MotoNovo FINANCE

Consumer Duty

Product & services guide

Published April 2023

For Distributor use only and not intended to be shared with customers

MNF00000331

MotoNovo FINANCE

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Contents

Fair value statement 02

Hire Purchase (HP) 13

Personal Contract Purchase (PCP) 15

HP Balloon 18

National Subsidy 20

VAT Assist 22

Product Matrix 25



Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Fair value statement
Overview

This document is intended to help MotoNovo Distributors support consumers in making an informed product selection when choosing a vehicle. The 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.

Summary of our assessment of our regulated products:

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 products provide 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 any fees, charges or other costs you require the customer to pay to you for any products and services you provide that are separate or in addition to the product and services we provide. You are responsible under the Consumer Duty for assessing these products and services. If you believe that the customer is not receiving fair value in respect of these products and services, you must inform us.

Continued →

MotoNovo FINANCE

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

General product information

This document refers to five financial products;

Product	Individual/Corporate
Hire Purchase (HP)	Individual or Corporate
Personal Contract Purchase (PCP)	Individual
HP Balloon	Corporate
National Subsidy	Individual or Corporate
VAT Assist	VAT registered individuals and VAT registered companies

Please click on the tabs to the left to view characteristics and benefits for each individual product.

- All products are designed for new or returning customers subject to the usual approval criteria
- Products are aimed at the used vehicle market however can be used on new vehicles subject to the usual approval criteria
- No products include any maintenance elements



Continued →

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers



Product characteristics & benefits:

- There is no minimum deposit required but a customer can choose to pay a deposit in order to reduce the monthly repayments
- The customer pays back agreed loan amount plus interest over the term agreed at the start of the loan. Monthly payments are fixed and do not change.
- Fixed interest rate at the start of the loan
- The customer agreeing the finance must be the registered keeper and remain in possession of the vehicle during the lifetime of the agreement
- The customer does not own the vehicle until all of the payment commitments (including any option to purchase fees) have been paid
- The customer must keep the vehicle in good, roadworthy order, doing so at their own expense.
- The customer must insure their vehicle on a fully comprehensive basis
- There are restrictions on international travel with vehicles
    - There are limits on the time spent in EU countries and total restrictions beyond that.
- If a payment falls due on a non-UK banking day, it may be collected the previous day
- Vehicles may be repossessed in some circumstances, for example, if a customer does not keep up their monthly payments.
- We may charge late payment fees, for example, if a customer does not make their monthly payment on the due date.
- Customers' ability to get credit elsewhere may be affected if they fail to keep up repayments
- A commission will be paid to the Distributor (with the exception of National Subsidy)
- The customer can make their ownership decision at the end of term

Continued →

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Additional benefits:

As well as the product features, additional benefits of taking out finance through MotoNovo include:

- **MyMotoNovo App;** customers can access their agreement on the go with an online secure dashboard available. Customers can update their personal details, obtain a settlement figure, access exclusive benefits such as Discount Shopping or use our messenger service to discuss their account. For individual consumers only.
- **Discount shopping;** offering MotoNovo customers access to shopping discounts throughout the lifetime of their agreement, from some of the UK's favourite brands and retailers.
- **Quote and Propose;** allows customer to generate a quote, based on factors such as term, length, deposit and annual mileage. Customers can complete an online application which will go straight into our POS system, Nexus2.
- **Nexus2;** our point of sale system (used by most Distributors) providing automation on underwrites and quick decisions. Finance applications can be submitted in minutes, with our paperless proposal and pay-out system. Receive real-time updates, with most customers receiving a proposal decision within minutes.
    - **Self-serve;** an online finance application, which provides customers with the ease and convenience to apply for finance in the comfort of their homes.
- **MotoClick;** our secure e-signature platform that allows customers to sign documents electronically, receiving faster pay-outs. For individual consumers only.



