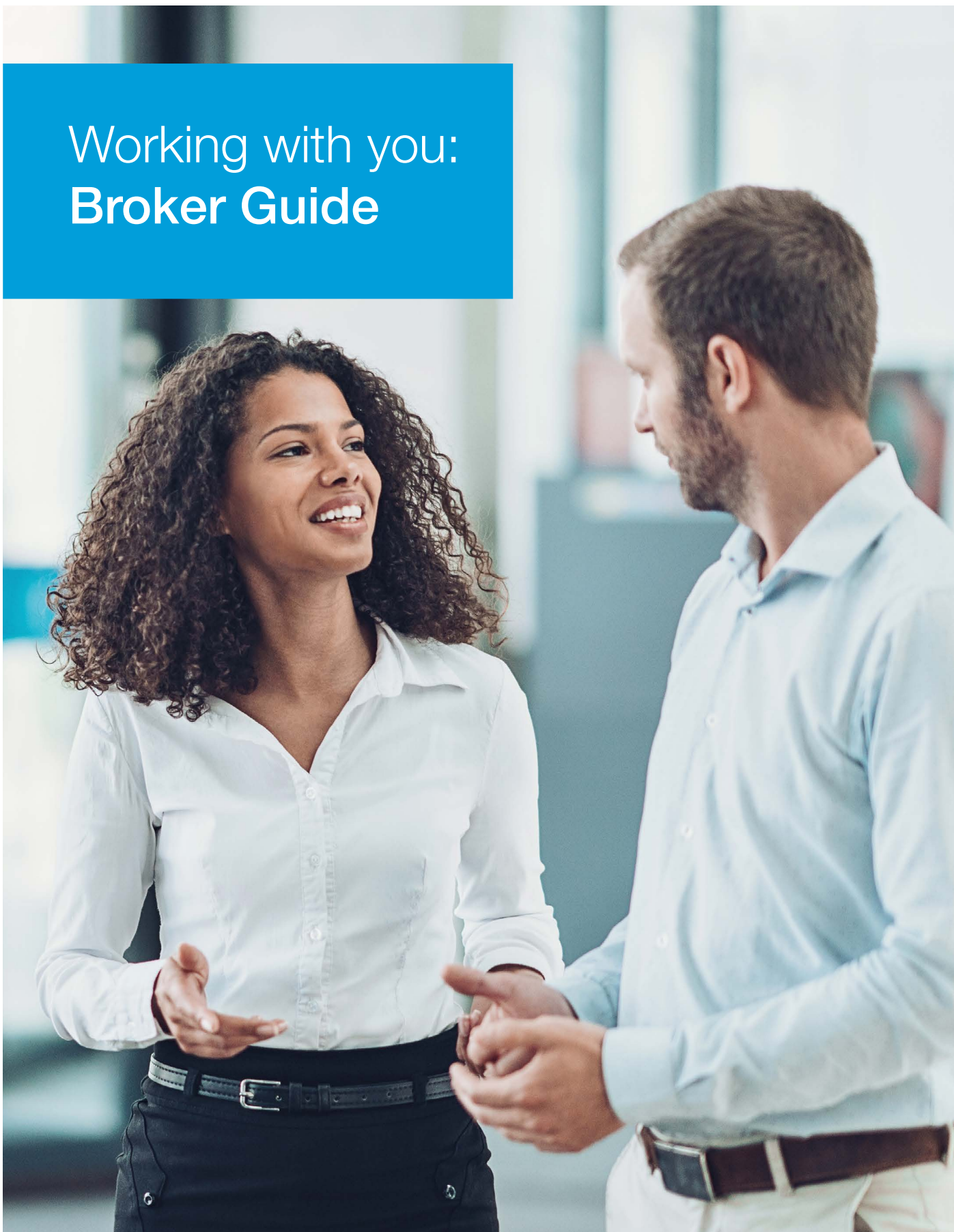


# Working with you: Broker Guide



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# Glossary

This **glossary** contains a list of commonly used terms in the **working with you: Broker Guide**

## BACS (Bankers Automated Clearing Services):

A United Kingdom scheme for the electronic processing of financial transactions.

## Bordereau

The process Close Brothers Premium Finance uses to manage and settle personal lines and certain small commercial business with you.

## Close Brothers Premium Finance (CBPF)

Provider of premium finance products.

## CCA (Consumer Credit Act 1974)

The Consumer Credit Act 1974, as amended and updated by The Financial Services and Markets Act 2000; together with the associated legislation and Financial Conduct Authority, this regulates consumer credit in the UK.

## Commercial lines

Finance for business-related insurance policies (for example: professional indemnity insurance, employer's liability).

## Customer

The borrower.

## Custom Rate Reference (CRR)

A one off rate agreed by Close Brothers Premium Finance for finance outside of your agreed terms.

## DISP (Dispute Resolution)

The Dispute Resolution rules, which form part of the Financial Conduct Authority Handbook, sets out the procedures and requirements that businesses need to follow when handling complaints from customers in the UK.

## DPA (Data Protection Act 2018)

The Data Protection Act 2018 defines the UK law for the processing of personal data on identifiable living people.

## DDM (Direct Debit Mandate)

The mandate a customer signs to enable Close Brothers Premium Finance to take monthly payments from the customer's bank account. If a customer's details change (for example: their bank details), a new mandate may be required.

## FCA (Financial Conduct Authority)

The Financial Conduct Authority regulates conduct in the financial services industry in the UK.

# Glossary

## i-prompt

Our online system for processing business and viewing customer account details.

## Mid-term adjustment

Change to a premium amount, up or down, as a result of a change to an existing insurance policy.

