goodcorporation

Treating Customers Fairly Audit

The GoodCorporation Treating Customers Fairly (TCF) Assessment is based on an assessment methodology that GoodCorporation has developed and used since it was set up in 2000, with more than 150 organisations in over 70 countries. The TCF assessment is a response to the need for any consumer facing organisation to be able to measure and evidence that it is treating its customers fairly. It is based on the original requirements set out by the UK financial services regulator and adapted by GoodCorporation.

The financial services regulator set six ‘consumer outcomes’ as follows:

Outcome 1: Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances.

Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

The GoodCorporation assessment methodology is illustrated in the diagram below. For each of the TCF outcomes GoodCorporation assesses whether a policy and system are in place inside the company. GoodCorporation then assesses whether documentary proof exists to show that the policy is actually implemented. Finally GoodCorporation interviews customers directly or uses survey evidence, to understand their experience to make sure that they perceive that they are treated fairly in reality.

The assessor checks:

that a fair policy exists
policy documents are reviewed

that a fair system is in place to implement the policy
systems are examined

that management information exists which shows that the system works in practice
a sample of records is reviewed

that stakeholders, when asked, agree that the system works and is fair
interviews are held with employees, customers and other relevant stakeholders

The assessor awards a grade:

fail
there is no policy or system, or it has largely broken down

minor non-compliance
there is a policy and system but it is not always working

observation
there is a policy and system that works but potential improvements have been identified

merit
the policy and system work well

commendation
the policy and system are examples of best practice

GoodCorporation then grades each outcome and also writes a management report setting out any required corrective actions.

The TCF Outcomes and GoodCorporation's Assessed Practices

These practices are assessed using GoodCorporation's assessment methodology. Each practice is graded to help the organisation measure whether it is treating customers fairly.

Outcome 1:

Customers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

1.1: There is clear management responsibility for embedding a culture of treating customers fairly.

1.2: There is a process to communicate the firm's policy on fair treatment of customers to employees.

1.3: There is a process to train employees on treating customers fairly.

1.4: There is a process to ensure that employees effectively apply the policy of treating customers fairly.

1.5: Employees are incentivised to treat customers fairly.

1.6: There is a system to reward employees for treating customers fairly.

1.7: There is an overall system to audit the organisations' adherence to the TCF policy.

1.8: There is a process to obtain customer feedback on the fairness of their treatment and to use this in developing products and corporate culture.

Outcome 2:

Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

2.1: There is clear management responsibility for designing products that meet the needs of identified consumer groups.

2.2: There is a formal product development process, which analyses the needs of different consumer groups and designs products accordingly.

2.3: The product development process is reviewed regularly to ensure that products are targeted appropriately.

2.4: Employees are trained regularly on the features and benefits of each product and to which consumer groups they should be targeted.

2.5: Remuneration is structured to ensure that products are sold to the correct consumer groups.

2.6: There is a regular audit to ensure that products are sold to the appropriate consumer groups.

2.7: Customer feedback on product appropriateness to their needs is sought, recorded and taken into account in developing sales policies.

2.8: There is a process to update products to meet customers' changing needs.

Outcome 3:

Customers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

3.1: There is clear management responsibility for providing clear information to customers before, during, and after the point of sale.

3.2: There is a process to ensure that clear information is provided to customers on all retail financial products.

3.3: Employees are regularly trained on retail financial products and on how to keep customers informed.

3.4: Employees are incentivised to provide clear information to customers.

3.5: There are regular audits to ensure that employees have knowledge of all retail financial products and also to check that customers are kept informed as appropriate.

3.6: Customer satisfaction on the clarity of product information and the quality and frequency of information is sought, recorded and taken into account.

3.7: There is a process to review and update information on all retail financial products regularly.

Outcome 4:

Where customers receive advice, the advice is suitable and takes account of their circumstances.

4.1: There is clear management responsibility for providing suitable advice to customers that takes account of their circumstances.

4.2: There is a process to ensure that customers receive suitable and appropriate advice on retail financial products.

4.3: Employees are trained to provide suitable and appropriate advice to customers, in accordance with their circumstances.

4.4: There is process to ensure that employees are incentivised to give appropriate advice to customers.

4.5: There is a regular audit to ensure that suitable and appropriate advice is given to customers on a timely basis.

4.6: Consumer feedback on their experience of receiving advice is sought, recorded and taken into account.

4.7: The appropriateness of advice given on retail financial products is reviewed regularly.

Outcome 5:

Customers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

5.1: There is clear management responsibility for providing products which perform as customers were led to expect.

5.2: There is a set of indicators to forecast and track product performance.

5.3: There is a process to ensure that product performance is understood and is clearly communicated to customers.

5.4: Employees are adequately trained to ensure that product performance is understood and communicated accurately to customers.

5.5: Employees are incentivised to give accurate information about product performance to customers.

5.6: There is an audit to ensure that product performance is monitored and accurately reflected in information given to customers.

5.7: Customer feedback on product performance compared to expectations is sought, recorded and taken into account in developing products and associated services.

5.8: There is a process to review the appropriateness of product performance and the services delivered.

Outcome 6:

Customers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

6.1: There is clear management responsibility for ensuring that there are no unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.

6.2: There is process to identify and remove unreasonable post-sale barriers to changing product or switching provider.

6.3: There is a clear process to allow customers to change product or switch provider.

6.4: There is a clear process to allow customers to submit a claim or make a complaint.

6.5: Training is provided to ensure that employees know how to allow customers to change product, switch provider, submit a claim or make a complaint.

6.6: Employees are incentivised to ensure that customer complaints and claims handling are handled appropriately.

6.7: Employees are incentivised to provide clear information to customers about switching products and switching providers.

6.8: There is a regular audit to ensure that processes to allow customers to change product, switch provider, submit a claim or make a complaint work effectively.

6.9: There are processes to obtain feedback from customers about complaints handling and claims handling and this feedback is used to improve processes.

6.10: There are processes to obtain feedback from customers who have switched products or switched providers and this feedback is used to improve processes.