

Statement on firms working together to manufacture products or services

1. The Consumer Duty sets rules for firms manufacturing products or services. Discussions with firms show that some have difficulty applying the rules when working together to manufacture a product or service. In some cases, they are finding it difficult to decide which firms are subject to the rules, or to understand the impact on their dealings with each other.
2. This statement aims to help firms understand our expectations and to provide them with confidence to apply the rules in a proportionate way. We will build on this approach next year when we plan to review and consult on amendments to the rules.
3. This statement does not set new requirements or standards. It is intended to give firms more clarity on our supervisory expectations, for example where firms may be interpreting our rules in a way we do not intend. Where firms have already implemented appropriate measures, we do not expect them to revisit their existing approach in the light of this statement.

Our future approach

4. In the first half of next year, we will consider stakeholder views and concerns about the application of the Duty, in line with the action plan set out in [the FCA's response to the Chancellor in September 2025](#). As part of this, we will review the rules covering firms working together to manufacture a product or service.
5. As we develop our proposals for consultation, we will consider:
 - How we can make it clearer for firms where the Duty applies and how we can draw a clearer line when it doesn't.
 - How our existing exemptions are working and whether they go far enough, including whether to draw a clearer line on business-to-business activities which should not be captured.
 - If there is a case for further exemptions from elements of the Duty where firms are subject to other regulatory obligations.
 - Changes to make clear when and how firms can rely on each other when they work together in distribution chains.
6. Ahead of the consultation next year, we will engage widely with stakeholders about how these rules apply. Stakeholders wishing to share

their views and concerns with us are invited to contact our mailbox:
ReviewOfRequirementsCFI@fca.org.uk.

Scope

7. The relevant rules appear under the Consumer Duty products and services outcome, PRIN 2A.3, and the price and value outcome, PRIN 2A.4. Similar rules appear in PROD 3 and PROD 7, and under the new DISC rules being introduced from April 2026. The supervisory expectations set out below reflect our general approach.
8. Distinct considerations apply to the insurance sector, where manufacturers are subject to PROD 4 rules. We are introducing separate changes to the insurance manufacturer rules, and this statement doesn't relate to our expectations under PROD 4. The rules in PROD 4 are designed to address specific risks we have identified in distribution chains for non-investment insurance products.

What we are looking for when we supervise these rules at present

9. In our supervisory work, we test that firms are working together to support good customer outcomes by:
 - Correctly identifying which firms have a role in the manufacture of a product or service that is ultimately offered or provided to retail customers.
 - Where more than one firm is involved in manufacturing a product or service, having a written agreement setting out an allocation of responsibilities that reflects the actual role of each firm. In practice, an existing agreement or contract between the firms can fulfil this expectation. Our focus is on the effective and appropriate allocation of responsibilities. We do not expect firms to duplicate effort or oversee each other's activities.
10. These requirements were first introduced in 2018 in the product governance rules in PROD. Where PROD doesn't apply, the same approach has been extended to equivalent rules in the Duty.

Our expectations under the rules

11. In our view, regulated firms in the distribution chain can rely on each other, where reasonable, to comply with the relevant rules. However, the arrangements between firms should make it clear which firm is responsible, to ensure accountability and effective supervision by the FCA. It shouldn't be possible for responsibility to slip between the cracks.
12. We have found that some firms have interpreted our rules as requiring more than we intended. To support certainty and the proportionate application of our rules, below we address some areas where there have been misconceptions.

- **Decision-making:** Our rules should not be interpreted to mean firms working together to manufacture a product or service must have a say in each other's decisions, or that they are expected to engage in joint decision making. Where firms' roles are distinct, it may be appropriate for their responsibilities and decision-making to remain separate, though they should still be clearly agreed and a record kept of the position.
 - **Allocation of responsibility:** Responsibilities don't need to be allocated evenly in every case. One firm can be responsible for ensuring compliance with most of the requirements where this reflects the reality of its role and of the arrangements with the other firms involved.
 - **Liability:** A firm is generally only liable for remedial action in respect of harm it has caused. However, in some cases, regulatory requirements or contracts might mean a firm is responsible or liable for harm caused by another firm in the distribution chain (see paragraph 2.24 of [FG22/5](#), our Finalised Guidance on the Consumer Duty).
 - **Outsourcing:** An exception to the general position above is where one firm outsources an activity or service to another party. Under our SYSC rules, the outsourcing firm remains responsible and accountable for compliance with regulatory responsibilities applying to the relevant outsourced activity or service. As we noted in FG22/5, where a firm outsources to another party which is itself an authorised firm, generally both firms will have responsibilities under the Duty. We will consider, as part of our planned consultation next year, whether it would be helpful to clarify how rules on outsourcing interact with rules about responsibilities of firms with roles in the distribution chain.
13. Note that this position assumes that the firms in question are authorised or are subject to analogous regulations for multiple manufacturers under a designated activities regime such as Consumer Composite Investments. It doesn't address situations where a regulated firm is working with unregulated parties involved in developing and distributing regulated products. For example, it doesn't apply where a payment firm works with an unregulated programme manager to manufacture products. In such a case, the regulated firm remains responsible for complying with relevant FCA requirements.