

Compliant customer interactions to meet the best interests duty

To satisfy your best interests duty (BID) obligations you must understand and verify your customer's objectives and financial situation, educate them and recommend suitable products that are in their best interests.

We have provided a checklist to help you understand what steps you can take to ensure your customer interactions meet all BID requirements.

1. Understand your customer

- Provide the customer with your Credit Guide
- Send the Needs Analysis to your customer
- Understand customer's objectives and requirements (long and short term)
- Understand customer's financial situation
- Understand customer's priorities and preferences for loan product features
- Complete the identification process
- Document important points from the interview process including information that was not shared in the Needs Analysis
- Educate the customer by sending relevant fact sheets from Mercury

2. Conflicts of interest

- Identify conflicts of interest
- Decide if you can prioritise the customer's interests and support them with credit assistance or not
- Advise your client of your decision

3. Obtain supporting documents

- Income documents
- Transaction account statements showing salary, liabilities and living expenses
- Purpose documentation (purchase contract, savings history, refinance statements, construction documents)
- Make notes regarding any verification undertaken on the documents i.e. income verification phone calls

4. Do your research

- Use the product calculator in Mercury to compare loan options
- Discuss scenarios with lender BDMs
- Reference lender policy and turnaround time notifications
- Record your research in Mercury



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5. Choose the product

Match to the customer's needs and objectives, their product preferences, and priorities

Take cost of the life of the loan into consideration

Complete the preliminary assessment

6. Present the recommendations to your customer and document these interactions

Include the lowest cost option or where this is not relevant, document and reference the reasons why – i.e. outside of lender policy, or lender could not meet the customer's settlement timeframe

Explain the reasons for the lenders you have recommended

Explain the reasons for the products selected and how these relate to their long and short term objectives and product preferences

Make any notes about the inclusions or reasons why lenders were excluded

Allow the customer to make an informed decision on which lender they wish to proceed with

Document all conversations with the customer in how you educated them through this process and why the final choice of lender was selected

7. Prepare the application

Provide the customer with the credit proposal disclosure and remember to get this signed

Have the customer sign the required lender documentation

8. Lodge the application

Keep the customer informed throughout the process, including when it was lodged and expected approval time

Record any notes and upload all emails, including lender notifications

9. Approval

Inform the customer when the loan is approved and the next steps (lender loan offer / contract)

Ensure the customer is aware of the contract terms and conditions, and where possible, has obtained independent legal advice

Make any notes from meetings with the customer where the loan contracts were discussed and remember not to give legal advice

10. Post-settlement

Ensure you remain engaged with your customers and diarise ongoing communication and home loan health check-ups



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