

# CONSUMER DUTY FAIR VALUE ASSESSMENT SUMMARY

- HIRE PURCHASE
- PERSONAL CONTRACT PURCHASE
- VALUE ADDED PRODUCT LOAN

04 2023



**BNP PARIBAS**  
PERSONAL FINANCE



# MOTOR FINANCE

✓ HIRE PURCHASE

04 2023



**BNP PARIBAS**  
PERSONAL FINANCE



# Motor Finance – Hire Purchase

---

## Product Complexity & Overview

Hire Purchase is a low complexity loan product secured on a vehicle and repayable over periods of up to 60 months. This product is sold by third party introducers across a variety of formats both online and face to face. Motor finance in the main, is split into 6 key segments which are Top 100, B2C, Broker, Used Independent, Supermarket and Leisure.

The product allows eligible customers to purchase Motor vehicles, using this credit product which offers a fixed term, which carries a definitive end date. After all repayments are made the customer acquires the vehicle once the option to purchase fee has been paid.

Customers can currently obtain interest rates of between 0% APR to 29.9% APR on this product.

Customer journeys are signed off and approved as part of dealer on boarding process and are monitored using the dealer boarding policy. All introducers are FCA registered and will need to adhere to FCA guidelines in order to maintain their own regulated status. The motor products we sell are in line with UK industry standards.

# Motor Finance – Hire Purchase

---

## Main Product Features – ICE vehicles

- Fixed term and payments from 24 to 120 months
- Option to purchase fee included in final monthly payment
- Deposit: Optional
- Min Loan Value: £2,000
- Max Loan Value: £100,000
- Max Mileage at start of agreement – 100,000
- Associated APR – 0% APR to 29.9% APR

## Benefits

- Fixed payment term allows customer to budget for the life of the loan.
- Early Settlement option available either in full or partially.
- Customers will own the vehicle once all payments have been made.
- Halves and thirds regulatory benefit.

## Limitations

- Monthly payments tend to be more expensive than PCP.
- UK Motor market moving predominantly towards PCP.

## Main Product Features – Electric

- Fixed term and payments from 24 to 60 months
- Option to purchase fee included in final monthly payment
- Deposit: Min 10% of loan amount
- Min Loan Value: £2,000
- Max Loan Value: £75,000
- Max Mileage at start of agreement – 60,000
- Associated APR – 0% APR to 29.9% APR

# Motor Finance – Hire Purchase

---

## Customer Communications

Customers are issued a welcome pack upon obtaining a Hire Purchase agreement which contains details of how to contact us and key features and benefits of the agreement including first payment date and confirmation of the customers chosen bank account from which the Direct Debit will be taken. During the lifecycle of a Hire Purchase agreement customers are issued with annual statements to advise the current position of the finance agreement.

## Service Outcomes

- **Phone:** Customers have a dedicated telephone line and route to speak to a BNPP PFUK agent directly about their Hire Purchase agreement. The dedicated customer telephone line also offers customers a digital payment option and the ability to amend their payment due date.
- **Email:** Customers are provided with a customer support email route to contact BNPP PFUK

Customer contact SLAs are in place and regularly monitored to support the customer base who have transacted through our introducers.

BNPP PFUK operate under Creation Consumer Finance and the dedicated Creation website also offers limited accessibility to their account via the website, where details of the Hire Purchase product can also be found.

# Motor Finance – Hire Purchase

---

## Intended Product Target Market

BNPP PFUK provides approved introducers with the Hire Purchase product to distribute across their customer base.

Pre-eligibility requirements are defined as follows;

- No joint applications – single applicant only
- Must be between 18 at inception and no older than 85 years of age at the end of the agreement
- Have a gross annual income of £10,000 or more
- Be able to provide bank account details from the account you want to use for Direct Debit payments.
- Be a UK resident of 3 years or more and able to provide a valid proof of address
- Must have UK Driving Licence (provisional or full)
- Product not available for hire and reward, off road, racing or motorsport of any variety

Credit decisions are made in accordance with BNPP PFUK credit risk policy, fraud rules, regulatory obligations and BNPP PFUK internal acceptance criteria.