Continued →

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Customer rights that are applicable across all MotoNovo products:

Financing their vehicle through MotoNovo Finance, customers will also benefit from additional rights under the Consumer Credit Act (CCA) 1974:

- **Right to withdraw;** Customers have the right to withdraw from their finance agreement for a period of 14 days after pay-out, paying only daily interest for the days lapsed between pay-out and request to withdraw. The customer has 30 days to repay the amount financed and the daily interest from the day of request.
- **Partial Settlement;** Customers have the right to repay part of the loan early, without a fee/charge, resulting in an interest rebate and reduced monthly instalments or a reduced term (with the same payment).
- **Early Settlement;** Customers have the right to repay the loan early.
- **Termination Rights;** Once a 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 raise complaints about the quality of the vehicle being funded with the lender. We are committed to working with the customer and the supplying Distributor to resolve these complaints in accordance with regulation/rules. (Note: These rights will only apply to CCA-regulated agreements, not unregulated agreements.)



Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Target market assessment & distribution strategy

We offer a range of financial products all with the intention of funding the purchase of motor vehicles.

For our overall proposition there are two target markets:

- Individual customers with a 'prime*' or 'near-prime*' credit rating
- Corporate (VAT registered) customers

The products are distributed by a motor finance Distributor and purchased by the customer directly through either traditional or digital channels.

All of our products are suitable for:

- Customers who wish to spread the cost of their vehicle purchase over a term between 12-60 months (dependent on product selection), that best suits their individual needs.
- UK resident for over 3 years (excluding customers residing in the Channel Islands)
- Customers who have a full driving license (with the exception of agreements written for low CC scooters which can be written for provisional license holders).
- Individuals who are in employment or in receipt of a private pension, investment income or motability/disability benefit.
- Customers aged 18-90
- Taxi and Minibus drivers are subject to additional restrictions

None of our products are suitable for:

- Sub-prime* customers with less than a 'good' credit rating
- Unemployed customers. Exceptions can be made if they are in receipt of a private pension, investment income or motability/disability benefit.
- Customers over the age of 90

For specific product target markets please click on the tabs to the left.

***Prime/Near Prime/Sub-Prime:** These are generic terms for credit ratings. Such 'ratings' are influenced by (but not limited to) historic and recent credit management such as: utilisation of existing credit, missed payments, applications for credit, arrears and homeowner status.

Continued →

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Customers with characteristics of vulnerability

Our product range is designed for 'prime' or 'near-prime' credit UK customers, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

We support customers with long or short term vulnerabilities through offering multiple channels of contact and have a dedicated welfare support team.

- We can make arrangements to speak with a third party representative
- We will signpost to specialist, independent supporting organisations

Distributors should continue to comply with your obligations to ensure that you 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.

We have in place a framework to achieve good outcomes for vulnerable customers.

Customer help & support pack



Continued →

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

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 products. This analysis is used to ascertain whether the products deliver fair value for customers.

The outcomes of the assessment process are presented to the Customer and Conduct Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Customer support & quality

- Customers are offered multiple ways to access support including: general customer questions/ queries website FAQs, email, post or telephone call.
- Specific 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 to provide direction of how and who to support
- Multi-channel access to make changes:
  - Withdrawal from finance (not the vehicle) within the first 14 days (via telephone, email or app) - CCA regulated agreements only.
  - Update personal information via app, email, post or telephone call.
  - Change payment dates via telephone or email
  - Obtain a settlement figure via telephone, chat, Nexus2, email or app.
  - Obtain a partial settlement quote via telephone, email or app.
- Dedicated teams to support with vehicle quality and complaints
- Dedicated welfare support team for vulnerable customers
- Monitored social media channels should customers with to share feedback on social media
- Customers have access to MyMotoNovo, a servicing app via Android and iOS.
- Customers have access to Money Manager, a self-service portal to manage their arrears.
- During the lifetime of the agreement, customers have access to complimentary discount shopping enabling them to save on purchases from a number of brands.

Continued →

Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

Competitor product benchmarking

There are no significant differences in product design for PCP, HP, Rate4Risk and National Subsidy variant products. These products are considered standard, mass market offerings in the motor finance market.

