



3mc (UK) Limited

Consumer Duty Policy

Published June 2023. Updated July
2024. Updated June 2025.

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3mc Packager Overview

As a packager we believe strongly in helping Brokers as much as we possibly can. As such, we have the same mind set to implement the Financial Conduct Authority (FCA) rules and regulations. Since September 2022 we have been actively working through the Consumer Duty requirements so not only are we abiding by the new principle but also to assure Brokers that by using us as their Packager they are also meeting certain outcomes proposed under the Duty.

To start with we decided to put a plan in place designed to evidence our understanding and the steps we would need to take to evidence that we would meet the Consumer Duty standards. This plan is covered within this document which evidences what we have produced and which Consumer Duty Outcomes they meet.

We understand that the aim of the Consumer Duty is to bring about an environment where consumer harms do not occur, because firms are consistently placing its customers' interests at the heart of its business. It also focuses beyond ensuring compliance with specific rules, but on delivering good outcomes to consumers. This includes acting in good faith, to avoid causing harm and empowering consumers by placing them in a position where they can make effective decisions on the products they purchase.

We set about our project and looked at the way we operate and how we support the Brokers who use us. But we haven't stopped there, we have produced evidence to support our work which Brokers can also use as part of evidencing and embedding the Consumer Duty into its daily practice.

This document is designed to explain how we are embedding the Consumer Duty throughout the business and, for ease, we have highlighted the outcomes in bold so anyone reading this document can clearly see which outcomes it meets.

Our Purpose and Service Levels

At 3mc we believe we offer a service that is second to none. We are continually striving to provide a solution to Brokers to help them and not only in the way we package but also towards meeting the Consumer Duty.

3mc is an award-winning specialist mortgage desk for mortgage intermediaries and a national packager and distributor of Residential, Buy to Let, Short Term Lending and Commercial Mortgages. Because of our independent status we can work with directly authorised intermediaries and appointed representatives of all partner networks and mortgage clubs.

At 3mc we strive to:

- ❖ Save Brokers valuable time researching specialist mortgage enquiries;
- ❖ Research and provide Brokers with access to both the Lender core range and Packager exclusive products and criteria;
- ❖ Save Brokers valuable processing time by accessing Lender onsite Underwriters and Representatives, speeding up the application process.

We excel where a customer does not meet mainstream lending, as we have the product knowledge and access to Lenders to source products. As part of the **Customer Support Outcome**, we understand Brokers want to help their customer and rather than spending time and resource searching an unfamiliar market, 3mc can source products that would meet your customers criteria quickly and efficiently.

A factor of the **Customer Support Outcome** includes providing information to customers in a timely manner and as we all know rates can change, we ensure that providing solutions as quickly as possible, without imposing on quality, is key to our and the Brokers success. We retain this mindset all the way through the case journey and is why we encourage Lenders Representatives and Underwriters to work onsite with us so that we can ensure cases are completed in a timely manner.

To provide further peace of mind using us, we have 3mcView which is our Broker Portal that Brokers can use to place and track your specialist cases. Therefore, from making a simple enquiry all the way through to completion Brokers are able to see the case workflow from start to finish. We also provide Brokers with a file on each case including:

- ❖ The results of three Lenders Products that meet the criteria, who are sorted by total to pay;
- ❖ Latest and up to date product guides on the products provided – for Intermediary Use;
- ❖ DIP certificates;
- ❖ Lender Illustration, where provided by the Lender;
- ❖ Completed application– Lender version of application where applicable;
- ❖ Formal offer.

By having access to this information, the Broker can keep the customer updated at all times and meet the **Customer Understanding (Communications) Outcome**.

In addition to the above we have a Consumer Duty Section on our website. This features all the work we have completed so that Brokers can evidence they are using a Packager that meets the Consumer Duty Outcomes.

