



moneyway

Information for distributors of the Moneyway Near-Prime Hire Purchase (HP) Product

Products & Services Outcome and Price & Value Outcome

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



April 2023



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1. Overview

This communication includes important information that you require to distribute the Moneyway Near-Prime Hire Purchase (HP) Product.

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

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

FCA policy statement (PS22/9) and the Final Guidance (FG22/5), sets out the full expectation of firms for Consumer Duty. You can find this section on the [FCA website](#).



2. Summary of our assessment

We have assessed that:

- Our Moneyway Near-Prime 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).

This assessment does not include any fees, charges, or other costs you 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 the products or services you provide. If you believe that the customer is not receiving fair value in respect of those products or services, you must inform us.

3. General product information

Target Customer	This product is targeted towards new and previous customers. There are limits on the total overall lending we will provide to a single customer at one time.
Vehicle Condition	This product is for used cars. (For clarity, UK cars which have been First Registered)
Is maintenance included?	No, the customer maintains and fully insures the car.
Option to purchase	Yes, a customer can take ownership of the car, either by making a full early settlement, or at the end of the term by making all repayments which include a £10 option to purchase fee in the last repayment.



4. Product characteristics & benefits

The products are designed to meet the needs of the following target groups.

Moneyway HP near-prime

The Target Market for the Moneyway HP near-prime Product:

- UK residents of a broad age range, holding a valid Full UK driving licence, who need access to a car.
- They wish to borrow to fund a used car, having insufficient savings or access to other funds, or do not wish to use available funds to purchase outright.
- They may be employed, self-employed, in receipt of benefits, or retired, with an annual income greater than £10,000, but have small negative entries or insufficient history on their credit file, that is consistent with a near-prime customer profile.
- They wish to source the car through trusted motor dealers or brokers, giving confidence in car quality with a regulated product offering and a convenient and informed sales process. They want to arrange their finance at point-of-sale, on-site or through distance selling.
- Therefore, they want an understandable finance product with cost of credit, repayments, and charges clearly explained.
- They want assurance of fixed monthly payments over a set period that is affordable within their monthly budget and avoids any unexpected costs.
- Customers want certainty of ownership on completion of their repayments.
- Customer will have options to react to a change in their circumstances during the term of their agreement and be able to contact their lender easily.



The product features and criteria are designed to support these needs.

Moneyway HP Near-Prime Product Features	
The Vehicle	
UK passenger cars	Cars that have been First Registered (generally referred to as Used Cars)
Fuel Type	All Petrol, Diesel, Hybrid, Plug-in Hybrid
	Battery Electric Vehicles (BEV)
Specific Exclusions – See our procedural guide for full list of exclusions	All other Alternative Fuels
Maximum age of car at start of agreement	Up to 10 years old
Maximum mileage of car at start of agreement	100,000 miles
Maximum age of car at end of agreement	15 years old



The Finance Agreement	
Agreement term length	24 to 60 months
Contractual annual mileage	None
Deposit required	No minimum or maximum
Minimum Loan Amount	£3,000
Maximum Loan Amount	£20,000
	Subject to credit and affordability assessments of the customer up to 120% of our Retail Valuation
Allowance of other value-added products on loan agreement See [8.1]	None
Additional add-ons to sale price See [8.2]	Dealer fitted accessories, car tax, delivery cost of car to customer, administration or dealer fee.
Fixed monthly repayments	Yes
Ability to reduce monthly repayments. See [10.1]	Yes, overpayments can be made as partial early settlements. The overpayment plus any rebate of interest (if applicable) may reduce future monthly repayments. The term length remains as per the original agreement.
Ownership of car <u>during</u> agreement	No, Moneyway buys the car from the distributor and owns it for the duration of the finance agreement.
Ownership of car at <u>end</u> of agreement	Yes, customer owns the car when monthly repayments have been made in full, which includes a £10 option to purchase fee.



The Finance Agreement	
Option to Part Exchange car at dealer at end of agreement	Customer owns the car, so can part-exchange for replacement car at dealer. (No Moneyway involvement)
Early Settlement - See [10.2]	Yes, Customer can make an Early Settlement, which may include a rebate of interest. On full payment of the early settlement amount, the customer owns the car.
Option to Part-Exchange car at dealer on early settlement See [10.3]	Yes, customer can request early settlement and make arrangement with dealer to settle customers account directly with Moneyway. It is the customers responsibility for the settlement amount and all due payments to be made
Voluntary Termination - See [10.4]	Yes, customer can exercise Voluntary Termination and hand back the car to Moneyway. They must have paid or remain liable for half of the Total Amount Payable. Charges may be made for damage or missing items, following an inspection using BVRLA Fair Wear & Tear Guidelines. (BVRLA – British Vehicle Rental and Leasing Association) There is no charge for the inspection and collection of the car
Change of mind – Right of Withdrawal	Yes, can withdraw from the agreement without reason within the first 14 days, ending the finance agreement. Customer repays the Amount of Credit (loan amount) of the agreement (including any other products) within 30 days.
Satisfactory Quality of car (SQ)	Yes, customer has SQ rights. As the lender we will work with the distributor to resolve any issues.



