

# Review and Report on Products under Distribution

## Purpose and Scope

The purpose of this paper is to evidence MMC Specialist Cars Ltd compliance with the Consumer Duty requirements defined in PRIN 2A.3 for the below outcomes when applied to consumer credit products distributed:

- Retail customer outcome — products and services
- Retail customer outcome — price and value

## Products in Scope

MMC Specialist Cars Ltd is a distributor of the following consumer credit products as supplied by multiple manufacturers detailed in the table below:

Product	Manufacturer
Hire Purchase (HP)	
Personal Contract Purchase (PCP)	
Conditional Sale (CS)	
Lease Purchase (LP)	
Personal Loan (PL)	

## Manufacturer Information — Products and Services

In line with PRIN 2A.3.16, information has been obtained from all product manufacturers which enables MMC Specialist Cars Ltd to:

1. Understand the characteristics of the product.
2. Understand the identified target market.
3. Consider the needs, characteristics, and objectives of any retail customers in the target market with characteristics of vulnerability.
4. Identify the intended distribution strategy for the product.
5. Ensure the product will be distributed in accordance with the needs, characteristics, and objectives of the target market.

## Distributor Consideration and Assessment — Products and Services

Having fully reviewed the information provided against the requirements above, MMC Specialist Cars Ltd can confirm that we:

### 1. Understand the characteristics of the products.

Employees involved in consumer credit activities have completed training and competency assessments which confirms their understanding of each product distributed by MMC Specialist Cars Ltd and is aligned with the manufacturer information provided. This training framework is completed on a minimum annual basis and training is reviewed and communicated to all relevant employees in the event of any significant change advised by the Manufacturer.

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### **2. Understand the identified target market.**

The target market for each product is understood and distribution is confirmed as being in line with anticipated target market. Accuracy is reinforced through appropriate secondary review under credit proposal to the manufacturer. This is a documented, evidence-based process with proportional audit.

### **3. Consider the needs, characteristics, and objectives of any retail customers in the target market with characteristics of vulnerability.**

MMC Specialist Cars Ltd have considered the likely characteristics of vulnerability within the market and have taken action to train all relevant team members appropriately to aid in identification and the assistance which can be provided to retail customers who are / or are likely to require additional support. Training is provided formally on a minimal annual basis and through ongoing coaching in identified scenarios.

Please see Vulnerable Customer Policy for more details.

### **4. Identify the intended distribution strategy for the product.**

MMC Specialist Cars Ltd operates in line with the intended distribution strategy confirmed by manufacturers across the different product lines. These credit products are specific to our marketplace and designed to assist customers to purchase a vehicle, therefore are ancillary to our primary activity.

### **5. Ensure the product will be distributed in accordance with the needs, characteristics, and objectives of the target market.**

This is controlled through the effective qualification of retail customers needs, which is confirmed as accurate by the customer. Thereby enabling the provision of sufficient and timely information on products available to customers, which suit their needs and objectives, and from which the customer can make an informed decision on purchase.

## Manufacturer Information — Price and Value

In line with PRIN 2A.4.16, information has been obtained from all product manufacturers which enables MMC Specialist Cars Ltd to identify and confirm consistency with the manufacturers view on the product providing fair value to retail customers. This information includes but is not limited to the following:

1. The benefits the product is intended to provide to a retail customer.
2. The characteristics, objectives and needs of the target market.
3. The interaction between the price paid by the retail customer and the extent and quality of any services provided by the Distributor.
4. Whether the impact that the distribution arrangements (including any remuneration it or (so far as the distributor is aware of it) another person in the distribution chain receives) would result in the product ceasing to provide fair value to retail customers.

Along with the above, the following regulatory distribution chain obligations are recognised:

1. A firm which distributes products to retail customers is responsible for ensuring the fair value obligations in relation to distribution are met in respect of any product it distributes to a retail customer.
2. A firm which distributes products to other distributors must ensure that all information relevant to the value assessment is passed to the distributor at the end of the distribution chain.

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3. A firm which distributes products to other firms in the distribution chain must consider whether they are also a co-manufacturer of the product they are distributing and if they are, apply the manufacturer rules in this section.

In this regard only number 1 is applicable to MMC Specialist Cars Ltd, 2 and 3 are not applicable within current framework and activities.

### Distributor Consideration and Assessment — Price and Value

Having fully reviewed the information provided against the requirements above, MMC Specialist Cars Ltd can confirm that our distribution methods are consistent with the delivery of fair value to retail customers through the following:

- 1. The benefits the product is intended to provide to a retail customer.**

The benefits and limitations of each product are clearly understood by employees involved in consumer credit activities. Training and competence assessment in this regard is completed on a regular basis. The sales process adopted includes a qualification stage which enables the identification of the correct / suitable product(s) for a customer.

- 2. The characteristics, objectives, and needs of the target market.**

The products distributed are designed purposely for the mass market of vehicle funding and therefore the common characteristics, objectives and needs of this market.

