

# **Treating Customers Fairly Gap Analysis**

**IMC Financial Services Ltd**

**Updated on 1<sup>st</sup> June 2023**

# 1. Introduction

“What Treating Customers Fairly (TCF) means in practice, is specific to each firm and how it achieves it, is a decision that each firm must make, taking into account the specific nature of their own business.

IMC Financial services Ltd has evaluated its current position in relation to TCF and this TCF assessment is designed to determine:

- What TCF means to this firm and how it affects our business.
- That we do treat our customers fairly and we have plans, strategies and systems in place to ensure this is the case.
- The measures that we have in place to meet the FCA’s six “consumer outcomes” for TCF:

**OUTCOME 1:** Consumers can be confident that they are dealing with firms where the fair treatment of their customers is central to the corporate culture.

**OUTCOME 2:** Products and services marketed and sold in the retail market have been designed to meet the needs of identified consumer groups and are targeted accordingly.

**OUTCOME 3:** Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

**OUTCOME 4:** Where consumers receive advice, the advice is suitable and takes account of their circumstances.

**OUTCOME 5:** Consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and also as they have been led to expect.

**OUTCOME 6:** Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

- Where areas have been identified requiring further attention we have action plans in place to address these areas. These are documented separately on our TCF Action Plan.

## Date of next review

**TCF reviews are an on-going action with daily activities taking all “outcomes” into consideration. These areas are also discussed with weekly team and Directors meetings, not necessarily under a TCF heading but a subject area that falls within the TCF standards.**

## **Consumer Outcome 1**

**Consumers can be confident that they are dealing with a firm where the fair treatment of customers is central to the corporate culture.**

### **1.1 Senior Management Responsibility**

The FCA will be looking to the senior management of firms to demonstrate that they understand the concept of TCF, have thought about what it means for their business and have implemented it within all aspects of their business operations.

**Management of TCF in general falls under the role of Gary Willsher and he will be aware of requirements during all activities of company and staff. His responsibilities also include reading relevant documents issued on line/ liaising with Bankhall and attending relevant workshops. Most activities are not specifically labelled TCF, but have the principles included when reviewing activities.**

### **1.2 Business Strategy & Values**

To operate effectively, it is vital that TCF is embedded within your firm's values, culture and the way it operates. This means ensuring that in day to day business operations – including when pursuing new business opportunities, that your customers are treated fairly.

### **1.3 Staff Awareness**

Whilst senior managers are responsible for TCF, it is vital that all staff (where their role has an impact on the way the firm treats its customers) take on board the concept of TCF and understand what it means for the business and for their role within that business.

**TCF standards are covered in adviser's monthly 121 reviews, weekly staff meetings and daily discussions. T&C standards, including file checks. KPI reviews also add value as this is mainly a compliance activity looking at advice given to clients and quality of clients file. In addition, we actively seek client reviews following completion of a client transaction and at the time of this annual TCF review, we have 409 Google/Facebook/Yell reviews of which over 400 were marked 5 star. In addition, company has highest reputation score within the industry (see reputation.com web site).**

**All reviews are saved to companies' website, so client's comments are transparent and not filtered.**

### **1.4 Remuneration**

Firms must recognise that remuneration structures, bonuses and incentives will impact on staff behaviour which could in turn affect TCF. There has always been much regulatory focus on the remuneration of sales staff, but equally remuneration structures for non-sales staff (supervisors, administrative staff, senior managers etc.) should also be considered.

**Advisers are remunerated by way of basic salary and commission. The obvious importance of completing the transaction within timescales relates to advisers, clients and company. Bonuses for ensuring client undertakes protection reviews and Will/estate planning reviews are offered. In addition, we offer incentives for advisers getting positive client reviews.**

## 1.5 Management Information

Firms should use Management Information (MI) to measure whether they are successfully meeting their TCF objectives. It is difficult to be specific about what MI is appropriate as it depends on the size and nature of each firm. However, even very small firms should maintain adequate records which can be reviewed regularly to measure the effectiveness of TCF activities.

**Although client reviews offer a strong indication on the level of service we are offering our clients, a further measurement is complaints and this is reviewed monthly by Gary Willsher as part of his compliance activities. Historically these have been few and far between. Records of client's transactions are held both on new business sheets detailing all aspects of client's sale and Finplan Bluecoat software, where client's files are held with documentation relevant to sale made to client. Both statistical records are designed to note any high risk aspects of a sale, for example interest only mortgage/ product type so deemed high risk mortgage sales can be easily highlighted for adviser file reviews**

## 1.6 Record Keeping

Record keeping and the ability for a firm to produce information to demonstrate that it has control and awareness of its activities are key expectations of the FCA. Inability to produce relevant information is likely to suggest that the firm is not adequately controlled, and this could impact on its ability to demonstrate that it treats its customer's fairly.

### Think about:

- How do you ensure you keep appropriate records of customers and actions taken (e.g. customer files, registers etc.)?
- Back up arrangements for computer data.
- Security arrangements for paper based data.

**Main software used is 27Tec (used to be Finplan - bluecoat) which allows us to record all actions taken for client and captures all email communication between client and adviser. All clients files held on software. Every sale has their own unique framework of actions for both advisers and administrators to ensure a uniform approach is maintained in respect of advice/documentation/tracking. The software has full back up security, back up daily to two sights. No paper files are held and client's data is held under individual adviser log in and password. Once adviser has completed with client's transaction, the client is moved into IMC House view, which is only available to Andrew Jackson and Gary Willsher. This is to comply with our data protection obligations.**

## Consumer Outcome 2

**Products and services marketed and sold in the retail market have been designed to meet the needs of identified consumer groups and are targeted accordingly.**

## 2.1 Financial Promotions

All firms must ensure that their financial promotions (and any other customer communications) meet the relevant regulatory requirements and satisfy the general test of being 'clear fair and not misleading'.

