



## Unfair, Deceptive and Abusive Acts and Practices Policy

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## 1. Overview

[Allison Fintech Co] (“[[ALLISON]]” or “Company”), endeavors to fully comply with federal and state laws prohibiting unfair, deceptive, and abusive acts and practices (“UDAAP”), such as Sections 1031 and 1036 of the Dodd-Frank Act (“Dodd-Frank Act”) and Section 5 of the Federal Trade Commission Act (“FTC Act”), as well as similar state laws (collectively, the “UDAAP Laws”). Company is not a bank, a bank holding company, or a subsidiary of a bank or a bank holding company. However, the Company partners with banks (each, a “Bank Partner”) to provide services to its customers that are within the scope of Bank Partners’ obligations regarding UDAAP. Accordingly, the Company takes its role in ensuring its practices comply with all UDAAP Laws very seriously.

The [[Company’s Board of Directors]] has adopted this UDAAP Policy (“Policy”) as part of its compliance management system. The [[Compliance Officer]] serves as the individual responsible for all activities related to advertising and marketing in connection with the Company’s activities and oversees the development and implementation of this Policy.

## 2. Scope

This Policy applies to all activities and practices related to the Bank Partner’s offering and the Company’s activities in connection with financial services, including, but not limited to, marketing, customer service and collections (“Covered Practices”).

This Policy applies to (i) Company employees; (ii) the Company’s executives and senior managers (collectively, “Senior Management”); and (iii) any vendors providing services to the Company.

## 3. Roles and Responsibilities

### 3.1 Board of Directors

The Board oversees and is ultimately responsible for ensuring that the Company adheres to all applicable laws and company policies. The Board (or a designated Committee of the Board) is responsible for reviewing and approving this Policy and any changes to the Policy as they occur. The Board designates their ability to make changes in between its review of this Policy to the Compliance Officer. The Board also maintains oversight of compliance with Policy and any significant risks that Senior Management identifies.

### 3.2 Compliance Officer

The Compliance Officer is responsible for evaluating and updating the Policy to reflect any changes to (i) Covered Practices, (ii) Company employees whose duties involve Covered Practices, or (iii) applicable marketing and advertising laws. The Compliance Officer reviews the Policy on a periodic basis and when any such changes are made. The Compliance Officer’s review includes consideration of feedback on the effectiveness of the Policy and any input from relevant Bank Partners.

### 3.3 Marketing

Employees who help market the program with a Bank Partner shall be trained and responsible for ensuring that marketing materials do not contravene applicable marketing

and advertising laws. These employees will consult with the [[Compliance Officer]], the legal team, and relevant Bank Partners prior to conducting any qualifying marketing campaigns.

### **3.4 Customer Acquisition**

Employees who work on customer acquisition, including the design of product onboarding funnels and the operation of onboarding customers, are expected to comply with all applicable UDAAP Laws. These employees will consult with the [[Compliance Officer]], the legal team, and relevant Bank Partners prior to making material changes to customer-facing acquisition materials.

### **3.5 Collections**

From time to time, customers may owe the Company for items such as unpaid fees or bounced ACH account-funding activities. The Company manages its collections activities internally and such activities may include processing and posting payments, sending notices to customers, and imposing penalty fees. The Company ensures that all UDAAP Laws are adhered to in the collections process.

### **3.6 Legal**

The Company's legal team advises on the applicable UDAAP laws, which are described at the end of this Policy. Where appropriate, the Company also engages outside counsel to advise on other marketing and advertising matters.

### **3.7 Periodic Review**

The Company shall identify and appoint appropriately skilled and knowledgeable persons to be responsible for conducting periodic review of the policy's effectiveness.

## **4. UDAAP**

Sections 1031 and 1036 of the Dodd-Frank Act, which prohibit UDAAP, are enforced by the Consumer Financial Protection Bureau ("CFPB") with respect to entities within that regulator's jurisdiction. The Federal Trade Commission ("FTC") has broad authority to enforce similar provisions of the FTC Act against non-bank entities. And state regulators have some authority to also enforce federal laws, in addition to any state standard prohibiting unfair and deceptive acts or practices.

### **4.1 Unfairness**

An act or practice is considered "unfair" when:

- It causes or is likely to cause substantial injury to consumers.
  - In most cases, a "substantial" injury involves monetary harm.
  - In contrast, emotional impact and other more subjective types of harm will not ordinarily make a practice unfair.
- The customer injury is not reasonably avoidable by consumers.

- The customer injury must not be outweighed by any countervailing benefits to consumers or to competition.

In determining whether an act or practice is unfair, a regulator may also consider whether the act or practice violates an established public policy, or whether the act or practice results in unethical or unscrupulous conduct.

## 4.2 Deception

An act or practice is considered “deceptive” if each of the following elements are met:

- The act is a representation, omission, or practice that misleads or is likely to mislead consumers.
  - Examples include false oral or written representations, misleading price claims, sales of systematically defective products or services without adequate disclosures, use of bait and switch techniques, and failure to perform promised services.
- The consumer’s interpretation of the representation, omission, act, or practice is reasonable under the circumstances.
- The representation, omission, or practice is material.
  - A “material” act is one that influences the customer’s conduct or decision to use a product or service.
  - In many cases, materiality can be presumed from the nature of the act or practice.

Thus, a regulator may consider an act or practice to be deceptive if there is a representation, omission or practice that is likely to mislead a customer acting reasonably in the circumstances, to the customer's detriment.

