

Consumer Duty: The Secrets of Customer Outcome Monitoring

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Foreword from Keith Richards, CEO of the Consumer Duty Alliance:

"Consumer Duty represents a seismic shift for retail financial services and a welcome move away from prescriptive rules-based regulation of the past.

"Most firms and practitioners believe that their culture has always been based on a consumer-centric proposition, placing the needs of customers at the heart of everything they do. Equally, many across the industry may have felt hindered by prescriptive rules and bureaucracy, which have not necessarily furthered the delivery of good outcomes for customers.

"Unlike any previous regulatory reform over the past three decades, policymakers have empowered the industry with the introduction of the Consumer Duty, as quite simply, it is owned by the industry and always has been. In essence, delivering good outcomes matched to the individual needs and objectives of customers is surely what we have always aimed to achieve?

"As you would expect, good practice is evident across retail financial services, which has been highlighted by FCA, but similar to any firms' annual business planning review, there are often areas where firms can innovate and make improvements.

"From a business perspective, the cross-cutting rules of acting in good faith, avoiding causing foreseeable harm and enabling and supporting customers to pursue their financial objectives are essential principles to both deliver the four outcomes of the Duty and create a successful and sustainable business.

"Engaging external support can often be an effective way for firms to test their compliance and monitoring, as well as providing the ability to benchmark more broadly against peers.

"Customer outcomes monitoring is a key success factor and business growth opportunity, which is why I am delighted to commend this white paper, which provides practical insights to help guide firms to meet their customer obligations."

About the Author: James Edmonds

James Edmonds is the Managing Director of Duty CX, a consultancy dedicated to helping firms meet Consumer Duty requirements while enhancing customer experience. With nearly 20 years of experience in CX and financial services, James has worked with leading organisations such as Legal & General, RSA, JUST, James Hay, and Nucleus.

He founded Duty CX to address the gap between regulatory compliance and meaningful customer outcomes, with a particular focus on vulnerability strategies and the FCA's Four Outcomes. A recognised thought leader, James has shared his insights at industry events including TISA's Vulnerable Customer conference.

Contributors

- **Josh Deeks**, Founding Consultant and CEO, The Edmund Group
- **Charlie Williams**, CEO of CXCo, CX and Consumer Duty monitoring experts
- **Tony Barritt**, Managing Director of Investor in Customers, CX awards and consultancy
- **Andrew Gething**, Founder, MorganAsh the vulnerability monitoring specialists

A Quick Note on the Terminology Used in This Paper

To ensure clarity and consistency throughout this whitepaper, I will use the following simplified terms:

- **Consumer/Customer** – referring to the end customer who uses or purchases a financial product or service.
- **Provider** – the company delivering the product or service directly to the consumer.
- **Intermediary** – a company that sits between the consumer and provider, helping the consumer find the best deal for their needs.
- **Providers and Intermediaries** - will both be referred to as 'firms'.

I acknowledge that different sectors within financial services, such as wealth management, insurance, and asset management, use their own terminology for these roles. For example:

- In **wealth management**, consumers may be called clients, providers as investment managers or fund providers, and intermediaries as financial advisers or wealth planners.
- In **insurance**, consumers are often referred to as policyholders, providers as insurers or underwriters, and intermediaries as brokers or distributors.
- In **asset management**, consumers may be known as investors or unit holders, providers as lenders, fund managers or asset managers, and intermediaries as vendors, platforms or investment consultants.

1. Introduction: Redefining Customer Outcome Monitoring

The Financial Conduct Authority (FCA) has introduced the Consumer Duty as a landmark regulatory framework, placing greater emphasis on delivering good customer outcomes.

While the intentions of the Duty are clear, its successful implementation demands a complete rethink of how firms monitor and improve these outcomes. Traditional metrics, such as Net Promoter Score (NPS) and Customer Satisfaction (CSAT), are no longer sufficient. They fail to provide the depth and granularity needed to align with the FCA's Four Outcomes: Products and Services, Price and Value, Customer Understanding, and Consumer Support.

This whitepaper explores how firms can go beyond compliance to deliver measurable improvements for their customers. Drawing on insights from leading organisations such as CXCo, The Edmund Group, Investor in Customers (IIC), and MorganAsh, it reveals the secrets to transforming Consumer Duty from a regulatory obligation into a strategic advantage.

Josh Deeks of The Edmund Group has this to say on the subject:

"The traditional methods of measuring customer satisfaction through NPS and satisfaction surveys have time and again proven ineffective ways of ensuring good outcomes for customers, as evidenced by a steady stream of remediation exercises and customer redress projects following the later identification of control failings and/or product design inadequacies.

"In their most recent multi-firm review, the FCA indicate clearly that they have shifted from reviewing firms' progress on implementation to supervision of the embeddedness of consumer duty – for firms who are lacking behind in their implementation and firms who have not yet undertaken an internal review of their embedding, the multi-firm review should signal to leadership that there is now a much more urgent need to focus on consumer duty. Indeed, the FCA will expect firms to have read their multi-firm review and acted with respect to the good practices and areas for improvement highlighted within.

