



Our Policy Towards the Consumer Duty

Version	Author	Date	Changes	Approved
1.1	N. Ansley	22/5/23	New Document	Customer and Compliance Meeting
1.2	N. Ansley	5/7/24		

Scope

This policy covers the business and all employees.

Purpose

To ensure that all personnel within our firm fully understand their obligations under the Consumer Duty, which became effective on 31st July 2023 and sets out higher expectations for the standard of care businesses give consumers.

The Consumer Duty is comprised of the following components:

- The 'Consumer Principle' Principle 12 requires firms to **'act to deliver good outcomes for retail customers'**. This reflects the overall standard of behaviour required by firms and which is defined further by the other elements of the Consumer Duty. This principle lays down a higher standard and broader application than:
 - Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly, and
 - Principle 7 – A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair, and not misleading.

Principles 6 and 7 do not apply (although should still be considered) where Principle 12 applies. Principles 6 and 7 will continue to apply to conduct outside the scope of the Consumer Duty. **Firms should focus on compliance with the Duty where it applies, rather than the fair treatment of customers outcomes.**

- The three 'cross-cutting rules' set out how firms should act (proactively and reactively) to deliver good outcomes for retail customers. They require firms to:
 - **Act in good faith towards retail customers** - characterised by honesty, fair and open dealing, and consistency with the reasonable expectations of customers.
 - **Avoid causing foreseeable harm to retail customers** - through conduct and products or services where it is in a firm's control to do so.
 - **Enable and support retail customers to pursue their financial objectives** - applies throughout the customer journey and life cycle of the product.
- The 'four outcomes' are a suite of rules and guidance setting more detailed expectations for firm conduct in four areas that represent key elements of the firm-consumer relationship:
 - **the governance of products and services**
 - **price and value**
 - **consumer understanding, and**
 - **consumer support.**

The Duty covers all activities, whether a direct relationship with the customer exists or not, relating to products and services offered to 'retail customers'. This includes all policyholders or prospective policyholders to which the Insurance Conduct of Business Sourcebook (ICOBS) applies.

Individual conduct rule 6 reflects the new, higher standard of the Duty, and it requires all conduct rules staff to ‘**act to deliver good outcomes for retail customers**’ where the activities of the firm fall within the scope of the Duty. Where Conduct Rule 6 applies, Conduct Rule 4 ‘**You must pay due regard to the interests of customers and treat them fairly**’ will no longer apply as this would be limited in application to conduct outside of the scope of the Duty.

Culture is critical to the delivery of good customer outcomes. There are four drivers of culture, and firms will need to ensure that acting to deliver good outcomes is central to each:

- **Purpose** – the firm’s purpose should be consistent with the Duty. Staff should understand how the firm’s purpose is relevant to delivering good outcomes for customers. The firm has completed a Purpose Statement which it has shared with its staff and has documented how good outcomes under the Duty will be achieved. The firm will measure itself against how it achieves those outcomes through its governance structure.
- **Leadership** – the firm’s leaders should be competent and accountable, and they should demonstrate commitment to delivering good outcomes for customers.
- **People** – delivering good outcomes for customers should be reflected in the way in which people are managed and rewarded. They should be trained to be able to deliver good outcomes for customers. As part of the Governance structure the firm’s Training and competence policy will be reviewed to ensure it reflects the obligations of the Consumer Duty and delivery of its commitments monitored via the governance structure.
- **Governance** – the firm’s controls and key processes should be set up in a way which enables it to identify where the firm is not delivering good outcomes for its customers, and it should have a strategy in place to understand and tackle the root causes and manage and mitigate poor outcomes. The firm has reviewed its governance structure and has introduced a Customer and Compliance meeting which meets monthly. The purpose of the meeting is to review a range of inputs, metrics, and data points (quantitative and qualitative) which will allow them to monitor how well the firm is performing in respect how it delivers fair value and good customer outcomes within its role in the value chain. A summary of the meeting/meeting minutes is made available to the Board.

Requirements

- We put consumers at the heart of our business and focus on delivering good outcomes for customers and act in a way that reflects how consumers behave and transact through the products we provide and selection of Brokers through whom we distribute.
- We provide products and services to our retail Brokers that are designed to meet customers’ needs, that we know provide fair value, which help customers achieve their financial objectives, are clearly communicated and understandable and which do not cause them harm.
- Through our due diligence and audit processes we will ensure we select brokers and insurers who:

- will communicate and engage with customers so that they can make effective, timely and properly informed decisions about financial products and services and can take responsibility for their own actions and decisions.
 - will always act in the customers' interests without unreasonable barriers and consistently consider their needs and how they behave, at every stage of the product/service lifecycle and ensure that customers can use their products as reasonably anticipated.
 - will enable consumers to realise the benefits of the products and services they buy, pursue their financial objectives, and ensure that they can act in their own interests.
 - Will, when interacting directly with a customer on a one-to-one basis, where appropriate, tailor communications to meet the information needs of the customer and ask them if they understand the information and have any further questions.
 - Do not seek to exploit customers' lack of knowledge or characteristics of vulnerability and support our customers in realising the benefits of the products and services they buy.
- We will ensure the price the customer pays for a product or service is reasonable compared to the overall benefits (the nature, quality and benefits the customer will experience considering all these factors) by ensuring that: -
 - our commission is fully costed and reflects the value and benefit we introduce to the value chain.
 - the commissions charged by the Broker are within the guidelines provided by the insurer and our own internal agreed tolerances and we will monitor the levels on a regular basis.
 - We will support customers understanding by ensuring that we review the communications provided by insurers and brokers and that they meet the information needs of customers, are likely to be understood by customers intended to receive the communication, and equip them to make decisions that are effective, timely and properly informed.

