

Consumer Duty – Product Information for the LV= Individual Savings Account

Including target market, fair value, and customer vulnerability statements

Product Type

Stocks and shares Individual Savings Account (ISA).

Product Description

The LV= ISA is a stocks and shares ISA, primarily suitable to attain capital growth. The plan accepts initial and ad-hoc lump sum investments. Ad-hoc top ups are made into your client's existing LV= ISA, into the same fund option.

The product offers a unique averaging mechanism and a capital guarantee which aims to reduce the impact of market volatility. The capital guarantee is available on our ISA Cautious Fund and is available at initial or subsequent investment or on expiry of a previous guarantee. We offer a range of risk-rated unitised with-profits funds that invest in a mixture of different assets and offer the potential for smoothed investment growth. Your client can only invest in one of these fund options at a time, per LV= ISA, across all investments within that ISA. Multiple LV= ISAs are not allowed.

In keeping with the ISA regulations, the product also provides the flexibility to allow ad-hoc withdrawals, as well as permitting transfers out.

Product Objective

To enable the planholder to make lump sum investments in LV's Smoothed Managed Funds, providing them with the potential for capital growth while still allowing them to make ad-hoc withdrawals from their investment.

Product Holding Time

The LV= ISA has no fixed term but we would expect a client to invest for at least 5 years and ideally 10 years or more.

Product Features

- Choice of a range of funds as detailed in 'Your guide to how we manage our unitised with-profits LV= ISA business'.
- A unique averaging mechanism to reduce the impact of short term market volatility.
- A unitised with-profits investment with the option to take ad-hoc withdrawals.
- Optional capital guarantee at outset (subject to availability).
- Life cover.

More detailed information, which includes the product investment limits and basis, as well as a description of costs and charges, can be found in our Product Profile document.

Eligibility Criteria

- To apply clients must be aged 18 and over, maximum age is 84 years attained (85 next birthday).
- No further payments permitted into the LV= ISA from 85 years.
- UK residents and Crown Servants or spouse / civil partner of Crown Servant serving overseas.
- Investment into the ISA will not be permitted within 12 months of full surrender of another LV= ISA (or full surrender of the last policy if multiple policies are held).

Distribution strategy

To ensure your client receives a product that is right for them we believe the LV= ISA should be sold on an advised basis, whether face to face or over the phone. It's important to regularly review your client's circumstances and needs to make sure their investment is appropriate.

We don't accept applications from direct customers.

Our pricing is consistent across all our channels of distribution. Firms that sell the Plan must have a current terms of business agreement in place with LV=. These can range from restricted (tied, multi-tied and whole of market) and independent advisers.

Target market

We believe the main group of individuals that the LV= ISA is likely to appeal to as part of their savings and investment strategy are:

- 30 to 70 year olds with lump sums to invest.
- Those looking to build a tax efficient savings pot and has sufficient ISA allowance to contribute to and/or has existing ISA funds to transfer in.
- Pre and post-Retirement - those looking for a less volatile investment experience or those seeking better potential investment returns suited to their risk profile, in a tax efficient manner than they receive from cash deposits.
- Post-Retirement - as an investment opportunity for investing Pension Commencement Lump Sums (PCLS) up to the ISA limit to provide additional investment return where it is not immediately needed to fund retirement. This is likely to be clients who have already taken PCLS and have residual funds available.

Our funds are independently risk-rated by multiple agencies helping you to match the right fund option to your client's risk appetite.

We believe that the Plan is:

suitable for individuals who

- Wish to invest a lump sum for at least 5 years and ideally 10 years or more.
- Want to choose a fund to match their risk appetite.
- Understand the risks associated with stock market related investments and are willing to accept them in exchange for potential growth in their investment.
- Want the option to add a guarantee to their investment at outset in exchange for an extra monthly charge and understand that, although they won't suffer from the full effects of any downturns in the market, they won't benefit from the full upside of any market rises as well.
- Want to transfer existing ISA pots held with other providers into one place for easier and more efficient management.
- Wish to invest some or all of their ISA allowance within a guaranteed/smoothed environment.



- Want to make use of their tax efficient allowances.
- Wish to make lump sum subscriptions.
- Want to achieve investment growth on their savings with the option to take ad-hoc withdrawals.

unsuitable for individuals who

- Don't wish to invest for the long term.
- Don't understand the risks associated with stock market related investments.
- Don't wish to buy a guarantee and don't wish to put their capital at risk.
- Don't understand that withdrawals from an investment with a guarantee will have the effect of reducing the guaranteed amount. A portion of any guarantee in place will be lost following continued withdrawals.
- Don't understand the potential impacts of large and frequent withdrawals on their investment.
- Wish make to ad-hoc subscriptions of less than £2,000.
- Wish to make regular monthly subscriptions.

This is a stock market investment so your client isn't certain to make a profit and may get back less than they invested.

The averaging mechanism (smoothing) can be suspended at our discretion. This may be in exceptional conditions or if the underlying price was 80% or less of the averaged price. If smoothing was suspended the funds will be valued using the underlying price.

If your client buys a guarantee on the ISA Cautious Fund, and decides to cash in, fully transfer out or switch fund option, before or after the end of the guarantee term, they will lose the benefit of the guarantee.

Providing Fair Value

We conduct an annual review of the product following principles set out in our fair value framework. These principles are designed to ensure that the price the customer pays is reasonable compared to the overall benefits. They take account of the charges paid by your client, the distribution channel through which the product is sold and a review of product performance and service.

