

FAIR VALUE ASSESSMENT

PERSONAL CONTRACT PURCHASE

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PRODUCT FEATURES



PRODUCT DETAILS

The product owner/Manufacturer is Marsh Group of Companies, including Marsh Finance Limited and Marsh Finance and Commercial Limited.



Product Type

Personal Contract Purchase (PCP)

Product Name

24 - 48 month Personal Contract Purchase Agreement

Product Status

This product is an existing product. The product will remain open to new business post-31 July 2023 (Implementation Date). Your commission arrangements will determine whether you will be classified as a distributor or co-manufacturer under the new Consumer Duty.

Product Purpose

The purpose of this product is to serve near to non-prime consumers who are increasingly underserved by mainstream credit. This product is needed by near and non-prime consumers to meet their requirement for a motor vehicle.

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FULL PRODUCT DETAILS

This product is classed as a secured Personal Contract Purchase agreement loan between 24 and 48 months in term.

- Loans are available from £2,500 to £30,000.
- APR ranges from 11.9% to 29.9% (subject to status, and Bank of England base rate).
- Creditworthiness and Affordability assessments are required.
- Identification and AML checks are required.
- £10 Option to Purchase fee applies - early and partial settlement is available.
- Recovery fees may apply in instances of repossession.
- We do not charge late payment or letter fees for customers in arrears.
- The final Guaranteed Future Value (GFV) payment is calculated at 85% of CAP future monitor value of the vehicle at the time of commencing the agreement.



TARGET MARKET

- Over 22 years old.
- Under 70 years old at the end of the agreement.
- UK residents.
- 24- 48 month borrowing need.
- Unable to access mainstream credit.
- Employed and self-employed with proof of income.

CHARACTERISTICS



- All employed, non-benefit income streams considered, where net income is above £1350 per month.
- Near to sub-prime customer demographic.
- Borrowing needed to purchase a vehicle.
- Immediate access to funds.
- Spreading costs of large purchases.



CHARACTERISTICS OF VULNERABILITY

In target market & appropriate steps

Health

Health conditions or illnesses that affect the ability to carry out day to day tasks.

Life Events

Major life events such as bereavement or relationship breakdown.

Resilience

Low ability to withstand financial or emotional shocks.

Capability

Low knowledge of financial matters or low confidence in managing money.

Marsh Finance has processes in place to help and support vulnerable customers. We would like to reiterate to all our introducers that to help with this, they must ensure all relevant information about identified customer vulnerabilities must be passed to us as part of the customer journey so that we can continue to produce suitable ongoing support to the customer.



FEATURES AND BENEFITS

- Available to consumers excluded from prime motor finance.
- Can spread the cost between 24-48 months.
- Can settle early to reduce overall cost.
- Can partially settle with lump sums to reduce overall cost and either reduce monthly repayments or shorten the loan term.
- Expedited process to allow same-day access.
- Clear, jargon-free literature and information for improved decision-making.
- Tailored forbearance options to minimise adverse credit and impact on any vulnerabilities.
- At the end of the agreement, the customer can choose to pay the GFV payment, part exchange the vehicle, or simply return the car back to the lender.

LIMITATIONS AND EXCLUSIONS

- Borrowing cannot be less than £2,500 or more than £30,000.
- Vehicles under 100,000 miles at the start of the agreement.
- Vehicles up to 7 years old at the end of the agreement.
- Vehicles up to 3.0 litres only.
- Certain vehicle makes excluded (e.g., Range Rovers, high performance cars over 3.0 litres).
- No electric vehicles.



OUTSIDE TARGET MARKET

- Non-UK residents.
- No income individuals.
- Customers who are unable to read and understand the credit agreement after being given help and support.



COMMUNICATION STRATEGY

This product has associated consumer communications as follows:

- Pre-approved financial promotions.
- Privacy notice.
- Fair Processing Notice (CIFAS).
- Adequate explanations document.
- Pre-contract credit information document.
- Agreement and Terms- regulated by the CCA 1974.
- Full completion of introducer due diligence.
- Validation call.



DISTRIBUTION STRATEGY & ARRANGEMENTS

This product is distributed by pre-approved and contracted introducers only.

