

# VALUE ASSESSMENT

<b>NAME OF PRODUCT / SERVICE:</b>	Consumer Credit – Commercial finance
<b>ASSESSMENT REASON:</b>	Review
<b>REVIEWER NAME:</b>	Steve Burch – Group Head of Compliance

## SERVICE DESCRIPTION

- An initial meeting / discussion.
- Fact-finding and information gathering.
- Product identification and recommendation for CONC regulated consumers via a Suitability Letter.
- Commission declarations.
- Application / documentation support.
- Arranging valuation (If appropriate or required).
- Post finance offer support – liaising with the lender until completion.
- Signposting or provision of ancillary products or services connected to the primary borrowing requirement to prevent foreseeable harm.
- Post completion support including contact prior to the expiry of the finance facility or fixed offer period, further assisting the client as required, liaising with the finance provider to review options available if further funding is required.

## TARGET MARKET

New or existing customers looking to obtain unsecured commercial finance or securing finance against land or property.

Clients who are individuals, sole traders, partnerships, or are defined or encapsulated within retail consumer credit activities.

Most commercial finance providers will consider standard and sub-prime clients and offer products which are costed based on the applicant's status and credit standing, as well as the items, land or property being offered as security.

Clients who may have been refused borrowing through conventional sources on an unsecured basis.

## LIMITATIONS

- Clients who are borrowing in the name of a Limited Company
- Clients who wish to obtain personal finance or personal loans.
- Clients who wish to secure funding against an asset.
- Clients who are foreign nationals domiciled outside of the UK and are not a Director of a UK Ltd Company.
- Clients whose land or property are unsuitable to offer as security.
- Loan to values that exceed 75%.
- Clients whose disposable income is unable to support any additional borrowing.

## REMUNERATION

- An Application Fee may be charged and is non-refundable.
- A Broker or Offer Fee may be applied which is due on offer or cancellation post offer.
- Procuration fee – commission received from the lender.

*Our assessment of our service charges within the distribution chain are deemed to offer fair value for the service and benefits we can provide.*

## MARKET RESEARCH WHEN DESIGNING SERVICE

Our service is not significantly higher or lower in price than other services offered in our market. However, we are highly experienced in the provision of this service and, on some occasions, can attract exclusive and semi-exclusive products, and access to lenders and products unavailable if attempted to access them directly.

*We have assessed our competitors and sought feedback from our introducers and lenders across all lending disciplines that are captured by the Duty and are satisfied our service is fit for purpose.*

## VALUE/BENEFITS

- Independence.
- Access to a wide range of lenders representative of the market allowing comparison of wide number of deals.
- Research into the cheapest suitable lending facility and explanation given when not recommended.
- Confirmation of commissions received following any introduction.
- Knowledge and experience of the commercial finance market.
- High quality customer service – rated excellent on Trustpilot.
- Access to lender support.
- Ensuring quality applications, and therefore avoiding issues with fraud checks and other delays.
- Ability to advise around ancillary services, gap insurance, protection to support finance obligations (signposting).
- Explaining the effect and impact of when is best or not to pay a product fee.
- Relationships with lenders underwriters so that applications may be considered on a merit basis.

## BEHAVIOURAL BIASES PRESENT

A client may assume that only commercial finance would be appropriate without first contacting their own bank or seeking alternative sources of finance.

If debt consolidation is required, we will check first that this is in their best interests and explain the disadvantages of potentially extending the term or increasing the rate of their existing borrowing.

## CHARACTERISTICS OF VULNERABILITY

We will adapt our service according to the needs of our customers. Situations where a vulnerability may compromise the value of the service we offer may be:

language barriers, first time buyer with less financial experience and resilience when compared to other mortgage borrowers, low level of financial sophistication or mental capacity issues.

We will give additional advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring. We will also offer additional communication channels to meet the needs of the individual and signpost for additional assistance from external sources if deemed to be necessary.

In the sub-prime sector, clients may also display the following behaviours:

- Lack of knowledge and experience (low level of financial sophistication).
- Clients may have defaulted in the past and/or still have evidence of credit issues.
- As the customers will have historic adverse credit, they may potentially have low financial resilience, even though they may have improved their position since the historic adverse.
- The historical adverse could also indicate lower capability.
- There is a risk the introducing adviser automatically matches the client to a sub-prime lender rather than still searching whether a mainstream lender would accept the case.

The ways the firm mitigates against this risk:

- Application of cheapest suitable finance.
- Consider underwriting criteria of all lenders.
- Credit file to be obtained as part of their advice process before sourcing the mortgage.
- File reviews / systems and controls / KPIs.
- Advice will be given to the client if we believe alternative mainstream options should also be considered.

<b>CONCLUSION:</b>	Our service does provide fair value
<b>ACTIONS REQUIRED:</b>	None
<b>NEXT REVIEW DATE:</b>	04/07/2025 or earlier if external factors dictate this