Fingerprints: The We Complement Research & Due Diligence Service



Overview

A collection of documents that build on the governance structure of financial planning firms to evidence the following:

(CIP)
A firm's central investment policy and proposition.

(CRP)
A firm's central retirement proposition.

A firm's target client market/segments and relevant product solutions.

The platform (s) and portfolio (s) used by the firm.

Although we use a consistent set of starting documents and process for each firm, the finished set of documents will have unambiguous evidence of the firm's unique 'fingerprints' running through them.

We have fully embraced the Accord Initiative into our research. We believe this enhances the ability for advice firms to evidence suitable and compliant advice in a way that delivers good client outcomes whilst meeting CONSUMER DUTY, PROD, COBS and the Sustainable Disclosure Requirements (SDR) and sustainable investment labels.

CONSUMER DUTY and PROD

All financial planning firms must act to deliver good outcomes for their retail customers and this theme is at the heart of our fingerprints service. Our set of documents will ensure the four main CONSUMER DUTY outcomes, listed below, are clearly identified and considered:

Products and Services.

Price and Value.

Consumer Understanding.

Consumer Support.

Whilst also ensuring the firm has considered the following at a high level:

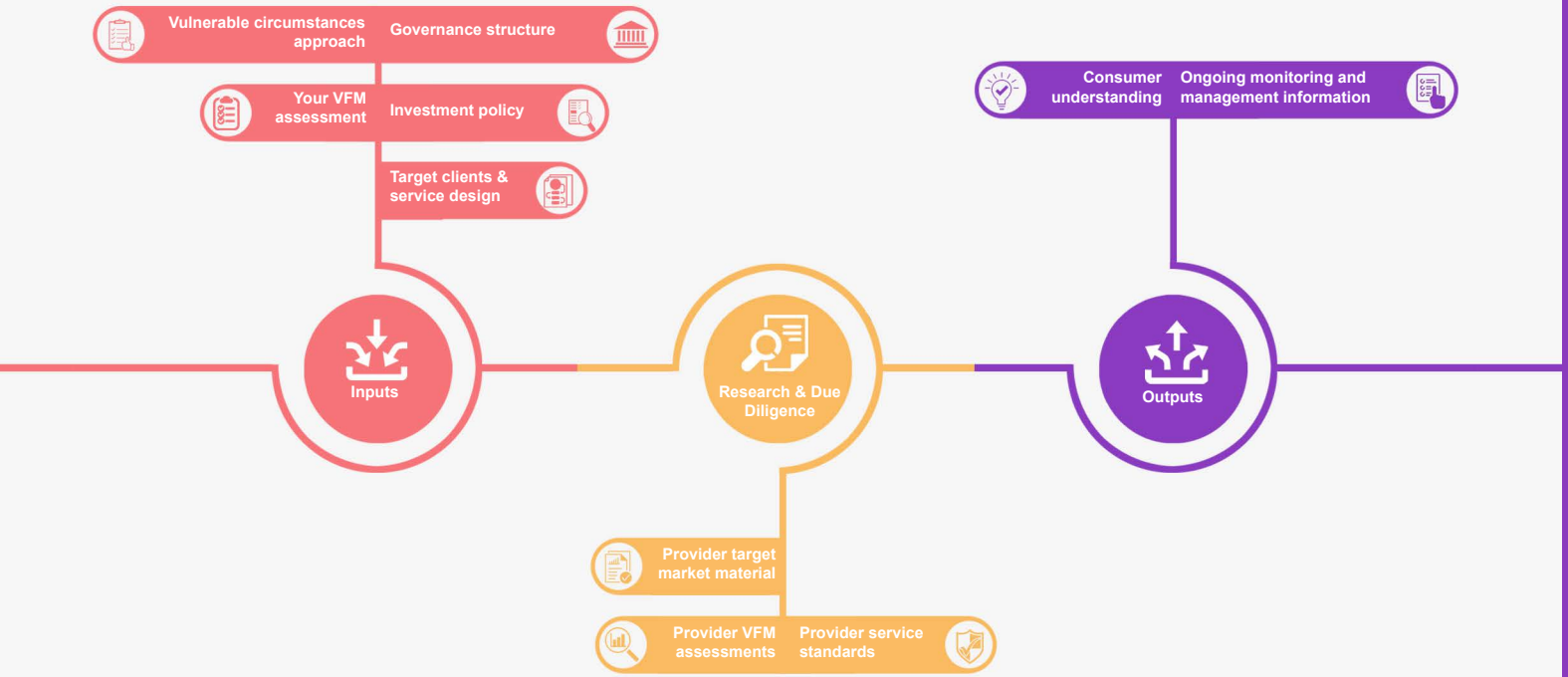
1. That they act in good faith toward retail customers;
2. avoid foreseeable harm to retail customers; and
3. enable and support retail customers to pursue their financial objectives.

