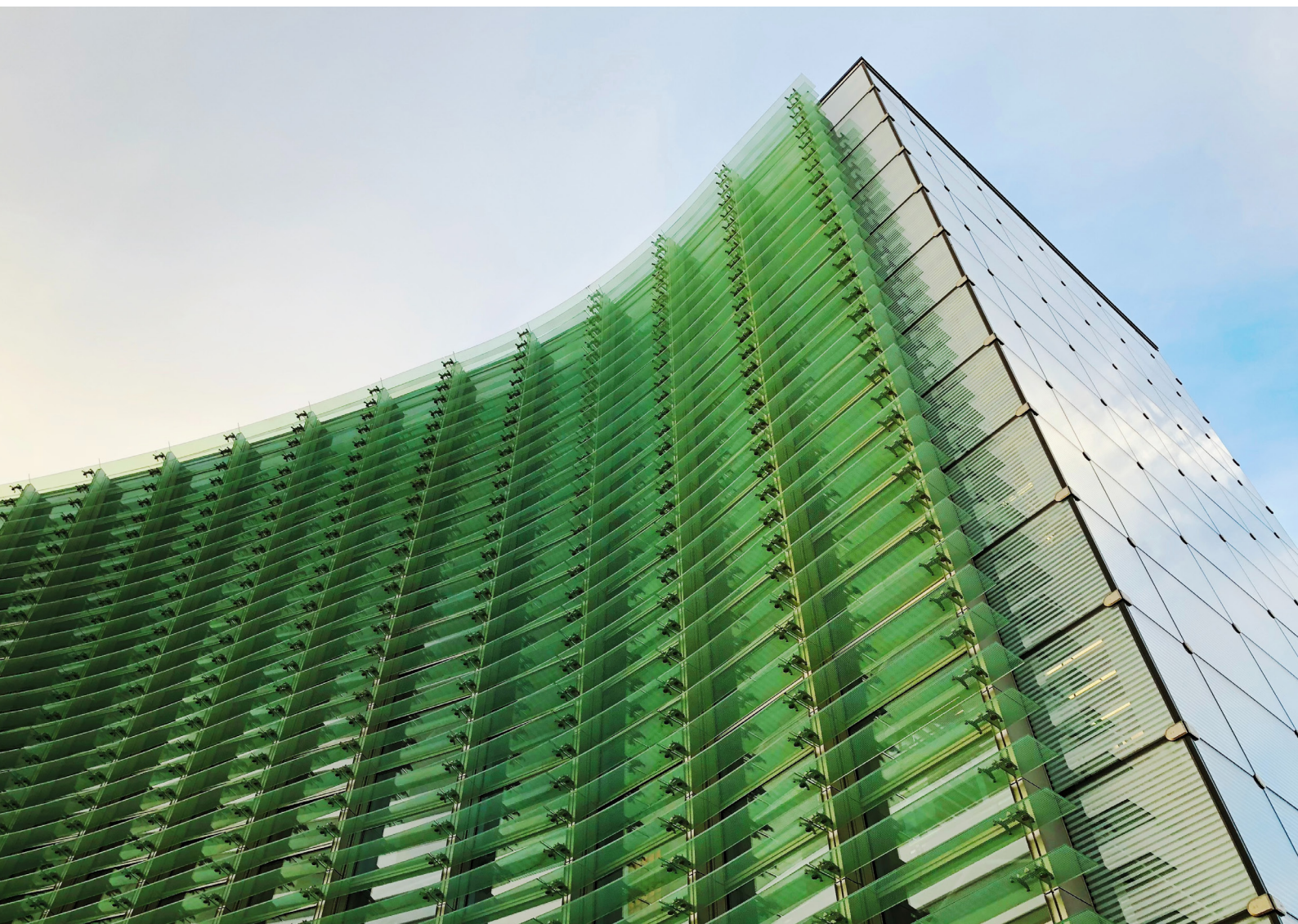




# Waystone Financial Investments Limited and the FCA's Consumer Duty



## 1. Introduction

Since July 2023, FCA regulated firms active in the retail market, like Waystone Financial Investments Limited (“WFIL”, “we”/”us”/”our”) have been subject to the requirements of the Financial Conduct Authority’s (“FCA”) “Consumer Duty”.

By implementing the Consumer Duty, the FCA is looking to enhance standards and improve investor outcomes. The purpose of this material is to set out how the Consumer Duty applies to WFIL, and the measures we have taken or are taking to meet its requirements.

## 2. What does the Consumer Duty require?

The Consumer Duty requires us to:

- act to deliver good outcomes for retail customers;
- act in good faith towards retail customers;
- avoid causing foreseeable harm to retail customers; and
- enable and support retail customers to pursue their financial objectives.

The FCA is also looking to achieve the following outcomes via implementation of the Consumer Duty:

### 2.1 PRODUCTS AND SERVICES

All products and services to be:

- fit for purpose;
- designed to meet the needs, characteristics and objectives of a target group of customers; and
- distributed appropriately.

