FCA
Financial Services Consumer Panel

Email: enquiries@fs-cp.org.uk

27 August 2026

By email: cp26-23@fca.org.uk

Dear Sir/Madam,

Financial Services Consumer Panel Feedback on the Financial Conduct Authority CP26/23 Consumer Duty – scope and proportionality

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to provide feedback on the FCA's CP26/23 Consumer Duty – scope and proportionality consultation. Whilst the proposals within this consultation paper (CP) are centered on firms and three years from its introduction seek to refine the application of the Consumer Duty by reducing market friction plus removing unnecessary operational costs and complexities, the Panel has opted to respond to a few of the questions posed.

The Panel stresses that consumer protections and the foundational customer understanding, fair value, good service and support outcomes of Consumer Duty must be preserved. The Panel welcomes clearer accountability for consumer outcomes across multi-firm distribution chains. The Panel ask that the operational cost savings released as a consequence of this CP's proposals should be recycled to improve consumer value and benefits. Please additionally note that several of the proposals within the CP touch on issues explored by CP26/22 Simplifying the insurance rules, the Panel refers you to our response to that CP.

Where firms serve consumers outside the UK the Panel welcomes Consumer Duty applying where firms conduct business with crown servants, including armed forces and civil servants together with their dependents whilst posted overseas. We additionally agree that in the case of consumers not normally resident in the UK the Duty should continue to apply to UK pre-paid funeral plans that they may have purchased together with the services, including advice, that they access as a UK pension arrangement customer.

The Panel holds that the proposals in chapters 3 and 4 are sensible. However, they are completely focused on the firm's position and the allocation of risk between firms in the distribution and/or manufacturing chain and seem to have no consideration for the position of the consumer in the event something goes wrong. Precise clarification is required on who the consumer complains to and how would they be able to determine this? How can the consumer avoid being passed between, for example, the primary and secondary manufacturers. The Panel are concerned that the proposals could have an adverse impact on effective and efficient dispute resolution processes (even if on paper the allocation of risk between the relevant businesses is entirely fair and appropriate).The Panel requests that FCA carefully considers this and the need to put appropriate provision in place (for example, it may be appropriate for a primary manufacturer to have primary liability to a retail customer, but for that manufacturer to have back to back arrangements to recover any loss from its secondary manufacturers).

The Panel welcomes the FCA providing clarified guidance to firms to reflect that they may act differently to support customers in vulnerable circumstances, depending on their role within the distribution chain, with firms closer to the customer having more direct responsibility for identifying and responding appropriately to vulnerable customers' needs. We additionally stress the need for those firms close to vulnerable customers to provide relevant and proportionate feedback to those firms higher up the distribution chain.

Yours sincerely

Chris Pond
Chair, Financial Services Consumer Panel

CP Questions:

Question 1: How could we avoid additional costs for firms where sectoral rules have a different territorial scope to the Duty in the future?

No Panel Comment.

Question 2: Do you agree with our proposal to limit the Duty's territorial scope in relation to the usual residence of retail customers? Do you have any comments on our approach to defining the usual residence of retail customers?

The Panel agrees with both the proposal and approach.

Question 3: Are there other requirements we should consider to avoid the risk that products or services intended only for sale outside the UK, and so not subject to the Duty, are sold to customers usually resident in the UK?

No Panel Comment.

Question 4: Do you agree with our proposals to continue to apply the Duty to some business where customers are usually resident outside of the UK?

The Panel fully agrees.

Question 5: Are there any other consumers, products or services where the Duty should still apply outside the UK?

The Panel suggest that both Pure Protection and Health Insurances are brought within scope of the FCA's proposal as the protection was purchased when the consumer was resident in the UK.

Question 6: Do you have any comments on our proposed changes to the 'Application outside the UK' section of Chapter 2 of the non-Handbook guidance?

No Panel Comment.

Question 7: Do you have any comments on the proposed application provisions and whether they will help with understanding the scope of the Duty?

No Panel comment.

Question 8: Do you have any comments on the proposed approach to defining 'retail market businesses?

No Panel comment

Question 9: Do you have any comments on our proposed changes to the 'product' definition?

No Panel Comment

Question 10: Do you agree with the changes we are proposing to clarify the scope and obligations for firms in a distribution chain?

The Panel fully agrees.

Question 11: Do you agree with our proposed approach to clarifying application where a firm is subject to the Duty but doesn't have a role in relation to one or more of the four Duty outcomes?

The Panel agree,

Question 12: Do you agree with our proposals for updating our rules on material influence?

No Panel Comment

Question 13: Do you have any comments on our proposed approach to classifying which firms are manufacturers for the purposes of the Duty?

The Panel fully agrees.

Question 14: Should we consider making similar changes to the rules in DISC and PROD?

No Panel comment.

Question 15: Do you have any comments on how the new approach to classifying manufacturers should apply to existing products and services?

No Panel comment.

Question 16: Do you have any comments about our proposed approach under the Duty to outsourcing arrangements in relation to the manufacture of a product or service?

The Panel agrees with the proposed approach.

Question 17: Do you agree with our proposed exclusions for activities that fall out of scope of the Duty? Should we make any changes to them, either to broaden them or to limit their availability for certain activities (and, if so, why)?

No Panel comment.

Question 18: Are there any other activities where we should consider exclusions on a similar basis?

No Panel comment.

Question 19: Do you have any comments on our proposed changes to Chapters 2 and 6 of the non-Handbook guidance?

No Panel comment.

Question 20: Do you agree with our proposals to clarify firms' roles and responsibilities across the distribution chain? If not, please explain why, and any other options we should consider.

The Panel fully agrees.

Question 21: Do you agree with our proposals to better reflect how firms support for consumers in vulnerable circumstances will differ depending on their role in distribution chains? If not, please explain why, and any other options we should consider.

The Panel welcomes the FCA providing clarified guidance to firms to reflect that they may act differently to support customers in vulnerable circumstances depending on their role within the distribution chain with firms closer to the customer having more direct responsibility for identifying and responding appropriately to vulnerable customers' needs.

Question 22: Do you agree with our proposals to better reflect a reasonable approach to information gathering and sharing to monitor outcomes under the Duty? If not, please explain why, and any other options we should consider.

The Panel fully agrees.

Question 23: Do you agree with our proposals to clarify our expectation that board or governing body reporting should be proportionate to the firm's circumstances, including its actual role in influencing retail customer outcomes? If not, please explain why, and any other options we should consider.

No Panel comment.

Question 24: Are there specific areas where further clarification would help firms avoid unnecessary duplication in practice? If so, what form of additional guidance can we give firms to improve the clarity of our expectations?

No Panel comment.

Question 25: Do you consider that there are specific areas or activities where you consider we should disapply the PROD 3 product governance rules and rely instead on the standards set by the Duty? If so, what are these areas, and what would be the impact on firms' processes, costs and customer outcomes?

No Panel comment.

Question 26: Do our proposed changes to the non-Handbook guidance provide sufficient clarity for firms? If not, what further clarification is needed to help firms reduce unnecessary duplication or uncertainty in practice?

No Panel comment.

Question 27: Do you agree with our proposed approach to making the technical clarifications in this chapter?

No Panel comment.

Question 28: Do you agree with our proposal to clarify that the exclusion in relation to instruments where the minimum investment is £50,000 applies per investment and per end investor?

No Panel comment.

Question 29: Are there any other minor or technical changes that would help improve the clarity or operation of the Duty?

No Panel comment.