

Chapter 3A

Financial promotions and communications with customers



3A.8 Sale and rent back financial promotions

Guidance on fair, clear and not misleading: sale and rent back financial promotions

3A.8.1

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The effect of giving no less prominence to the possible disadvantages than to the benefits associated with a feature will depend on the context of the promotion. The costs, restrictions or conditions relating to a feature, such as any option available, should be detailed for the following non-exhaustive examples:

- (1) where any part of the discount on the market value of the property is to be repaid to the *consumer* after a qualifying period; and
- (2) where a *consumer* is to benefit from shared appreciation in the value of the property.

Ban on SRB leaflet dropping

3A.8.2

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A regulated sale and rent back firm must not communicate an unsolicited financial promotion that relates to a regulated sale and rent back agreement to a potential SRB agreement seller in the form of a leaflet or brochure or similar.

Non-real time financial promotions to customers and advertisements

3A.8.3

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A non-real time financial promotion relating to a regulated sale and rent back agreement and any other advertisement which is issued by a regulated sale and rent back firm that could lead to the conclusion of a regulated sale and rent back agreement, must (unless it is of a kind listed in MCOB 3A.1.9R(1)) contain a risk warning that uses the following wording:

"If you enter into a sale and rent back agreement you are unlikely to get the market value of your home and, as a tenant, may only be able to remain there for a limited period. There may be other options available. Please ask for a key terms statement."

Exploitation of customer

3A.8.4

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A firm must not in any financial promotion of a regulated sale and rent back agreement exploit the vulnerable nature or circumstances of any customer who may be in financial difficulties and at risk of losing his or her home. As such, the firm must avoid using phrases or terms such as "fast sales", "rescue" or "cash quickly" or any other similar expression.

No approval of real time financial promotions of a regulated sale and rent back agreement

3A.8.5

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A firm must not approve a *financial promotion* of a regulated sale and rent back agreement made in the course of a personal visit, telephone conversation or other interactive dialogue.

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