



Consumer Duty

Motor Finance

Products & Services Guide

tandem

VERSION 1.1

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For intermediaries only

Consumer Duty Product & Services Guide
Products & Services Outcome and Price & Value Outcome

Product: **Tandem Motor Finance**

Overview

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.

Contents

1. Summary of our assessment
2. General Product Information
3. Product characteristics and benefits
4. Target market assessment and distribution strategy
5. Customers with characteristics of vulnerability
6. Our assessment of value

1. Summary of our assessment

We have assessed that:

- Our Motor Finance product range 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).
- We have reviewed our customer service obligations and remain satisfied that they are fit for purpose and meet the needs of our customers.

This assessment does not include charges, but there is an 'option to purchase' fee if a customer decides to own the car at the end of the term. You are responsible under the Consumer Duty for assessing these 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

Customers can borrow between £2,500 and £75,000 with a maximum APR of 29.9%, and repayment terms from 24 to 60 months to purchase a used car from an approved Tandem Motor Finance intermediary.

- All products are designed for new or returning customers subject to our approval criteria.
- Products are aimed at the used car market.
- No products include any maintenance elements.

<p>Target Customer</p>	<p>Our target customer: -</p> <p>Prime credit quality customers and customers with slightly impaired credit status/ histories but who are currently financially stable and able to meet Tandem affordability requirements seeking to finance the purchase of a used motor car.</p> <p>Customers who like to keep consistent monthly payments with no lump sum payment at the end of the agreement, taking title of the vehicle once all monthly instalments and the option to purchase fee has been paid.</p> <p>Customers who like to have an optional or no deposit requirement.</p> <p>Customers who like to have no mileage restrictions through the lifetime of the agreement.</p> <p>Customers who are motivated by vehicle ownership.</p> <p>Customers who require an advance amount over £2,500 to purchase a used car.</p> <p>Customers who require an advance amount up to £75,000.</p> <p>Customer age profile – 18 years or older</p> <p>Employed by a company, self-employed, or retired, earning sufficient income to service the monthly repayments.</p> <p>Homeowner, Mortgage Owner, Tenant/Renting/Living with parents.</p> <p>UK Resident with full driving licence</p> <p>Full time and Self-employed customers looking for a vehicle to fulfil their normal mobility needs – personal transportation for domestic needs, commuting or other daily needs.</p>
<p>Vehicle</p>	<p>For the purchase of used motor cars only.</p> <p>Normal mobility needs for personal transportation.</p> <p>With a maximum of 125,000 miles at the beginning of the agreement.</p> <p>Less than 15 years old at the end of the agreement.</p> <p>Vehicles may be repossessed in some circumstances, for example, if a customer does not keep up their monthly payments.</p>
<p>Vehicle Maintenance</p>	<p>Keep the vehicle secure and not sell it or give it away until the finance agreement is fully repaid.</p> <p>Ensure that the vehicle is covered under a fully comprehensive insurance policy covering all risks for its full replacement value.</p> <p>Not use the vehicle as security for debts or take it outside the UK/use it for hire or reward without our consent.</p> <p>Not make any alterations or additions to the vehicle without our consent.</p> <p>Keep the vehicle in a good, roadworthy condition and repair and ensure that it has been serviced and maintained in accordance with any relevant guidance such as the manufacturer’s recommendations, taxed and MOT requirements, at their own expense.</p>
<p>Option to Purchase</p>	<p>The vehicle is not owned by the customer until all repayments including the option to purchase fee are paid.</p>
<p>Characteristics</p>	<p>We buy the vehicle on the customers behalf and own it for the duration of the finance agreement. Once all repayments including the option to purchase fee and any other associated costs or fees are paid, legal title to the vehicle transfers to the customer.</p>

3. Product characteristics & benefits

The Tandem Motor Finance Hire Purchase product is designed to meet the needs of our target customers, helping them to embrace greener motoring and create a sustainable future. The product features and criteria are designed to support these needs. Hire Purchase is a tri-partite contract between Tandem Motor Finance, the introducer, and the customer to fund the purchase of a used motor car. The agreement being that the customer will pay back the loan amount plus interest and any contracted fees monthly over a defined period. If the customer fails to make the contracted payments the vehicle may be repossessed.

