

Friday, 28<sup>th</sup> April 2023

Dear Colleagues,

As you may know, under Financial Conduct Authority's ("FCA") new Consumer Duty, Lenders are required to provide intermediaries with the results of their value assessments. This is to ensure that intermediaries distributing the product have all necessary information to understand the value that the product is intended to provide to a customer. This also allows the intermediaries to meet their requirements under the Consumer Duty

Our assessment concluded that our products continue to deliver fair value for customers within the target market for which they are intended. This assessment was based on the historical and emerging data from key indicators such as complaints, rights of withdrawal, arrears, and customer feedback data.

There are no changes foreseen in the product offering at this stage. We will inform you on a periodic basis (annual as a minimum) whether any changes to the products are required and how these impact you.

#### **Determining the Co-manufacturer and Distributor role:**

The industry continues to engage with the FCA to determine whether intermediaries should be considered co-manufacturers or distributors. While there is a general agreement that the finance product is designed and manufactured by the lender, some intermediaries may have a material influence in deriving the final price paid by the customer. To address this issue, the Finance & Leasing Association ("FLA") and the National Franchised Dealers Association ("NFDA") are putting forward specific case scenarios to the FCA for commentary. We will engage with you further once we receive comments and feedback from the FCA.

#### **Background and Context:**

In accordance with the Duty, Lenders must:

- ensure that its products provide fair value to retail customers in the target markets for those products; and
- carry out a value assessment of its products and review that assessment on a regular basis appropriate to the nature and duration of the product.

The FCA's Consumer Duty rules require that lenders must make all appropriate information available to intermediaries to:

- understand the characteristics of the product or service;
- understand the identified target market;
- consider the needs, characteristics, and objectives of any customers with characteristics of vulnerability;
- identify the intended distribution strategy; and
- ensure the product or service will be distributed in accordance with the target market.

To facilitate this, we have attached a brief product information document for the various finance products and our assessment of these products.

Kind Regards,  
John Sundararajan  
Compliance & Risk Manager