Consumer Duty:

Moneybarn Conditional Sale Product Information Sheet

Moneybarn No1. LTD (Moneybarn)

Product name: **Conditional Sale for Motor Vehicles**

Information Sheet produced: **25/04/2023**

Products & Services Outcome and Price & Value Outcome – Information for distributors of the product

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is intended for intermediary use only and should not be provided to customers.

Contents

Summary of our assessment

We have assessed that:

- Our Conditional Sale product continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

This assessment does not include any fees, charges or other costs you (the intermediary) require the customer to pay to you for any products or services you provide that are separate or in addition to the product or services we provide. You are responsible under the Consumer Duty for assessing those products or services. If you believe that the customer is not receiving fair value in respect of these products or services, you must inform us.

If you include any fees or charges payable to yourself on top of the Moneybarn Conditional Sale agreement, you need to inform us and provide us with an assessment of value so that we can be comfortable the product is still providing fair value overall.

General product information

Target Customer	Vehicle Condition	Maintenance included or customer maintained	Option to purchase
New and/or existing	New or used	Customers are responsible for maintenance	Customers will receive title to vehicle upon paying all sums due under the agreement or upon satisfying the conditions for early settlement

Product characteristics & benefits

The Conditional Sale product is designed to meet the needs of the target group identified below. The product features and criteria are designed to support these needs.

- Contract is for a fixed term, with a set APR and monthly payments set at the outset
- Customer will own the vehicle after having made all the payments
- Customer has a right to early settle the agreement upon request
- Customer has the ability to overpay without penalty
- We do not charge late payment fees or fees to change a direct debit payment date
- The lending is secured against the motor vehicle specified in the contract
- The loan may be used for the purchase of a motor vehicle (car, van or motorcycle) that meets our lending criteria. For details of vehicle parameters, please refer to the Moneybarn product Overview available on Eclipse.

- Should any customer experience difficulty within their contract term, there are forbearance tools as features of the product that are there help all customers fulfil their contract should difficulty arise

Target market assessment and distribution strategy

This target market assessment segments the target customers for the product, recognising their different needs to enable you to tailor the services you provide when you distribute the product.

Our target customers are non prime applicants who have impaired credit histories that are looking for finance for a motor vehicle that meets our criteria.

The criteria below and other information can be found in the Moneybarn Product Overview available on Eclipse.

Customer criteria:

Age

- Minimum age 21 for NP, T1 and 2, and 25 for Tier 3 for all asset classes
- Maximum age 70 at the point of application

Nationality and residency

- Can be home owner, tenant or living with parents
- Must live in Mianland UK (excludes Channel Isle and Isle of Man)

Driving licence

- **Must have a full UK driving licence issued by the DVLA or DVA with no more than 11 points on. For motorbikes reverse of licence is required to show A1,A2 or A category, Provisional and CBT for 125cc**
- If licence is not available a DVLA or DVA sharecode or mandate can be accepted along with a passport. A provisional licence and a Pass Certificate can also be accepted

Employment

- Can be employed, self-employed or a company director
- Can be retired - pensionable income accepted
- Can be on PIP, DLA or CA - see section 1.7

Joint applications

- Relationship must be spouse, partner, civil partner, son, daughter or sibling, and must reside at same address
- **The maximum number of agreements a customer can have is one sole and one joint of any one asset. No more than 4 vehicles per household.**

Vehicle criteria:

Car:

Lend detail

- £4,000 min. lend for all tiers, or £5,000 for agreements between 24 - 36 months (Tier 2 only)
- £35,000 max lend for NP, £25,000 for T1 & T2 or £15,000 for Tier 3a.
- £45,000 max OTR for NP, £35,000 for T1 & T2 or £25,000 for Tier 3a.