The Customer	
Suitability for Product	This is a Rate for Risk HP finance product designed for customers with a near-prime profile who can afford the repayments over the term. Moneyway will undertake a creditworthiness assessment and (subject to acceptance) offer a rate from a Tier banding determined on credit criteria, from Terms of Business agreed between the distributor and Moneyway.
Customer Age at start of the agreement	21 to 75 years
Residency Status	Homeowner or tenant, with 3 years traceable residency in UK
Driving Licence	Must be a full UK driving licence holder
Employment Status	Permanent employment (full or part time) Minimum time in job: 3 months, except: -6 months - working on contract if employed by an agency. -12 months - if self-employed If customer is a director of a LTD company and there are less than 3 directors (one of which is the customer) the customer will be class as self-employed In receipt of benefits Retired



The Customer	
<p>Excluded Occupation/Employment Status</p> <p>Please refer to procedure guide</p>	<ul style="list-style-type: none"> -Less than 3 months employment -Temporary contract less than 6 months - Zero hour contract - Less than 12 months self-employed
<p>Choice of monthly payment date</p>	<p>Can choose preferred payment date when signing agreement.</p> <p>Can contact customer services during agreement to request a change of payment date.</p>
<p>Car insurance requirements</p>	<p>Customer must have full and comprehensive insurance on the car</p>
<p>Registered keeper of vehicle</p>	<p>V5 will be registered in the customer's name</p>
<p>Excluded Deal Types</p>	<p>Excluded where vehicle is being used for the purposes of income generation (e.g., Taxi Driver, Courier, Delivery Driver)</p> <p>Accommodation Deals</p>



5. 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 needs and objectives	Customer Characteristics
The customer needs access to a used car.	Applicable to a broad age range. A UK resident, holding a full valid driving licence.
Where the customer does not have access to a car, the customer needs to borrow to fund the car.	Insufficient savings or access to other funds or equity in existing vehicle or does not wish to use available funds towards the outright purchase of a car. Unlikely to be able to afford a new car, or access new car finance due to near prime status.
The customer needs to avoid unexpected costs.	Insufficient savings to fund unexpected costs.
The customer needs finance that is appropriate for their financial situation, and that that they are likely to be accepted for and can afford.	Small negative entries on their credit file, or insufficient history.
Customer wants assurance of paying a clear fixed amount over a set period that is affordable within their monthly budget.	Limited or no outright purchase options, due to lack of savings, equity, or access to other funds.
	Employed, self-employed or in receipt of benefits or other income sufficient to repay borrowing on selected car.
The customer wishes to have the option to source a used car through motor trade, in a convenient and informed sales process, with arrangement of the finance agreement at point-of-sale, being able to drive away the car asap after signing.	Looking to avoid unexpected costs or quality issues, including repairs, given lack of savings across UK households.
The customer needs to be presented with product and contract information that is clear and easy to understand.	A basic level of financial literacy – able to understand the impact of interest and the need to keep up repayments or car will be repossessed.
They value ultimate ownership of a vehicle with a retained value at the end of the agreement, and/or no restrictions on their annual mileage.	Wants certainty of ownership at end of term and certainty of no charges for excess mileage or damage charges.
The customer needs to have options to react to a change in their circumstances. The customer will want to be able to contact STB easily if necessary.	Customer whose circumstances may change, positively or negatively, during the term of the agreement.



The Product is not designed for the following customers:

- aged less than 21 or over 75 (at point of application)
- students and unemployed (not in receipt of benefits).
- in a job less than 3 months (6 months if agency contract)
- who have been self-employed less than 12 months.
- are non-UK residents or UK residents with less than 3 years traceability.
- are without full driving licence
- who require the vehicle for income generation (examples taxi driver, courier, delivery driver)
- those who have a prime credit profile (better products are available)
- who may not be able to afford repayments (responsible lending assessment)
- unable to make personal financial assessments or decisions.

Distribution strategy

This Product is distributed through motor dealers and brokers who are FCA authorised firms. The Product is designed to offer near prime, point-of-sale finance for used car purchases in the UK market, whether physical on site or distance selling.



You are required to:

- Have distribution arrangements for the product(s) which avoid causing foreseeable harm to the customer, support management of conflicts of interest and ensure the needs, characteristics and objectives of the target market are taken into account.
- Understand the product(s) you are distributing.
- Identify or create your own strategy for the distribution of the product(s) and ensure it is distributed in accordance with the identified target market.