VAT Assist is more specialist in that it offers VAT registered customers an alternative option to purchase an LCV (Light Commercial Vehicle). The initial lower VAT payment deferral allows customers to manage their cash flow.

Distributor support

We offer Distributor signage/materials to make customers aware of finance options.

We provide accurate product information to the Distributor to enable an informed conversation between the Distributor and the customer. The MotoNovo website contains product information which they can refer the customer to in order to support informed decision making.

Account Managers work closely with Distributors to ensure they have the relevant information to best serve customers, including product knowledge, features and benefits.

Distributor training on MotoNovo products is delivered by the applicable Account Manager.

Clarity

Within the Customer Satisfaction Indication (CSI) Survey which customers complete when signing their agreement, customers are asked to rate their satisfaction with different aspects of organising their finance through the Distributor. There are questions asked to understand consumers' opinion of the amount of information and clarity of information provided.

The CSI report is shared with Regional Managers on a monthly basis, and any concerning Distributor trends in relation to low scores are managed with the Distributor through the Account Manager.

Continued →

Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

Costs and limitations

Benefits	Price	Costs	Limitations
Please refer to relevant product section	Maximum APR 19.9%*	↘ **Cost of Funds:** The MNFL cost of lending which is impacted by economic factors. ↘ **Bad Debt:** Portfolio mix assumptions and economic outlook/ market conditions are used to model future performance. ↘ **Overheads:** The costs incurred to operate the business.	↘ The customer taking the finance must be the registered keeper and remain in possession of the vehicle during the lifetime of the agreement. ↘ The customer cannot sell the vehicle until all of the payments have been paid. ↘ The customer does not own the vehicle until all of the payments due including the option to purchase fee have been paid. The customer should keep the vehicle in good and roadworthy condition, doing so at their own expense. ↘ There are restrictions on international travel with vehicles. A customer must not; • take or drive the Vehicle outside the UK to a country within the European Union for a period of more than three consecutive weeks without our prior written consent; • take or drive the Vehicle within the European Union without first having obtained a Green Card issued by the Department for Transport; • take or drive the Vehicle within the European Union without having comprehensive insurance cover for the Vehicle against all risks; and • take or drive the Vehicle outside the European Union ↘ Vehicles may be repossessed in some circumstances, for example, if a customer does not keep up their monthly payments ↘ We may charge late payment fees, for example, if a customer does not make their monthly payment on the due date

*correct at time of review and may be subject to change in the event of material changes to money costs or other external factors

Continued →

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Performance vs expectation

Our product performance is monitored on a monthly basis with volumes, values, complaints and customer demographics all tracked to ensure products perform as intended. Any movement away from this is escalated and addressed as required.

Product oversight and governance

Our product governance oversight sets out the standards that are required to ensure fair value and good customer outcomes.

The product governance process has been created to allow us to critically review new and existing financial services products. Each individual product is monitored on a monthly basis against key metrics. We will also complete a Fair Value Assessment for all products on a regular basis.



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

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Hire Purchase (HP)

Product characteristics & benefits

Characteristics:

- Available on all asset types (cars, LCVs and motorcycles).
- Available over an agreement term of 12 to 60 months (61 months if Pause Month included). Maximum term dependent on the age of the vehicle at inception.
- Available for prime customers
- Minimum advance of £1,500 on cars and LCVs and £1,000 on motorcycles
- Maximum advance of £75,000 (up to £250,000 with mandate permission)
- We buy the vehicle on the customers behalf and own it for the duration of the finance agreement, until all repayments have been made, including any fees.

