ISC

Investment Solutions Consultants

Consumer Duty – FCA Cross Cutting Rules

At a very summary level, the following represent the key overriding principles:-

1. **Avoiding Foreseeable Harm** – is where a firm must take all reasonable steps to avoid causing foreseeable harm to customers via its conduct, its product/services, and taking steps to actively avoid foreseeable harm (where in the firm's control). Critically, this does not mean that a customer will be protected from all harm, as some harm is "unforeseeable". Drawing the line between foreseeable and unforeseeable is a challenge, but in general the foreseeable is a set of practises that the firm should not pursue, and the unforeseeable a set of circumstances which are hard to mitigate. The table below illustrates some of these…

Foreseeable	Unforeseeable
• Exploiting/not recognising customer vulnerabilities • Exploiting/not recognising customer lack of knowledge • Exploiting/not recognising customer behavioural bias • Not describing product/services risks and benefits fairly • Disguising product/service attributes by framing in a misleading manner • Disguising product/service attributes by omission • Disguising product/service attributes by burying them where unlikely to be seen	• Harm was found too late for the firm to act • Nature of the harm was such that reasonable steps could not be foreseen • Risk exists within a product/service which is external and is beyond the firm's control • Risks that can reasonably be expected for the consumer to have understood

2. **Take All Reasonable Steps To Help The Customer Attain Their Financial Objectives** – whilst customers should be able to assess their own needs and make their own decisions, firms must establish an environment that enables customers to do so, to best meet their own interests. Firms need to identify where a customer may have vulnerabilities, insufficient knowledge, behavioural biases etc. and assist the customer to make good decisions.

3. **Act In Good Faith** – a firm must conduct itself honestly, fairly, and openly, with consistency. When customers are dealing with financial firms, the balance of knowledge is often weighted towards the firm, and not the customer. Customer's decisions therefore can only be reasonably expected to be made if the firm has acted honestly, fairly, and openly in its interactions, upon which customer decisions are based.

We hope you find this summary useful. Please get in touch with **Jonathan Boswell** should you wish to discuss how **Investment Solutions Consultants (ISC) Ltd** can help you.