6. Customers with characteristics of vulnerability

The broad target market described as suitable for the Product is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

A vulnerable customer is anyone who requires additional support, due to social circumstances, physical or mental disability or impairment or suffering a traumatic event. Or they require additional support due to their financial capability or resilience to make an informed decision in relation to a financial product. Customers can be deemed vulnerable based on both personal characteristics as well as personal circumstances.



All customers are at risk of becoming vulnerable and this risk is increased by characteristics of vulnerability related to 4 key drivers;

- Health – health conditions or illnesses that affect ability to carry out day to day tasks
- Life events – life events such as bereavement, job loss or relationship breakdown
- Resilience – low ability to withstand financial or emotional shocks
- Capability – low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy or digital skills

At Moneyway we have vulnerability policies and procedures to support vulnerable customers throughout the lifetime of their finance agreement. We have a range of ways we will work with and support vulnerable customers which we have included in our assessment of the design of our products to ensure they are suitable for vulnerable customers. These include:

- Training for all staff
- A Specialist Support Team to handle contact with the customer
- Authorising 3rd parties to help manage customer accounts
- Sending tailored communications specific to the customer's circumstances
- Providing alternative contact channels
- Providing tailored forbearance options
- Signposting to external support



All firms in the distribution chain (including you and us) must treat customers fairly, even if they don't have a direct relationship with the customer.

You should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

Likewise, Moneyway has an obligation to support customers who move in or out of vulnerability or have protected characteristics which is delivered through our vulnerability policy, procedure guidelines, trained staff, and a Specialist Support Team.

You should share with us individual customer vulnerabilities identified during the sales process with us and have procedures and policies in place to gain explicit consent and meet UK GDPR. You are reminded that you should not continue with any application for finance where you have concerns regarding the customer's mental capacity, for example, if they appear unable to understand the financial information presented to them. Please contact our New Business Team on **0345 111 7125** to provide us with vulnerable customer information or for advice before proceeding.

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

7. Our assessment of value

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

The outcomes of the assessment process are presented to both the Vehicle Finance and Secure Trust Bank Group Executive Committees, 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:

Review assessment	Key data assessed	Summary
Product (including any product limitations)	<ul style="list-style-type: none"> Product features Expected price of product Percentage of portfolio expected to run full term. Value added Products 	<p>Our assessment concludes that Moneyway offers customers in the identified target market fair value.</p> <p>We encourage the dealers and brokers we work with to continue to comply with our Procedural Guides.</p>
Target market and distribution (including characteristics of vulnerability)	<ul style="list-style-type: none"> Characteristics of customers in the target market - objectives, interests, needs and characteristics. Customers for whom this product is clearly not intended for. Characteristics of vulnerability in the target market and considerations required for vulnerable customers as part of the: (i) design; (ii) distribution; and (iii) on-going servicing of this product 	<p>Our assessment concludes that Moneyway offers customers in the identified target market fair value.</p> <p>Dealers and brokers we work with must continue to ensure that their distribution strategy is aligned with our identified target market.</p>
Price (including any fees, charges, and non-financial cost)	<ul style="list-style-type: none"> Costs incurred in manufacturing the product. Fees and charges applied 	<p>Our assessment concludes that Moneyway offers customers in the identified target market fair value.</p> <p>Dealers and brokers we work with must continue to ensure that any additional costs they add offers fair value for the service the distributor provides and/or the value of any add-ons.</p>



Customer benefits	<ul style="list-style-type: none"> • Key qualities of the product • Risks are associated with the product and mitigations in place to prevent foreseeable harm. • Product limitations and clarity of customer explanations • Research, testing and feedback 	<p>Our assessment concludes that Moneyway offers customers in the identified target market fair value.</p> <p>Dealer and brokers we work with must continue to ensure that they align their distribution strategy with our identified target market.</p> <p>We continue to work with these dealers and brokers to obtain and assess information, and agree actions as required, to ensure the ongoing value of this product.</p>
Competitive positioning	<ul style="list-style-type: none"> • Market rate and charges for a comparable product 	<p>Our assessment concludes that Moneyway offers customers in the identified target market fair value.</p>
Compliance with other Consumer Duty requirements	<ul style="list-style-type: none"> • Product and Services • Consumer Understanding • Customer support 	<p>Our assessment concludes that Moneyway offers customers in the identified target market fair value.</p>

Our assessment concluded that the Product is designed to meet the needs of the identified target market, is sold transparently, customers are able to exercise their right to early repayment, overpay and are properly supported through our customer services and partner onboarding. The Moneyway HP Product therefore offer fair value to customers of the identified target market (including vulnerable customers). We are also satisfied that they will continue to do so for a reasonably foreseeable period.



