



Chartered  
Insurance  
Institute

# LP1

## Certificate in Financial Services

### Life and pensions customer operations

Based on the 2022/2023 syllabus  
examined from 1 September 2022 until 31 August 2023

# LP1 Life and pensions customer operations

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## Introduction

This examination guide has been produced by the Qualifications and Assessment Department at the Chartered Insurance Institute to assist students in their preparation for the LP1 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves 90 minutes to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of an LP1 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the LP1 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

## Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit [www.cii.co.uk/learning/qualifications/certificate-in-financial-services-qualification/unit-life-and-pensions-customer-operations-lp1/](http://www.cii.co.uk/learning/qualifications/certificate-in-financial-services-qualification/unit-life-and-pensions-customer-operations-lp1/)
- 2) Select 'exam guide update' on the right hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The LP1 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Supporting information for the syllabus which contains a detailed overview of the areas covered can be found on the unit page. Select Supporting information for the 2022/2023 syllabus on the right-hand side of the page.

## Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for LP1 encompass the skill levels of *apply* or *understand*. Different skill levels lead to different types of question, examples of which follow.

*Apply* - To answer application questions, the candidate must be able to apply their knowledge and/or understanding to a given set of circumstances. Questions set on a *be able to apply* learning outcome can test knowledge and/or understanding as well as application.

*Understand* - To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

## Examination Information

The method of assessment for the LP1 examination is 15 multiple choice questions (MCQs) and 7 case studies, each comprising 5 MCQs. 90 minutes are allowed for this examination.

The LP1 syllabus provided in this examination guide will be examined from 1 September 2022 to 31 August 2023.

Candidates will be examined on the basis of English law and practice in the tax year 2022/2023 unless otherwise stated. It should be assumed that all individuals are domiciled and resident in the UK unless otherwise stated.

The general rule is that the new tax year and changes arising from the Finance Act will be examined from 1 September each year. Other changes, not related to the Finance Act, will not be examined earlier than 3 months after they come into effect.

LP1 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic product knowledge.

Section A consists of 15 multiple choice questions. A multiple choice question consists of a problem followed by **four** options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only **one** correct or best response to the problem posed. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

Section B contains seven case studies each followed by five questions. **Four** options follow each question. The options are labelled A, B, C and D. Only **one** of these options will be correct or best. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

While no questions involve complex calculations, candidates are permitted to use calculators during the examination. If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, under any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# Life and pensions customer operations

## Objective

At the end of this unit, candidates should be able to demonstrate a knowledge and understanding of:

- the life and pensions customer and the wider consumer environment;
  - customer operations functions and activities;
  - how individuals and teams can ensure effective customer service;
- and to apply this appropriately to a range of customer operations scenarios.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the varying needs of life and pensions customers and the importance of positive customer outcomes	10
2. Understand key functions within life and pensions customer operations	6
3. Understand the importance of clear and accurate information in attracting and selling to customers	6
4. Apply appropriate customer service principles, processes and techniques to customer communications	12
5. Understand the difference between advice, guidance and information in a customer communication context	4
6. Understand the importance of recording, managing and responding to customer feedback	6
7. Understand the characteristics of effective teams	6

\* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

- Method of assessment: 15 multiple choice questions (MCQs) and 35 MCQs, written to 7 case studies. 90 minutes are allowed for this examination.
- This syllabus will be examined from 1 September 2022 to 31 August 2023.
- Candidates will be examined on the basis of English law and practice in the tax year 2022/2023 unless otherwise stated.
- This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is an extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us on [ukcentreadministration@cii.co.uk](mailto:ukcentreadministration@cii.co.uk) to discuss your needs.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit from the list provided
  4. Select qualification update on the right hand side of the page



## 1. Understand the varying needs of life and pensions customers and the importance of positive customer outcomes

- 1.1 Outline the consumer environment for life and pensions provision.
- 1.2 Describe the importance of positive customer outcomes, including the Financial Conduct Authority's requirements regarding the fair treatment of customers.
- 1.3 Explain how and when customers interact with the life and pensions sector.

## 2. Understand key functions within life and pensions customer operations

- 2.1 Describe the purpose and key activities of customer operations.

## 3. Understand the importance of clear and accurate information in attracting and selling to customers

- 3.1 Explain the importance of clarity and accuracy in communications with customers.
- 3.2 Explain the importance of disclosure of relevant information by customers.

