



Price and Value Assessment

Document Control

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<i>Reviewer</i>	<i>Liberty Board of Directors and the Compliance Officer</i>
<i>Approver(s)</i>	<i>Liberty Board of Directors</i>
<i>Last Review Date</i>	<i>N/A</i>

Version Control

<i>1.0</i>	<i>April 2023</i>

Related Policies Processes

<i>Price and Value Assessment Process</i> <i>Consumer Duty Policy</i> <i>Product Governance Process</i>	<i>Vulnerable Individuals Policy</i> <i>Credit and Lending Policy</i> <i>Arrears and Repossessions Policy</i>
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Price and Value Assessment

1. Purpose

Liberty Leasing Limited puts delivering good outcomes for retail customers at the heart of its business practices.

This price and value assessment is designed to support us meeting our obligations under Principle 12 of the FCA's Principles for Businesses to ensure that we deliver good outcomes for retail customers. It is designed to support our compliance with the rules and guidance in PRIN 2A (and particularly PRIN 2A4) of the FCA Handbook.

As a manufacturer of products which are distributed to retail customers, we are required to ensure that our products provide fair value to retail customers in the target markets they are sold to. One element of this is to carry out a value assessment of our products and review that assessment on a regular basis appropriate to the nature and duration of the product.

2. Meaning of value

For the purposes of the Price and Value outcome under PRIN 2.4A value is defined as the relationship between the amount paid by a retail customer for the product and the benefits they can reasonably expect to get from a product.

PRIN 2A.4.1 R (2) confirms that a product provides fair value where the amount paid for the product is reasonable relative to the benefits of the product.

Fair value is about more than just price. Low prices do not necessarily mean a product provides fair value. We must consider the overall customer experience, suitability, clarity and ease of use of the product, the quality of the features (including, without limitation, post-sales support) and benefits. We must take this information in the round and assess whether the product provides a good outcome to the customer relative to the overall cost.

The overall cost may include non-financial factors, such as the time and effort it takes to access, assess and act to buy, amend, cancel or exercise other rights or benefits provided under the product. It could also include where the data (including personally identifiable information) provided by retail customers is monetised in some way or provides additional commercial benefit to us.

The value a product provides to retail customers may change over the lifetime of a product and can vary between different customer groups within our target market.

Where we believe a product provides fair value, we must be satisfied that this will be the case from the point at which we complete the assessment for a reasonably foreseeable period. The length of a "reasonably foreseeable period" will depend on the type of product.

Compliance with the other outcomes (and the cross-cutting rules) under PRIN 2A is part of the value consideration. Where our delivery of products satisfies the other aspects of Consumer

Duty, it is more likely that our products will offer fair value. However, where there is non-compliance with other aspects of Consumer Duty it is unlikely that a product can be said to provide fair value to the customer overall.

3. Frequency of value assessment

We must undertake an initial value assessment in respect of each product:

- (i) before the product is brought to market (where the product is a new product);
- (ii) before 30 April 2023 if the product is an existing product which is not a closed product at that point in time; or
- (iii) no later than 31 July 2024 if the product is a closed product (i.e., is no longer on sale).

Thereafter, we must review and update the value assessment:

- (i) at least annually or more frequently where dictated under our Product Governance process; and
- (ii) at the point we make any significant adaption of a product*; or
- (iii) at any point we become aware through our data and monitoring, our distribution channels, or interactions with our customers of a risk that the product may not be providing fair value.

*We define a significant adaption of a product as:

- material changes in the overall price, benefits and/or terms and conditions;
- changes in the wider proposition i.e., changes to customer service approach including modes of communication and interaction;
- where there is a significant change in policy / procedure which directly impacts the product or consumer outcomes;
- changes in the distribution strategy and / or channels..

4. Existing and closed products

Our obligation to ensure that our products provide fair value includes existing (meaning products which are on-sale and pre-date Consumer Duty) and closed products (meaning products which are no longer on sale).

The assessment of whether an existing or closed product provides fair value should be on a forward-looking basis only. We are not required, under the FCA's Consumer Duty rules, to assess whether existing or closed products provided fair value prior to Consumer Duty coming into force.

However, depending on the circumstances, we could be required to undertake a substantially similar assessment under other rules, such as a requirement to undertake root cause analysis under DISP where we have identified any possible recurring or systemic problems through customer complaints.

5. Grouping products together

When carrying out value assessments, we may group similar products together where the customer base, complexity and risk of consumer harm are sufficiently similar. This might be the case, for example, where we have a range of substantially similar products within a particular category, in respect of which the product design, delivery, costs and benefits are broadly comparable.

However, we should not group products or services together for the purpose of the value assessment if this could impair our ability to assess each product or service adequately (for example, with insufficient detail).

Where a product is intended to be provided with one or more other products (as part of a package) we must ensure that each component product and the package as a whole provides fair value to retail customers in the target market.

6. Products where we work with one or more co-manufacturers

Liberty does not currently work with any co-manufacturers.

7. What we must do where we identify that a product is not providing fair value

If a product or service does not provide or ceases to provide fair value to customers, we must take appropriate action to mitigate and prevent harm, for example, by amending it to improve its value or withdrawing it from sale. We must also, where appropriate, remediate any harm caused to existing retail customers.

For further information see our Product Governance Process and Consumer Duty Policy.

8. Governance/sign-off and approval

Each Fair Value Assessment must be:

completed by: [Allan Clegg, Managing Director](#)

with support from: [Legal & Compliance](#)

reviewed by: [Liberty Board of Directors and the Compliance Officer](#)

approved by: [Liberty Board of Directors](#)

9. Relevance and sharing the value assessment

We must consider, refer to and update the fair value assessment at all material stages in the product approval process. This includes:

- (i) product design;
- (ii) identification of the target market and assessing suitability, needs and benefits of the product; and
- (iii) selecting distributors, distribution channels and defining the overall distribution strategy.

