

# Compliant Sales Process Best Practice Guide

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## Welcome.



ALPHERA Financial Services has positioned itself to be the 'Partner of choice across the automotive industry' and as such the dealer, broker and customer value proposition has to be tangible. Whilst these elements can be easily perceived in the physical product, our service driven businesses are less visible, requiring them to be more focused on delivering the best possible experience.

Meeting and exceeding customer expectations is challenging. However, creating a culture of customer centricity takes time and is the foundation of any customer orientation.

We launched a new Partner remuneration package to enhance the clarity of our finance products and at the same time create a fairer customer proposition.

I strongly believe treating the customer fairly will help you drive customer loyalty, sales performance, financial results and ultimately overall growth. In the end, we should emerge together stronger and more robust than ever.

**Spencer Halil**  
Director

The role of the trusted salesperson or Business Manager is more important than ever and many people still prefer the reassurance of talking through the finance options available to them with an expert, who can put in place the building blocks of trust and transparency required for repeat custom.

Although the customer is better informed, they still need help in understanding how to choose the most appropriate finance package to suit their individual circumstances. Just because a deal may seem to have the most attractive rate, it does not necessarily make it the right option for every customer.

You our Partners are the central point of activity with our customers and the value you contribute in delivering on our brand promise will be the cornerstone of our customer commitment. We are committed to supporting you to achieve this.



## Introduction.

The Financial Conduct Authority (FCA) has proven to be a far more proactive regulator than the previous regime with lessons to be learned from the industries they already regulate. They aim to ensure that customers are treated fairly and are given all the information they need, at the appropriate time, so they can make informed decisions, both prior to inception, and during the life cycle of an agreement. In addition, it is no longer sufficient just to meet all the regulatory requirements, you also need to be able to demonstrate, with documented evidence, that you have done so.

The FCA regime includes an expectation that firms comply with a series of broad Principles, in addition to specific rules, which makes it more challenging than ever before to ensure ongoing compliance (see section **FCA Principles and TCF Outcomes** for more information).

ALPHERA Financial Services has put together this best practice guide to help guide you through a typical compliant finance sale. It is intended to be used by those involved in selling motor finance to customers.

ALPHERA Financial Services expects its Partners to guide its customers through the sales process in a transparent way, assessing their needs, presenting products that meet those needs and treating them fairly. The customer should fully understand the options available to them and feel empowered to choose the products that best suit their needs.

Further details can be found throughout this Guide.



Examples of expected practice that feature within the FCA's CONC rules include:

- Explain the key features and benefits of a regulated agreement to enable customers to make an informed choice.
- Take reasonable steps to ensure that a product recommended is not unsuitable for the customer's needs and circumstances.
- Advise a customer to read, and allow them time to consider the terms and conditions of the agreement before entering into it.
- Bring to the attention of the customer how you use the customer's personal data and how the lender you introduce the customer to will use their information and capture their consent.



There are also many examples of poor practice that could lead to detriment to customers and therefore sanctions and fines by the FCA:

- Inappropriately offering an incentive to a customer to enter into an agreement quickly.
- Introduce a customer to a lender when it should be apparent the customer does not meet the relevant lending criteria.
- Suggest to a customer that their application will be met in full when a lower amount may be offered.
- Secure more credit for a customer than was requested.
- Give preference to one lender or product when the benefit is for the Partner rather than the customer.

## Structure of this Guidance.

**This document has been prepared for guidance only and does not constitute legal advice and must not be relied upon as such.**

The guidance is structured in logical sections which reflect a typical finance sales process as set out below.

**Note:** References to “We”, “Us” or “Our” should be interpreted as ALPHERA Financial Services.



There are also sections covering distance sales, frequently asked questions and examples of documents that need to be produced and completed.

## Key to symbols.



Example of Good Practice



Example of Bad Practice



Key Message



Tool

## FCA Principles and TCF Outcomes.

The FCA is a principles-based regulator. This means it requires all regulated business to be carried out in line with its defined Principles for Business and TCF Outcomes.

The FCA Principles particularly applicable to the sales process are:

- **Principle 1:** A firm must conduct its business with integrity.
- **Principle 2:** A firm must conduct its business with due skill, care and diligence.
- **Principle 6:** A firm must pay due regard to its customers and treat them fairly.
- **Principle 7:** A firm must pay due regard to the information needs of its customers, and communicate information to them in a way that is clear, fair and not misleading.
- **Principle 8:** A firm must manage conflicts of interest fairly, both between itself and its customers and between the customer and another client.
- **Principle 9:** A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgement.