## 4. Apply appropriate customer service principles, processes and techniques to customer communications

- 4.1 Recognise the importance of keeping a customer informed at all stages.
- 4.2 Explain how different verbal and written communication techniques and approaches can be used.
- 4.3 Explain appropriate and inclusive approaches to sensitive or challenging contact situations.

## 5. Understand the difference between advice, guidance and information in a customer communication context

- 5.1 Differentiate between advice, guidance and information.

## 6. Understand the importance of recording, managing and responding to customer feedback

- 6.1 Identify sources of feedback and explain how they can be used.
- 6.2 Explain the complaints process.

## 7. Understand the characteristics of effective teams

- 7.1 Explain the characteristics of effective teams and the impact on customers and the business.

## Reading list

The following list provides details of further reading which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

### CII study texts

Life and pensions customer operations.  
London: CII. Study text LP1.

### Books (and eBooks)

Winning client trust : the retail distribution review and the UK financial services industry's battle for their clients' hearts and minds. Chris Davies. London: Ecademy Press, 2011.

### eBooks

The following eBooks are available via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary)(CII/PFS members only):

Complaint management and channel choice: an analysis of customer perceptions. Stefan Garding. Cham: Springer, 2015.

Customer-centric marketing: supporting sustainability in the digital Age. Neil Richardson. Kogan Page, 2015.

Customer value creation behaviour. Youjae Yi. London: Routledge, 2015.

### Journals and magazines

Financial adviser. London: FT Business. Weekly. Available online at [www.ftadviser.com](http://www.ftadviser.com).

Personal finance professional (previously Financial solutions). London: CII. Six issues a year.

Pensions age. London: Perspective. Monthly. Available at [www.pensionsage.com](http://www.pensionsage.com).

### Reference materials

Equality Act 2010: guidance. Information Commissioner's Office (ICO). Available online at [www.legislation.gov.uk/ukpga/2010/15/contents](http://www.legislation.gov.uk/ukpga/2010/15/contents).

Guide to data protection. Information Commissioner's Office (ICO). Available online at <https://ico.org.uk/for-organisations/guide-to-data-protection/>.

Financial Conduct Authority (FCA)  
Handbook. Available at  
[www.handbook.fca.org.uk/handbook](http://www.handbook.fca.org.uk/handbook).

Harriman's financial dictionary: over 2,600  
essential financial terms. Edited by Simon  
Briscoe and Jane Fuller. Petersfield:  
Harriman House, 2007.

Prudential Regulation Authority (PRA)  
Rulebook Online. Available at  
[www.prarulebook.co.uk](http://www.prarulebook.co.uk)

## **Examination guide**

If you have a current study text enrolment,  
the current examination guide is included  
and is accessible via Revisionmate  
([www.revisionmate.com](http://www.revisionmate.com)). Details of how to  
access Revisionmate are on the first page of  
your study text. It is recommended that you  
only study from the most recent version of  
the examination guide.

## **Exam technique/study skills**

There are many modestly priced guides  
available in bookshops. You should choose  
one which suits your requirements.

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**SECTION A**

1. Which initiative is designed to improve the levels of pension provision for individuals?
  - A. Auto enrolment.
  - B. Lifetime Allowance.
  - C. Pension freedoms.
  - D. It is no longer an option to contract out of the State Pension.
  
2. Why is it important that a client is categorised correctly under the Financial Conduct Authority's (FCA) client categorisation rules?
  - A. The categorisation determines the level of regulatory protection that applies.
  - B. The Financial Services Compensation Scheme provides protection to non-retail clients only.
  - C. The FCA only provides protection for clients categorised as eligible counterparties.
  - D. A higher level of commission is payable in respect of clients categorised as being professional clients.
  
3. When an insurance claim is referred to the Financial Services Compensation Scheme, what is the upper limit, if any?
  - A. None.
  - B. £85,000
  - C. £170,000
  - D. £375,000
  
4. Holly buys financial products solely for her own use. Holly's product provider is **most likely** to consider her to be
  - A. a commercial customer.
  - B. an external customer.
  - C. an internal customer.
  - D. a vulnerable customer.
  
5. Which approach by a life company is **unlikely** to assist vulnerable customers?
  - A. Not recording any vulnerability details in the customer's records.
  - B. Offering accessible options to interact with the firm.
  - C. Offering flexibility in dealings.
  - D. Treating customers as individuals.