We must ensure that firms distributing the product have all necessary information to understand the value that the product is intended to provide to a retail customer.

Distributors are under an obligation not to distribute a product unless the distribution arrangements are consistent with the product providing fair value to retail customers. Further guidance on what this means in practice is set out at PRIN 2A.4.16 R.

Distributors must consider the fair value assessment when determining the distribution strategy of the product (including where the product is part of a packaged product), as well as throughout the product distribution lifecycle (including monitoring and oversight of the performance of the distribution of the product against the distribution strategy).

10. Record Keeping

Each Fair Value Assessment must be retained in accordance with Liberty's Record Keeping Procedures and Consumer Duty Policy.

11. Review of approach

Our approach to assessing fair value should not be static. Accordingly, our process for assessing fair value itself should be subject to periodic review at intervals of not more than 12 months, or more frequently in response to significant changes in customer outcomes, our products, market conditions, business operations, industry practice or the regulatory landscape.



VALUE ASSESSMENT FORM

Product Name	Personal Loan
Date of Assessment	Submitted: 19/04/2023 Approved: 26/04/2023
Reviewer(s)	Liberty Board of Directors and the Compliance Officer
Approver(s)	Liberty Board of Directors
Distribution Strategy	Refer to Liberty's Distribution Strategy Process for more information
Product Provides Fair Value?	Yes – see section 7 below.
If "No" to the above, what immediate actions are being taken?	
N/A	
Any further/follow-up actions	
N/A	



Nature of the Products

<p>Product Type What type of product is this?</p>	<p>Fixed-sum unrestricted use loan agreement regulated by the Consumer Credit Act 1974.</p>
<p>Product Specification- This is the core product specification (i.e. minimum, maximum and average term, amount of credit, etc, along with repayment structure and any primary specification matters such as a deferral period, whether the product is secured, etc).</p>	<p><u>Loans between:</u> £1,000 - £10,000 (figures are indicative) <u>Term:</u> 12-60 months <u>Security required:</u> unsecured <u>Repayment structure:</u> primarily equal instalments <u>Repayment frequency:</u> monthly</p>
<p>Product Features & Benefits (Non-Statutory) What are the main features of the product and how customers can use it? This can include non-financial benefits such as customer service, product features, customer support etc.</p>	<ul style="list-style-type: none">• Straightforward application process.• Fixed interest rate and fixed regular payments primarily taken via direct debit.• Right to make overpayments to reduce borrowing.• The fixed structure of repayments and overall costs make this a simple, low risk product for customers to understand.• Dedicated Liberty Account Manager assigned upon receipt of proposal (where introduction via a broker) or following direct contact from a customer from point of proposal and throughout the lifetime of the agreement where necessary.• Dedicated Customer Relationship team also available via telephone and email Monday to Friday 0900 to 1730 for general customer queries including requests for information and, repayment concerns and early repayment / settlement.



<p>Statutory Rights & Protections What statutory rights and protections exist in relation to this product? It is important to distinguish statutory rights because they are not optional product features/benefits but do nonetheless have a balancing role.</p>	<p>Customers have a right to:</p> <ul style="list-style-type: none"> • withdraw within 14 days (s66A Consumer Credit Act 1974 “the Act”)) • make payments ahead of time (s94 of the Act) and receive an associated rebate of interest (s95 of the Act) • be provided with certain information periodically or on request such as a copy of the credit agreement, statements of account (s77B of the Act), etc.
<p>Packaged Product Is the product a packaged product? If so cross refer to other components and clarify if this is an assessment of a component or the overall package.</p>	<p>No, the product is not a packaged product.</p>
<p>Co-Manufactured Product Is/was this a co-manufactured product? Who is the co-manufacturer and what is/was their involvement in the manufacturing process? What benefits does this provide?</p>	<p>No, the product is not a co-manufactured product.</p>
<p>Target Market Who is the identified target market? Are there distinct segments of the target market who may benefit from the product in different ways/to different extents? What are their characteristics?</p>	<p>The target market is broad and focused on individuals seeking short and medium term (1-5 years) unrestricted use loans, who will be able to afford to make repayments sustainably and who won't be harmed by the product. It is limited to UK residents with a UK bank account, who are employed or have a source of regular income who are seeking a cash loan for a range of purposes (which are not directly harmful or indicative of affordability issues).</p> <p>Whilst the overarching target market is broad, when considering the product features and distribution strategy, we expect the main demand to emanate from people with some previous experience of utilising credit products, between the ages of 25-60 and in employment.</p>



Suitability

How / why is the product suitable for the target market (and, where applicable, each segment within it)?

The product is suitable for customers where it meets their needs, it is affordable to the customer, they are able to understand and comply with its terms and benefit from its features and it is unlikely to cause them harm. Repayments are primarily made by direct debit so it will only be suitable for customers with a bank account and associated debit card. It is a comparatively simple and transparent credit product so will suit a wide range of customers seeking credit. As the payments are fixed each month, the product may be more suited to customers with regular income and / or savings to ensure that they are able to meet each monthly payment in full when due.

It is not suitable for customers seeking a revolving or multiple draw down facility, or customers who require a long period of payment deferral. It may not be suitable for customers who have insufficient clearance between their income and expenditure to meet the repayment obligations. The product may be less suitable for customers who have high variations in their monthly income and expenditure. However, one-off payments may be accepted by methods other than direct debit, such as card payment over the phone. The product is therefore less suitable for customers who wish to make multiple payments other than by direct debit.

