

Browns of Richmond Limited

Consumer Duty Policy

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1 INTRODUCTION

This policy deals with Browns of Richmond Ltd responsibilities to comply with the FCA's Principle 12, Consumer Duty which requires that 'A firm must act to deliver good outcomes for retail clients'.

With the new 12th principle, the FCA intend to set higher standards of behaviour and conduct for firms, than under the previous Treating Customers Fairly regime covered by Principle 6 and 7, so consumers can feel confident that they are dealing with firms who have their best interests and objectives at the heart of their business.

As the duty and the consumer principle applies to our business, principles 6 and 7 are disapplied with regards to our activity.

Principle 12 (PRIN 12) is a fundamental cultural shift for businesses, aimed at achieving certain consumer outcomes throughout the customer journey and ongoing relationship.

In order to implement these rules into our business we will review the entire firm operation and culture to ensure firm operates in compliance with the 3 cross cutting rules, specifically:

- i) Act in good faith
- ii) Avoid causing foreseeable harm
- iii) Enable and support retail customers

2 THE RULES

PRIN 12 brings in 3 new rules:

2.1 ACTING IN GOOD FAITH TOWARDS CUSTOMERS

The FCA state that acting in good faith is a standard of conduct characterised by honesty, fair and open dealing and acting consistently with the reasonable expectations of customers.

Examples of not acting in good faith would include:

- failing to take account of a customers' interests, for example not presenting information clearly to customers or seeking to mislead them;
- seeking inappropriately to manipulate or exploit customers, for example by manipulating or exploiting their emotions or behavioural biases to mis-lead or create a demand for a product through such as fear;
- taking advantage of a customer or their circumstances, for example any characteristics of vulnerability, in a manner which is likely to cause detriment;
- carrying out the same activity to a higher standard or more quickly when it benefits us than when it benefits the customer, without clear justification.

2.2 AVOID FORESEEABLE HARM TO CUSTOMERS

This is not a duty to protect consumers from all foreseeable harm but to help consumers avoid those harms and to enable them to take decisions based on calculated risks.

This means that we must act to mitigate risks to our customers or help customers adequately understand the risks that might occur.

A consequence of this is an expectation that customer disclosures must be comprehensible and comprehensive in respect of the likely risks that might occur.

2.3 ENABLE AND SUPPORT CUSTOMERS TO PURSUE THEIR FINANCIAL OBJECTIVES

We must act in a way that is consistent with our role and knowledge of the customer, to understand their needs and to facilitate their achievement to the extent possible.

The FCA requires us to consider what is under our control to help our customers achieve their needs/goals.

3 CUSTOMER OUTCOMES

The FCA have set out four customer outcomes that they wish to see achieved through the implementation of the rules. The four outcomes are:

1. Products and services outcome
2. Price and Value Outcome
3. Consumer Understanding Outcome
4. Consumer Support Outcome

3.1 PRODUCTS AND SERVICES OUTCOME

The FCA state that they have seen evidence of consumer harm from products and services offered by firms.

This is where products and services are either poorly designed or sold to consumers for whom they were not intended. The products and services outcome, therefore, sets rules and expectations for firms not only to review, but to continuously monitor, their product lifecycles so they continue to meet the needs, characteristics and objectives for the intended target market.

We need to:

- Periodically review our current broking processes and policies and update accordingly. We need to be confident that good outcomes are being delivered to customers.
- Identify specific customer needs, such as vulnerability
- Ensure our products are designed to meet our target market needs
- Test that the product meets the customer needs (for example, by reviewing repayment data, feedback and complaints).

3.1.1 HOW WE IMPLEMENT

We must ensure that we are only introducing car finance options to clients that we assess as suitable for their needs. We will review the quality of the service of the lenders that we engage with and check online sources of information to ensure we are satisfied with the service of

lenders we work with. Our business activity is that of vehicle sales and Limited Permission Credit Broking allows us to only introduce finance as an ancillary act to selling a vehicle. We are a small business and it would be immediately apparent to the directors if our business model changed or if introductions were being made outside our products target market. We are a car sales and finance broking business and no change is foreseen in this thus our target market is very rigid, being clients seeking car finance in support of a vehicle purchase.

3.2 PRICE AND VALUE OUTCOME

The FCA want to ensure consumers are getting fair value for money when they purchase products and services

This is the Fair Value Assessment and to comply with this we must consider whether our pricing (interest rate, type of charges and the level of other charges) is reasonable. This is about making sure customers can borrow safely in the knowledge that fair value has been considered and to ensure the customer receives value for money.

The rules define value as the relationship between the overall price of the loan to the customer and the quality of the product(s) and/or services provided.

We must consider whether the products we are distributing represent fair value to customers in light of the benefit derived. To assess this we must obtain detail from every product provider of their assessment in order to allow us to identify:

- i) The benefits the product is intended to provide the customer
- ii) The characteristics, objectives and needs of the target market
- iii) The relationship between the price paid by the customer and the quality of service provided by the provider
- iv) Whether our offering the product and distribution arrangements (commission) means that the product ceases to represent fair value to the customer

3.2.1 HOW WE IMPLEMENT AND MONITOR ONGOING

We must review and compare the value that the finance offers from our various lenders represent to their respective target client groups and ensure that our involvement in the distribution chain does not negatively impact the price and value outcome. We will review each lenders fair value assessment and obtain understanding of their evaluation from this document. We will then consider each lender's offering with reference to their credit appetite/market positioning and compare lending rates and other criteria against the different lenders such that we can form a view of the comparative offerings so as to assess whether the products offer fair value.

