



AM readers recommend their top suppliers

The greatest form of marketing is via word-of-mouth referrals, and recommendations are priceless.

A business may have excellent products, but referrals and recommendations are ultimately given as a result of outstanding customer service.

AM's annual 'Dealer Recommended' programme allows our thousands of readers to have their say about the companies they believe offer the best service.

We have gathered opinions via a research programme conducted among AM's audience.

The automotive business sectors highlighted for 2019 are GAP insurance, auctions and remarketing, warranty, service plans, finance, and paint protection.

The finance sector saw Black Horse recommended by AM readers.

AM DEALER RECOMMENDED >>>>

Black Horse: Supporting dealers, whatever is around the corner

With huge growth in the motor finance sector, the decision by the Financial Conduct Authority (FCA) to undertake a review was hardly surprising. As we await full details of its UK industry regulator's findings, Black Horse is continuing to focus on supporting dealers in putting their customers' needs first.

Car financing has increased by an average of 20% a year since 2012, according to figures produced by the Bank of England in 2017. Little wonder that FCA announced plans to review the sector in its annual report last year.

Over the past year, the FCA has been looking closely at the sector to make sure dealers use fair processes to sell motor finance to customers. It has engaged with lenders, analysed customer credit reference agency files and looked at agreements between lenders and dealers – as well as the sales practices and processes of various companies.

In its initial findings in March 2018,

the FCA noted that, despite favourable economic conditions and motor finance arrears and default rates remaining quite low, instances of these are rising among 'high credit risk' consumers. This suggests lenders may need to consider how they assess affordability.

Exploring customer journeys

The FCA also identified that some types of commission arrangements may act as an incentive for dealers to arrange finance at higher interest rates for their customers, so it is reviewing how lenders currently manage this process.

Finally, the regulator is conducting a series of mystery shopping exercises, reviewing the typical customer journey and exploring whether car buyers are being given the information they need to make genuinely informed decisions.

The benefits of transparency

At Black Horse, we fully support the FCA's review. We believe it will demonstrate the value of motor finance to customers and



build on the great work that has already been done in the industry to improve the transparency of this product. Our customers deserve to be treated fairly and to be given accessible, easy-to-understand information.

It also makes business sense for our dealers, who understand that this level of transparency actually improves their image and supports customer retention, and that selling products to customers who cannot afford to repay them is an unsustainable commercial model.

Our roadmap to good customer outcomes

When the FCA took over the regulation of consumer credit in 2014, we embraced this regulatory shift – with its focus on delivering good customer outcomes – and placed it at the heart of everything we do, every day.

We did this by implementing our 'roadmap', a strategy that continues to this day to encourage our dealers to treat their customers fairly. As well as supporting sustainable business for our dealers and greater transparency for their customers, it means we are well placed to answer the questions the FCA is asking of the motor financing industry:

1. Are firms taking the right steps to ensure they lend responsibly, in particular by appropriately assessing

whether potential customers can afford the product in question?

2. Are there conflicts of interest arising from commission arrangements between lenders and dealers, and, if so, are these appropriately managed to avoid harm to consumers?

3. Is the information provided to potential customers sufficiently transparent and clear, so they can understand the risks involved and make informed decisions?

Affordability is at the heart of our customer commitment

Thanks to the journey we began in 2014, Black Horse has already gone a long way towards improving services for dealers and their customers, with affordability our priority. We have achieved this by:

1. Implementing a robust affordability assessment within our finance application process, which is easy to use for the customer and the dealer.

2. Creating our own bespoke Black Horse Dealer Dashboard, to give dealers enhanced management information and help them track measures around customer affordability, product suitability and finance pricing.

3. Introducing a credit indicator for customers to check their credit status and identify whether they are likely to get the finance they need. This helps customers to shop around without leaving a mark on their credit file for other lenders to see.

4. Offering modules on affordability and sustainability to our dealer staff through an online LetsULearn training programme. It can also deliver training in soft skills. We support our dealers and their employees with training on regulated sales processes and our products so that they can deliver these to our customers.

Building a customer-first approach

We have also been proactive at Black Horse about improving the way customers are given information so they understand our products and can make informed decisions. We have invested in sales tools and training for our dealers and developed a range of tools to support them:

1. A mobile finance calculator, so our dealers can create instant indicative PCP or HP quotes for customers. By showing the customer the full cost of finance, we can help them make informed funding decisions.



“By increasing transparency and putting the interests of our customers first, we can boost customer confidence in the motor finance sector and improve its sustainability”

2. A customer contact programme, where we ask the customer about their experience at the dealership, usually within 48 hours of them signing their car finance agreement. Account managers share this feedback with dealers, so they can review and improve the customer experience and ensure they are delivering a transparent and compliant service to customers.

3. Black Horse product videos, which dealers can embed on their websites to help customers understand their finance options.

4. A personalised welcome video, which is sent to the customer after they have purchased a vehicle using Black Horse finance and provides important information about their finance contract.

5. Financial promotion guidelines for dealers, to help them produce compliant advertising for their customers.

6. LetsULearn, which provides online training for dealer staff on product

suitability and how to explain our products to their customers.

Publication of the FCA's report will drive further positive change in the sector, for lenders, dealers and customers.

At Black Horse, it will allow us to benchmark our strategic approach. By increasing transparency and putting the interests of our customers first, we can boost customer confidence in the motor finance sector and improve its sustainability.

Whatever the outcome of the review, we remain committed to our focus on affordability and transparency, so that our dealers can continue to offer their customers a seamless financial experience now and in the future.

■ **For more information about our strategy or the tools and training we have available for dealers to support our customers, please visit: www.blackhorse.co.uk/abetterway**



A better way of doing business

SUPPORTING DEALERS, WHATEVER IS AROUND THE CORNER.

At Black Horse we have a range of tools to help you understand and meet the latest FCA requirements. Putting the customer first is at the heart of our business. With dedicated account managers we can help you create a transparent experience and deliver great customer outcomes.

So, whatever changes are waiting around the corner, we're ready to help you.

Discover more at:
blackhorse.co.uk/abetterway

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