

Consumer Duty: Motor Finance Information Sheet



Product name: Personal Contract Purchase

Information Sheet produced: 24th April 2023

Products & Services Outcomes 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 Personal Contract Purchase (PCP) 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 those products or services.

If you believe that the customer is not receiving fair value in respect of these products or services, you must inform us.

2. General product information

Target Customer	Vehicle Condition	Maintenance included or customer maintained	Option to purchase
New and/or existing	This product is available for new and used assets which must be of a type, age and condition defined by Northridge	<p>The customer is responsible for keeping the asset in good repair & condition and regularly serviced in accordance with the manufacturer's recommendations.</p> <p>Where the asset is a vehicle, it must be covered by fully comprehensive insurance in the customer's name.</p>	An Option to Purchase Fee is payable with the final repayment should the customer choose to take ownership.

3. Product characteristics & benefits

The products are designed to meet the needs of the target market, most notably those seeking to purchase a new or used asset for private or business use. The product features and criteria are designed to support these needs.

Product Characteristics/Benefits	Target Market Eligibility Criteria
<ul style="list-style-type: none"> • Minimum credit amount £5,000 • Minimum term 36 months • Maximum term 48 months (asset age dependent) • Requires accurate estimation of anticipated annual mileage • No upfront fees • Fixed rate & term 	<ul style="list-style-type: none"> • Applicants must be a UK resident for a minimum of 3 years • Applicants must be 18 or over and have a regular income or an alternative source of wealth which is considered appropriate for affordability assessment • Available to customers who satisfy Northridge credit and affordability assessments and pass AML & fraud due diligence checks

<ul style="list-style-type: none"> • Guaranteed Future Value (GFV) set at lower than predicted CAP value (aims to prevent foreseeable harm & leave customer in the best position) – typically set at 90% of CAP • Helps protect/give comfort from a negative equity situation should the assets value be lower than the balance outstanding • Digital distance sign process • Right to withdraw within 14 days • Digital self-serve • Telephone service available 5 days a week • Northridge 'In life' Free of charge service (no fees or default interest) • The agreement may be settled, partially or in full, at any time throughout the term without charge • Voluntary Termination available • Excess mileage charges may apply if vehicle returned to Northridge • No damage or excess mileage charges applied when GFV attained, and account cleared • Refinancing of GFV available at end of term 	<ul style="list-style-type: none"> • Asset supplier is acceptable for invoice submission to Northridge • Customer must have a full driving licence when the asset is a vehicle • The asset must be of a type, age and condition defined by Northridge
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4. 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
Consumers* seeking to purchase a new or used asset for private or business use and want the option to own, refinance, upgrade or	We consider that this product is appropriate to be distributed by authorised intermediaries (car dealerships and finance brokers) and direct to customers via Northridge Telesales.	<ul style="list-style-type: none"> • Those seeking an amount of credit to purchase an asset over a fixed term and at a fixed rate and prefer a lower monthly repayment by opting to defer a lump sum to the end of the term

return the asset at the end of the term.	Onboarded intermediaries will be FCA regulated or appointed representatives of a principal with the required permissions and have completed a robust onboarding process with continued and regular conduct reviews.	<ul style="list-style-type: none"> • Those wishing additional comfort or protection from a negative equity situation should the assets value be lower than the balance outstanding • Those who may wish to change their asset partway through the agreement may be settled[^], without charge at any time.
<p>*Consumer: namely private individuals, sole traders, small partnerships with 2 or 3 partners and any unincorporated entity. [^]Settlements are calculated using the Consumer Credit Act (Early Settlement) Regulations 2004.</p>		

The Product is not designed for customers who:

- Are under 18 years of age
- Are non-UK residents
- Are unregulated* entities - those partnerships with 4 or more partners or incorporated businesses/entities.
- Wish to only have use of an asset without an option to take ownership.
- Wish to routinely change assets after only a short period of time as interest is front loaded.
- Wish to reduce their term by making a partial repayment partway through the term.