Principle 6 includes the requirement to treat customers fairly. The TCF outcomes expand on what that means for customers. The outcomes particularly applicable to the sales process are:

- **TCF Outcome 2:** Products and services marketed and sold the retail market are designed to meet the needs of identified customer groups and are targeted accordingly.
- **TCF Outcome 3:** Customers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
- **TCF Outcome 4:** Where customers receive advice, the advice is suitable and takes account of their circumstances.
- **TCF Outcome 5:** Customers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.



## Communicating with Customers.

The majority of sales are made face to face with customers, but there may also be times when you communicate with customers by phone or e-mail.

### Telephone.

If the entire sale is made by phone, this will count as a 'distance sale' and there are some additional things you need to be aware of.

See sections **Distance Selling** and **When ALPHERA Financial Services allow Distance Sales to take place** for more information on when sales can be conducted at a distance, the regulations that apply and additional steps that must be carried out.

Whenever you telephone the customer, whether in connection with a distance sale or just for more information you should make your identity and the purposes of your call explicitly clear at the beginning of the conversation.

You should also confirm the identity of the person you are speaking to before mentioning any personal information.

### Email.

Email is increasingly used to communicate with customers and is usually quick and efficient. However, you should remember that unless e-mails are encrypted (such as with TLS) they are not secure. There's a risk that hackers could access the content of e-mails and use it fraudulently.

You shouldn't ask customers to give you their bank account or credit/debit card details by e-mail, nor send them to us by unsecure email.



### GDPR.

Please note that when contacting customers for Marketing purposes, you must have their consent to do so.







## Customer Qualification.

You should ask the customer sufficient questions to identify the factors that are important to them. Examples from our sales training include:

- Is the option of ownership of the vehicle at the end of the agreement important to you?
- How often do you typically change your vehicle?
- What is your anticipated annual mileage?
- How much deposit are you looking to put down?
- What is your current/target monthly payment?
- How many monthly payments are there outstanding on your current vehicle?
- Who is your current bank/funder?

The answers to these qualification questions should enable you to identify the most suitable finance product(s) and term for the customer, taking account of their budget (being able to repay the credit without undue difficulty is a key consideration which you should always bear in mind when discussing finance with a customer).

We provide a Customer Qualification Form to help you with this stage of the sales process and can serve as evidence that you have qualified your customers' needs.



Evidence is crucial as in the event of complaint, the onus is on you to prove that the process the customer was taken through was executed properly.

Please ask your Business Development Manager for more details.

## Product Presentation.

You should recommend the product or products that best meet the needs of the customer based on information obtained in the Customer Qualification stage.

You must not give preference to a particular product or lender based on the amount of commission paid if the product would conflict with the needs of the customer.



You should clearly explain the features, benefits and risks of the different products to help the customer make an informed choice.



The Customer Qualification Form has a product comparison table on the back to support you with this stage of the sales process.



You can also use additional information to support your explanation such as product brochures, marketing product videos and web based information (e.g. [www.alphera.co.uk](http://www.alphera.co.uk) or the FLA's website [www.financingyourcar.org.uk](http://www.financingyourcar.org.uk)).



## Quotation.

You should print a quotation for the recommended product(s). This will illustrate key information such as, the monthly amount payable, any balloon payment and the total amount payable including the amount of interest.

Where the customer is present in the showroom, you can use FAMOS to show the customer comparisons between different products, but you should still print off a quotation (or quotations) for them.

Examples likely to contravene the clear, fair and not misleading rules include suggesting that a customer's repayments will be lower under a proposed Agreement without also mentioning (where applicable) that the duration of the Agreement will be longer or that the total amount payable will be higher or whether there are ownership options or lack of at the end of the agreement.



## Estimating Annual Mileage.

The estimated mileage must always be accurate to minimise any excess mileage charge. You must never offer an artificially low mileage simply to reduce the monthly repayments.

**Customers must be told where Excess Mileage charges may apply.**

The accurate estimation of annual mileage is critical to avoiding customers being charged excess mileage at the end of the agreement.