### 2.2 PRICE AND VALUE

All consumers to receive fair value – products and services to be assessed in the round to ensure there is a reasonable relationship between the price paid for a product or service and the overall benefit a consumer receives from it.

### 2.3 COMMUNICATIONS

Communications to support and enable consumers to make informed decisions about financial products and services.

Consumers to be given the information they need, at the right time, and presented in a way they can understand.

### 2.4 CONSUMER SUPPORT

Consumer support arrangements should:

- meet consumers’ needs throughout their relationship with the firm;
- enable consumers to realise the benefits of the products and services they buy; and
- ensure they are supported when they want to pursue their financial objectives.

The above requirements vary depending on whether a firm is a “manufacturer” or “distributor” of a product or service.

There are also requirements to monitor the effectiveness of arrangements and consumer outcomes.

## 3. How does the Consumer Duty apply to WFIL?

We are the ISA manager for the “Prudential ISA”, a stocks and shares individual savings account.

The Prudential ISA is provided through an ISA Management Agreement between WFIL and Prudential Distribution Limited (“PDL”).

We are responsible for all legal and regulatory responsibilities in relation to the provision and administration of the Prudential ISA product. If a customer takes out a Prudential ISA, they will have a contract with us, and all servicing and documentation is provided by us.

PDL have responsibilities in relation to the design and distribution of the product, such as defining the overall Prudential ISA proposition to be provided by WFIL, including; the investment solutions available, the target market and distribution strategy.

The Prudential ISA provides access to a range of underlying investment products:

- a range of PruFund funds made available via life insurance policies provided by the Prudential Assurance Company Limited ("PACL"); and
- the WS Prudential Investment Funds (1) range – an open-ended collective investment company ("OEIC") operated by Waystone Management (UK) Limited ("WMUK").

In this regard, WFIL is regarded as manufacturer and PDL co-manufacturer of the Prudential ISA, and both WFIL and PDL are distributors of the underlying investment products.

As provider of the Prudential ISA, and as such under the Consumer Duty, WFIL is obliged to assess its value. However, as the Prudential ISA is co-manufactured with PDL, we have agreed to jointly provide relevant value assessment information in relation to the Prudential ISA product and the underlying investment products available on both of our websites.

### 3.1 THE PRODUCTS AND SERVICES OUTCOME, ACTING IN GOOD FAITH, TO DELIVER GOOD OUTCOMES, AVOID FORESEEABLE HARM AND SUPPORTING INVESTOR OBJECTIVES

The Prudential ISA is predominantly an advised proposition.

As with all products marketed to Retail clients, details of who the Prudential ISA might and might not be suitable for must be disclosed so that distributors can assess whether the product is suitable for their particular client and their needs. Full details of the "target market" for the Prudential ISA can be found in [Pru's Prudential ISA Product overview and target market information](#) document and available under the Prudential ISA section of their [Consumer Duty](#) web page.

As Pru have the main distribution relationship with advisers and adviser firms, they provide access to all the relevant information, forms and guides advisers may require in relation to setting up and managing the Prudential ISA on behalf of their clients, including access to documents, guides and servicing forms provided by us.

You can access this information through the Prudential ISA webpages on Pru's PruAdviser site as follows;

#### 3.1.1 PRUADVISED – PRUDENTIAL ISA PRODUCT PAGE

Access the [Prudential ISA product page](#) to obtain information on the Prudential ISA such as:

- Key Information Documents (KID) and Investment Option Documents (IOD) for PruFund investments, guides such as Pru's fast facts document, generic illustration document etc;
- documents provided by us, such as Prudential ISA Terms and Conditions, certain servicing forms, guides and access to Key Investor Information Documents on the WS Prudential Risk Managed fund range; and
- general product information, such as the entities involved in the provision and management of the Prudential ISA, contribution and withdrawal option and limits, investment options, cost and charges, information on the Support Staff service and Adviser Back Office integrations etc.

#### 3.1.2 PRUADVISED – PRUDENTIAL ISA ONLINE FUNCTIONALITY PAGE

Access the [Support](#) section of the [Prudential ISA product page](#) on PruAdviser to obtain

- details on the requirements for setting up a new Prudential ISA client;
- details of when a servicing application must be processed using the Prudential ISA Online Service and when a paper application form may be required; and
- access to the relevant form where a paper application form is required.

We seek to satisfy the requirements to act with good faith, deliver good outcomes and enable and support the pursuit of investor objectives through measures such as:

- website-published terms and conditions articulating each party's rights and obligations, and in particular, setting out when advice is required, and indicating the key literature setting out the features and risks of the underlying products that investors should take into account in their decision-making (and which is available via the providers' websites). Such material can also be made separately available;
- the provision of the Online Service allowing advisers and investors to engage digitally, but also the maintenance of non-digital channels for investors;
- a range of regular communications to investors about their accounts, as well as ad hoc communications for transactions or other interactions;
- the maintenance of a range of forms, guides and explanatory literature to aid investors' engagement; and
- customer service provided by phone, email or by letter.

