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FCA Sharpens Focus on Consumer Duty Board Reports - Key Considerations for Financial Services M&A

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On 16 April 2026, in a blog post, the UK Financial Conduct Authority (**FCA**) set out its expectations for firms' next Consumer Duty board reports (due Q3 2026), highlighting both areas of progress and those requiring improvement.

While firms are making better use of data and boards are more engaged, the FCA expects reporting to be more clearly focused on customer outcomes.

The FCA has identified four priority areas:

1. **Linking data to outcomes:** Boards should move beyond MI dashboards to generate meaningful insight, identify risks, and assess whether good customer outcomes are being delivered. This requires not just reviewing data, but explaining what it shows in practice and using it to support effective challenge and decision-making.
2. **Third-party oversight:** Firms must take responsibility for outcomes across distribution chains, with enhanced monitoring and stronger board scrutiny of third-party activities. The FCA plans to consult this year on changes to rules and guidance in this area, and to publish examples of good practice.
3. **Evidencing board challenge:** Board minutes and papers should clearly demonstrate the nature and impact of challenge, including actions taken. Firms should record not only decisions, but also key questions, areas of concern, and how management has responded, creating a clear audit trail of effective oversight.
4. **Consumer understanding and support:** Firms should evidence how they test communications, assess customer understanding, and address points of friction. This includes demonstrating how they identify barriers to understanding and take steps to improve clarity and customer support.

Relevance for FS M&A

For FCA-regulated firms within scope of the Consumer Duty, this remains a core diligence area, with increasing regulatory focus on the role of boards and senior leadership in overseeing and evidencing customer outcomes.

On both the sell-side and buy-side, FS diligence will focus closely - and for buyers, continue post-completion - on the quality of MI, how data is used to assess outcomes, the robustness of third-party oversight, and the extent to which board challenge is clearly evidenced through a defensible audit trail.

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