



Checklist for BVRLA Members: Preparing for the Consumer Duty Board Report

BVRLA Checklist- July 2024

Introduction

As a valued member of the BVRLA, we are committed to helping you maintain high standards of conduct and compliance with the Financial Conduct Authority (FCA) regulations. The BVRLA have prepared a Consumer Duty Board Report checklist to guide you in ensuring your business is prepared for the FCA's Consumer Duty requirements.

Purpose

One year on from the implementation of the Consumer Duty for solo-regulated firms, each firm will be required to complete and document an assessment of how they are achieving good outcomes for their customers, in the form of an annual board report ("report").

The production of the report is intended to support firms in understanding the Duty and reviewing how it has been implemented within their firm, ultimately to distinguish where expected outcomes are being met or where improvement may be required. The report will act as an internal governance document and there is no requirement for submission to the FCA upon production. It's important to remember however that the FCA have shown examples of supervisory action on firms progress on implementing the Consumer Duty thus far, and the production of the report is unlikely to be any exception.

Using this document

We encourage you to review the checklist and take the necessary steps to ensure that your business is Consumer Duty compliant and that your report is ready by the deadline.

Should you have any questions or need assistance in meeting the requirements, please do not hesitate to reach out to us. Our team is here to support you and ensure that you continue to provide excellent service to your customers while complying with regulatory standards.

The purpose of this fact sheet is to provide general guidance and information only. Although every effort is made to ensure that the content is accurate, the BVRLA cannot accept any liability whatsoever for any inaccuracy contained within it, nor for any damage or loss, direct or indirect, which may be suffered because of any reliance placed upon the information provided, whether arising in contract, tort or in any other way. Advice should always be obtained from your own professional advisers before committing to a specific action.

Compliance & Governance



Board Report Checklist

1. Governance Strategy and Policies

- Have you identified and allocated roles and responsibilities clearly, including the Consumer Duty Champion?
- Do your strategies, leadership, and policies focus on good customer outcome?
- Have you assessed staff incentive schemes to ensure they are acting in the interest of the customer, with conflicts of interest addressed?

2. Monitoring and Assessment

- Have you included Management Information (MI), how this is collected/reviewed and the results of this monitoring?
- Have you evidenced both good and poor customer outcomes (where applicable) and have you performed root cause analyses?
- Have you presented recommendations or enhancements needed if poor outcomes are identified?
- Does the report evaluate the necessity for changes in strategy, products, or services?

3. Consumer Duty Outcomes

- Products and Services:** Does the report evidence that design meets target market needs and that distribution methods are appropriate?
- Price and Value:** Have you evidenced that pricing is fair and provides value?
- Consumer Understanding and Support:** Can you evidence that customers understand the products offered to them and receive adequate support?
- Vulnerable Customers:** Have you highlighted measures taken to support vulnerable customers and that these measures are having the intended outcome?

4. Actionable Insights

- Have you included steps taken or to be taken to address identified risks or issues?
- Have you ensured that all findings and actions are summarised for clarity?

5. Closed Products Review

- Have you identified all Closed Products and Services, and ensured they offer fair value and good customer outcomes?
- If there is a risk of customer harm, have you taken all appropriate action to prevent this, such as contacting clients or advisors directly?

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Best Practices

Key things to remember:

- **Roles and Responsibilities:** Identify and allocate roles and responsibilities clearly.
- **Board Engagement:** Engage the board early and keep them informed throughout the process to ensure they can approve and act on the report.
- **Stakeholder Involvement:** Get inputs from compliance officers, customer service teams, and consider feedback from internal or external audits.
- **Lines of Defence:** Include all lines of defence (first, second, and third) for comprehensive monitoring.
- **Clear Structure:** Ensure the report is structured clearly and covers all key elements.
- **Data-Driven:** Incorporate data to evidence both good and poor customer outcomes. Address data challenges such as outdated systems and traceability issues.
- **Practical Lens:** Treat the report as a decision-making tool, not just a compliance document.
- **Continuous Improvement:** Show evidence of continuous learning and improvement rather than treating it as a tick-box exercise.

Further Information

Further guidance on Consumer Duty can be found on the BVRLA's [Consumer Duty Resource Page](#).

The FCA Consumer Duty guidance can be found here: [Consumer Duty | FCA](#)

All members should ensure that they have read and understood the following guidance from the FCA:

[FG22/5: Final non-Handbook Guidance for firms on the Consumer Duty \(fca.org.uk\)](#)

[PS22/9: A new Consumer Duty \(fca.org.uk\)](#)

Contact

Please refer any further questions to:

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