Benefits:

- Fixed interest rate, so the customer knows exactly what they're paying every month for the term of the loan.
- **Pause Month;** If you have 'Pause Month' activated, your customer's first payment can be up to two months after the start of the agreement. This will extend the term of the loan by an extra month and will incur an additional one month's interest. If your customer does not want the 'Pause Month' option, Distributors can remove the option by calling through to our Dealer Services Team once the loan has been approved and before the customer signed their contractual documentation.
- Customers can choose to settle or part exchange the vehicle at any point or, at the end of the agreement or they can pay the option to purchase fee, and take ownership of the vehicle.
- There is no minimum deposit required but a customer can choose to pay a deposit in order to reduce the monthly repayments
- Limited company customers can;
  - Claim monthly interest (tax deductible interest)
  - Off set wear and tear costs against taxable income
  - Deduct capital allowances from taxable income

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Target market

Suitable for:

- Individual or corporate customers seeking to finance the purchase of a car, LCV or motorcycle.
- 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.
- Customers who like to have an optional or low deposit requirement
- Customers who like to have no mileage restrictions
- Customers who are motivated by vehicle ownership
- Prime customers and corporate customers
- Customers who require an advance amount over £1,500 for cars and LCV, or over £1,000 for motorcycles (this can be variable by Distributor).
- Customers who require an advance amount up to £75,000 (up to £250,000 with mandate permission required)

Not suitable for:

- Sub prime customers with less than a 'good' credit rating
- Advance amounts over £75,000
- Cars over 14 years of age at inception of the agreement, over 10 years of age for LCVs, over 5 years of age for small motorcycles, over 7 years of age for medium motorcycles and over 13 years of age for large motorcycles.
- Cars or LCVs with over 150,000 miles at inception and scooters over 10,000 miles at inception, small motorcycles over 20,000 miles at inception and large motorcycles over 40,000 miles at inception.



Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Personal Contract Purchase (PCP)

Product characteristics & benefits

Characteristics:

- PCP is a form of HP product with the key difference being PCP utilises the guaranteed future value ("GFV") of a vehicle as the customers final balloon payment. This enables customers to benefit from reduced monthly payments when compared to a regular HP agreement.
- Available on cars and motorcycles (not LCVs)
- PCP is available over an agreement term of 36 to 48 months
- Available for prime customers
- Minimum advance of £2,000 on cars and on motorcycles
- Maximum advance of £50,000 (up to £75,000 with mandate permission)
- PCP enables customers to spread the difference between the purchase price and the GFV of a vehicle ("depreciation") equally, over a fixed period.
- The GFV is set at origination by MotoNovo using market valuations based upon a customer's stated annual mileage
- Customers can select the annual mileage between 8,000 - 28,000 miles for cars and between 3,000 - 10,000 for motorcycles, based on their expected usage.
- At the end of the term, when the GFV falls due, the customer can choose to;
    1. Keep the vehicle by paying the GFV and the option to purchase fee
    2. Hand the vehicle back without paying the GFV (other charges may fall due such as excess mileage charges and fair wear and tear)
    3. Part exchange the vehicle via a Distributor (the Distributor pays us the GFV in order to settle any outstanding finance)
- We buy the vehicle on the customers behalf and own it for the duration of the finance agreement, until all repayments have been made, including any fees.

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Benefits:

- Fixed interest rate, so the customer knows exactly what they're paying every month for the term of the loan.
- Financing with a GFV balloon payment at the end of the vehicle results in lower monthly repayments than a standard HP product
- Enables customers to buy a newer vehicle whilst maintaining lower monthly payments
- Customers who have low mileage usage will benefit from lower monthly repayments
- Flexibility with end of agreement options; customers can make their ownership decision at the end of the term.
- There is no minimum deposit required but a customer can choose to pay a deposit in order to reduce the monthly repayments



Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

Target market

Suitable for:

- Individual customers seeking to finance the purchase of a car or motorcycle for personal use only
- Customers who have an awareness of their annual mileage and who are happy to include a mileage restriction as part of their agreement
- Customers who like to change their car fairly regularly
- Customers who are driven by lower monthly payments but understand that they do so by having a balloon payment at the end that they would have to pay in order to take ownership of the vehicle
- Prime customers
- Customers who like to have an optional or low deposit requirement
- Customers who require an advance amount up to £75,000
- Customers who are buying a vehicle up to 5 years old at inception of the agreement

Not suitable for:

