may not have dedicated compliance and audit functions feel confident in delivering the Consumer Duty.

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