Distribution and Accessibility

How is the product distributed and how accessible is it to the target market (and any segments thereof)? How does this impact the overall benefits/limitations of the product

The product is distributed by a range of brokers and directly to customers via awareness through our website and telephony channels. Distribution via brokers provides greater opportunity for customers to compare price and product features directly against the products of competitors and provides further support for customer enquiries. Distribution via the website and telephony allows customers to come to us directly without involvement from a third party. Refer to Liberty's Distribution Strategy Process document for more detail.



<p>Quality of the Product Overall quality of the product compared to other products in the firm's range, other products in the market and taking into account the overall customer experience (including information, communications, ease of use etc). Does quality vary for segments of the target market?</p>	<p>The product is a low risk and comparatively simple product for customers to understand with straightforward, standard terms.</p> <p>As with Liberty's other product offerings, a Liberty Account Manager is assigned to the customer upon receipt of the proposal to help with queries or concerns throughout the lifetime of the agreement. In addition to this, post-sale servicing also includes a dedicated, friendly, and professional Customer Relationship team available Monday to Friday between the hours of 0900 to 1730 via telephone, text and email. The team can assist with requests to change a payment date, settlements / overpayments, updating of contact details, requests for copy documentation.</p> <p>Product features are designed to meet customer needs by providing the customer with an affordable loan, with a fixed interest rate and fixed monthly payments.</p>
<p>Limitations / Risks of the Product What are the limitations / risks associated with the product? Do these vary depending on segments of the target market?</p>	<p>Late or missed payments or a change in customer circumstances can have an adverse impact on the customer by affecting a customer's ability to afford / manage the loan, including increasing the overall cost / duration of borrowing and negatively impacting their report at CRAs, which may make accessing other credit more difficult / expensive for them in future.</p> <p>Liberty may take legal proceedings to recover sums due and pass on reasonable costs in enforcing our rights.</p>



<p>How easy is it for customers to understand these limitations/risks? Can customers easily understand the product limitations and risks and weigh these against the benefit and the overall costs? Does this vary between segments of the target market?</p>	<p>The content of documentation is heavily prescribed by the Consumer Credit Act and legislation made under it. Some of the required terminology may not be accessible to all customers. We mitigate this through visiting the customer in person and reading through the adequate explanations document, PCCI and any other terms / documentation necessary . All documentation can be taken away by the customer and digested in their own time. The dedicated Liberty Account Manager is on hand to answer any queries or concerns. [communications outcome].</p> <p>The cost and pricing model is simplistic, so it is straightforward for customers to understand the overall cost, the risks, and limitations of the product i.e., not making payments on time.</p> <p>Furthermore, Liberty use the CCTA electronic agreement templates which are reviewed and approved by the CCTA.</p>
<p>Any other factors relevant to the nature of the product, its benefits and risks? Excluding price and costs (see below). This could cover a very broad range of factors, such as the brand and wider product offering, add-on benefits/enhancements, matters such as demand, market conduct, how competitive the market is for these products, whether the market is growing or declining, innovation in relation to product features/delivery – it is a catch-all for anything which does not fit into the above categories but is relevant to the nature of the product.</p>	<p>Liberty is recognised as a trusted and professional finance company. The product complements our other existing product offerings.</p> <p>Refer also to Liberty’s Distribution Strategy Process document for further information.</p>



VALUE ASSESSMENT FORM

Product Name	Hire Purchase
Date of Assessment	Submitted: 19/04/2023 Approved: 26/04/2023
Reviewer(s)	Liberty Board of Directors and the Compliance Officer
Approver(s)	Liberty Board of Directors
Distribution Strategy	Refer to Liberty's Distribution Strategy Process for more information
Product Provides Fair Value?	Yes – see section 7 below.
If "No" to the above, what immediate actions are being taken?	
N/A	
Any further/follow-up actions	
N/A	



Nature of the Product

<p>Product Type What type of product is this?</p>	<p>Hire purchase agreement regulated by the Consumer Credit Act 1974. The agreement finances the supply of specific goods or motor vehicle(s).</p>
<p>Product Specification- This is the core product specification (i.e. minimum, maximum and average term, amount of credit, etc, along with repayment structure and any primary specification matters such as a deferral period, whether the product is secured, etc).</p>	<p><u>Amount of credit between:</u> £10,000 - £50,000 (figures are indicative) <u>Term:</u> 12-60 months <u>Security required:</u> unsecured (note that Liberty will own the specific goods or motor vehicle(s) during the term of the agreement) <u>Repayment structure:</u> primarily equal instalments (with option to purchase fee payable at the end of the agreement where the customer wishes to purchase the goods) <u>Repayment frequency:</u> monthly</p>
<p>Product Features & Benefits (Non-Statutory) What are the main features of the product and how customers can use it? This can include non-financial benefits such as customer service, product features, customer support etc.</p>	<ul style="list-style-type: none"> • Straightforward application process. • Fixed interest rate and fixed regular payments primarily taken via direct debit. • Right to make overpayments to reduce borrowing. • The fixed structure of repayments and overall costs make this a simple, low risk product for customers to understand. • Dedicated Liberty Account Manager assigned upon receipt of proposal (where introduction via a broker) or following direct contact from a customer from point of proposal and throughout the lifetime of the agreement where necessary. • Dedicated Customer Relationship team also available via telephone and email Monday to Friday 0900 to 1730 for general customer queries including requests for information, repayment concerns and early repayment / settlement queries.