## Non-Recourse

With a Non-Recourse product, Close Brothers Premium Finance has agreed to take the responsibility for debt outstanding after cancellation.

## Non-Telesign

A method of setting up a credit agreement. The Running Account Credit Agreement (RACA) and Direct Debit Mandate (DDM) are signed by the customer at the point of sale and returned to us. (For example: face-to-face sales).

## Override

An additional charge that a broker can make by adding to the rate that we charge the customer.

## Personal lines

Finance for insurance policies for individuals (for example: household, car).

## RACA (Running Account Credit Agreement)

The legally binding document the customer signs to open an account with us for the payment of the insurance premiums and any related costs.

## Recourse

If a broker is using a Recourse product, the broker takes the responsibility for debt outstanding after cancellation.

## Pre-Contract Credit Information

Customers can use the information in the Pre-Contract Credit Information to compare one agreement against another. It outlines the key features of the Running Account Credit Agreement (RACA).

## Shortfall

The outstanding balance on the account when a policy has been cancelled, after the refunds of any premiums from the insurer.

## Telesign

A method of setting up a credit agreement for telephone or internet sales. The Running Account Credit Agreement (RACA) is not set up at the point of sale. The customer is sent the Running Account Credit Agreement (RACA) and Direct Debit Mandate (DDM) to sign and return to us.

# Legal disclaimer

The information contained in this Broker Guide is for general information purposes only. The information is provided by Close Brothers Premium Finance, and while we endeavour to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the Broker Guide or the information, products, services, or related graphics contained in the Guide for any purpose.

Any reliance you place on such information is therefore strictly at your own risk. You should seek independent legal advice if you are in any doubt as to your own legal obligations.

In no event will we be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from loss of data or profits arising out of, or in connection with, the use of this Broker Guide.

Please make sure that you are only using the most up to date version of this Guide - if you are in any doubt, please speak to your Sales Manager. Please make sure that you destroy any previous version of this guidance, whether in hard copy or stored electronically.

You should not copy, share or reproduce the contents of this Guide other than for your own use. Close Brothers Limited does not accept any responsibility to any unconnected third party in the event that its contents are reproduced or relied upon as legal advice in any way.





# Broker responsibilities



# Broker conduct

We take our legal and regulatory **responsibilities seriously** and we only **accept business from FCA authorised brokers**.

We have set out our **processes and practices** that must be followed when **promoting or selling our product and service to our mutual customers**.

You must make sure that your implementation of these **guidelines satisfies your own legal and regulatory obligations**. Please make sure you are familiar, and keep up to date, with the applicable legal and regulatory requirements covering the sale and promotion of premium finance.

## Advertising

If you are promoting or advertising premium finance, the advert and marketing material must be fully compliant with the legal and regulatory requirements each time it is published or printed.

In addition, any promotional or advertising material that refers to Close Brothers Premium Finance or publishes our logo must be approved by us each time before being used. Please contact your Sales Manager if you would like to seek approval.

## Anti-money laundering

We have obligations to ensure that our financial products and systems are not used to facilitate any criminal activity, including the laundering of money, bribery and tax evasion.

In particular, the Money Laundering Regulations require us to carry out checks to make sure that we verify the identity of our customers.

Where the customer is a corporate entity, we will need to understand and verify the customer's beneficial ownership.

In most cases we can obtain this information from our own systems and information sources, but there will be a small number of cases where we may need to ask you to provide us with additional information, such as the customer's passport or driving license that confirms their name, date of birth and address.

While we will make every effort to verify customer identity, if we are unable to do so, then regrettably we will not be able to provide a credit agreement.



## Scripts

Where you are using the Telesign process, you will need to adhere strictly to the **Telesign script** and also follow the script when taking instructions over the telephone to set up or amend direct debits or credit facilities.

Where you are following the Non-Telesign process, you will need to, (unless otherwise agreed by CBPF) prior to the customer signing the Credit Agreement, provide the customer with the Pre-Contractual Explanations by integrating the **Non-Telesign script** into your sales process (including any online sales journey or third party aggregator site) and allow the customer sufficient time to peruse the documentation.

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# Broker conduct

## Cash handling

We will only accept cash for instalment payments in exceptional circumstances. You are required to have a cash handling policy in place which meets all the relevant legal and regulatory requirements.

## Conflicts of interest

You must avoid any conflict of interest and always offer the customer clear, fair and appropriate advice. This includes making sure the customer is aware of alternative sources of finance and that the features of each option are outlined in a fair and transparent way. It is important the customer clearly understands the proposed premium finance agreement and that all fees and charges imposed by you are fair, reasonable and transparent.

## Charges and fees

Our mutual customers need to understand how much the product is going to cost in a way that is clear and transparent to them. All fees charged to the customer must be fair and reasonable, consideration having been given to the best outcomes for the customer.

All fees charged in relation to the provision of premium finance (for example: arrangement or facility fees) must be disclosed to the customer. This applies to all stages of the finance, including but not limited to inception, mid-term adjustments, additional policies and renewals. In addition, you are required to provide us with details of all the fees you have charged to the customer in relation to our product and service.

You must not agree to reduce or waive our interest or fees without our written permission to do so.

## Complaints

It is important that you have a clearly defined dispute resolution (complaints) process that is compliant with the DISP chapter of the FCA Handbook.

Please inform us immediately if you receive a complaint related to the customer's Close Brothers Premium finance agreement. You can also ask the customer to contact our customer services team directly.

If we receive any complaints that are not related to the customer's Close Brothers Premium Finance agreement, we will refer them to you or ask the customer to contact you.

A copy of our [complaints handling procedure](#) is available on our website.



# Broker conduct

## Customer data

We ensure our mutual customers' personal data is accurate and protected at all times.