5. Customers with characteristics of vulnerability

The Product is designed for a wide cohort of customers seeking to purchase an asset which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Northridge Finance considers the needs, characteristics and objectives of customers with characteristics of vulnerability within the customer journey to help us provide a product that meets their needs.

We have in place a framework to help us deliver good outcomes for vulnerable customers, which includes:

- Education and training for our staff to give them the appropriate skills and experience to recognise and respond to the needs of vulnerable customers
- Suitable customer service provision and communications
- Flexible policies, where appropriate, to support vulnerable customers
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability

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

You should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly. This will include having a comprehensive Vulnerable Customer Policy.

To help you distribute the product in accordance with the needs, characteristics, and objectives of customers in the target market, the table below shows some examples of the characteristics of vulnerability and reasonable adjustments you may need to consider.

Channel		Characteristics of Vulnerability within the target market most likely to experience challenges with this channel include*;	Reasonable adjustments to be considered in order to deliver a good customer outcome may include but are not limited to;
Written communications		Customers who: <ul style="list-style-type: none"> • have low literacy or numeracy skills. • have a mental health condition. 	<ul style="list-style-type: none"> • Make documentation available in an alternative format such as, large print or audio. • Offer an alternative channel to support e.g., email, SMS or telephone.
Customer Service	Face to Face engagement	Customers who: <ul style="list-style-type: none"> • are hearing impaired. • have physical disabilities. • have low English language skills. • have a mental health condition. 	<ul style="list-style-type: none"> • Allow for an interpreter (language/sign language) to be present. • Offer hearing loops. • Allow longer appointment/thinking time.

*Characteristics detailed are anticipated/expected however this is not an exhaustive list. Refer to FCA guidance FG21/1 for comprehensive list of identified vulnerability characteristics by vulnerability driver.

			<ul style="list-style-type: none"> • Allow customers to meet in a space that is suitable for their particular needs. • Allow access and space to manoeuvre any assistive equipment.
	Online engagement	<p>Customers who:</p> <ul style="list-style-type: none"> • have low literacy or numeracy. • have poor or non-existent digital skills. 	<ul style="list-style-type: none"> • Provide guidance on how to enable additional accessibility features in website content • Offer a webchat service.
	Telephony engagement	<p>Customers who:</p> <ul style="list-style-type: none"> • are hearing impaired • have low English language skills • have a mental health condition 	<ul style="list-style-type: none"> • Provide a next generation text service such as Text Relay/Text UK. • Allow for an interpreter (language/sign language) to be present. • Offer an alternative channel to support e.g., written communications, email or SMS.
Service provision		<p>Characteristics of Vulnerability within the target market most likely to require this service provision include*;</p> <p><small>*Characteristics detailed are anticipated/expected however this is not an exhaustive list. Refer to FCA guidance FG21/1 for comprehensive list of identified vulnerability characteristics by vulnerability driver.</small></p>	Reasonable adjustments to be considered in order to deliver a good customer outcome may include but are not limited to;
Signposting	Support from specialist internal staff or external organisations e.g., the Samaritans, StepChange	<p>Customers experiencing:</p> <ul style="list-style-type: none"> • financial difficulties • challenging life events • severe or long-term illness • mental health condition or disability • addiction 	<ul style="list-style-type: none"> • Have escalation processes to internal specialist trained staff • Provide appropriate external organisation/s contact information • Support warm handovers to external organisations

6. 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 product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are reviewed and approved through our governance processes, 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 Product provides, the quality of the Product and the level of customer service that is provided.	The interest rate & any fees/charges that the customers pay for the Product, and the level of intermediary commission as per your current Northridge Rates & Terms agreement.	The costs of funding this Product and any other costs incurred in the servicing of the Product. This includes direct and indirect costs required to distribute the Product and deliver the customer our 'free of charge' service.	Any limitations on the scope and service we provide or the features of the Product. This includes the limited flexibility for a customer to amend the structure / asset / estimated annual mileage post live on a PCP agreement.

Results of our assessment

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