The Product:

Amount	Loans available for sums between £2,500 and £75,000 aligned to the individual customer's creditworthiness and affordability.
Term	Between 2 and 5 years Maximum age of the car at the end of the term is 15 years
Deposit	There is no minimum deposit, but a customer can choose to pay a deposit if they wish to reduce the monthly repayments.
Loan Purpose	Hire Purchase lending through pre-approved credit limits and pricing for the purchase of a used motor car. The loans benefit from fixed interest rates and fixed monthly repayments so the customer knows exactly what they are paying for the term of the loan. The customer does not own the vehicle until all repayments including the option to purchase fee and any other associated costs or fees are paid.
Loan to Value (LTV)	Maximum 120% of the independent valuation of the vehicle for Tier 0, Tier 1, and Tier 2 customers, or 110% for Tier 3 and Tier 4 customers.
Customer Eligibility Criteria	Minimum age 18 years, with no maximum age. Borrowers must fulfil our creditworthiness and affordability requirements, such as minimum payment to income ratio of 25% Sole applications only. Employed / Self-employed / Retired applicants with a minimum net monthly income of £1,000. UK residents for tax purposes excluding the Isle of Man and the Channel Islands. The customer agreeing the finance must be the registered keeper and remain in possession of the vehicle during the lifetime of the agreement. Hold a full Driving Licence. Have an email and mobile phone access. Must have a UK bank account accommodating Direct Debit facilities
Rates	Customer rates reflect the risk associated to the customers personal credit score up to a maximum of 29.9% APR.
Fees	There is no Customer Acceptance Fee payable. £10 option to purchase fee payable with the final instalment at the end of the agreement if customer wants to own the vehicle. We may charge late payment fees, for example, if a customer does not make their monthly payment on time.

Overpayments	Customers can make overpayments up to £8,000 without penalty (see below).
Early Repayment	A repayment in full or in part of the outstanding balance can be made at any time. For early repayments of more than £8,000 (either in a single sum or through multiple payments within a 12-month period), customer will need to pay compensation to Tandem.
Restrictions	Our HP product is available for used cars and no other asset class. Loans are available for used cars up to 15 years old at the end of the term. Taxi drivers are subject to additional restrictions.

Customer rights that are applicable across Tandem Motor Finance products.

Right to withdraw	Customers have the right to withdraw from their finance agreement for a period of 14 days. The customer has 30 days to repay the amount financed and any interest accrued.
Termination Rights	Once the customer has paid at least half of the total amount payable plus any overdue instalments and taken reasonable care of the vehicle, they have the right to return the vehicle.
Repossession Rights	Once a customer has paid at least a third of the total amount payable, we may not take the vehicle back without a customer's consent unless a court order has been granted.
Right to complain	Customers have the right to complain about any aspect of their product, service or the quality of the vehicle purchased. We are committed to resolving any complaints promptly and fairly. The customer has the right to escalate their complaint to the Financial Ombudsman Service should they disagree with our final response.

4. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Motor Finance product, recognising their different needs to enable you to tailor the services you provide when you distribute the product. Tandem Motor Finance does not market directly to customers and only operates through introducers.

This demographic can be summarised as follows: *Prime Customers and customers with slightly impaired credit histories who are financially stable with proven affordability looking to use our product to purchase a newer used car and reduce their carbon footprint but may not be ready to fully switch to an electric vehicle.*

Customer Circumstances	Distribution Strategy	Customer Needs and Objectives
<p>The product has been designed specifically to provide convenience to customers at the point of sale.</p> <p>18 years of age or older for cars that are up to 15 years old at the end of the agreement.</p> <p>Customers who can fulfil our creditworthiness and affordability requirements and sustain the monthly repayments over the duration of the agreement, recognising that affordability may be impacted by economic or personal circumstances.</p> <p>APRs and credit limits reflect our assessment of the customer’s credit risk.</p>	<p>Tandem operates a product distribution strategy through independent used vehicle retailers and specialist online brokers and traditional brokers acting as intermediaries who have the relevant FCA permissions.</p> <p>Intermediary dealers and brokers distribute the Hire Purchase product to customers both in person and via digital channels.</p> <p>Due diligence is undertaken on new Intermediaries prior to appointment. All introducers must meet the requirements of internal annual review.</p> <p>Tandem expects introducers to correctly ensure the product is suitable for the customer needs.</p> <p>It is crucial that introducers ensure the customer understands the difference between this product and others such as PCP. Distributors introduce customer proposals to Tandem Motor Finance via direct API from their own or a 3rd party system and manage the sale of the product being responsible for ensuring all relevant legal and regulatory requirements are met.</p>	<p>This product is suitable for customers looking for a product to purchase a used car with the option to own the car at the end of the agreement.</p> <p>Tandem aims to support customers transition to ever-greener cars, with the objective of helping customers who aren’t ready to switch to fully electric vehicles, but want a newer used car, with lower emissions and potentially better fuel efficiency.</p> <p>Flexibility in repayment terms to meet their monthly budget.</p> <p>Fixed interest rate for the duration of the agreement.</p> <p>Flexible deposit requirements.</p> <p>No large sum due at the end of the agreement.</p> <p>Fixed monthly payments by direct debit.</p> <p>The protection afforded by the associated regulations such as the quality of the vehicle and ability to terminate the agreement.</p> <p>Minimal impact to the customer’s credit file with the use of “soft” credit searches until the agreement is finalised.</p>

