

SinclairSays
Niche (April 2007)

Treating Customer Fairly

The FSA expected all firms to have implemented TCF by the end of March 2007. What results do they anticipate and how does this link to the AFB?

The AFB was created because a group of forward thinking people, who worked in the industry, saw troubled times ahead. Secured Loans had long been a profitable niche and was being discovered by more firms and the number of new entrants was growing. More brokers, more lenders and more lead generation firms.

In times of increased competition there are two ways a market can go – positively, or the increasing competition can cause people to behave irrationally. Even positive development brings risks. The secured loans industry is strongly populated by people and companies who try to do the right thing for their customers.

I believe this industry should stand for.

- Brokers employed by and always acting in the best interests of their customers.
- Brokers looking across the full range of Lenders to find the best deal for their customer, or telling customers in what way they are limiting the range they select from.
- Brokers telling customers if they are advising or providing information and the implication to the customer of foregoing advice.
- Protection Insurance should be recommended and the best deal found for the customer, and not tied to the Lender.

I know that the vast majority of companies conduct their business with

- integrity.
- due regard to the interests of its customers and treats them fairly.
- due regard to the information needs of its clients, and communicates information to them in a way which is clear, fair and not misleading.
- reasonable care to ensure the suitability of its advice and its decisions for any customer who is entitled to rely upon its judgment.

Then there are the few that spoil it for the majority – those that:-

- will advertise a rate that most customers will never get.
- breach all advertising guidelines, particularly on-line.

- encourage customers to think that buying PPI enhances their chance of getting the loan.
- sell an insurance that pays out less than it is costing their customer.
- will take a profit because it is within the letter of the rules.

Angry – me - not at all.

I just think that all of us have a responsibility to do the right thing for customers, and for employees, shareholders and society. It is about doing the right thing now so that we can make profits tomorrow and next year, not just today

We can all keep blaming other people or we stand together to sort it out. – whether we work as a Lender, Insurer, Broker or Lead Generator.....

robert@theafb.net