

A photograph of three business professionals in a meeting. A man in a suit and tie is smiling and looking towards a woman on the right who is also smiling and wearing glasses. A third person is partially visible on the left. They are sitting at a table with a blue mug.

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FCA Consumer Duty Evidencing customer understanding?

We have the answer.

Your obligations

Firms regulated by the FCA will be familiar with the Consumer Duty, which came into force in 2023.

The Duty includes a specific obligation – known as the Customer Understanding Objective – on firms to take steps to ensure that customers understand the products and services they are buying.

This obligation has two aspects:

- Firms need take steps to improve customer understanding.
- Firms need to **evidence** the steps they have taken to ensure understanding.

Not surprisingly, therefore, one of the biggest challenges facing firms is how they can prove that their customers do indeed understand the key elements of products and services.

Your solution

In conjunction with Thinks Insight & Strategy, a leading behavioural insight agency whose work is specifically referenced in the Consumer Duty, we have developed a unique product that enables firms to meet these two key obligations.

Within just eight weeks of receiving an instruction, we will provide your firm with robust empirical evidence of customer understanding, together with enhanced regulatory documents.

We will do this by following three simple phases, explained in detail on the back of this flyer:

- Phase 1: Establish.
- Phase 2: Optimise.
- Phase 3: Evidence.

1

Establish

We work closely with you to establish and agree the key documents for review and, within those documents, what are the key outcome measures for testing. This is an important part of the process to establish the key items of information that are most likely to result in foreseeable customer harm if they are not understood by customers (known as the outcome measures).

2

Optimise

We will optimise the selected documents using established behavioural science techniques combined with our in depth experience of drafting regulated communications, with a specific focus on ensuring the outcome measures are as clear as possible.

3

Evidence

The documents (both the existing and optimised version) will be tested using a randomised control trial involving 1,000 participants (500 for each document), which will establish the level of functional understanding of the documents and provide objective evidence of any improvement.

Your benefits

At the end of testing you will receive a report identifying the improvements in the understanding of the outcome measures, together with details of the steps that were taken to achieve those changes. These outputs are specifically designed to be:

- **Actionable:** the specific recommendations we will provide can usually be applied to a range of documents across your business.
- **Rigorous:** all recommendations are based on randomised control trials (RCTs) using a large sample size, which is the method used in much of the research referred to in the Consumer Duty. RCTs provide robust statistical based evidence, which gives you confidence that the results will withstand scrutiny.
- **Repeatable:** the process is quick, simple and repeatable. Testing can establish a baseline against which future tests (against the same or other documents) can be assessed, including as part of an ongoing continuous improvement process.
- **Fixed pricing:** no hidden costs or downside surprises. You will have certainty and transparency from day 1.

Case study

We undertook analysis and testing of a large retail insurer's personal lines and SME renewal packs. Testing over 2,000 participants established significant improvements in terms of understanding including, very importantly, their ability to:

- Correctly understand the increase in their policy premium.
- Identify how to contact their insurer with queries or if they needed to make a claim.

Talk to us



Tim Johnson
Partner

+44 (0)115 976 6557
tim.johnson
@brownejacobson.com