

Product information sheet

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

Product name Hire Purchase / Lease Purchase (Car & LCV)	Information Sheet produced April 2023
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Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product
<p>This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).</p> <p>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’.</p>

1. Summary of our assessment

We have assessed that:

- Our Hire Purchase / Lease Purchase (Car & LCV) product range meets the needs, characteristics, and objectives of customers in the identified target market
- The intended distribution strategy is 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.

The distribution strategy remains appropriate for the target market and the Hire Purchase / Lease Purchase (Car & LCV) product has been assessed to provide fair value to customers in the target market.

2. General product information

Target customer	Vehicle condition	Vehicle maintenance	Option to purchase
<ul style="list-style-type: none"> • Customers who are looking to finance a Car or LCV • Please also refer to section 4 	<ul style="list-style-type: none"> • New or used vehicle • Cars: Used, up to 15 years old at the end of term for HP and up to 10 years at the end of term for LP • LCVs: Used, up to 10 years old at the end of term for HP and up to 5 years at the end of term for Lease Purchase • Electric Vehicles: Used, up to 8 years old at the end of term • Cars and LCVs: Maximum vehicle start mileage 120,000 • LCVs: Maximum vehicle mileage at the end of term is 150,000 for LP • Electric Vehicles: Cars maximum start mileage is 50,000 and LCVs maximum start mileage is 35,000 	<ul style="list-style-type: none"> • The customer is responsible for maintaining the vehicle in good condition, carrying out any necessary repairs and making sure it's roadworthy, and is serviced and maintained in accordance with the manufacturer's recommendations 	<ul style="list-style-type: none"> • There is an Option to Purchase fee payable with the final payment at the end of the contract

3. Product characteristics & benefits

The products are designed to meet the needs, characteristics and objectives of the target group, who are customers looking to purchase a new or used asset on finance without the need for a large cash outlay. The product features and criteria are designed to support these needs.

The benefits of this product include:

- Fixed term up to 60 months
- Fixed interest rate
- Fixed monthly payments
- Regulated by the Consumer Credit Act which provides consumer protection
- Early Settlement Provision
- Make partial settlements
- Enables ownership of vehicle
- Balloon payment option available subject to criteria
- Own the vehicle at the end of the agreement after making all contractual payments and paying the Option to Purchase Fee

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
<ul style="list-style-type: none"> • Private individual applicants (incl. joint) who are over the age of 21 and resident in the UK (excluding Northern Ireland) • Homeowners, tenants or living with family • Employed, self employed, retired with income • Prime credit profile with proven credit worthiness, affordability and fully traceable in line with Paragon Bank's credit risk appetite • Non-regulated entities (Limited Companies and High Net Worth Individuals, etc.) 	<ul style="list-style-type: none"> • Intermediary led non advised sales through FCA regulated Motor Dealers and Motor Finance Brokers 	<ul style="list-style-type: none"> • To obtain a loan specifically to purchase a Car / LCV for personal or work use (Internal Combustion Engine or Battery Electric Vehicle) • To have a fixed term monthly payment • To have a right to settle early • Benefit of CCA for consumer protection • Lower monthly payment option with deferred capital (balloon) due at the end of the agreement • Own the Car / LCV at the end of the agreement • Applicants who are seeking stability in their monthly payments for the term and want to own the vehicle outright at the end

The product is not designed for customers who are:

- Credit impaired applicants
- Applicants under 21 years of age at the start of the agreement
- Applicants over 80 years of age at the end of the loan term
- Unemployed
- Residents of Northern Ireland
- Living with Friends residential status
- Taxi drivers (private hire vehicles), driving instructors using the vehicle for that purpose
- Employees of the Paragon Banking Group PLC or any of its subsidiaries

Never sell to:

- Applicants who do not have the ability to understand and manage the loan agreement

5. Customers with characteristics of vulnerability

The Product is designed for customers looking to purchase a new or used vehicle on finance, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

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

Paragon has a relationship with the RNIB which enables the business to request documents in alternative formats to help customer understanding (braille, large print, audio etc.)

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

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 Hire Purchase / Lease Purchase (Car & LCV) product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the 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
<ul style="list-style-type: none">• Spread the cost over a fixed term• Fixed interest rate• Fixed monthly payments• Option to place a capital payment (balloon) at the end of the agreement to reduce monthly payments• Early settlement provision• Ability to make partial settlements• Own the vehicle at the end of the agreement after making all contractual payments and paying the Option to Purchase Fee	<ul style="list-style-type: none">• Interest rate, fees and charges customers may pay throughout the life of the agreement• Comparable market rates associated with the Product	<ul style="list-style-type: none">• Contractual Interest• Option to Purchase fee• Vehicle Recovery Cost• Fair Wear and Tear• Excess Mileage (LP only). We reserve the right to charge Excess Mileage where referenced in our Terms & Conditions, subject to our assessment of Price and Value	<ul style="list-style-type: none">• Any limitations outlined within the target market

7. Results of our assessment

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

