Building a product governance framework from scratch

For heads of product, risk and compliance at growing platforms, wealth managers, smaller insurers and advice firms that design their own propositions: what a first product governance framework needs, the order to build it in, and where frameworks tend to fail.

IN BRIEF

The problem

Growing firms often become product manufacturers before they have anywhere to make product decisions, so those decisions sit with whoever built the product.

Why it happens

Product governance arrives piecemeal, with each new fund, model portfolio or service, and often nobody owns the whole picture until a review or complaint forces it.

What to do

Build a short framework around decisions rather than documents, starting with a full product list and an approval process the business will actually use.

01

How firms end up needing one

Firms rarely set out to become product manufacturers. A platform adds model portfolios, a wealth manager launches its own funds, and an advice firm designs its own model portfolios or a centralised retirement proposition. A smaller insurer adding to its range faces the same questions, often with less structure than it needs.

Each of these firms has become, at least in part, a manufacturer, with duties under the Consumer Duty and, depending on the firm and the product, the FCA's product governance rules (PROD 3 for MiFID investment firms, PROD 4 for insurance). The decisions those rules care about, such as who a product is for, whether it gives fair value and when it should change, are often still made informally by the people who built it.

A framework puts those decisions in one place, with an owner, a record and a date for the next look.

02

What a first framework contains

Keep it short enough that people use it. The parts below are the ones I would start with; each should produce a decision, not just a document.

FRAMEWORK ON A PAGE

The parts, what each decides and who owns it

Part	What it decides	Owner	How often
Product list	What we make, share or distribute, open or closed	Head of product	Kept current
Approval	Whether a new product or significant change goes ahead	Product committee	Each launch or change
Target market	Who each product is for, and who it is not for	Product owner	At approval and review
Distribution	Which channels may sell it, and with what information	Distribution lead	When channels change
Fair value	Whether the price is reasonable, customer group by group	Product owner and pricing	At approval and review
Outcomes	Whether customers get what the product promised	Product owner, with risk or compliance challenge	Quarterly
Review triggers	What forces an early review	Product committee	Set at approval
Board report	What the board sees, approves and acts on	Committee chair	At least annually

An outline, not a template. A smaller firm may combine roles; a larger one may split the committee by product type.

03

The order that works

Start with the product list. Include closed products and anything you make jointly with another firm. The Consumer Duty has applied to closed products since 31 July 2024, and the FCA's July 2026 review of unit-linked pensions and savings found customers in older and closed products more likely to receive poorer value.

Write the approval process next. The approval process is the part the business will use soonest, and it sets the habit: no launch or significant change without a target market, a value assessment and a named owner.

Define the evidence before the first meeting. Agree the measures the committee will see for each product: who is buying it, through which channel, what they pay, how many leave early, and what they complain about. A committee that meets before the data exists will spend its time discussing the data.

Set triggers as well as a calendar. For non-investment insurance products, the FCA removed the minimum 12-month review in December 2025 (PS25/21), so firms set the frequency by each product's potential for harm. Whatever the cycle, a short list of triggers, such as a jump in complaints, a change in who is buying or a price change by the main competitor, brings a review forward when it matters.

Write down shared roles. Where another firm helps make the product, agree who does what in writing. The FCA's December 2025 statement on firms working together accepts that one firm can carry most of the requirements, provided the split reflects each firm's actual role and is agreed in writing.

Give the committee real authority. It should be able to stop a launch, require a change and close a product to new business, and its terms of reference should say so.

> FROM EXPERIENCE
>
> At St. James's Place I developed and owned the firm's first product governance framework, with input to the Actuarial Governance Group and the Provider Risk Committee. Alongside it I maintained the product pricing approach and signed off terms for bespoke, high-value cases, and led an initiative to remove penal exit charges.
>
> The lesson I took from building it is that a framework earns its keep when a finding has a clear route to a decision, such as changing a charge or closing a product to new business.

04

Where frameworks tend to fail

- **Written for the regulator, not for decisions.** Long templates with no record of what was decided, by whom and why.
- **Value judged on averages.** The FCA's May 2023 findings on fair value frameworks warned that averages could hide pockets of poor value. Look at value by customer group, including small pots and long-standing customers.
- **No line from monitoring to action.** Measures that are reported every quarter without anyone being responsible for acting on them.
- **A board report nobody owns.** The Consumer Duty requires the board to approve a report at least annually and say whether the firm is meeting its obligations. The FCA's December 2024 review of board reports found that some firms lacked the data to support their conclusions, that some reports were produced almost solely by compliance teams, and that board challenge was not always evident.

The FCA consulted in June 2026 on making the Duty more proportionate, including clearer roles for firms that share manufacturing and more proportionate board reporting (CP26/23), with final rules expected in the first quarter of 2027. A framework built around decisions and owners will adapt to those rules more easily than one built around templates.

Questions for the board

01 Do we have a complete list of the products we make or make jointly, including closed ones, each with a named owner?

02 For each product, can we say who it is for and show evidence that it reaches them?

03 When was each product's value last assessed, what did it find, and what changed as a result?

04 What would trigger an early review, and who can stop a sale or change a product between reviews?

05 Where another firm shares the manufacturing, who does what, and is it in writing?

06 Could the board tell from its annual report whether any product is giving poor outcomes, and what would it do about it?

A first framework doesn't need to be long. It needs a complete product list, an approval process people use, the right evidence and a committee that can act, and the rest can be added as the firm grows.

If this is on your table, a 30-minute conversation is usually enough to tell whether I can help.

Talk to Mark mark@markwoodruff.co.uk · 07391 820971 · markwoodruff.co.uk

ABOUT THE AUTHOR

Mark Woodruff is a Chartered Actuary (FIA) and Chartered Financial Planner (FPFS). He spent 15 years pricing and building products at Aviva, Prudential, Partnership and St. James's Place, then more than seven years founding and running advice firms through to a substantial sale. Through Mark Woodruff Consultancy he works with financial services firms on product, pricing, distribution and governance.

Regulatory notice. Mark Woodruff Consultancy works with businesses only. I don't give regulated personal financial advice to individuals.

Disclaimer. This briefing is general information for financial services firms. It is not tailored to any firm's circumstances and is not legal, regulatory or financial advice. Work is agreed in a written letter of engagement before it starts.

Published October 2026
Regulatory references correct at October 2026
© Mark Woodruff Consultancy 2026