



CONSUMER  
DUTY ALLIANCE



# CONSUMER GUIDE TO THE CONSUMER DUTY ALLIANCE

The benefits of choosing an  
Alliance Member for financial  
advice and services



## INTRODUCING CONSUMER DUTY

The Financial Conduct Authority (FCA) is the UK's regulatory body for financial advisers and financial services firms. It sets the rules to ensure that all firms put their clients' best interests at the heart of their business, offering products and services that are fit for purpose and represent fair value.

In 2022, the FCA introduced a new Consumer Duty which all regulated firms must comply with from 31 July 2023. Members of the Consumer Duty Alliance embrace FCA rules together with an independent professional code.

The new Consumer Duty is a package of measures with three main elements:

### 1. The overarching Consumer Principle

This Principle states that 'A firm must act to deliver good outcomes for consumers' - a straightforward and perfectly reasonable expectation for any customer or client. All regulated firms and advisers who are members of the Consumer Duty Alliance have adopted this principle.

The FCA's Consumer Duty guidance also breaks this principle into three cross-cutting rules and four key outcomes that all firms must follow and be able to demonstrate that they are consistently meeting this principle for all their customers and clients.

### 2. Three Cross-cutting Rules that firms must adhere to

These rules outline the FCA's overarching expectations of firms to:

- Act in good faith towards consumers
- Avoid causing foreseeable harm to consumers
- Enable and support consumers to pursue their financial objectives

### 3. Four consumer outcomes you should expect

These outcomes build on the Consumer Principle and the Cross-cutting Rules and represent the FCA's expectations of a firm in its relationships with consumers:



#### Products and services

All products and services must be fit for purpose. This means designing solutions to meet your specific needs and only presenting them to the consumers whose needs they are designed to meet.



#### Price and value

Products and services should represent fair value, not just because they meet your needs and objectives but also in relation to their price.



#### Consumer understanding

A regulated firm should give you the information that you need, at the right time and presented in a way you can understand.



#### Consumer support

You should expect to receive a customer service that meets your needs for as long as you're dealing with a firm.

The FCA is clear that the new Consumer Duty represents a 'significant shift in culture and behaviour' and a 'higher standard of care and expectation'. The Consumer Duty Alliance views it as an opportunity to raise the standing of the financial planning and advice profession so that all consumers feel confident that they're in safe hands with the firm or individual they've chosen.

In summary, Consumer Duty describes the standards you should expect when buying services from a regulated firm of financial planners or advisers. All members of the Consumer Duty Alliance have made a commitment to an independent Code of Professional standards as a way of demonstrating their commitment to deliver on their obligations and responsibilities to you.

The Consumer Duty Alliance views the new rules as an opportunity to raise the standing of the financial planning and advice profession



## INTRODUCING THE CONSUMER DUTY ALLIANCE

The Consumer Duty Alliance is a not-for-profit, independent membership body. Its purpose is to inspire greater confidence and trust in financial advice and financial planning by supporting the delivery of consistently good outcomes so firms are seen alongside other professional services as a 'safe pair of hands'.

## BENEFIT OF USING AN ALLIANCE MEMBER

Alliance Members are committed to an independent Code of Professional Standards stating how they will always seek to deliver good outcomes from the advice they give, in addition to any specific commitments they make as a firm.

## HOW TO IDENTIFY AN ALLIANCE MEMBER

Firms and individuals promote their Alliance membership by displaying a unique digital badge:

In addition, **Affiliate Membership** is available to organisations who align with the Consumer Duty Alliance's purpose and objectives and offer their expertise and resources to support the wider work of Alliance.

## WANT TO KNOW MORE?

Visit [www.consumerduty.org](http://www.consumerduty.org) for more information about the Consumer Duty Alliance.

## LOOK OUT FOR THESE BADGES

### ASSOCIATE MEMBER

Regulated financial advice and planning firms who have committed to follow the Consumer Duty Alliance's Code of Professional Standards



ASSOCIATE

### INDIVIDUAL MEMBER

Regulated individual financial advisers or planners who have committed to follow the Consumer Duty Alliance's Code of Professional Standards



MEMBER



## THE CONSUMER DUTY ALLIANCE CODE OF PROFESSIONAL STANDARDS

These seven underlying principles of professional advice are designed to help consumers understand the standards and behaviours they should expect from an Alliance Member.

### **Members of the Consumer Duty Alliance shall:**

1. Act in good faith in all dealings with clients.
2. Always avoid causing foreseeable harm to clients.
3. Inform, empower and support clients to pursue their financial needs, objectives and aspirations.
4. Fully disclose, clearly explain and consciously mitigate any conflicts of interest identified in our dealings with clients, including where commercial interests might conflict with a client's best interests.
5. Only offer products or services that are both suitable and needed, offering fair value and transparent pricing.
6. Ensure clients receive the support they need, when they need it.
7. Embrace a focus on customer vulnerability including adherence to the Consumer Charter of the Financial Vulnerability Taskforce.

You should always feel empowered to make informed decisions, and never feel reluctant to ask questions or request more time if you're unsure.

Before proceeding, always take time to consider recommendations or seek an alternative opinion, even if from family and friends. Professional advisers will always want you to be confident in the advice given and recommendations made.