



Chartered
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Institute

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LP1

Certificate in Financial Services

Life and pensions customer operations

Based on the 2019/2020 syllabus
examined until 31 August 2020

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The Chartered Insurance Institute
42-48 High Road, South Woodford, London E18 2JP

Telephone: 020 8989 8464

Fax: 020 8530 3052

Email: customer.serv@cii.co.uk

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Introduction

This examination guide has been produced by the Examinations 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 one hour 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.

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/
- 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. **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.

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 2019 to 31 August 2020.

Candidates will be examined on the basis of English law and practice in the tax year 2019/2020 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

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 life and pensions customer	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 2019 to 31 August 2020.
- Candidates will be examined on the basis of English law and practice in the tax year 2019/2020 unless otherwise stated.
- 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/learning/qualifications/unit-life-and-pensions-customer-operations-lp1/
 2. Select qualification update on the right hand side of the page.

- 1. Understand the life and pensions customer**
 - 1.1 Outline the consumer environment for life and pensions provision**
 - 1.2 Describe 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 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/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services/>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services/> or email knowledge@cii.co.uk.

CII study texts

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

Books (and eBooks)

Financial services marketing: an international guide to principles and practice. 2nd ed. Christine Ennew and Nigel Waite. Oxford: Routledge, 2013.*

Elderly clients: a precedent manual. Denzil Lush, Caroline Bielanska. 4th ed. Bristol: Jordan Publishing, 2013.

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 through Discovery via www.cii.co.uk/discovery (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.

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Available online at www.thepfs.org/financial-solutions-archive (CII/PFS members only).

Life insurance international. London: Timetric. Monthly.

Pensions age. London: Perspective. Monthly. Available at www.pensionsage.com.

Pensions insight. Newsquest Specialist Media. Monthly. Available at www.pensions-insight.co.uk.

Retirement strategy. Supplement to Money marketing. London: Centaur Communications. Monthly. Also available at www.moneymarketing.co.uk.

Reference materials

Equality Act 2010: guidance. Information Commissioner's Office (ICO). Available online at www.ico.gov.uk".

Guide to data protection. Information Commissioner's Office (ICO). Available online at www.ico.gov.uk.

Financial Conduct Authority (FCA) Handbook. Available at 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

* Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (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.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).

SECTION A

1. What is Edelman's Trust Barometer used to measure?
 - A. The level of trust that consumers have in the financial services industry.
 - B. The level of trust that the regulators have in financial services providers.
 - C. The number of different types of arrangements which can legitimately be set up under a trust deed.
 - D. The number of people who have set up financial arrangements under a trust deed in a given year.

2. Up to what **maximum** limit are claims made on a household contents insurance policy protected under the Financial Services Compensation Scheme?
 - A. £50,000
 - B. £85,000
 - C. 90% of the claim amount.
 - D. 100% of the claim amount.

3. Which body is responsible for the regulation of insurance companies in relation to the amount of capital they hold?
 - A. Association of British Insurers.
 - B. Financial Conduct Authority.
 - C. The Pensions Regulator.
 - D. Prudential Regulation Authority.

4. The Financial Conduct Authority's high-level expectations regarding the fair treatment of customers are within its
 - A. Conduct of Business Sourcebook.
 - B. Principles for Businesses.
 - C. Prudential Standards.
 - D. Statements of Principle and Code of Practice for Approved Persons.

5. Under the Financial Conduct Authority's client categorisation rules, which category of client is afforded the highest level of consumer protection?
 - A. Eligible counterparty.
 - B. Private client.
 - C. Professional client.
 - D. Retail client.