Deposit

- £0 min. deposit for NP, T1 and 2 and minimum £400 deposit for Tier 3
- £10,000 max deposit for cash/bacs, excluding part exchange value
- Cars under 4 months old must be purchased via franchised or approved dealer

Maximum LTV

- 110% GGRV for NP, T1 and 100% GGRV for Tiers 2 and 3

Age and mileage

- No more than 15 years old at the end of the contract (12 years for T2c and 3A
- Maximum mileage of 120,000 at the start of the contract

Number of previous owners

- There are no restrictions to the number of previous vehicle owners

LCV:

Lend detail

- £4,000 min. lend
- £35,000 max lend for NP, £25,000 for T1 & T2 or £15,000 for Tier 3
- £45,000 max OTR for NP, £35,000 for T1 & T2 or £25,000 for Tier 3a

Deposits

- 1/6 of OTR for Tier 1 and 2 if VAT qualified
- 1/6 of OTR + £400 for Tier 3 if VAT qualified, or £400 if not VAT qualified
- £10,000 max deposit for cash/bacs, excluding part exchange value

Maximum LTV

- VAT qualifying - 110% GGRV for NP, T1, 100% GGRV for Tier 2, and 100% GGTV for Tier 3
- Non-VAT Qualifying - 130% GGRV for NP, T1, 120% GGRV for Tier 2, and 120% GGTV for Tier 3

Age and mileage

- No more than 12 years old at the end of the contract. Maximum mileage of 125,000 at the start of the contract

Number of previous owners

- There are no restrictions to the number of previous vehicle owners

Motorbike:

Lend detail

- £4,000 min. lend for NP
- £3,600 min. lend for Tiers 1a - 3a
- £15,000 max lend

Deposits

- £10,000 max deposit, excluding part-exchange value Minimum
- £400 deposit for Tier 3a

Maximum LTV

- 100% of OTR for all tiers as evidenced by invoice and sales advert

Age and mileage

- No more than 12 years at the start of the contract
- Max mileage of 30,000 at the start of the contract

Driving Licence

- A copy of the driving licence must be supplied showing either A, A1 or A2 code, or a copy of the pass certificate. 125cc, provisional + CBT. Must not show 79(3) or 079.03 restrictions

Motorbike advert

- A copy of the advert showing the mileage, price and year of registration

Number of previous owners

- There are no restrictions to the number of previous vehicle owners

Customer Circumstances

The product is designed for customers underserved by the main stream prime lenders. They may be underserved due to:

- Having an impaired or thin credit file
- Their employment status (e.g. Self-employed)
- In receipt of benefits

For full details including age ranges, nationality and driving entitlement, please refer to the Moneybarn Product Overview available on Eclipse.

Distribution Strategy

Moneybarn's Conditional Sale agreement is distributed by selected introducers with appropriate broking permissions from the FCA, who are also expected to implement an outcomes-focused approach and set higher expectations for the standard of care given to customers under Consumer Duty.

Moneybarn supports introducers who have customers who have found a vehicle and are attempting to arrange finance, and those where the customer looks for finance prior to looking for a vehicle.

As a result of these customer journeys, it is possible that a customer may either be onboarded via the internet or physically at the point of sale of the vehicle in a dealership.

It is also available to customers who may reach us directly or indirectly through our affiliate network, as opposed to through an intermediary, which will direct them to apply through Moneybarn Direct.

All methods of application generation screen applicants using our lending criteria to filter customers depending on their circumstances to safeguard that they are suitable for our product and part of our target market.

Customer Needs and Objectives

The customer need is to finance the purchase of a motor vehicle over a set term, by way of an affordable fixed monthly payment.

The product is not designed for customers:

- That might be served by the mainstream lenders or do not meet the customer criteria as set out in Moneybarn Product Overview available on Eclipse
- Whose application is declined by the Eclipse system
- Those who only wish to rent a vehicle without intending to own

For full details of the proofs required to support a successful application please refer to the Dealer Training Pack available on Eclipse.

Customers with characteristics of vulnerability

The product is designed for those customers underserved by the mainstream lenders. We recognise that a proportion of our customers will likely have characteristics of vulnerability or who will experience vulnerability over time, and as a result we have a robust vulnerability policy in place alongside a suite of forbearance options. All of our staff are trained on dealing with vulnerable customers, and our procedures and policies that support our treatment of vulnerable customers are regularly reviewed. We also have a specialist team available to deal with our high risk vulnerable customers.

We expect vulnerable consumers to experience outcomes as good as those for other consumers and receive consistently fair treatment, so we ensure there are clear, effective, and appropriate processes and controls in place for the fair, appropriate and tailored treatment of customers, who Moneybarn understands or reasonably suspects to be particularly vulnerable. These forbearance options we offer are available to all of our customers, however a customers vulnerability and risk will be taken into consideration and different approaches used to try to give the customer the best outcome.