<p>Statutory Rights & Protections What statutory rights and protections exist in relation to this product? It is important to distinguish statutory rights because they are not optional product features/benefits but do nonetheless have a balancing role.</p>	<p>Customers have a right to:</p> <ul style="list-style-type: none">• withdraw within 14 days (s66A of the Act)• make payments ahead of time (s94 of the Act) and receive an associated rebate of interest (s95 of the Act)• be provided with certain information periodically or on request such as a copy of the credit agreement, statements of account (s77B of the Act), etc.• seek redress from Liberty in accordance with the terms of the CCTA document.
<p>Packaged Product Is the product a packaged product? If so cross refer to other components and clarify if this is an assessment of a component or the overall package.</p>	<p>No, the product is not a packaged product.</p>
<p>Co-Manufactured Product Is/was this a co-manufactured product? Who is the co-manufacturer and what is/was their involvement in the manufacturing process? What benefits does this provide?</p>	<p>No, the product is not a co-manufactured product.</p>



Target Market

Who is the identified target market? Are there distinct segments of the target market who may benefit from the product in different ways/to different extents? What are their characteristics?

The target market is focused on sole traders and partnerships of two or three partners where the amount of credit does not exceed £25,000 and individuals (unless the HNW exemption applies) seeking short and medium term (1-5 years) credit for the financing of either general goods or motor vehicles, who will be able to afford to make repayments sustainably and who won't be harmed by the product. It is limited to UK residents with a UK bank account who are seeking to hire goods with the option to purchase once all payments have been made.

When considering the product features and distribution strategy, we expect the main demand to emanate from people with some previous experience of utilising credit products, between the ages of 25-60 and in employment, possibly through their business (sole trader or partnership of two or three persons where the relevant conditions are satisfied).



Suitability

How / why is the product suitable for the target market (and, where applicable, each segment within it)?

The product is suitable for customers where it meets their needs, they can understand and benefit from its features / comply with its terms, is affordable and the product is not likely to cause them harm.

Repayments are primarily made by direct debit so it will only be suitable for customers with a bank account and associated debit card. It is a comparatively simple and transparent credit product so will suit a wide range of customers seeking credit for the financing of either general goods or motor vehicles. As the payments are fixed each month, the product may be more suited to customers with regular income and / or savings to ensure that they are able to meet each monthly payment in full when due.

It may not be suitable for customers who have insufficient clearance between their income and expenditure to meet the repayment obligations. The product may be less suitable for customers who have high variations in their monthly income and expenditure. However, one-off payments may be accepted by methods other than direct debit, such as card payment over the phone. The product is therefore less suitable for customers who wish to make multiple payments other than by direct debit.



<p>Distribution and Accessibility How is the product distributed and how accessible is it to the target market (and any segments thereof)? How does this impact the overall benefits/limitations of the product</p>	<p>The product is distributed by a range of brokers and directly to customers via awareness through our website and telephony channels. Distribution via brokers provides greater opportunity for customers to compare price and product features directly against the products of competitors and provides further support for customer enquiries. Distribution via the website and telephony allows customers to come to us directly without involvement from a third party. Refer to Liberty's Distribution Strategy Process document for more detail.</p>
<p>Quality of the Product Overall quality of the product compared to other products in the firm's range, other products in the market and taking into account the overall customer experience (including information, communications, ease of use etc). Does quality vary for segments of the target market?</p>	<p>The product is a low risk and comparatively simple product for customers to understand with straightforward, standard terms.</p> <p>As with Liberty's other product offerings, a Liberty Account Manager is assigned to the customer upon receipt of the proposal to help with queries or concerns throughout the lifetime of the agreement. In addition to this, post-sale servicing also includes a dedicated, friendly, and professional Customer Relationship team available Monday to Friday between the hours of 0900 to 1730 via telephone, text, and email. The team can assist with requests to change a payment date, settlements / overpayments, updating of contact details, requests for copy documentation.</p> <p>Product features are designed to meet customer needs by providing the customer with an affordable loan, with a fixed interest rate and fixed monthly payments.</p>



<p>Limitations / Risks of the Product What are the limitations / risks associated with the product? Do these vary depending on segments of the target market?</p>	<p>Late or missed payments or a change in customer circumstances can have an adverse impact on the customer by affecting a customer's ability to afford / manage the loan, including increasing the overall cost / duration of borrowing and negatively impacting their report at CRAs, which may make accessing other credit more difficult / expensive for them in future.</p> <p>Liberty may take legal proceedings to recover sums due and pass on reasonable costs in enforcing our rights.</p>
<p>How easy is it for customers to understand these limitations/risks? Can customers easily understand the product limitations and risks and weigh these against the benefit and the overall costs? Does this vary between segments of the target market?</p>	<p>The content of documentation is heavily prescribed by the Consumer Credit Act and legislation made under it. Some of the required terminology may not be accessible to all customers. We mitigate this through visiting customer in person and reading through the adequate explanations document, PCCI and any other terms / documentation necessary. All documentation can be taken away by the customer and digested in their own time. The dedicated Liberty Account Manager is on hand to answer any queries or concerns. [communications outcome].</p> <p>The cost and pricing model is simplistic, so it is straightforward for customers to understand the overall cost, the risks, and limitations of the product i.e., not making payments on time.</p> <p>Furthermore, Liberty use the CCTA electronic agreement templates which are reviewed and approved by the CCTA.</p>



Any other factors relevant to the nature of the product, its benefits and risks?

