

Forward financial thinking

Protection Roadshow

Compliance Update

Round 1 2025

Forward financial thinking

REGULATORY
EXPERTISE

BUSINESS
SUPPORT

FINANCIAL
TECHNOLOGY



Learning Objectives

01

Identify good and poor practice from the FCA's review of Consumer Duty Governing Body reports



02

Summarise the key findings from FCA review of treatment of vulnerable customers



03

Describe the key considerations when promoting your business





Consumer Duty – good and poor practice

- Consumer Duty is a building block for regulation
- Next Board Report – due 31st July 2025
- FCA feedback - Structure and content – templates available!
- 4 key areas of focus

Feedback from FCA



Data quality



Distribution chain



Challenge from
board



Evidence of action
taken



Data Quality - Relevant MI and actionable insights

MI

Client persistency rates

Insight from the MI

Root cause analysis on improving the sales process and identifying broker poor practice

File check outcomes

Good customer outcomes. Remedial actions where staff knowledge or actions were found to be below expectations

Client terms being refused post application for missing information – Fact Find

Robust fact-finding can lower missing information from application

Complaint

Service improvements. Ensuring the effects of non-disclosure are explored in the advice process



Distribution Chain

Information sharing across the distribution chain - Collaboration is key!

Firms MUST –

- Share relevant product information with Providers
- Share customer insight and feedback
- **Providers MUST -**
- Monitor and assess customer outcomes
- Look at how products are being used and any potential harm
- Monitor for complaints

A distributor must, upon request, provide manufacturers with relevant information including, where appropriate, sales information and information on the regular reviews of the product distribution arrangements. (PRIN 2A.3.18 R 31/07/2023)



Distribution Chain – Provider Request for Information

Providers cannot take a passive role! They have a regulatory duty to monitor how their products perform in the market.

Member firm recently received a provider request for information

- *Any products distributed outside the provider's defined target market?*
- *Changes to training or the assessment of advice quality?*
- *Changes to your vulnerable customer policy in the last 12 months?*
- *How do you monitor fees charged by brokers (if applicable)?*
- *Have you made any changes to your fair value assessments?*

Challenge from the Board

- Responsibility taken by senior management for delivery of the Duty
- Should have evidence of effective challenge from firms' governing body
- Minutes of board meetings.
- Signed off by senior management.

Consumer Duty

Governing Body Report

Firm Name

The information in this report (red text below) should come from the firm's Annual Outcome Monitoring Assessment – it is designed to showcase strengths, weaknesses and action required to the firm's Board.

An overview of the project, including any impacts on the environment.

Executive Summary

Provide an evaluation

- Any are
- Areas re
- Any key
- Any pla
- Whethe
- Can ext

Business Model

Provide an expla

For example:

- Provide
- Give det
- Long te
- Outline
- Any nev
- How yo

Governing Body Report – Consumer Duty

Executive Summary (provide a short critique of your firm's performance overall in demonstrating that it is delivering good outcomes)

- XXXXXXXXXXXXXXXX

The following improvements have been made in the period (e.g. new or updated data metrics/policies and procedures updated/ technology adopted)

- XXXXXXXXXXXXXXXX

The following risks have been identified and will be addressed moving forward *(amber/red flags from the monitoring report)*:

- XXXXXXXXXXXX [to be actioned by [date]]

The following individual instances where our clients have not received good outcomes have been identified (e.g. foreseeable harm/complaints)

- XXXXXXXXXXXX [details of root cause analysis/redress to be paid]

Our future business strategy is compatible with the expectations of the Consumer Duty.

¹We don't envisage any substantial changes to our business activities and strategy in the year ahead.

1

We expect the following changes to our business activities in the year ahead but we have provisions in place to ensure compliance with the Consumer Duty.

