Creating a **Fair Value Assessment**

Introduction

As part of the Consumer Duty, you're required to assess and demonstrate that the price your clients pay for your service, and the products you recommend, represent fair value in relation to the benefits they receive.

Creating your own Fair Value Assessment can help you document and evidence how you've assessed fair value. If you offer advice across a range of products, you may want to create a Fair Value Assessment for each product or similar groups of products.

What to include in your Fair Value Assessment

Within your Fair Value Assessment, we recommend detailing your:

Service description

This should detail the type of advice services you offer.

Distribution strategy

How you sell your services, for example, online, face to face or over the phone.

Who your service is for

This is your target market which should reflect the target markets of the products you recommend.

Who your service isn't for

For example, if you offer advice for individual pensions only, your service may not be suitable for employers or for clients with protection advice needs.

You can then assess your service and the products you recommend in relation to each of the four Consumer Duty outcome requirements. This can help you demonstrate you're meeting your Consumer Duty obligations.

How to assess each outcome

Products and Services outcome assessment

When assessing the services that you provide and the products you recommend you need to check they are fit for purpose, designed to meet the needs of clients in the target market and are distributed appropriately.

How you can do this	How we can help
Assess the target markets for each product you recommend	You'll find full details of our product target markets within our **Fair Value Assessments**
Review your existing clients to check against both your target market and the target market of the providers you recommend	Your Royal London contact can share insights to help you understand your client's demographics.
Understand if your clients are using the services you provide and those available to them through their product provider in the way they're intended. Check they're receiving the support they need to avoid foreseeable harm.	Your Royal London contact can share **insights** to help you understand your client's behaviours, needs and potential signs of vulnerabilities.
Review how pension investments are governed and managed.	The **How we review and manage investments** section of our Consumer Duty support hub provides access to clear and transparent information on our investment performance and updates.
Demonstrate consideration of your client's life stage and how their needs may change as they age.	Our **Life stage segmentation guide** can help you identify which products may be best suited to your clients at each life stage.
Evidence of any quality sampling or third-party audits of your firm.	N/A

Further resources available within the **Product and services outcome** section of our Consumer Duty support hub.

Price and Value outcome assessment

For the Price and Value outcome you need to assess if the services you offer and the products you recommend offer fair value in relation to the price your client pays.

How you can do this	How we can help
Assess the products you recommend and check they offer fair value to your clients	Our **Fair Value Assessments** detail how we've reviewed our products and demonstrate how they meet the needs of their target markets.
Review and document the range of services you offer your clients and the fees you charge for these services.	Our **Cost of services template** can help you demonstrate the price you charge represents value for money.
Understand market average adviser charges and how your fees compare.	N/A
For pensions and investment recommendations, understand growth rates and benchmarking. Reviewing this information regularly will help you to support your clients and reach their financial objectives.	Access our pension fund performance insights and investment factsheets within the **product and services outcome** section of our Consumer Duty support hub.
For protection recommendations, understand the level of claims paid.	Our protection **claims reports** can help you evidence the value of your Royal London protection recommendation.
Assess if product features are being used, including added value services.	Your Royal London contact can provide insights and data on usage of our added value features that come at no extra cost including our financial wellbeing service, mobile app and Helping Hand wellbeing support service. This can help you understand and demonstrate how useful they are, and how they provide value to your clients.

Further resources available within the **Price and Value outcome** section of our Consumer Duty support hub.

Consumer Understanding outcome assessment

This outcome requires you to assess if your clients are receiving the information they need at the right time, and in a way they understand. This includes being able to demonstrate consideration of vulnerable clients, and that support is in place.

How you can do this	How we can help
Review the different touchpoints you have with your clients, the method of communication and at which point in the advice process you give them key information.	We issue customer communications at key points in their product lifecycle. For example, yearly pension statements and information on retirement options when nearing retirement.
Check clients understand the purpose of communications and that they're clear and easy to understand. You can do this by reviewing any questions or requests that come up following communications or by testing understanding of communications with a research panel, willing clients or volunteers.	– Our suitability wording for protection and suitability report templates for pensions can help your clients understand your product recommendation – Our direct to customer communications have been customer tested to ensure they are clear and easy to understand – We've tested our client review service, drawdown governance service and financial planning tool for ease of understanding.
Review any client feedback to evaluate if your client communications are being understood.	N/A
Review how you currently identify and support vulnerable clients.	Our **guide to identifying and supporting vulnerable clients** can help you understand who may be at risk and how to help them.

All of the above resources are available in the **Consumer Understanding outcome** section of our Consumer Duty support hub.

Consumer Support outcome assessment

To meet this outcome, you must assess whether your clients are receiving a consistent and high level of support from you, and their product provider, in a way that's easy to access. Clients must also be able to contact you and their provider easily and communicate in a way that suits them.

You must show that this level of support is available throughout the lifecycle of their pension plan or protection policy.

How you can do this	How we can help
Review the support your firm offers your clients and how they interact with your service.	Our **Gap analysis template** contains key considerations to help you identify where changes or improvements are needed.
Review how quickly client requests, queries or complaints are dealt with that come to both you and the product provider, including any referrals to Financial Ombudsman Service.	N/A
Be clear on the support providers offer and the different channels of support available.	Our **Consumer Support outcome** section within our Consumer Duty support hub outlines the support we give our customers. Our **Fair Value Assessments** outline how we've assessed our support.
Check that you can evidence regular client reviews are taking place and that you're helping them meet their financial objectives.	Our Financial Planning tool, Client Review Service and Drawdown Governance Service provide easy to use resources to document and evidence your reviews.
Understand the data that is available to you to spot opportunities to support your clients and prevent foreseeable harm.	Your Royal London contact can provide insights and data.

Further resources available within the **Consumer Support outcome** section of our Consumer Duty support hub.

Documenting your Fair Value Assessments

This **Fair Value Assessment template** can help you document and evidence your Fair Value Assessment. We've included some example wording which you can edit, remove and add to, to suit your needs.

18 61

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We're happy to provide your documents in a different format, such as Braille, large print or audio, just ask us when you get in touch.

All of our printed products are produced on stock which is from FSC® certified forests.

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