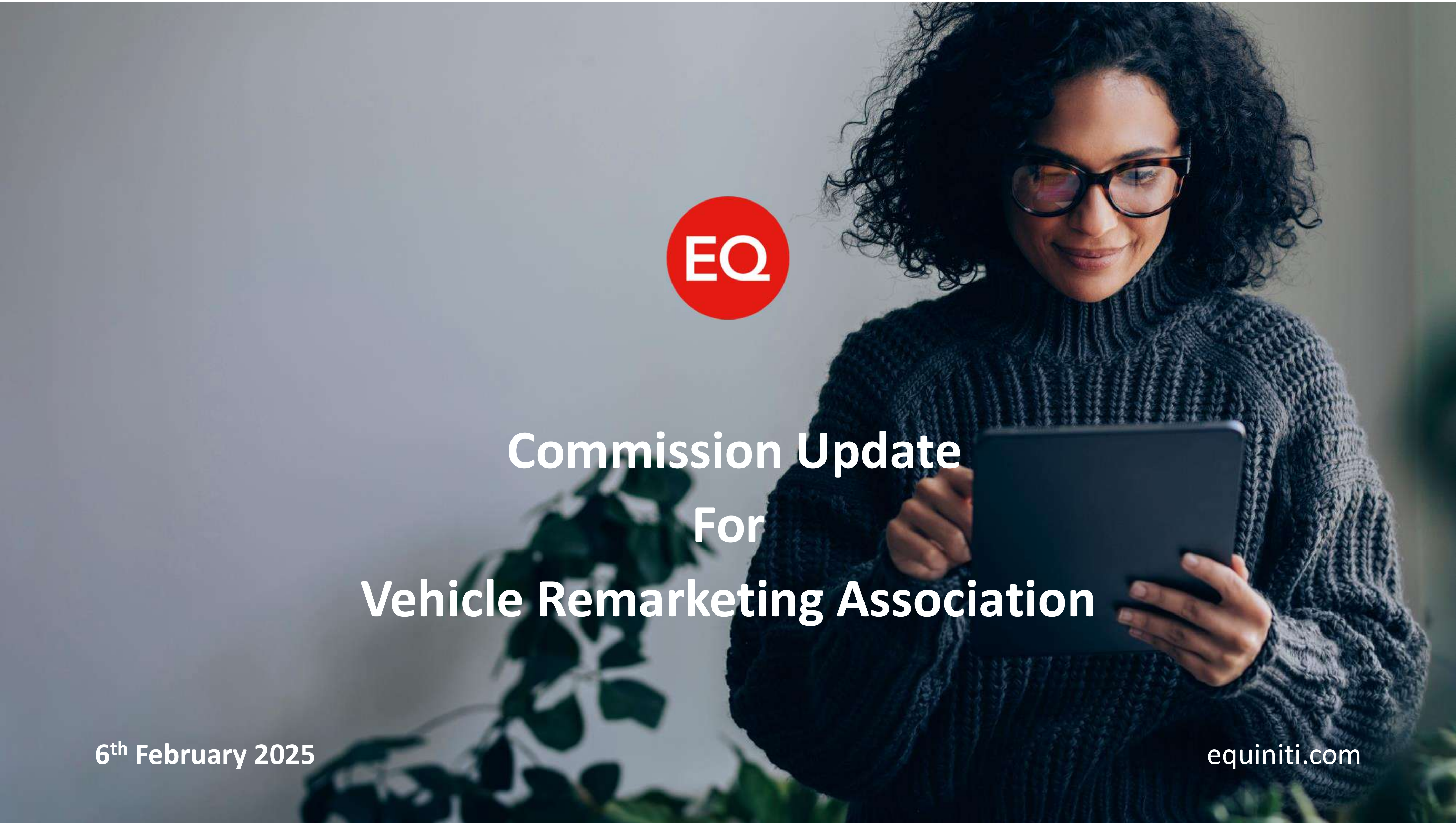


Commission Update
For
Vehicle Remarketing Association

6th February 2025

equiniti.com

Commission Key Dates

Dec 2024	April 2025	May/June 2025	Jun/Jul 2025	Aug/Sept 2025	Sept-Nov 2025	Dec 2025
FCA 'PAUSE' all Commission Complaints	Supreme Court to review and hand down their judgement following October Court of Appeal Case Decision and Barclays Judicial Review	FCA will share their views and start consultation period	Consultation opens Firms to provide feedback to the FCA by ? DATE	FCA Policy Statement Issued	Firm to implement FCA PS25/XX	Final Resolution Letters start to be issued

Complaint Rule Requirements

1

Know Regulatory Requirements

- All commission complaints paused
- Non-commission usual timelines apply
- Ensure disclosure of commission for new lending

2

Assess Complaints and be timely and transparent

- Review all complaint points
- Separate out commission related and refer to the lender
- Gather information for any other complaint points
- Answer within 3 working days
- If not, issue an acknowledgment within 5 working days
- Provide a timeline if you can
- Help lenders with any requirements they may have on you

3

Investigate root causes

- Same complaint repeated could evidence systemic issues
- Review decisions and make changes to internal processes

4

FOS / Legal Escalations

- If a complaint isn't resolved within 8 weeks, issue FOS Rights
- Keep all records to evidence your good consumer outcome

5

Implement Preventative Measures

- Training to ensure everyone completes fair sales practices
- Quality Check work
- Review FOS and Legal decisions and make changes to processes if needed

