

Treating customers fairly in credit unions

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Self assessment tool

The Treating Customers Fairly (TCF) initiative is a core part of our move to a more principles based approach to regulation. The FSA acknowledges that credit unions have members not customers. The requirement to treat customers fairly applies to all regulated firms, so for the purposes of this document the terms customers and members should be seen as the same.

To help credit unions identify risks that might have an impact on their ability to treat customers fairly we have developed a set of questions relating to organisational structure, explanation of services and some general principles.

This is not a checklist and is not intended to be exhaustive. It is designed to prompt Boards to challenge their processes and operations in key areas regularly and really satisfy themselves that they are treating their members fairly.

Board & senior management responsibilities

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How do you assess whether you are treating your members fairly, and how is this reported to the board and senior management team?

How does the board communicate what treating customers fairly means to its senior staff and those who work for the credit union?

What TCF gaps are there and how are these being filled?

What changes could you make to your services and products to support TCF?

How are you engaging, motivating and training all of your volunteers/staff on TCF?

How does your credit union measure the understanding of TCF by volunteers/staff?

How do the board and senior management team indicate their support of TCF?

Explaining your services

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How do you ensure that the products and services provided are understood by members and those who work for the credit union?

Do you avoid technical terms and jargon when explaining to members the services and products that are available?

How do you satisfy yourself that the information needs of members are being met?

When explaining a product or service are volunteers/staff able to draw members' attention to important information, such as cancellation rights, cheque clearing periods, special features, costs and charges etc?

Are your advertisements and promotional material clear, fair and not misleading?

How are members' queries and complaints used to improve or stop financial promotions?

How do the board and those who work for the credit union ensure that members understand any benefits, risks or limitations of the services and products that are being offered?

How do you ensure that any training provided to volunteers/staff covers TCF?

When holding Annual General Meetings (AGMs) have you considered making rule changes to allow other alternatives such as postal voting in situations where members are unable to attend?

Complaints

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What complaints procedure does your firm have in place and does it ensure fair treatment of your members?

Do you analyse member complaints to determine whether any common themes may be identified?

Management information

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What management information (MI) do you have to show whether your internal standards are being met in relation to treating customers fairly?

Loan assessment

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How do you ensure loan officers are capturing the right information to enable your credit union to meet your members' needs?

How do you ensure that members understand the risks, limitations and benefits when taking out a loan?

Do you have any agreed service standards for dealing with loan applications? If so, are these made available to your members?

Do you treat members fairly when refusing inappropriate loans by providing a full explanation for the refusal?