

Chapter 12

Charges

12.1 Application

Who?

12.1.1 **R** This chapter applies to a *firm* in a category listed in column (1) of the table in **MCOB 12.1.2 R** in accordance with column (2) of that table.

12.1.2 **R** This table belongs to **MCOB 12.1.1 R**

(1) Category of firm	(2) Applicable section
<i>mortgage lender</i>	whole chapter except MCOB 12.1.6 R and MCOB 12.7
<i>mortgage adviser</i> <i>mortgage arranger</i>	MCOB 12.1 (except MCOB 12.1.6 R), MCOB 12.2 and MCOB 12.5.2 R
<i>mortgage administrator</i> a <i>firm</i> that was a <i>mortgage lender</i> or <i>mortgage administrator</i> before the sale of a <i>repossessed</i> property	MCOB 12.1 (except MCOB 12.1.6 R), MCOB 12.2, MCOB 12.4 and MCOB 12.5.2 R
<i>home purchase provider</i> <i>home purchase adviser</i> <i>home purchase arranger</i> <i>home purchase administrator</i> a <i>firm</i> that was a <i>home purchase provider</i> or <i>home purchase administrator</i> before the sale of a <i>repossessed</i> property	MCOB 12.1.1 R to MCOB 12.1.3 R and MCOB 12.7
<i>regulated sale and rent back firm</i>	MCOB 12.1.1 R to MCOB 12.1.3 R, MCOB 12.2.1 G and MCOB 12.5
<i>reversion provider</i>	MCOB 12.1, MCOB 12.2 and MCOB 12.5.1 R to MCOB 12.5.3 G
<i>reversion adviser</i> <i>reversion arranger</i> <i>reversion administrator</i> a <i>firm</i> that was a <i>reversion provider</i> or <i>reversion administrator</i> before the termination of a <i>home reversion plan</i>	MCOB 12.1, MCOB 12.2, MCOB 12.5.2 R and MCOB 12.5.3 G

What?

- 12.1.3 **R** This chapter applies where a *firm*:
- (1) *enters into*, or makes a further advance on, a *home finance transaction*; or
 - (2) *administers a home finance transaction*; or
 - (3) *arranges or advises on a home finance transaction* or a variation to the terms of a *home finance transaction*.
- 12.1.4 **R** The *payment shortfall* charges and excessive charges requirements in this chapter will continue to apply to a *firm* after a *regulated mortgage contract* has come to an end following the sale of a *repossessed* property. The excessive charges requirements will continue to apply to a *firm* after a *home reversion plan* has ended. References in this chapter to '*customer*' will include references to a former *customer* as appropriate.
- 12.1.5 **G** The *FCA* will expect a *firm* to ensure that charges made to a *customer* arising from the sale of a *repossessed* property and charges arising in relation to a *sale shortfall* are not excessive and are subject to the same considerations as apply with respect to *payment shortfall* charges under this chapter.
- Charges under regulated mortgage contracts which had previously been regulated credit agreements**
- 12.1.5A **R** The *rules* in ■ MCOB 12.4 (Payment shortfall charges: regulated mortgage contracts) and ■ MCOB 12.5 (Excessive charges: regulated mortgage contracts, home reversion plans and regulated sale and rent back agreements) apply to:
- (1) *second charge regulated mortgage contracts* entered into before 21 March 2016, in relation to charges imposed on a customer for events occurring on or after 21 March 2016; and
 - (2) *regulated mortgage contracts* which are *legacy CCA mortgage contracts* secured by a *first charge legal mortgage*, in relation to charges imposed on a customer for events occurring on or after the earliest of:
 - (a) the date on which the *lender* first acts in compliance or purported compliance with *rules* in the *FCA Handbook* which apply to *regulated mortgage contracts* in respect of the contract;
 - (b) the date from which the *lender* notifies the borrower in writing that it will act in compliance with such *rules* in respect of the contract; and
 - (c) 21 March 2017.
- 12.1.6 **R** This chapter does not apply to a *firm* carrying on *reversion activities* or *regulated sale and rent back activities* in respect of a *customer* acting in his capacity as an *unauthorised reversion provider* or as an *unauthorised SRB agreement provider*.