

BLOG

Consumer Duty

The new Consumer Duty has been introduced by the Financial Conduct Authority (FCA) to improve how firms serve their customers. The objective of the Duty is to set higher and clearer standards of consumer protection across financial services.

The communications we send to our customers should be easy to understand and the products and services we offer should meet their needs. We should always offer fair value and provide customers with the support they need, when they need it.

Under the new Duty we're required to review our products and services and share the details with our distributors by 30 April 2023, so that they can meet their obligations by the deadline of 31 July 2023.

New Consumer Principle 12

A firm must act to deliver good outcomes for retail consumers.

3 Cross Cutting Rules – These rules provide greater clarity on the FCA's expectations under the new Principle and helps firms interpret the four outcomes.

Firms should take reasonable steps to:

1. Act in good faith towards retail consumers
2. Avoid causing foreseeable harm to retail consumers

3. Enable and support retail consumers to pursue their financial objectives

4 Outcomes – These represent key elements of the firm/consumer relationship which are instrumental in helping to drive good outcomes for consumers.

The outcomes are focused on:

1. Products and services

2. Price and value

3. Consumer understanding

4. Consumer support

The cross-cutting rules cut across all four of the outcomes and you should consider this when putting together your plan. You must ensure everyone in your business is trained on this change. The requirement for firms to enable and support consumers to pursue their financial objectives does not remove consumers' responsibility for decision making or, in itself, prevent consumers from making decisions that are not in their interests. But the FCA expects firms to take responsibility for establishing an environment in which consumers can act in their own interests. Firms must nevertheless understand and take account of behavioural biases and the impact characteristics of vulnerability can have on consumer needs and decisions.

Definition of Manufacturers and Distributors

Manufacturer

Firms that create, develop, design, issue, operate or underwrite a product or service would be regarded as a product manufacturer.

Greenfield Mortgages is a manufacturer of retail bridging lending products.

Distributors

Firms that offer, sell, recommend, advise on, propose or provide a product or service would be regarded as distributors. In order to understand how the consumer duty applies to your firm, you first need to understand your role in the consumer's journey.

Intermediaries are Distributors of retail lending products

The Duty applies across the distribution chain, from product and service origination through to distribution and post-sale activities. By the 'distribution chain', the FCA means all firms involved in the manufacture, provision, sale and ongoing administration and management of a product or service to the end retail consumer.

FCA's expectations of Manufacturers (PRIN 2A).

Activities that we're undertaking in preparation for 30th April 2023.

For each product that we manufacture we'll provide our distributors with:

- A detailed overview of the products that we design.
- As part of our design phase we'll ensure that consumers with any characteristics of vulnerability are not adversely impacted by our products.
- Clear guidance on the target market of consumers that we wish to benefit from our products.
- The value that we determine each of our products offer.

We'll provide our distributors with our expectations of how we will want to ensure that:

- Our products are distributed to our defined target market.
- Distributors can evidence that a consumer understands the financial product that they have bought and that it meets their needs.

Sharing of information between Manufacturers and Distributors

Firms should act to enable and support consumers to pursue their financial objectives at all stages of the consumer journey. The FCA has set out its overall expectations for firms to monitor the outcomes their consumers are experiencing.

Manufacturers must regularly review whether their products and services meet the identified needs, characteristics and objectives of the target market, including any identified for consumers with characteristics of vulnerability; distribution strategy remains appropriate for the target market; products or services have been distributed to consumers in the target market.

Distributors must regularly review whether: their distribution arrangements are appropriate and up to date; products and services have been distributed to

consumers in the target market.

To support manufacturers' reviews, distributors must, upon request, provide relevant information, including, where appropriate, sales information and information on the regular reviews of their distribution arrangements.



Case Study: Chain Breaking

NEED SOME HELP?

Our Relationship Managers are knowledgeable and can guide you through our simple bridging process.

[Speak To us](#)



0800 779 7097

0121 233 1188



Bank House, 8 Cherry Street,

Birmingham, B2 5AL



info@greenfieldmortgages.com

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT.

Greenfield Mortgages is the trading name of Greenfield Mortgages Ltd (company number 07636098), Greenfield Mortgages III Ltd (company number 09922574), Greenfield Mortgages (Holdings) Ltd (company number 08573091), Greenfield Mortgages (Holdings) II Ltd (company number 09922617) and Greenfield Mortgages II Ltd (company number 08574591) registered in England and Wales with registered office: Bank House, 8 Cherry Street, Birmingham, B2 5AL.

Greenfield Mortgages II Ltd is authorised and regulated by the Financial Conduct Authority (FCA Ref No: 603625).

Greenfield Mortgages Ltd is an appointed representative of Greenfield Mortgages II Ltd which is authorised and regulated by the Financial Conduct Authority. Greenfield Mortgages Ltd FCA Ref Number is 790935.

Newsletter

Sign up to receive the latest newsletters.



Copyright 2021 © Greenfield Mortgages

[COMPLAINTS](#) [PRIVACY NOTICE](#)