Commission issues to consider

1

DSARs
Increasing numbers

2

CMC Activity
SRA or FCA regulated different approaches
Beware of use of templates

3

Complaints
Single complaint or multiple complaint points?
Separate issues and progress the part you can

4

Duplications
DSAR or complaint could be submitted by more than 1 firm or directly by the consumer

5

Multiple Loans
Loyal consumers may have a mix of commission models
Provide clear communications

6

No DCA
Be aware of a change of complaint type to undisclosed or irresponsible lending

7

Fixed Commission
Complaints may arise due to the proportion of the commission to the loan size

8

FOS
Keep an eye on the number of cases going to FOS, their case fees can quickly become a problem for firms

9

Supreme Court
1st to 3rd April being heard
Treasury intervention to try and limit commission exposure
Expect Judgement end of Q1

10

FCA Consultation
Expected quickly after the supreme court judgement
Q2

Practical steps forward

Complaints Process

Review and meet regulatory requirements

- Treatment Principles
- Operational processes
- Customer Communications
- Assess the complaint
- Respond promptly

Governance

Robust framework to
Capture your decisions
Manage risk

- Who is accountable for this activity?
- What is my management structure and escalation process?
- What reporting do I need?

Technology and data

MMX

- Update accordingly to FCA revisions
- Reporting align to FCA requirements

Operational readiness

People

- Define Target Operating Model
- Define training
- Work to the defined processes

BE FLEXIBLE – EXTERNAL FACTORS

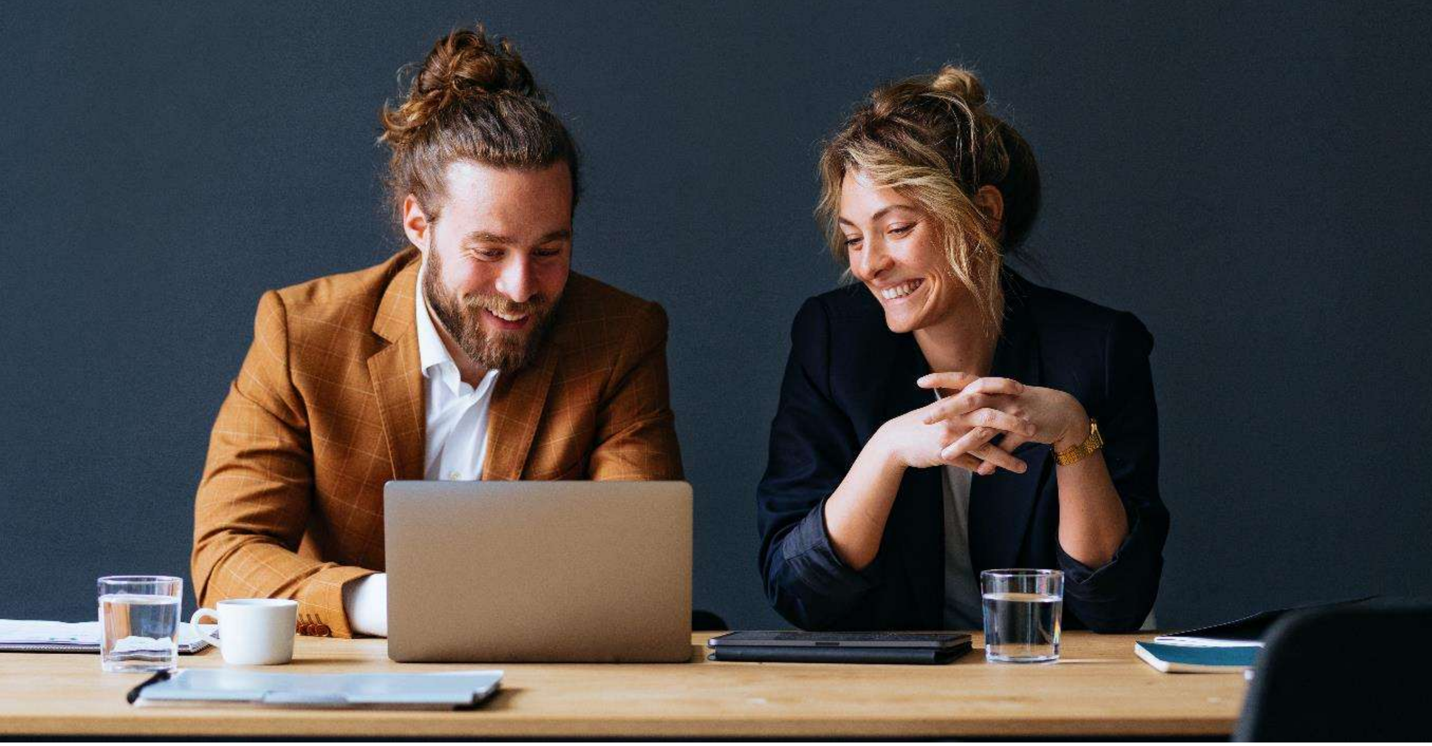
Legal cases, regulation, CMC activity, and media attention will evolve quickly

Commission areas of focus

- The FCA have a heightened focus on market and outcomes
- Data is at the heart of many requirements (repetition)
- Think Consumer Duty
  - Best practice feedback
  - Co-manufacturing (distribution channels)
  - Fair value assessments
  - Monitoring
  - Vulnerable customers
- Documentation – keep it simple and transparent
- Review your customer outcomes and customer journeys

Thank you

Any questions or feedback?



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