

# Close Brothers Premium Finance

## Retail Premium Finance – Loan Information



EXPERTLY CRAFTED  
INSURANCE

This document is for insurance intermediaries to provide them with information about the retail premium finance we can arrange alongside our insurance products that could help customers to spread the cost of their insurance premiums. This information will help the distributors of our products to decide whether our premium finance facility will be suitable for their customers' needs and financial situation.

This document must not be provided to any customers either in its original form or to any reproduction.

### Our role

Home & Legacy is a distributor for the retail premium finance product described in this document. We offer retail premium finance from a single provider.

### Who provides the loan?

Close Brothers Limited trading as Close Brothers Premium Finance (Close). Home & Legacy earns a commission for introducing business to Close and to cover the cost of the related administration.

### What is the loan for?

The loan offered by Close is a regulated credit agreement, a Running Account Credit Agreement RACA to finance insurance premiums and additional amounts payable following changes for qualifying insurance policies arranged through Home & Legacy. The RACA allows financing for mid-term adjustments (MTAs) and renewals under a single credit agreement. The loan is suitable for customers purchasing Home & Legacy's insurance products who want to pay by instalments to spread the cost of their premium.

### What does it cost the customer to take out a loan?

Using our premium finance facility will be more expensive for customers than paying for their insurance upfront.

As we only introduce customers to a single premium finance provider (Close), your customers may be able to fund their premium cheaper by arranging credit elsewhere or by using an alternative payment method such as debit/credit card.

The price in relation to a regulated credit agreement is the Annual Percentage Rate (APR). The APR is a standardised way of showing the cost of borrowing over a year. The APR is determined by Close and is based on the gross rate, which we have set, and charge to the customer.

The gross rate we charge is fixed at **6%**. This rate includes the commission that we earn for introducing business to Close and to cover the cost of our related administration. The APR will vary depending on the product your customer purchases, as although our policies provide cover for 12 months, the credit agreement may have a different duration.

Product Category	Duration of Loan (months)	Gross Interest Rate (%)	Representative APR (%)	Home & Legacy Commission* (%)
Household Insurance	10	6%	15.45%	3.49%
Landlord Insurance	12	6%	12.54%	2.59%

\*% as at 8<sup>th</sup> March 2022 (Home & Legacy's commission is variable and determined according to the Bank of England base rate)

We ensure that our customer documentation is clear and gives transparent information for your customers about the cost of our premium finance. It is clearly stated that it will cost more if payment of the premium is spread using our premium finance facility.

For customers renewing their policies who decide to continue with their existing credit agreement we will ensure that the gross rate they are charged will be no higher than would be charged to a new customer.

**Are there any other costs associated with the loan?**

If the customer defaults on their loan agreement Close will charge £30 when collecting the arrears. Close will make this charge for every default.

If the loan has to be terminated due to arrears, the customer will be liable to pay all sums owing to Close and a cancellation fee of £15 that is charged by Close.

**What information is required to set up the loan?**

- Full name
- Date of birth
- Email address
- Correspondence address (this must be a UK address)
- Bank account details.

All of this information must be complete and accurate. Close require this information to set up the loan and to carry out their pre application assessments, which include anti-money laundering (to identify and verify the customer) and affordability (to assess the customer's ability to pay for the finance).

**Will the customer have to be approved?**

Close assess all loan applications and there may be occasions when they will refuse an application.

Close carry out anti-money laundering and affordability assessments, to identify and verify the customer and to assess their ability to pay for the finance. Their checks may use credit scoring, credit reference agencies and automated decision-making systems. These assessments will leave a hard footprint on your customer's credit records. The assessments will take place after the customer has signed the credit agreement.

Close will usually accept most applications regardless of the outcome of the affordability assessment. These customers are treated with extra care if they later default on their loan repayments.

Sometimes Close will refuse an application. Should this occur, Close will inform the customer and Home & Legacy and the customer will then need to find an alternative method of payment for their insurance premium.

**Will Close carry out an affordability assessment when there is a mid-term adjustment (MTA)?**

Close will not carry out an affordability assessment when there is an MTA unless there is a significant increase in lending required. Close will reassess the credit limit they have set and amend it if necessary.

**Will Close carry out an affordability assessment at renewal?**

Close will carry out an assessment if they have not done so previously and when the amount to be financed at renewal will significantly increase the customer's monthly payment. Close will reassess the credit limit they have set and amend it if necessary.

**Key information about the Running Account Credit Agreement (RACA)**

The cost of the loan will include the insurance premium and interest at the agreed rate (which will include the commission that is payable to Home & Legacy).

Close will send a welcome information pack to the customer to provide full information about the credit agreement including all of the terms and conditions. This will include the RACA and the standardised Pre Credit Information (PCI). The RACA will show the credit limit set by Close, taking into account the total premium and the cost of the credit. The credit limit set will allow some capacity for future adjustments.

It is important for the customer to read and consider the pre-contractual information sent by Close carefully. This will detail the cost of the loan, the repayments, the dates on which these will be due as well as the terms and conditions of the legal contract. The pre-contractual information will enable the customer to make an informed decision about whether or not the loan will be suitable for their requirements.

If the customer decides once they have considered all of the information that they want to proceed with the loan application, they will have to sign the RACA – it is possible to sign online.

The customer will have the right to withdraw from the loan agreement within 14 days commencing from the day that they receive the welcome information pack from Close. There will be no charge for withdrawal from the loan agreement within this period and if any money has already been collected in respect of the loan, it will be refunded. Should the customer decide to withdraw from the loan agreement, they will need to find an alternative method of payment for their insurance premium.

The customer will be able to repay the loan at any time, either in full or a partial repayment. Where partial repayment is made, the customer will have to continue to meet the remaining minimum monthly repayments.

If the customer defaults on the loan agreement, a fee of £30 will be charged by Close when collecting the arrears. Close make this charge for every default. If the customer does not clear their loan arrears by the date specified by Close, the loan may be terminated and any security given by the customer under the terms of the agreement enforced. This could result in the cancellation of the loan, the insurance policy, or both. The customer will be liable to pay all sums owing to Close as well as a cancellation fee of £15. The customer's credit rating may also be affected.

The first monthly payment will be collected within 10 working days of the effective date of the policy or on the effective date if that is later than 10 working days. If there are less than 10 working days before the end of the month two payments will be taken in the following month.

In the future if there is a change to the date, amount or frequency of the Direct Debit, Close will always notify the customer two working days in advance of their account being debited. In the event of any error, the customer will be entitled to an immediate refund from their bank or building society.

The customer will have the right to cancel at any time and all the banks and building societies that take part in the Direct Debit Guarantee offer this guarantee. A copy of the safeguards under the guarantee will be sent to the customer by Close.

### **How frequently is our premium finance product reviewed?**

We understand that the cost is likely to be the most significant factor in determining whether our premium finance offers fair value. To ensure we are acting in the best interests of customers we review our products including our premium finance arrangements at least annually and monitor them on an ongoing basis.

We carry out fair value assessments (this includes collecting information from the distributors of our products) to make sure the total cost of the premium finance does not impact the intended value of our insurance products.

We expect distributors to inform us if they have any concerns about the value of our products or receive any complaints from customers about them.

Your customer can obtain further information about the premium finance product by calling Close Brothers Premium Finance on 0333 321 8566 or by writing to Close Brothers Premium Finance, Wimbledon Bridge House, 1 Hartfield Road, London, SW19 3RU. Email: [infopf@closebrothers.com](mailto:infopf@closebrothers.com).