This product is not designed for customers.

- who wish to hand the vehicle back to a dealer at the end of the term.
- who are looking to acquire title to the asset at the commencement of the finance agreement.
- who wish to lease a vehicle or access the use of a vehicle occasionally such as by using a subscription model.
- who are looking to sell the asset without settling the agreement.
- with a sub-prime credit history
- with current or foreseen financial difficulties or anticipated changes in financial circumstances during the term of the agreement.

- unemployed customers.
- who need a vehicle for hire and reward, or motorsports use or significant modification.
- requiring financing negative equity.
- requiring financing additional products or services – e.g., MBI, GAP
- who wish to finance over £75,000 in a single transaction.
- who wish to finance a motor car older than 13 years old at inception.
- who wish to finance a car over 15 years old at the end of the agreement. who wish to finance a motor car with more than 120,000 miles at inception.

5. Customers with characteristics of vulnerability

The Motor Finance product is designed for a wide target market, and not to meet any inherent characteristics of vulnerability in the target market. However, it is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Types of vulnerability that may be relevant to the target market (non-exhaustively).

Health - Physical disability, hearing/visual impairments, long term illness, mental health, old age

Life Events - Caring responsibilities, income shock, relationship breakdown, bereavement

Resilience - Low savings, low emotional resilience, lack of support.

Capability - Low knowledge/confidence in financial matters, poor literacy/numeracy skills, communication barriers, poor digital skill

The Motor Finance product is aligned with our vulnerable customer framework and aims to achieve fair value and good outcomes for all customers, including those who are exhibiting signs of vulnerability or potential vulnerabilities.

We have a Group Vulnerable Consumers Policy in place, which satisfies the regulatory requirements surrounding vulnerability and ensures these customers are supported where relevant and continue to receive good outcomes from Tandem. We have a Specialist Support team that look after vulnerable customers where their situation is deemed as needing 121 account management. Vulnerabilities that are not considered to be requiring 121 account management are managed in line with the vulnerable policy. We can make arrangements to speak with a third-party representative and we can signpost to a specialist, independent supporting organisations.

Intermediaries 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.

We consider needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for our products to ensure the products meets their needs.

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 presented to Executive Risk Committee and Consumer Duty Board Champion, 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:

Customer support and quality

- Customers are offered multiple ways to access support including general customer questions/ queries website FAQs, email, post, or telephone call.
- Welcome call to confirm agreement details and parameters, completed post sign up.
- Where we make contact, we assess the customer's product understanding on welcome calls and ask them to assess the buying and finance journey and provide feedback on areas for improvement.
- Withdrawal from finance (not the vehicle) within the first 14 days (via telephone, email, or mail)
- CCA regulated agreements only.
- Update personal information via, email, post, or telephone call.
- Change payment dates via telephone or email
- Obtain a settlement figure via telephone, email, or mail.
- Obtain a partial settlement quote via telephone, email, or mail.
- Dedicated teams to support with vehicle quality and complaints.
- Dedicated welfare support team for vulnerable customers.
- Forbearance options when appropriate.

Competitor product benchmarking

There are no significant differences in product design for Hire Purchase. This product is considered standard, mass market offerings in the motor finance market.

Clarity

Through the welcome call process customers are asked to rate the car buying journey and how the finance was arranged along with confirmation that the customer was made aware of the existence of commission payments. Whenever a customer has raised a concern about any part of the car buying journey a specialist team is on hand to progress any remediation activity with the customer. The overall scores are shared with the Tandem Motor Finance senior leadership team and are distributed to the Account Managers for discussion with the introducer to help them improve any of their own sales processes.