Excluding price and costs (see below). This could cover a very broad range of factors, such as the brand and wider product offering, add-on benefits/enhancements, matters such as demand, market conduct, how competitive the market is for these products, whether the market is growing or declining, innovation in relation to product features/delivery – it is a catch-all for anything which does not fit into the above categories but is relevant to the nature of the product.

Liberty is recognised as a trusted and professional finance company. The product complements our other existing product offerings.

Refer also to Liberty's Distribution Strategy Process document for further information.



VALUE ASSESSMENT FORM

Product Name	Hire (Lease)
Date of Assessment	Submitted: 19/04/2023 Approved: 26/04/2023
Reviewer(s)	Liberty Board of Directors and the Compliance Officer
Approver(s)	Liberty Board of Directors
Distribution Strategy	Refer to Liberty's Distribution Strategy Process document for details
Product Provides Fair Value?	Yes – see section 7 below.
If "No" to the above, what immediate actions are being taken?	
N/A	
Any further/follow-up actions	
N/A	



Nature of the Product

<p>Product Type What type of product is this?</p>	<p>Hire agreement regulated by the Consumer Credit Act 1974.</p>
<p>Product Specification- This is the core product specification (i.e. minimum, maximum and average term, amount of credit, etc, along with repayment structure and any primary specification matters such as a deferral period, whether the product is secured, etc).</p>	<p><u>Total advance amount of between:</u> £10,000 - £50,000 (figures are indicative) <u>Period of hire:</u> 12-60 months <u>Security required:</u> unsecured (note that Liberty will own the specific goods or motor vehicle(s) during the term of the agreement) <u>Repayment structure:</u> equal instalments (first and final Primary Lease Period rental and Secondary Lease Period rental amounts may differ) <u>Repayment frequency (Primary Lease Period):</u> monthly <u>Repayment frequency (Secondary Lease Period):</u> monthly</p>



Product Features & Benefits (Non-Statutory)

What are the main features of the product and how customers can use it? This can include non-financial benefits such as customer service, product features, customer support etc.

- Straightforward application process.
- Fixed regular payments primarily taken via direct debit (note, however, there is the right for Liberty, after the end of the Primary Lease Period, to vary the amount of each rental payable by giving the customer one month's written notice of the variation, if there is a change in the Bank of England base rate, interest rates generally or any other actual or expected change in market conditions generally).
- The fixed structure of repayments and overall costs make this a simple, low risk product for customers to understand.
- Once the Primary Lease Period has ended, the customer can enter into a Secondary Lease Period of hire.
- Although the customer does not own the goods, the goods are recognised on the balance sheet as a fixed asset and the full cost of the rentals can be deducted as a taxable expense.
- Dedicated Liberty Account Manager assigned upon receipt of proposal (where introduction via a broker) or following direct contact from a customer from point of proposal and throughout the lifetime of the agreement where necessary.
- Dedicated Customer Relationship team also available via telephone and email Monday to Friday 0900 to 1730 for general customer queries including requests for information, to discuss repayment concerns and early repayment / settlement queries.



<p>Statutory Rights & Protections What statutory rights and protections exist in relation to this product? It is important to distinguish statutory rights because they are not optional product features/benefits but do nonetheless have a balancing role.</p>	<p>Customers have a right to:</p> <ul style="list-style-type: none">• be provided with certain information periodically or on request such as a copy of the agreement, statements of account (s79 of the Act), etc.• either terminate the agreement at the end of the Primary Lease Period (with appropriate notice) or enter into a Secondary Lease Period• terminate the agreement by giving Liberty one month's notice in writing, to expire no later than the last day of the minimum period of lease (Primary Lease Period) <p>The customer may have additional rights and protections where Liberty failed to comply with certain requirements laid down by the Act when the agreement was made i.e., we will not be able to enforce the agreement without a court order.</p>
<p>Packaged Product Is the product a packaged product? If so cross refer to other components and clarify if this is an assessment of a component or the overall package.</p>	<p>No, the product is not a packaged product.</p>
<p>Co-Manufactured Product Is/was this a co-manufactured product? Who is the co-manufacturer and what is/was their involvement in the manufacturing process? What benefits does this provide?</p>	<p>No, the product is not a co-manufactured product.</p>



Target Market

Who is the identified target market? Are there distinct segments of the target market who may benefit from the product in different ways/to different extents? What are their characteristics?

The target market is focused on sole traders and partnerships consisting of two or three persons (where the agreement is entered into for the business purposes of the hirer and the Primary Lease Period rentals do not exceed £25,000) and individuals, who are seeking to spread the cost of hire over a short or medium term and who will be able to afford to make repayments sustainably and who will not be harmed by the product. It is limited to UK residents with a UK bank account.

When considering the product features and distribution strategy, we expect the main demand to emanate from people with some previous experience of utilising hire products, between the ages of 25-60 and in employment / self-employed, possibly through their business (sole trader or partnership of two or three persons where the relevant conditions are satisfied).



Suitability

How / why is the product suitable for the target market (and, where applicable, each segment within it)?

The product is suitable for customers where it meets their needs, they can understand and benefit from its features / comply with its terms, is affordable and the product is not likely to cause them harm.

Repayments are primarily made by direct debit so it will only be suitable for customers with a bank account and associated debit card. It is a comparatively simple and transparent product which will suit customers seeking to hire goods. As the payments are fixed each month, the product may be more suited to customers with regular income and / or savings to ensure that they are able to meet each monthly payment in full when due.

It may not be suitable for customers who have insufficient clearance between their income and expenditure to meet the repayment obligations. The product may be less suitable for customers who have high variations in their monthly income and expenditure. However, one-off payments may be accepted by methods other than direct debit, such as card payment over the phone. The product is therefore less suitable for customers who wish to make multiple payments other than by direct debit.

