



Information-sharing under the Consumer Duty

Taking a proportionate approach to distributor-to-manufacturer feedback

Executive Summary

In the same way as the Consumer Duty requires manufacturers to provide information to distributors about their products, it also requires distributors to provide information to assist manufacturers in their product review processes. In developing a co-ordinated industry approach to distributor-to-manufacturer feedback, the joint trade association group has been mindful that all data points requested should have an actionable purpose and that the gathering, reporting and processing of information should not impose unreasonable burdens on either party.

Overview of data framework

Where data can be provided in an automated and standardised way, this is likely to provide the best outcome for all parties, supporting operational processes with standardised formats while strengthening the consistency and integrity of the product review process. Consequently, with reference to the Consumer Duty rules in PRIN and other relevant parts of the FCA Handbook, manufacturers have identified six core data items that they need in order to undertake effective reviews of the outcomes that their products deliver for retail consumers:

1. Sales data, by distribution strategy
2. Sales outside the target market set for the product, by distribution strategy
3. Redemptions, by holding period
4. Distribution issues (e.g. harms arising from distribution arrangements and changes made as a result)
5. Complaints (e.g. about the product or the manufacturer)
6. Poor outcomes (e.g. a product ceasing to provide fair value either in general or for a specific group of clients)

Mechanisms for delivery

The joint trade associations are proposing a two-pronged approach, driven by both the nature of the data and the appropriate timeframe for the provision of information.

Quantitative data

1. Sales data, by distribution strategy
2. Sales outside the target market set for the product, by distribution strategy
3. Redemptions, by holding period

It is intended that this dataset will be delivered periodically using a standardised template in the style of the existing suite of FinDatEx templates by the distributor that is closest to the manufacturer in the distribution chain and with whom the manufacturer has entered into a distribution agreement.

It is anticipated that the first tranche of distributor reporting under the Consumer Duty cover an eight month period to the end of March 2024 with subsequent reports being provided at six-monthly intervals thereafter. Reports should be delivered to manufacturers within 6 weeks of the end of the relevant period.

Qualitative data

4. Distribution issues
5. Complaints
6. Poor outcomes

It is intended that this dataset should be notified to manufacturers as and when specific events arise. Initially, the joint trade associations believe that the simplest way of achieving this is for each manufacturer to operate a dedicated mailbox for the receipt of distributor notifications – e.g. CDnotifications@firm.com – and to ensure that the availability of this mailbox is made known to all distributors. The joint trade associations will continue to review this approach in light of implementation experience.

Next Steps

This update is intended to inform market participants on the structure of the framework and the key data points required. We will be providing a further detailed guidance note in the coming days. This forthcoming note will not incorporate the reporting template for quantitative data, but we will aim to send this out to industry by the end of the first week of August. We will also be engaging with the FCA on our agreed approach to data sharing.