6. A financial services provider is considering its customer base and undertaking a segmentation exercise. When considering behavioural variables, the provider is **most likely** to be considering customers'
- A. attitude to risk and needs.
  - B. financial literacy and occupation.
  - C. location and population density.
  - D. personality and values.
7. Which document within a financial services firm is **primarily** used to outline delivery expectations to satisfy customer needs?
- A. Annual report and accounts.
  - B. Quality measures.
  - C. Product sales brochure.
  - D. Service level agreement.
8. Which function within a customer contact centre **typically** makes customers aware of products and services?
- A. Back office.
  - B. Customer support.
  - C. Policy servicing.
  - D. Telemarketing.
9. Christine has taken out a life assurance policy to cover her family's protection needs. Which department within the life company would **typically** be responsible for sending out her policy documentation?
- A. Administration.
  - B. Claims.
  - C. Compliance.
  - D. Technical.
10. Within a customer contact centre, which application can assist a customer service agent by recognising the customer's telephone number and showing details about the customer?
- A. Automated outbound dialling.
  - B. Image system.
  - C. Screen pop.
  - D. Workflow.

11. Which department within a financial services organisation considers trends in the market and looks for opportunities?
- A. Audit.
  - B. E-business.
  - C. Strategy.
  - D. Underwriting.
12. Which part of the Financial Conduct Authority's Handbook contains the rules relating to an pension company's financial promotions?
- A. Conduct of Business Sourcebook.
  - B. Dispute resolution.
  - C. High level standards.
  - D. Principles for businesses.
13. A client has made an innocent misrepresentation when applying for a household contents insurance policy. When a claim is subsequently made, the insurer is **most likely** to
- A. decline the claim and cancel the policy.
  - B. only pay a proportion of the claim.
  - C. pay the claim in full, but require additional premiums from the date of the misrepresentation.
  - D. pay the claim in full.
14. Where a financial services company is considering market data on sales which shows a change in customer behaviour, it is **most likely** to be looking into
- A. general or market feedback.
  - B. mainstream press and media.
  - C. social media listening.
  - D. trade press and publications.
15. A financial firm's intended maximum call waiting time for customers will **most commonly** be contained within which document?
- A. Annual report and accounts.
  - B. Quality measures.
  - C. Service level agreement.
  - D. Staff handbook.

**Section B begins on the next page**

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**SECTION B**

Sophia is a team leader for a customer services department within a life and pensions provider. She is considering the characteristics of effective teams and the associated impact on both customers and her employer. She is currently spending time on planning and considering the purpose of the team. She is in the process of collecting certain information and encouraging team members to bond.

Sophia has been approached by a new member of her team, Harold, who is keen to learn what the stages of the service profit chain are. Sophia has already noticed that Harold is single-minded and dedicated, but only contributes on a narrow front and dwells on technicalities.

Sophia has been asked to provide a report to her manager, Wendy. The report needs to focus on how she can reduce costs in her team, perhaps by reducing the layers of management.

Sophia has been reviewing the performance of two her team members, as she is keen to promote someone into a more senior position. Sophia has observed that Chelsea can coach, make use of longer-term strategies and sets out vision and values. She has also observed that Beth focuses on tasks and processes, is able to organise and control people and set targets.

16. Under Tuckman's five stages of team development, which stage is Sophia currently considering with regard to her team?
- A. Forming
  - B. Norming.
  - C. Performing.
  - D. Storming.
17. Sophia should advise Harold that the relevant stages he is keen to learn about are
- A. the creation of profitable growth, customer loyalty and staff satisfaction.
  - B. the creation of profitable growth, distributions to shareholders and the fair treatment of customers.
  - C. customer loyalty, distributions to shareholders and the fair treatment of customers.
  - D. customer loyalty, the fair treatment of customers and staff satisfaction.
18. Given the behaviour that Sophia has observed in Harold, this would indicate that he is a
- A. completer finisher.
  - B. implementer.
  - C. monitor evaluator.
  - D. specialist.

19. Sophia's report to Wendy is **most likely** to focus on
- A. customer satisfaction levels.
  - B. market share.
  - C. organisational structure.
  - D. customer outcomes.
20. Sophia's observations of Chelsea and Beth should lead her to deduce that
- A. Chelsea shows leadership qualities and Beth shows management qualities.
  - B. Chelsea shows management qualities and Beth shows leadership qualities.
  - C. both Chelsea and Beth show leadership qualities.
  - D. both Chelsea and Beth show management qualities.



