

## Policy Statement and Purpose

This policy sets out the procedures followed by Browns Autos to ensure that the Consumer Duty is embedded in all activities and is reflected in all strategies, governance, and leadership.

## Scope

This policy applies to all employees involved in regulated activities within Browns Autos.

## Legal Context

In June 2022 the Financial Conduct Authority (FCA) published PS22/9 and FG22/5 setting out their new regulations, The Consumer Duty. The Duty replaces Principles 6 and 7, 'Treating Customers Fairly' and 'Communications' and is made up of three key components:

1. The Consumer Duty Principle – *"Firms must act to ensure that good outcomes are delivered to retail customers."*
2. The Cross-Cutting Rules – *Firms must act:*
  - a. *In good faith*
  - b. *To avoid foreseeable harm*
  - c. *To enable and support retail customers to pursue their financial objectives.*
3. The Four Outcomes –
  - a. Pricing and Value
  - b. Products and Services
  - c. Consumer Understanding
  - d. Consumer Support

## Application

Browns Autos ensure that the Consumer Duty is embedded in the company's culture and operation in the following manner:

### Pricing Policy

**Browns Autos is positioned as the primary broker, meaning we have some control over the rate which a customer receives. We work with Motion Finance who act as the secondary broker & in partnership we believe our pricing policy provides fair value to our customers. We select 5 rates across a range of risk-based 'P Codes'. Customers will then automatically be placed in a bracket based on their credit score. If two customers apply with the same score, they will be placed into the same bracket and receive the same rate.**

**Rates are changeable every calendar month but once these are selected, we have no control over the interest rate a customer is offered, which is entirely based on their credit score. Typically, the lower a customer's credit scores the higher their interest rate will be. This falls in line with the FCA's recommendations in their Consultation Paper, CP19/28, Our Proposed Intervention. 33.**

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***“A customer’s interest rate should be based, for example, on credit risk, rather than driven by misaligned incentives for the broker. We would expect this to be the case following our proposed intervention.”***

### Communications

We work in partnership with Motion Finance to ensure that all customers receive an explanation pack which includes product details for all regulated products offered by Browns Autos, including the advantages and disadvantages associated with each. We believe this helps customers to make a fully informed decision when taking out a finance agreement. We also hold a copy of this explanation document to provide to customers where applicable.

We work with Motion Finance because all customers are taken through a ‘Compliance Call’ where an Advisor will question customers to ensure they are eligible for their chosen finance product, supply information to customers and give them the opportunity to ask any questions, as well as assess customers for any characteristics of vulnerability. We believe this adds value to our finance proposal journey and assists us in providing good outcomes to our retail customers.

### Consumer Support

We have a complaints department to support customers that are having issues with their vehicle or any complaints about the service they have received from Browns Autos.

Throughout the life of a customer’s finance agreement, we aim to support them in any way possible. We recognise that without sight of their account statement there is little we can do to proactively assist customers. However, if we receive information from the customer, we commit ourselves to assist wherever possible. Typically, this is with questions regarding the agreement such as; how to settle early, how to make overpayments. Customers would be signposted to their lender in these events.

### Consumer Outcomes

Browns Autos defines a good outcome as one where the customer has received all information necessary to assist them in making a fully informed decision and has received an APR based on the credit risk they pose. Browns Autos believes that the service provided to customers provides good value for our customers.

### Training & Competence

All staff are trained and competent. The business maintains SAF Approval status which requires all customer facing staff to complete the SAF Expert or equivalent test annually.

All internal staff undergo annual training in key areas, currently these are Vulnerable Customers. This is to ensure that the correct support can be provided to our customers.

### Review of Distribution Strategies

We have conducted a review of Manufacturer distribution strategies to ensure that, as a Distributor of these products, our internal processes align. During our review we have also satisfied ourselves that the Manufacturers we work with have implemented the Consumer Duty.

Browns Autos is satisfied that its processes align with the information received from Manufacturers and products will be distributed in accordance with said information.

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### Implementation

This policy takes effect from the 31<sup>st</sup> July 2023 and replaces the former TCF Policy. All managers should ensure that staff are aware of this policy and its requirements. If staff have queries in relation to the policy, they should discuss this with their line manager.

### Retention

This policy will be reviewed periodically and historical records retained for 7 years.