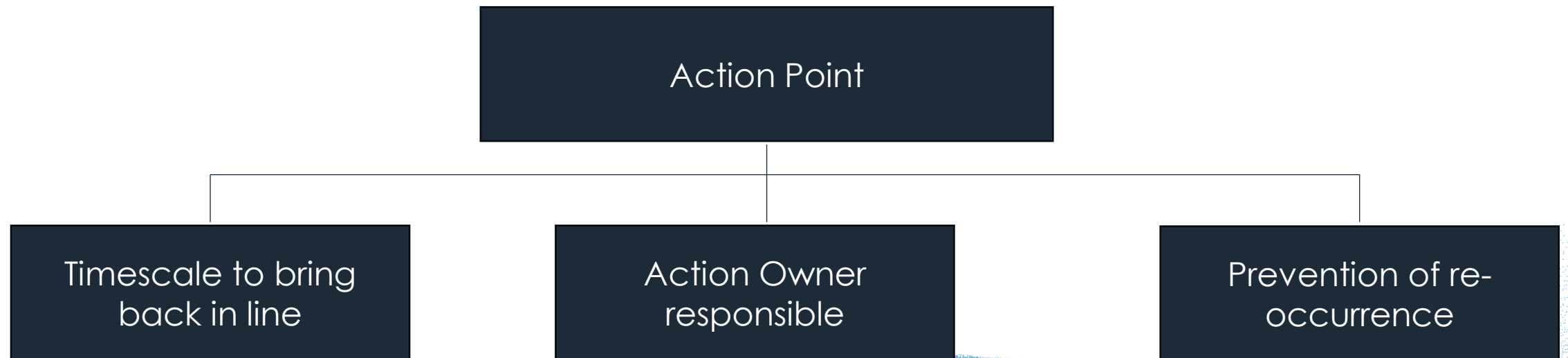
[Insert details of change. Where the firm is recruiting, CD is embedded in the recruitment process and ongoing supervision. Carrying out a new regulated activity, the firm will use pre-sale file checking from an independent source etc. Where the firm is looking to sell the business/their client base, due diligence will be undertaken on the purchaser and clients will be kept informed and supported.]

(Name of individual(s)) at (name of firm) is satisfied that the firm is acting to deliver good outcomes for our customers, complying with the cross-cutting rules and the consumer outcomes. Our future business strategy is consistent with these obligations.

Review and Approval Date:	
Signed by:	
Next review due:	

Evidence of Action Taken

Where a firm records an area requiring improvement e.g. file checking has fallen behind what is recorded in the firm's training and competence plan.






Expectations of the 2nd Annual Governing Body Reports

- Annual Monitoring Framework in place
- Refer to intelligible MI /data
- Fair Value Assessments reviewed and referenced
- Revisit actions noted in previous Board Report
- Prepare and sign-off 2nd Board Report by 31st July 2025

How would your firm fair if selected for an FCA check?



FCA Review of customers in vulnerable circumstances



FCA publication – March 2025

- Good and poor practice update published
- Regulator is not revisiting their Guidance or introducing new rules
- Many firms have taken positive action
- Consumer Duty has renewed focus
- Firms can do more around service design and outcome monitoring

The screenshot shows the FCA's website page for the publication 'Delivering good outcomes for customers in vulnerable circumstances – good practice and areas for improvement'. The page is dated 07/03/2025 and last updated 17/03/2025. It includes a search bar, navigation links (About us, Firms, Markets, Consumers, News, Publications), and a table of contents on the right side. The main content area is titled '1. Summary' and discusses the FCA's guidance on the fair treatment of vulnerable customers, published in February 2021. It mentions the introduction of the Consumer Duty in July 2023 and the FCA's ongoing commitment to share more information on how firms are embedding the Consumer Duty. The page also includes a 'Quick tip' section and a 'Share' button.

FCA FINANCIAL CONDUCT AUTHORITY

Search

About us Firms Markets Consumers News Publications

Home > Publications > Delivering good outcomes for customers in vulnerable circumstances – good practice and areas for improvement

Delivering good outcomes for customers in vulnerable circumstances – good practice and areas for improvement

Good and poor practice Published: 07/03/2025 Last updated: 17/03/2025 See all updates Print this page

See examples of good practice and areas for improvement to help your firm support customers in vulnerable circumstances.

1. Summary

In February 2021, we published FG21/1, 'Guidance for firms on the fair treatment of vulnerable customers' (the Guidance).

We introduced the [Consumer Duty](#) in July 2023, which raised standards, requiring firms to act to deliver good outcomes for all customers, including those in vulnerable circumstances.

Last year, we set out to evaluate firms' treatment of customers in vulnerable circumstances. This report sets out our findings on good practice and areas for improvement.

We have also published our review of [firms' treatment of customers in vulnerable circumstances](#).