As above, these are qualified with customers prior to product presentation in order to ensure that the customer is introduced to suitable products which align with their needs and objectives.

These products are not mandatory but are optional. Customers are informed that they are not being provided with financial advice.

- 3. The interaction between the price paid by the retail customer and the extent and quality of any services provided by the distributor.**

The value of each product detailed in Appendix II is determined by the manufacturer, all available APRs have been considered in the manufacturers fair value assessment. Manufacturers pay a commission to [add firm name] which has been recognised within the manufacturers fair value assessment.

The 'commission' earned by [add firm name] as a distributor, covers multiple costs to sale which are required in order to provide the quality and extent of services provided

#### *Distributor Costs of Sale*

- FCA authorisation and fees
- Training and competency programmes
- Staff benefits and retention
- Recruitment costs
- Remuneration
- Premises
- Financial Promotions
- Oversight and monitoring programmes and resource
- Landscape monitoring

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- Partner liaison meetings
- Platforms and automation controls

### *Quality of Services*

- Customer outcomes are measured and reviewed consistently across a variety of data and feedback sources, action is taken where concern is identified. Management Information (MI) is reviewed through governance committees and includes but is not limited to the following: sales performance, product spread, pricing, cancellations, complaints, customer feedback, service levels.
- The distribution strategy is established and has been tested and refined / enhanced over many years of experience.
- Sales process controls are in place to mitigate risk.
- Standards of training and competence are a mandatory requirement under FCA regulation.
- Employees involved in consumer credit activities have completed training on all aspects of regulatory requirement, sales process, conduct; product understanding and customer outcomes including the management of vulnerable customers and recognition of complaints / customer dissatisfaction.
- All employees are subject to conduct rules under SMCR.
- We are an FCA authorised firm and subject to due diligence and regulatory oversight.
- As an authorised firm our processes meet requirements under the Consumer Credit sourcebook (CONC). It is these requirements which are detailed as responsibilities within the fair value frameworks provided by manufacturers.

### *Access to Support and Enquiry*

- Customers have access to support and enquiry **7 days** a week from a professional sales team.
- Information is readily available in balanced format on our website.
- Our employees progress through a training and competence programme which is regularly updated and renewed annually.
- Training includes a focus on recognising potential customer vulnerabilities and on assisting vulnerable customers to ensure that they receive the same intended outcomes as all customers.
- Support is available to customers during the lifetime of their product which enhances a personal touch and liaises / refers directly with the manufacturer.

### *Establishing a Clear Understanding of the Products*

- We work in partnership with Motion Finance to ensure documentation is provided at point of sale through electronic portal which meets regulatory requirements on timely provision and structure.
- Focus is placed on the ease of understanding and presentation of customer documentation.
- No assumptions are made as to a customer's understanding.
- Pre contract information supplied to the customer and presented by the sales team is delivered as per CONC requirement.

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- 4. Whether the impact that the distribution arrangements (including any remuneration it or (so far as the distributor is aware of it) another person in the distribution chain receives would result in the product ceasing to have fair value to retail customers.**

No fees or charges which are independent to the manufacturer fair value assessment are charged to customers by MMC Specialist Cars Ltd in regard to these products.

In order to ensure that remuneration plans are fair and where possible avoid potential conflicts of interest, or mitigate any potential risks, all remuneration plans are built in line with CONC 2.11 and reflected through Remuneration policy and processes. Current pay plans and pay plan review can be seen in Appendix I

Remuneration in all cases avoids product bias, do not contain accelerators or cliff edges which might impede behaviour, contain qualitative features, are reviewed annually, and are reviewed and signed off by senior management function holders.

### Embedded Governance

Adherence to regulatory requirements and appropriate, up to date, product distribution arrangements which ensure good customer outcomes and are consistent with the product providing fair value to retail customers, will be monitored, and addressed through the following actions:

- MMC Specialist Cars Ltd is committed to supporting manufacturer review through the provision of relevant information on request.
- Regular meetings will be held which will include a review of product distribution arrangements and its consistency with fair value.

Where concern or issue is identified through the above measures in regard to products and services, MMC Specialist Cars Ltd will:

1. Make appropriate amendments to the product distribution arrangements.
2. Where harm has been identified, take appropriate action to mitigate the situation and prevent any further harm.
3. Promptly inform all relevant persons in the distribution chain about any action taken.

Where MMC Specialist Cars Ltd identifies that the product no longer provides fair value, the appropriate action will be taken to:

1. Mitigate the situation to prevent further occurrences of any possible harm to retail customers, including, where appropriate, amending the distribution strategy for that product.
2. Redress any foreseeable harm that has been caused to retail customers by faults in the distributor's distribution arrangements.
3. Inform any relevant manufacturers and other distributors in the chain promptly about any concerns they have and any action the distributor is taking.

### Conclusion

Having reviewed our distribution strategy in line with the information provided by manufacturers, MMC Specialist Cars Ltd are assured that the strategy is consistent with that anticipated under product manufacture and with the product providing fair value to retail customers in the defined target markets.