



FCA call for input on review of retail conduct requirements in light of Consumer Duty

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On 29 July 2024, the Financial Conduct Authority (FCA) published a call for input (Cfi): Review of FCA requirements following the introduction of the Consumer Duty. In the Cfi the FCA is exploring whether, where and how it can simplify requirements through greater reliance on outcomes focussed regulation, while ensuring it continues to support and protect consumers.

The Consumer Duty sets a high standard of care that firms must give to their retail customers. The Duty's outcomes-based approach aims to enable firms to adapt and innovate in a way that helps consumers and is responsive to technological change and market developments. The FCA has issued [this Cfi](#) to identify and explore how it can simplify existing prescriptive requirements that create unnecessary complexity and duplication.

This initiative aligns with the FCA's secondary objective to facilitate the international competitiveness of the UK economy and its growth in the medium to long term. The Cfi will enable the FCA to consider whether removing detailed and prescriptive requirements could help firms, including new entrants, and support innovation where similar customer outcomes could be achieved with greater flexibility.

This consultation closes on 31 October 2024.

What are the main issues and what firms should be thinking of in providing feedback to the FCA?

The issues the FCA is considering in this Cfi and seeking stakeholder feedback on are as follows:

- which detailed rules or guidance could be simplified to rely on high-level rules, or have interactions with other rules which could be clarified;
- how any steps to simplify rules and guidance affect statutory objectives;
- the appropriate balance between high-level and more detailed rules; and
- the potential benefits and costs from simplifying rules.

Notably, the Cfi refers to the FCA's ongoing reviews of guidance and rules in other areas including the Consumer Credit Act 1974 (CCA) reform. It states that it will coordinate any action taken following this Cfi with the other ongoing reviews and will seek to assess some feedback as part of these other reviews to avoid duplication.

The FCA acknowledges in the Cfl that there are differing views across the industry as to where the line should be drawn in terms of outcomes focussed regulation versus a requirement on firms to comply with detailed prescriptive rules.

This is a huge undertaking from the FCA, and firms should carefully consider where they may want simplification and engage with the FCA to shape the direction of travel here.

Next steps

If you would like to discuss anything raised in this article, feel free to contact our Regulated Lending and Banking team.