It is unlikely to be suitable for customers who wish to own the goods at the end of the Primary Lease Period.



<p>Distribution and Accessibility How is the product distributed and how accessible is it to the target market (and any segments thereof)? How does this impact the overall benefits/limitations of the product</p>	<p>The product is distributed by a range of brokers and directly to customers via awareness through our website and telephony channels. Distribution via brokers provides greater opportunity for customers to compare price and product features directly against the products of competitors and provides further support for customer enquiries. Distribution via the website and telephony allows customers to come to us directly without involvement from a third party. Refer to Liberty's Distribution Strategy Process document for more detail.</p>
<p>Quality of the Product Overall quality of the product compared to other products in the firm's range, other products in the market and taking into account the overall customer experience (including information, communications, ease of use etc). Does quality vary for segments of the target market?</p>	<p>The product is a low risk and comparatively simple product for customers to understand with straightforward, standard terms.</p> <p>As with Liberty's other product offerings, a Liberty Account Manager is assigned to the customer upon receipt of the proposal to help with queries or concerns throughout the lifetime of the agreement. In addition to this, post-sale servicing also includes a dedicated, friendly, and professional Customer Relationship team available Monday to Friday between the hours of 0900 to 1730 via telephone, text and email. The team can assist with requests to change a payment date, settlements / overpayments, updating of contact details, requests for copy documentation.</p> <p>Product features are designed to meet customer needs by providing the customer with an affordable lease and fixed monthly payments.</p>



<p>Limitations / Risks of the Product What are the limitations / risks associated with the product? Do these vary depending on segments of the target market?</p>	<p>Late or missed payments or a change in customer circumstances can have an adverse impact on the customer by affecting a customer's ability to afford / manage the loan, including increasing the overall cost / duration of borrowing and negatively impacting their report at CRAs, which may make accessing other credit more difficult / expensive for them in future.</p> <p>Liberty may take legal proceedings to recover sums due and pass on reasonable costs in enforcing our rights.</p>
<p>How easy is it for customers to understand these limitations/risks? Can customers easily understand the product limitations and risks and weigh these against the benefit and the overall costs? Does this vary between segments of the target market?</p>	<p>The content of documentation is heavily prescribed by the Consumer Credit Act and legislation made under it. Some of the required terminology may not be accessible to all customers. We mitigate this through visiting customer in person and reading through the adequate explanations document, PCHI and any other terms / documentation necessary . All documentation can be taken away by the customer and digested in their own time. The dedicated Liberty Account Manager is on hand to answer any queries or concerns. [communications outcome].</p> <p>The cost and pricing model is simplistic, so it is straightforward for customers to understand the overall cost, the risks, and limitations of the product i.e., not making payments on time.</p> <p>Furthermore, Liberty use the CCTA electronic agreement templates which are reviewed and approved by the CCTA.</p>



Any other factors relevant to the nature of the product, its benefits and risks?

Excluding price and costs (see below). This could cover a very broad range of factors, such as the brand and wider product offering, add-on benefits/enhancements, matters such as demand, market conduct, how competitive the market is for these products, whether the market is growing or declining, innovation in relation to product features/delivery – it is a catch-all for anything which does not fit into the above categories but is relevant to the nature of the product.

Liberty is recognised as a trusted and professional finance company. The product complements our other existing product offerings.

Refer also to Liberty's Distribution Strategy Process document for further information.



THE FOLLOWING IS RELEVANT TO ALL LIBERTY OFFERED PRODUCTS

1. Fair Value for Vulnerable Customers

FCA references: PRIN 2A.4.8 R (4), PRIN 2A.4.11 G, FG22/5 paras 7.42 and 7.51 and FG21/1 (the FCA's Guidance for Firms on the Fair Treatment of Vulnerable Customers).

<p>Vulnerable customers in the target market Are there segments of the target market which may be particularly susceptible to detriment? What characteristics of vulnerability might these customers have?</p>	<p>In respect of distribution and product sales, customers with limited financial experience, whose first language is not English, or who have a mental capacity limitation may be more susceptible to not fully understanding the products offered by Liberty, their risks and benefits and making informed purchasing decisions. During the lifetime of the product the above customer groups may continue to be at risk of not receiving full benefits or incurring extra costs.</p> <p>In addition, customers who experience a temporary or permanent change in their circumstances (including loss of employment, incapacity, bereavement or other) may be at risk.</p>
<p>Impact of vulnerability on product use/benefits How do the above categories of vulnerability impact customer use of the product, benefits, and risks?</p>	<p>There may be an impact on customer understanding and informed purchasing decisions, appreciation of the risks or benefits of the product. In-life, this could continue and present throughout the term of the product in respect of utilisation of the product. For customers who experience a change in their circumstances (including financial difficulty) there could be a risk posed by the adverse consequences of missing or late payments.</p>



What mitigants are in place

Set out the arrangements in place to manage and mitigate these potential harms / risks (cross-referring to appropriate policy, process and procedure as required)

We mitigate these risks in several ways including:

- internal staff training (external as and when required)
- signposting to independent free sources of advice
- discussion of vulnerable customers at bi-monthly TCF / Consumer Duty Committee meeting and through monthly reporting to the Board of Directors (sooner if required)
- dedicated Account Managers and Customer Relationship team to handle customer queries / concerns throughout the lifetime of the customer relationship.

Further information is detailed in the following internal policies:

- Consumer Duty Policy
- Vulnerable Individuals Policy
- Credit and Lending Policy
- Arrears and Repossessions Policy
- TCF Policy



Are vulnerable customers less likely to receive fair value?

