



**Network weekly news w/c 24/04:**

## **Unpacking Consumer Duty: What do 'good client outcomes' look like?**

At the heart of the new Consumer Duty regulations is a new consumer principle requiring firms to deliver 'good' client outcomes. Vitality Group Compliance Director, Steve Allibone weighs up what this might mean for advisers.

### **What is meant by 'good' outcomes?**

It's important to make the distinction that there may be scenarios where an outcome is fair, but not good.

This doesn't mean that all outcomes need to be favourable for the client. Instead, they should be the right outcome. Clients should be treated in a manner that is in keeping with the standards expected by the regulator. For example, a client's claim could correctly be rejected because it is invalid, but it wouldn't be a good outcome to delay communicating this to the client because of poor processes.

### **It starts with advice**

It's also crucial that individual client needs are properly met. Holistic advice that is tailored to the needs of the individual is more likely to achieve 'good' client outcomes.

The risk with a more transactional approach to advice – where the client dictates what they want and is simply sold a product – is that certain needs may get missed, potentially leading to future detriment.

### **Protection in the spotlight**

**All this places a particular emphasis on the importance of protection insurance.**

Given the lack of financial resilience of many UK individuals and households, made worse by the ongoing cost-of-living crisis, any financial or mortgage planning advice could easily be jeopardised without adequate protection cover in place.

This is where we can draw a clear distinction between simply treating customers fairly and good outcomes. A client buying a house for example may be perfectly happy with a fair and reasonable mortgage offer they secure. However, if that client was incapable of repaying the mortgage in the event of ill-health and no protection had been discussed or put in place; that's a poor outcome.

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