

## **VULNERABLE CUSTOMER POLICY.**

The Board of Pendragon PLC (“the Company”) has adopted this policy reflecting how it intends in the context of its motor retail business, to operate to the “Vulnerable Customer” policy.

### **INTRODUCTION**

The Company believes that the fair treatment of customers is essential to the success of its business. Customers are a key stakeholder in the Company’s motor retail businesses, both directly and because of the influence the quality of the customer experience has on the businesses’ relationships with other crucial stakeholders, principally vehicle manufacturers, providers of consumer credit and suppliers of general insurance products.

### **SCOPE**

The purpose of this policy is to ensure that the Company’s operations do not have any negative impact upon vulnerable customers. For the purposes of this policy, vulnerable customers are customers and prospective customers whose ability or circumstances require the Company to take extra precautions in the way that it sells and provides its services to ensure that they are not disadvantaged in any way. Accordingly, this policy applies to all operations, including marketing, sales and advice, aftersales service and complaint handling. The fair treatment of the customers is therefore required to be embedded in the whole process and reflected in all the behaviours of the Company’s associates.

### **VULNERABLE CUSTOMER DEFINITION**

The Financial Conduct Authority (FCA) defines a vulnerable customer as “someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care.”

The Company recognises that certain groups of customers may be vulnerable. Whilst not all customers in these groups may be vulnerable, the Company will consider a customer’s individual circumstances where a potential vulnerability is identified.

These groups may include, but are not restricted to:

- Customers with communication difficulties (including learning difficulties, such as dyslexia, or English not being their first language).
- A customer with a reduction in physical or mental capacity.
- A customer with health issues - illness, whether physical or mental illness, severe or long term.
- A sudden diagnosis of serious illness to the customer or close family member.
- Personal circumstances of the customer – factors such as financial difficulties, bereavement, caring responsibilities or redundancy.
- The customers age particularly older and younger people. For example, a younger person may be considered inexperienced and the older person may be less technologically able.

## KEY PRINCIPLES WHEN ENGAGING WITH A VULNERABLE CUSTOMER

As soon as the Company believes that they may be engaging with a vulnerable customer, whether this is through an associate's identification or customer disclosure, it will:

- Ensure adherence to this policy.
- Provide additional opportunities for the customer to ask questions about the information the Company has provided.
- Continuously seek confirmation that the customer has understood the information that has been provided.
- Ask if the customer would like somebody to accompany them to the dealership. If so, the Company will make arrangements to continue with the subject matter at another time.
- Offer the customer the opportunity to complete the transaction after a period of further consideration.
- If the Company cannot help a customer, it will try and make sure that the customer understands what alternative options are available to them.

## VULNERABLE CUSTOMER POLICY STATEMENT

The Company's processes, policies and behaviours will ensure that all customers are treated fairly at each stage of its relationship with them.

The Company selects and retains only those suppliers of retail products and associated services who are able to demonstrate their respect and consideration of potentially vulnerable customers in respect of those aspects of the customer relationship for which they are responsible.

The Company's core values, TCF policy and Vulnerable Customer policy is included in induction and training of all associates.

The Vulnerable Customer policy is available on the Company's internal intranet and external website and made available in hard copy upon request.

### Product design, governance and marketing

The Company requires its product suppliers to provide information about the outcome of sales to inform its decisions on the product portfolio and its assessment of the fair treatment of customers.

As mediators of products designed by third party suppliers, the Company's concern is to ensure that its product portfolio meets the following requirements:

- The supplier is of adequate financial standing and will enable the Company to fulfil its core values.
- The products are suitable to the Company's potential customers, as purchasers of new and used motor vehicles.
- Due consideration is given to customers in potentially vulnerable circumstances so that they are not disadvantaged.

The Company regularly reviews its product terms and conditions and all customer feedback and engages with product suppliers to redress imbalances against customer expectations.

