



Treating Customers Fairly (TCF) Policy & Procedures

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Our Intentions

Yellow Stone Finance Group Ltd (The firm) is committed to abiding by the Principles for Business laid down by the financial services regulator. This Policy provides guidance on how we will meet our objectives to look after the best interests of our customers by treating them fairly, ensuring that the information we give them is clear, fair and not misleading and that we handle all matters with integrity, due care, skill and diligence and manage fairly any conflict of interest that may arise. Our aim is to provide suitable products at the best value prices for our customers.

How we will do this

We have identified all the areas where we consider or it has been found elsewhere, that problems may occur and we have assessed the risk presented by each potential situation. We have then described the action we have taken to prevent or minimise the potential unfair treatment of customers. Lastly we have set out the controls that we have put in place to monitor our performance in each area. We will also gather feedback from our clients and from ourselves, which will be considered regularly so that any new issues can be identified and addressed promptly when they occur.

Why we have a Policy

The policy has been written in order to communicate the issues to all our stakeholders and especially those working within our firm to make sure they understand the potential problems that may occur and to give them the best possible chance to deliver excellent service to our clients. This is in the interests of the company, the staff as well as the client and the regulator.

'TCF' Outcomes

These are the outcomes that the regulator wants for customers and are also the outcomes we would like to achieve for ourselves as they will contribute greatly to our success as a commercial enterprise. Our policies and procedures are designed to promote these outcomes. Our management information is used to demonstrate that we are meeting these objectives at all times and where we find that customers have been dissatisfied or disadvantaged or if we consider we are not meeting these targets completely, we will take immediate steps to rectify the position.

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

Regular meetings and discussions take place to analyse client needs and circumstances as well as client feedback. Training and competence sessions ensure awareness and importance of compliance which always links to treating customers fairly.
- 2. Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.**

At the time of marketing any products and services we will review the same against the need and suitability for the consumer group intended. An 'intention to market' with full details will be supplied to Senior Management for consideration and agreement to proceed.
- 3. Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.**

Regular file reviews will be undertaken to ensure evidence that clear and regular information is provided to the client. Client feedback will assist with any areas of concern. Financial promotions records and requirements will be adhered to.
- 4. Where customers receive advice, the advice is suitable and takes account of their circumstances.**

Regular file reviews and business review performance will be undertaken to ensure suitability of advice.
- 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 as they have been led to expect.**

Client feedback, file reviews and complaints data analysis will determine that service is to an acceptable standard. A review of terms and offer documents against the advice given will show the product performance is as the advisor has led to expect
- 6. Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.**

File reviews and complaints data will allow us to ensure post-sale barriers are not present.



‘TCF’ Action Plan

The way we will actively measure our performance in each area is as follows:

Client Feedback

We have a comprehensive client questionnaire which directly asks client for feedback including their understanding of the products provided and whether or not we have understood their needs and attitudes, if they feel we have treated them fairly and with good levels of service. We actively encourage clients to respond and tell us how we are perceived. This information is acted upon if necessary and it is stored in our system. We use this to demonstrate outcomes 1, 3, 4 and 5.

We comment on all feedback whether solicited or not from our clients where it has been received from clients and discussions are included in our business review records.

Real Time Staff Monitoring

Sales staff are subject to monitoring in the course of the sales process, to ensure that accurate and appropriate information is given to customers before, during and after the sale. Newly recruited sales staff will be subject to more frequent monitoring until achieving satisfactory levels, but all sales staff will be monitored. This will demonstrate how we are meeting outcomes 1, 3, 4 and 5

File Audits

We have a regular file audit program undertaken by an independent consultant and/or senior advisers who will assess the clarity of the information provided, the suitability of the products offered to the particular client, the thoroughness of our fact find and the appropriateness of our recommendations. Information will immediately be fed back to advisers if there are any failings on our part to fulfil our objectives. This will demonstrate how we are meeting outcomes 3 and 4.

Advertising & Promotions Checking

Our own advertising and our web site will be checked by an external independent consultant or the compliance director to ensure they are clear, fair and not misleading. This will address outcomes 2, 3 and 5.

Remuneration Policy

Our policy with regards to remuneration of our advisers and support staff will include key performance indicators in compliance, training and competence and treating customers fairly. All personnel are also subject to annual assessment. This is designed to assist in outcomes 1, 3, 4, 5 and 6.

Business Reviews

We will commit to regular business reviews, normally quarterly, which will be recorded and in which we will discuss the impact of any changes, procedures or marketing strategies on our customers. All key members of staff will be included in the review process.

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Statistics

We will review sales and persistency figures split by provider, product and adviser on a monthly basis to monitor any trends which may emerge. If we see any unusual bias then we will investigate the reasons for this and take corrective action where necessary. We will document our findings, actions and further monitoring during business reviews. This is designed to address all outcomes.