6. A financial firm is designing a new product and is undertaking a customer segmentation exercise. Which types of variable would **most commonly** be identified where the firm is using psychographic segmentation?
- A. Age and family size.
 - B. Behaviours and needs.
 - C. Independence and personality.
 - D. Location or region.
7. Where indirect distribution exists between a financial services company and a customer, which other party is **most likely** to be involved in the sales process?
- A. An attorney.
 - B. A court.
 - C. An intermediary.
 - D. A reinsurer.
8. Where a customer interacts with a financial services provider, moments of truth can be categorised as moments of
- A. magic or mediocrity only.
 - B. magic, mediocrity or misery.
 - C. magic or misery only.
 - D. mediocrity or misery only.
9. Which type of system is used, usually at the start of a telephone call, to direct the customer to the **most appropriate** customer consultant?
- A. Automated outbound dialling.
 - B. Interactive voice response.
 - C. Power dialling.
 - D. Screen pop.
10. Which team within a financial services organisation is responsible for ensuring that the calculations for illustrations are accurate?
- A. Actuarial.
 - B. Compliance.
 - C. Legal.
 - D. Product development.
11. What is a **key** benefit of a contact centre using automated outbound dialling?
- A. It always allows the customer to reach the correct consultant in a timely fashion.
 - B. It always results in a positive customer experience.
 - C. It makes use of staff time more efficient.
 - D. It reduces the duration of each call.

12. Which piece of technology within a contact centre recognises an incoming phone number and simultaneously shows information about the customer on the consultant's computer screen?
- A. Call recording.
 - B. Image.
 - C. Screen pop.
 - D. Workflow.
13. Which styles of language are **most likely** to confuse customers?
- A. Formal language and jargon only.
 - B. Formal language, jargon and plain language.
 - C. Formal language and plain language only.
 - D. Jargon and plain language only.
14. It is discovered that a consumer has made a deliberate misrepresentation when applying for life assurance. What remedy, if any, is the insurer **most likely** to apply?
- A. No remedy is available.
 - B. Apply a proportionate remedy only.
 - C. Decline any claim.
 - D. Obtain damages from the policyholder.
15. Which measure of customer service quality strives for near perfection, is disciplined, and seeks to remove defects from any process?
- A. Customer Relationship Management.
 - B. Lean Thinking.
 - C. Six Sigma.
 - D. Total Quality Management.

Section B begins on the next page

SECTION B

Kylie is a team leader of a customer services team within a life assurance company. She is considering how she can improve certain aspects of how her team functions, the characteristics of effective teams and the impact of this on both consumers and the business as a whole.

Kylie is undertaking an appraisal of Simon's recent performance within the team. She has identified that Simon is outgoing and enthusiastic, but he can on occasions lose interest once his initial enthusiasm has passed. Kylie has been pleased to observe that Simon is generally quite positive and cheerful and that this creates a helpful environment within the team. Simon wants to discuss one of his objectives, which is 'to improve his call response times by 20% as soon as possible'.

In terms of her own personal management, Kylie understands that the value of the whole is greater than the sum of its parts. She successfully encourages people to co-operate and share.

Kylie is concerned about her team's development. She is now at a stage where she needs to provide them with structure and direction, keep the team task-focused and reinforce roles and norms.

16. Under Belbin's team roles identified as being essential for a successful team, Simon shows the attributes of being
- A. a completer finisher.
 - B. an implementer.
 - C. a resource investigator.
 - D. a specialist.
17. Why does Simon's objective regarding his call response times **NOT** meet the requirements of the SMART model?
- A. It is not measurable.
 - B. It is not relevant.
 - C. It is not specific.
 - D. It is not time-bound.
18. Simon's general demeanour **most likely** indicates that he has
- A. an ability to share information and knowledge.
 - B. a hidden agenda.
 - C. poor communication skills.
 - D. a positive disposition.

19. Under Covey's model for personal management, Kylie has attributes which fall into the category of
- A. seeking first to understand, then to be understood.
 - B. sharpening the saw.
 - C. synergising.
 - D. thinking win/win.
20. Which stage under Tuckman's model of the five stages of team development, has the team reached if Kylie's management style is currently appropriate?
- A. Forming.
 - B. Storming.
 - C. Performing.
 - D. Adjourning.

Martina is a team leader of a customer services department within an insurance company.

