



Lisa Laybourn, Head of Technical Policy and Regulation at The Investing and Saving Alliance (TISA), said: “The FCA’s New Consumer Duty (PS 22/9) is likely the most important regulatory intervention in the last decade. With two consultations behind us, providers will have been planning implementation for some time, and we are pleased that the FCA has now offered clarity on some of the rule, guidance and terms used in the Duty.

“TISA recommended that the FCA consider a two-year phased implementation period, with the FCA setting out what areas of harm should be prioritised. The FCA has listened to industry feedback, allowing a 12-month implementation period for new business, with a deadline of July 2023. An additional 12 months for legacy business above initial period has also been agreed. However, the FCA expects implementation plans to have Board, or equivalent, approval by October 2022.

“We are also pleased to see that, in line with TISA’s recommendation, the FCA has amended draft measures and clarified that compliance with the existing product governance rules under PROD will mean compliance with the Consumer Duty.

“The FCA has also provided additional guidance for complex questions such as issues of material influence over the outcomes and proportionality, as well as more detail on concepts such as “good faith” and “foreseeable harm”. This is a very welcome step. Despite this, we expect interpretations and good practice to evolve over time.

“TISA is disappointed to see that the FCA has not revisited the cost/ benefit analysis, stating instead that the industry should record costs of implementation and ensure worthwhile benefits for the future independently.

“Furthermore, we would like to have seen inconsistencies between the Consumer Duty and the current Handbook addressed, but instead the FCA has stated that it will consider the requirement of changes as part of a post-implementation review.

“As the industry completes its analysis of the Policy Statement, we are sure to see a number of issues arise, and TISA will be looking to advise and support both regulators and providers in implementing this significant new duty in consumer practice.”