



Regulated Hire Purchase (HP) Product Information Sheet (April 2023)

Section	Comment
Product Name	Hire Purchase (HP) Agreement – Regulated by the Consumer Credit Act 1974
Manufacturer/Owner	MI Vehicle Finance Limited (MIVF)
Product Characteristics	<p>The Product is a hiring agreement between a customer and MIVF secured against a vehicle, where the customer has the option to own the vehicle by paying an additional, nominal, option to purchase fee at the end of the term.</p> <p>A hire purchase transaction typically involves three parties: the supplier of the vehicle (the dealer); the owner of the vehicle (MIVF) and the hirer of the vehicle (the customer).</p> <p>The customer will choose the vehicle, which is then bought from the dealer by MIVF, who subsequently hires it to the customer under an HP agreement. The contractual repayments due from the customer recoup the full cost of the vehicle for MIVF, plus interest. During the life of the agreement, ownership of the vehicle is retained by MIVF. At the end of the agreement, the customer has an option to purchase the vehicle for a nominal sum, which would be expected as the mostly likely customer outcome under an HP.</p> <p>The product is regulated by the Consumer Credit Act 1974, where different rules apply depending on the value of the agreement and how the agreement is executed:</p> <ul style="list-style-type: none"> • Options to sign on and off trade premises available. • CCA 14-day right to withdraw up to £150,000 where signed on trade premises • CCA five-day right to cancel where between £60,260 and £150,000, and “antecedent negotiations” (under CCA s56) include oral representations by the negotiator (dealer, broker or Mann Island representative) in the presence of the customer (so not distance sold) and the agreement is signed off-trade premises. • Distance Marketing Regs 14-day right to cancel where distance sold and between £60,260 and £150,000.
Key features	<ul style="list-style-type: none"> • Budget management for customer: fixed interest rates, so customers know exactly what they’re paying every month for the length of the term. • Customers are able to obtain the vehicle for immediate use, with minimal upfront payment. • Ease and speed of application and decision process. • Flexible terms, including joint hirer options. • Flexible deposit.

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	<ul style="list-style-type: none"> • Customers don't need to find a large sum up front, or at the end of the agreement in order to purchase the vehicle. • Greater certainty for customer — provided payments are properly made when they fall due, the arrangement and the vehicle will not be withdrawn, and the customer won't need to provide ongoing financial information. This removes the uncertainty that exists with other commonly used funding facilities such as overdrafts, which are typically 'on-demand' and can be withdrawn by the finance provider at any time. • Option to purchase for a nominal amount, but no obligation to buy. • It has an annual 'mileage allowance' (18k) if vehicle returned. • Payments (and non-payments) are reported to credit reference agencies. • Additional protection and rights prescribed by the Consumer Credit Act 1974 and Consumer Rights Act: <ul style="list-style-type: none"> • Right to withdraw/cancel. • Protection in relation to satisfactory quality of the vehicle. • Voluntary termination – once paid a half of the total amount payable, customers have the right to return the vehicle and have no liability to make any further payments (subject to condition). • Easy exit – agreement can be settled early by the customer at any time and are entitled to an early settlement rebate. • Repossession – we can't repossess without a court order once customer has paid a third.
Distribution Strategy	<ul style="list-style-type: none"> • UK (including Northern Ireland). • Via MIVF approved and FCA Regulated introducers. • Aligned to provide easy access at dealerships for customers.
Target market	<ul style="list-style-type: none"> • Those aged 18 to 75. • Retail customers (individuals) for their own primary use • business customers (sole traders, partnerships and unincorporated associations). • Those who meet our affordability checks. • Those wanting to spread their repayments. • Those wanting the vehicle for 'reasonable' annual mileage, rather than specialist long distance usage. • Customers residing in UK (including Northern Ireland).
Training/Skills	<ul style="list-style-type: none"> • SAF or equivalent approval for introducers (as applicable). • Understanding of HP, and similar products eg PCP, and lease purchase. • FCA Regulated firms with appropriate permissions. • Understanding of FCA's Consumer Credit Sourcebook (CONC) and Consumer Credit Act 1974 and other consumer regulations.
Fair Value assessment methodology	<ul style="list-style-type: none"> • We've developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our product. This analysis was used to ascertain whether the product delivers fair value for customers. • The assessment reviewed the benefits, price, costs, and limitations of the product.

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	<ul style="list-style-type: none"> • A 'cost plus' methodology was used, whereby cost of funds, cost to service and support and our return was used as a baseline, plus: <ul style="list-style-type: none"> • Cost to sell via introducers and assessment of the value added. • Additional costs/fees, including annual service fees and default sums. • Impact on vulnerable customers. • Market pricing. • Features provided and used. • Comparison to other forms of funding a customer could use, such as overdraft, loan or PCP, including any limitations. • Risk to MIVF. • Quality of in-life service provided. • Value of support through the lifecycle. • Any non-financial costs to a customer. <p>Our assessment concluded that the Regulated HP Agreement product continues to deliver fair value for customers in our target market.</p>
Customers with Characteristics of Vulnerability	<p>The product is designed for a target market which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time. We take extra care when dealing with consumers with characteristics of vulnerability (as set out in the rules for the Consumer Duty and in the FCA's Guidance on the fair treatment of vulnerable customers). We're satisfied that due diligence in this area is appropriate; however, we'll continue to review our provision of information and support to affected customers and our forbearance policies and processes in line with the Consumer Duty.</p> <p>Introducers should continue to comply with their obligations to ensure customers in vulnerable circumstances are treated fairly, and to ensure good customer outcomes.</p>
Escalation/Contact Point	<p>Your Account Manager.</p>

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