Intermediaries should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly. Not all clients will identify as vulnerable themselves, therefore intermediaries must be proactive and use their best judgment to identify any particular needs themselves. Notification will not play any part in determining an applicants eligibility to obtain an agreement, but will ensure the right support can be given.

Once vulnerability has been identified by an intermediary, explicit consent from the customer should be gained in order to notify us, which will the allow us to record the vulnerability against the agreement/application and action to be taken where appropriate.

Once a potential vulnerability has been logged with Moneybarn, our teams can use tools to guide communication with both customers and third parties and inform them of the next steps, such as the TEXAS, IDEA, CARERS and BLAKE models, depending on their vulnerability. These tools help support conversations to gather information and gain an understanding of the impact the condition may have on both communication and finances.

Should any customer experience difficulty within their contract term, we recognise that they may require ongoing contact and account monitoring for varying amounts of time depending on their vulnerability, and there are forbearance tools as features of the product that are there to help all customers fulfil their contract should difficulty arise.

We are able to communicate with our customers both over the phone and in writing (either by email or letter) and will make the customer aware of the different communication options available to them so they can contact us via the most convenient route.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the product.

Our assessment of value

We have developed a comprehensive and robust assessment process through the Annual Product Review which evaluates several aspects of our business to determine the value of our product. This analysis is used to ascertain whether the product delivers fair value for customers.

Our assessment concluded that the product continues to deliver fair value for customers in the target market for the product.

The outcomes of the assessment process are presented to the Moneybarn Product and Pricing Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

- We price our product in 10 tiers, each with an APR based upon the credit risk represented by each of the tiers
- We monitor the credit performance and financial return of each tier to ensure that the pricing remains appropriate and is providing fair value
- We do not charge any fees in relation to missed payments, amendments to direct debit dates or any over payments made on the account

Results of our assessment

Our assessment concluded that the product continues to deliver fair value for customers in the target market for the product.

Guidance

This document was created to reflect the new rules and guidance as a result of the publication of the FCA's Consumer Duty PS22/9 and FG22/5 on 27 July 2022.

Introduction

- The aim of this guide is to provide lenders with guidance to complete the Product & Services Outcome and Price & Value Outcome information for distributors of the product document ('information sheet') in order to meet their responsibilities under the Financial Conduct Authority's (FCA) Consumer Duty Policy Statement PS22/9 and Finalised Guidance FG22/5.
- The guidance is produced by the FLA.
- This guidance should be read alongside the example Information Sheet. For simplicity the term 'intermediary' is used throughout this document which refers to an intermediary firm acting as a distributor.

Background

Under the FCA's Consumer Duty, lenders must:

- ensure that its products provide fair value to retail customers in the target markets for those products; and
- carry out a value assessment of its products and review that assessment on a regular basis appropriate to the nature and duration of the product.

Lenders are required to provide intermediaries with the results of their value assessments but don't have to include sensitive information such as the breakdown of firms' margins or risk-based pricing as confirmed in PS22/9. This is to ensure that intermediaries distributing the product have all necessary information to understand the value that the product is intended to provide to a customer. This also allows the intermediaries to meet their requirements under the Consumer Duty.

The FCA's Consumer Duty rules require that lenders must make all appropriate information available to intermediaries to:

- understand the characteristics of the product or service;
- understand the identified target market;
- consider the needs, characteristics, and objectives of any customers with characteristics of vulnerability;
- identify the intended distribution strategy; and
- ensure the product or service will be distributed in accordance with the target market.

In summary, lenders are required to provide intermediaries with the results of their value assessments not the detail that sits behind the individual product assessments themselves.

In the FCA's Dear CEO Letter to Motor Finance Providers dated 1 March 2023, the FCA notes:

Finance providers and those broking finance (including dealerships) need to consider their respective roles, i.e. whether they are acting as manufacturer, distributor or are co-manufacturers and distributors. Firms are manufacturers if they create, develop, design, issue, manage, operate, carry out, or (for insurance or credit purposes) underwrite a product or service. There may be multiple manufacturers for a single product or service. A firm would be considered a co-manufacturer where they can determine or materially influence the manufacture of a product or service. This would include a firm that can determine the essential features and main elements of a product or service, including its target market. As an example, if a lender negotiates an APR price-point with a dealer or broker firm, the firms may need to consider whether the lender is making the pricing decisions or if the dealer or broker has a material influence on this.