### 3.2 THE PRICE AND VALUE OUTCOME – THE VALUE ASSESSMENT

With regard to the Prudential ISA itself, WFIL has assessed value as follows:

1. WFIL makes no charge to investors for the provision of the Prudential ISA. Rather, it is remunerated by PDL under a commercial agreement between the parties;
2. WFIL does not make use of investor data other than for the purposes of operating the ISA (including information provision to the product providers);
3. WFIL seeks to facilitate investor interactions as smoothly as possible, subject to the need for advice and ensuring the validity and security of such interactions; and
4. WFIL monitors the performance of its customer service and support functions. It considers a range of indicators (which may reflect specific regulatory or contractual obligations or other service levels) such as:
  - a. Online Service availability.
  - b. Call response times and drop-off rates.
  - c. Response times for email and other correspondence.
  - d. Dealing and settlement timeliness.
  - e. Completeness and timeliness of investor reporting.
  - f. Complaint and error resolution timescales and effectiveness.

We recognise that mistakes will occur or complaints arise from time to time. Where they do, or where service provision is not complete (i.e. a metric not satisfied as to 100%), we consider whether any issue is either individually significant or part of a trend or not otherwise an isolated occurrence. The assessment, while largely positive, and in general service levels are being met and performance is satisfactory.

WFIL and PDL have therefore concluded that the Prudential ISA meets our value assessment requirements and no limitations have been identified in the product that could reduce its value or benefit to the customers within the target market defined for the Prudential ISA product. Accordingly, we have rated the ISA itself as providing good value to investors.

Both underlying investment products, PruFund fund range and WS Prudential Investment Funds (1) fund range, are themselves subject to value assessment by the respective manufacturer. Please refer to:

- the [Prudential ISA Value Assessment](#) under the Prudential ISA section of Pru's [Consumer Duty](#) webpage. This provides details of the value assessment methodology used by PDL in assessing the value of the Prudential ISA, including information relating to the value assessment on the PruFund fund range; and
- the [Value Assessment report](#) for the WS Prudential Investment Funds (1) fund range produced by WMUK as manufacturer, provider and operator of the WS Prudential Investment Funds (1) range.

Investors should consider these assessments, and also take account of the costs of any initial or ongoing advice when considering the overall value of their investment.

Additionally, and as set out in our terms and conditions, we do not pay any interest on monies held by us. This is principally because we generally only hold monies for the short time necessary to facilitate investments or pay away the proceeds of divestments and it would be impractical to do so. Investors should however note that there may be occasions (e.g. where we have outstanding requirements) where client money may be held for longer. As no return will be received on such monies, it is in investors' interests to ensure that any outstanding requirements are addressed as soon as possible.

### 3.3 The Communications outcome

Although also available on request, investor documentation is generally available via WFIL's or Prudential's website. Such documentation includes terms and conditions, product literature, and forms, guidance and other material to aid investors.

In addition, as noted above, a range of regular and ad hoc communications occur in respect of investors' accounts and interactions with us.

Whilst we strive for clarity in all our communications, much of the product literature and a number of both routine and ad hoc communications are, to a material extent, prescribed by regulation. Where that is the case, we try to keep them as straightforward as regulation allows, but also make use of glossaries for defined terms, or guides to the documents to help investor understanding.

Where communications are less prescribed, we seek to ensure their clarity through measures such as internal review, feedback from advisers or other parties, and investor experience as provided via routine customer service interactions or more exceptional matters such as complaints.

We may, from time to time, supplement such activities by means of consumer research or steps to confirm consumer understanding.

### 3.4 The Consumer Support outcome

Effective consumer support is generally achieved through:

- the ready availability of information – both via website and otherwise, with clear sign-posting of requirements such as the need for advice or the key product literature that should be considered;
- the provision of an adviser and investor facing Online Service, coupled with non-digital administration for non-digitised transactional journeys and to cater for customer's preferred channel of communication;
- the provision of regular and ad hoc information to investors; and
- the ability for investors to engage by multiple means of communication (phone, email, post).

(This support is provided both to investors and their advisers.)

Additionally, where clients have specific needs or circumstances that we are in a position to support, we endeavour to do so (for example, via measures such as "large print" for those with reduced visibility). (For further information on this, please see [Dealing with client needs and circumstances document](#).)

### 4. How we assess effectiveness?

To ensure we are meeting these (and other obligations), we operate using the "three lines of defence" model, whereby business processes, systems and controls are supplemented by "2nd line" Compliance and Risk Management functions, as well as "3rd line" Internal Audit.

All three lines of defence keep the effectiveness of our arrangements under review, and a range of management information and reports are presented to our Board and other bodies to demonstrate this. Such reports include but are not limited to the indicators set out in this document.

### 5. What to do if you have any questions?

Should you have any questions, please contact our customer services department on 0344 335 8936 (lines are open 8:30am to 5:30pm Monday to Friday) or by writing to:

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