Simon is a senior manager within a life assurance company. He is considering the importance of recording, managing and responding to customer feedback. His own management philosophy is that the value of the whole is greater than the sum of its parts and he is keen to establish this way of thinking across the company.

In seeking to obtain customer feedback, Simon has invited 12 current customers to come to a meeting at which they will be encouraged to say what they think of and how they see the company.

Simon's colleague, Jemima, has recently had a briefing with Simon outlining how he might make use of net promoter scores to assess customer satisfaction. Prior to this meeting, Simon's main method of assessing customer satisfaction made use of a system where customers rated their satisfaction on a scale of 1 to 5.

Simon has recently been asked to review the rejection of a complaint which was received from a trust. He has confirmed that the trust is **NOT** entitled to refer their complaint to the Financial Ombudsman Service (FOS) as the trust is a non-eligible complainant

21. The method that Simon is using to obtain customer feedback is a
- A. customer satisfaction metric.
  - B. depth interview.
  - C. focus group.
  - D. informal feedback.
22. Following the briefing meeting with Jemima, Simon should now understand that the **maximum** range of scores is
- A. -100 to +100
  - B. -10 to +10
  - C. 0 to +10
  - D. 0 to +100
23. What method was Simon using previously to assess customer satisfaction?
- A. Customer effort scores.
  - B. Net promoter scores.
  - C. Speech analytics.
  - D. Social media listening.
24. The reason that Simon was able to reject the complaint is **most likely** to have been that the trust
- A. had an annual income of £500,000.
  - B. had a net asset value in excess of £5,000,000.
  - C. is a micro-enterprise employing eight people.
  - D. is considered to be a small business customer with a turnover of £4,000,000.

25. Simon's management philosophy is **best** described under Covey's model as
- A. seeking first to understand, then to be understood.
  - B. sharpening the saw.
  - C. synergising.
  - D. thinking win/win.

Lianne is a compliance manager within a life and pensions provider. She is reviewing the differences between advice, guidance and information following various queries that she has received from a number of employees within the firm.

One query has arisen from Colin, who is keen to learn what activities banks are able to undertake as a result of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. Lianne has also informed Colin which types of bank are exempt from authorisation under the Act.

Lianne has been contacted by Georgina, who is a member of the company's direct sales force. Georgina has asked whether it is permissible for her team to be incentivised to recommend one product over another.

Georgina has herself received a query from a customer, Terry, who is considering contacting MoneyHelper to discuss his pension options and would like to know what the stages of the customer journey would be with that organisation.

Lianne has delegated completing the firm's Financial Conduct Authority's complaints return to Amanda and has informed her that complaints data must be sent in line with the required timescales. She will also check complaints have been handled in a timely manner.

26. Amanda will be aware that the timescale submission of the data is every
- A. month.
  - B. three months.
  - C. six months.
  - D. year.
27. Lianne should inform Amanda that a customer should receive a final response in respect of their complaint within what **maximum** time period?
- A. Three days.
  - B. Four weeks.
  - C. Eight weeks.
  - D. Six months.
28. Lianne will have informed Colin that those organisations that are exempt from authorisation under the Act are the
- A. Bank of England and the European Central Bank only.
  - B. Bank of England and the central banks of European Economic Area States only.
  - C. European Central bank and the central banks of European Economic Area States only.
  - D. Bank of England, the European Central Bank and the central banks of European Economic Area States.

29. In response to Georgina's query, Lianne will confirm that such incentives can apply
- A. in all circumstances.
  - B. in no circumstances.
  - C. only if the sales force continues to operate as a direct sales force.
  - D. only if the sales force start to provide independent financial advice.
30. Georgina should advise Terry that the stages of the journey are
- A. awareness and engagement only.
  - B. awareness and service delivery only.
  - C. engagement and service delivery only.
  - D. awareness, engagement and service delivery.

Helen is a team leader of a customer services team in a life and pensions provider. She is keen to improve her team's performance and has been reviewing how different written and verbal communication techniques and approaches can be used.

Helen has been coaching Rod in his use of questioning techniques. She has encouraged Rod to make more use of questions when dealing with customers that build rapport, facilitate discussion and best obtain a customer's views and opinions. Previously Rod was mainly using questions which only required customers to give a 'yes' or 'no' answer.