# Motor Finance – Hire Purchase

## Expected total price

Product	APR	Interest	Interest Calculation Method	Persistent Debt	Fees	Fee Charge	Option To Purchase Fee	Interest Charged on Fees	Fee Features	Consumer Duty Fair Value
HP	0% - 29.9%	✓	Daily	No	✓	£25	£1 - £10	X	<ul style="list-style-type: none"><li>• Only applicable as a result of late/missed payments or direct debit failure.</li><li>• Maximum of 2 fee charges per rolling 12 months.</li><li>• Maximum of 1 OTP fee per agreement if the customer chooses to retain title of the vehicle.</li></ul>	✓

## Regular Charges and Interest

- Interest charged on a daily basis in line with APR
- Late / Missed Payment Fee
- Direct Debit failure

Whilst there are two types of charges a customer will only face:

- A single £25 charge per month and a maximum of 2 charges per 12 month period
- With no multiple charges

Fees and charges are applied to customers account within the first 30 days of the account falling into arrears / payment missed. All details of charges and fees are set out in the customers credit agreement. BNPP PFUK do not apply administrative charges to the customer for any change of details.

## Last Product Review Date

The last BNPP PFUK product review for the Hire Purchase product took place in January 2021 and is due again in Q3 2023

# MOTOR FINANCE

✓ PERSONAL CONTRACT PURCHASE

04 2023



**BNP PARIBAS**  
PERSONAL FINANCE





# Motor Finance – Personal Contract Purchase

---

## Product Complexity & Overview

Personal Contract Purchase is a low complexity loan product secured on a vehicle and repayable over periods of up to 49 months. This product is typically paid by a number of monthly payments followed by a balloon payment. At the end of the agreement the customer has three options:

- 1) They can settle the outstanding balloon payment
- 2) They can part exchange their vehicle for a new car and the dealer will settle the outstanding finance
- 3) The customer can return the car to the finance company at which point the loan will be settled.

This product is sold by third party introducers across a variety of formats, both online and face to face. Personal Contract Purchase is, in the main, split into 5 key segments which are Top 100, B2C, Broker, Used Independent, Supermarket.

The product allows eligible customers to purchase Motor vehicles using this credit product, which offers a fixed term and which carries a definitive end date. After all repayments are made the customer acquires the vehicle once the balloon payment and option to purchase fee have been paid.

Customers can currently obtain interest rates of between 0% APR to 29.9% APR on this product

Customer journeys are signed off and approved as part of dealer on boarding process and are monitored using the dealer boarding policy. All introducers are FCA registered and will need to adhere to FCA guidelines in order to maintain their own regulated status. The motor products we sell are in line with UK industry standards.

# Motor Finance – Personal Contract Purchase

---

## Main Product Features – ICE vehicles

- Fixed term and payments from 24 to 49 months
- Option to purchase fee included in final balloon payment or settlement figure
- Deposit: Optional but max 35% of loan amount
- Min Loan Value: £2,000
- Max Loan Value: £100,000
- Max Mileage at start of agreement – 80,000
- Max Mileage at end of agreement – 120,000
- Min annual mileage 6,000 miles
- Associated APR – 0% APR to 29.9% APR

## Main Product Features – Electric

- Fixed term and payments from 24 to 49 months
- Option to purchase fee included in final balloon payment or settlement figure
- Deposit: Min 10% of loan amount, max 35% of loan amount
- Min Loan Value: £2,000
- Max Loan Value: £75,000
- Max Mileage at start of agreement – 60,000
- Max Mileage at the end of the agreement – 100,000
- Min annual mileage 6,000 miles
- Associated APR – 0% APR to 29.9% APR

## Benefits

- Fixed payment term allows customer to budget for the life of the loan.
- Early Settlement option available either in full or partially.
- Customers will own the vehicle once all payments have been made.
- Halves and thirds regulatory benefit.
- Monthly payments lower than Hire Purchase.
- Customer has the option to return the vehicle at the end of the agreement.

## Limitations

- Interest charge will be higher on PCP compared to HP for comparable loan periods.
- Currently only available on cars up to 5 years old.
- Customer must confirm annual mileage - excess mileage charges will apply.

