

# Consumer Duty and SMEs: an emerging focus for fair outcomes

## Introduction

Since the introduction of Consumer Duty, organisations across financial services have invested heavily in understanding individual consumers and strengthening customer outcomes. This initial focus has been both necessary and expected, given the scale of change and regulatory scrutiny involved.

More recently, however, we have begun to see a shift. At Citrine Research, we have observed increasing attention among organisations towards SME customers – particularly micro-enterprises, sole traders and owner-managed businesses – many of whom are firmly within scope of Consumer Duty.

This shift reflects a growing recognition that consumer-led insight alone does not always translate effectively to SME contexts. While SMEs are often treated as commercially sophisticated, in practice they operate under distinct pressures and constraints that materially shape how they engage with financial products, services and communications.

Targeted, SME-focused research supports this next phase of Consumer Duty maturity. It enables financial services providers to complement their consumer insight with robust evidence of how SME customers interpret information and experience outcomes in practice – supporting both regulatory confidence and more effective commercial decision-making.

## Understanding SME decision-making in practice

SME decision-making is shaped by conditions that differ materially from both individual consumers and large corporate buyers. Business owners and the self-employed are often time-poor, managing multiple roles, operating under financial pressure and navigating blurred boundaries between personal and business finances. These realities fundamentally affect how information is processed and how decisions are made.

As a result, traditional consumer or corporate research approaches do not always translate effectively to SME contexts. Effective SME research must reflect real-world operating conditions and move beyond self-reported understanding to uncover how products and communications function in practice.

This requires approaches that:

- test understanding rather than rely on stated confidence
- explore decision-making under realistic time and commercial pressure
- use real contracts, policy documents and communications
- account for reliance on intermediaries such as brokers or advisers
- identify situational vulnerability at points of stress or disruption
- reflect diversity within the SME segment, rather than treating it as a single audience.

Research grounded in these principles provides a more accurate picture of how SMEs actually engage, where comprehension breaks down and where risks of harm are most likely to arise.

**SME case study:  
Consumer Duty  
testing of a long-term  
agreement**

### Objective

To assess SME understanding of the features of a three-year Long-Term Agreement incorporated in a commercial insurance proposition.

### Approach

- 30 hour-long in-depth interviews with small commercial clients
- Testing focused on:
  - Understanding of benefits, risks and long-term implications
  - Comprehension of key terms and conditions
  - Assumptions, misunderstandings and risks of harm
- Techniques designed to move beyond stated understanding and capture real decision-making under time and commercial pressure

### Insight & Impact

- Identified gaps between perceived understanding and actual comprehension
- Revealed underestimation of commitment length and exit implications
- Demonstrated how time pressure limits engagement with long-term commitments

### Outcome

The client refined communications, improved clarity and evidenced that decisions were informed by genuine SME understanding – strengthening both customer outcomes and regulatory confidence.

**SME case study:  
Claims journey  
research at points  
of vulnerability**

### Objective

To understand SME claims experiences at moments of heightened vulnerability and assess whether the journey delivered fair outcomes under Consumer Duty.

### Approach

- In-depth qualitative interviews with small business owners who had recently made a claim
- Exploration focused on:
  - Emotional, financial and operational pressures
  - Understanding of the claims process and responsibilities
  - Interactions with insurers, loss adjusters and third parties
  - Moments of confusion, stress or perceived unfairness

### Insight & Impact

- Demonstrated how situational vulnerability reduces SMEs' ability to absorb information
- Identified critical moments where tone, timing and clarity materially affected outcomes
- Surfaced risks where SMEs were treated as resilient or confident by default

### Outcome

The client improved claims communications, introduced clearer guidance and strengthened support at key moments – delivering a more accessible, empathetic claims journey.

## Conclusion: Supporting the next phase of Consumer Duty

As Consumer Duty matures, many organisations are moving beyond an initial focus on individual consumers and extending their attention to SME customers. This reflects a growing understanding that SMEs require distinct insight to ensure fair outcomes in practice.

Citrine Research supports organisations at this stage of their Consumer Duty journey. Through closeness-led, SME-focused research, we help organisations build robust evidence of how SME customers make decisions, engage with information and experience products and services.

By embedding SME insight into product design, communications, claims and ongoing monitoring, financial services providers can strengthen Consumer Duty assurance while making more informed, commercially effective decisions. For many organisations, this work now represents a natural, and increasingly necessary, next step.

If you'd like to know more about Consumer Duty and SMEs, please get in touch.



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