"As a consultancy that has helped a range of firms with their implementation and improvement of their consumer duty arrangements, it is clear to us that compliance with consumer duty is not simple, nor quick and as such we remain available along with our partners to aid any firm concerned about how they might answer questions should the FCA write to them."

2. Don't Just Monitor – Predict and Prevent

Traditional customer monitoring often identifies issues only after they have caused harm, leaving firms exposed to regulatory and reputational risks. A more proactive approach is required, where monitoring not only assesses outcomes but predicts potential harm.

Predictive monitoring enables firms to act before harm occurs. Tools such as automated dashboards that capture real-time feedback allow firms to spot emerging patterns, such as dissatisfaction at specific touchpoints or rising complaints in vulnerable groups. Predicting harm protects customers, aligns with FCA expectations, and builds trust.

Insights must lead to action. Firms that can identify and address risks early gain a significant advantage.

3. Accountability Through Real-Time Insights

The FCA demands evidence of compliance with the Four Outcomes. This requires firms to have real-time insights that demonstrate their adherence to these principles. Real-time monitoring tools provide firms with immediate feedback from customers at critical touchpoints, dashboards that consolidate data into actionable insights, and the ability to act on negative feedback immediately through a closed-loop process. This approach not only satisfies the FCA's need for evidence but also creates internal accountability, fostering a culture of continuous improvement.

Recently, we have seen the FCA remove the Consumer Duty Champion role, however, this is largely a red herring. The move appears to be more of a sacrificial lamb to appease the government rather than a fundamental shift in regulatory expectations.

In reality, the principles underpinning Consumer Duty (ensuring good customer outcomes and fair treatment) are deeply embedded in financial services regulation already and are unlikely to disappear.

With this removed, firms are still required to demonstrate the commitment to fair value, consumer

understanding, and support. The FCA's demand for evidence and data-driven compliance will persist, meaning firms cannot afford to become complacent.

4. Always-On Monitoring – Driving Continuous Improvement

Contributed by Charlie Williams, CXCo

In a dynamic regulatory environment, static assessments are no longer sufficient. Firms must adopt an always-on monitoring approach that continuously tracks outcomes in real time and integrates critical components to ensure alignment with Consumer Duty expectations.

An effective always-on monitoring framework includes:

- **Defined Key Customer Journeys and Touchpoints:** Identifying the customer journeys and touchpoints that carry the highest risk, such as onboarding, claims processes, or annual reviews. By focusing on these high-risk areas, firms ensure they monitor interactions where poor outcomes are most likely to occur.
- **Alignment to the Four Outcomes:** Mapping customer journeys and touchpoints to the FCA's Four Outcomes—Products and Services, Price and Value, Customer Understanding, and Consumer Support—to ensure comprehensive coverage and regulatory compliance.
- **Survey Configuration and Customisation:** Designing tailored surveys for each touchpoint to capture actionable data that serves dual purposes: demonstrating Consumer Duty compliance and providing insights to enhance the customer experience.
- **Automated Survey Deployment:** Deploying surveys automatically when customers interact with designated touchpoints ensures timely, consistent, and relevant data collection. This minimises manual intervention while maintaining accuracy.
- **Real-Time Response Notifications and Dashboards:** Leveraging real-time dashboards to provide immediate access to customer feedback, enabling firms to act quickly on both positive and negative responses. This rapid response capability prevents minor issues from escalating and ensures customer concerns are addressed promptly.
- **Closed-Loop Processes:** Establishing mechanisms to manage and resolve negative responses effectively. A closed-loop process allows firms to contact affected customers, resolve their issues, and document actions taken, demonstrating their commitment to customer welfare and compliance.
- **Robust Reporting Tools:** Aggregating collected data into comprehensive dashboards and reports, which serve as critical evidence of compliance with the FCA's Four Outcomes and as proof-points for internal governance, board attestations, and regulatory requests.
- **Fully Managed Review Programs:** Engaging CX and Consumer Duty experts to conduct regular program reviews, ensuring continuous improvement and alignment with evolving regulatory expectations. This external guidance helps firms adapt their monitoring efforts to meet new challenges.

Charlie Williams, CEO of CXCO explains:

"The integration of these processes into a unified, always-on monitoring framework empowers firms to address customer risks dynamically, respond effectively to feedback, and create meaningful improvements in customer outcomes."

"This approach works for many of our clients as it not only assists in satisfying regulatory requirements but also delivers tangible benefits in customer trust, loyalty, and satisfaction."

5. Document Testing Case Study as the Foundation

Contributed by Tony Barritt, Managing Director, Investor in Customers (IIC)

A SIPP provider IIC were working with recognised that achieving Consumer Duty compliance required more than operational adjustments.