Where firms collaborate in this way, they must have a written agreement outlining their respective roles and responsibilities to comply with the rules in this section. We expect the agreement to be a confirmation of which firm is responsible for meeting different aspects of the rules under this outcome. So, in the event of a problem, it is clear which firm is accountable.

How lenders might use this document

- The content within the example Information Sheet and guidance notes is not intended to be prescriptive and lenders must populate the sections of the Information Sheet themselves.
- Lenders will need to determine the number of products they have and thereafter the number of Information Sheets produced for these. Individual products may share similar product characteristics. Lenders may therefore consider producing one Information Sheet to cover a range of products with similar characteristics. Whilst the FCA has not prescribed the number of Information Sheets that are required, it will be for lenders to consider the appropriate amount and to ensure a pragmatic approach, given intermediary firms will access information sheet(s) from each lender they have on panel.

Information Sheets are designed for intermediary firms and are not intended to be provided to customers.

Lenders may wish to add a date that the Information Sheet was created or a version number, to aid version control.

Completion of the Information Sheet

Summary of our assessment

This section provides a summary of the value assessment for the intermediaries.

Lenders should consider summarising that:

- the product continues to meet the needs, characteristics, and objectives of customers in the identified target market;
- the distribution strategy remains appropriate for the target market; and
- the product provides fair value to customers in the target market.

General Product Information

This section provides general information on the product covering target market, vehicle condition, maintenance profile and option to purchase.

Product characteristics & benefits

This section focuses on the characteristics and high-level summary of the benefits of the product. Lenders may wish to consider non-financial benefits here. Lenders may find it useful to include a link to their websites and the individual products to assist intermediaries.

Lenders may wish to consider that a characteristic of a product comes with its own benefits and potential downsides to some consumers. For example, a flexible credit product like a PCP will have its own pros and cons. However other characteristics may have no clear downsides, for example the ability to settle the agreement early.

Target market assessment and distribution strategy

The first part of this section contains a matrix for completion by lenders focussed on the product target market assessment. This takes into consideration the target market's circumstances, distribution strategy, and the target market's needs and objectives. The second part details the intermediaries that will distribute the product.

The final part of this section is intended to assist intermediaries in detailing those customers who the product is not designed for and therefore do not make up the target market.

Customers with characteristics of vulnerability

This section covers the lenders consideration of the needs, characteristics, and objectives of any customers with characteristics of vulnerability. This follows on from the individual value assessments that the lenders carry out of considerations of any characteristics of vulnerability that retail customers in the target market display and the impact these characteristics have on the likelihood that retail customers may not receive fair value from its products.

Lenders should consider including what has been assessed to ensure that the needs of customers in the identified target market have been considered in respect of the product in question. Details of the framework in place to achieve good outcomes for vulnerable customers should also be included as detailed in the example information sheet.

It is important for lenders to distinguish between cohorts of vulnerable customers within the target market and where lenders have designed a product aimed at particular vulnerable customers. For example, lenders may offer products to credit impaired customers and so they will need consider documenting how they have taken these vulnerabilities into consideration for their intended target market.

Our assessment of value

This section focuses on the overall assessment of value, the steps and considerations taken to ensure that the assessment of the product delivers fair value. The assessment should consider reviewing the benefits, price, costs, and limitations as detailed in the example information sheet. Lenders should consider concluding this section with a sentence detailing the results of the assessment such as “Our assessment concluded that the product continues to deliver fair value for customers in the target market for the product.”

Some lenders may have a range of APRs available for an intermediary to choose, in which case the intermediary is likely to be a co-manufacturer with the lender. In these circumstances, it may be appropriate for the lender to state that the range of APRs have been assessed as all providing fair value (with the lowest APRs providing the best value), while communicating to the intermediary that it is their responsibility, as co-manufacturer, to assess whether their choice of APRs continues to provide fair value in relation to their target market.

This guidance document will be subject to review and, where applicable, will be amended in line with changes in the regulation of the motor finance industry. Any such changes will be subject to consultation with the industry.