

YOUR
CREATIVE ✓
GUIDE TO BEING AN
INTRODUCER



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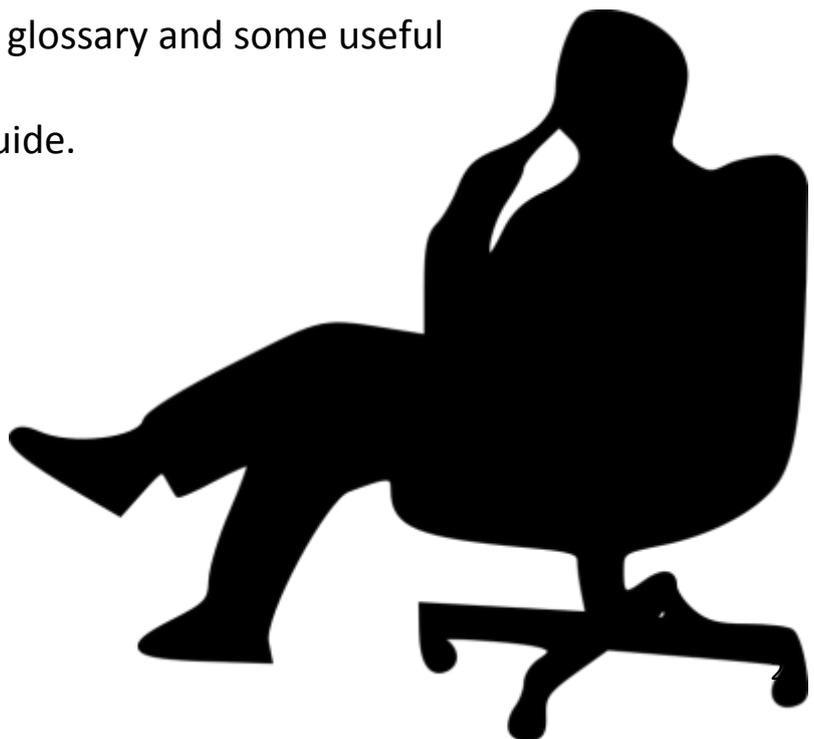
FCA Authorised Consumer Credit Broker FRN. 631176

Hello, and welcome to the Creative™ fold, if you are becoming an Introducer of ours. It is not a relationship that we may take lightly. We strive to help you deliver what your customers need, and that indeed is what the Introducer role is all about. **It's placing the customer first and foremost.** That's why we've created this short guide so you understand what, together, our consumer credit responsibilities are.

This guide will summarise

1. What a secondary credit broker is;
2. Who can become an introducer of ours;
3. How the consumer credit process works;
4. What our obligations to the consumer are.

You will also find a short glossary and some useful links at the end of this guide.



What is a secondary credit broker?

Financial activities in the UK are regulated. Which means that to carry out legally defined financial activities in the UK, such as marketing products, managing other people's money, advising clients on what to buy or sell, arranging securities, making finance referrals, and lending, a person or legal entity must be authorised and regulated to do so by a regulator such as the FCA.

Authorisation is the equivalent of the old OFT consumer credit licensing regime. Firms that want to carry on regulated activities must apply for authorisation (unless they are exempt or an appointed representative). You have approached us to be an Introducer, and that means that you must hold a limited permission authorisation for Secondary Credit Broking – or we may appoint you as our Introducer Appointed Representative.

If you are not authorised in your own right, and you would like to become an Introducer Appointed Representative of ours, please inform us at the earliest opportunity. This guide assumes that you in fact already hold a limited permission for consumer credit broking.

We have a wide panel of selected funders – over 50 at the last count.

What you are doing, if you are a secondary credit broker, is providing potential customers of yours with access to the finance needed to acquire something you sell – perhaps a car or some other vehicle. In other words, your main business is the sale or lease of stock – and not the sale of finance. You have approached us as specialists in the field of purchase finance and have in fact 'outsourced' that activity to a greater or lesser extent. And of course we're happy to help!

We are directly authorised by the FCA and have permissions to arrange deals in certain investment classes and give information regarding them to your client, in which case we are in effect acting on behalf of your client although at your request and they are our customer. If, on the other hand, you are handling this part of the customer relationship yourself, so that you are quoting and communicating exclusively with the customer, then we are acting on your behalf and your client will not join our 'customer journey' until you pass them over to us. The latest this can occur is immediately after the sale.

It is therefore important to us that you are aware of your responsibilities to the customer and that, whenever the hand-over occurs, every customer will have been treated fairly at every point of the process.

You must always tell the customer you are using us as a broker however. We have relationships with over 50 funders, so if they are still looking for finance they are unlikely to object.



Who can become an introducer of ours?

To undertake and carry out most financial services activities in the United Kingdom, a firm involved needs to be authorised and regulated by the FCA.