And the following points from FCA FG 22/5 6.80 at a more granular level:

- Has the firm specified the target market of its products and services to the level of granularity necessary?
- How has the firm satisfied itself that its products and services are well-designed to meet the needs of consumers in the target market, and perform as expected? What testing has been conducted?
- How has the firm identified if the product or service has features that could risk harm for groups of customers with characteristics of vulnerability? What changes to the design of its products and services is it making as a result?
- Is the firm sharing all necessary information with other firms in the distribution chain, and receiving all necessary information itself?
- How is the firm monitoring that distribution strategies are being followed and that products and services are being correctly distributed to the target market?
- What data and management information is the firm using to monitor whether products and services continue to meet the needs of customers and contribute to good consumer outcomes? How regularly is it reviewing this data and what action is being taken as a result?

- Is the firm able to clearly demonstrate how any product or service they provide offers fair value?
- Can the firm demonstrate that the costs associated with the products and services that they offer are clear to the client?
- How does the firm monitor the impact of different pricing on different clients?
- In what ways does the firm review the price and value of the products and services that they provide?

Although largely overlooked in most CONSUMER DUTY literature Chapter PROD 3 of the FCA Handbook (Product Governance: MiFID1) still looms large. We therefore ensure the key rules that pertain to both distributors (advisers) and manufacturers (providers) are covered. Unlike significant elements of the FCA's 'principle-based regulation' the PROD rules are clear rules that must be adhered to.


Vulnerable circumstances approach
Governance structure
Your VFM assessment
Investment policy
Target clients & service design
Inputs
Research & Due Diligence
Provider target market material
Provider VFM assessments
Provider service standards
Consumer understanding
Ongoing monitoring and management information
Outputs



Investment Policy

Working alongside the firm's 'CONSUMER DUTY CHAMPION' we provide research and due diligence support to ensure the firm's unique investment policy is clear and evidences the firm's position on investment and platform selection, ESG, passive/active stance, as well as their decision to outsource their investment management or build their own offering in-house.



Client Segmentation

Neither the CONSUMER DUTY or Product Governance rules specifically mandate firms to segment their customers, although CONSUMER DUTY does require firms to identify their target market (s) 'at a sufficiently granular level, considering the characteristics, risk profile, complexity and nature of the product or service'. We use a straightforward framework within the CIP to allow firms to evidence this with their own unique fingerprints.

Value for Money

Value for money assessments forms one of the four main outcomes of CONSUMER DUTY. We therefore incorporate this into our research and due diligence process. Having documented the wants and needs of your target clients, the next step we undertake is to identify suitable products (investments/platforms/MPS etc.) that meet these needs documented and assess them to ensure they provide value for money.

Fair value is about more than just price. The Duty aims to tackle factors that can result in products which are unfair or poor value. Cheapest isn't always the most suitable.

Costs do form an essential part of the overall value assessment and will need to be assessed along with the benefits they intend to deliver. The FCA have suggested, FCA FG 22/5, three key considerations that should form part of the overall value assessment:

1. The nature of the product or service, and the benefits that might be reasonably expected.
2. Any limitations that are part of the product or service.
3. The expected total charge the client will pay over the lifetime of the relationship between client and firm.

We again evidence this element using a further framework which is tailored to ensure the firm's fingerprints are clear.



Vulnerable Customers

CONSUMER DUTY carries additional responsibilities regarding vulnerable customers. Rule 2A.3.16 states that a distributor must "consider (and document its understanding of) the needs, characteristics and objectives of any retail customers with characteristics of vulnerability".

We therefore evidence that your product selection considers the needs different levels of vulnerable customers, such as:

- Customers with health conditions or illnesses that affect their ability to carry out day-to-day tasks;
- Customers experiencing major life events such as bereavement or a relationship break-down;
- Customers with low ability to withstand financial or emotional shocks; and
- Customers with a low knowledge of financial matters or low confidence in managing money.

Research Process and Evidence

All documentation is supported by clear independent research undertaken using various research tools from companies such Lang Cat, FE Analytics and Synaptics.



Our Packages

A firm's central investment policy and proposition (CIP).

£750 +VAT

A firm's central retirement proposition (CRP).

£750 +VAT

A firm's target client market/ segments and relevant product solutions.

£750 +VAT

The platform (s) and portfolio (s) used by the firm.

£750 +VAT

Or £3000 +VAT for all 4 documents~



Contact

Old Brewery Business Centre, Castle Eden,
County Durham, TS27 4SU.

T: +44 (0)1472 728 030
E: hello@wecomplement.co.uk