We are publishing this work as part of our ongoing commitment to share more information on how firms are embedding the Consumer Duty, so firms can learn from the good practice and areas for improvement we have seen.

1.1. What we did

We gathered data and insight from firms and consumers and engaged with key stakeholders to explore firms' treatment of customers in vulnerable circumstances. This included:

- Analysis of multiple-choice firm survey responses of 725 firms.
- Multi-firm work on outcomes monitoring with 29 firms.
- Multi-firm work into power of attorney and bereavement customer journeys with 7 retail banks and building societies.
- Analysis of Financial Lives survey (FLS) data.
- Consumer research with 1500 consumers.
- Interviews with experts on vulnerability and financial services.

This report sets out examples of good practice and areas for improvement so that firms can learn how others are supporting customers in vulnerable circumstances under the guidance and the Consumer Duty.

There is no one-size-fits-all approach. The approach that firms take will differ according to their business model, size and customer base.

1.2. What we found

Quick tip
Highlight content for instant share

Share
X in

Delivering good outcomes for customers in vulnerable circumstances – good practice and areas for improvement

- 1. Summary
 - 1.1. What we did
 - 1.2. What we found
- 2. Governance and outcomes monitoring
- 3. Consumer support
- 4. Consumer understanding
- 5. Products and services

Related content



The four FCA key drivers

1. **HEALTH** – physical disability, visual impairment or addiction – mental health
 2. **LIFE EVENTS** – income shock, relationship breakdown or bereavement
 3. **RESILIENCE** – inadequate or erratic income / low savings
 4. **CAPABILITY** – poor numeracy skills or no access to help or support
- Ask open questions – encourage disclosure of needs
 - Establish if any recent significant events that could impact your advice



Recording interactions and characteristics of vulnerability

Communications in plain English – minimise jargon

Test consumer understanding

Share information with colleagues

Encourage customer disclosure

Signpost third party support

Consider format of documents

Collect and review client feedback

Family member or trusted friend

- Clients identified as having vulnerable characteristics
- Number of customers where adaptations made
- Act on any learning points



MS24/1 Protection Market Study



Protection Market Study

Launched 21st March – FCA will start with an open mind!

Focus on value for customers - Assess whether the consumer outcomes align with those expected under Consumer Duty and/or PROD rules

There will be engagement from the FCA with Market participants

Interim Report due end of 2025



Market Study MS24/1.2

Market study into the distribution of pure protection products to retail customers
Terms of reference

March 2025



Protection Market Study

Term
Assurance

Critical Illness
Cover

Income
Protection

Whole of Life
Cover

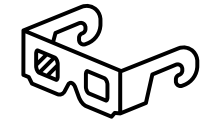
The main distribution channel is through intermediaries – consumers benefit from intermediaries' expertise

Protection Gap – Advisers play an important role in minimising the Protection gap but may not be adequately compensated for complex cases

Protection Market Study – Broker activities

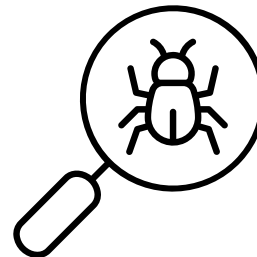
FCA intend to look at:

- The incentives created through size and structure of commissions
- The effectiveness of commission features (e.g. clawback) in mitigating incentives and conflicts of interest.
- Impact of fees and in-house remuneration structures



Potential concerns

- Unnecessary re-broking
- Unsuitable product sales
- Low quality leads





Promoting your business





Financial Promotions – a reminder

Promotions should:

- be clear, fair and not misleading
- presented in a way that can be understood
- show the product risks alongside the benefits

Firms should have full knowledge and approval of what is posted on **social media, websites and emails.**

What is your approval process?



Financial Promotions

- Keep a record of financial promotions approvals
- Test client understanding of contents
- Speak to Simplybiz – Compliance Helpdesk can review.
- If active on social media – be aware of web scraping
- **Do not ‘approve’ a financial promotion for an ‘unauthorised’ third party person / firm – you are likely to require a special ‘approver’ permission.**

Support

- SimplyBiz Advice Quality Team
- Protection Team
- Protection Helpdesk
- Co:mentis
- Caspian
- Usay
- TOWERgate
- SolutionBuilder

Important Documents:

- Protection Advice process
- Checking client understands
- Fair value assessment templates

Compliance | SPECIALIST

Advice Quality Team's File Review Service

CO:MENTIS
COGNITIVE ASSESSMENT ENGINE

SimplyProtect

SimplyProtect is simply the very best protection providers, providing the very best service and the very best commission rates - it really is that simple!