The Financial Services and Markets Act 2000, section 19 says:

“No person may carry on a regulated activity [such as promoting, advising, arranging, or managing of financial products] in the United Kingdom, or purport to do so, unless he is—
(a) an authorised person; or
(b) an exempt person.”

The penalties for carrying out a regulated activity without having permission to do so is up to two years **imprisonment**.

At present, for a firm to become directly authorised and regulated by the FCA, it involves them completing an application form, paying a processing fee, putting up regulatory capital, having a detailed regulatory business plan, determining the scope of business and what permissions are required, having offices in the UK, and waiting to be approved.

Once authorised, a firm has to submit regular reports to the FCA and is obliged to monitor itself (or hire external consultants) to ensure that it is acting in accordance with the FCA handbook (which stands to over 7 feet tall if printed out) and other regulations and laws.

However, this means that you can introduce consumer credit business to us.

What we will do is check that you are listed on the Financial Services Register with the right permission to do so, and that you are on the register of data controllers, as you will be passing us personal data. We will also collect some basic information about your operation, which funders you are already using, a copy of your paying-in slip in order to verify your bank details and we will review your trading premises.

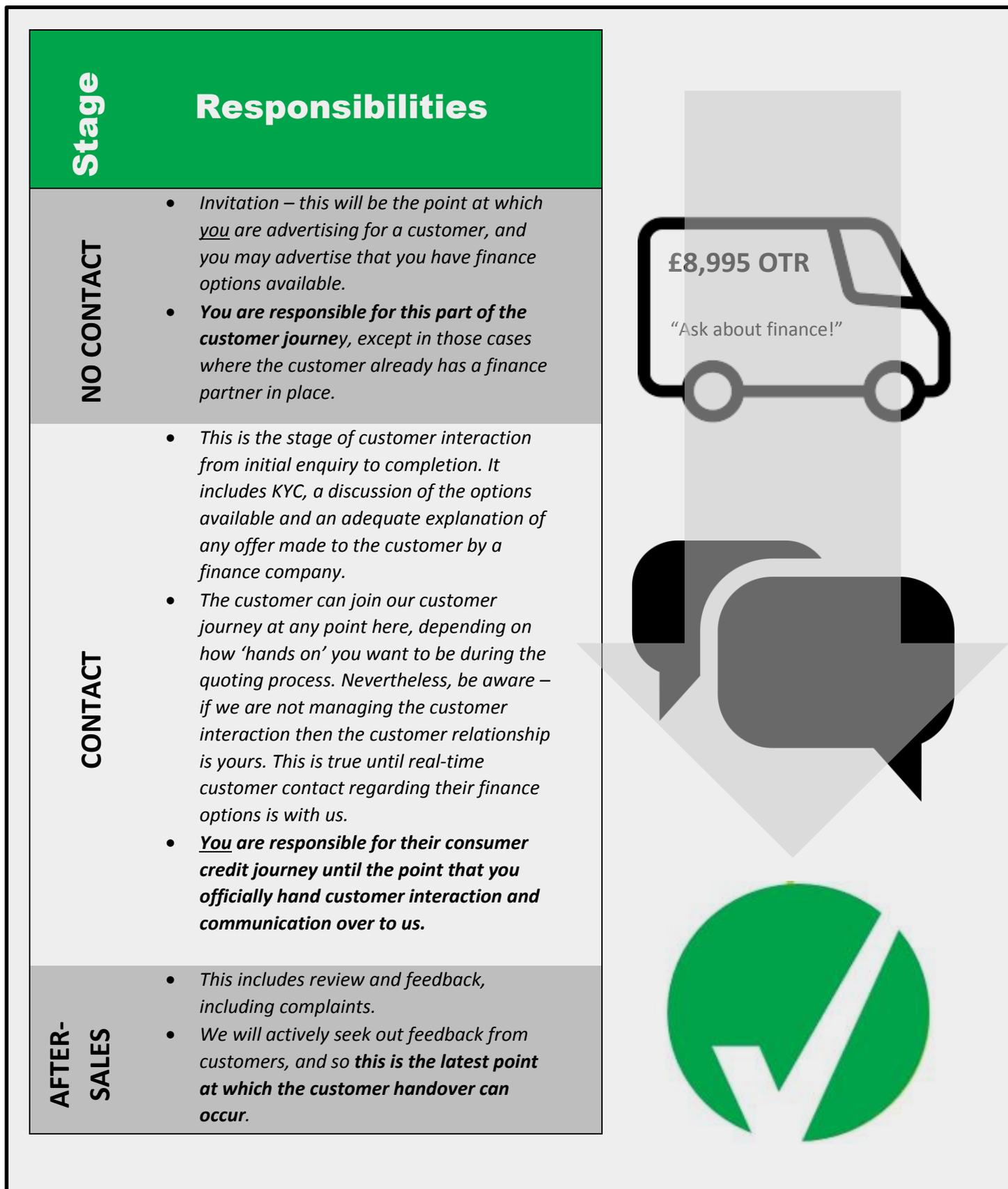
Authorised and regulated firms can be searched on the FCA database here:
<https://register.fca.org.uk/>

Registered Data Controllers can be searched on the ICO register here:
<https://ico.org.uk/ESDWebPages/Search>



How does the consumer credit process work?