## Settlement of an existing finance agreement.

Where the customer is settling an existing finance agreement with us as part of taking out a new agreement to finance to their next vehicle, they should be reminded that any interim payments that are not included in the settlement figure generated by FAMOS, will still need to be paid. Please also note that if you request a settlement figure on behalf of a customer, you must have their consent to do so.

## Draft Agreement.

A draft agreement can also be supplied at this stage if the customer requests it.

See sections Distance Selling and When ALPHERA Financial Services allow Distance Sales to take place for more information on when sales can be conducted at a distance, the regulations that apply and additional steps that must be carried out.

## Adequate Explanations.

For agreements regulated by the Consumer Credit Act 1974, customers must be given an Adequate Explanation of the agreement that is being discussed.

The Adequate Explanation must be provided to the customer (and any Guarantor, if applicable) verbally **prior** to submitting the proposal for credit and then in writing **before** they sign the finance agreement. Please note that they must sign and date the Explanation Document as well as the finance agreement.

You must adequately explain:

- any features of the agreement which may mean it is unsuitable for particular types of use; e.g. excess mileage;
- how much the customer will have to pay periodically and in total under the agreement;
- any features of the agreement which might have a significant adverse effect on the customer which the customer is unlikely to foresee, for example, conditions and timing of the transfer of legal title to the vehicle to the customer;
- the principal consequences for the customer of failing to make payments under the agreement at the required times including, for example, incurring default charges, any late payment interest, impaired credit rating, legal proceedings;
- the effect of the right to withdraw from the agreement (and any other cancellation rights) and how and when these rights may be exercised.

**The customer cannot waive their right to an Adequate Explanation.**



## Pre-contract information (SECCI)

In addition to the Adequate Explanation, the customer must also be provided with the Standard European Consumer Credit Information or SECCI before the finance agreement is signed.

You must always advise the customer to consider the information in the Adequate Explanation and the SECCI and of his right to take the pre-contractual information (Adequate Explanation document and the SECCI) away for further consideration before signing the finance agreement.

The customer must also be given an opportunity to ask questions about the agreement and be advised how to ask for further information and explanation.

If the Adequate Explanation or the SECCI are not provided, the finance agreement will be unenforceable.

Further information on the requirements can be found in our Consumer Credit Directive Guide.



## Right to Withdraw.

**Customers must be notified of their right to withdraw (where applicable).**



For regulated credit agreements (e.g. regulated PCP/HP), customers have the right to withdraw from the finance (but not from the purchase of the vehicle) within the first 14 days starting on the day after the agreement is signed.

If the customer exercises his right to withdraw, he must repay the credit plus interest within 30 days starting from the day after the notice to withdraw was given.

If payment is not received in full, we can repossess the vehicle without consent or court order, and the customer will be liable for any shortfall.

The same right to withdraw applies to distance sales provided the amount of credit is £60,260 or less. If the amount of credit exceeds this amount, and the customer is an individual the customer will have the right to cancel.

See sections **Distance Selling** and for **When ALPHERA Financial Services allow Distance Sales to take place** more information on when sales can be conducted at a distance, the regulations that apply and additional steps that must be carried out.

The right to withdraw does not apply to hire agreements or where the regulated credit agreement exceeds £60,260.

## Affordability.

You must not suggest or state, expressly or by implication, that credit is available regardless of the customer's financial circumstances or status.

You should discuss affordability with the customer and the need for the customer to carefully consider their ability to meet the repayments, over the life of the product, without undue difficulty. For example, can the repayments be made on time while meeting other reasonable commitments or without having to borrow to meet the repayments? Can payments be made out of income without having to realise security or assets?

The responsibility for assessing affordability and checking credit history rests with us. However, if the customer tells you anything which may affect their ability to make repayments this must be recorded in the notes in FAMOS at proposal stage and you must contact our Underwriting team to make them aware that such a note is present.



This may include future changes to their health, income such as approaching retirement, planned maternity leave or attaining a professional qualification. Also, changes to expenditure such as moving to a larger house or starting to pay school fees.



## Vulnerable Customers (including mental capacity)

Vulnerability is about whether a person has the ability to understand, remember and consider information which is presented to them and make an informed borrowing decision. It should not be confused with mental health: a person with a mental health condition may still have the capacity to make an informed decision.

The starting point should be that all customers have the capacity to enter into a finance agreement unless or until there are indicators that suggest otherwise. If customers make you aware they have health problems, including mental health difficulties, or you reasonably suspect this may be the case, particular care must be taken to assist the customer, where possible, to make an informed borrowing decision.

