

Consumer Duty Policy

Policy Overview

The Duty is made up of an overarching principle and new rules firms will have to follow. It will mean that consumers should receive communications they can understand, products and services that meet their needs and offer fair value and they get the customer support they need, when they need it.

The Duty applies to all regulated firms and therefore includes FMC Car Sales Ltd.

The FCA's aim being to introduce new rules that replace the previous TCF (Treating Customers fairly) outcomes with a set of new rules, namely:

- A new Consumer Principle that requires firms to act to deliver good outcomes for retail customers.
- Cross-cutting rules providing greater clarity on our expectations under the new Principle and helping firms interpret the four outcomes.
- Rules relating to the four outcomes we want to see under the Consumer Duty. These represent key elements of the firm-consumer relationship which are instrumental in helping to drive good outcomes for customers. These outcomes relate to: products and services price and value consumer understanding consumer support How the Duty links to the FCA objectives.
- These outcomes relate to:
 - products and services
 - price and value
 - consumer understanding
 - consumer support

How the Duty links to the FCA objectives

- Consumer protection: The Duty sets a higher, clearer standard by requiring firms to ensure their products and services are fit for purpose and offer fair value, and to help consumers make effective choices or act in their interests. By focusing on outcomes, the Duty will help to ensure that the level of consumer protection is both appropriate for the environment in which consumers currently transact and for those in which they will transact in the future. The Duty also supports more agile and assertive supervision which should mean that firms focus on preventing harm before it arises and that, where harm does appear to occur, it is addressed more quickly and so ultimately reduced.
- Effective competition in the interests of consumers: The Duty will create a fairer and more consumer-focused playing field on which firms can compete and innovate in pursuit of good consumer outcomes. Competition can more effectively act in the interests of consumers where firms design products and services to meet consumer needs and consumers are put in a position to make informed decisions and act in their interests. The international standing of the UK financial sector is based on high standards.

The final rules and guidance introduce a new Consumer Principle, which require firms “to act to deliver good outcomes for retail customers”. In recognition of the barriers many consumers face to pursuing their financial objectives, the FCA wants to see firms deliver a higher standard of customer care and protection, and to go further to equip consumers to make effective decisions in their interests.

A new Consumer Principle that requires firms to act to deliver good outcomes for retail customers.

Cross-cutting rules provides greater clarity on their expectations under the new Principle to help firms interpret the four outcomes.

The cross-cutting rules require firms to:

- act in good faith
- avoid causing foreseeable harm
- enable and support retail customers to pursue their financial objectives

Rules relating to four outcomes. These represent key elements of the firm-consumer relationship which are instrumental in helping to drive.

These outcomes relate to:

- products and services
- price and value
- consumer understanding
- consumer support

The rules require firms to consider the needs, characteristics and objectives of their customers – including those with characteristics of vulnerability – and how they behave, at every stage of the customer journey. As well as acting to deliver good customer outcomes, firms will need to understand and evidence whether those outcomes are being met. The FCA are introducing a new consumer Principle: A firm must act to deliver good outcomes to retail customers.