Please remember to inform us of any changes to a customer's details. When entering data please ensure the customer's details are accurate and up to date.

In addition, when entering an individual or business name please make sure the company and trading name are clearly identifiable (for example: Mr John Smith t/as Smith's Sandwiches or Smiths Limited t/as Smith's Sandwiches).

## Broker data

We also take the protection of broker data seriously. When you complete the Broker Application Form with your Sales Manager we ask for your consent to process and retain your personal data under the DPA.

It is also important that you inform us of any changes to your details collected on the Broker Application Form, so that we can update our records appropriately. In some instances, we may ask you for additional evidence to support your change (for example if you make a request to change your bank account details).

## Documentation

We regularly review our documentation in line with administrative and market needs as well as legal and regulatory changes. We will provide you with updated versions as they become available. Please only use the latest versions of our documentation, removing old versions from your system and destroying any unused paper copies each time a new version is released. Please contact your Sales Manager if you have any questions about which version of a document to use.

## Record keeping

You must maintain records and supporting documentation of all dealings with us and they are to be made available to us upon request.

## Vulnerable customers

Please inform us if a customer may be considered vulnerable, as set out in the relevant legislation and regulation, so that we can treat them appropriately.



## Pre contract

The customer must have the relevant information to compare financial products and **clearly understand the proposed finance before they sign a RACA**. This is required each time the customer is presented with a new RACA.

### Pre-contract information

The customer must always be provided with a Pre-Contract Credit Information before signing the RACA. The Pre-Contract Credit Information outlines the key features of the customer's RACA. It also explains their right to withdraw from the account, how to settle their account early and what happens if they miss a payment, including the costs and consequences such as any fees we may charge.

### Pre-contract explanations

The customer must always be provided with a pre-contractual explanation of the proposed finance before signing the RACA. We have a prescribed Q&A sheet (adequate explanation information), scripts and templates that must be followed when selling our products and services.

### Welcome pack

The customer will receive a welcome pack which includes the Pre-Contract Credit Information and Q&A sheet. A customer can request a duplicate of their welcome pack at any time by contacting our customer services team.

### Telesign service

If you use our Telesign service the customer does not sign the RACA at the point of sale. The pre-contract information is provided to the customer as follows:

- **Pre-contract information:** The customer will receive their Pre-Contract Credit Information in our welcome pack with their RACA
- **Pre-contract explanation:** Our **Telesign script** must be delivered in full to the customer. The customer will receive a copy of the Q&A sheet in their welcome pack
- **Welcome pack:** The customer will receive their welcome pack after you have set up the account for the finance

### Non-Telesign service

If you use our Non-Telesign service, the customer signs the RACA at the point of sale. The pre-contract information is provided to the customer as follows:

- **Pre-contract information:** You must provide the customer with the Pre-Contract Credit Information to read before they sign the RACA
- **Pre-contract explanation:** Our **Non-Telesign script** must be incorporated into your sales process. The Q&A sheet is incorporated into the script
- **Welcome pack:** The customer will receive their welcome pack after you have set up the account for the finance

## Broker reviews

We are committed to providing **products and services** that our **customers and brokers have confidence in**. That is why our processes and practices meet both legal and regulatory requirements and best practice guidelines.

Our broker assurance team can provide support and assistance in the application of our processes and practices. The team will visit you periodically to review your application of our processes and practices as well as legal and regulatory requirements. If this review finds that you are not following these, we may withdraw your premium finance facility.

Please contact your Sales Manager if you have any questions on our processes or practices or would like to enquire about any additional training.



# Legal and regulatory obligations

We have listed some of the **relevant legislation, regulation and guidance** to help you identify your obligations. Please note this **list is a guide only** and should not be considered an exhaustive list.

Legislation and regulations (as amended, replaced or varied from time to time):

- The Consumer Credit Act 1974 together with associated legislation
- The Financial Services and Markets Act 2000
- The Unfair Terms in Consumer Contracts Regulations 1999
- Equality Act 2010
- The Consumer Protection from Unfair Trading Regulations 2008
- The Business Protection from Misleading Marketing Regulations 2008
- The Data Protection Act 2018
- European Information Destruction Standards 2009
- The Money Laundering Regulations 2007
- The Mental Capacity Act 2005
- Proceeds of Crime Act 2002 (as amended)
- Terrorism Act 2000 (as amended by the Anti-terrorism, Crime and Security Act 2001)
- Counter-Terrorism Act 2008
- Bribery Act 2010
- The Criminal Finances Act 2017



## Guidance and rule books:

- Joint Money Laundering Steering Group (JMLSG) Prevention of Money Laundering Guidelines
- HM Treasury Sanctions Notices and News Releases
- The Financial Conduct Authority Handbook
- Consumer Credit Sourcebook (CONC)



# Getting started



# Applying for a new premium finance facility

To set up a **new broker premium finance facility** with us you need to complete a **Broker Application Form**. This is normally completed with your Sales Manager.

## A Broker Application Form includes:

- Your business details
- Details of your brokerage
- Your FCA authorisation (and interim permission if applicable) number within the category of credit brokerage. We only do business with FCA authorised brokers
- A declaration that you agree to abide by our Terms of Trade
- Your consent for us to process and retain your personal data under the DPA

## Training

We are happy to provide training for you and your staff on our products, processes and systems. This training is very flexible and can be in-house, over the phone or via an online service. Please contact your Sales Manager who will be happy to arrange this.

