

# ASSESSMENT OF FAIR VALUE

## Scottish Widows Platform

### REVIEW FINDINGS

The Scottish Widows Platform was most recently assessed for fair value in April 2024\*. We have concluded that not only is our Platform pricing competitive but that the Platform is aligned to our target market and continues to deliver fair value for all customers, including those who are vulnerable and orphaned.

This view was formulated via outcome testing; reviews of our lapse and complaints data, distributor feedback and new and existing business monitoring across a variety of business metrics.

### GENERAL INFORMATION

**Product name:** Scottish Widows Platform

**Manufacturer:** Embark Investment Services Limited (Firm Reference Number: 737356)

**Date published:** April 2024\*

**Date of next assessment:** April 2025

**Point of contact and email address for any queries:**

👤 Amanda Costain

✉ amanda.costain@lloydsbanking.com

The Scottish Widows Platform offers a range of tax wrappers including Individual Savings Account (ISA), Investment Account, Self-Invested Personal Pension (SIPP) and Junior Products. It provides easy to use, online access to over a hundred fund managers and thousands of mutual funds, UK listed stocks and exchange traded assets.

The Scottish Widows Platform has been designed to be suitable for customers who have retained professional financial advisers to assist them with their financial planning and investment choices. Our Platform is designed to meet the needs of a variety of clients, but is specifically aimed at individuals who:

- Are UK residents aged between 18 to 85 with a lump sum to invest or are prepared to commit to a regular continuing contribution.
- Have a need to build retirement benefits and/or savings and investments that are suitable for their individual circumstances in a tax-efficient manner.
- Have sufficient accessible money, in the short term, to cater for emergencies and unforeseen expenditure.
- Have a risk profile consistent with investing in Unit Trusts, Open-Ended Investment Company (OEIC) and Exchange Traded Assets and are willing to take and accept some investment risk.
- Want access to a range of flexible investment solutions that support them throughout their lifetime, for example if their attitude to risk changes, if they have a need to switch income on or off, or if they wish to take a one-off withdrawal from their investment. >>

\* The Scottish Widows Platform was formerly branded as "Embark Platform"

The information we supply you is not intended for customer use

- Have access to a financial adviser and need advice to enable them to make initial investment decisions, and other decisions over their investing lifetime.
- Can invest their money over the longer term.
- Wish to start taking an income from their capital whilst retaining an exposure to Unit Trusts, OEICs or Exchange Traded Assets.

There are risks associated with the Scottish Widows Platform product range and these are disclosed in the Key Features and Terms and Conditions documents that are available at [scottishwidows.co.uk/platform](https://scottishwidows.co.uk/platform)

The Scottish Widows Platform has a clear and competitive charging structure, details of which are available on our website.



## Product Governance

Embark Investment Services Limited (EISL) has a product governance policy, procedures and processes in place which set out requirements for the design, approval, and review of each of its products. Specifically, these ensure:

- Senior Management is responsible for the approval of any new product developments and changes to existing products.
- Target markets & negative target markets are identified, validated, communicated, and reviewed for all products.
- New products and product changes are subject to approval and appropriate stress and scenario testing.
- MI/Data is monitored on an ongoing basis to ensure that products can meet the needs of customers in the target market and deliver fair value and good outcomes across the life of the product.
- Relevant risks, foreseeable harms and potential conflicts are identified, monitored and any appropriate mitigations are put in place.
- The distribution method and medium is appropriate, and the product can be distributed compliantly.
- The product can be managed/maintained in line with customer expectations and terms and conditions.
- The product complies with relevant regulation and legislation.
- Products are regularly reviewed to ensure they remain capable of meeting customers' needs and delivering fair value, and that the distribution method and medium remains appropriate.



## Pricing

- Pricing distribution is reviewed quarterly via our Executive Customer Committee (ECC).
- The ECC also monitors pricing and behavioural outliers and where present, agrees what further action could be taken to ensure customers receive optimal value from the product.
- The ECC regularly reviews the product and servicing, taking into consideration factors such as cost to serve, competitor comparisons and regulatory landscape.
- The ECC will also approve pricing assumptions on an annual basis; review and approve any pricing strategy initiatives as and when required, considering business performance & trading; and review potential impact to pricing as a direct result of market changes.
- The ECC monitors customer behaviours through detailed analysis of Platform MI. We will also monitor customer outcomes from our complaints MI to drive continuous improvement activity and ensure that the product is managed and maintained in line with customer expectations and our policy provisions in terms and conditions.
- Customer research includes outcome testing and complaints analysis. Findings from monitoring, testing and research feed into continuous product management activity where any risks are identified, and appropriate action plans are agreed and implemented.