# Motor Finance – Personal Contract Purchase

---

## Customer Communications

Customers are issued a welcome pack upon obtaining a Personal Contract Purchase agreement which contains details of how to contact us and key features and benefits of the agreement including first payment date and confirmation of the customers chosen bank account from which the Direct Debit will be taken. During the lifecycle of a Personal Contract Purchase agreement customers are issued with annual statements to advise the current position of the finance agreement which includes a reminder of their annual mileage allowance.

## Service Outcomes

- **Phone:** Customers have a dedicated telephone line and route to speak to a BNPP PFUK agent directly about their Personal Contract purchase agreement. The dedicated customer telephone line also offers customers a digital payment option and the ability to amend their payment due date.
- **Email:** Customers are provided with a customer support email route to contact BNPP PFUK.

Customer contact SLAs are in place and are regularly monitored to support customer base who have transacted through our introducers.

BNPP PFUK operate under Creation Consumer Finance and the dedicated Creation website also offers limited accessibility to their account via the website, where details of the Hire purchase product can also be found.

# Motor Finance – Personal Contract Purchase

---

## Intended Product Target Market

BNPP PFUK provides approved introducers with the Personal Contract Purchase product to distribute across their customer base.

Pre-eligibility requirements are defined as follows;

- No joint applications – single applicant only
- Must be between 18 at inception and no older than 85 years of age at the end of the agreement
- Have a gross annual income of £10,000 or more
- Be able to provide bank account details from the account you want to use for Direct Debit payments.
- Be a UK resident of 3 years or more and able to provide a valid proof of address
- Must have UK Driving Licence (provisional or full)
- PCP available on cars up to 5 years old at inception
- Product not available for hire and reward, off road, racing or motorsport of any variety

Credit decisions are made in accordance with BNPP PFUK credit risk policy, fraud rules, regulatory obligations and BNPP PFUK internal acceptance criteria.

# Motor Finance – Personal Contract Purchase

## Expected Total Price

Product	APR	Interest	Interest Calculation Method	Persistent Debt	Fees	Fee Charge	Option To Purchase Fee	Interest Charged on Fees	Fee Features	Consumer Duty Fair Value
PCP	0% - 29.9%	✓	Daily	No	✓	£25	£1 - £10	X	<ul style="list-style-type: none"> <li>• Only applicable as a result of late/missed payments or direct debit failure.</li> <li>• Maximum of 2 fee charges per rolling 12 months.</li> <li>• Maximum of 1 OTP fee per agreement if the customer chooses to retain title of the vehicle.</li> </ul>	✓

## Regular Charges and Interest

- Interest charged on a daily basis in line with APR
- Late / Missed Payment Fee
- Direct Debit failure

Whilst there are two types of charges a customer will only face:

- A single £25 charge per month and a maximum of 2 charges per 12 month period
- With no multiple charges

Fees and charges are applied to customers account within the first 30 days of the account falling into arrears / payment missed. All details of charges and fees are set out in the customers credit agreement. BNPP PFUK do not apply administrative charges to the customer for any change of details.

If a customer elects to return the vehicle, then they may be liable to an excess mileage charge if they have exceeded their contracted mileage. They may also be liable for any damage on the vehicle as assessed by our independent team in line with BVRLA standards. These charges are determined on a case by case, car by car basis

## Last Product Review Date

The last BNPP PFUK product review for the Purchase contract purchase product took place in January 2021 and is due again in Q3 2023

# MOTOR FINANCE

✓ VALUE ADDED PRODUCT LOAN

04 2023



**BNP PARIBAS**  
PERSONAL FINANCE



# Motor Finance – Value Added Product Loan

---

## Product Complexity & Overview

Value Added Product loans are a low complexity loan product, that typically support the purchase of a vehicle, and are used for products such as Warranty, GAP or the funding of any negative equity. They are an unsecured loan product only available if a secured product (HP/PCP) is already taken, and repayable over periods up to 60 months. This product is sold by third party introducers across a variety of formats both online and face to face. Value Added Products are, in the main, split into 6 key segments which are Top 100, B2C, Broker, Used Independent, Supermarket and Leisure.