## Next steps

After we have received your Broker Application Form and all other supporting documentation, we will normally take the following next steps:

- We will perform a credit assessment on you. Please note that we may require additional information for the assessment
- Once your facility is successfully approved, we will set up your agency(s) on i-prompt as well as any integration requirements
- You will receive a welcome email, which includes your agency number and, if applicable, i-prompt login information and i-prompt training guide

If you would like information on setting up an additional agency with us, please contact your Sales Manager.

## Policies we will fund

We want to make sure we offer our **mutual customers** appropriate products and have therefore **set out criteria for the policies** we will finance.

We will fund policies that are:

- Standard general insurance policies, which are typically annually renewable
- Underwritten by an insurer or managing general agent on our approved list
- Cancellable and refundable, unless it is for a cover type we have specifically agreed for your use where the nature of the product explicitly excludes these rights (for example: we will fund policies for Solicitors' Professional Indemnity Insurance)
- Not life policies, short-term travel policies, unusual types of insurance (for example: cyber terrorism and kidnap and ransom) or any other insurance that falls under the description of 'long-term business'



# Commercial lines

This section is for business processed via a Close Brothers Premium Finance commercial agency.





# Broker rates and payments

When you set up your facility we will **agree your rates, payments and overrider with you.**

## Rates

There are a number of rate and payment profiles available to you, depending on how you wish your rating structure to operate.

We operate a net rate facility, which may give you the flexibility to set an overrider on a case-by-case basis at inception and renewal of the policy. All overrides charged to the customer must be fair and reasonable, consideration having been given to the best outcome for the customer. We reserve the right to limit the maximum rate charged to a customer (gross rate).

You are required to provide us with details of all the fees you have charged to the customer in relation to our product and service.

If you would like to discuss any changes to your current rate selection, please contact your Sales Manager.

## Payments

For all premium payments received electronically, we will credit your account on your agreed payment date, provided we have approved and received the relevant documentation and the customer is not in arrears.

You can view payments due to you and payments made to you using i-prompt.

## Overrider

You will receive any agreed overrider payments by BACS directly into your designated account (your office bank account and not customer bank account).

We will agree with you a payment frequency for your overrider. Once we have confirmed the payment frequency, the overrider will be paid within two working days of the end of the month in which it has been agreed it is due.

When an account does not run its full term, the overrider on the cancelled account is deducted in full from your next overrider payment.



# Setting up the finance: RACA - Non-Telesign

To set up finance for a customer's policy an account is created and a **RACA and DDM are required.**

You must always provide the customer with their pre-contract explanation and Pre-Contract Credit Information before they sign a RACA. In addition, you must incorporate the **Non-Telesign script** in full into your sales process.

## Setting up the finance

The process generally follows the below steps:

- You can set up an account for finance via i-prompt or your company's integrated software. Please note that the inception date must be aligned to the policy start date
- You can print the Pre-Contract Credit Information, RACA and DDM from i-prompt
- You must provide the customer with their pre-contract explanation and Pre-Contract Credit Information before they sign the RACA
- The customer reads and checks the Pre-Contract Credit Information and RACA. They then sign the RACA and DDM. The customer must retain the Pre-Contract Credit Information for their records
- You need to return to us the signed RACA and DDM. Please note that if the RACA is not received within 30 days the account will be removed. If you are using our scanned RACA facility, please make sure you adhere to the required procedure. Please contact your Sales Manager if you would like to use our scanned RACA facility
- When approved, the customer receives their welcome pack which includes copies of the Pre-Contract Credit Information, Q&A Sheet, RACA and DDM
- You will generally receive the funds by BACS on the payment profile you requested via i-prompt (for example: 28 days from application), provided we have made a successful first collection

## Checklist

When setting up the finance please keep in mind the following:

- The RACA must only be signed once it is final and fully completed
- The RACA must be signed by the customer or a director(s) for an incorporated entity
- We must receive the original signed documents with all the information completed in full (if you are using our scanned RACA facility, you may meet this requirement by scanning the original documents directly into i-prompt)

Please note that a customer is not required to sign a new RACA or a DDM when processing mid-term adjustments, additional policies and renewals, provided we hold a valid RACA and current DDM for them.

# Finance outside of your agreed terms

If the finance required by a customer is **outside of your agreed terms** we can assess the proposed finance. Please contact your **Sales Manager** if you have any questions about your terms.

The process generally follows the below steps:

## 1. Quote

If you require finance outside of your agreed terms, the first step is for us to prepare a quote. A quote is an indicative rate proposal based on the premium renewal amount but is not an approval of credit.

Please contact your Sales Manager to request a quote. The quote may be subject to variation and is dependent on our receipt of documentation in line with particular conditions. (For example: if the insurance policy does not provide pro-rata refunds this may affect the terms of the finance and approval).

## 2. Credit approval

Once you accept and have agreed the quote including any conditions attached, a full credit assessment on the customer will be undertaken. Each quote will have a unique Custom Rate Reference (CRR), which is required for the deal to be loaded onto the system and progressed.

We require the following customer information to perform the credit assessment:

- Schedule of insurance, proposed insurers and levels of refundability for each policy
- Latest audited accounts. If the accounts are more than 6 months old we also require additional financial information that is less than 6 months old
- Confirmation of claims record
- Other information which may include banking facility details. (For example: overdraft facilities available). If we require other information we will let you know

In addition, please notify us of the following:

- If you become aware of any material change that has occurred with the customer or the customer's finances since the last available figures provided
- If any insurance policy or other security does not provide for pro-rata refundability so that we understand the level of risk that we are underwriting and can adjust the terms accordingly

Please note that any changes here may affect the rate on approval. We may ask you to provide written confirmation of any refund terms.

## 3. Acceptance

Once the finance is approved, you can set up the finance on i-prompt.

# Customer instalments

We will **collect** the customer instalments according to the **payment schedule** we have sent them.

