Consumer Duty Information for Distributors

Product name: **Hire Purchase for Leisure Agreement**

Information Sheet produced: 14/07/2023.

This document has been designed to fulfil our responsibilities as a 'Manufacturer' of financial products under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

In the document we provide the information you may need to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are responsible for meeting your obligations under 'The Consumer Duty'. If you require any further information from us, please let us know.

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

Our Declaration:

We have assessed that:

- Our Hire Purchase Product meets the needs, characteristics, and objectives of customers in our target market.
- Our pricing approach and distribution strategy remains appropriate for customers within that target market.
- Our Product provides fair value for those customers.

However, it is important to note that:

- 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.
- We have concluded that CAMCO Finance is the Manufacturer, and all our intermediaries will act as Distributors for the following reasons:
    - We control the creation, development, design and operation of our products.
    - We control the underwriting of customers, including lending amounts, interest rates, proof requirements and product offering.
    - We will have multiple touchpoints with our customers throughout the onboarding journey, including ownership of affordability assessments.
- The CAMCO Hire Purchase Product is not designed, nor permitted to be distributed by Distributors who may charge customers additional fees, charges, or other costs. As such, our assessment of fair value is based solely on the fees and charges made by CAMCO to the customer.

CAMCO Finance is the trading name of CAMCO Finance Limited, a company authorised and regulated by the FCA (FRN XXXXX) for consumer credit activities. The company is registered in England and Wales, company registration No.13049330 and its registered office is at Office number [x], 4th Floor Parsonage Chambers, 3 Parsonage, Manchester M3 2HW.

Consumer Duty Information for Distributors

General Product information

Type of Product	Hire purchase Product for purchasing leisure vehicles (campervans/motorhomes/caravans), regulated by the Consumer Credit Act 1974 for a term up to 120 months.
Customer	New and/or existing
Vehicle Condition	New or used
Maintenance included or customer maintained	Customers are solely responsible for maintenance of the vehicle, including insurance, tax and MOT.
Option to purchase	Customers will receive title to vehicle upon paying all sums due (including the option to purchase fee) under the agreement or upon satisfying the conditions for early settlement. CAMCO will own the vehicle until all monthly payments and the option to purchase fee has been paid.

Target Market

The information below is provided to enable you to recognise the different needs of our customers when distributing our Product.

The customer need is to finance the purchase of a leisure vehicle over a set term, by way of an affordable fixed monthly payment. Our target customers are non-standard applicants who may have impaired credit histories that are looking for finance for leisure vehicles that meet our Product criteria.

Customer Circumstances

The Product is designed for customers underserved by the mainstream prime lenders when looking to purchase a campervan, motorhome or caravan. This Product is suitable for customers who:

- want to buy a new or used leisure vehicle (a motorhome, campervan, or touring caravan) and will need finance to do so as they do not have the funds to acquire the vehicle outright. This is a discretionary and luxury purchase; not essential.
- want an understandable finance and the assurance of fixed monthly payments over a set period that is affordable within their monthly budget and avoid unexpected costs.
- want a hire purchase Product, financed over a period up to 120 months to spread the cost of a large purchase.
- are unable to access prime lenders products from mainstream banks and manufacturers due to previous problems.
- have an annual income over £16,800.
- have an impaired (small negative entries) or thin credit file (insufficient history), that is consistent with a near-prime customer profile.
- may not have an employer (e.g. self-employed or retired).
- are of an older age, up to 75 years at start of agreement.
- wants to own the vehicle at the end of the agreement.
- are UK residents.

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Consumer Duty Information for Distributors

This Product is not suitable for customers who:

- can access prime rates from high street lenders.
- only wish to rent a vehicle without intending to own.
- don't want to own the vehicle at the end of the loan period.
- want to rent out the vehicle for commercial use.
- do not meet the customer criteria as set out in CAMCO Product Overview
- are declined by our decisioning system, policies and criteria on application.
- that wish to live in the vehicle.
- want to purchase car, motorbike, or light commercial vehicle (LCV).

The interest rate a customer will pay is determined by their credit score. This is a fixed rate which cannot be changed by the broker/introducer. The loan amount to a customer will be determined by the cost and value of the vehicle, the customer's deposit, the loan to value and the customer's affordability.

Distribution Strategy

CAMCO's Hire Purchase agreement is distributed by selected introducers with appropriate broking permissions from the FCA, who are also expected to implement an outcomes-focused approach and set higher expectations for the standard of care given to customers under Consumer Duty.

CAMCO supports introducers who have customers who have found a vehicle and are attempting to arrange finance, and those where the customer looks for finance prior to finding a vehicle.

As a result of these customer journeys, it is possible that a customer may either be onboarded via the internet or physically at the point of sale of the vehicle in a dealership.

All methods of application generation screen applicants using our lending criteria to filter customers depending on their circumstances to safeguard that our Product is suitable for the customer, and they are part of our agreed target market.

Product Characteristics

The Hire Purchase Product is designed to meet the needs of the target group identified below. The Product features and criteria are designed to support these needs.

Characteristic	Details
Term	• Contract is for a fixed term, with a set APR and monthly payments set at the outset. • Loan terms between 36 to 120 months.
Customer ownership	• Customer will own the vehicle after having made all the payments (including all fees) and have access to the vehicle throughout the term of the agreement.
Early Settlement	• Customer has a right to early settle the agreement upon request.