Weighing up the factors above, are vulnerable customers less likely to receive fair value, or are the risks to them appropriately mitigated?

Without mitigation there would be a risk that customers would not get fair value if their purchasing decisions / product comprehension was not appropriately informed (inappropriate product), or they experienced an adverse change in circumstances which resulted in their inability to continue meeting their payment obligations under the credit or hire agreement (increased financial and non-financial costs).

However, because of the mitigation we have in place as detailed above, we consider that the risks to vulnerable customers are appropriately managed and vulnerable customers are not materially less likely to receive fair value. We keep outcomes for vulnerable customers under review so we can respond appropriately to any indications of harm/lack of fair value.

2. Costs to Customers / Pricing

FCA references: PRIN 2A.4.8 R -2A.4.12 G,FG22/5 paras 7.25 – 7.30 inclusive.

Standard Costs

Standard financial costs

This is for a customer who takes the product out and pays to terms, so would include mandatory fees, interest and other standard (non-optional) one-off or periodic charges. This should include the components of any packaged product and the total cost of the packaged product

The interest rates for the Personal Loans and Hire Purchase products offered by Liberty are fixed for the duration of the agreement and applied monthly to the outstanding balance under the agreement.

The range is usually between:

- 12% and 25% nominal for Personal Loan.
- 12% and 25% nominal for Hire Purchase.

A maximum document fee of £295.00 is applied at the start of the agreement for both Personal Loans and Hire Purchase products.



<p>Standard non-financial costs Non-financial costs might include, but are not limited to, customer investment of time in the application and product set-up process, customer provision of data or other similar matters.</p>	<p>Whilst our application process is straightforward the duration of time between receipt of a proposal for finance and payout may differ depending on the customer and their individual circumstances. Decision making is not automated, and each proposal is considered on its own merits by at least two underwriters. Proposals are typically underwritten within 48 hours following receipt. Where further information is required to determine affordability, satisfy AML requirements etc. this may delay the application.</p> <p>The customer must provide certain data as part of their application which we may then use in the ways set out in Liberty's Privacy Notice / Data Protection Policy.</p> <p>Part of our application process involves undertaking a hard search at CRAs. This will leave a footprint on the customer's credit file.</p>
<p>Cost differences linked to distribution channel Any cost differences linked to different distribution channels and the rationale for them should be included here.</p>	<p>Refer to Liberty's Distribution Strategy Process document for information on how products are distributed.</p> <p>Where a broker is involved, a commission may be payable to that broker at a maximum of 3% of the advance. The rationale behind paying such commissions is to remunerate the broker for their work and time.</p>



Communication of costs

How are these costs communicated to the customer so that they are clearly understood?

To ensure the communication and customer support outcomes are met, the costs that are / may be incurred by the customer throughout the lifetime of the agreement are communicated in the following ways:

For all products offered by Liberty

- A link to Liberty's website detailing charges is included in the copy docs letter which is posted to the customer (see: <http://www.libertyleasing.co.uk/services-fees-reg-agr/>)
- In the agreement

Personal Loan and Hire Purchase

- In the Pre-Contract Credit Information document
- In the Adequate Explanations Document

Hire

- In the Pre-Contract Hire document

To ensure consumer understanding and as part of our consumer support), at the time of sign up, the Liberty employee will run through all relevant costs and give the customer an opportunity to ask questions.

Where the customer is broker referred, Liberty will send an offer letter, via the broker, which confirms whether or not a commission is payable.



<p>Is risk-based or tiered pricing used? If so, what is the rationale, is it reasonably justifiable and on what grounds can we be satisfied we are providing fair value for each tier.</p>	<p>Risk based pricing is used with costs applied during underwriting according to credit information and perceived risk. Factors considered include but are not limited to:</p> <ul style="list-style-type: none">• proposal received from the broker• budget and affordability assessments• value / nature of asset (where appropriate)• reason for finance• history with Liberty i.e., conduct of any current or previous Liberty finance agreements• customer exposure.
Contingent Costs	
<p>Optional/discretionary non-default costs These might include costs for exercising optional product features/rights that are not payable in every case, such as costs for using a specific payment method, costs for administering a change in regular payment date or copy document fees.</p>	<p>N/A.</p>



<p>Costs in the case of default What fees might be charged or costs passed through to the customer in the case of breach of the agreement (including, without limitation) late or missed payments.</p>	<p>The following fees may be charged under the agreement in the case of default (in accordance with the CCTA regulated agreement templates used by Liberty):</p> <ul style="list-style-type: none">• Missed payment fee of £10.00 per missed payment• Letter fee of £10.00 per letter• Default interest may also be charged at the rate provided for in the agreement• If the monthly repayment remains unpaid for more than 60 days after the scheduled repayment date(s) and the customer has not entered into a repayment plan with Liberty, we will charge the customer a default fee of £50.00• Within the CCTA agreement documentation there are provisions for the additional fees and costs Liberty can charge for e.g., reasonable legal and other costs for enforcing the agreement. Liberty does not add any additional amounts to these.
<p>Communication of costs How are these costs communicated to the customer so that they are clearly understood?</p>	<p>As per standard costs above.</p>
<p>Determination of costs How are these costs set and monitored?</p>	<p>Default interest is restricted to the interest rate payable under the agreement (for Hire agreements – at a rate of 8% above the Bank of England base rate.</p> <p>All other charges that may be payable are not for profit making but reflect the reasonable administration costs of Liberty as lender and are periodically reviewed.</p>