For the first instalment, please note that:

- If a customer has a new DDM (for example: new business) the first instalment will be collected at least nine working days after the account is set up
- If a customer renews their policy and they have an existing valid DDM, the first instalment will be collected at least five working days after the account is set up

It is important to inform customers that it may take up to nine working days for a Direct Debit to be set up for a new DDM.

If the customer would like a statement these are available on request.





# Mid-term adjustments and additional policies

If there are policy changes you can **amend the finance accordingly**.

## Positive mid-term adjustments

A positive mid-term adjustment is an increase in the premium of an existing policy financed by us. We will finance adjustments provided there are three or more instalments remaining on the account.

The instalment amounts will be amended to spread the value of the adjustment over the remaining term of the original account. Additional interest will take into consideration the period of the account remaining and will be charged over that period.

## Negative mid-term adjustments (return premiums)

A negative mid-term adjustment is a decrease in the premium of an existing policy financed by us. The instalment amounts will be amended to spread the value of the adjustment over the remaining term of the original account.

## Adding an additional policy to an existing RACA

If the customer has a valid RACA we can add the finance of a new insurance policy under the existing RACA.

## Processing positive mid-term adjustments and additional policies

For positive mid-term adjustments and additional policies, the customer is not required to sign a new RACA or a DDM, provided we hold a valid RACA and current DDM for them.

## The process will generally follow the below steps:

- You can send us details of the adjustment or additional policy(s) either via i-prompt or your company's integrated software. Approval is subject to the information being complete and the customer's existing account(s) being up to date
- For larger transactions we may require up-to-date financial or customer information to perform a credit assessment. This may impact your payment date
- Once approved, the customer will receive confirmation of the change and a new payment schedule
- You will receive confirmation on your online report and you will receive the premium payments at the same number of days delay as the online submission (for example: 28 days)

## Processing negative mid-term adjustments (return premiums)

If there is a return premium due on any policy(s) financed by us, you must pay this to us as soon as possible and without any deductions including costs or charges. Once the payment has been received, we will reduce the outstanding account balance on the customer's account. If however the refund amount exceeds the outstanding balance please contact us to establish the amount we require to settle the account in full.

Any fees you may charge must be charged directly to and collected from the customer.

We will accept monies transferred directly from you into our bank account.

### Our bank details are:

Sort code: 16-04-00

Account number: 20009502

Please quote the customer's Close Brothers Premium Finance customer reference number with the payment (for example: 1234567890-12).

# Renewals

Although we will send **renewal reminders** to you ahead of the renewal date, via i-prompt, we do not automatically set up a renewal. This means you need to **notify us of the premium** and the customer's **wish to continue the account.**

## Processing renewals

For renewals, the customer is not required to sign a new RACA or a DDM, provided we hold a valid RACA and current DDM for them.

The process will generally follow the below steps:

- You can send us details of the renewal either via i-prompt or your company's integrated software. Approval of the renewal is subject to the information being complete and the customer's existing account(s) being up to date
- For larger transactions we may require up-to-date financial or customer information to perform a credit assessment. This may impact your payment date
- Once approved, the customer will receive confirmation of the change and a new payment schedule. If the existing DDM is valid, the first instalment will be taken five working days after the renewal date. The customer's payments will be scheduled over the agreed term
- You will receive confirmation on your online report and you will receive the funds at the same number of days delay as the online submission (for example: 28 days)



# Defaults

If we are **unable to collect a scheduled Direct Debit**, we will generally take the **following course of action**.

## Immediate action

### Default due to insufficient funds

When we are notified of a default, we will send the customer a Notice of Default and a FCA Information Sheet. This will let the customer know that they have been given 21 calendar days to clear the arrears and that the instalment will be re-applied for within five working days. The default fee will be collected with the next instalment. If a fee has been applied, the customer will also receive a Notice of Default Sums.

If the second attempt to collect the instalment is unsuccessful, we may contact you to ask if you know why the customer has failed to meet their payment(s). If both this enquiry and the second attempt are unsuccessful, our credit control team may contact the customer directly to collect the arrears.

If the customer is in arrears for the equivalent of two instalments we will send them a Notice of Sums in Arrears.

### Default for any other reason

When we are notified of a default for any other reason besides a lack of funds, we will send the customer a Notice of Default and an FCA Information sheet to let them know how many days they have to clear the arrears. If a fee has been applied, the customer will also receive a Notice of Default Sums.

If the customer is in arrears for the equivalent of two instalments we will send them a Notice of Sums in Arrears.

## Clearing the arrears

The customer can make a payment to clear their arrears and bring the account up to date at any time.

We accept payment via the following methods:

### 1. Credit or debit card payments

You can process a credit or debit card payment via i-prompt or alternatively the customer can contact our customer services team to make the payment.

### 2. Payment into our bank account.

#### Our bank details are:

Sort code: 16-04-00

Account number: 20009502

Please quote the customer's Close Brothers Premium Finance customer reference number with the payment (for example: 1234567890-12).

If we need a new DDM, these details can be taken over the telephone if the customer is a sole signatory or if all required signatories are available during the call. You can also print a DDM via i-prompt or contact our customer services team to request a DDM via post.

## Arrears not cleared

If the arrears are not cleared the account will be cancelled and we may also ask you to cancel the insurance policy(s).

The customer will receive a Termination Notice where required and if a fee has been applied they will also receive a Notice of Default Sums. The customer will also be liable for any additional charges incurred on the account. You do not have the authority to reduce or waive our interest or fees without our written permission. Please ask your Sales Manager if you are unsure of your current account charges.

## Staying in touch

If the customer contacts you about their arrears please ask them to contact our customer services team.

