

Chapter 2

Arch cru Consumer Redress Scheme

2.1 Application and subject matter of the scheme

2.1.1

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Application to firms which made personal recommendations.....

- (1) The whole of this chapter applies to a *firm* which made a *personal recommendation* in relation to an Arch cru fund, after which a *consumer* made an investment in the Arch cru fund, and to which the suitability requirements (specified at paragraph 5.1R of the instructions in ■ CONRED 2 Annex 13) applied.
- (2) The Arch cru funds referred to in *CONRED* are any of the following sub-funds of the CF Arch cru Investment Funds and CF Arch cru Diversified Funds:
 - (a) CF Arch cru Investment Portfolio;
 - (b) CF Arch cru Specialist Portfolio;
 - (c) CF Arch cru Income Fund;
 - (d) CF Arch cru Balanced Fund;
 - (e) CF Arch cru Global Growth Fund; or
 - (f) CF Arch cru Finance Fund.

2.1.2

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Application to persons who have assumed a firm's liabilities.....

- (1) The whole of this chapter also applies to a *person* who has assumed a liability (including a contingent one) in respect of a failure by a *firm* to whom this chapter applies.
- (2) A *person* in (1) must either:
 - (a) perform such of the obligations as the *firm* is required to perform under this chapter; or
 - (b) ensure that those obligations are performed by the *firm*;

and must notify the *FCA*, by 29 April 2013, by email to ArchCruProject@fca.org.uk, as to whether that *person* or the *firm*, or both, will be performing those obligations.
- (3) References in this chapter to a *firm* are to be interpreted as referring to a *person* in (1) where the context so requires.

Wider application of certain provisions

2.1.3

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■ CONRED 2.2, ■ CONRED 2.4.1R (1), ■ CONRED 2.8.1 R, ■ CONRED 2.8.2 R, ■ CONRED 2.8.3 R and ■ CONRED 2.8.4 G also apply to any *firm* which has carried out any of the following *regulated activities* for a *customer* in relation to an Arch cru fund:

- (1) *advising on investments*; or
- (2) *arranging (bringing about) deals in investments*; or
- (3) *making arrangements with a view to transactions in investments*; or
- (4) *managing investments*;

except for a *firm* which, at the relevant time, was a platform service provider; meaning it:

- (5) provided a service which involved *arranging* and safeguarding and administering assets;
- (6) distributed *retail investment products* which were offered to *retail clients* by more than one product provider; and
- (7) did not carry on the *regulated activities of advising on investments or managing investments*.

Duration of the scheme

2.1.4

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The consumer redress scheme created by this chapter comes into force on 1 April 2013 and has no end date.

Subject matter of the scheme

2.1.5

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The subject matter of the scheme is whether a *firm* complied with the suitability requirements (specified in paragraph 5.1R of ■ CONRED 2 Annex 13 R) in cases where the conditions in ■ CONRED 2.4.2 R are satisfied (these are referred to in this chapter as "scheme cases").

2.1.6

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A scheme case ceases to be within the subject matter of the scheme if the *firm*:

- (1) did not have sufficient information to determine the scheme case and has taken the required steps to obtain further information from the *consumer* but still does not have sufficient information (as more fully described in ■ CONRED 2.5.9 R); or
- (2) has not received an opt-in from the *consumer* by 22 July 2013 (or later, where the provision in ■ CONRED 2.5.1R (2) in relation to exceptional circumstances applies); or
- (3) is unable to contact a *consumer* (as more fully described in ■ CONRED 2.8.3R (2)).

2.1.7 **G** Where the *firm* has not received, by 22 July 2013, a response from the *consumer* to the letter required by ■ CONRED 2.4.4 R or (where applicable) to the letter required by ■ CONRED 2.4.5R (1) or ■ (2), the *firm* should handle any complaint received from a *consumer* after this date in relation to the sale of Arch cru funds in accordance with the complaint handling rules in *DISP*, unless ■ CONRED 2.5.1R (2) (in relation to exceptional circumstances) applies.

Defined terms
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2.1.8 **R** Certain words and phrases specific to CONRED are defined in ■ CONRED App 1 and the *Glossary*. All words in italics are defined in the *Glossary*.