<p>Control on overall costs Are there any caps or controls on the overall total cost paid by the customer, or to prevent the cost of the product to the customer becoming disproportionate/unreasonable</p>	<ul style="list-style-type: none"> • A document fee, capped at £295, is applied to cover setting up costs (Personal Loans and Hire Purchase). • Interest rates are periodically reviewed but fixed and currently capped at 25% nominal for a Personal Loan and 25% nominal for a Hire Purchase agreement. • Late payment fees are applied in accordance with the terms of CCTA regulated agreement templates used by Liberty Leasing and as per the “Costs in the case of default” section above. • Customers who fall into arrears are discussed at the bi-monthly TCF / Consumer Duty Committee meeting, sooner, if necessary. • When a customer is the equivalent of three payments in arrears, next steps will be discussed with the legal department. Likewise, if another type of default is discovered, this will also be discussed with the legal department. • In arrears cases, depending on the customer’s circumstances, an outstanding balance may be written off. Such decisions will be determined at board level. • Consideration is given to Liberty’s Vulnerable Individuals and Arrears and Repossessions policies prior to applying any default charges. • Within the CCTA agreement documentation there are provisions for the additional fees and costs Liberty can charge. Liberty does not add any additional amounts to these.
<p>Cost Reductions</p>	
<p>Any cost reducing factors Highlight any cost reducing elements and how they may be used (such as rebates on early settlement or other such benefits).</p>	<p>Customers have a right of early settlement (under both a Personal Loan and Hire Purchase agreement) and to receive a rebate of interest under the Act upon full or partial early settlement.</p>



<p>Average customer Set out the expected total price for an average non-defaulting customer.</p>	<p><u>Personal Loan</u> Advance: £10,000 Term: 36 months</p> <p>The minimum expected total price we would expect a non-defaulting customer to pay on the above advance and term and with a nominal interest rate of 12% and document fee of £295.00 is £12,252.04.</p> <p>The maximum expected total price we would expect a non-defaulting customer to pay on the above advance and term with a nominal interest rate of 25% and document fee of £295.00 is £14,608.60.</p> <p><u>Hire Purchase</u> Advance: £10,000 Term: 36 months</p> <p>The minimum expected total price we would expect a non-defaulting customer to pay on the above advance and term and with a nominal interest rate of 12%, document fee of £295.00 and option to purchase fee of £295.00 plus VAT is £12,606.04.</p> <p>The maximum expected total price we would expect a non-defaulting customer to pay on the above advance and term with a nominal interest rate of 25%, document fee of £295.00 and option to purchase fee of £295.00 plus VAT is £14,962.60.</p> <p>Similar rates / levels will apply to Hire (Lease) agreements.</p>
<p>Vulnerable customer(s) Any differences in expected total price for one or more categories of vulnerable customers.</p>	<p>We would not expect any differences in estimated total price for one or more categories of vulnerable customers to the total prices detailed above.</p>



3. Operating investment, costs and margin

<p>Investment costs Investment costs in product development, product review, service improvement etc</p>	<ul style="list-style-type: none"> • CCTA costs for agreement templates • Membership of trade bodies i.e., CCTA, FLA, NACFB • Staff salaries • Costs associated with training staff • Commission payable to brokers • Recruitment of additional staff where demand requires. <p>Liberty's profit margin was c20% for all Liberty offered products in 2022 and it is similar for 2023 to date. As such there is no indication that Liberty's profitability is disproportionate.</p> <p>Forecasted lending volumes are expected to remain much the same as in 2022 with no expected material changes to future margins.</p>
<p>Operating costs Costs of operating and servicing the product, including distribution costs, servicing costs and other costs</p>	
<p>Revenue This could include a breakdown of revenue by source (e.g. interest, charges, subsidies, other</p>	
<p>Margin (expected/actual) Gross/net margin or some other metric</p>	
<p>Volume of business Some measure of actual/forecast lending volumes</p>	
<p>Pricing and benefits of other products (own) How do the pricing, features, benefits and limitations of the product compare to other products in the firm's range</p>	<p>Liberty also offers unregulated:</p> <ul style="list-style-type: none"> • commercial loans • hire purchase • lease <p>Although benefits for and the features of finance provided under any of the above agreements are very similar to Liberty's regulated product offering, costs, including interest rates, default charges and broker commission may be higher depending on the perceived credit risk of the customer.</p> <p>The same benefits and very similar pricing apply to finance offered to customers where the HNW / business exemption applies, however the level of commission payable is determined in accordance with our wider commission policy.</p>



4. Market comparison

This section is based on PRIN 2A.4.9 R (2) & (4) G together with FG22/5 para 7.12.

Market position How the product is positioned within the market and the nature of the market (e.g., demand, saturation etc)	Liberty is positioned within the marketplace as a second and third tier lender. As such, we may receive proposals for customers that are unable to access cheaper credit / hire from larger financial entities in the first tier.
Pricing, features and benefits of comparable competitor products Benchmarking against competitors and justification for position.	It is difficult to obtain specific data, however, we have not received any comments suggesting that we are not in line with our competitors.

5. Other relevant factors

Other matters the firm considers relevant to its assessment of the fair value of the product	Liberty is a Patron of the NACFB and a member of both the CCTA and FLA and abides by their respective codes of practice. Liberty uses the CCTA agreement templates for its regulated product offerings.
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6. Assessment outcome and rationale

Based on the information set out above, we consider each product provides fair value to retail customers and is in line with other similar providers in the marketplace.
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7. Associated documentation and evidence

In the completion of this assessment, the following evidence has been considered: <ul style="list-style-type: none">MI sources, Liberty's Policies and Procedures, Product Governance Process document, Distribution Strategy Process document, Market Research

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