



MEETING THE CONSUMER DUTY

Pareto is an award-winning financial planning firm. We partner with our clients offering expert financial advice to help them plan for their best financial future.

MEETING THE CONSUMER DUTY

What is it?

In 2022, our regulator, the Financial Conduct Authority (FCA), set out final rules and guidance for a new Consumer Duty that sets out its expectations for higher and clearer standards of consumer protection across financial services. It requires firms to put their clients' needs first.

How has the Consumer Duty changed our services?

The Consumer Duty is seen as a fundamental change to consumer protection regulation and it will be necessary for many firms to fundamentally change from both a cultural and operational perspective.

At Pareto, we welcomed the new rules as we believe them to be the regulator's confirmation of everything we represent as a company and everything we have tried to achieve for our clients.

Since Pareto was first established in 2008, at the heart of our business has been a clear and succinct purpose – to provide a positive client outcome in everything we do. We believe in the importance of financial planning and how we provide it.

We have built our reputation through our expertise in highly complex areas of financial advice. All of our services have been designed to meet the needs of our clients – ensuring the right outcomes for them at all times. We have set this out in our client charter to make sure this was always at the top of our agenda.

We are also leading the industry on best practice and have won numerous awards for our services. We were also voted one of the best Financial Advisers to work for.



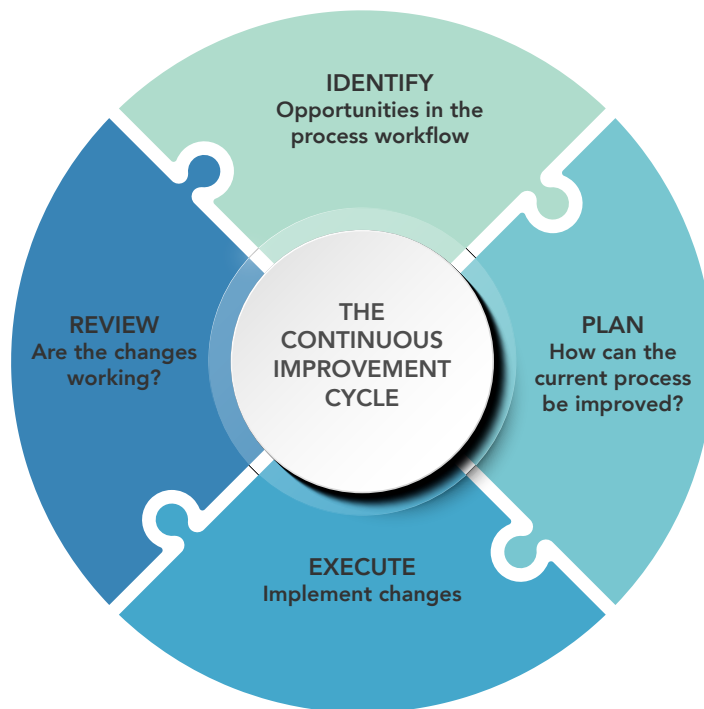
THE FCA'S CONSUMER DUTY

The Consumer Duty expects advisers like Pareto and providers of financial products to meet the requirements of four specific outcomes. These outcomes represent different aspects of the relationship between advisers, their clients and the providers they recommend, as shown below.



So how do we know we are delivering on these outcomes?

We know as we are always reviewing what we do. Linked to our cultural values of Passion, Loyalty, Reliability, Trust and Transparency is our commitment to continuous improvement, an ongoing and incremental cycle of improvements to our services, processes and client outcomes.



And whilst we were confident that we were already meeting the expectations of the regulator, we have nevertheless undertaken a root and branch review of everything we do in order to see if there were any gaps and to find opportunities to improve wherever we can.



MEETING THE FOUR OUTCOMES

So that we can be clear as to how each of the outcomes affects our clients and how we ensure we meet them, we have summarised the key steps we have taken on the following pages.

OUTCOME 1: PRODUCTS AND SERVICES

What does this outcome mean for our clients?