Training and Competence Regime

We will keep up to date and record our training and competency procedures and ensure that our advisers/arrangers are up to date and competent in their knowledge of the products in which they are involved. We will ensure that regulatory standards are met to satisfy the CONC requirements. This will primarily address outcome 4.

Issue Recording

We undertake to keep a record of all issues that crop up in the course of our business where clients express dissatisfaction, have to chase us or have any other adverse comment; also issues that we find material such as poor performance of products, poor provider service or queried communications. This will show us where matters of understanding, efficiency or clarity could be improved without having to rely upon complaints data that we do not anticipate will arise. This is designed to measure outcomes 3, 4, 5 and 6.

Complaints Data

We will keep a log of all complaints and the outcomes of our investigations. Whatever the outcome we will always fully investigate the root cause of any complaint made against us. Where the complaint is directed at one of our providers we will work with them to investigate the root cause.

Analysis of Specific Issues

We have already looked for potential issues and set out in this document our observations and the measures we will put in place to pursue actively our objectives of meeting the desired outcomes in full. We will add to our policy any issues which later come to light that we may not have considered at the outset.

Client Understanding

We need to know how experienced and knowledgeable clients are in terms of financial products and services we offer.

The Risks

Assuming a greater level of knowledge may lead to customer confusion if they do not understand what we are recommending and who may be afraid to ask, or be under misconceptions. This could lead to disappointment or possibly financial hardship in the future, if for example, they do not understand the agreements we put in front of them and the financial commitment into which they are entering.

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We ensure that our terms of business and letters are all in plain, clear, jargon free language and we take time to question the client to measure their understanding of what we are recommending before we proceed.

Controls

We monitor the quality of our reports and letters by undertaking internal file audits and pursuing external audits on files for clarity. The results of our reviews are management information that is discussed and recorded in our regular business reviews. Passing internal and external file audits is a key performance indicator for our business.

The above are designed to address Outcomes 2, 3, 4, 5 and 6

General Suitability

All recommendations we make must be suitable for the client concerned.

The risks

Failure to recommend an appropriate financial products can lead to severe detriment in the worst cases. Examples include inappropriate assessment of affordability of monthly instalments, incorrect advice on debt solutions and failure to explain pre-contract information which is critical to the customer's understanding of his/her financial commitments.

Systems

A clear process to facilitate understanding by the client of the recommendations made and the reasoning behind them is essential. We also make sure that we restate our understanding of client circumstances and needs to ensure we have understood these correctly. We ensure that the key features including detracting features are fully explained to the client in clear simple language. We clearly point out cancellation rights available and encourage clients to ask questions if they do not understand any points in the materials provided.

Controls

We monitor the suitability of recommendations by undertaking internal file audits and pursuing external audits on files for compliance and suitability quality. The results of our reviews are management information that is discussed and recorded in our regular business reviews. Passing internal and external file audits is a key performance indicator for any advisory role.

The reviews include confirmation that the report is clear, that product features are clearly explained including any exclusions or limitations. A description of options not taken should be included if appropriate, for example, where affordability has meant a compromise on the financial commitment. Reports must clearly show risk warnings. If any of the features is not present then this will be reported as a training issue and where necessary the client will be contacted to rectify matters.

Complaints

The Risks

If a customer complains and does not receive a satisfactory response we are jeopardising our business reputation, profitability and regulatory position. Obstructing complaints fails to treat customers fairly. Staff who are not familiar with or who do not follow the correct complaints procedure may mislead customers as to their rights. Poor or unclear complaints procedures are unfair to customers who have the right to complain.

Systems

Any expression of dissatisfaction by a client will be treated seriously. Eligible complaints are dealt with in accordance with the prescribed procedure and 'soft' complaints: those which do not involve any financial loss or *material* distress or inconvenience will be rectified as far as possible and then fed into our business review for discussion.

Staff must read and sign off the complaints training materials provided and whenever we make any changes to the personnel involved or changes are made by the regulator to the rules governing complaints. A copy of our procedure is readily available for staff to refer to and to be given to customers on request or if a complaint is made.

Controls

We have an appointed complaints manager who will investigate any complaints and act accordingly. All complaints will be investigated as to the root cause of the problem. We will also check that all staff have completed and signed off complaints training and this will form part of their appraisal and assessment of competency.

The above measures are designed to address Outcome 6

Regulatory and Legal Changes

We need to keep up to date with changes to legislation, regulation and best practice within the consumer credit sector in order to ensure we are serving our clients correctly.

The Risks

If we suffer compliance failures we jeopardise our authorised status and so the continuity of service for our existing clientele. New legislation is generally brought in to make improvements, particularly consumer legislation so that failure to adopt measures that have been found to improve the consumer experience could lead to detriment to our customers as against those using other firms.