- Sub-prime customers with less than a 'good' credit rating
- LCVs
- Limited companies
- Customers with a mileage requirement outside of the defined parameters
- Vehicles over 5 years of age at inception of the agreement



Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

HP Balloon

Product characteristics & benefits

Characteristics:

- This is a HP product with a residual “balloon” payment
- Available on all asset types (cars, LCVs and motorcycles).
- Available over an agreement term of 36 to 48 months
- Available for business customer only (Partnerships & Limited Companies)
- Minimum advance of £5,000 on cars and LCVs
- Maximum advance of £75,000 (potentially more with underwriting consultation).
- We buy the vehicle on the customer's behalf and own it for the duration of the finance agreement, until all repayments have been made, including any fees.

Benefits:

- Fixed interest rate, so the customer knows exactly what they’re paying every month for the term of the loan.
- Limited company customers can;
  - Claim monthly interest (tax deductible interest)
  - Offset wear and tear against taxable income
- Provides businesses with an alternative option to purchase a vehicle, with the balloon payment enabling customers to have lower monthly instalments, allowing customers to manage their cash flow.
- Enables business to choose from a wider selection of vehicles whilst maintaining lower monthly payments
- Customers can choose to part exchange the vehicle at the end of the agreement or they can pay the balloon and any admin fees, and take ownership of the vehicle.
- Dedicated support from our Commercial team

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Target market

Suitable for:

- Corporate customers seeking to finance the purchase of a car, LCV or motorcycle
- Customers who are driven by lower monthly payments but understand that they do so by having a balloon payment at the end that they would have to pay in order to take ownership of the vehicle
- Customers who require an advance amount up to £75,000
- Customers who are buying a car or motorcycle less than 5 years old, or a LCV less than 3 years old, at inception of the agreement.

Not suitable for:

- Non-corporate customers
- Cars and motorcycles over 5 years of age at inception of the agreement and LCV's over 3 years old at inception
- Customers that don't wish to defer any payments until the end of the term



Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

National Subsidy

Product characteristics & benefits

Characteristics:

- This is a HP product where the key difference is that Distributor offers the customer a lower rate than their base rate (e.g. 0%). The difference between the Distributor's base rate and the rate offered to the customer is deducted from the loan advance paid to the Distributor.
- Available on all asset types (cars, LCVs and motorcycles).
- Available over an agreement term of 12 to 60 months (61 months if Pause Month included). Maximum term dependent on the age of the vehicle at inception.
- Available for prime customers
- Minimum advance of £1,500 (cars), £2,000 (LCVs) and £1,000 (motorcycles).
- Maximum advance of £75,000 (potentially more with underwriting consultation)
- We buy the vehicle on the customer's behalf and own it for the duration of the finance agreement, until all repayments have been made, including any fees.

Benefits:

- Fixed monthly payments
- Fixed interest rate, so the customer knows exactly what they're paying every month for the term of the loan
- **Pause Month;** If you have 'Pause Month' activated, your customer's first payment can be up to two months after the start of the agreement. This will extend the term of the loan by an extra month and will incur an additional one month's interest. If your customer does not want the 'Pause Month' option, Distributors can remove the option by calling through to our Dealer Services Team once the loan has been approved and before the customer signed their contractual documentation.
- Customers can choose to part exchange the vehicle at the end of the agreement or they can pay the option to purchase fee, and take ownership of the vehicle.
- There is no minimum deposit required but a customer can choose to pay a deposit in order to reduce the monthly repayments
- Offers a product to consumers who cannot or will not pay interest to still obtain a vehicle on finance

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Target market

Suitable for:

- Individual or corporate customers seeking to finance the purchase of a car, LCV or motorcycle, for personal or business use.
- Customers who can not pay interest charges on their finance agreement; National Subsidy allows the Distributor to offer the customer a lower rate than their base rate (e.g. 0%).
- Customers who like to keep consistent monthly payments with no lump sum payments at the end of the agreement and takes title of the vehicle once all monthly instalments and the option to purchase fee has been paid
- Customers who like to have an optional or low deposit requirement
- Customers who like to have no mileage restrictions
- Customers who are motivated by vehicle ownership
- Prime customers and corporate customers
- Customers who require an advance amount over £1,500 (this can be variable by Distributor)/£1,000 for motorcycles
- Customers who require an advance amount up to £75,000 (potentially more with underwriting consultation)
- National Subsidy is reguarly associated with manufacturer/franchise marketing campaigns