This outcome requires us to understand if services and products are suitable for our clients, both at the date of advice and in the longer term. To help meet this outcome, we should stay informed about how providers design and update their products to meet the changing needs of their target market.

This means we need to evidence that our services and our product recommendations are in line with our clients' needs, and that any advice we provide continues to support any ongoing needs our clients have.

How do we ensure that the products and services we provide and/or recommend are fit for purpose, meet the needs of our clients and are distributed appropriately?

- As part of implementing the Consumer Duty, we have reviewed the services we provide and the products we recommend.
- We have used the information we have on our clients' demographics and we have checked this information against the target market and the target market of the providers we recommend.
- For each new recommendation, we assess the target market for each product we recommend.
- As part of our advice process, we assess our clients current and future pension arrangements and how any investments are governed and managed.
- We consider our clients' life stages and how their needs change over time.
- We carefully monitor client outcomes and have regular third party audits to confirm that we are delivering appropriate products and services.



OUTCOME 2: PRICE AND VALUE

What does this outcome mean for our clients?

This outcome requires our clients to understand if the price they pay for a service or product that they have been recommended is reasonable when compared to the benefits they will get from that service or product. This also applies to the cost of the advice we give to them.

The outcome aims to reduce the potential for our clients to be met with hidden, unreasonable or miscommunicated costs throughout the lifespan of any services provided or products recommended.

This means paying close attention to the life cycle of a product, and regularly assessing whether it's still offering our client fair value, based on their circumstances and needs.

How do we ensure that we are giving our clients fair value for money across the products and services we recommend and the services we provide?

- As part of the Consumer Duty, we have assessed whether the price our clients pay for our service, and the products we recommend, represent fair value in relation to the benefits they receive.
- We have used the information we have on our clients' circumstances to check that our services and the products and services we recommend offer fair value to our clients.
- We regularly review and have documented the services we offer our clients and the fees we charge for those services.
- We regularly benchmark our fees against the wider market to ensure that we offer the very best value for money.
- For pensions and investment recommendations, we take care to understand and explain growth rates and benchmarking and how these relate to achieving our clients' financial objectives.
- For protection recommendations, we take care to understand when, how and the level of claims paid.
- If product features are a consideration, we ensure that these represent value to the client and match their needs. Clients should not be paying for features they don't need and will never take advantage of.



OUTCOME 3: CONSUMER UNDERSTANDING

What does this outcome mean for our clients?

This outcome expects that our clients get the information they need at the right time, and in a way they can understand.

This means we must communicate with all clients in a clear, transparent and accessible way when discussing services or products.

This includes making clear any benefits, risks or costs involved with products, so that our clients can make informed decisions based on their personal circumstances and needs.

How do we assess if our clients are receiving the information they need at the right time, and in a way they understand?

- We review the different touch points we have with our clients, the method of communication and at which point in the advice process we give them key information.
- We have checked clients understand the purpose of our communications and that they're clear and easy to understand.
- On an ongoing basis, we are reviewing any questions or requests that come up following communications or by testing understanding of communications with a research panel of willing clients or volunteers.
- We have a system to capture, record and review any client feedback to evaluate if your client communications are being understood.
- We carefully consider how we identify and support clients in potentially vulnerable circumstances to understand who may be at risk and how we can help them.



OUTCOME 4: CONSUMER SUPPORT

What does this outcome mean for our clients?

This outcome expects that our clients get the right level of support with products, services and their finances when and where they need it most – including where they may be in potentially vulnerable circumstances.

To meet the outcome, we must be able to evidence that we are giving our clients a consistent and high level of support, that's easy to find and simple to access. We must help our clients understand and have clear access to all the benefits and features that a product offers.

We carefully consider the type of support and customer service we and any providers offer when making product recommendations to clients. Good, consistent customer support not only assists with client understanding – it can also represent added value.

How do we assess if our clients are receiving an appropriate and high level of support from us and/or their product provider, in a way that's easy for them to access?