Each Lender also has their own dedicated webpage within our site. Within this you'll find links to their Consumer Duty Information including their fair value assessment. These are continually maintained; therefore, Brokers can have peace of mind that they have access to up-to-date fair value assessments and therefore demonstrate that the products and price meets the customers outcomes.

Secret Adverse Lending:

With such a volatile market, the cost-of-living challenges, and the impact on individuals to keep afloat, we believe it is fair to say that we as an industry will see a greater percentage of clients with minor adverse, such as late payments on unsecured credit, smaller defaults and smaller CCJ's. It has never been more important for Brokers to quote perspective clients accurately and advise on a product that is the most suitable and competitive within the market place.

Typically, mortgage sourcing systems cannot differentiate the issuer of a CCJ or Default, for example, communications or utilities. Therefore, if the Broker only uses a sourcing system to source this type of enquiry the results may well only show more expensive product plans

than the plan the customer could actually qualify for. This doesn't meet the **Product and Service Outcome**.

This is where 3mc comes into its own. We have information about specialists Lenders who will ignore certain categories of adverse when assessing product availability. In fact, we are so proud of our knowledge we decided to produce a [Secret Adverse Reference Table](#) to assist us and Brokers when looking to source specialist enquiries.

The table highlights the CCJ's, Default's and missed unsecured payments a Lender will accept before assessing the Lender plan options. Under the Consumer Duty the **Product and Service Outcome** requires Brokers to offer products that are fit for purpose and meets the customers outcomes. At 3mc we make sure that we don't just use sourcing systems, we use the knowledge that we have gained and the access we have to Lenders to our advantage so that we can truly source products, including those that fall into the secret adverse category, that meets the customers outcome and are of a fair **Price and Value** to ensure the Broker and their customer gets a better outcome.

3mc Standards

Internal Standards/Actions

Consumer Duty Outcome

Part of our internal process is to check each formal offer by the originating mortgage underwriter to ensure the product offered is still the most appropriate product.

In a volatile interest rate environment, this additional check ensures that the research and products provided at the commencement of the enquiry is the same as what would have been provided at the time of formal offer. Where there is a difference, we provide the Broker with revised research. This has been a part of our service for some time and meets the **Product and Service Outcome** by ensuring Brokers have up to date information on products available within the market that they can then relay to their customers.

Each Mortgage Underwriter is regularly assessed by their line manager which is documented and added to our CRM system with the findings discussed on a face-to-face basis. Each observation is categorised Green, Red or Amber to identify any development needs. The CRM system produces a weekly management report which is communicated to all management within 3mc. The report also highlights the frequency of each observation to ensure in line with company policy.

By delivering high standards of staff development on a regular basis, this ensures all Brokers are treated professionally. **Customer Support** is a key part of any business and having staff who are experienced within their field means the quality of the service provided to Brokers enables them to articulate the high level of information to their own customers. This not only provides all the information they need to provide advice to the customer but delivers a good outcome to their customer.

All 3mc team members receive a basic salary with no commission structures in place.

All Brokers receive the same level of support with no bias to a particular lender or remuneration structure. The FCA require Brokers to provide products that are a fair **Price and Value**. This is one of the reasons why we have decided to keep our first charge residential and BTL packaging fee at £95. We believe this is a fair price given the level of expertise and support a Broker will receive. It also means that the 3mc team

	members are driven to provide a quality service and have no bias to a particular lender ensuring the Product and Service Outcome can be met.
With all packaging lender relationships, 3mc will not collect a valuation fee on behalf of a lender.	We want to ensure that Brokers can provide the best outcome it can for its customers. With Price and Value being a key part of the Consumer Duty we ensure all customers pay the lender valuation fee scale so that they are not commercially disadvantaged when their mortgage application is processed via 3mc.

