

FCA – Consumer Duty

Financial Conduct Authority – Consumer Duty Regulation effective 31st July 2023

Introduction

With effect from the 31st July 2023, the Financial Conduct Authority (FCA) have introduced a new consumer duty regulation, aimed at protecting regulated clients.

The FCA states, 'The current economic climate and increasingly complex digital environment means it's more important than ever that consumers can make good financial decisions.'

The FCA are introducing a new Consumer duty setting higher standards of consumer protection. It will require firms (like ours) to put their customers' needs first and focus on delivering good consumer outcomes. That means customers get products and services that meet their needs and offer fair value, and they get the customer support they need, when they need it.

With that in mind, we have made a number of changes designed to help protect the regulated clients we work with.

Background

These regulations are only relevant to sole traders / partnerships of 3 or less where the total amount of finance is under £25,000.

Our focus

Our focus is how you'll make sure our customers:

- get products and services that are right for them, with no rip off charges and fees
- can easily switch or cancel products

- can quickly and easily get through to us and receive a helpful response
- receive communications that are easy to understand

What we have done – Training

We have carried out an internal training course to our team who communicates with customers. This is not just sales employees, but also in our operations and credit teams. All new employees undergo an internal training course when dealing with regulated clients.

What we have done – Review of process and products

We have reviewed our internal process for how we deal with regulated clients and are following guidelines set down by the panel of funders we work with. Two of the key things are what products to offer and what funder to use. The outcomes are to ensure our finance offering is fair and reasonable and the funder can provide the level of support needed if there is a customer query.

What we are doing – Disclosure of fees and charges

We will clearly outline what fees are due, such as a documentation fee, yearly administration fee and repayments. We will discuss the best lease or loan product for you and ensure you know how to cancel an agreement, what your obligations are and what happens at the end of the term. This information is set out in a document we call an 'Initial Disclosure Document' (IDD). The IDD document will be emailed to you at the start of any conversations / communications we have.

What we have done – Your needs

Reviewing your needs as a customer include:

- Fully understand the nature of the product, its main benefits, features, characteristics and risks

- Understand what equipment / vehicle / product is intended for and who the product is not suitable for
- Consider the needs, characteristics and objectives of a customers in the target market with characteristics of vulnerability
- Understand our assessment of the product's fair value (and the factors we have considered in arriving at this) to enable you to understand the interaction between price paid and benefits received and assess the impact of your distribution activities on value
- Management of conflicts of interest, to ensure that good customer outcomes are not prejudiced
- Ensuring we have up to date and relevant marketing material on the products we offer
- Providing access to an online portal where contact information and details on your agreement(s) with us are stored

Our Target Market

Our focus is on providing financial services – namely business leasing, business loans, VAT and Corporation Tax funding and vehicle finance into SME customers within the UK. Our average loan value is under £100,000 and typically is used by companies employing less than 100 people.

Complaints

Should you have a complaint, in the first instance please contact a director of our company. Details are found under our Complaints Handling Process on our website.

More Information

Should you require any further information, have a concern which you would like to discuss in confidence, please speak to your Account Manager or a director of our company.