We ensure that the right level of support is provided throughout the life cycle of their pension plan, investment or protection policy by:

- Reviewing the support we offer our clients and how they interact with us.
- Reviewing how quickly client requests, queries, feedback and complaints/expressions of dissatisfaction are dealt with by us and/or the product provider.
- Providing clarity on the support we and the providers offer and the different channels of support available.
- Where we are responsible for regular client reviews, we ensure that these take place and that the client is able to meet their financial objectives.
- Understanding and interrogating the data that is available to us which allows us to identify opportunities to support our clients and prevent any foreseeable harm.
- As part of the Consumer Duty we have also assessed our ability to demonstrate consideration of clients who may be in potentially vulnerable circumstances and whether appropriate support is in place.

THE ADDED VALUE OF OUR SERVICE

Whilst we have an award winning advice service which provides our clients with peace of mind and confidence in their retirement planning, we also offer our clients access to learning resources and our triage services that helps them understand pensions, the service we offer and our process.

For the reasons outlined above, we believe our service and the recommendations we make offer fair value to our clients.

However, to assist our clients understand how fair value is delivered we have developed a series of assessments which are available on request.

Our Fair Value Assessments offer a detailed review of how we deliver value for clients and support them in our pension and investment recommendations.

In the Fair Value Assessments we determine:

- Service Description – the type of advice services we offer
- Distribution Strategy – how we deliver our services, for example, face-to-face, via the telephone
- Who the service is for –the ‘target market’ (which should also reflect the target market of the products we recommend). Also see: <https://paretofp.co.uk/personal-financial-adviser/>
- Who the service isn't for – for example, those individuals who it may not be right for.
- How the four outcomes are delivered.

For further information on our Fair Value Assessments contact your Adviser.





WE ARE HERE TO HELP

Our clients have the assurance of our reputation and they know the charges for our service represent excellent value especially as our advice may influence some of the biggest financial decisions in their lives.

We are one of the country's leading financial advice firms. Our knowledge, expertise and experience is second-to-none. And whilst the advice we provide is often highly complex, it is our bread and butter.

Our Board of Directors is made up of some of the leading experts in their respective fields. Our team of highly-qualified advisers have over 200 years' collective experience. And they are supported by a professional team of paraplanners and administrators who have been hand-picked to ensure that their values are consistent with the company's aims.

You already have access to a number of our Chartered Financial Planners but our mission is to ensure that every member of our team achieves or is working to becoming individually chartered. Put simply, we want to be the very best at what we do.

Naturally, we were thrilled that by 2020 Pareto was ranked in the FTAdviser Top 50, one of only two independently owned Northwest firms to achieve this. And we were equally excited to be voted the "Best Financial Advisers to Work For 2023" by Professional Adviser.

More information

In the spirit of outcome 3 (understanding) and outcome 4 (support), we are here to help with any concerns or queries our clients may have. Our clients can contact us with any questions about the Consumer Duty, our services, our process or any information or support we provide. Our entire team is happy to help.

<https://paretofp.co.uk/financial-adviser-manchester-contact-us/>

Our clients can also find out further information from here:

<https://paretofp.co.uk/personal-financial-adviser/investments-savings/>

<https://paretofp.co.uk/personal-financial-adviser/pensions/>

<https://paretofp.co.uk/personal-financial-adviser/personal-protection/>

<https://paretofp.co.uk/personal-financial-adviser/inheritance-tax-planning/>

<https://paretofp.co.uk/personal-financial-adviser/tax-planning/>

<https://paretofp.co.uk/personal-financial-adviser/forecasting-with-cash-flow-modelling/>

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Pareto Financial Planning Ltd is authorised and regulated by the Financial Conduct Authority.

Pareto Financial Planning Ltd is registered in England and Wales No. 06582775. Registered Office Level 7, Tower 12, The Avenue North, 18-22 Bridge Street, Spinningfields, Manchester, M3 3BZ