Not suitable for:

- Sub-prime customers with less than a 'good' credit rating
- Vehicles over 14 years of age at inception of the agreement for cars, over 10 years of age for LCVs, over 5 years of age for small motorcycles, over 7 years of age for medium motorcycles and over 13 years of ages for large motorcycles.
- Cars or LCVs with over 150,000 miles at inception and scooters over 10,000 miles at inception, small motorcycles over 20,000 miles at inception and large motorcycles over 40,000 miles at inception.

Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

VAT Assist

Product characteristics & benefits

Characteristics:

- This is a HP product, with the only difference being that the customer can defer the equivalent VAT amount to their third instalment.
- Available on LCVs only
- Available over an agreement term of 12 to 60 months (61 months if Pause Month included. Pause Month is not available for corporate customers). Maximum term dependent on the age of the vehicle at inception
- Available to VAT registered customers only
- Available for prime customers
- Minimum advance of £2,000
- Maximum advance of £24,000 inc VAT (£20,000 advance + £4,000 VAT)
- We buy the vehicle on the customer's behalf and own it for the duration of the finance agreement, until all repayments have been made, including any fees.



Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

Benefits:

- Fixed interest rate, so the customer knows exactly what they're paying every month for the term of the loan.
- **Pause Month;** If you have 'Pause Month' activated, your customer's first payment up to two months after the start of the agreement. This will extend the term of the loan by an extra month and will incur an additional one month's interest. If your customer does not want the 'Pause Month' option, Distributors can remove the option by calling through to our Dealer Services Team once the loan has been approved and before the customer signed their contractual documentation. Pause Month is not available for corporate customers.
- Customers can choose to part exchange the vehicle at the end of the agreement or they can pay the option to purchase fee, and take ownership of the vehicle.
- Customer owns vehicle at the end of the agreement (if they pay option to purchase fee)
- There is no minimum deposit required but a customer can choose to pay a deposit in order to reduce the monthly repayments
- Provides VAT registered customers with an alternative option to purchase a vehicle, with the VAT payment deferral allowing customers to manage their cash flow.
- Deferring the VAT payment enables customer's quarterly VAT rebate to be received, further supporting cash flow for the business.
- Dedicated support from our Commercial team

Target market

Suitable for:

- VAT registered customers and limited companies seeking to finance the purchase of an LCV
- Customers who wish to defer the payment of their VAT deposit, supporting cash flow within a business.
- Customers who would like to take title of the vehicle once all monthly instalments and the option to purchase fee has been paid
- Customers who like to have an optional or low deposit requirement

Contents

Fair value statement

Hire Purchase (HP)

Personal Contract Purchase (PCP)

HP Balloon

National Subsidy

VAT Assist

Product Matrix

For distributor use only and not intended to be shared with customers

- Customers who like to have no mileage restrictions
- Customers who are motivated by vehicle ownership
- Prime customers and corporate customers
- Customers looking to finance an LCV between 0-10 years old
- Customers looking to finance an LCV up to 150,000 miles at inception
- Customers who require an advance amount over £2,000
- Maximum advance of £24,000 inc VAT (£20,000 advance + £4,000 VAT)

Not suitable for:

- Sub-prime customers with less than a 'good' credit rating
- Loan amounts over £24,000 (incl VAT)
- Non-VAT Registered customers
- LCVs over 10 years of age at inception of the agreement
- LCVs with over 150,000 miles at inception



Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

Product Matrix

Cars and motorcycles

	Hire Purchase (HP)	Personal Contract Purchase (PCP)	HP Balloon
Description	A contract between the lender (MotoNovo) and the customer to fund the purchase of a vehicle (asset). The agreement being, that the customer will pay back the loan amount plus interest and certain contracted fees on a monthly basis over a set period. If the customer fails to make the required payments, the vehicle may be re-possessed.	This product allows customers to keep their monthly instalments lower by having a guaranteed future value (GFV) as their "balloon" payment at the end of the agreement. The customer is not obliged to make the final payment. The customer has the option to hand the vehicle back to us to complete the finance agreement.	Our HP product with a residual "balloon" payment that is only available to corporate customers.
Asset	New cars and motorcycles Used cars and motorcycles		
Minimum Advance	£1,500 (Cars) £1,000 (Motorcycles) *Can be variable*	£2,000 (Cars) £2,000 (Motorcycles)	£5,000 (Cars) £3,000 (Motorcycles)
Maximum Advance	£75,000 up to £250,000 (mandate permission required)	£50,000 £75,000 (mandate permission required)	£75,000 up to £100,000 (mandate permission required)
Loan to Value (LTV)	Retail plus up to £1000	120%	95% CAP

Cars and motorcycles continued →
Go to LCV product matrix →

Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

	Hire Purchase (HP)	Personal Contract Purchase (PCP)	HP Balloon
Minimum Term (Months)	12 months	36 months	
Maximum Term (Months)	61 (including a pause month)	48 months	48 months
Maximum Vehicle Age at Inception	14 years (Cars) 13 years (Motorcycles)	5 years	
Maximum Asset Age At End of Contract	15 years	9 years	15 years
Minimum Annual Mileage at inception	N/A	8,000 (Cars) 3,000 (Motorcycles)	8,000 (Cars) 3,000 (Motorcycles)
Maximum Mileage at Inception	150,000 (Car) 40,000 (Motorcycles)	70,000 (Cars) 40,000 (Motorcycles)	70,000 (Cars) 40,000 (Motorcycles)
Maximum Validity Period of Finance Offer	90 Days		
Maximum Guaranteed Future Value (GFV)	Not applicable	85% Residual Value	85% Residual Value

***LTV may vary dependant on product variant and customer credit banding*

Go to LCV product matrix →

Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

Product Matrix

LCVs

	Hire Purchase (HP)	VAT Assist	HP Balloon
Description	A contract between the lender (MotoNovo) and the customer to fund the purchase of a vehicle (asset). The agreement being, that the customer will pay back the loan amount plus interest and certain contracted fees on a monthly basis over a set period. If the customer fails to make the required payments, the vehicle may be re-possessed.	The vehicle can be financed for its full amount on a Distributor's standard HP terms. The only difference being that the customer will not generally need to pay a deposit (although they can). The equivalent of the VAT due is then taken on 3rd instalment as part of the payment plan.	Our HP product with a residual "balloon" payment that is only available to corporate customers.
Asset	New LCVs Used LCVs		
Minimum Advance	£2,000	£2,000	£2,000
Maximum Advance	£75,000 up to £150,000 (mandate permission required)	£24,000 (£20,000 - advance/ £4,000 - VAT)	£75,000 up to £100,000 (mandate permission required)
Loan to Value (LTV)	Valuation + £1,000	120%	110% LTV

LCV continued →

Contents
Fair value statement
Hire Purchase (HP)
Personal Contract Purchase (PCP)
HP Balloon
National Subsidy
VAT Assist
Product Matrix

For distributor use only and not intended to be shared with customers

	Hire Purchase (HP)	VAT Assist	HP Balloon
Minimum Term (Months)	24 (12 months on National Subsidy)		36
Maximum Term (Months)	61 (including a pause month)	61 (including a pause month)* **pause month not available for corporate customers*	48
Maximum Vehicle Age at Inception	10 years		3 years
Maximum Asset Age At End of Contract	13 years		8 years
Minimum Annual Mileage at inception	N/A		12,000
Maximum Mileage at Inception	150,000		50,000
Maximum Validity Period of Finance Offer	90 days		
Maximum Guaranteed Future Value (GFV)	Not applicable		85% (Residual Value)