Martina is concerned about the levels of literacy within her department and has observed a number of poor practices by some team members when sending emails and letters. She has noted that there have been instances of poor punctuation, with some of her team members **NOT** using semi-colons accurately. One of her team members, Justin, does **NOT** seem to know how to sign off a letter in an appropriate manner.

Martina is planning to run a training session to deal with these issues, and also to discuss ways that her team can better obtain the information they need from customers during telephone calls and to build rapport with customers.

Martina has observed that one of her team members, Philip, when dealing with customers on the telephone, often sounds like he is listening to the customer but in reality he is concentrating on something else and not taking in much of the conversation.

21. Which form of listening was Philip displaying?

- A. Ignoring.
- B. Pretending to listen.
- C. Selective listening.
- D. Empathetic listening.

22. How should Martina instruct Justin to close his letters which start with the words 'Dear John'?

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

23. What should Martina tell her team regarding the correct use of semi-colons?

- A. They should be used before a list.
- B. They should be used to separate different thoughts within a sentence.
- C. They should be used before a quote.
- D. They should be used to separate lists of items made up of more than one word.

24. In what **main** ways should Martina encourage her team to build empathy during telephone calls with customers?

- A. By asking rhetorical questions and slowing their speech.
- B. By slowing their speech and not using their past experience.
- C. By asking closed and hypothetical questions only.
- D. By slowing their speech and using their past experience.

25. Which type of questions should Martina tell her team to use, to build rapport with customers and encourage them to have discussions?
- A. Closed questions.
 - B. Hypothetical questions.
 - C. Leading questions.
 - D. Open questions.

Norman is a customer services representative in an insurance company.

Norman's manager, Samantha, is concerned that there is a degree of conflict between some of the team's members. She has been observing Norman's conduct and under the Thomas-Kilmann Conflict Mode Instrument she believes that Norman's behaviour might be improved if a compete style is used under the model.

Norman has recently received a call from a customer, Doris, who is classified as being vulnerable. Doris has stated that she has a high level of debt. Doris has expressed dissatisfaction that she has **NOT** received a letter outlining a course of action from one of Norman's colleagues and that this had been previously promised to her. Norman is seeking to act appropriately, acknowledging the need to treat Doris fairly.

26. If Samantha adopts the compete style with Norman, what outcome is this **most likely** to achieve?
- A. He will know where he stands.
 - B. It will reach an outcome which cannot be achieved by other means.
 - C. It will achieve high-quality results and will generate new insights.
 - D. Relationships will be strengthened.
27. How should Norman deal with Doris's vulnerability?
- A. He should seek to ensure that she has understood the conversation.
 - B. He should transcribe the call and keep a copy on Doris' file.
 - C. He must ensure that a witness is present when having a conversation with her.
 - D. He should always send her a recording of any conversation which has taken place.
28. How **must** Norman treat Doris's expression of dissatisfaction?
- A. As a complaint.
 - B. As a matter to refer back to his colleague who failed to send the letter.
 - C. As an opportunity to rebuild an empathetic relationship with her.
 - D. Only as a complaint if Doris puts her concerns in writing.
29. How, if at all, should Doris' high level of debt be recorded by the insurance company?
- A. It should not be recorded.
 - B. It should be recorded if Doris has given her consent.
 - C. It should be recorded only if Doris has low levels of numeracy.
 - D. It should be recorded only if Doris has low levels of literacy.
30. What should Norman do before concluding the call with Doris?
- A. Get Doris to repeat everything that has been discussed.
 - B. Set her expectations.
 - C. Assure her that she will always be written to when such promises are made in future.
 - D. Transfer her call to the colleague who failed to send out the letter.

Please turn the page for the next scenario

Adam works for a life and pensions provider as a manager and is looking into the distribution channels from which the company receives business. He is analysing the difference between the regulatory permissions granted to both restricted and independent financial advisers. He is also considering the impact of the basic advice model but is unsure of where the relevant regulatory rules can be found.

Adam is considering the circumstances in which basic advice might be offered by his company's sales force. He is particularly concerned that if the company goes down this route that any such advice given fully complies with the requirements of the Financial Conduct Authority.