Some customers may find certain concepts and information more difficult to understand than others – for example, the interest rate under a finance agreement might be more difficult to understand than information about the duration of an agreement. If you suspect that a customer might not have sufficient mental capacity to make a fully informed borrowing decision, they should consider the following:

- whether or not the customer appears able to understand, remember and weigh up the information and explanations provided in the showroom and therefore be able to make an informed decision on the finance agreement being offered;
- whether the customer appears able to afford to make repayments under the credit agreement in a sustainable manner, without adverse consequences to their finances;

- whether the finance product being sought is suitable to the customer's needs and individual circumstances; and
- in particular, whether the customer appears to understand the key risks posed by the finance agreement – for example, the risk of default and possible repossession of the vehicle – and appreciate the commitment associated with entering into the agreement.
- if the customer appears to be under the influence of alcohol or drugs or unable to focus or avoids eye contact or repeatedly asks the same question, it may be prudent to invite the customer to return with a friend or family member.

If the customer decides to go ahead with their application, you must record details of their vulnerability or suspected vulnerability in FAMOS and contact our Underwriting team to enable an informed and responsible lending decision to be made by us. (See explicit consent required to record sensitive data in the **Sensitive Personal Data** section of this document)



If a customer indicates they are downsizing their vehicle due to financial difficulties, they should be given information on the free Money Advice Service. Our Underwriting team must also be informed.

The FLA has also published a useful leaflet to provide guidance on vulnerable customers. We have attached a copy within the **Appendices** section of this document.



## Personal Loans and Balloon Refinancing.

There are additional considerations that need to be taken when selling Personal Loans or assisting customers to refinance the Balloon payment on their existing agreement.

### Personal Loans.

In addition to financing their vehicle, the customer may require a personal loan for related costs. We will consider personal loans to fund the shortfall from an early settlement of an existing finance agreement. Personal loans will also be considered for motorcycle accessories.

Personal loans are only available to customers entering into a finance agreement with us for their next vehicle at the same time.



The customer must be able to afford repayments on both the personal loan and the finance on the vehicle without undue difficulty (see the **Affordability** section of this document).

A separate quotation, Adequate Explanation and pre-contract information (SECCI) must be given for the personal loan.

You must also make the customer aware that the personal loan is separate to the agreement on the new vehicle. Therefore, if the customer ends the finance on the vehicle for whatever reason, the personal loan will continue. However the customer could repay the loan early or in part.

### Balloon Refinancing.

Where a customer is refinancing an agreement (e.g. Balloon), the specific refinancing products must be selected so that the customer does not have to pay one third under the new agreement for the goods to become protected. (Under our refinance agreements the goods are protected from the start of the agreement)



## Proposal Submission.

Proposals must not be submitted until the customer is ready to apply.

You must not put customers forward for finance that obviously do not meet the criteria or if any known usage of the vehicle would breach the terms of the agreement e.g. sub hiring or fronted. The information you provide must be accurate and complete. If we suspect that the information is not truthful, we will decline the application. If a customer applies for credit and is turned down, this will be recorded on their credit file and may adversely impact their ability to obtain credit in the future.

## Protecting Customer Data.

### The protection of customer data is of paramount importance:



Do not share your system user credentials.

Make sure your computer is locked when away from your desk.

Do not leave documentation with customer data on it in view of others e.g. leaving printouts on the printer.

## Data Protection Consent.

**Before** submitting the proposal to us, you must tell customers (including any Guarantor) how their personal data will be used and obtain their consent to the processing of their data and to a CRA check.



DPA consent is captured on 'Use of Information' screen in FAMOS. You can view the wording in the **Appendices** section of this document.

Add this paragraph to a box and insert light bulb icon

Where you use your own system or form for capturing DPA consent, our wording must still be used or alternative wording approved by us.

DPA consent is captured on the 'use of information' screen in FAMOS. You can view the wording in the Appendices section of this document.

Where you use your own system or form for capturing DPA consent, our wording must still be used or alternative wording approved by us.



## Sensitive Personal Data

If a customer has disclosed Sensitive Personal Data (e.g. information about a person's health), and there is a need to store this information because it is relevant to their application, the customer's explicit consent must be obtained before recording and processing the information. Confirmation of consent should be captured in the notes in FAMOS.

