

Code of Conduct (COCON)

## Chapter 2

# Individual conduct rules

## 2.4 The Consumer Duty

### Application

2.4.1 **R** This section applies to *Rule 6* in ■ COCON 2.1 (You must act to deliver good outcomes for retail customers).

2.4.2 **R** In this section, the term “you” means a member of a *firm’s conduct rules staff*.

### Meaning of retail customer

2.4.3 **R** (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*.

2.4.4 **G** A *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

2.4.5 **R** (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

2.4.6 **R** (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*.

2.4.7 **R** You 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)**.