

Chapter 7

Disclosure at start of contract
and after sale



7.8 Home purchase plans

7.8 General

Note: The rules in this chapter regarding how a *firm* must provide information required by this section apply (see ■ MCOB 7.3).

Post-sale disclosure

7.8.1 **R** A *firm* that enters into a home purchase plan with a *customer* must ensure that before making the first payment the *customer* is provided with a prominent reminder that the *customer* should check that his right to occupy the property has been properly safeguarded.

7.8.2 **G** A *firm* is reminded of its obligation to ensure that its *customer's* interests are protected to a reasonable standard (see ■ MCOB 2.6A).

Annual statement

7.8.3 **R** A *firm* must provide the *customer* with a statement at least once a year (or, in relation to the first statement, within the first 13 months of the plan term) covering the *home purchase plan* and including information about:

- (1) payments due and made during the period since the last statement (or, where the statement is the first statement, since the *customer* entered into the *home purchase plan*), including:
 - (a) whether the payment is a rental payment or a purchase payment;
 - (b) the applicable rental rate(s);
 - (c) where relevant, the *customer's* beneficial interest in the property;
- (2) the remaining acquisition amount;
- (3) the actual remaining term;
- (4) the ability of the *customer* to terminate it early and sell the property, together with any charges that would apply.

Annual statement - additional content for customers in arrears

7.8.4 **G** If a *firm* uses the annual statement to provide a *customer* with a written statement relating to *arrears*, it will need to include the actual *payment shortfall* in the annual statement (see ■ MCOB 13.5.2 G (4)).

7.8.5 **G** In some circumstances, a *firm* may agree a temporary payment plan with a *customer* that does not involve the customer paying the full amount he owes in each payment period. Where an account in *arrears* is subject to such a payment plan, and the amount that falls due each payment period is greater than the agreed payment, the *firm* will still need to show the payments that were due during the period since the last statement. However, in these circumstances, the *firm* may wish to add information to acknowledge that a temporary payment plan is in place.

Tariff of charges
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7.8.6 **R** A *firm* must include a *tariff of charges* with the annual statement if it has changed since the previous version provided.

Event-driven information
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7.8.7 **G** When a post-sale variation of the *home purchase plan* is proposed or takes place, a *firm* should have regard to the *Principles* (in particular, *Principles 6* and *7*) in determining the action it should take and what information to provide to the *customer*.