## Suspicious of Fraud or Money Laundering.

If you suspect the application may be fraudulent, you must notify us. You must not let the customer know that fraud or money laundering is suspected. You must also comply with your own internal AML Policy.

## Multi-propping.

You should not submit multiple applications for finance, for the same customer, with different Lenders, at the same time as this will be recorded on the customer's credit file and may adversely impact their ability to obtain credit in the future.



Should we decline a customer's application and you choose to submit to another lender, you should ensure that you have captured the customer's consent to do so.

Customers can use the Quotation to shop around for credit before deciding which Lender to use.

If a customer's application for finance is declined, they will be provided with details of the credit reference agency used. It will therefore become apparent to the customer that numerous applications have been made on their behalf.



## Credit Decision.

Proposals are underwritten in accordance with our Credit Risk Policy and New Business Policy. The possible outcomes of a proposal are detailed below:

- **Automatic acceptance** – application has been accepted without any underwriter intervention.
- **Automatic acceptance with terms** – accepted subject to proof of current address or copy of new vehicle invoice to be supplied without any underwriter intervention.
- **Automatic decline** – application has been declined without any underwriter intervention.
- **Refer** – internal policy breach/breaches have been triggered, credit score from the scorecard falls outside of the range for automated decisioning or information on the CRA requires investigation.
- **Request for additional information** – to enable a decision to be made specifics provided to Partner.
- **Accept** – no specific terms.
- **Accept with Terms** – where documentary evidence is required and/or financial conditions applied, and or guarantor required, details will be provided to the Partner.
- **Decline** – unable to proceed.
- **Additional Information** – You may be required to obtain additional information or documentary proof from customers to pass on to us either at application stage or prior to payout (if accepted with terms).
- **Decline** – If we decline a customer's application, you will be informed and a decline letter will be sent to the customer by us, within five working days after the decline decision was made. This will include the contact details of the Credit Reference Agencies used (and which may have been used) to obtain information

If a Sales Person informs a customer verbally about the decline, in advance of the customer receiving the letter, they must also inform the customer of the CRA used.



## Underwriting Distance Sales.

There is a requirement for “enhanced due diligence” to be carried out on Distance Sold transactions in relation to identifying customers entering into distance sold contracts.

We fulfil the regulatory requirement for “enhanced due diligence” by performing a ‘Security Check’ at the Underwriting stage.

The Security Check performed by our Underwriting team with the customer consists of the following: See sections **Distance Selling** and **When ALPHERA Financial Services allow Distance Sales** to take place for more information on when sales can be conducted at a distance, the regulations that apply and additional steps that must be carried out.

- Verifying the telephone number being used
- Completing the standard DPA checks with the customer
- Asking the customer to confirm the details of the vehicle they are purchasing, where they are purchasing it from, how the contract negotiations have been conducted (this will qualify if it is a true Distance Sold contract)
- Confirming the customers employment details
- Confirming the bank details provided are for the customers own account

- Confirming the customer will be the main driver of the vehicle
- Asking 2 additional questions from the customers CRA data as a final check i.e. amount of mortgage payment, amount of credit card limit, names of other people on the Voters Roll
- Verbal confirmation to customer that they must personally take delivery of the vehicle and the vehicle must be delivered to their home address



## Agreement Signing.

This section outlines the documentation that should be presented to the customer upon acceptance of the proposal.

Customers should be encouraged to check the content of any documentation before signing.



## Pre contract Credit Information (SECCI).

For agreements regulated under the Consumer Credit Directive 'CCD' the customer must be provided with the SECCI.

The SECCI can be printed from FAMOS from the quotation stage onwards (if you have been setup in the system to do so) or from the point the proposal is accepted, but must be provided to the customer before they enter into an agreement.

The SECCI contains information on key features and costs, and legal aspects of the loan.

The SECCI must be provided to the customer before they enter into an agreement.



## Adequate Explanation.

For agreements regulated by the Consumer Credit Act 1974, the customer must be provided with the Adequate Explanation document.

The Adequate Explanation document serves as the written account of the verbal explanation given earlier in the sales process (see **Adequate Explanation** section of this document).

The Adequate Explanation document must be signed and dated by the customer.



## Finance Agreement.

In all cases the customer must be provided with the finance agreement. This will include the terms and conditions of the agreement.

The finance agreement must be signed and dated by the customer.

