

Chapter 2

Conduct of business standards: general

2.4 High pressure sales: regulated mortgage contracts, home reversion plans and regulated sale and rent back agreements

Purpose

- 2.4.1 **G** The purpose of this section is to remind *firms* of the relevance of the high level standards in *PRIN*, especially with regard to the use of sales methods that may lead a *customer* to feel pressurised to enter into, or vary, a *regulated mortgage contract, home reversion plan or regulated sale and rent back agreement*.

Fair treatment

- 2.4.2 **G**
- (1) *Principle 6* (Customers' interests) requires that a *firm* must pay due regard to the interests of its *customers* and treat them fairly. This means, for example, that a *firm* should avoid selling practices that commit *customers* (or lead *customers* to believe that they are committed) to any *regulated mortgage contract or home reversion plan* before they have been able to consider the *illustration and offer document*. One such practice might be to present a new *customer* with an *illustration, offer document* and mortgage deed at one time and to require the mortgage deed to be signed on the same occasion (when there is no urgent need to do so).
 - (2) For *regulated sale and rent back agreements*, the *firm* should avoid practices that commit *customers* (or lead *customers* to believe they are committed) to any such agreement before they have been able to consider the information that is required by **■ MCOB 5.9.1 R** (Pre-sale disclosure) and before the expiry of the 14 day cooling-off period as required by **■ MCOB 6.9.4 R** (Written pre-offer document: Stage One).

Information

- 2.4.3 **G** *Principle 7* (Communications with clients) requires that a *firm* must pay due regard to the information needs of its *clients*, and communicate information to them in a way which is clear, fair and not misleading. This means, for example, that a *firm* should avoid giving any *customer* a false impression about the availability of a *regulated mortgage contract, home reversion plan or regulated sale and rent back agreement*, such as describing it as a 'special offer' not available after a certain date unless this is really the case.