# Cancellations

A customer, Close Brothers Premium Finance or you may **cancel an account**.

## Customer

If the customer signs a regulated RACA, under the CCA they have rights to withdraw and settle their account early.

A customer has the right to withdraw from the account within the 14 day cooling off period. A customer can request a withdrawal directly with us or with you. No fees or interest will be charged for cancellation in these circumstances.

The customer is also entitled to settle their account early in part or in full at any time. We do not charge any fees for early settlement. However, we will charge a fee if an account is cancelled due to a breach of the RACA terms (for example: we are unable to collect a scheduled Direct Debit).

If a customer wishes to cancel their account they can contact our customer services team.

We offer training on how to process early settlements. Please ask your Sales Manager who will be happy to arrange this.

## Close Brothers Premium Finance

We may cancel an account (for example: if the arrears are not cleared).

If we are in the process of collecting a Direct Debit, we will cancel the account after the Direct Debit has cleared/failed and send you confirmation.

Once we have processed the cancellation, we will notify you via i-prompt and inform the customer.

Please note that it is very important the customer does not cancel their DDM.

## Broker

You can request Close Brothers Premium Finance to cancel an account (for example: if the policy is cancelled).

To cancel an account please notify us in writing (for example: via i-mail). Once we have processed the cancellation, we will notify you via i-prompt and inform the customer.

If we are in the process of collecting a Direct Debit, we will cancel the account after the Direct Debit has cleared/failed and send you confirmation. It is very important the customer does not cancel their DDM.

## Cancelling a policy

We may ask you to cancel a policy (for example: if the arrears have not cleared).

If we ask you to cancel a policy, please make sure you follow the below steps:

- Cancel the policy promptly within 10 working days of receiving the termination notice via i-prompt
- Request a refund from the insurer
- Notify us of the anticipated refund amount(s) and date(s) of receipt as soon as you are aware of them. Once received, you should contact our customer services team to make arrangements to settle the balance
- Remind the customer that they remain liable for the full balance and they should contact our customer services team to make arrangements to pay this

## Refunds from the insurer

If you receive a refund from the insurer, please immediately transfer funds for the full amount, without any deductions including costs or charges, to us.

### Our bank details are:

Sort code: 16-04-00

Account number: 20009502

Please quote the customer's Close Brothers Premium Finance customer reference number with the payment (for example: 1234567890-12).

If the insurer refund does not cover the customer's outstanding balance, we will continue to seek recovery of the shortfall from the customer, and if we fail to receive a satisfactory response from the customer, we may issue legal proceedings against them.

When the refund does not cover the balance, we may also ask you to provide documentation, such as an insurer credit note, policy schedule or insurer statement to evidence the refund. Please note that you are required to provide us with this documentation immediately on our request.



# Personal lines

This section is for business processed via a Close Brothers Premium Finance bordereau agency (for example: private individuals and low value commercial business).



# Broker rates and payments

When you set up your facility we will **agree your rates, payments and overrider with you.**

## Rates

There are a number of rate and payment profiles available to you, depending on how you wish your rating structure to operate. We operate a net rate facility, which may give you the flexibility to set an overrider on a case by case basis at inception and renewal of the policy. All overrides charged to the customer must be fair and reasonable, consideration having been given to the best outcomes for the customer. We also reserve the right to limit the maximum rate charged to a customer (gross rate).

You are required to provide us with details of all the fees you have charged to the customer in relation to our product and service.

You may offer the customer a gross rate which is below our required minimum charge and net rate. If you do, the difference between our net rate and your gross rate will be deducted from the bordereau account (subsidy).

Please contact your Sales Manager to discuss any changes to your current selection.

## Payments

For all premium payments received electronically, we will credit your bordereau account on your agreed payment date, provided we have approved and receive the relevant documentation and the customer is not in arrears.

## When you receive payments from us:

- The net balance of your bordereau account will be paid into your account by BACS on the agreed date
- The payment will be the net value of new business, renewals, mid-term adjustments, cancellations, subsidy deductions and any other agreed debits

You can view your bordereau account at any time using i-prompt. Statements are available to view on i-prompt at least three working days before each payment, to help you with reconciliation.

## Overrider

You will receive any agreed overrider payments by BACS directly into your designated account (your office bank account and not customer bank account).

The overrider will be paid monthly as standard on or around the 16 of the month and will include amounts for cases where accounts have been processed by the end of the previous month. This delay is to ensure we have protected the customer's rights to cancel the account within the 14 day cooling off period.

When an account does not run its full term, the overrider on the cancelled account is deducted from your overrider payment. The overrider deducted will be pro-rata the remaining balance on the account.

# Setting up the finance: RACA - Telesign

To set up finance for a customer's policy an account is created and a **RACA and DDM are required.**

Our **Telesign script** must be delivered in full to the customer at the point of sale.

## Setting up the finance

The process generally follows the below steps:

- You can set up an account for the finance via i-prompt or your company's integrated software. Please note that the inception date must be aligned to the policy start date
- The customer receives their welcome pack which includes their Pre-Contract Credit Information, Q&A sheet, RACA and DDM
- The customer reads and checks the Pre-Contract Credit Information, Q&A sheet and RACA
- The customer promptly returns the signed RACA and DDM to us. We will send the customer reminders to help them return the documents as soon as possible. The customer will have a duplicate RACA in the welcome pack to keep for their records
- When approved, you will generally receive the funds by BACS in line with the payment profile agreed at set up, provided we have made a successful first collection

## Checklist

When setting up the finance please keep in mind the following:

- The RACA must only be signed once it is final and fully completed
- The RACA must be signed by the customer or a director(s) for an incorporated entity
- We must receive the original signed documents with all the information completed in full

Please note that a customer is not required to sign a new RACA or a DDM when processing mid-term adjustments, renewals and additional policies, provided we currently hold a valid RACA and current DDM for them.