When a customer signs an agreement at your premises, it's your responsibility to provide a copy to the customer.





## Direct Debit Mandate.

In all cases the customer must be provided with the Direct Debit Mandate.

The Direct Debit Mandate outlines the bank details that will be used to take any payments that become due under the agreement.

The Direct Debit Mandate must be signed by the customer.



## Disbursement Form

This is only applicable where there are items on the invoice that cannot be financed under the proposed agreement and have therefore been paid for out of the customer's deposit.

The Disbursement Form accounts for the difference in figures between the Invoice and finance agreement during the payout stage.

Alternatively invoice items that cannot be financed under the proposed agreement can be placed on a supplementary invoice and paid for separately by the customer.

The Disbursement Form must be signed by the customer.



## Distance Selling.

This section is aimed at providing useful information in relation to Distance Sales. It aims to outline:

- What constitutes a Distance Sale; and
- Explain the various Distance Selling Regulations


### What constitutes a Distance Sale?

A finance distance sale is classified as follows...

“There is no face to face discussions between the Partner or supplying dealer and the customer before the agreement is signed”.

You should ensure that customers receive appropriate information and explanation about finance products, whether concluded at a distance or face-to-face sale.

### Key things to remember:

- Ensure that the Distance Sold checkbox is ticked during the proposal stage in FAMOS. This ensures that enhanced due diligence is carried out by our Underwriting team and the correct Finance documentation is generated. 
- Vehicles sold at a distance **must** be delivered to the customer named on the finance agreement and to their home address.
- Original proof of ID must be seen and verified at the point of delivery.



## Distance Regulations Explained.

This section sets out the different types of regulations and the withdrawal/cancellation periods which apply.

Distance Selling regulations do not apply to Unregulated Company proposals. Unregulated Company Finance agreements can also be signed on or off trade premises. Unregulated Companies include Limited Companies and Partnerships with more than 3 Partners.

## Right of Withdrawal.

The right to withdraw applies to **regulated credit agreements sold face-to-face or at a distance where the amount borrowed is £60,260 or less.**

The withdrawal period is 14 days starting from the day after the customer signs the agreement.

If the right to withdraw is exercised the customer can withdraw from the finance (but not from the purchase of the vehicle).

If the customer exercises his right to withdraw, he must repay the credit plus interest within 30 days starting from the day after the notice to withdraw was given.

If payment is not received in full, we can repossess the vehicle without consent or court order, and the customer will be liable for any shortfall.

## Financial Services (Distance Marketing) Regulations 2004.

The Financial Services (Distance Marketing) Regulations 2004 (the "Distance Marketing Regulations") apply to **credit agreements sold at a distance where the**

**amount borrowed is more than £60,260 and the customer is an individual.**

We only offer the ability to sell **regulated credit** agreements (i.e. Select/HP) under the Distance Marketing Regulations.

We do **not** offer the ability to sell unregulated agreements under the Distance Marketing Regulations e.g. High Net Worth Individuals on an unregulated Select.

The Distance Marketing Regulations allow an individual borrowing more than £60,260 to cancel the agreement. The cancellation period is 14 days starting from the day after the date on which the agreement is concluded.

The customer can cancel both the finance and vehicle purchase (unlike Right to Withdraw where the customer still has to purchase the vehicle).

The Distance Marketing Regulations do not apply to regulated credit agreements with sole traders or partnerships or to contract hire.

## Consumer Contracts (Information, Cancellation, Charges) Regulations 2013.

We do **not** offer the ability to sell agreements cancellable under the Consumer Contracts (Information, Cancellation, Charges) Regulations 2013.

For your information, this means that **contract hire agreements sold at a distance to individuals cannot be sold** as they would have a 14 day right to cancel the agreement.

## When ALPHERA Financial Services allow Distance Sales to take place.

The following table sets out the basis on which sales can be carried out at a distance.