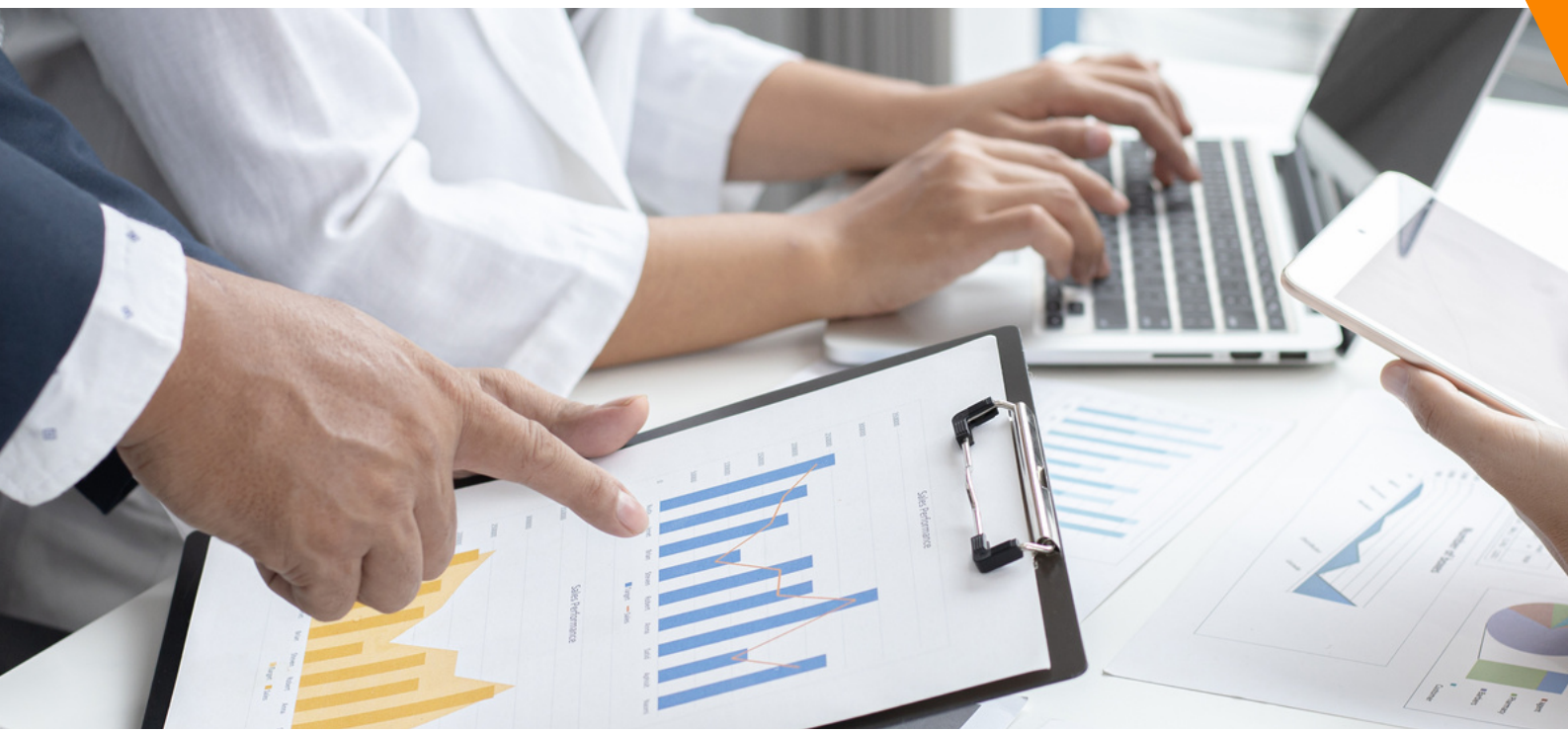
Authorised distribution channels include telephone, website and web applications only.
Non-approved introducers are not permitted to distribute this product.

APPLICABLE FEES AND CHARGES

Option to purchase fee - £10.

Repossession fees depending on circumstances

COMPARISONS



(if applicable) such as comparable products, features, costs etc

We have internally reviewed and assessed our PCP product against a number of other lenders in the market. We are satisfied that this product is similar and comparable to other products on the market and our value assessment remains fair.

COMMISSIONS

Commissions to introducers are set as per the rates and terms of the agreement. The commission is always paid as a fixed percentage of the advance to the introducer, and Marsh ensures that no banned commission models are in place whatsoever. The commission is capped as per the rates and terms agreement.

Under the new consumer duty, depending on whether you opt for “Standard” or “Bespoke”, commission arrangements will now determine whether you will be classified as a distributor of our product or a co-manufacturer. This will be discussed and arranged individually with your account manager.



TOTAL COST CONSIDERATIONS

Based on representative use, the total cost considerations are as follows:

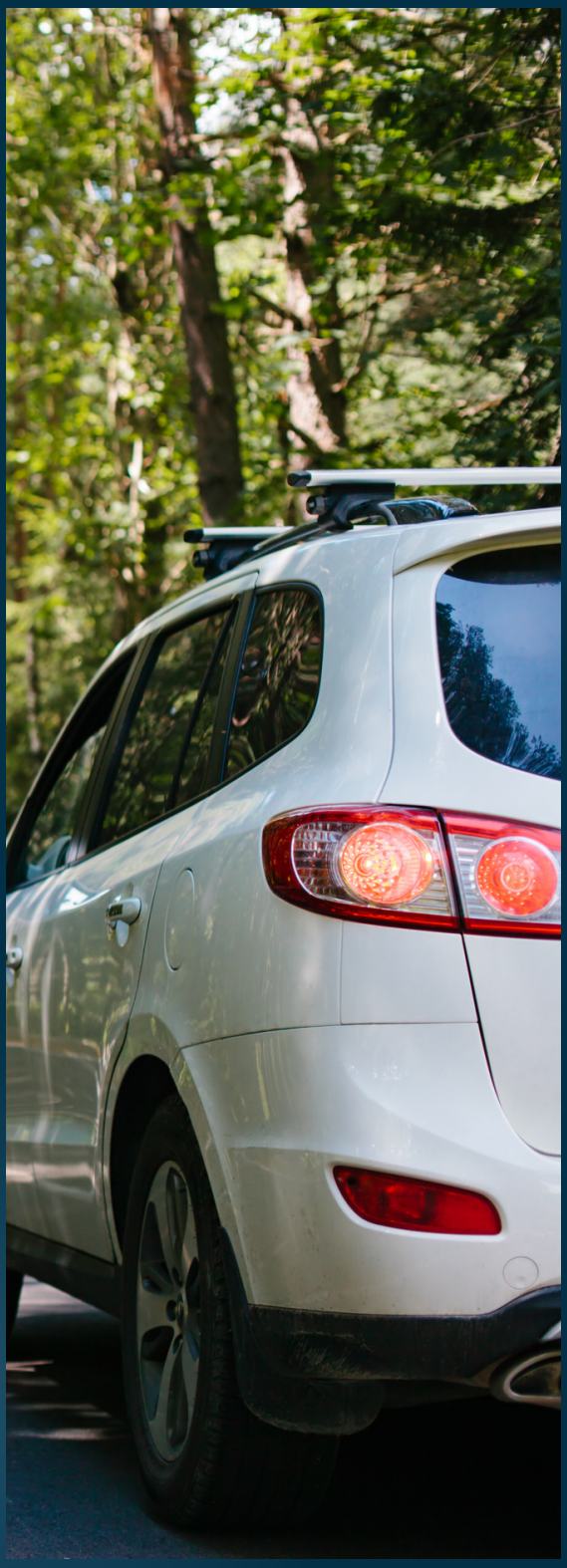
- Cost to manufacture and deliver the product.
- Commission paid to the introducer.
- Profit for Marsh.

The above cost considerations have been reviewed internally, deemed acceptable, and represent fair value for the customer.

MARKET INSIGHTS



MARKET INSIGHT



Conversion MI (Enquires to sale)

Marsh Finance Limited are a near prime lender and transact the majority of our business via internet brokers and finance brokers, most of whom do not pre-search the customer against our specific criteria. After our internal assessment of conversion rates and due to the nature and scale of our business, we are comfortable that our conversion MI represents fair value to the customer. This is also constantly reviewed in our internal steering group meetings to try and improve this across our whole network.

Complaints MI and Data

The product currently has a very low complaints rate from total take up of the product. In line with our complaints monitoring and MI data we are satisfied that the features and benefits of the product are working for consumers as intended.

Cancellation / Termination MI

Whilst the majority of cancellations and terminations are due to the quality of the vehicle, there is a very low cancellation/termination rate against the PCP product itself. Therefore, we are satisfied that the product and its features continue to meet the needs of the target market and works well for consumers.

FINAL COMMENTS & DECLARATION

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OUR FINAL COMMENTS ON FAIR VALUE ASSESSMENTS

Following this review, Marsh Finance Limited are satisfied that the product is delivered to the intended target market and meets the needs and characteristics of the market.

All relevant aspects of vulnerability have been addressed in delivering this product.

Fair profit margins, coupled with low levels of complaints and cancellations evidence that the product is offering fair value to consumers using it.

Relevant information on this assessment has been provided to the distributors of this product, and Marsh Finance Limited will continue to monitor its distribution strategy and arrangements.



DISTRIBUTOR DECLARATION

Following your reading of this document, we kindly request that you sign a declaration to confirm receipt. We would like to ensure that you have fully read and understood the contents of the document before signing the declaration. It is important that you take the time to carefully review the document to ensure that you are aware of all relevant information.

PLEASE CLICK HERE TO SIGN THE DECLARATION





As part of our fair value assessment, Marsh Finance requires you to confirm that:

- You confirm receipt of the manufacturer's product information.
- You further confirm that the product is distributed, by us, to the intended target market as defined by the manufacturer.
- Marsh Finance confirms we will provide the manufacturer with our similar product and service information to enable the manufacturer to continue meeting its obligations to conduct fair value assessments, both periodically and as deemed necessary.

HERE AT EVERY STEP OF THE WAY...

If you have any queries or concerns about the fair value assessment or about the new consumer duty, please do not hesitate to reach out to us. Our team is always on hand to provide you with any information or assistance that you may require.

We believe that open communication and collaboration are key to building strong and lasting partnerships, and we remain fully committed to working with you to ensure that our products and services meet your needs and expectations. - Thank you for your continued support.

Our Team



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