Helen has been observing the behaviour of another team member, Pauline. Helen has been pleased to see that when conducting telephone calls, Pauline pays full attention to the customer's words and tone of voice and fully responds to their emotional needs. A technique which Pauline has been making use of has been to say things such as 'tell me more' and 'could you explain that more fully?'

Helen is concerned that some of her team members are **NOT** signing off letters in the correct format. In particular she is preparing a briefing note that will state how a letter should be signed off when it begins with 'Dear Sir' or 'Dear Madam.'

31. Helen has been encouraging Rod to make use of
- A. closed questions.
  - B. hypothetical questions.
  - C. open questions.
  - D. probing questions.
32. Rod's previous questioning technique made use of
- A. closed questions.
  - B. hypothetical questions.
  - C. leading questions.
  - D. rhetorical questions.
33. Which type of listening technique has Pauline been using with customers?
- A. Ignoring.
  - B. Empathetic listening.
  - C. Pretending to listen.
  - D. Selective listening.
34. Pauline has demonstrated that she has been listening to customers using which technique?
- A. By acknowledging.
  - B. By checking.
  - C. By clarifying.
  - D. By encouraging.

35. The correct sign-off to the letter that Helen will refer to in the briefing note is

- A. Yours sincerely.
- B. Yours faithfully.
- C. Yours truly.
- D. Kindest regards.

Ali is a team leader of a customer services team for an investment provider. He is reviewing the team's approach to dealing with sensitive or challenging contact situations.

Ali is keen to ensure that his team understand the areas within the organisation where broken promises can make a significant impact on customers. He is preparing a training session to outline the relevant areas.

Ali is concerned that when a customer is upset, some of his team members do **NOT** know the correct stages for escalating any conflict. He will be giving guidance to Belinda, one of his team members, who always tries to handle all conflicts herself.

Ali has observed the conduct of a member of his team, Sarah, who uses a technique to manage conflict which asserts her position and can be quick, but reduces cooperation and often increases the level of the conflict.

Sarah has recently been dealing with a customer, Allan, who has said things in their conversation which Sarah has identified as being sensitive information. Sarah has approached Ali to enquire whether this information should be recorded on Allan's file. Also, Allan holds a unit trust with the company and has asked Sarah how often he will receive a statement on its performance.

36. The training session on broken promises should explain that they affect
- A. marketing and product design only.
  - B. marketing and the sales process only.
  - C. product design and the sales process only.
  - D. marketing, product design and the sales process.
37. Ali should advise Belinda that the **ultimate** level of escalation will be to
- A. the chief executive.
  - B. a customer consultant.
  - C. a department manager.
  - D. a team leader.
38. Which method of conflict resolution has Sarah been adopting?
- A. Accommodate.
  - B. Collaborate.
  - C. Compete.
  - D. Compromise.
39. Ali should tell Sarah that the information provided by Allan can be recorded on his file
- A. in all circumstances.
  - B. only if Allan gives his explicit consent.
  - C. only if Allan is categorised as being a vulnerable customer.
  - D. in no circumstances.

40. Sarah should advise Allan that the statement he refers to will be sent every
- A. month.
  - B. three months.
  - C. six months.
  - D. year.



Justin is a team leader of a customer services department in a product provider which offers pensions and insurance products. He has been reviewing his team's progress and has identified areas where communications with customers can be improved. Justin is also keen to encourage his superiors to engage in a customer relationship management (CRM) approach as he believes there are factors such as customer service which could be improved within the company.

Justin has received a query from a member of his team, Cyril, who is **NOT** certain in which document a client should be able to find the amounts paid into a pension policy, the amounts deducted for charges and details of any transfers.

Another member of his team, Collette, has a similar query. She is unsure when an initial retirement wake-up pack should be sent to a customer in respect of contract-based pension schemes.

Collette is also dealing with a case from a client, Rakesh. Rakesh made a deliberate misrepresentation in his application for a personal lines policy. Collette is wondering how the company is most likely to deal with this situation.

