

Chapter 5

Pre-application disclosure

5.1 Application

Who?

5.1.1 **R** Subject to **MCOB 5.1.2A R**, this chapter applies to a *firm* in a category listed in column (1) of the table in **MCOB 5.1.2 R** in accordance with column (2) of that table.

5.1.2 **R** This table belongs to **MCOB 5.1.1 R**

| (1) Category of firm | (2) Applicable section |
|-------------------------------|---|
| <i>mortgage lender</i> | whole chapter except MCOB 5.8 |
| <i>mortgage adviser</i> | |
| <i>mortgage arranger</i> | |
| <i>home purchase provider</i> | MCOB 5.1.1 R to MCOB 5.1.3 R, MCOB 5.1.6 R to MCOB 5.1.8 G, MCOB 5.2, MCOB 5.3 and MCOB 5.8. |
| <i>home purchase adviser</i> | |
| <i>home purchase arranger</i> | MCOB 5.5 and MCOB 5.6 in accordance with MCOB 5.8 |
| <i>reversion provider</i> | see MCOB 9.3 for the application of this chapter |
| <i>reversion adviser</i> | |
| <i>reversion arranger</i> | |
| <i>SRB adviser</i> | MCOB 5.1.1 R to MCOB 5.1.3 R, MCOB 5.2 and MCOB 5.9 |
| <i>SRB agreement provider</i> | MCOB 5.1.1 R to MCOB 5.1.3 R, MCOB 5.2, MCOB 5.9.1 R to MCOB 5.9.2 R (including MCOB 5.9.1A G to MCOB 5.9.1F R), MCOB 5.9.6 R and MCOB 5.9.7G |
| <i>SRB arranger</i> | MCOB 5.1.1 R to MCOB 5.1.3R, MCOB 5.2 and MCOB 5.9 |

5.1.2A **R** This chapter does not apply to a *firm* that is an *MCD mortgage lender* or *MCD mortgage credit intermediary*.

What?

5.1.3 **R** (1) This chapter applies if a *firm*:

(a) *advises a particular customer to enter into, or arranges an execution-only sale in, a home finance transaction; or*

(b) provides information to a *customer* that is specific to the amount to be provided on a particular *home finance transaction*, including information provided in response to a request from a *customer*; or

(c) provides the means for a *customer* to make an application to it; in connection with entering into, or agreeing to enter into, a *home finance transaction* provided by a *home finance provider*, other than an *equity release transaction* or a variation to an existing *home finance transaction*.

(2) In relation to further advances and other variations, ■ MCOB 5 is modified by ■ MCOB 7 (Disclosure at start of contract and after sale), regardless of whether they are variations to an existing *home finance transaction*, or are such that they involve the *customer* entering into a new *home finance transaction*.

(3) In relation to an *equity release transaction*, ■ MCOB 5 is modified by ■ MCOB 9 (Equity release: product disclosure).

5.1.4 **G** The table in ■ MCOB 5.1.5 G shows how the relevant *rules* and *guidance* in ■ MCOB 5.6 apply to certain types of *regulated mortgage contracts*.

5.1.5 **G** This table belongs to **MCOB 5.1.4G**

| Type of mortgage | Requirements that do not apply | Additional or alternative requirements |
|--|---|--|
| Multi-part mortgages | MCOB 5.6.42 R (3) MCOB 5.6.46 R | MCOB 5.6.28 R MCOB 5.6.54 R - MCOB 5.6.57 G |
| Foreign currency mortgages | N/A | MCOB 5.6.127 R - MCOB 5.6.128 R |
| Deferred interest rate mortgages | N/A | MCOB 5.6.132 R |
| Mortgages without a term or regular payment plan | MCOB 5.6.31 R MCOB 5.6.40 R - MCOB 5.6.57 G MCOB 5.6.59 R - MCOB 5.6.65 R | MCOB 5.6.32 R MCOB 5.6.134 R - MCOB 5.6.145 R |
| <i>Retirement interest-only mortgages</i> | MCOB 5.6.31R MCOB 5.6.52R(1) MCOB 5.6.52R(4) MCOB 5.6.140R – MCOB 5.6.145R | MCOB 5.6.32R MCOB 5.6.59R – MCOB 5.6.65R |

5.1.6 **R** In this chapter, references to a *home finance transaction* include, where the context requires, references to arrangements which are capable of becoming a *home finance transaction*.

- 5.1.7 **G** (1) ■ MCOB 5.1.3 R means that this chapter applies where the *customer* can apply to enter into a *home finance transaction*. This includes circumstances where, for example, the means to apply is provided in person, by telephone, through a website or through an application pack sent through the post.
- (2) The effect of this chapter is to require a *customer* to be provided with key information about a *home finance transaction* before he submits an application to a *home finance provider*.
- 5.1.8 **G** [deleted]
- 5.1.9 **G** In relation to a *regulated mortgage contract*, where part of the loan is not a *regulated mortgage contract*, for example it is a linked unsecured loan, the details of this loan can be shown in Section 12 of the *illustration* as an additional feature. It should not be added to the *regulated mortgage contract* loan amount in ■ MCOB 5.6.6 R(2).
- 5.1.10 **G** A *firm* that finds any *rule* in ■ MCOB 5.6 (Content of illustrations) inappropriate for the particular kind of *regulated mortgage contract* that the *mortgage lender* provides will need to seek from the *FCA* a *waiver* of that *rule*, unless another *rule* provides otherwise. ■ SUP 8 contains details of the *waiver* procedure.