Following the introduction of pension freedoms, Adam is aware that risk warnings need to be given to clients in certain circumstances when seeking to access their pensions. He is producing a training briefing for trainee advisers to outline the regulatory position in this area.

Adam has been observing the style adopted by one of his team leaders, Victor. Under the Thomas-Kilmann Conflict Mode Instrument, Victor's behaviour when dealing with conflict is to seek to save time but results in neither party getting exactly what they want.

31. Adam's analysis of the regulatory permissions should lead him to conclude that only
- A. independent advisers must focus solely on a particular market.
 - B. restricted advisers are incentivised to recommend one product over another.
 - C. restricted advisers can consider products only from certain providers.
 - D. restricted advisers will consider all retail investment products.
32. Where will Adam be able to find the rules which relate to the provision of basic advice?
- A. Client Asset Sourcebook.
 - B. Conduct of Business Sourcebook.
 - C. Dispute Resolution.
 - D. High-level standards.
33. With regard to basic advice, Adam should conclude that this advice
- A. should only be given to insistent customers.
 - B. can only be given to professional clients.
 - C. must only be used in relation to stakeholder products.
 - D. should only be used for execution-only transactions.
34. The training briefing document should state that risk warnings **must** be given to clients considering taking out
- A. annuities and drawdown products only.
 - B. annuities and uncrystallised fund pension lump sums only.
 - C. annuities, drawdown products and uncrystallised fund pension lump sums.
 - D. drawdown products and uncrystallised fund pension lump sums only.

35. Which style of conflict management is Victor displaying?

- A.** Accommodate.
- B.** Collaborate.
- C.** Compete.
- D.** Compromise.

Siobhan is a team leader of a customer services team in a life company. She is considering her team's approach to dealing with customer feedback and complaints. She is preparing for a meeting with a senior manager, Eric, who has told Siobhan that he is looking to develop new products and distribution agreements with other companies.

One of the aspects of Siobhan's current work is considering feedback from customers which asks them how likely they are to recommend the company by giving a score between 0 and 10. She is surprised to have seen an increase in customer correspondence in recent weeks together with trends identified from speech analysis.

Siobhan is keen to conduct a survey into customer satisfaction. Her view is that it will be desirable that a high number of customers are contacted, though she has a limited budget to deal with this, but she fears her chosen method may well be ignored by customers.

Siobhan is reviewing a complaint which has been passed to the Financial Ombudsman Service (FOS). The FOS have decided that an appropriate sum that the firm should pay is £150,000.

36. Which type of customer feedback is Siobhan currently considering?

- A. Customer effort score.
- B. Internal metric.
- C. Net promoter score.
- D. Service level appraisal score.

37. Which type of feedback has Siobhan noticed a recent increase in?

- A. Feedback to the Financial Ombudsman Service.
- B. Feedback to senior management.
- C. Prompted feedback.
- D. Unprompted feedback.

38. Which type of customer survey is Siobhan **most likely** to be planning to conduct?

- A. Online.
- B. Paper based.
- C. Telephone.
- D. Text message.

39. In respect of the complaint, what is the **maximum** amount that Siobhan's firm is obliged to pay?

- A. £50,000
- B. £85,000
- C. £100,000
- D. £150,000

40. Which type of corporate objective is Eric **primarily** considering?

- A. Market share.
- B. Organisational structure.
- C. Sustainability.
- D. Team building.

Giles is a team leader of a customer services team in a life and pensions company. He is helping various team members to understand certain requirements with regard to the delivery of documents to customers. Additionally Giles has been asked to perform a customer segmentation exercise, in respect of a new feature which is going to be added to an existing product. This is requiring Giles to consider issues relating to customers in the context of 'who, where, what, when, how, and why.'

Giles has received various queries from his team relating to sending appropriate documentation to consumers. One of his team, Abigail, is uncertain what content should be provided within an annual benefit statement for a pension policy. A similar query has been raised from Bertie, who is unsure how often pension customers should be provided with summary funding statements in respect of defined benefit schemes.