SimplyBiz

SOLUTION BUILDER
SAVES TIME

Find out more



Compliance Digitisation





Compliance digitisation



Digitised compliance solution for all included in membership



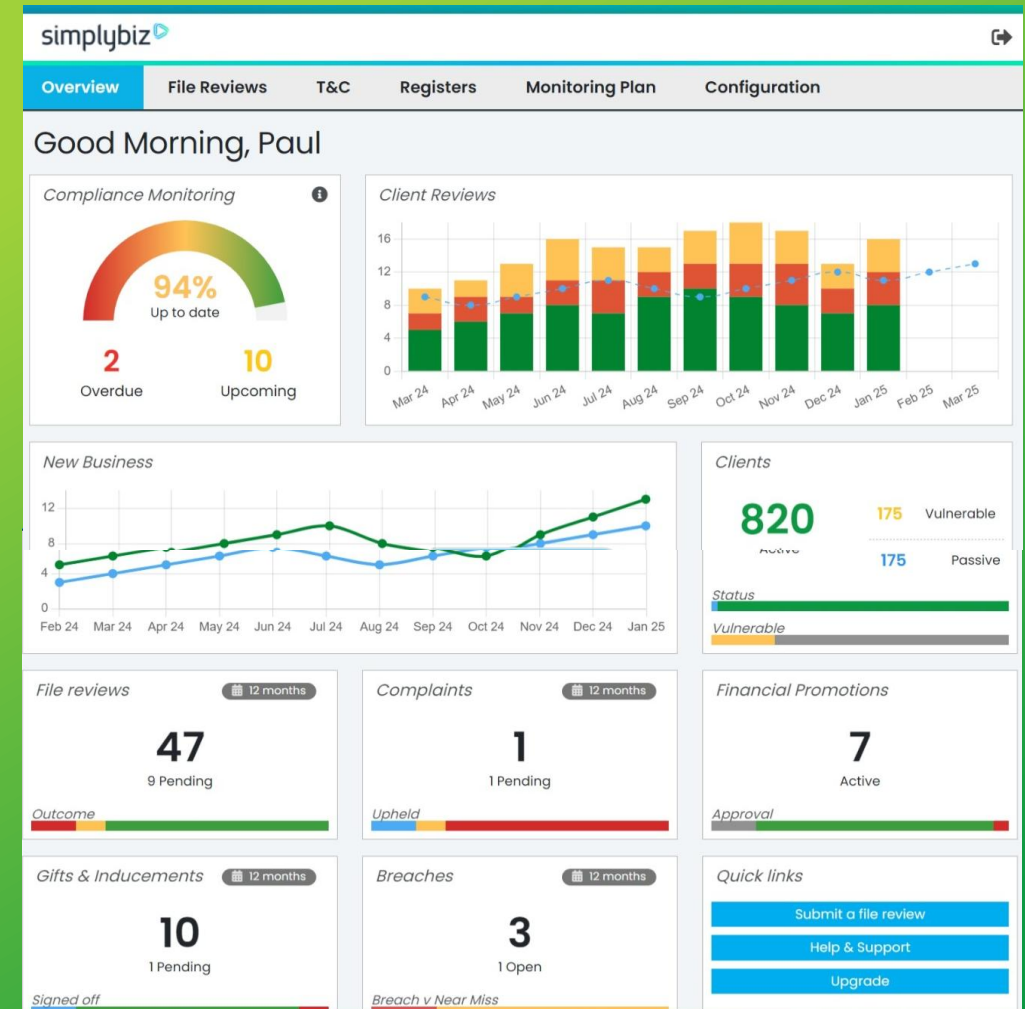
Compliance Dashboards & Registers



Track activities & key risks – reduce worry



Consumer Duty MI