## 4.3 Abusiveness

An act or practice is considered “abusive” if each of the following elements are met:

- The act or practice materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service or takes unreasonable advantage of:
  - A lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or services; .
  - The inability of the consumer to protect his/her interests in selecting or using a consumer financial product or service; or
  - The reasonable reliance by the consumer on a covered person to act in the interest of the consumer.

Examples of allegedly “abusive” practices have involved products targeted at consumers that a regulator believed were vulnerable and unable to understand the products at issue, and a belief by consumers that they could rely on the regulated entity to protect their interests.

## **5. UDAAP Compliance**

The Company takes its responsibility to mitigate any potential risks posed by UDAAP very seriously. The Company recognizes that UDAAP violations can cause significant financial injury to consumers, cause significant reputational risk to the Company and its Bank Partners, erode consumer confidence, and undermine the financial marketplace.

### **5.1 Marketing**

When developing marketing materials, the Company’s product and business teams ensure that the Company fairly and adequately describes the terms and the material limitations of the offered product or service, including any related or optional products or services, and such terms are not misrepresented either affirmatively or by omission. In addition, the Company (a) ensures that these materials do not use fine print, separate statements or inconspicuous disclosures to correct potentially misleading statements, and (b) ensures that there is a reasonable factual basis for all representations made. [[Complete marketing policies are set forth in the Company’s Marketing and Advertising Policy.]]

### **5.2 Customer Acquisition**

The Company ensures that no unfair or deceptive misrepresentations concerning a consumer’s eligibility for a particular product are made during the account solicitation and opening process. Specifically, the Company:

- Monitors complaints for potential misrepresentations in the customer acquisition process, as described in Section 6 (Complaints) below.
- Ensures that account opening requirements, including documentation, are uniformly applied across all customers.
- Trains its employees about who is authorized to approve accounts that need manual review and communicate decisions to prospective customers, as described in Section 7 (UDAAP Training) below.

### **5.3 Customer Service**

The Company ensures that no unfair, deceptive, or abusive acts or practices occur during the course of its conversations with customers and during the account servicing process. Specifically, Company and any vendors employed in collections and servicing:

- Ensure accurate and timely disclosures to customers, as required by applicable law.
- Provide customers with accurate and timely information and documents in response to requests for information about the customer’s account.
- Ensure accurate and timely processing of account funding payments.

## 5.4 Collections

The Company manages its collections activities internally and ensures that no unfair, deceptive, or abusive acts or practices occur during the course of any collections activities. Specifically, the Company does not tolerate the following:

- Collecting additional amounts in connection with amounts owed (including interest, fees, or charges) not expressly authorized by (i) agreement creating the amount owed and/or (ii) applicable law.
- Failing to post payments timely, or failing to properly credit a customer's account, and then charging late fees.
- Taking possession of property without the legal right to do so.
- Falsely representing the character, amount, or legal status of amounts owed to the Company.
- Misrepresenting that a communication is from a government source or that the source of the communication is affiliated with the government.
- Misrepresenting whether information about a payment or nonpayment would be furnished to a credit reporting agency.
- Threatening any action that is not intended or authorized, including false threats of lawsuits, arrest, prosecution, or imprisonment for non-payment of amounts owed due to use of the product.

## 6. Complaints

Complaints raising UDAAP concerns received through the Company are routed through customer service channels to the customer support team for resolution. Any complaints raising compliance issues with respect to UDAAP Laws will be raised with the Compliance Officer. Certain complaints may also be routed through the Bank Partner or may need to be escalated to the Bank Partner. The Company ensures that consumer-facing employees and vendors have appropriate complaint resolution processes in place.

[[The Company's Complaint management policies are set forth in the Company's Complaint Management Policy.]]

## 7. UDAAP Training

The Company's employees whose duties involve Covered Practices receive UDAAP training at least annually. In addition to annual training, such individuals receive appropriate retraining upon any changes to any applicable UDAAP Laws and regulations described below (Laws, Rules, Regulations and Other Sources). New employees of the Company whose duties involve Covered Activities receive UDAAP training during onboarding. The Company ensures that vendors whose services involve Covered Activities have received appropriate UDAAP training.

## 8. Monitoring

The Compliance Officer promptly reports any self-identified UDAAP violations to Senior Management. Each quarter, the Compliance Officer gives the Company's Senior Management a status report on the overall status of UDAAP-related initiatives, regulatory developments and emerging issues, and critical areas of risk.

## 9. Recordkeeping

The Company maintains records of documents used in the ordinary course of its communications with customers. Marketing materials are retained by the Marketing Department.

## 10. Laws, Rules, Regulations and Other Sources

This section provides a list of those laws, rules, regulations, guidelines, and other sources of legal guidance that the Company has determined are most relevant to its products, services, and activities. This list is not exhaustive and is subject to periodic review and change, as appropriate.

- Section 1036 of the Dodd-Frank Act, codified at 12 U.S.C. § 5536.
- FTC Act, Section 5, codified at 15 USC § 45.
- State Laws: Any UDAAP violation may also violate state laws (for example, if a fee is charged in violation of a state law). Given the relationship between UDAAP and other laws, the Company ensures that this Policy is reviewed in conjunction with the Company's other policies in connection with each applicable consumer financial services product and/or program, which may provide context and assist with compliance with this Policy.

## 11. Approval, Review and Version History

Version	Changes By	Revision Notations	Date Reviewed
1	Brian Alvarez-Bailey	Policy drafted; effective date	2-12-2022