Giles has been reviewing the Financial Conduct Authority's (FCA) rules for providing certain documents to customers and is preparing a briefing note to remind his team when key features documents need to be sent to customers. Given the nature of the queries, Giles intends to revisit the FCA's guidance on the fair treatment of customers, and he will be looking at the relevant section of the FCA handbook to assist him with this.

41. Which type of customer segmentation exercise is Giles **most likely** to be performing?
- A. Behavioural.
 - B. Demographic.
 - C. Geographical.
 - D. Purchasing behaviour.
42. Giles should advise Abigail that the statement should contain
- A. amounts paid in only.
 - B. current values only.
 - C. previous values only.
 - D. current and previous values and any amounts paid in.
43. In response to Bertie's query, Giles should state that they **must** be sent at least
- A. monthly.
 - B. every three months.
 - C. every six months.
 - D. annually.
44. The briefing note which Giles is preparing will need to state that a key features document is **normally** provided
- A. alongside an illustration.
 - B. alongside a suitability report.
 - C. on first contact with a potential customer.
 - D. only when a customer has signed an application form.

45. Which section of the FCA handbook will Giles consult to help him remind himself about the fair treatment of customers?
- A. Market conduct.
 - B. Principles for Businesses.
 - C. Prudential standards.
 - D. Regulatory processes.

Melissa is a manager of a customer services team within a life and pensions provider.

Melissa has been considering the impact of the Financial Conduct Authority's (FCA) fair treatment of customers outcomes and has observed that all staff are aware of their responsibilities to treat customers fairly, regular analysis is undertaken and continuous improvement among the team is encouraged, although she is concerned that she often feels that there is insufficient management information in place.

Melissa has been dealing with a claim under an income protection policy submitted by Rod. She has discovered that Rod made a misrepresentation when he applied for his policy, however, she is recommending that the claim is paid in full. As a result of this claim, Kevin, one of her team, has asked for information regarding what information customers need to provide when submitting applications. Melissa is responding to Kevin taking due account of the Financial Ombudsman Service's (FOS) view on this issue.

Melissa has received an enquiry from a colleague, Helen, regarding the use of jargon in formal documentation. Helen has been advised by the legal department that the jargon must be incorporated within the policy as it is a required legal form of wording. Helen feels that the use of this jargon may be unhelpful to consumers.

Melissa has been seconded onto a project which is looking to promote a new financial product. The team intend to promote the product in the form of direct mail, posters, adverts on websites and text messaging. Melissa has been asked to inform the team which of these types of financial promotions are covered under the FCA rules.

46. Under which FCA outcome, regarding the fair treatment of customers would Melissa have made her observations?
- A. Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
 - B. Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
 - C. Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.
 - D. Where consumers receive advice, the advice is suitable and takes account of their needs.
47. Which type of misrepresentation is Rod **most likely** to have made?
- A. Careless.
 - B. Deliberate.
 - C. Innocent.
 - D. Reckless.

- 48.** Melissa should inform Kevin that the FOS's view is that
- A.** customers need to provide information even where an insurer has waived its right to be provided with it.
 - B.** details of unspent convictions under the Rehabilitation of Offenders Act 1974 do not need to be provided by consumers.
 - C.** information relating to facts of law needs to be provided by consumers.
 - D.** providers cannot expect customers to provide a piece of information if they were not asked a specific and clear question.
- 49.** How should Helen deal with her concerns about the use of jargon?
- A.** She should ensure that all jargon is eliminated from customer correspondence.
 - B.** She should only use terms which have been approved by Melissa.
 - C.** She should refer customers to the Financial Ombudsman Service's website for an explanation.
 - D.** She should seek to explain the terms used when they arise.
- 50.** Which of the planned financial promotions should Melissa inform the team are covered under the relevant FCA rules?
- A.** All of them.
 - B.** None of them.
 - C.** Adverts on websites and promotional text messages only.
 - D.** Direct mail and posters only.

Specimen Examination Answers and Learning Outcomes Covered

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