# Setting up the finance: RACA - Non-Telesign

To set up finance for a customer's policy an account is created and a RACA and DDM are required.

You must always provide the customer with their **pre-contract explanation and Pre-Contract Credit Information** before they **sign a RACA**. In addition, you must incorporate the **Non-Telesign script** in full into **your sales process**.

## Setting up the finance

The process generally follows the below steps:

- You can set up an account for the finance via i-prompt or your company's integrated software. Please note that the inception date must be aligned to the policy start date
- You can print the Pre-Contract Credit Information, RACA and DDM from i-prompt
- You must provide the customer with their pre-contract explanation and Pre-Contract Credit Information before they sign the RACA
- The customer reads and checks the Pre-Contract Credit Information, RACA and DDM. They then sign the RACA and DDM at the point of sale. The customer must retain the Pre-Contract Credit Information for their records
- You need to return to us the signed RACA and DDM. Please note that if the RACA is not received within 30 days the account will be removed. If you are using our scanned RACA facility, please make sure you adhere to the required procedure. Please contact your Sales Manager if you would like to use our scanned RACA facility
- When approved, the customer receives their Welcome Pack which includes copies of the Pre-Contract Credit Information, Q&A Sheet, RACA and DDM
- You will generally receive the funds by BACS in line with the payment profile agreed at set up, provided we have made a successful first collection

## Checklist

When **setting up the finance** please keep in mind the following:

- The RACA must only be signed once it is final and fully completed
- The RACA must be signed by the customer or a director(s) for an incorporated entity
- We must receive the original signed documents with all the information completed in full (if you are using our scanned RACA facility, you may meet this requirement by scanning the original documents directly into i-prompt)

Please note that a customer is not required to sign a new RACA or a DDM when processing mid-term adjustments, additional policies and renewals, provided we hold a valid RACA and current DDM for them.



# Finance outside of your agreed terms

If the finance required by a customer is outside of your agreed terms **we can assess the proposed finance.** Please **contact your Sales Manager** if you have any questions about your terms.

The process generally follows the below steps:

## 1. Load and confirm the finance on i-prompt

Process the finance as normal.

## 2. Credit approval

Once you load and confirm the finance, we will determine if a credit assessment on the customer is required. If so, the finance agreement will be automatically referred to the credit team to action. We may require additional information and if this is the case we will contact you.

## 3. Acceptance

Once the finance is approved (and any conditions of approval met), we will authorise the finance agreement on i-prompt.





# Customer deposits and instalments

## Deposits

Deposits can be taken by us or by you.

If we take the deposit we will collect it immediately. We will accept deposits from the customer by credit or debit card payment via i-prompt: there will be no merchant fee for this.

## Instalments

We will collect the customer's instalments according to the payment schedule we will have sent them.

If a customer would like payments collected on a specific date, they can contact you or us. You can amend the preferred payment date via i-prompt.

For the first instalment, please note that:

- If a customer has a new DDM (for example: new business) the first instalment will be collected at least nine working days after the account is set up
- If a customer renews their policy and they have an existing valid DDM, the first instalment will be collected in line with the customer's payment profile

It is important to inform your customer that it may take up to nine working days for a Direct Debit to be set up for a new DDM.

If the customer would like a statement these are available on request.



# Mid-term adjustments and additional policies

If there are policy changes you can **amend the finance accordingly.**

## Mid-term adjustments (positive and negative)

A mid-term adjustment is an increase or decrease in the annual premium of an existing policy financed by us. For positive mid-term adjustments, we will set up adjustments provided there are three or more instalments remaining on the account.

The instalment amounts will be amended to spread the value of the adjustment over the remaining term of the account. For positive adjustments, additional interest will take into consideration the period of the account remaining and will be charged over that period.

## Adding an additional policy to an existing RACA

If the customer has a valid RACA we can add the finance of a new insurance policy under the existing RACA.

## Processing mid-term adjustments and additional policies

The customer is not required to sign a new RACA or a DDM, provided we hold a valid RACA and DDM for them.

The processing of mid-term adjustments and additional policies will generally follow the below steps:

- You can send us details of the adjustment or new policy(s) either via i-prompt or your company's integrated software. Approval is subject to the information being complete and the customer's existing account(s) being up to date
- For larger transactions we may require up-to-date financial or customer information to perform a credit assessment. This may impact your payment date
- Once approved, the customer will receive confirmation of the change and a new payment schedule
- You will receive confirmation on your online report and the change will be settled on the next appropriate bordereau payment

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# Renewals

Although we will send **renewal reminders** to you ahead of the renewal date, via i-prompt, we do not automatically set up a renewal. This means you need to **notify us of the premium** and the customer's **wish to continue the account**.

## Processing renewals

The customer is not required to sign a new RACA or a DDM, provided we hold a valid RACA and DDM for them.

The change will generally follow the below steps:

- You can send us details of the renewal either via i-prompt or your company's integrated software. Approval is subject to the information being complete and the customer's existing account(s) being up to date
- For larger transactions we may require up-to-date financial or customer information to perform a credit assessment. This may impact your payment date
- Once approved, the customer will receive confirmation of the renewal and a new payment schedule. If the existing DDM is valid, the first instalment will be taken in line with the customer's payment profile. The customer's payments will be scheduled over the agreed term
- You will receive confirmation on your online report and the change will be settled on the next appropriate bordereau payment



# Defaults

If we are **unable to collect a scheduled Direct Debit**, we will generally take the **following course of action**.