## SALES AND ADVICE PROCESSES, AND AFTERSALES CARE

The Company mediates finance insurance products from multiple retail locations to customers for motor vehicles who potentially will have contact with a variety of associates. The Company's concern is to ensure that its customers' experience meets the following requirements:

- Whether for finance, general insurance or other products or services, only appropriately trained competent associates deal with the customer.
- Associates receive the appropriate knowledge and skills training and support to provide a service which treats vulnerable customers fairly, protects against risks of mis-selling and poor customer outcomes, and ensures the suitability of advice given.
- Where practicable, the Company's information systems incorporate means of assurance of the fair treatment of vulnerable customers and the control of the risks of mis-selling and of poor outcomes for customers.
- The effectiveness of the Company's sales and advice systems and processes in achieving the fair treatment of customers is regularly reviewed.
- Management information is used to identify behaviours which put customers at risk of poor outcomes or mis-selling or otherwise fall short of the Company's expectations and to inform corrective training.

The Company identifies potential conflicts of interest within its sales process and ensure that individual and business objectives are linked not only to sales performance but also to sales process quality, Treating Customers Fairly (TCF), and regulatory compliance.

The Company acknowledges that conflicts of interest may arise either: (a) between its interests as a business and those of customers; or (b) between the personal interests of its associate and those of the customer; either because of a relationship, or a financial incentive or inducement it offers or which is offered by any third party. Such conflicts may have the potential to influence its interaction with a customer or its advice to a customer on the most appropriate general insurance product or service for him or her, according to his or her circumstances as explained to the Company by him or her. Where such a potential or actual conflict arises, the Company will operate processes which are designed to eliminate the risk of detriment to the customer. Any associate found not to be operating to those processes will be subject to disciplinary procedures, which could lead to a variety of outcomes, including dismissal of the associate. The decision whether or not to commence such procedures and the conduct of disciplinary procedures shall in each case be by leaders who do not have a direct financial or other interest in the outcome of any such procedures.

Whilst aftersales care is delivered by the Company's selected providers, it satisfies itself of their financial standing, ability to meet the obligations inherent in their products and to provide aftersales care, and other relevant capabilities, in its provider selection process and requires them to provide it with management information concerning its performance to a prescribed standard. The Company utilises such management information and its own management information to identify and respond to aftersales performance matters.

## COMPLAINT HANDLING

The Company provides customers with easy access to associates, both those who made the sale and ones unconnected with the sale, to receive, record, investigate and respond to complaints.

The Company allocates clear responsibilities to associates for:-

- Investigation of a complaint; and
- Resolution of a complaint; and
- Communication with the customer at appropriate stages.

The Company gives clear explanations of its complaints handling process and of conclusions reached at the end of the process.

The Company keeps the customer informed in a timely manner of the progress and status of their complaint.

The Company advocates on behalf of customers with any supplier which responds unreasonably to a legitimate claim or complaint.

The Company uses identified trends in complaints received to inform its product and supplier selection.

## MANAGEMENT SUPPORT

Senior Management:-

- Prescribe and oversee a risk management process and methodology for the identification of risks and the design and documenting of effective mitigating controls.
- Prescribe management information disciplines which allow regular score-keeping against its TCF and sales process quality objectives.
- Regularly review the management information needs of the Company so as to ensure that MI produced is relevant to the risks and controls in the Company's sales environment and permits effective review of sales practices and their associated audit test results.
- Ensure that business leaders' and associates' role responsibilities clearly set out their TCF and regulatory compliance objectives.
- Ensure there is available to all relevant associates training and coaching which equips them to understand their responsibilities.
- Regularly review and moderate remuneration schemes and performance objectives to ensure consistency with the businesses' approach to vulnerable customers and TCF.
- Ensures that the Company rigorously promotes its customer core values, in all available training interfaces with its associates, to embed a culture of Treating Customers Fairly.
- Ensures that its incentive schemes reward and recognise excellence in providing a quality sales experience to the customer, embracing the fair treatment of all customers.