

# **UK Consumer Duty Distributor Feedback Solution**

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## **UK Consumer Duty**

The UK's Financial Conduct Authority (FCA) has introduced the Consumer Duty, to create a culture focused on consumer protection and prioritizing customer needs. A key part of this is the requirement for fund manufacturers to regularly review their products to ensure they deliver favorable outcomes for retail customers, which is outlined in the FCA's "PRIN 2A.3" section. This requirement has created an obligation for distributors to provide information to fund manufacturers, supporting their product reviews.

The focus has, until now, been for the manufacturers to provide product information to distributors. Now, the FCA also requires a distributor to manufacturer feedback loop. The FCA's guidance document FG22/5 makes it clear that industry cooperation is mandatory, and non-compliance could result in breaches of the Consumer Duty.

## Distributor Feedback Requirements

Consumer Duty requires manufacturers to collect distributor feedback data, encompassing both quantitative and qualitative aspects, and to assess the effectiveness of their products and services.

- **Quantitative Data:**
  - Quantitative data such as sales, sales outside the target market, holdings, and redemptions, once defined in standardised formats, can be collected, consolidated and analysed in an automated manner for regular and ongoing reporting.
  - The Distributor Feedback Template (“DFT”), created by Joint Trade Associations<sup>1</sup>, aims to help distributors and fund manufacturers comply with the Consumer Duty. It standardises the flow of information and establishes an industry standard for feedback quality, addressing some of the operational challenges that would otherwise arise. The DFT represents a consistent format to ensure data requests are reasonable, consistent, and can be processed efficiently by all parties.
- **Qualitative Data:**
  - Qualitative data, such as complaints, distribution arrangement issues and poor outcomes, would require notification by distributors as and when they become aware of issues. The reporting of such information can also be automated via a delivery channel with necessary details.
  - Key Performance Indicators (KPIs), which are qualitative in nature and critical input to management companies’ delegate oversights, have been increasingly adopted by distributors. Further refinement of KPI standards can also facilitate fund manufacturers’ collection of qualitative data required under the Consumer Duty.

## ume’s distributor feedback solution

**ume** is a market leader in providing innovative and efficient approaches to facilitate the automated collection, analysis, and reporting of compliance information. Leveraging **ume**'s extensive network of investment industry participants and the supporting due diligence compliance functionalities, our solution enables the collection of quantitative data through the **ume** DFT and qualitative data through the **ume** KPIs. By offering a centralized platform, **ume** promotes collaboration amongst industry participants, eliminating the need to source data from multiple sources. This unified approach not only enhances data consistency but also reduces operational overhead.

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<sup>1</sup> Investment Association (IA); The Investment and Savings Alliance (TISA); Association of Investment Companies (AIC); Association of British Insurers (ABI); Personal Investment Management & Financial Advice Association (PIMFA); UK Structured Products Association; UK Platform Group

## *Benefits for manufacturers*

With **ume**, fund manufacturers can consolidate data from various sources into one streamlined platform. This improved data accessibility fosters more effective communication across the distribution chain and expedites decision-making and reporting. **ume** facilitates data management and delivers data insights under a centralized data architecture. **ume**'s analytic dashboards unlock the synergy of data points from both due diligence and Consumer Duty and provide evidence of compliance as well as insights into distribution strategies.

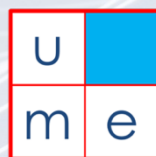
Moreover, **ume**'s shared data platform is designed for scalability and adaptability, enabling manufacturers to stay ahead of the evolving and increasing complexity of compliance demands and oversight requirements.

## *Benefits for distributors*

The key advantage of the **ume** platform is to "complete once and connect to all". Distributions submit a single aggregated file on all funds under distribution and upload data just once to **ume**. The platform will then disseminate the data to the designated fund manufacturers who will only see their own subset of information. Distributors with **ume** access can directly download the ume DFT, upload a completed file and obtain audit trail of compliance information shared.

**ume** offers a platform to simplify distributors' ongoing data sharing with manufacturers for both due diligence and Consumer Duty feedback under one communication channel.

Feel free to contact us for a demo and more information.



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