The loan allows eligible customers to purchase additional products alongside the purchase of a Motor vehicle using this credit product which offers a fixed term and which carries a definitive end date.

Customers can currently obtain interest rates of between 0% APR to 29.9% APR on this product.

Customer journeys are signed off and approved as part of dealer on boarding process and are monitored using the dealer boarding policy. All introducers are FCA registered and will need to adhere to FCA guidelines in order to maintain their own regulated status. The motor products we sell are in line with UK industry standards.

Proposal systems are optimised to disburse deposits in order to mitigate the need for a Value added product loan.

# Motor Finance – Value Added Product Loan

---

## Main Product Features

- Fixed term and payments from 24 to 60 months
- Deposit: Optional
- Min Loan Value: £295
- Max Loan Value: 20% of the secured agreement value up to a maximum of £5,000
- Associated APR – 0% APR to 29.9% APR

## Benefits

- Fixed payment term allows customers to budget for the life of the loan.
- Early Settlement option available either in full or partially.
- Available at point of sale to support car purchase ancillaries.
- Standalone loan agreement with separate Direct Debit.

## Limitations

- Only available with a secured (PCP/HP) agreement.



# Motor Finance – Value Added Product Loan

---

## Customer Communications

Customers are issued a welcome pack upon obtaining a Value Added Product agreement which contains details of how to contact us and key features and benefits of the agreement, including first payment date and confirmation of the customers chosen bank account from which the Direct Debit will be taken. During the lifecycle of a Value Added Product agreement customers are issued with annual statements to advise the current position of the finance agreement.

## Service Outcomes

- **Phone:** Customers have a dedicated telephone line and route to speak to a BNPP PFUK agent directly about their Value Added Product agreement. The dedicated customer telephone line also offers customers a digital payment option and the ability to amend their payment due date
- **Email:** Customers are provided with a customer support email route to contact BNPP PFUK

Customer contact SLAs are in place and regularly monitored to support customer base who have transacted through our introducers.

BNPP PFUK operate under Creation Consumer Finance and the dedicated Creation website also offers limited accessibility to their account via the website, where details of the Value Added Product agreement can also be found.

# Motor Finance – Value Added Product Loan

---

## Intended Product Target Market

BNPP PFUK provides approved introducers with the Value Added Product agreement to distribute across their customer base.

Pre-eligibility requirements are defined as follows;

- No joint applications – single applicant only.
- Must be between 18 at inception and no older than 85 years of age at the end of the agreement.
- Have a gross annual income of £10,000 or more.
- Be able to provide bank account details from the account you want to use for Direct Debit payments.
- Be a UK resident of 3 years or more and able to provide a valid proof of address.
- Must have UK Driving Licence (provisional or full)
- Product not available for hire and reward, off road, racing or motorsport of any variety.
- Only available with a secured product (HP/PCP).

Credit decisions are made in accordance with BNPP PFUK credit risk policy, fraud rules, regulatory obligations and BNPP PFUK internal acceptance criteria.

# Motor Finance – Value Added Product Loan

## Expected Total Price

Product	APR	Interest	Interest Calculation Method	Persistent Debt	Fees	Fee Charge	Option To Purchase Fee	Interest Charged on Fees	Fee Features	Consumer Duty Fair Value
VAP	0% - 29.9%	✓	Daily	No	✓	£25	n/a	X	<ul style="list-style-type: none"> <li>• Only applicable as a result of late/missed payments or direct debit failure.</li> <li>• Maximum of 2 fee charges per rolling 12 months.</li> </ul>	✓

## Regular Charges and Interest

- Interest charged on a daily basis in line with APR
- Late / Missed Payment Fee
- Direct Debit failure

Whilst there are two types of charges a customer will only face:

- A single £25 charge per month and a maximum of 2 charges per 12 month period
- With no multiple charges

Fees and charges are applied to customers account within the first 30 days of the account falling into arrears / payment missed. All details of charges and fees are set out in the customers credit agreement. BNPP PFUK do not apply administrative charges to the customer for any change of details.

## Last Product Review Date

The last BNPP PFUK product review for the Value Added Product Loan product took place in January 2021 and is due again in Q3 2023