It demanded a deep evaluation of customer-facing communications. Using rigorous document testing, they identified areas where customers were struggling to understand key information, such as pricing structures and product benefits.

Key outcomes of the approach include improved clarity in communications, ensuring customers could make informed decisions, reduced complaints and queries related to unclear terms or conditions, and tangible evidence of alignment with the FCA's Customer Understanding outcome.

Tony Barritt, Managing Director of Investor in Customers comments:

"Making sure that client communications are clear, transparent and unambiguous is a critical part of delivering a good customer experience.

"Ensuring that those comms are directed at the right people at the right time, using channels and language that are appropriate to different customer cohorts helps deliver exceptional experiences.

"Testing the clarity and effectiveness of documents isn't just a matter of compliance it should become an everyday practice for all organisations."

6. Uncovering Hidden Vulnerabilities

Supporting vulnerable customers is one of the most critical and challenging aspects of Consumer Duty. Vulnerability is not static; it can change based on personal circumstances, economic shifts, or health issues.

Firms must therefore adopt a dynamic and scalable approach to vulnerability monitoring. MorganAsh's MARS tool provides a systematic framework for identifying, assessing, and monitoring vulnerable customers.

By tracking vulnerability over time, MARS enables firms to detect shifts in vulnerability and adapt their services accordingly, ensure appropriate support is provided throughout the customer lifecycle, and build a defensible position with robust evidence for FCA compliance.

Andrew Gething, Managing Director of MorganAsh notes:

"Regulation like Consumer Duty pushes organisations to look beyond compliance and rethink their processes to improve outcomes for customers.

"At MorganAsh, we've leveraged these regulatory principles to develop MARS, a solution that enables firms to identify vulnerability and act decisively. By embedding these insights into customer journeys, firms can transform their operations to deliver tailored support and build trust.

"The key is understanding that vulnerability is not static. By mapping journeys with both permanent and temporary states of vulnerability in mind, organisations can identify gaps in their processes and provide solutions that evolve with the customer's needs. This not only ensures compliance but also strengthens customer relationships and drives competitive advantage.

"While vulnerability is the focus of regulation, the real benefit is personalisation and tailoring of customer interactions to suite each individual, which results in better engagement loyalty and ultimately in better commercials. The problem for the industry was this takes time and if a single firm moved they could lose out in the short term. Hence it required regulation to lift up the whole industry. If Amazon did vulnerability they would call it personalisation."

7. Secrets Revealed: The Seven Keys to Success

1. **Proactive insights are crucial.** Monitoring must predict and prevent harm, not just identify it after the fact.
2. **Accountability drives culture.** Real-time data fosters internal alignment and ensures customer-centric decision-making.
3. **Document testing is transformative.** Clear communication builds trust and reduces complaints.
4. **Continuous monitoring delivers results.** Always-on systems ensure dynamic improvements to outcomes.
5. **Vulnerability is fluid.** Tools like MARS are essential to adapting support for changing customer circumstances.
6. **Integration is non-negotiable.** Siloed processes fail; a connected framework is the key to success.
7. **Consumer Duty is an opportunity.** Firms that embrace it see tangible benefits in customer loyalty, satisfaction, and profitability.

8. Conclusion: From Obligation to Opportunity

The FCA's Consumer Duty represents a significant shift in the regulatory landscape, requiring firms to prioritise measurable, positive customer outcomes. Far from being a compliance burden, it is an opportunity to create a transformative impact on how organisations interact with their customers.

The removal of the Consumer Duty Champion role reinforces the need for firms to adopt a collective responsibility model, where leadership teams work collaboratively to ensure that good customer outcomes remain central to decision-making processes. This shift requires a cultural transformation that places customer well-being at the heart of financial service operations, ensuring that firms are not only meeting regulatory expectations but also strengthening long-term customer relationships.

Firms that embrace the principles outlined in this whitepaper are not only better positioned to meet regulatory requirements but also to reap the commercial benefits of delivering truly customer-centric experiences. Proactively predicting and preventing harm builds trust and demonstrates a commitment to doing the right thing. Accountability through real-time insights fosters a culture where every team member understands their role in delivering better outcomes. Always-on monitoring ensures firms remain agile, continuously improving processes and adapting to changing customer needs.

The integration of these efforts into a single, cohesive framework is essential. Siloed processes fail to deliver the consistency and insight that Consumer Duty demands. A unified approach ensures seamless customer experiences, underpinned by robust data that not only proves compliance but drives meaningful improvements in satisfaction and trust.

Consumer Duty offers firms the chance to differentiate themselves. Customers increasingly seek organisations that demonstrate transparency, empathy, and a genuine commitment to delivering value. Firms that use Consumer Duty to align with these expectations will outperform competitors and redefine industry standards.

By implementing the practices explored in this paper, supported by the expertise of CXCo, IIC, and MorganAsh, firms can not only meet compliance standards but transform their business.

Consumer Duty is no longer just a regulatory hurdle; it is a pathway to excellence, trust, and growth.

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Thank you.