8. Value Added Products, and additional add-ons

8.1 Value-added products

For clarity, value added products, such as Warranty, GAP insurance and paint or seat protection are **not** eligible for inclusion on a Moneyway HP Product.

8.2 Add-ons to vehicle sales price

Moneyway will allow the following additional items to be funded on the loan associated with these Products.

- Dealer fitted accessories.
- Car Tax
- Delivery charge
- Administration Fee/ Dealer Fee or similar – up to a maximum of £199 inc. VAT.

(Note: Fuel is not an acceptable addition to a Moneyway loan)



If you apply or wish to apply any of these add-ons to the loans associated with Moneyway loans:

- The total credit charge of any add ons to the loan must be presented to the customer.
- You must be able to explain to us on request the sales process (advertisement, presales disclosure, application to the loan etc)
 - evidence the disclosure to the customer (advertisement, pre-sales disclosure, application to the loan)
 - explain the criteria for applying (how, who, when).
 - It must not be a charge for the arrangement or introduction of finance to the customer.
 - You identify the details and cost of the add-ons where funded on a Moneyway agreement so it can be identified separately on the invoice.
- You retain and make available for audit any documents relating to the sale of add-ons on a Moneyway loan.
- You will share complaints data with Moneyway where they are concerned with the add-ons of sales process.



9. Contact Information

For queries on Consumer Duty please contact: consumerduty-moneyway@securetrustbank.co.uk

Please ensure you include your Moneyway Account Name / ID in any communication.

You can contact your Account Manager with any queries relating to this information or the requirements under Consumer Duty.

Please note: You may receive further communications from us in the run up to and following the commencement of the Consumer Duty. This may include requests for information that we require from you in order to meet our regulatory obligations. We appreciate your prompt response to any such requests.

✓ **Checklist: In line with the details in this letter, you should;**

	Understand the key features of the Moneyway HP Product, the customer's needs, objectives, and characteristics in the target market that it is designed for, and its fair value, and be able to explain to them.
	Have your own vulnerability policy and procedures so that you are able to share with us individual customer vulnerabilities identified in the sales process, having gained explicit consent, and respecting GDPR.
	Understand the add-ons to sales price which Moneyway allow, and your requirements when applying them to a loan associated with Moneyway's HP Product.



10. Appendices

10.1 Partial Early Settlements

A customer can make overpayments at any time. If they request a partial early settlement, they may be entitled to a rebate of interest on their account. Section 94 of The Consumer Credit Act 1974 and The Consumer Credit (Early Settlement) Regulations 2004 lay out a formula to calculate any interest due.

The customer has 28 days from requesting the partial early settlement to make the overpayment. The overpayment plus any rebate of interest due will reduce the outstanding balance of the customers account. The length of the agreement remains unchanged, and future monthly repayments will be reduced accordingly.

There are no charges for a partial early settlement.

10.2 Full Early Settlements – customer

A customer can settle their Moneyway HP agreement at any time by paying their outstanding balance. They can request a Full Early Settlement figure, which may include a rebate of interest on the outstanding balance. Section 94 of The Consumer Credit Act 1974 and The Consumer Credit (Early Settlement) Regulations 2004 lay out a formula to calculate any interest due.

The customer has 28 days from requesting the full early settlement to make the settlement payment. On making the settlement payment in full (including any payments due in the 28 days), the customer will own the car.

There are no charges for a full early settlement.



10.3 Full Early Settlements – part exchange at dealer

A customer can ask a dealer at any time for a part-exchange valuation. At the discretion of the dealer, they can make the payment to Moneyway on the customer account to cover the settlement amount in full (or in part, if for instance their valuation of the car is less than the settlement). The customer must request the Full Early Settlement figure (10.2) in the first instance and is responsible for the payment of the full settlement figure within the 28 days, making up the difference between the settlement figure and dealers part exchange valuation if applicable.

There are no charges for a full early settlement.

10.4 Voluntary Termination

A Voluntary Termination is a customer right under Section 99 of the Consumer Credit Act to hand back the vehicle at any point in the agreement with the requirement that they must pay, or have paid, up to half of the total amount payable which is set out in their contract under "Termination: Your Rights."

If the customer has paid half of the total amount payable but is in arrears, they are required to pay these. Moneyway will arrange for the car to be inspected at point of collection, in line with BVRLA Fair Wear & Tear Guidelines. The customer will be charged for damage or missing items.



For further information on the key information and guidance from the FCA regarding Consumer Duty, please follow the link below

[Click Here](#)

Moneyway is a trading name of Secure Trust Bank PLC. Registered in England and Wales 541132. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our registration number is 204550. Used Vehicle Stocking provided by Moneyway is not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

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