Senior Management Responsibilities

- The Principal, Wayne Dunthorne, takes full responsibility for ensuring that the Duty is properly embedded within our firm and is accountable for the outcomes our customers are experiencing, in line with the Senior Managers and Certification Regime (SM&CR)
- Due to size of the firm, all members of the Board will act as Consumer Duty champions, and an external compliance consultant will attend our Customer and Compliance meeting to ensure the Duty is raised regularly in all relevant discussions.
- Maintain oversight of implementation plans to ensure they remain on track and be ready to share plans, approach to monitoring, board papers and minutes to the FCA on request.
- Maintain and regularly review the completed Gap Analysis to identify shortfalls within our systems and controls.
- Embed a focus of acting to deliver good outcomes in our business functions and put customer interests at the heart of our business model and culture.
- Continuously learn from our growing focus and awareness of real customer outcomes and ensure that the interests of the end customers are central to our culture and purpose.

- Monitor and regularly review the outcomes that our customers are experiencing in practice and take action to address any risks to good customer outcomes, which includes:
 - adapting, amending, or discontinuing the provision of a product or service to retail brokers
 - recommending changes to a product or service design, fees, or charges
 - recommending appropriate changes to our partner Broker/Insurer's operations
 - recommending updates to customer support processes or distribution channels of our partner Brokers/insurers
 - recommending modifications to communications to make them more easily understandable.
 - ensuring our retail brokers/insurers are providing redress where customers have suffered harm (where appropriate)
- Consistently and regularly challenge ourselves to ensure our actions are compatible with delivering good outcomes for customers.
- Ensure our own strategies, governance, leadership, and people policies (including incentives at all levels) lead to good outcomes for customers and ensure customer outcomes are a central focus of our risk and internal audit processes.
- The Customer and Compliance meeting will review and approve an assessment (at least annually) of whether the products and services we provide through the appointed Broker or insurer is delivering good outcomes consistent with the Duty. We will ensure such assessments can be provided to the FCA on request along with the MI that supports it. The annual assessment will include monitoring results, impact, and root cause for the groups of customers/products not receiving good outcomes, actions taken to address risks and issues which we have identified, and how future strategy is consistent with delivering good outcomes.
- Notify the FCA if we become aware that another firm in the distribution chain is or may be in breach of the Duty.
- Notify other firms in the distribution chain if we think they have caused or contributed to harm to retail customers.
- Ensure the product manufacturer engages with FCA if they are considering withdrawing any products or services due to the Duty so that they can identify if there are any potential significant impacts on vulnerable customers, or on overall market supply.

Monitoring

As a wholesale Broker we do not have contact with customers. However, to ensure that the products we distribute after delivering good outcomes via the Retail Brokers (Sales and service) and insurers/other wholesale brokers (product design and claims) we will request regular MI from both and where appropriate audit retail Brokers.

We will develop Management Information (MI) of sufficient quality and depth to identify which products and processes are working well and which may be causing detriment and require change. The MI we use includes:

Management Information	From:
Management meeting minutes	ABS customer and Compliance Meetings/Broker and Insurer Relationship Meetings
Sales information and analysis of customer retention, claims and cancellation rates.	Sales etc Via Brokers Claims from Insurers
Analysis of whether the product or service functions as expected by customers	Evidence from Broker and requested via audits/health checks
Fair value assessments, including associated fees and charges and those incurred further down the distribution chain	ABS, Brokers, and insurers to provide
Evidence of partner firms that they have audited their customer journey, customer interactions and drop off rates	Via ABS audits of partner Brokers
Distribution of product lines, communications, distribution channel review in line with product design	Via ABS audits
Complaints - evidence of trends/route cause analysis that can be shared to improve outcomes	Broker and insurers to provide ABS with relevant MI
Analysis of staff training/CPD records	Brokers and insurers to provide MI. ABS to monitor monthly via C&C Meeting
Breaches/errors and omissions	Risk events monitored via risk events log at C&C meeting
Staff sales observations/call monitoring/mystery shopping/auditing customer files	Via Broker audits
Staff feedback	Brokers – via Audits ABS – via C&C meeting
Customer & third-party feedback (such as from manufacturers), which includes informal feedback e.g., via social media	Brokers via audits
Results of regular testing and	Brokers via audits
Compliance reports	ABS – reviewed at C&C Meeting
External sources of data such as surveys	Brokers via audits
Where appropriate, consumer research, such as focus groups or new testing	Brokers and insurers on request

Other documents relevant to this policy

- Breaches Policy
- Complaints Policy
- Conflicts of Interest Policy
- Consumer Duty Gap Analysis
- Fee Structure Policy
- Product Oversight & Governance Policy
- SM&CR Conduct Policy
- SM&CR Governance Policy
- Terms of Business Agreement (TOBA)
- Training & Competency Policy
- Transparency, Disclosure & Conflicts of Interest Policy
- Vulnerable Customers Policy

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