

Consumer Duty Distribution Guide

Vendor



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Distribution Channel	Vendor

1. Distribution Arrangements

1.1 Distribution arrangements: overview

Propel provides asset finance to UK business customers to acquire equipment and vehicles. The product is distributed by a range of equipment Vendors (including manufacturers, distributors and resellers). Propel does not offer customers advice, but a vendor may provide such guidance.

Customer understanding is an integral part of creating an environment in which customers can pursue their financial objectives. Propel maintains control over the product information provided to the customer (such as rates, minimum/maximum term, minimum/maximum loan amount, APR etc). Vendors, on the other hand, have the discretion to filter and present Propel's products to customers, subject to compliance with regulatory obligations.

Vendors introduce customers to Propel either from Propel's Vendor Portal, Propeller, or direct API (Application Programming Interface) from the distributor's system or by email. Once a customer has applied to Propel, the customer journey from the point of enquiry and initial data submission onwards is controlled by Propel and follows a standard process.

Propel only works with vendors, either where no commission is generated as part of the customer finance agreement or that are eligible to receive a commission (calculated as a percentage of the advance amount provided to the customer).

The range of commission is typically between 1-5% of the advance (although capped at 10%). These commission levels must be included in the customer pricing in line with Propel's Price and Value Assessment, to ensure that fair value for the customer is maintained.

1.2 Unsuitable/inappropriate distribution arrangements

The product is not suitable for distribution by vendors not directly contracted by Propel. It is not suitable for retail customers and should not be sold in a customer's home. The product is not to be packaged with other finance/insurance products. If the product is to be offered with any element of inducement, such as cashback arrangements, this should only be done after consultation and explicit agreement with Propel.

1.3 Overview of Vendor channel operation

Propel partners with vendors that are contracted on standard Trading Agreements. Propel only accepts proposals for regulated customers from vendors who are FCA authorised.

Propel receives proposals through its technology platform, Propeller, or through email. These proposals outline the finance requirement for the assets that a customer wishes to obtain.

Propel's credit team reviews the application and notifies the vendor of the credit decision. If the customer is approved for finance, they complete documentation with Propel that clearly outlines the terms of the asset finance agreement.

Propel receives the equipment invoice from the supplier of the equipment through the vendor. Following Propel's Know Your Customer (KYC), Know Your Supplier (KYS) and other regulatory checks, Propel pays the Supplier.

When the agreement has been activated, Propel issues a Welcome Pack to the customer.

Any commission payment due to the vendor is accumulated and paid monthly.

1.4 Benefits of the Vendor channel

The Vendor channel provides easy and convenient access to a finance provider without requiring the customer to search for finance. Customers who are pressed for time or lack experience in sourcing finance options will find this particularly advantageous.

The vendor supports the customer with their finance application by gathering the appropriate information; and managing the application & feedback process on their behalf.

The customer journey is defined by agreed service expectations with the vendor, enabling timely & appropriate decisions and quick access to funds (typically on the same day).

1.5 Limitations/risks of the Vendor channel for customers

Due to the fact that customers are only given one finance option, customers may not have access to the most suitable or best value product as they are not presented with a range of choices.

Customers do not have direct access to updates about their application; and rely on vendors for information about progress.

Propel's business hours are Monday to Friday, from 9am to 5pm, with customer support only available during those hours.

Distributing vendors are primarily responsible for ensuring that their staff are sufficiently trained on the features and benefits of Propel's products, to ensure that the customer is able to make informed choices and that the Vendor can ensure good customer outcomes.

1.6 Considerations for vulnerable customers

Propel's Vendor channel does not have a direct relationship with the customer at the onboarding stage; and therefore cannot have full visibility or knowledge as to whether a vulnerable customer has been identified & appropriately assessed at the point of application. Vendors are required through their regulated permissions to identify vulnerable customers and inform Propel at the introduction stage.

Post-activation, identification of vulnerable customer characteristics is undertaken by Propel employees through several in-life customer contact points.

Propel has documented and implemented a vulnerable customers policy, provides vulnerable customer training, and has appointed vulnerable customer champions.

1.7 Identification and management of conflicts of interest

Propel has established and implemented robust ethical walls, policies & procedures to prevent conflicts of interest across its distribution channels and to ensure customer choice is not restricted.

Propel recognises that commission payments may tempt vendors to mis-sell to customers; and therefore monitors vendor activity and customer complaints carefully.

1.8 Propel specific requirements on Vendors

Vendors who propose regulated customers to Propel must be FCA regulated. There is a comprehensive onboarding process for vendors, as all vendors are screened according to Propel's onboarding policy and are subject to ongoing monitoring requirements.

To ensure compliance with the FCA's Financial Promotions regulations and Propel's own Financial Promotions Policy, any vendor wishing to promote Propel or its products in written form must undergo review and approval by Propel's Marketing Director.

1.9 Propel resilience and recovery arrangements

Propel has robust resilience and recovery arrangements in place, supported by Business Continuity and Disaster Recovery policies & processes.

2. Monitoring of Vendor Channel

2.1 Overview of governance and monitoring arrangements

Propel regularly monitors and reviews the performance of its vendor partners in line with the legal contract between the parties.

Propel operates a robust governance structure, whereby the performance of its partnerships is reported through its Commercial Management Committee, with delegated authority from Propel's Board of Directors. The performance assessment of each of its partnerships includes but is not limited to: commercial performance, regulatory oversight and conduct review - including assessing that the partnership is ensuring fair & good customer outcomes across all customers referred to Propel; and that all parties are operating in compliance with required standards and all regulatory requirements.

Propel reserves the right to remove access for a distributor to any of its products where it believes good customer outcomes and fair value is not being achieved.

2.2 Intervention and escalation

As outlined above, each vendor's performance is monitored on a monthly basis to assess that customers are receiving fair value. This assessment will include:

- application acceptance and conversion statistics to monitor that Propel's products are being offered to the correct target market
- customer arrears and delinquency statistics to ensure that the correct affordability assessments are made
- complaints data and insights to ensure that Propel's products are being adequately explained, with no distortion or inducements impacting the customer outcome

Where the incidence of the above causes any level of concern, Propel will undertake the following course of action at its discretion:

1. Investigate the issues and present the facts to the vendor partner
2. Agree on a resolution with a specified remedy period
3. Where there is a repeated incidence of these issues, Propel may choose to restrict the vendor partner's access to any element of its product set, including but not limited to any of its regulated or unregulated products for a period of time
4. Where agreed remedies are not achieved or if issues persist, Propel reserves the right to terminate the relevant trading agreement in line with the provisions of the contract

Propel's Commercial Management Committee will govern any intervention or escalation.

Get in touch

For more details

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