

## **TREATING CUSTOMERS FAIRLY POLICY STATEMENT 2023-2024.**

The Board of Pendragon PLC (“the Company”) has adopted this policy, reflecting how, in the context of 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 Associates.

### **POLICY STATEMENT**

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 Associates. 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 Associates deal with the customer;
- Associates 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 Associates 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 Associate 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 Associate 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 Associate. 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 Associates, 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 Associates 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 Associate's role responsibilities clearly set out their TCF and regulatory compliance objectives;
- Ensures there is available to all relevant Associates 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 Associates, 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.