## Distribution strategy

- Given the needs of our target market, the Scottish Widows Platform is distributed through professional financial advisers who provide initial and where required, on-going advice. The Scottish Widows Platform allows advisers to grant customers some transactional capabilities to support them in getting the most from their Platform products and investment opportunities.
- This distribution approach is consistent with the target market of the Scottish Widows Platform where fund sizes are sufficiently large to justify the cost of taking advice and the flexibility it offers requires expertise from a professional adviser.



## Target market

Who is it suitable for?		Who is it not suitable for?	
Customers who		Customers who	
✓	are willing to retain professional financial advice to assist them with their financial planning	✗	do not wish to use the services of an adviser
✓	are UK residents, employed (or self-employed) and qualify for tax relief on pension payments	✗	are non-UK residents at the time of taking out a plan
✓	are prepared to invest for the medium to long-term	✗	want to invest in volatile, high-risk investments to make a quick return
✓	can invest a minimum of £10,000 or commit to regular payments of at least £150 per month whilst retaining separate funds to cater for unforeseen expenditure in the short term	✗	have a minimum investment of less than £10,000 or are unable to save at least £150 per month
✓	can accept the risk of capital loss	✗	can't accept any capital loss as there are no specific capital guarantees
✓	want a tax-efficient way to build up their retirement savings by investing for potential growth	✗	want to make short-term, high-risk investments
✓	want the ability to invest their savings in a wide range of asset types, not be restricted to a small choice typically available through a personal pension, bank or building society	✗	wish to invest in cash only
✓	want choice over how they take their retirement benefits, and want to remain invested when they do	✗	want a guaranteed income in retirement
✓	want the flexibility to stop, start or change their contributions and/or income without additional charges		



## Fair value

Our product governance framework and processes aim to assess whether there is a reasonable relationship between the price paid for a product or service and the overall benefit a customer receives from it. The delivery of fair value is supported by the development of a clear target market, appropriate distribution strategy, and servicing designed to support good outcomes.

The Customer Fair Value (CFV) assessment is carried out on an annual basis. The CFV framework has been designed to help us understand the value and outcomes our customers receive. This involves identifying any concerns about value and fairness through the pricing and operation of our products. If necessary, mitigating actions are carried out to address and concerns identified.

The framework also looks to:

- Ensure products are well designed and meet the needs of customers in the target market.
- Compare the costs and benefits (monetary and non-monetary) for customers of the products.
- Ensure customers receive communications and support at key points that help them to understand and use their products in the way intended throughout the time they have them.

Evidence is assessed across 5 key principles; Product Design, Point of Sale, Customer Lifecycle, Intermediaries and Pricing Practices.

### Product design

The product design continues to meet the needs of the defined target market including vulnerable customers. Feedback from distributors is consistently sought to help evolve our products and deliver fair value.

The pricing structure has been designed to ensure fair value, with customers only being charged for the services and features they use. We monitor activity in the book that may result in the customer not receiving fair value and will contact the customers and/or their adviser in these instances. We also have processes in place to support vulnerable customers, with vulnerable customer training rolled out to all staff.

### Point of sale

Customers derive fair value at point of sale. We only accept new business through advisers, and as a result our customers benefit from receiving financial advice to ensure the product is suitable for their needs.

Our communications and documentation issued to customers at the point of sale are in our view, clear and easy to understand and this is borne out by our analysis of complaints data. However, we are undertaking extensive customer testing to identify any areas where they can be improved.

### Customer lifecycle

Throughout the customer lifecycle, customers holding the product continue to receive fair value. Monitoring includes customer behaviour, lifecycle communications and continuous improvement. There are no barriers to exit within the product. Our servicing performance is regularly received by our ECC. Key communications are issued to our customers and advisers at the relevant time.

### Intermediaries

Customers receive fair value regardless of whether they continue to receive advice. Adviser charges can be facilitated subject to customer consent. All charge details are fully disclosed and explained to customers in our pre and post-sale charges information for the duration of the product.

### Pricing practices

Our pricing practices result in fair outcomes for our customers. We regularly review our pricing strategy and monitor pricing outcomes and other product specific considerations (e.g., fees and charges). Our charges are transparent and easy for the customer to understand.

### Charging

Any Cash held in an Account may be eligible for interest payments. We retain the difference between our published interest rate and the fluctuating rates paid by banking partner(s) and therefore the rate of interest which is applied to your client's Account will be determined by us. The amount of interest retained by us is capped at 2%. We consider the interest rates paid to clients to be competitive for a transactional current account.



0330 024 2345



service@scottishwidowsplatform.co.uk



scottishwidows.co.uk/platform