

Product name: Vehicle Finance - Hire Purchase (Regulated)

Information sheet produced: July 2024

Our approach to meeting the 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.

1. Summary of our assessment

We have assessed that:

- Our Hire Purchase 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).

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, most notably where customers would benefit from the stability of a fixed monthly repayment for a defined initial period, protecting them from the financial shock of unexpected rate increase. The product features and criteria are designed to support these needs.

- Customers purchasing a motor vehicle or other asset sold by an FCA authorised supplier/motor dealer.
- Where the customer has paid a deposit and needs to borrow and repay the remaining balance.
- Customers that would benefit from repaying the capital and interest in full.
- A fixed rate of interest.
- A fixed monthly repayment for a defined fixed period where their payments are assessed as affordable.

3. Target market assessment and distribution strategy

This target market assessment matrix 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.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Purchasing a motor vehicle	<ul style="list-style-type: none"> Available through direct, motor dealer Intermediary/broker channels (Informed choice only) 	<ul style="list-style-type: none"> Stable repayments over the agreed period. Flexibility to make a full or partial settlement of the loan. To repay the capital by the end of the agreed term.

The Product is NOT designed for:

- Customers under 18 years old
- Customers where the LTV is above 120% of independent retail figure as quoted by reputable vehicle valuation providers.
- Customers looking for total loan value greater than £250,000 for a single loan.
- More than 3 joint applicants (although lending to a partnership with more than 4 partners is acceptable).
- The borrower is a limited company.
- Customers not buying from a motor dealer.

4. Customers with characteristics of vulnerability

The Product is designed for customers who would benefit from a fixed monthly repayment for a defined period of time, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Younger customers or first time buyers are less likely to have a comprehensive understanding of vehicle finance or the vehicle finance market. Therefore, they may require additional information and support to ensure they understand the information being presented to them, the implications of the arrangement they are entering into to reduce the risk of harm occurring and make an informed choice.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

Our business follows a framework to achieve good outcomes for vulnerable customers, which includes:

- Group training to ensure colleagues have the knowledge and skills in relation to identification, treatment and consideration of customer vulnerability.
- Defined processes for tracking, review, contact strategy, desired outcome, and data update.

Intermediaries/Dealers should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly.

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

5. Our assessment of value

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

The outcomes of the assessment process are presented to our Group Product & 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:

Benefits	Price	Costs	Limitations
The range of features that the products provide, the quality of the products, the level of customer service that is provided and any other features that the products may offer.	The interest rates, fees and charges customers pay for the products, comparable market rates, commission paid to the motor dealer intermediary/Broker and non financial costs associated with operating the products	The cost of funding the products	Any limitations on the scope and service of the product or the features of the product.

Results of our assessment

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