



# TREATING CUSTOMERS FAIRLY POLICY STATEMENT

## 2017 - 2018

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The Board of Pendragon PLC (“the Company”) has adopted this policy, reflecting how, in the context of its motor retail business it intends, to operate to the “Treating Customers Fairly” (TCF) principle in the mediation of sales of general insurance products, together with acting as a credit broker/intermediary.

### INTRODUCTION

The Company believes that the fair treatment of customers is essential to the success of its business. Customers are a key stakeholder in the Company’s motor retail businesses, both directly and because of the influence the quality of the customer experience has on the businesses’s relationships with other crucial stakeholders, principally vehicle manufacturers, providers of consumer credit and suppliers of general insurance products.

### SCOPE

This policy is adopted for the purposes of general insurance mediation and credit broker/intermediary activities, and all references to “products” are to general insurance and consumer credit products, and to “customers” are to customers for general insurance and consumer credit products.

The Company recognises that the customer’s demand for or need of a general insurance or consumer credit product is ancillary to their requirement for a motor vehicle. Each customer for a vehicle is potentially a customer for a general insurance or consumer credit product. Accordingly, the process for the selection, marketing, sales and advice, aftersales service and complaint handling for general insurance and consumer credit products is inextricably linked with the sale or supply of a high value item (a motor vehicle) which represents a considerable investment for most customers.

The fair treatment of the customers is therefore required to be embedded in the whole process and reflected in all the behaviours of the Company’s team members.

### VALUES AND TCF POLICY STATEMENT

To ensure they are memorable and easily understood by our team members and stakeholders, our core values and TCF policy are encapsulated in brief statements.

The Company has adopted core values reflecting its relationship with each of its five key stakeholders. Its core value for customers is:

**“We provide a good value, personalised service to existing and potential customers.”**

Treating customers fairly is an inherent requirement for the fulfilment of this core value.

The Company’s processes, policies and behaviours will ensure that customers are treated fairly at each stage of our relationship with them. The Company selects and retains only those independent suppliers of general insurance and consumer credit products and associated services who are able to demonstrate their respect and fulfilment of TCF principles for those aspects of the customer relationship for which they are responsible. Similar standards are expected of the suppliers of general insurance and consumer credit associated with the new vehicle franchises the Company’s businesses hold.

The Company’s core value for suppliers is: “We provide long term, profitable partnerships in return for quality service and competitive pricing”.

Our core values and TCF policy is included in induction and training of all team members.

Our TCF policy is available on our internal intranet and external website and made available in hard copy upon request

## PRODUCT DESIGN, GOVERNANCE AND MARKETING

We do not supply general insurance or consumer credit independently from the supply of a motor vehicle.

We require our product suppliers to provide us with information about the outcome of our sales to inform our decisions on our product portfolio and our assessment of the fair treatment of our customers.

As mediators and brokers of products designed by third party suppliers, our concern is to ensure that our product portfolio meets the following requirements:-

- the supplier is of adequate financial standing and will enable us to fulfil our core values
- the products are suitable to our potential customers, as purchasers of new and used motor vehicles

We regularly review product features, their terms and conditions and all customer feedback and engage with product suppliers to redress imbalances against customer expectations.

## SALES AND ADVICE PROCESSES AND AFTERSALES CARE

We mediate insurance and consumer credit products from multiple retail locations to customers for motor vehicles who potentially will have contact with a variety of our team members. Our concern is to ensure that our customers's experience meets the following requirements:-

- whether for general insurance, consumer credit or other products or services, only appropriately trained competent team members deal with the customer;
- team members receive the appropriate knowledge and skills training and support to provide a service which treats customers fairly, protects against risks of mis-selling and poor customer outcomes, and ensures the suitability of advice given;
- where practicable, our information systems incorporate means of assurance of the fair treatment of customers and the control of the risks of mis-selling and of poor outcomes for customers;
- we regularly review the effectiveness of our sales and advice systems and processes in achieving the fair treatment of customers;
- we use our management information to identify behaviours which put customers at risk of poor outcomes or mis-selling or otherwise fall short of our expectations and to inform corrective training;
- we design our remuneration system for team members involved in mediating insurance and consumer credit so as to minimise the potential for customer's transactions being influenced by bias or other mis-selling risks.

We identify potential conflicts of interest within our sales process and ensure that individual and business objectives are linked not only to sales performance but also to sales process quality, TCF and regulatory compliance.

We acknowledge that conflicts of interest may arise either: (a) between our interests as a business and those of customers; or (b) between the personal interests of our team member and those of the customer; either because of a relationship, or a financial incentive or inducement we offer or which is offered by any third party. Such conflicts may have the potential to influence our interaction with a customer or our advice to a customer on the most appropriate general insurance or consumer credit product or service for them, according to their circumstances as they have explained them to us. Where such a potential or actual conflict arises, we will operate processes which are designed to eliminate the risk of detriment to the customer. Any team member found not to be operating to those processes will be subject to disciplinary procedures, which could lead to a variety of outcomes, including dismissal of the team member. The decision whether or not to commence such procedures and the conduct of disciplinary procedures shall in each case be by leaders who do not have a direct financial or other interest in the outcome of any such procedures.

Whilst aftersales care is delivered by our selected providers, we satisfy ourselves of their financial standing, ability to meet the obligations inherent in their products and to provide aftersales care, and other relevant capabilities, in our provider selection process and require them to provide us management information concerning their performance to a prescribed standard. We utilise such management information and our own management information to identify and respond to aftersales performance matters.

## COMPLAINT HANDLING

We provide customers with easy access to team members, both those who made the sale and ones unconnected with the sale, to receive, record, investigate and respond to complaints.

We allocate clear responsibilities to team members for:-

- investigation of a complaint; and
- resolution of a complaint; and
- communication with the customer at appropriate stages.

We give clear explanations of our complaints handling process and of conclusions reached at the end of our process.

We keep the customer informed in a timely manner of the progress and status of their complaint.

We advocate on behalf of customers with any supplier which responds unreasonably to a legitimate claim or complaint.

We use identified trends in complaints received to inform our product and supplier selection.

## MANAGEMENT SUPPORT FOR TCF

Senior Management:-

- prescribes and oversees a risk management process and methodology for the identification of risks and the design and documenting of effective mitigating controls;
- prescribes management information disciplines which allow regular score-keeping against our TCF and sales process quality objectives;
- regularly reviews the management information needs of the Company so as to ensure that MI produced is relevant to the risks and controls in the Company's sales environment and permits effective review of sales practices and their associated audit test results;
- ensures business leader's and team member's role responsibilities clearly set out their TCF and regulatory compliance objectives;
- ensures there is available to all relevant team members training and coaching which equips them to understand their responsibilities;
- regularly reviews and moderates remuneration schemes and attendant performance objectives to ensure consistency with the business's TCF approach;
- ensures that the Company rigorously promotes our customer core value, among our five core values, in all available training interfaces with our team members, to embed a culture of Treating Customers Fairly;
- ensures that our incentive schemes reward and recognise excellence in providing a quality sales experience to the customer, embracing the fair treatment of customers.



**TREVOR FINN**  
Chief Executive