

Consumer Duty

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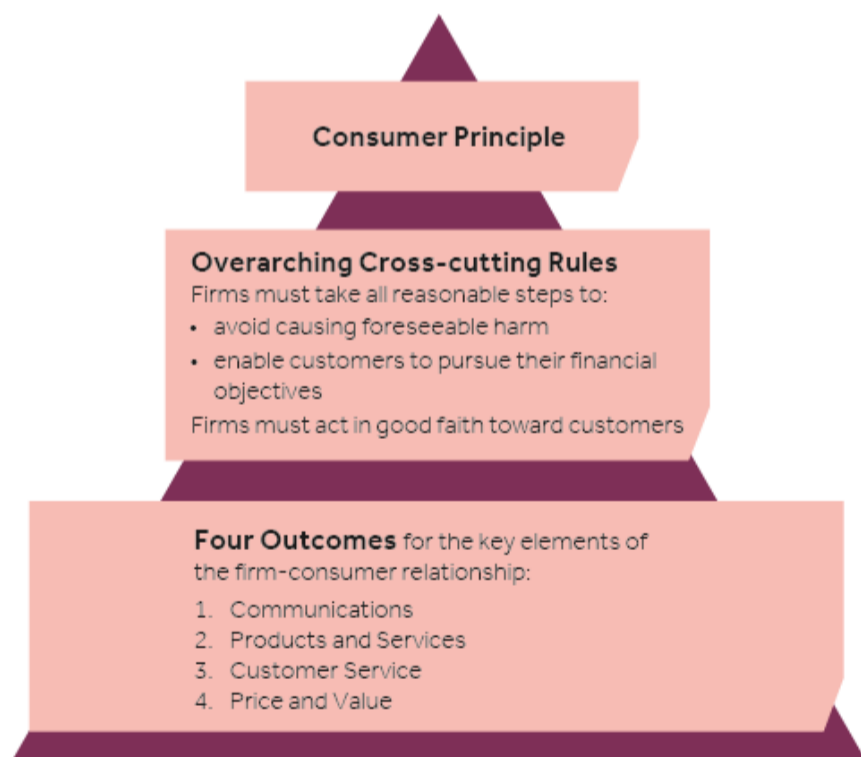


What is the Consumer Duty?

The Financial Conduct Authority ('the FCA') has introduced the Consumer Duty ('the Duty') which aims to ensure a greater level of consumer protection within the retail financial markets and higher expectations for the standard of care that firms provide to consumers. The deadline for the implementation of the Duty is 31st July 2023 for products currently on sale or renewal and 31st July 2024 for products not on sale but with live customers.

<https://www.fca.org.uk/publications/consultation-papers/cp21-13-new-consumer-duty>

The Duty is comprised of 3 key elements:



Source: CP21/13: A new Consumer Duty 2022, FCA website, accessed 2 May 2023, fca.org.uk

1. The Consumer Principle

The FCA is adding a new rule as a Principle for Businesses – namely, “A firm must act to deliver good outcomes for retail customers.”

This new principle, which will be added to the FCA Handbook, reflects the FCA’s expectation that firms should ‘consistently focus on consumer outcomes and put consumers in a position where they can act and make decisions in their own interests’. Firms should aim to identify where good outcomes are not being achieved and take the appropriate action to address this.

2. Cross-cutting Rules

The rules outline three key behaviours expected from firms:

- **Act in good faith**

acting honestly, fairly, openly and consistently with the reasonable expectations of consumers.

- **Avoid foreseeable harm**

firms should not cause harm to consumers through their conduct, products or services and should be proactive in avoiding it.

- **Enabling retail customers to pursue their financial objectives**

consumers should be empowered to make their own choices and remain responsible for their decisions and actions. However, the FCA expects firms to take responsibility for establishing an environment where consumers can act in their own interests.

3. The Four Outcomes:

The outcomes represent key elements of the firm-consumer relationship and are the main focus in delivering good outcomes for consumers. They provide more detail into the conduct expected of firms within these four areas:

- **Products and Services**

The firm's products and services should be fit for purpose. The terms match the target consumer needs and products and services work as expected.

- **Price and Value**

Products and services should be sold at a price that reflects their value. There should be no excessively high fees.

- **Consumer Understanding**

Consumers are equipped to make good decisions. Information is made available at the right time and is understandable.

- **Consumer Support**

Customer service should be responsive and helpful. It should be as easy to complain about or switch and cancel products or services as it was to buy them.

How does this impact Meteor?

Meteor is a customer-centric business and ensuring it provides customers with good outcomes is a cornerstone on which it is built, hence the company strap line of *'Innovative solutions. Immaculate service'*.

The Treating Customers Fairly (TCF) framework is comfortably embedded in Meteor's culture and is consistently utilised to ensure our customers receive fair treatment and are satisfied with their experience.

The Duty goes a step further than the TCF framework as it focuses on the process and the impact of a firm's actions on consumer outcomes.

Meteor is determined to continue putting the interests of our customers at the heart of our culture and purpose.

As a result, to ensure compliance with the expectations under The Duty, Meteor has undertaken a review of our products and services, and the value they offer, along with a review of our customer journey to ensure we are providing the necessary support to our customers under the following outcomes.

Products and Services

Meteor conducts a review into the products it distributes so as to ensure it maintains, operates, and monitors its product distribution arrangements for each product it distributes to meet the needs of the target market. This includes ensuring that all products are designed for vulnerabilities within the target market so they can enjoy the full benefits of the product.

Price and Value

As part of the review into its products, Meteor has designed a value assessment to ensure the products it designs are reasonably expected to provide consumers with fair value. Meteor will also ensure that the assessment is considered when determining the distribution strategy for products marketed and sold.

Consumer Understanding

Meteor is reviewing its customer facing communications to ensure that they equip consumers to make effective, timely and adequately informed decisions about financial products and services. This includes providing alternative options for vulnerable customers so that they are also able to make informed decisions.

Consumer Support

Meteor is continually reviewing the service provided to consumers to ensure it continues to meet their needs whilst enabling them to realise the benefits of Meteor products and services.

The Consumer Understanding and Consumer Support outcomes will be at the forefront of all interactions with consumers.

Meteor has also taken steps to ensure that vulnerable customers will be supported throughout their journey with Meteor so they can also enjoy the benefits of Meteor products and services.

Posted: 24 May 2023