Systems

Our compliance officer ensures that legal updates are noted by undertaking continuing professional development activities, subscribing to trade publications and reading clients up-dates from our support provider. Changes are reviewed and acted upon as soon as necessary.

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Compliance issues are a standing item on our business review agenda at which time all relevant news is reported so that any necessary actions can be taken.

Remuneration Policy

How we pay our staff and contractors, how we appraise performance and what we reward with pay incentives.

The Risks

A focus on production such as heavily weighted sales targets might lead to mis-selling, poor record keeping and a lack of diligence.

Systems

The firm's philosophy regarding performance related pay is designed to reflect our commitment to compliant practices and treating customers fairly. Salary and bonus levels will not be dictated purely by sales figures or production levels. Performance indicators will include record keeping, customer retention, suitability and delivery within timescales.

Controls

Compliance performance is monitored when we conduct our file audit reviews and business reviews. Review results feature in our staff appraisals and key performance indicators around compliance and competence, record keeping and training are used when reviewing pay and bonuses.

Management Information

This is the quantitative and qualitative information that we use when reviewing our business strategy and performance.

The Risks

Failure to produce timely, accurate and clear information will lead us to be unable to identify trends and build a clear picture of the business and any issues that might be prevalent.

Systems

Key to the information we produce is our back office recording system. This must be kept up to date and be accurate. We require all business to be recorded promptly so that system produced reports are up to date. We ensure that reports are kept clear; where there is a great deal of information we will break this down by producing exceptions reports. Key senior management must have sight of our reports both statistical and qualitative feedback for regular business reviews.

Our objective is to create and maintain a series of both leading and lagging indicators of fair treatment of customers. Lagging indicators, i.e. those measuring post sale activities such as levels of complaints or satisfaction surveys, whilst important, cannot change their own customer experience, as it has already happened. We also look at leading indicators, i.e. the customer touch points in the sale process, which could

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affect their views at the end of the sale, so for example the number of new enquiries received, speed of provision of the services required, telephone waiting times, personal interface with customers and the level of conversion rates/ NTU's.

Controls

Record keeping is a key performance indicator. Regular business reviews include all pertinent areas on the agenda so that they are not overlooked.

Strategic Change

How we consider the effects on our customers of any strategic decisions made.

The Risks

Customers may be adversely affected whenever there is change within the firm, for example moving, a new product or scheme launch, new computer systems, mergers or acquisitions. Changes such as these tend to create extra work which can lead to less man hours devoted to customer service considerations. There is a high risk that such activities will make the firm inward looking and service standards to customers may slip due to pressures of additional work, system failures or errors or operator errors. The worst case scenario is the failure to provide appropriate services and a client suffers loss. In between this and minor clerical errors there are a myriad of potentially damaging possibilities which could have a high impact on the client.

Systems

Our management team counter these issues by ensuring that a focused business plan is in place and regularly reviewed. The implications of any strategic changes are fully analysed before proceeding.

Controls

In the event of this type of upheaval it is important that everyone within the firm understands their role and that clients have all the necessary information to continue to do business without disruption. Forthcoming changes will be considered sufficiently in advance by the firm's senior management and will be discussed and agreed at all levels within the firm.

Conflicts of Interest

A conflict of interest means any financial, or other interest which conflicts with the service an individual provides, because it could significantly impair the objectivity of an individual or create an unfair competitive advantage for any person or organisation.

The Risks

If our interests conflict with those of a client there is potential for client detriment.

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- Close links with another group or organisation which could, in satisfying their demands, have an adverse effect on the service to our customers
- Higher commission rates or other incentives influencing us to place business with one provider where another provider might be more suitable for the clients' needs
- Gifts or incentives from providers influencing our choice
- Situations where two or more of our customers are involved and may be in conflict against each other

Systems

We make sure that all our services are independent of providers and do not accept benefits which create a tie to a specific provider.

We record any significant gifts or hospitality and refer these to senior management for approval where significant.

Should any conflict of interest arise this must be declared to the client.

Controls

Our files audits will review this area and our business statistics will show the split of providers used so that we can investigate any apparent anomalies.

Our staff are aware of our policies and will ensure that customers' interests are put before any other considerations.

In the event of a conflict between clients we will act impartially but also make the clients aware of the situation and allow them to decide if they wish to continue with our services.

Vulnerable Customers

Yellow Stone Finance has implemented a Vulnerable Customers Policy that sets out how the Firm intends to deal with vulnerable customers and to ensure that they are treated fairly. Our aim is to outline the practice and procedures for staff of Yellow Stone Finance Group to contribute to the prevention of detriment to clients who find themselves in vulnerable circumstances.

Breaches of Treating Customers Fairly Policy

Any breaches of the Treating Customers Fairly rules will be recorded on the Firm's breach log in conjunction with its Regulatory Breach procedure.