

Consumer Duty Information Sheet

Unregulated Hire Purchase

Version 1 – April 2023

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

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

1. Summary of our assessment

We've assessed that:

- Our Unregulated Hire Purchase product continues to meet the needs, characteristics and objectives of customers in the identified target market.
- The intended distribution strategy (intermediated via Brokers) remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

2. Product characteristics & benefits

The product is designed to meet the needs of the target group, where key needs are; ability to finance an asset with low upfront costs and pay back in pre-agreed instalments, with flexible early settlement options and the ability to own the asset outright at the end of term. The product features and criteria are designed to support these needs.

Key product features & benefits

Product characteristics	Benefits
Borrow from £25,000	Immediate use or replacement of Business assets
Flexible finance structures with deposits and the option of a final balloon lump sum payment at the end of the agreement	Flexibility allows for working capital to be retained in the business, with no large initial capital outlay
VAT is paid up front, or may be deferred, as well as ability to reclaim (if VAT registered)	
Fixed or variable interest rate payable monthly, quarterly, biannually or annually	Payments to suit customers cashflow and business seasonality, and are spread over useful life of asset
Terms up to 10 years	
Early settlement options available	Opportunity to upgrade assets where required
Ownership transferred to borrower for a nominal fee once the asset has been paid for in full	Enjoy the benefits of ownership

Further details can be accessed on our [product comparison website](#).



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T&Cs will apply, subject to status and affordability. Any asset used as security may be at risk if you do not repay any debt secured on it.

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3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Higher earning individual looking to finance an asset for personal use e.g. a car, through the high net worth or business use exemption arrangements	Available through Intermediary* distribution channels. Where an Intermediary is classed as; a Broker and / or Broker with their Appointed Representative network(s).	<ul style="list-style-type: none"> • Purchase an asset with: <ul style="list-style-type: none"> • Low upfront costs • No additional security required • Flexible repayment structure: <ul style="list-style-type: none"> • Deposit • Fixed or variable interest rate • Seasonal payments • Flexible early settlement options • Option of a final balloon lump sum payment • Benefits of ownership for a nominal fee
Business owner looking to purchase equipment for their business, e.g. light commercial vehicle	The communication channels for intermediaries to transact with Aldermore include; email, phone or via our digital solutions; Asset Backer and Asset Backer Link.	
Individuals and small businesses requiring early settlement flexibility		
* All intermediaries must be approved to the panel to propose business to Asset Finance		

The Product is not designed for customers who:

- Are looking to finance assets under £25,000

4. Customers with characteristics of vulnerability

The Product is designed for numerous borrower types including Individuals, Sole Traders, Small Partnerships and incorporated businesses. These entities are likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Generally speaking, retail consumers are less likely to have a comprehensive understanding of Asset Finance or the market, therefore, they may require additional advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring.

We considered the needs, characteristics and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs and the Distribution channels are fit for purpose.

We have a corporate framework in place to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers.
- Suitable customer service provision and communications.
- Flexible policies, where appropriate, to support vulnerable customers.
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

Intermediaries should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly.

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



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5. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our Product. This analysis is used to ascertain whether the Product delivers fair value for customers.

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

Our fair value assessment has considered the following in determining its outcome:

Benefits	Price	Costs	Limitations
The range of features that the Product provides, the quality of the Product, the level of customer service that is provided and any other features that the Product may offer.	The interest rates, fees and charges customers pay for the Product, comparable market rates, advice fees paid to intermediaries and non-financial costs associated with operating the Product.	The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.	Any limitations on the scope and service we provide or the features of the Product.

Results of our assessment

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

You'll find information sheets on other Aldermore Products on our website [Aldermore.co.uk/consumer-duty](https://www.aldermore.co.uk/consumer-duty).

If you have any questions, please contact your Relationship Manager.

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