Customer Type	Amount being Financed	The regulations that apply	Cancellation or Withdrawal Period	Cancellation or Withdrawal Period starts	What the customer should be told	Where the customer can sign the Finance Agreement
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### Hire Purchase and Personal Contract Purchase (Select)

Private Individual Sole Traders Partnerships with 3 Partners or less	£60,260 or less	Right to Withdraw	14	The day after the customer signs the agreement	<ul style="list-style-type: none"> <li>– When the withdrawal period starts</li> <li>– They can only withdraw from the finance, not the vehicle purchase</li> <li>– They must advise ALPHERA Financial Services verbally or in writing should you wish to exercise this right</li> <li>– If they should choose to exercise this right, they may be liable to pay the daily rate of interest as specified on the agreement until the agreement is settled.</li> </ul>	<p>Agreements sold at a distance are always signed off trade premises otherwise there would be some form of face to face at the point the Agreement is signed which would render it a non-distance sale.</p> <p>Agreements that are not distance sold can be signed on or off trade premises on the basis that customers have the Right to Withdraw irrespective of whether the Agreement has been Distance Sold or not.</p>
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### Regulated Hire Purchase and regulated Personal Contract Purchase (Select)

Private Individual	More than £60,260	Financial Services (Distance Marketing) Regulations 2004	14	The day after the customer signs the agreement	<ul style="list-style-type: none"> <li>– When the cancellation period starts</li> <li>– They can withdraw from both the finance and vehicle purchase</li> <li>– They must advise you and change to ALPHERA Financial Services verbally or in writing should they wish to exercise this right</li> <li>– That upon cancellation, you (the Retailer) will be responsible for settling their Agreement with us.</li> </ul>	<p>Agreements sold at a distance are always signed off trade premises otherwise there would be some form of face to face at the point the Agreement is signed which would render it a non-distance sale.</p> <p>Agreements that are not distance sold must be signed on trade premises.</p>
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### Personal Loan

Private Individual	£60,260 or less	Right to Withdraw	14	The day after the customer signs the agreement	<ul style="list-style-type: none"> <li>– When the Withdrawal period starts</li> <li>– They can only withdraw from the finance, not the vehicle purchase</li> <li>– They must advise ALPHERA Financial Services verbally or in writing should you wish to exercise this right</li> <li>– If they should choose to exercise this right, they may be liable to pay the daily rate of interest as specified on the agreement until the agreement is settled.</li> </ul>	<p>Agreements sold at a distance are always signed off trade premises otherwise there would be some form of face to face at the point the Agreement is signed which would render it a non-distance sale.</p> <p>Agreements that are not distance sold can be signed on or off trade premises on the basis that customers have the Right to Withdraw irrespective of whether the Agreement has been Distance Sold or not.</p>
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### Contract Hire

Sole Trader Partnerships with 3 Partners or less	Any	Not applicable	Not applicable	Not applicable	Not applicable	On or off trade premises
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**Note:** Distance Selling regulations do not apply to sole traders, partnerships, or to Unregulated Company proposals. Unregulated Company finance agreements can also be signed on or off trade premises. Unregulated Companies include Limited Companies and Partnerships with more than 3 Partners.

## How to generate the correct documentation.

To generate the correct documentation for distance sales you must tick the 'Distance Sold' checkbox in FAMOS during the proposal stage.

## Proof of Identification Requirements.

We will payout on a copy of photo Driving Licence or, Passport provided the originals are seen and verified at the point of delivery. Note, all vehicles should be delivered to the customer's home address.



## Appendices.

The section provides documentation which should further support you during the sales process.

It includes:

- **Use of Information statement** – This replicates the wording in FAMOS and can be printed and used to explain to customers how their data will be used during the **Proposal Submission** stage.
- FLA Leaflet: Vulnerable Customers

## Use of Information.

### **USE OF YOUR INFORMATION BY BMW FINANCIAL SERVICES AND BY CREDIT REFERENCE AND FRAUD PREVENTION AGENCIES.**

When you apply for finance from BMW Financial Services you must provide us with certain personal information which we will share with Credit Reference and Fraud Prevention Agencies as this is necessary to help us decide whether to offer you finance. If you do not provide it to us we may not be able to offer you finance. Your information will be used by us and these agencies as follows:

We will check records about you and others held by us and by Credit Reference and Fraud Prevention agencies, for e.g. to assess your application for credit and verify identities to prevent and detect crime and money laundering. The Credit Reference Agencies will place a search footprint on your credit file that may be seen by other lenders. They will supply public information (e.g. information held on the electoral register) as well as shared credit and fraud prevention information. The Fraud Prevention Agencies will use your personal information to prevent fraud and money-laundering and to verify your identity.

If you advise us of a director, a spouse or a financial associate, we will link your records together. You must ensure that you have their agreement to disclose their information. Credit Reference Agencies also link your records together. The links will remain on your and their files until such a time as you or they successfully file for a disassociation with the Credit Reference Agencies to break the link.

