

Focus Areas for Consumer Duty Implementation

<https://www.fca.org.uk/news/press-releases/fca-highlights-areas-focus-firms-implementing-consumer-duty>

The Consumer Duty is part of the FCA's three-year strategy to reduce and prevent serious harm and also test higher standards within the industry.

A statement released on the 25th January, highlighted the FCA's review of their implementation plans set out for the Duty. They sampled the plan with 60 of largest financial services firms and also intends to issue surveys to 600 other firms, to assess the readiness of the wider market.

Upon their review, the FCA found that firms showed a good understanding and willingness, for the shift to deliver good customer outcomes. However, it was noted that some firms may struggle to get behind the rules effectively once they come into force. For new and existing products or services that are open to sale or renewal, the rules will come into force on 31 July 2023 and for closed products or services, the rules come into force on 31 July 2024.

By Q4 of the 2023 implementation period, the FCA want firms to focus on:

- **Prioritising** – effectively prioritise areas that would have the biggest impact on outcomes for consumers
- **Make changes** – making changes so that consumers receive communications they understand, products and services are offered at fair value and support is provided to customers as and when needed
- **Collaboration** – firms work closely with other firms to share information, especially with their commercial partners, to ensure they too are delivering good customer outcomes

Suitable for: Firms in the e-money and payments sector, firms that have a material impact on the retail market, distributors and manufacturers of retail products and firms communicating and approving financial promotions to retail clients. Firms involved anywhere along the chain of any product that may eventually reach a retail client.

FCA and Practitioner Panel Launch Joint Survey for 2023

<https://www.fca.org.uk/news/news-stories/fca-and-practitioner-panel-joint-survey-2023-launches>

The FCA and Practitioner Panel 2022/23 survey, is being sent to a sample of regulated firms, to gather feedback on how the FCA is doing within regulating the industry. Independent social research organisation, Kantar Public, is carrying out the survey which will be sent to all fixed firms and 13,000 flexible firms. The purpose of the survey is to better inform the FCA, the issues faced by firms within the industry and how they can review changes to their approach, to be a more innovative, assertive, and adaptive regulator. The survey supports the evaluation of the FCA's performance, against key areas of our [3-year Strategy](#). You can only participate in this survey if you receive a request from [Kantar Public](#). Results of the survey will be published in summer 2023.

Suitable for: All firms.

FCA Supports Firms Through the Transition to Implementing the Consumer Duty

<https://www.fca.org.uk/news/press-releases/fca-supports-firms-through-transition-implementing-consumer-duty>

In a press release published on the 3rd of February, the FCA made a commitment to support firms as they transition and prepare for the implementation of the Consumer Duty. This is to be done through a programme of engagement, which includes setting out in letters the expectations of the Duty and arranging a series of regional in-person events for specific groups of small and medium-sized firms.

A statement made by Sheldon Mills, Executive Director of Consumers and Competition at the FCA, said: *"We want to thank firms for the hard work they're putting into embedding the Duty. We were encouraged to see many examples of good practice in our review of implementation plans and found that many firms are embracing the shift that the Consumer Duty brings."*

Letters will be sent out to the following sectors:

- Asset Management, Custody & Fund Services and Alternatives
- Consumer investments
- Credit reference agencies and providers of credit information services
- General Insurance and pure protection firms
- Life insurance
- Mainstream consumer credit lenders

- Mortgage lenders and administrators
- Retail banks and building societies

Other sectors will be sent letters shortly after and published on the FCA website:

- Credit Unions
- Debt advice firms
- Debt purchasers, debt collectors and debt administrators
- Mortgage Intermediaries
- Motor Finance providers
- Payments Services and E-Money
- Retail Finance providers
- Credit brokers

Suitable for: Firms in the e-money and payments sector, firms that have a material impact on the retail market, distributors and manufacturers of retail products and firms communicating and approving financial promotions to retail clients.

Financial Watchdog Blocks Thousands of Misleading Ads

<https://www.fca.org.uk/news/press-releases/financial-watchdog-blocks-thousands-misleading-ads>

A report published on the 3rd of February, states that the FCA has urged firms to amend or remove 8,582 promotions during 2022, this is 14 times more than in 2021. The FCA also issued more than 1,800 alerts to help prevent consumers from losing their money to scams.

They have achieved this by using improved digital tools in collaboration with huge tech companies to change their advertising policies to only allow financial promotions that have been approved by FCA-authorized firms. There has also been an enormous rise in social media influencers promoting financial products, which is a clear concern to the FCA. Their unauthorised advice could lead to action being taken against them.

The FCA's expectations have been made clear, with a statement from Sarah Pritchard, executive director, Markets which states: *"Our expectations remain the same. Financial promotions must be fair, clear and not misleading. What has changed is the FCA's approach. By drawing on better technology, we're finding poor quality or misleading ads quicker. And, where we find them, we're stepping in to make firms improve them or remove them entirely."*

Tougher measures from the FCA, will see firms wanting to approve financial promotions being scrutinised, to ensure they can stop harmful financial promotions by unauthorised firms and individuals promptly.

Suitable for: Firms that communicate and approve financial promotions to retail clients.

Cryptoasset Businesses to Prepare for Financial Promotions Regime

<https://www.fca.org.uk/news/statements/cryptoasset-firms-marketing-uk-consumers-must-get-ready-financial-promotions-regime>

In a statement published on February 6th, the FCA disclosed that subject to the “*financial promotions regime*” being approved by Parliament, all crypto firms within the UK and overseas would have to adhere to certain requirements when advertising their crypto services to U.K. customers. The newly proposed advertising rules in the UK could possibly see executives of crypto firms, facing up to two years of prison, for failing to meet certain requirements around promotions. The initial [consultation response](#) was published by the Government in January 2022, setting out their intention to legislate bringing the certain cryptoassets within FCA scope.

When the regime does come into force, there will be 4 routes to communicating cryptoasset promotions to UK consumers:

1. The promotion is communicated by an FCA authorised person.
2. The promotion is made by an unauthorised person but approved by an FCA authorised person. Legislation is currently making its way through Parliament which, if made, would introduce a regulatory gateway that authorised firms will need to pass through in order to approve financial promotions for unauthorised persons.
3. The promotion is communicated by a cryptoasset business registered under the MLRs with the FCA.
4. The promotion otherwise complies with the conditions of an exemption in the Financial Promotion Order.

Promotions made outside of these routes will be in breach of the Financial Services and Markets Act 2000 (FSMA), which carries a criminal penalty of up to two years of imprisonment.

Crypto firms will need to seek or have authorisation from the FCA to advertise their services or have an exemption under the Financial Promotion Order.

Suitable for: Firms that communicate and approve financial promotions to retail clients and Crypto firms.

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