Our key fair value assessments areas reviewed annually are:

Assessment Area - Features

Assessment Criteria

- Needs of target market
- Competitor comparison
- Product terms

What this means

- We assess the benefits and limitations of the plan to ensure it continues to meet the needs, characteristics and objectives of our target market including any vulnerable customers.
- We regularly compare product features with those of our competitors to ensure we offer flexibility to your clients throughout the lifetime of their Plan.
- We assess the relationship between the overall price the customer pays and the quality of the product and service provided.
- We conduct customer surveys and assess results as part of on-going product governance. As part of this, we gather feedback from customers about their use and experience with their plan to ensure it continues to meet customer needs and provide good outcomes.

Assessment Area - Services

Assessment Criteria

- Quality of service delivered
- Customer satisfaction
- Intermediary feedback

What this means

- We assess the quality of service we provide to you and your clients using a variety of tools (including complaints MI) and take action where needed to ensure good outcomes for our customers, including vulnerable customers.
- Our servicing processes are assessed to identify where we can make efficiencies and streamline processes making us easy to do business with.
- Customer satisfaction is monitored monthly, with post-sales suitability surveys completed on new business annually. Adviser feedback is also collected. Feedback used as appropriate to deliver communication that is engaging and easy to understand.
- Ensuring our servicing teams are appropriately trained and able to recognise and support vulnerable customers through training policy, practices and established processes.

Assessment Area - Pricing

Assessment Criteria

- Overall costs/pricing
- Profit margins
- Competitor Comparison

What this means

- Our pricing is monitored regularly to ensure we remain competitive and in line with our Fair Value Framework. These principles include that a) profits are not excessive for the product, b) the rate of return a customer might expect to receive is realistic, providing value for money and c) we take account of the overall cost to provide the product compared to the price, quality and service provided.
- Our charging structure is clear and transparent with no hidden costs. Plan literature clearly explains how charges are taken with appropriate illustrations clearly setting out the charges your client will pay at outset. No discretionary charges are applied.

Assessment Area - Distribution

Assessment Criteria

- Impact of distribution strategy on value delivered to the customer

What this means

- Our distribution strategy remains appropriate for our target market with no areas identified that would negatively impact your clients, including clients who may be vulnerable.
- We consider the charges that we facilitate to ensure they are not set at a level that would mean the product is unlikely to achieve its objectives and provide fair value.

Our assessment confirms:

- The Plan remains consistent with the needs of the identified target market.
- The Plan provides fair value to customers, including vulnerable customers.
- The intended distribution strategy remains appropriate.

There may be additional factors that influence the fair value of the product within the distribution chain, these include any other fees charged to the client not by LV=.

Customer Vulnerability

At LV= we consider the needs of all our customers, including those with vulnerabilities, across all aspects of product development and throughout the life of a customer's policy in line with the FCA Vulnerable Customer Guidance.

A vulnerable customer is someone who, due to their personal circumstance, is especially susceptible to detriment, particularly where a firm is not acting with appropriate levels of care.

The main drivers of customer vulnerability are

Vulnerability Characteristic	Why
Health	A customer may find themselves with a condition or illness that affects their ability to complete day-to-day tasks, both mentally and physically. When we suffer from ill health, it can greatly reduce our capabilities. For customers who have long-term health conditions, are living with pain, are battling addiction or undergoing treatment, everyday tasks become a greater challenge.
Life Events	Throughout a person's life, they will experience different life events. Some may result in things becoming more difficult or complicated. Examples of life events that may put a customer in a position of vulnerability include bereavement, redundancy or a relationship breakdown. Other events include taking on care responsibilities or being a victim of crime or involvement in an accident.
Resilience	A customer may have a low ability to withstand financial or emotional shocks. Such shocks can occur from ill health or challenging life events. For example, someone on a low income, with little savings, may be less resilient to the financial shock of a life event. Without support, their situation can quickly worsen, leading to debt and stress.

Capability	A customer may have low knowledge of financial matters, low confidence in managing and making decisions about their investment or have little digital skills. This could make accessing the product features difficult, as they may be unfamiliar with how to get information or find it difficult to understand.
Capacity in financial difficulty	What is the customer's ability to absorb falls in the value of their investment. If any loss of capital would have a materially detrimental effect on their standard of living or investment composure, this should be taken into account when assessing the risk that they are able to take when investing in the ISA.

Customer vulnerabilities are expected to change over the life time of our products due of the long-term nature of them but also over the shorter term in relation to life events that can create unexpected vulnerabilities.

How we strive to achieve good outcomes for our vulnerable customers

To help achieve good outcomes for all our customers, including those with vulnerabilities we:

- Have a customer focussed culture giving you and our customers confidence that we treat each individual fairly as a priority, and that all LV= colleagues will act with integrity and have the competence to do so.
- Focus on how we can support all customers with a vulnerability through training, policy, sharing knowledge and experience.
- Have a dedicated support structure that our customer facing teams can draw on in order to support vulnerable customers in conversations for example, Vulnerable Customer Champions across the business and an appropriate internal forum to identify areas of continuous improvement.
- Provide customer communications that is accessible, clear, fair and not misleading. We aim to keep customers informed throughout their relationship with us, making it easy for all to engage with us, to help them make informed decisions.
- Understand the needs of our target and existing customer base and design fair, transparent and accessible propositions, which we regularly review so that customers can be confident they will perform as expected and deliver value.
- Monitor the quality of the service we deliver on an ongoing basis (including complaints data) and are accountable for any action taken if there is any impact on customer outcomes.
- Help you support your clients who are more vulnerable with the aid of our Vulnerable Customer Guide for Advisers.

If this document is not accessible for you, you can contact us and ask for an alternative format. It will help us if you tell us what assistive technology you use.

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