

# **Consumer Duty**

## **Consumer Understanding Review**

# Events

*Has there been an event which could result in the product posing a risk to customers?*

*Event = any concerns identified during review about the product or its literature that may be perceived as a consumer harm.*

Yes  No

*If yes: explain the risks now posed to customers*

Adapt IHT Ethical Portfolio – what makes it ethical? We do not have a clear explanation of why this product carries the ethical name, when we have a brand promise to deliver ESG in all that we do.

*Detail mitigating action taken [or to be taken]*

Rename the portfolio.

*Following mitigating action, is the product still suitable?*

It will be once we rename the product across all materials

# Consumer Understanding

*(1) A firm must support retail customer understanding so that its communications:*

*(a) meet the information needs of retail customers; (b) are likely to be understood by retail customers; and FCA (c) equip retail customers to make decisions that are effective, timely and properly informed.*

*(2) A firm must communicate information to retail customers in a way which is clear, fair and not misleading*

*In considering the methods of communicating with retail customers, a firm must satisfy itself that the communication channel:*

*(1) enables the communication of relevant information which retail customers are likely to need in a way that supports effective decision making; and*

*(2) provides an appropriate opportunity for retail customers to review the information and, where relevant, assess their options.*

## Standard Achieved?

Yes.

## Comments

All content for retail investors is written in plain English, without use of jargon or complex financial language.

Any offers for products which have a deadline, such as discount rates for VCT applications, contain clear and easy to understand explanations of the deadlines.

All product materials carry disclaimers and ensure equal prominence of both risks and benefits to products.

All of the sales team have been asked whether any advisor has given feedback on our materials not being easy to understand or use.

Looking ahead, we are also investing in external benchmarking for our materials, using retail investors as a key demographic, to strengthen our marketing.

## Standard Achieved?

No.

## Comments

Equal prominence is given to both risks and benefits of products, in the same product marketing literature, so that investors do not need multiple items to assess an opportunity and make a decision.

All of our product literature is available to download from our public website, with no requirement to login.

High risk products – IHT and EIS – carry additional risk warnings.

Ethical Portfolio name has been raised several times as it's not explained in any of our literature why it's Ethical. This is a product design issue, but impacts marketing assets.

*In supporting the understanding of retail customers through its communications, a firm should:*

*(1) explain or present information in a logical manner;*

*(2) use plain and intelligible language and, where use of jargon or technical terms is unavoidable, explain the meaning of any jargon or technical terms as simply as possible;*

*(3) make key information prominent and easy to identify, including by means of headings and layout, display and font attributes of text, and by use of design devices such as tables, bullet points, graphs, graphics, audio-visuals and interactive media;*

*(4) avoid unnecessary disclaimers; and*

*(5) provide relevant information with an appropriate level of detail, to avoid providing too much information such that it may prevent retail customers from making effective decisions.*

## **Standard Achieved?**

Yes.

## **Comments**

All of our marketing is prepared in plain English, with no use of technical language or jargon. Where financial language is necessary, we provide plain English explanations of what the language means.

We use large fonts to create clear headings that signpost the information an investor can expect to see in any section of our marketing. This also includes different colours to increase the prominence of the signposting.

We use tables to summarize key product information and graphics such as pie charts to make lengthy tables easier to understand.

We provide relevant information up front and do not include overly long or unnecessarily detailed information.

We provide some updates in webinar format, as well as written format, to appeal to multiple styles of learning (aimed at advisers but nothing to stop retail investors joining). The sales team have also been provided with presentation slides on our products, so can provide supporting training to advisers to help improve product knowledge if required.

Looking forward, we are going to invest in further use of audio visuals and motion graphics/ animations to help make financial products even easier to understand.

*In supporting the understanding of retail customers, the firm must tailor communications provided to retail customers, taking into account:*

*(1) the characteristics of retail customers, including any characteristics of vulnerability;*

*(2) the complexity of the product;*

*(3) the communication channel(s) used; and*

*(4) the role of the firm, including whether the firm is providing regulated advice or information only.*

#### **Standard Achieved?**

Yes.