## Immediate action

### Default due to insufficient funds

When we are notified of the default, we will send a Notice of Default and an FCA Information Sheet. This will let the customer know that they have been given 21 calendar days to clear the arrears and that the instalment and a default fee will be re-applied for within nine calendar days. If a fee has been applied the customer will also receive a Notice of default sums.

If the second attempt to collect the instalment fails we will write to the customer to remind them and let them know how many days they have to clear the arrears.

If the customer is in arrears for the equivalent of two instalments we will send them a Notice of Sums in Arrears.

### Default for any other reason

When we are notified of a default for any other reason besides a lack of funds, we will send a Notice of Default and an FCA Information Sheet to let the customer know that they have been given 21 calendar days to clear the arrears. If a fee has been applied the customer will also receive a Notice of Default Sums.

We will send a reminder letter to the customer nine calendar days after the default to let them know how many days they have to clear the arrears.

If the customer is in arrears for the equivalent of two instalments we will send them a Notice of Sums in Arrears.

## Clearing the arrears

The customer can make a payment to clear their arrears and bring the account up to date at any time.

To make a payment the customer can:

- Contact our customer services team to make a payment by credit or debit card
- Contact you and you can process a customer payment via i-prompt

If we need a new DDM, these details can be taken over the telephone if the customer is a sole signatory or if all required signatories are available during the call.

You can also print a DDM via i-prompt or contact our customer services team to request a DDM via post.

## Arrears not cleared

If the arrears are not cleared during this period the account will be cancelled and any other accounts under the RACA will be cancelled.

The customer will receive a Termination Notice. If a fee has been applied the customer will also receive a Notice of Default Sums. The customer will also be liable for any additional charges incurred on the account. You do not have the authority to reduce or waive our interest or fees without our written permission to do so. Please ask your Sales Manager if you are unsure of your current account charges.

## Staying in touch

If the customer contacts you about their arrears, please keep us informed of any conversations you have with the customer about their arrears payments. This will help us make sure we are consistent in our communication, so customers know what is required and by when.

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# Cancellations

A customer, Close Brothers Premium Finance or you may **cancel an account**.

## Customer

Under the CCA the customer has rights to withdraw and settle their account early.

A customer has the right to withdraw from the account within the 14 day cooling off period. They can request a withdrawal directly with us or via their broker. No fees or interest will be charged for cancellation in these circumstances.

The customer is also entitled to settle their account early in part or in full at any time. We do not charge any fees for early settlement. However, we will charge a fee if an account is cancelled due to breach of the RACA terms (for example: we are unable to collect a scheduled Direct Debit).

We offer training on how to process full or partial early settlements. Please ask your Sales Manager who will be happy to arrange this.

## Close Brothers Premium Finance

We may cancel an account (for example: if the arrears are not cleared).

If we are in the process of collecting a Direct Debit, we will debit your bordereau account after the Direct Debit has cleared/failed and send you confirmation.

The premium finance and cancellation debit transactions will appear on the next appropriate bordereau statement.

Once we have processed the cancellation, we will notify you via i-prompt and inform the customer.

Please note that it is very important the customer does not cancel their DDM.

## Broker

You may cancel an account via i-prompt (for example: if the policy is cancelled). Once we have processed the cancellation, we will notify you via i-prompt and inform the customer.

If we are in the process of collecting a Direct Debit, we will debit your bordereau account after the Direct Debit has cleared/failed and send you confirmation. The premium finance and cancellation debit transactions will appear on the next appropriate bordereau statement. It is very important the customer does not cancel their DDM.

When the customer has finance on other policies, we will send the customer a revised payment schedule for the remaining accounts. This will confirm the revised repayments now due in respect of these outstanding amounts.



# Cancellations

## Outstanding balance

### Recourse product

If you are using a Recourse product, you take the responsibility for the debt outstanding after cancellation.

The outstanding balance, including any outstanding fees, will be debited from your next appropriate bordereau account payment.

### Non-Recourse product

With a Non-Recourse product we have agreed to take responsibility for the debt outstanding after cancellation.

If there is an outstanding balance, you must cancel the policy within 10 working days of receiving the termination notice via i-prompt and request a refund from the insurer. If the insurer refund does not fully cover the amount we have debited, you can request a claim from us for the shortfall.

## To make a shortfall claim you must:

- Complete a Shortfall Claim Form, which is available on i-prompt
- Within 90 days of cancellation, send us confirmation and proof of the shortfall, including details of:
  1. The original policy schedule so we can confirm the amount of the original premium and the inception date of the policy
  2. The insurer's confirmation of cancellation so we can confirm the date of cancellation and the amount of the refund
  3. The reason for the shortfall (for example: claims)

Print off the completed Shortfall Claim Form and together with the proof of the shortfall post the documents to us.

When we have agreed the claim, we will credit the full amount of the shortfall to your bordereau account.

If the claim is to be amended or rejected we will notify you of this and the reason(s).




## When processing a shortfall claim please keep in mind the following:

- If we have failed to successfully collect any payments from the customer you will not be able to make a claim
- We are entitled to the full return premium amount and fees and commission cannot be deducted. In addition, any broker fees financed are subject to a pro-rata refund
- On processing the shortfall claim we may pursue the customer for recovery of the outstanding balance

Please note that we may use a third party to recover the balance.



If you have any queries about our processes and practices, how we can support you to further improve the way you do business or you have any other questions, please contact your Sales Manager who will be happy to help.

-  Contact your **sales manager**
-  Drop an email to **[workwithus@closebrothers.com](mailto:workwithus@closebrothers.com)**
-  Go to **[www.closebrotherspf.com](http://www.closebrotherspf.com)**