### Think about:

Ref: TCF 6/23

- Who signs off financial promotions?
- Do you submit financial promotions to Bankhall for comment?
- How do you ensure promotions are produced in line with current regulations?
- How do you ensure financial promotions are targeted appropriately i.e. to the appropriate segment of your client base?

**Financial promotions are signed off by Paul Eperon, controlling officer, after input from Andrew Jackson Isabella Eperon ( Marketing Manager). Promotions are generated by third party marketing company and signed off by Paul Eperon before being added to website or any other social network route**

## **Consumer Outcome 3**

**Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.**

### **3.1 Disclosure**

Disclosure is a central element to TCF and the disclosure documents are key to ensuring customers are provided with appropriate information to enable them to make informed decisions.

#### **Think about:**

- Initial disclosure – (delivered both verbally / in writing)
- Client Agreements / Terms of Business.
- Services and payment agreement.
- KFDs / KFIs.

**All client meetings are started with discussion around business card, Initial disclosure document covering mortgages and protection and DPA statement. All fees are fully discussed and agreed prior to commencing any work and are only payable once agreement to proceed with application is received. No fees are charged for protection advice or applications. Key facts quotations issued prior to any application made and this documents highlights commission being received by us from provider. Since covis, the dynamics of clients meetings have changed from predominantly office based to Teams meeting, but this has had no detrimental effect to our business.**

### **3.2 After Sales Support and information**

Firms must ensure that their customers are, always, clear about the service they are being provided with, and firms need to ensure that they keep their customers adequately informed on an ongoing basis. Firms must always act with integrity in their dealings with customers regardless of the length of the customer relationship.

#### **Think about:**

- How do you understand, manage and, where appropriate, fulfil your customers' expectations of your firm after the point of sale?
- How do you ensure that an effective flow of information to customers is maintained and recorded (including verbal discussions)?
- Where appropriate do you undertake regular reviews of your customers' investments / mortgage etc?
- How do you ensure customers are kept informed, particularly where they may be affected by regulatory changes?

All new business is referred to an administrator to manage using a specific product workflow from finplan software. This ensures each sale after sale care follows a simple pattern. All new business is recorded on individual advisers sales pipeline and a weekly pipeline review between adviser and administrator takes place to check progress of each client's sale to ensure meeting clients expectations.

Follow up mortgage sales are automatically set up by finplan with a diary note made to contact clients 4 months prior to mortgage product expiring to discuss options.

All notes and documents are held in clients file on finplan, including the capture of emails to and from clients.

## **Consumer Outcome 4**

**Where consumers receive advice, the advice is suitable and takes account of their circumstances.**

The process of dealing with customers properly and fairly, providing suitable advice and documenting this correctly, are central to a firm's responsibilities. In the past, the FCA raised significant concerns about the quality of advice process in firms offering financial advice.

Recruitment managed by HR manager who is made aware of vacancies, qualification and experience required and any other requirements, so she can accurately communicate this to recruitment firms we use. Applicants undertake a minimum of two face to face interviews, genuinely the initial contact with Gary Willsher and then, if suitable, a final meeting with Paul Eperon and Andrew Jackson, which would then result in employment offer and contract made, if successful.

Companies T&C scheme highlights action required with advisers following training schedule which includes role plays/observations and tests. T&C also highlights need to undertake 100% file checks for first 10 sales and then from 10% plus according to initial results.

Client advice is recorded in individual client files with fact finds, quotes and suitability emails. Random file checks undertaken on each adviser, high risk sales chosen as priority such as interest only mortgages.

Due to historical issues in employers completing a full T&C reference and instead, just sending a basic return, all new advisers are treated as non-competent and will be signed off as competent within 2 years, according to their level of experience prior to joining our company.

## **Consumer Outcome 5**

**Consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and also as they have been led to expect.**

### **5.1 Product Performance and Product Risks**

Firms must ensure that they manage their customer's expectations about the products and /or services they are buying. Where firms have failed to communicate effectively with customers about the characteristics of the products being sold this has led to examples of misselling or misbuying (e.g. payment protection insurance, lifetime mortgages).

**Think about:**

- How do you ensure customers are made aware of product risks as well as the benefits?
- How do you ensure customers are aware of the factors that may impact on product performance?

**Fact finds are completed for each client sale and suitability letter is emailed after sale to confirm Key points around sale. Both documents clearly highlight the sale that has been agreed and processed and together include key features such as mortgage amount/type of product/ term of mortgage/ fees/ commission payable to IMC etc and for protection – level of cover, type of cover, term, premium etc**

## **Consumer Outcome 6**

**Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.**

### **6.1 Complaints Handling**

All firms have a regulatory duty to deal with customer complaints. Smaller firms are unlikely to have dedicated complaints handling functions, but when dealing with complaints firms must have adequate controls in place to manage any conflicts of interest

**Think about:**

- Are your complaints handling procedures documented?
- Are all your staff aware of the action they need to take if they receive a complaint?
- Have you got arrangements in place to avoid conflicts of interest when resolving complaints?
- Do you use your complaints information to review and improve current practices?

**Compliant register held and reviewed monthly. Verbal and written complaints received are registered on spreadsheet and signed which is signed off monthly. Any complaint received which has financial risk to company is recorded with PII insurers and advice taken from them on outcome communication.**

**All complaints are referred to Gary Willsher, unless it is about him and then it goes to Andrew Jackson. Gary Willsher is a non sharing holding Manager and therefore has no conflict around outcome, as no financial effect on him.**

**Staff undertakes annual complaint training which includes reading and signing companies complaints procedures.**