



Regulated Personal Contract Purchase - Product Information Sheet (April 2023)

Section	Comment
Product Name (s)	Personal Contract Purchase (PCP) - Regulated by the Consumer Credit Act 1974
Manufacturer/Owner	MI Vehicle Finance Limited (MIVF)
Product Characteristics	<p>The Product is a hire purchase agreement with an optional final payment (OFP), also known as a ‘balloon’, placed on the vehicle, representing the predicted value at the end of the agreement. The customer has the choice at the end of the agreement of either paying the OFP (along with an option to purchase fee of £1 for legal title transfer) and obtaining title to the vehicle (including for immediate part-exchange) or returning the vehicle.</p> <p>A hire purchase transaction typically involves three parties: the supplier of the vehicle (the dealer); the owner of the vehicle (MIVF) and the hirer of the vehicle (the customer).</p> <p>The customer will choose the vehicle, which is then bought from the dealer by MIVF, who subsequently hires it to the customer under the PCP agreement. During the life of the agreement, ownership of the vehicle resides with MIVF.</p> <p>The product is regulated by the Consumer Credit Act 1974, where different rules apply depending on the value of the agreement and how the agreement is executed:</p> <ul style="list-style-type: none"> • Options to sign on and off trade premises available. • CCA 14-day right to withdraw up to £150,000 where signed on trade premises • CCA five-day right to cancel where between £60,260 and £150,000, and “antecedent negotiations” (under CCA s56) include oral representations by the negotiator (dealer, broker or Mann Island representative) in the presence of the customer (so not distance sold) and the agreement is signed off-trade premises. • Distance Marketing Regs 14-day right to cancel where distance sold and between £60,260 and £150,000.
Key features	<ul style="list-style-type: none"> • Budget management for customer: fixed interest rates, so customers know exactly what they're paying every month for the length of the term. • Customers are able to obtain the vehicle for immediate use, with minimal upfront payment. • Greater certainty for customer — provided payments are properly made when they fall due, the arrangement and the vehicle will not be withdrawn, and the customer won't need to provide ongoing financial information. This removes the uncertainty that exists with other

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	<p>commonly used funding facilities such as overdrafts which are typically 'on-demand' and can be withdrawn by the finance provider at any time.</p> <ul style="list-style-type: none"> • Ease and speed of application and decision process. • Flexible terms. • Flexible deposit, max 40% of the vehicle price but generally lower or no deposit at all, depending on customer profile and value of the vehicle. • Customers don't need to find a large sum up front, but will need to pay a significant OFP in order to purchase the vehicle at the end of the agreement. • OFP structure allows a customer to pay less initially, eg higher price vehicle but with lower monthly repayments than for an equivalent HP. Monthly repayments effectively pay for predicted depreciation of the vehicle plus interest (including interest on the OFP) and the OFP represents the predicted residual value. • Varying OFP amounts to best suit a customer's usage of the vehicle (mileage) eg 10K miles pa. • Differing exit options include pay in full, refinance, hand back, and trade in. • Option to purchase for a nominal amount, but no obligation to buy. • Monthly payments are usually lower than for HP, albeit, like-for-like, overall the cost is higher, as interest also accrues for the duration of the agreement on the OFP, which does not decrease over the term. • Payments (and non-payments) are reported to credit reference agencies. • Additional protection and rights prescribed by the Consumer Credit Act 1974 and Consumer Rights Act: <ul style="list-style-type: none"> • Right to withdraw/cancel. • Protection in relation to satisfactory quality of the vehicle. • Voluntary termination – once paid a half of the total amount payable, customers have the right to return the vehicle and have no liability to make any further payments (subject to condition). • Easy exit – agreement can be settled early by the customer at any time and are entitled to an early settlement rebate. • Repossession – we can't repossess without a court order once customer has paid a third.
Distribution Strategy	<ul style="list-style-type: none"> • UK (including Northern Ireland). • Via MIVF approved and FCA regulated introducers. • Aligned to provide easy access at dealerships for customers.
Target market	<ul style="list-style-type: none"> • Those aged 18 to 75. • Retail customers (individuals) for their own primary use • Business customers (sole traders, partnerships and unincorporated associations). • Those who meet our affordability checks. • Those wanting to spread their repayments.

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	<ul style="list-style-type: none"> • Where an individual purchases a vehicle for their own use (primary). • Those wanting the vehicle for 'reasonable' annual mileage, rather than specialist long distance usage. • Customers residing in UK (including Northern Ireland).
Training/Skills	<ul style="list-style-type: none"> • SAF or equivalent approval for introducers (as applicable). • Understanding of PCP, and similar products eg HP and lease purchase. • FCA regulated firms, with appropriate permissions • Understanding of FCA's Consumer Credit Sourcebook (CONC) and Consumer Credit Act 1974 and other consumer regulations.
Fair Value assessment methodology	<ul style="list-style-type: none"> • We've developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our product. This analysis was used to ascertain whether the product delivers fair value for customers. • The assessment reviewed the benefits, price, costs, and limitations of the product. • A 'cost plus' methodology was used, whereby cost of funds, cost to service and support and our return was used as a baseline, plus: <ul style="list-style-type: none"> • Cost to sell via introducers and assessment of the value added. • Additional costs/fees, including annual service fees and default sums. • Impact on vulnerable customers. • Market pricing. • Features provided and used. • Comparison to other forms of funding a customer could use, such as overdraft, loan or HP, including any limitations. • Risk to MIVF. • Quality of in-life service provided. • Value of support through the lifecycle. • Any non-financial costs to a customer. <p>Our assessment concluded that the Regulated PCP Agreement product continues to deliver fair value for customers in our target market.</p>
Customers with Characteristics of Vulnerability	<p>The product is designed for a target market which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time. We take extra care when dealing with consumers with characteristics of vulnerability (as set out in the rules for the Consumer Duty and in the FCA's Guidance on the fair treatment of vulnerable customers). We're satisfied that due diligence in this area is appropriate, however, we'll continue to review our provision of information and support to affected customers and our forbearance policies and processes in line with the Consumer Duty.</p>

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	Introducers should continue to comply with their obligations to ensure customers in vulnerable circumstances are treated fairly and to ensure good customer outcomes.
Escalation/Contact Point	Your Account Manager.

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