

Treating Customers Fairly

Treating Customers Fairly (TCF) has been the cornerstone of financial regulation for consumer credit for some time. At Magic Smile (Turkey) Ltd we take this seriously so are happy to publish our TCF policies and principles below. The FCA has made it clear that this principle will be given higher urgency in terms of enforcement. The FCA requires that all businesses it regulates comply with their provisions on Treating Customers Fairly (TCF) and on embedding good consumer outcomes into all parts of their business culture.

There are no tick boxes, no absolute guidelines – it is a business principle that the FCA expects regulated entities to adopt at a deep cultural level. This guide is a high-level overview of how to fulfil the FCA's requirements on TCF.

Introduction

TCF is about putting responsibility on staff to deliver a fair outcome to their consumer. It is not however, intended to be restrictive on the business.

TCF is not the same as treating customers 'nicely' or providing customer satisfaction. Instead, it is designed to ensure the business puts the interests of the customer at the heart of their business, as well as the integrity of the market.

TCF is found in Principle 6 of the FCA Handbook which explains that "a firm must pay due regard to the interests of its customers and treat them fairly". TCF is also tied to 4 of the 11 guiding principles:

- * Principle 1 – A firm must conduct its business with integrity
- * Principle 7 – A firm must pay due regard to the information needs of its clients and communicate information to them in a way that is clear, fair and not misleading
- * Principle 8 – A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client
- * Principle 9 – A firm must take reasonable care to ensure that the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgement

TCF then is about far more than just the actual customer experience in your dealership. It is an important aspect of all areas of your business. The concepts of TCF should be in every step of sales process, from staff training to the information and financial products supplied to the customer, as well as resolving any subsequent issues, which a customer has.

What does the FCA want?

It must be understood this is not a rigid area, there is no one way in which TCF must be met. The FCA has offered some broad-brush guidance on how to meet the TCF requirements. Dealers should:

- 1) Give the customer what they have paid for – ensure that the customer fully understands the product(s) offered
- 2) Do not take advantage of the customer
 - a. Avoid pushy sales tactics
 - b. Do not sell inappropriate products
 - c. Do not allow the priorities of the F & I suppliers to unduly influence the sale of a product
- 3) Offer the customer suitable products/services
- 4) Do your best to resolve problems/mistakes as quickly as possible
- 5) Show flexibility, empathy and consideration in dealing with customers
- 6) Use plain English and be clear, ensuring the customer understands exactly what they are being offered:
 - a. Terms and conditions should be as clear and easy to understand as possible
 - b. Significant exclusions/terms should be highlighted
 - c. Use plain English

Using these principles, sales staff are expected to meet the FCA's six outcomes for consumers:

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

* Outcome 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.

* 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 of an acceptable standard and 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.

What can you do?

While it would be possible to compile a huge list of things sales staff could do to ensure TCF principles are followed, this is unnecessary. The best approach is to take a principled approach!

- Take the core messages of honesty, integrity and fairness and apply them to any customer situation.

You must ensure there are appropriate processes in place to ensure TCF is delivered and have a system in place to review TCF on a regular basis, identifying any shortcomings. These are important forms of Management Information (MI) and MI is a key part of the monitoring process that the FCA expects to be followed.

Process Controls and Record Keeping

The following outline the key areas, which should be considered as forming part of a good TCF approach in the consultations. For these areas, it is important to keep records to demonstrate that:

- * Sales processes have been established
- * Training undertaken to ALL customer facing sales staff and updates as appropriate
- * Each sale has evidence to show a good process took place