

Chapter 2

Individual conduct rules

2.4 The Consumer Duty

Application

- 2.4.1RThis section applies to Rule 6 in COCON 2.1 (You must act to deliver good outcomes for retail customers).
- 2.4.2RIn this section, the term “you” means a member of a firm’s conduct rules staff.

Meaning of retail customer

- 2.4.3R

(1) This rule describes how the definition of retail customer applies for the purposes of Rule 6.

(2) A retail customer means, in relation to a member of the conduct rules staff of a firm, a retail customer of that firm for the purposes of PRIN.
- 2.4.4GA person may be a retail customer of a firm for the purposes of Rule 6 even though that person is not a direct client of that firm and there is no direct relationship between them. This is in particular the effect of paragraphs (2)(f) and (2)(g) of the definition of retail customer.

Obligations: Introduction

- 2.4.5R

(1) COCON 2.4.6R to COCON 2.4.8R exhaust what is required by Rule 6.

(2) Any reference in the Handbook to the obligations on a member of a firm’s conduct rules staff under Rule 6 is a reference to the requirements imposed by COCON 2.4.6R to COCON 2.4.8R.

Obligations: Rules

- 2.4.6R

(1) You must act in good faith towards retail customers.

(2) Acting in good faith is a standard of conduct characterised by honesty, fair and open dealing and acting consistently with the reasonable expectations of retail customers.
- 2.4.7RYou must avoid causing foreseeable harm to retail customers.

2.4.8 **R** You must enable and support *retail customers* to pursue their financial objectives.

Reasonable application of Individual Conduct Rule 6

2.4.9 **R** The obligations in *Rule 6* must be interpreted in accordance with the standard that could reasonably be expected of a prudent *person* subject to *COCON* (as set out in ■ **COCON 1** (Application)):

- (1) carrying on the same activity in relation to the same *product*; and
- (2) taking appropriate account of the needs and characteristics of *retail customers* based on the needs and characteristics of *retail customers* in the relevant target market or of individual *retail customers* as the context requires.

References to Principle 12

2.4.10 **R** Any reference in *COCON* to *Principle 12* must be read in accordance with ■ **PRIN 2A.1.1R** and ■ **PRIN 2A.1.2R** (Application) and ■ **PRIN 2A.2.26R** (Interaction between Principle 12 and cross-cutting obligations).