If you give us false or inaccurate information or we suspect or identify fraud, we will record this and may also pass on the information to Fraud Prevention Agencies and other organisations involved in crime prevention. Law enforcement agencies may also access and use this information. If fraud is detected, you could be refused certain services, finance or employment.

We and other organisations may access and use from other countries the information recorded by Fraud Prevention Agencies, which may be publicly-available sources.

Your data may also be used for other purposes for which you give your permission or, in limited circumstances, when required by law or where permitted by relevant data protection and privacy law.

#### **Our lawful grounds for using your information.**

When we use your personal information we may be doing so to comply with our legal obligations or for our legitimate interests; for e.g. to ensure that we provide the most appropriate offers of finance to you, to ensure that our services function correctly, to prevent fraud and money laundering and to ensure that our records are accurate and up to date. You have certain rights where we use automated decision-making tools to help us decide whether to offer you finance. You can find out more about this and your rights by accessing the privacy notice on our website [www.bmwfs.co.uk](http://www.bmwfs.co.uk) or by asking the person assisting with your application for a copy.

## How to find out more.

This is a summary of how your data will be used when you apply for finance from BMW Financial Services. If you would like full details about how your information will be used by us, Credit Reference Agencies and Fraud Prevention Agencies, including details of your rights in relation to your information, or contact details of the Credit Reference and Fraud Prevention Agencies, please:

- visit [www.experian.co.uk/crain](http://www.experian.co.uk/crain), [www.equifax.co.uk/crain](http://www.equifax.co.uk/crain) or [www.callcredit.co.uk/crain](http://www.callcredit.co.uk/crain) or
- visit BMW Financial Services website at [www.bmw.co.uk/global/privacy-policy](http://www.bmw.co.uk/global/privacy-policy) or
- phone BMW Financial Services on 0800 0137654 or
- write to BMW Financial Services at BMW Customer Information Services, Summit ONE, Summit Avenue, Farnborough, Hampshire GU14 0FB or
- contact our Data Protection Officer at [DataPrivacyOfficer@bmwfin.com](mailto:DataPrivacyOfficer@bmwfin.com) or phone 01252 923900



## FLA leaflet: Vulnerable Customers.



# Vulnerable customers

**This leaflet provides useful information to help brokers and intermediaries identify and assist customers who may be vulnerable.**

Why is it important to identify vulnerability?

- A vulnerable customer is someone who may be less able to represent their own interests and more likely to suffer harm than the average consumer. Although the decision to lend rests with the finance company, you are the person who has direct contact with the customer and so may be in a good position to recognise the signs of vulnerability.



- You will need to alert the lender if you think a customer may have, or is experiencing, a particular vulnerability which may affect their ability to enter into a credit agreement. Lenders will have dedicated staff who can help in these situations.
- If you identify an issue, you can discuss with the customer how best to meet their needs. It may be that before being referred to the lender or entering into a credit agreement, the customer would benefit from taking more time to consider whether they are able to fully understand the commitment.
- If the customer has a mental health issue.
- If the customer mentions having been diagnosed with a serious illness.
- If the customer repeatedly asks the same questions despite adequate explanations having been provided to them.

#### How do you know if a customer is vulnerable?

Vulnerability can take many different forms and is not always obvious. Some customers will tell you if they have a problem, but others may be more reluctant to do so, because they fear that if they admit to a problem, this may affect their chances of obtaining finance. In some instances this may be so, but if you believe that a customer might be vulnerable, is being pressured, or that something is not quite right, then take a sensible approach – ask them more questions and alert the lender.

#### Types of vulnerability

There are too many different types of vulnerability to list them all. However, here are a few examples you may wish to consider:

- If a customer has difficulty in understanding basic numeracy.
- If a customer is unable to read, or if English is not their first language.

#### Things to think about

- Do you consider that you are able to identify possible vulnerability, as part of the credit application process? Do you take time to consider this in every application?
- Does your company have training procedures on vulnerability or do you know where to go for any training requirements?
- What does your firm's vulnerability policy say, and what do the finance providers with whom you work expect of you when dealing with vulnerable customers?

#### Where can I get advice?

You may wish to contact the finance provider/s you deal with, as they will have specialist staff/teams dealing with vulnerable customers and will be able to discuss any issues you may have.