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Overpayments	• Customers can make overpayments without penalty. We do not charge late payment fees or fees to change a direct debit payment date. • A repayment in full or in part the outstanding balance can be made at any time.
Vehicle criteria	• Loans provided for the purchase of new and used Motorhomes, Campervans, and touring caravans that meets CAMCO's lending criteria. For details of vehicle parameters, please refer to the CAMCO Product criteria. • Loans are available for vehicles up to 20 years old at the end of the agreement.
Security	• The lending is secured against the motor vehicle specified in the contract.
Customer age	• Minimum age 25 years to maximum 75 years
Sole and joint applications	• Sole applications and joint applicants.
Employment status	• Employed / Self-employed / Retired applicants.
Minimum customer income	• £1400 net monthly income per month.
Interest rate	• Customer rates are based on risk represented by the customer's credit score. • Current APR rates range from 16.9% to 29.9%. Based on the customers individual credit profile.
Minimum Deposit	• 10% of purchase price.
Loan to value	• 120%
Acceptance Fee	• No Customer Acceptance Fee payable.
Option to Purchase Fee	• £20 'Option to Purchase' charge at the end of the agreement if customer wants to own the vehicle.
Ownership	• CAMCO Finance buys the vehicle from the dealer and owns it for the duration of the finance agreement. The customer will own the vehicle when monthly repayments have been made in full, which includes option to purchase fees. • V5 will be registered in the customer's name.
Other requirements	• Acceptable proofs of customer's income wage slip, bank statements, open banking. • Customer has a full UK driving licence and is not banned from driving. • Vehicle must be insured Comprehensive for the full term of the loan period.

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Customers in financial difficulty	• Should any customer experience financial difficulty within their contract term, CAMCO has a suite of forbearance tools that we have designed to support customers who are unable to continue with regular payments for a period of time.

Customers with Characteristics of Vulnerability

The Product is designed for those customers underserved by the mainstream lenders. We recognise that a proportion of our customers may have characteristics of vulnerability or who will experience vulnerability over the term of the lend, and as a such we have a robust vulnerability policy in place alongside a suite of forbearance options. All our staff are trained on dealing with vulnerable customers, and our procedures and policies that support our treatment of vulnerable customers are regularly reviewed.

We want vulnerable consumers to experience outcomes as good as those for other consumers and receive consistently fair treatment, so we ensure there are clear, effective, and appropriate processes and controls in place for the fair and appropriate treatment of customers, who CAMCO understands or reasonably suspects to be particularly vulnerable.

Identifying vulnerability in customers

Vulnerability can be temporary, sporadic, or permanent. An individual may suffer from one or more types of vulnerability at the same time which may make them especially susceptible to harm.

Common vulnerabilities are:

- Health – health conditions or illnesses that affect ability to carry out day to day tasks.
- Life events – life events such as bereavement, job loss or relationship breakdown.
- Resilience – low ability to withstand financial or emotional shocks.
- Capability – low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy or digital skills

As Manufacturer and Distributor, we jointly have a responsibility to identify and respond to customers who may show characteristics of vulnerability. You have a responsibility to inform us as part of the application process to allow our lending decision and communications to consider these characteristics.

Characteristics of vulnerability in our target market for example could include:

- Historic adverse credit
- Lack of financial understanding
- Low literacy, numeracy and financial capability skills
- Physical disability
- Severe or long-term illness
- Mental health problems
- Caring responsibilities (including operating a power of attorney)
- Being ‘older age’, although this is not absolute (may be associated with cognitive or dexterity impairment, sensory impairments such as hearing or sight, onset of ill-health, not being comfortable with new technology)
- Change in circumstances (e.g. retirement, bereavement, divorce, redundancy/loss of employment)
- Low savings

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You should take account of an individual's characteristics and assess whether the products or services are presented in a way that meets the specific needs of that customer. Intermediaries should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly. Not all clients will identify as vulnerable themselves, therefore intermediaries must be proactive and use their best judgment to identify any particular needs themselves. Notification will not play any part in determining an applicant's eligibility to obtain an agreement but will ensure the right support can be given.

Once vulnerability has been identified by an intermediary, explicit consent from the customer should be gained to notify us, which will the allow us to record the vulnerability against the agreement/application and action to be taken where appropriate.

Once a potential vulnerability has been logged with CAMCO, our Customer Support Team can provide tailored communications and other engagement processes and approaches for customers with indicators of vulnerability. In this way we can be confident that customers with indicators of vulnerability receive the same level of service and fair value from our Product as those without.

Changes in circumstances during the Product term

Should any customer experience a life event that puts them in financial difficulty within their Product lifecycle, we recognise that this may deem them vulnerable, and mean they require ongoing contact and account monitoring for varying amounts of time. We also have a suite of forbearance tools that help us to support customers facing financial difficulty, in either a long- or short-term capacity.

We can communicate with our customers both over the phone and in writing (either by email or letter) and will make the customer aware of the different communication options available to them so they can contact us via the most convenient route.

Vulnerability and Forbearance

We sympathetically and professionally explore the reasons for financial difficult and will seek to provide tailored, sustainable solutions that enable the customer to achieve the best possible outcome for their circumstances.

These forbearance options we offer are available to all our customers, however a customer's vulnerability and risk will be taken into consideration and different approaches used to try to give the customer the best outcome.

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

Our Assessment of Value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business through our product review 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 the CAMCO Senior Management Team, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

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

Our fair value assessment has considered the following:

- We price our product in 5 tiers, each with an APR based upon the credit risk represented by each of the tiers.

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- We monitor the credit performance and financial return of each tier to ensure that the pricing remains appropriate and is providing fair value.
- We allow early repayment and overpayments.
- We do not charge fees for a customer making a later payment, making overpayments, or changing their direct debit date.

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