Consumer Duty Overview

All products and services that are sold or renewed from the 31st July 2023 fall under the Consumer Duty. To provide a short overview of what the Duty entails we have summarised the three key elements below:

✓ **Consumer Principle:**

This is a new Principle, (Principle 12) which states that '*A firm must act to deliver good outcomes for retail clients*'. This Principle sets the tone and reflects the standard of behaviour the FCA want from firms.

✓ **Cross-cutting Rules:**

The cross-cutting rules articulate the three key behaviours that the FCA expect firms to deliver across all areas of the firm's conduct:

1. Avoid causing foreseeable harm to customers;
2. Enable and support customers;
3. Act in good faith.

✓ **Four Outcomes:**

The four outcomes provide the rules and guidance setting more detailed expectations for firm's conduct covering:

1. Consumer Understanding (Communications):

This outcome requires that communications are easy to understand, provide a balanced picture of the product, including the benefits, cost and risks. This includes providing the customer with everything they need in a timely way so that they can make an informed decision whether to proceed.

2. Products and Services:

The products and services a firm offers should meet the needs, characteristics, and objectives of the customers that they are targeted at.

3. Price and Value:

Products and services should be a fair price. But it's not all about price, firms are also required to assess the value of the policy and the benefits it provides.

4. Consumer Support:

Consumers should receive support throughout the life of a product or service provided. This includes making it just as easy for a customer to get in touch to cancel or change a policy as it is to purchase, through the same channel.

3mc Packager Lender Panel – Fair Value Assessment

As a Packager, we pride ourselves on our product knowledge and regularly meet with Lender Representatives and Underwriters at our offices. This enables us to understand the products in-depth and having the Lenders onsite means we can package deals and get an answer quickly.

It is extremely important that we know Lender's products and criteria inside and out. We need to know who would place what types of business whilst also being able to demonstrate that we have a good range of Lenders accessible to us under a multiple of different scenarios.

We therefore produced a document that details the vast range of Lenders that are on our panel and what types of business they would consider. We believe this is a useful tool as knowing who offers what can help us narrow down which Lenders we will approach regarding a particular case.

Lender's criteria can change, as do their products. Also, they may have a cap on what business they would accept. By having Lenders onsite at our premises, we have first-hand access to what they will and would not accept. This means we can disregard those who we know wouldn't lend on a particular case and focus our time on those we know who would.

Under the Consumer Duty **Product and Service Outcome** firms have a duty to ensure the products offered to customers are fit for purpose and are targeted at those whose needs they are designed to meet. This is an essential requirement and by knowing which Lenders will meet which customers criteria the firm can evidence that they are delivering a good outcome.

Our [Lender Panel – Fair Value Assessment](#) is available to download and demonstrates the number of Lenders 3mc use to research the market and that only those who meet the customers criteria are sourced.

Quality Assurance - Google Reviews

We regularly receive outstanding reviews on google and decided that maybe we should shout about it. We consistently receive 5 star reviews, with our average being 4.9. We are very proud of this. It demonstrates that we truly do go the extra mile and that the service we provide is what Brokers, who use us, want.

Communication between us and the Broker is key and the more we know about the customers circumstances the better we can source deals that meet their criteria. Whilst we won't give advice on our packaging side of the business, we will carry out the research needed on the Brokers behalf all the way through to completing the application and getting that all important offer.

Brokers are required to meet the Consumer Duty requirements and by using a Packager, such as 3mc, they will be using a firm that sets a high expectation and standard of care. This includes ensuring the products are fit for purpose, which meets the Consumer Duty **Product and Service Outcome**, and offers a fair price and value, which falls under the **Price and Value Outcome**.

By ensuring the products meet the Consumer Duty expectations it enables Brokers to evidence by using 3mc that they can then recommend a product that provides a good outcome to the customer.

We love supporting Brokers and being a part of the puzzle researching the market is what we do best. As a bonus we hope that by taking the time completing research and packaging a case up it will allow more time for the Broker to do what they do best and that is giving advice. It also allows the Broker to spend more time with the customer throughout the journey and lifecycle of the mortgage so that they are meeting the **Customer Support Outcome**.