#### **Comments**

All of our literature is designed with retail investors in mind.

We provide application forms in print friendly formats and also provide online applications for advised investments into VCT, with more products coming soon.

We can make literature available in large print format if required

The majority of business comes via the advised route (97%) so products explained by Advisers, with non-advised only accepted from High Net Worth or Sophisticated investors.

# Testing

*(1) Where appropriate, a firm must:*

*(a) test communications before communicating them to retail customers; and  
(b) (as set out in PRIN 2A.9) regularly monitor the impact of the communications once they have been communicated, to identify whether they are supporting good outcomes for retail customers.*

*(2) Where a firm has identified any issues in its communications through PRIN 2A.5.10R(1), it must:*

*(a) investigate the issue;  
(b) correct any deficiencies through:  
(i) adapting its communications; and  
(ii) (where appropriate) adapting its products or processes, for example its sales processes, if it is aware or ought to reasonably be aware that adapting its communications would not be sufficient in isolation to support good outcomes for retail customers; and  
(c) (where appropriate) follow the requirements in relation to remedies and other action in PRIN 2A.2.5R and PRIN 2A.10*

## Standard Achieved?

Yes.

## Comments

All client-facing BDMs have been asked for direct feedback from advisers on any marketing that has been considered hard to use, or has required further explanation.

Additionally we have researched non-sophisticated investors who have no prior experience of our products, asking them to locate key information in order to assess how clearly we communicate. We have also asked for feedback on our designs, including the opportunity for open feedback on how we could improve our materials.

*With regard to the firm's role, it would be more appropriate for the firm to:*  
*(1) test communications if the firm is or ought to reasonably be responsible for:*

*(a) the production of those communications; or*  
*(b) adapting those communications after testing; and*  
*(2) monitor the impact of communications where the firm has direct interactions with retail customers, such as through the provision of customer services (whether outsourced in whole or in part).*

#### **Standard Achieved?**

Yes.

#### **Comments**

All client-facing BDMs have been asked for direct feedback from advisers on any marketing that has been considered hard to use, or has required further explanation.

Additionally we have researched non-sophisticated investors who have no prior experience of our products, asking them to locate key information in order to assess how clearly we communicate. We have also asked for feedback on our designs, including the opportunity for open feedback on how we could improve our materials.

*In determining whether testing of a communication is appropriate, a firm should consider factors such as:*

*(1) the purpose of the communication and, in particular, if it is designed to prompt or inform a decision, and the relative importance of that decision;*

*(2) the context of the communication, its timing, and its frequency (for example, it is likely to be more appropriate to test communications that could impact many retail customers);*

*(3) the information needs of retail customers;*

*(4) the characteristics of vulnerability of retail customers;*

*(5) whether the scope for harm to retail customers is likely to be significant, including if the information being conveyed were misunderstood or overlooked by retail customers; and*

*(6) whether, to support good outcomes for retail customers, it is more important to communicate information urgently, rather than carrying out testing beforehand.*

## **Standard Achieved?**

Yes.

## **Comments**

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Additionally we have researched non-sophisticated investors who have no prior experience of our products, asking them to locate key information in order to assess how clearly we communicate. We have also asked for feedback on our designs, including the opportunity for open feedback on how we could improve our materials.

*(1) A firm should adapt its communications in accordance with PRIN 2A.5.10R (2)(b)(i) to support retail customer understanding if it identifies that:*

*(a) there are areas of common misunderstanding among retail customers; or  
(b) retail customers are not experiencing good outcomes, including particular groups of retail customers such as those with characteristics of vulnerability.*

*(2) For the purposes of PRIN 2A.5.13G(1)(a), if there is a notably different response by retail customers than was reasonably anticipated by the firm or ought to have been reasonably anticipated, including a notably lower response rate, following a communication prompting retail customers to take action, then this would suggest that the communication has not been understood*

#### **Standard Achieved?**

Yes.

#### **Comments**

All client-facing BDMs have been asked for direct feedback from advisers on any marketing that has been considered hard to use, or has required further explanation.

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***IMPORTANT INFORMATION***

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