41. Justin's view on CRM is **likely** to be as a result of a perceived future improvement in
- A. customer retention and long-term profitability only.
  - B. quality of relationships and customer retention only.
  - C. quality of relationships and long-term profitability only.
  - D. quality of relationships, customer retention and long-term profitability.
42. In response to Rakesh's non-disclosure, the provider is **most likely** to
- A. decline any claims.
  - B. pay any claims in full.
  - C. refund the premiums.
  - D. utilise its subrogation rights against Rakesh.
43. If it was later found that Rakesh's misrepresentation had been careless, the provider would be **most likely** to
- A. accept any claims only if a further premium is paid.
  - B. accept any claims only if a higher excess is applied.
  - C. apply a proportionate remedy.
  - D. void the policy.
44. Justin should inform Cyril that the information requested will be found in
- A. an annual benefit statement.
  - B. a half-yearly statement.
  - C. a retirement wake-up pack.
  - D. a summary funding statement.

45. The initial retirement wake-up pack will be issued two months before the customer reaches what age?
- A. 50.
  - B. 55.
  - C. Selected retirement age.
  - D. State pension age.

Bruno is a manager within a life and pensions company. He has been reviewing the importance of clarity and accuracy in communications with customers and considering the Financial Conduct Authority's (FCA) consumer outcomes for the fair treatment of customers. As part of his review, Bruno has been considering the contents of the FCA's seventh principle of the Principles for Businesses. Additionally, Bruno has been considering the sanctions which may be imposed by the FCA, where communications to customers are deemed **NOT** to be of the standard required.

Bruno's colleague, Horatio, works in the marketing department. Horatio has been consulting Bruno to ask at which stages of a product's lifecycle that the consumer outcomes need to be adhered to. As part of a new product development initiative, Horatio has been focussing on segmentation which relates to customers' independence, personality and values.

Bruno is becoming increasingly concerned that the company is failing to meet one of the consumer outcomes as a result of a lack of management information being in place and that senior management appear **NOT** to listen to staff and are **NOT** encouraging feedback and suggestions from them.

46. Bruno will advise Horatio that the outcomes apply to
- A. after sales service and complaints handling only.
  - B. identifying target markets and marketing only.
  - C. sales and advice processes only.
  - D. all stages of the product's lifecycle.
47. Bruno is **most likely** to be concerned that the company is failing to meet consumer outcome
- A. one.
  - B. two.
  - C. three.
  - D. four.
48. Which type of segmentation has Horatio been performing?
- A. Behavioural.
  - B. Demographic.
  - C. Psychographic.
  - D. Purchasing behaviour.
49. Bruno's review of the Principles for Businesses will lead him to conclude that information provided to customers **must**
- A. be approved in advance by an FCA representative.
  - B. be clear, fair and not misleading.
  - C. be free from all types of industry jargon at all times.
  - D. only use terms which are contained within an approved glossary.

50. Bruno should conclude that the **most** serious regulatory sanctions for failing in customer communications are
- A. fines and disciplinary action.
  - B. reprimands and fines.
  - C. reprimands and being ordered to take corrective action.
  - D. being ordered to take corrective action and disciplinary action.

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
<b>STANDARD FORMAT</b>			<b>SCENARIO FORMAT</b>		
<b>Learning Outcome 1</b>					
1	A	1.1	16	A	7.1
2	A	1.3	17	A	7.1
3	A	1.1	18	D	7.1
4	B	1.3	19	C	7.1
5	A	1.2	20	A	7.1
6	A	1.3	21	C	6.1
<b>6 Questions</b>			22	A	6.1
			23	A	6.1
<b>Learning Outcome 2</b>			24	B	6.2
7	D	2.1	25	C	7.1
8	D	2.1	26	C	6.2
9	A	2.1	27	C	6.2
10	C	2.1	28	D	5.1
11	C	2.1	29	B	5.1
<b>5 Questions</b>			30	D	5.1
			31	C	4.2
<b>Learning Outcome 3</b>			32	A	4.2
12	A	3.1	33	B	4.2
13	D	3.2	34	D	4.2
<b>2 Questions</b>			35	B	4.2
			36	D	4.3
<b>Learning Outcome 6</b>			37	A	4.3
14	A	6.1	38	C	4.3
<b>1 Question</b>			39	B	4.3
			40	C	4.1
<b>Learning Outcome 7</b>			41	D	2.1
15	C	7.1	42	A	3.2
<b>1 Question</b>			43	C	3.2
			44	A	4.1
			45	A	4.1
			46	D	1.2
			47	A	1.2
			48	C	1.3
			49	B	3.1
			50	A	3.1
			<b>35 Questions</b>		