We see it as an honour when someone takes time out of their day to write such kind words about us. And, you don't have to take our word for it you can download our [Quality Assurance - Google Review](#) Document. This evidences what we do best and that is to provide a service that Brokers can rely on.

3mc Packager Fees – Comparison to Market

Fair **Price and Value** is one of the Consumer Duty Outcomes. As part of this Lenders had to carry out a fair value assessment of their products. This was to ensure that their products are of a fair price and are good value for money. The FCA's intention is not to set prices or put a cap on what Brokers charge. However, the Consumer Duty does require Brokers to ensure that its costs and the price customers pay for a product or service is proportionate to its value.

To comply with the Consumer Duty, Brokers are also required to ensure the costs they charge, along with any other associated costs are also deemed a fair price, are reasonable and justifiable.

So, we decided to see where we compare against other Packagers in terms of costs. Whilst we would never name names, we decided to research our top competitors to see where we sit in terms of price. From this we produced a document that contains the facts, and we are proud to say that the figures speak for themselves. We are extremely competitive.

But the Duty is not just about price, it is also about value and we know we go the extra mile from all the wonderful google reviews we receive. This means so much to us and evidences that we truly do provide an outstanding service at a very competitive price.

When using 3mc as your Packager, you can use the table we have produced to evidence that as part of considering the **Price and Value Outcome** you have research on the market place to ensure you use a Packager that charges a fair price, provides value for money and

enforces the Duty throughout its business.

We want to ensure that we continue to be a Leader in the market and for us to do this, we will ensure we keep our costs competitive whilst not allowing it to impact on the service we provide.

We believe it is useful for Brokers to be able to evidence they are meeting the outcome of a fair **Price and Value**. For first charge residential and BTL, we charge £95 which is extremely competitive in the market. To evidence this please download our [3mc Packager Fees – Comparison to Market](#) to see how we compare with other Packagers.

3mc Conversion Rates

Specialising in packaging is at the heart of our business and ensuring we can achieve high conversion rates is essential to this. As such, we regularly meet with Lender Representatives and Underwriters at our offices. Having the Lenders onsite enables us to talk through cases with them and gain an advantage of understanding their criteria.

Our knowledge means we can quickly assess which Lenders will lend on each case. In turn, this significantly improves our conversion rates, demonstrated in the document we produced. The figures within the [Conversion Rates Document](#) have been provided directly from four Lenders who have kindly given us their stats on our conversion rates compared to Brokers who have gone direct to them.

It is important to us that when a Broker places business through us that the likelihood of conversion is far greater than if they went direct. This is not just so that we can demonstrate placing business through us achieves a higher conversion rate, but also a better outcome for the customer. The Consumer Duty requires Brokers to meet the **Products and Services Outcome** i.e., the products are fit for purpose and are appropriate to the consumers they are being targeted at and sold to. By having higher conversion rates Brokers will be able to evidence they are meeting this outcome and are achieving a good outcome for the customer.

We were particularly humbled when we saw our conversation rates compared to Brokers who go direct to the Lender. Our 3mc Conversation Rate evidences this and has been derived from data provided directly from Lenders. Every Broker wants to be able to help their customer achieve a good outcome and get the mortgage that is the most suitable for them. If the chances of that were improved by going through a Packager, such as 3mc, then we know we are meeting the FCA and the customers outcomes.

Outcome 1 – Consumer Understanding (Communications) Outcome

The Consumer Duty and specifically the **Customer Support** Outcome requires Brokers to provide a level of support that meets customers' needs throughout their relationship with the firm. This means making sure customers are adequately supported throughout the lifecycle of a product or service from making an enquiry, receiving advice, arranging a product, through to making any amendments and remortgaging. This is where 3mc slots in nicely as customer support is something that we do best. We are always conscious that the Brokers who use us want to be able to give their customers the best advice. Relying on us to take on the packaging side is something we don't take lightly so we ensure that the service we

provide is what Brokers want and that the customer receives a good outcome.