Monitoring and Reviewing

Tandem Motor Finance will review regular management information at Company and Intermediary level to help ensure the product is only being sold to the target market. This will include data covering.

- Agreement unwinds and withdrawals.
- Early (full and partial) settlements within the first 3/6/9/12 months
- Complaints including Sales Process and Vehicle Quality Issues
- Voluntary Terminations
- Portfolio Credit Performance (e.g., conversion and bad debt)
- Customer survey results.
- Customer Outcome Testing findings
- Dealer audit findings
- High LTV
- Incidence of fraud
- Unexpected increases in origination volumes
- Customer demographics notably different to anticipation e.g., geographic location
- Adverse media
- Alerts to changes in the financial or regulatory position of the intermediary.

This will be supplemented with root cause analysis, review, and discussion with introducers to support the monitoring process. In addition, Tandem will conduct periodic introducer oversight in addition to regular performance meetings.

Escalation

The introducer should escalate any concerns around the product and its distribution to the Tandem Motor Finance Managing Director, which may include.

- Identification that the product is not providing fair value.
- Identification that the product is not being correctly distributed to the target market and any remedial action an introducer intends to take in light of such failure
- Identification of any other reason the Introducer thinks the product isn't suitable for the target market.

Benefits

The range of features and benefits that are available to customers.

The level of customer service that is provided.

Hire Purchase agreement provides certainty of monthly payments, term, and total amount payable.

Flexibility of deposit and repayment terms enabling the purchase of a newer / better quality / lower emission vehicle

Interest rate is fixed for the duration of the agreement.

Protection afforded by regulation of the product e.g., vehicle quality, termination rights, settlement calculations, distant selling.

Customers can withdraw from their agreement for any reason within the first 14 days.

Customers can partially or fully settle their agreement at any time without penalty unless the repayment exceeds £8000 (see product characteristics & benefits). This will result in an interest rebate and reduced monthly instalments or a reduced term (with the same payment).

The agreement provides for uninterrupted use of the vehicle provided the terms of the agreement are adhered to.

The customer becomes the owner of the vehicle once all instalments and the Option to Purchase fee have been paid. to settle or part-exchange the vehicle at any point of the agreement

Customers benefit from the speed of service offered by Tandem Motor Finance including the use of eSign at execution stage.

Tandem Motor Finance provides a quality service to its customers from proposal through the entire customer journey.

There is no minimum deposit required but a customer can choose to pay a deposit if they wish to reduce the monthly repayments.

Customers can choose to settle or part-exchange the vehicle at any point of the agreement.

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Tandem Motor Finance provides a quality service to its customers from proposal through the entire customer journey.

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<p>Price</p>	<p>Internal assessment of the following areas:</p> <ul style="list-style-type: none"> • Cost of Funds • Predicted Bad Debt • Overheads • Commission paid to intermediaries. • Agreement terms and run times. <p>Tandem profit margin.</p> <p>The price paid by Tandem customers is determined by the assessed risk at agreement level.</p>
<p>Costs</p>	<p>The internal costs associated with the administration of the Motor Finance product.</p> <p>Costs incurred by Tandem to provide its HP product include:</p> <p>Design and the costs of the product and systems used to manage the customer and the loan throughout the term, including third party data.</p> <p>Cost of funds – the cost of lending which is impacted by economic factors.</p> <p>Distribution including the costs of managing introducer relationships.</p> <p>Servicing loans and introducers.</p> <p>Performance of loans and losses associated with arrears, fraud, and non-payment.</p> <p>Examples of ancillary costs specific to the product include: -</p> <ul style="list-style-type: none"> • Customer Servicing • Complaints • Dealing with customers in financial difficulty • Associated third party costs. • Any other costs associated with operating the business.
<p>Limitations</p>	<p>Any limitations on the scope and service we provide or the features of the Product.</p> <p>Tandem will only provide finance to customers as detailed in our target market assessment and will only finance vehicles as have been detailed in our general product information.</p> <p>The customers use of the vehicle and their rights are as determined in the Hire Purchase agreement.</p>

Conflicts of Interest

Having reviewed the potential for conflicts of interest, Tandem does not believe there are any within our distribution model.

Results of our assessment

Our assessment concluded that the Tandem Motor Finance product continues to deliver fair value for customers in the target market for the product.