Compliance digitisation



Compliance Monitoring Plan



File review outputs

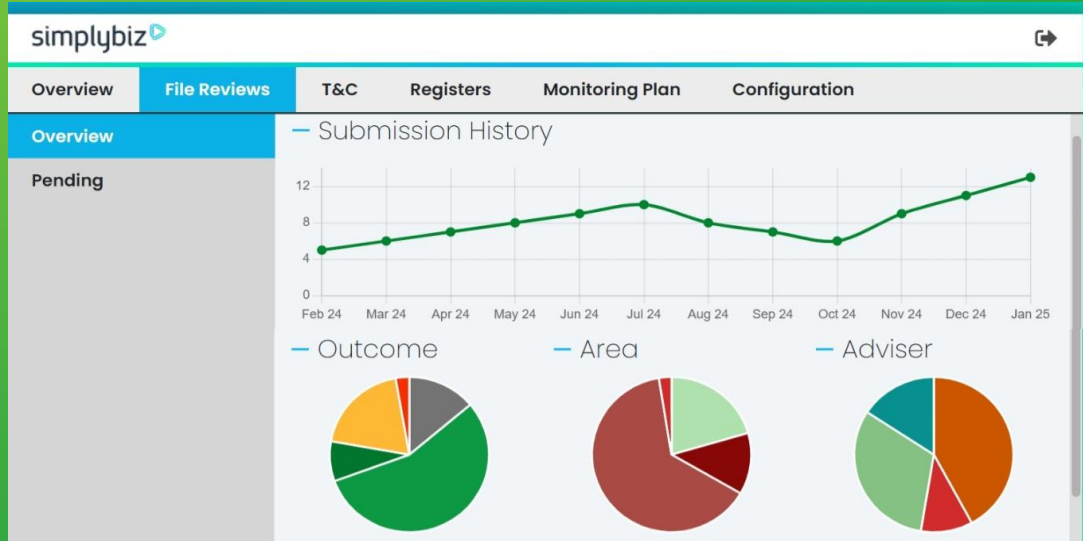
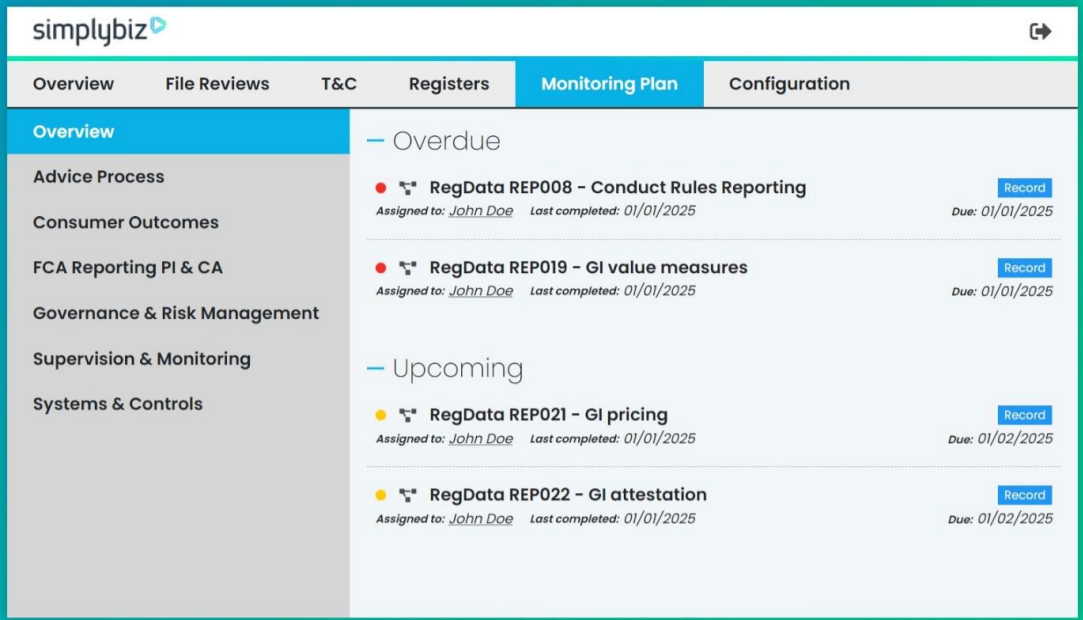


Vulnerable Person data



Easy Oversight – all in one place

Staged rollout from April – talk to us about priority access





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