Essentially, there are three stages to the customer journey.



What are our obligations to the consumer?

Stage	Activity	Obligation
No Contact	Invitation	DO be clear, fair and not misleading
		DO use Representative APR/ examples
		DON'T offer incentives to apply for finance
		DON'T target customers for whom finance is unsuitable (i.e. under 18s)
		DON'T claim products improve credit scores/ reduce debt
		DO highlight the general risks of credit
		DON'T charge a fee for application/ processing
Contact	Enquiry	DO explain your regulatory status and disclose your broker relationship DO disclose the existence of commissions DO give them a copy of your Privacy Notice and complaints procedure DO encourage them to communicate Personal Data in a secure manner
	KYC	DO carry out a fact find to discover their circumstances, with their explicit permission DO verify their identity with Photo ID DO establish their rationale for finance over cash DO provide indicative figures as representative
	Discuss Options	DO have a verbal discussion of the risks and particulars of different routes to finance DO establish any Special Needs DO obtain informed consent to proceed with any formal proposal
	Propose to Customer	DO make a submission to a lender containing all relevant information DO obtain approval or return to 'Discuss Options' DO make the necessary regulatory disclosures ('Adequate Explanations, SECCI etc.) DO confirm the performance of conditions
	Completion	DO perform the final validations at sign-up DO get the agreement signed after due consideration DO chase payout DO update your customer records DO maintain your transaction logs DO send out a welcome letter and complaints procedure DO authorise all disclosed commissions and payments
Aftersales	Review	DO complete your filechecks
		DO carry out your complaints handling process
		DO maintain a clean desk policy
		DO seek feedback from stakeholders and customers
		DO produce MI on product performance
		DO update your training where necessary
		DO carry out your data maintenance procedures
		DO carry out your data retention procedure



At Creative Funding Solutions, we aim to help our introducers stay the right side of the law, the regulator and the customer, as far as we are able to, although we only accept regulatory responsibility for the conduct of our Appointed Representatives. To that end we have produced a whole suite of introducer support, including this guide, and the following materials:

The FCA's Principles Based Regulation and Consumer Credit Do's and Don'ts.

This is a PowerPoint deliverable giving you compliance hints and tips for your business.

Sample Policy Pack

This is a pack of sample policies which you can tailor to your business, including an Advertising Policy, GDPR Policy, Privacy Notice, Anti-Money Laundering policy, Diversity Policy, Financial Conduct Policy, Anti-Bribery Policy and Complaints Handling Policy.

Dealer Regulatory Business Plan Template

We can tailor this for selected introducers, otherwise you can fill in the blanks yourself.

Typical disclosures by product

A list of the kinds of disclosures you should be making on sheets tailored to particular products

Glossary

These are some of the common words used in this guide:

Appointed Representative

An appointed representative is an agent of a Principal firm that is fully authorised and regulated by the Financial Conduct Authority ("FCA").

Authorised Person

A firm or individual which has been granted a permission to carry out a regulated activity by the FCA

Client / Customer

This is a potential or actual consumer of financial Products and this could be a real person or a non-natural person like a partnership.

Completion

The point at which an offer of finance has been accepted and consideration exchanged

Employees

This describes the people who work for the firm and includes employees, contractors, part time staff, members, directors, partners and representatives of the Firm.

Exempt Person

A firm or individual not directly regulated by FCA

Firm

An entity that is directly or indirectly authorised and or regulated by the FCA.

KYC

Know your customer, alternatively known as know your client or simply KYC, is the process of a business verifying the identity of its clients and assessing potential risks of illegal intentions for the business relationship. Also used here to identify a customer's circumstances and requirement and the appropriate matching product.

Product / Investment

A financial service or funding product.

Regulatory Business Plan

An important regulatory tool for the firm and the regulator in measuring the firm's business risk and control over any regulatory concerns.

Senior Management

Those who run and manage the firm. It can include board directors and partners, or managers

delegated regulatory responsibilities.

Useful Links

<http://www.fca.org.uk/firms/about-authorisation/getting-authorised/Becoming-an-appointed-representative>

<http://www.fca.org.uk/firms/being-regulated/meeting-your-obligations/fair-treatment-of-customers>

<http://fshandbook.info/FS/html/FCA/SUP/>

<http://fshandbook.info/FS/html/FCA/CONC/>

<http://ico.org.uk>

<http://businessfundingsolutions.co.uk>