The **Customer Support Outcome** applies to all communications provided to consumers. This includes ensuring communications are effective regardless of the channel of communication that is used – for example, advice given face-to-face, on the telephone, over email or via social media or other types of communication through promotions.

The FCA deems that communications should support and enable consumers to make informed decisions about financial products and services. This includes providing the information they need, at the right time, and be presented in a way they can understand so that the customer can make a good, informed decision on whether to proceed.

So that a customer can make an effective decision, Brokers who use 3mc as a Packager can ensure:

- ❖ The sourcing and packaging process is carried out in a timely and thorough manner;
- ❖ The Broker receives the latest and up to date product guides;
- ❖ The Broker receives a file with all the information they need, including Illustrations from the Lender where provided, so that they can then give advice to their customer;
- ❖ The products provided meet the criteria the Broker has provided;
- ❖ The costs incurred for using 3mc to Package the case is deemed a fair price and of exceptionally good value.

By having a complete file provided to you, the Broker, means you will have all the information you need to digest before you give advice and recommend the product you feel best meets the customers outcomes. This allows you to meet the **Customer Understanding (Communications) Outcome**.

Outcome 2 – Products and Services

The FCA want all products and services for consumers to be fit for purpose. This includes them being designed to meet the needs, characteristics, and objectives of a target group of customers and distributed appropriately. These are essential steps for a Broker to deliver good outcomes to consumers.

By using 3mc as a Packager we will:

- ❖ Use our knowledge of Lenders criteria and products to source products that meet the criteria the Broker has provided;
- ❖ Only provide details on products that are fit for purpose and whose criteria they are designed to meet;
- ❖ Carry out internal file reviews to ensure all staff are supplying information on products that meet the criteria of the case;
- ❖ Regularly meet with Lenders and Underwriters onsite to discuss cases;
- ❖ Ensure systems and controls are in place to monitor our service continually meet the high standard levels we expect.

Outcome 3 – Price and Value

The focus of the **Price and Value Outcome** is to ensure there is a reasonable relationship between the price a consumer pays for a product or service and the benefits they receive from it.

As part of this Lenders had to carry out a fair value assessment of their products. This was to ensure that their products are of a fair price and are good value for money. To comply with the Consumer Duty, Brokers are also required to ensure the costs they charge, along with any other associated costs are also deemed a fair price, are reasonable and justifiable.

As part of ensuring the products and services offered are fit for purpose, 3mc ensures that its own fee represents fair value. As such, 3mc regularly considers its fees compared to the market place to ensure that it remains competitive within the industry. By keeping our own fee competitive means that the price presented to the customer remains fair so that the Broker can also continue to meet the **Price and Value Outcome**.

Outcome 4 – Consumer Support

It is expected that firms provide a level of support that meets consumers' needs throughout their relationship with the firm. This means the firms' customer service should enable consumers to realise the benefits of the products and services they buy and ensure they are supported when they want to pursue their financial objectives.

Meeting the **Customer Support Outcome** can have a significant impact on any business. This could include, but is not limited to:

- ❖ A reduction in complaints on standards of service;
- ❖ An increase in persistency and retention of customers;
- ❖ Customer satisfaction that leads to referrals.

As part of this it is a requirement under the **Customer Support Outcome**, that firms ensure customer support is fully resourced so that it doesn't impose unreasonable delays, distress or inconvenience to its customers.

3mc understands that there are a number of factors that can impact on a firm's resources. This could be due to holidays, staff leaving and changes within the market which lead to high volumes of calls or enquiries. By using a Packager like 3mc, we can be that cog in the wheel to fill the gap in resources enabling the Broker to continue to meet its own service standards.

This document is for mortgage intermediaries only and not for members of the general public.