We will review the market on an ongoing basis to ensure that we are continually connecting our clients with lenders who are offering them fair value. We regularly get in contact with new lenders (who we aren't signed up with) to see if we can work with lenders offering better value for our customers. We will conduct market research (such as research on google, lenders websites, other dealer's reviews, speaking directly with lenders) to see whether we could work with lenders who can offer our customers better rates etc.

We will conduct this research quarterly and it will be the responsibility of the SMF29 at the firm to review. We will have a excel spreadsheet with our research and word documents/any records or research we have found within a dedicated folder on a OneDrive file which we will update each time we review. We record our findings to ensure we are keeping track of the offerings of each lender's and are aware when lenders are adding new products/services which may benefit our customers. We will also ensure to have regular conversations with the lenders we are signed up with so that we are up to date with the exact products they have on offer/any changes to these products are made known to us.

3.3 CONSUMER UNDERSTANDING OUTCOME

The FCA have stated that they want firms to support customers by helping them make informed decisions about financial products and services.

Whilst the Consumer Duty does not take away from customers the responsibility of their decisions, the FCA state that consumers can only be expected to take responsibility where firms' communications enable them to understand their products and services, their features and risks, and the implications of any decisions they make.

We must help customers to make informed decisions, and communications must be clear, engaging and relevant, whether verbal, written, on an advertisement, or on a website, and must be easily understood by the target market.

Accordingly we need to consider our communications and whether they achieve this outcome, such as inviting feedback from customers for views on the layout of information on our website and whether any communications provided, both verbal and written, were understood. Relevant improvements should be made, if required.

In order to implement this, we will review all of our client communications to ensure that communications are clear, fair and not-misleading and support customers in:

- i) Providing the level of information a customer needs;
- ii) That the information provided is understandable for customers;
- iii) Enable customers to make effective, timely and informed decisions

3.3.1 HOW WE IMPLEMENT

Ensure we are proactively seeking client feedback re their understanding and utilising other sources of MI (complaints data, reviews on third party web sites (google reviews etc), levels of referrals and repeat business and lender feedback. Review our retained MI data and consider compliance with this rule. We expect that the lenders that we come to engage with will have definitive needs in terms of MI that we report back to them and we will feedback to lenders any negative feedback received.

3.4 CONSUMER SUPPORT OUTCOME

The FCA state that there is a close relationship between the rules under the consumer support outcome and the consumer understanding outcome.

Under the consumer support outcome, firms should enable customers to act on these decisions without facing unreasonable barriers. We need to keep our obligations under both outcomes at the front of mind in all our interactions with customers.

We need to:

- Provide an appropriate standard of support to customers which meets their needs.
- Ensure support offered meets the needs of customers, including non-standard issues and vulnerability.
- Ensure support does not impose unreasonable costs on the customer.
- Regularly monitor the standard of support and make improvements where necessary.

In order to implement this into our business processes, we must Review our client support provision to ensure that we provide support to customers as required both in the pre-sale and post-sale phase and that existing clients receive comparable support to prospective/new clients.

Our client support needs to:

- i) Meet the needs of all clients including those deemed vulnerable;
- ii) Assists the client in using the product as anticipated;
- iii) Provide customers with a level of support to allow them to assess options and risks that might exist;
- iv) Not create barriers during the product lifecycle covering such as product switching, making a claim, making a complaint or cancellation

3.4.1 HOW WE IMPLEMENT

We must ensure we are proactively seeking client feedback and utilising other sources of MI (complaints data, reviews on third party web sites (google reviews etc), levels of referrals and repeat business and lender feedback so as to allow us to determine whether our broking service provides adequate support to all clients, including those that may be classed as vulnerable. We must review our retained MI data and consider compliance with this rule.

4 MONITORING OUTCOMES/OUR PROCESSES

As part of our implementation process with consumer duty, we will consider developing a feedback questionnaire to be sent to randomly selected customers. This questionnaire would be issued to a proportion of current customers (as optional) upon a sale closing. Feedback collected through these questionnaires will be recorded and considered, and discussed internally. This will help us understand the needs of our customers and whether we are meeting those needs/what improvements we can make to ensure we are with future customers/if there is anything we need to rectify. We will have meetings to discuss whether any changes to our products or services are necessary. The directors will frequently be reviewing processes in this way as part of daily business and will assess feedback/changes required as/when he receives new information which requires action.

The following data can be recorded and reviewed to assess whether our products and services are meeting customer needs and contributing to good customer outcomes and whether groups of consumers are receiving worse outcomes.

- Customer feedback
- Complaints
- Feedback from lenders we work with
- Review/research on the lenders we work with

We request feedback from customers at the close of sale to enable us to understand whether we are providing the right level of aftersales care and attention to our clients. Feedback will be reviewed, and any changes necessitated by the survey response will be implemented across any new deals.

We expect that the lenders that we come to engage with will have definitive needs in terms of MI that we report back to them and we will feedback to lenders any negative feedback received or any relevant information.

Where necessary changes are identified, the directors will oversee the implementation of any changes, how changes will be implemented and in what timeframe.