

**MORTGAGES: CONDUCT OF BUSINESS SOURCEBOOK (AMENDMENT NO 3)
INSTRUMENT 2006**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the powers listed in Schedule 4 to the Mortgages: Conduct of Business sourcebook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Financial Services and Markets Act 2000.

Commencement

- C. This instrument comes into force on 31 October 2006.

Amendments to the Handbook

- D. The Mortgages: Conduct of Business sourcebook (MCOB) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Mortgages: Conduct of Business Sourcebook (Amendment No 3) Instrument 2006.

By order of the Board
28 September 2006

Annex

Amendments to the Mortgages: Conduct of Business sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

...

- 3.6.3 R (1) ...
- (2) A *non-real time qualifying credit promotion* which includes a comparison or contrast must:
- (a) compare ~~qualifying credit~~ credit meeting the same needs or which is intended for the same purpose;
 - (b) objectively compare one or more material, relevant, verifiable and representative features of ~~the qualifying credit~~ that credit, which may include price;

...

...

- 3.6.5 G In relation to *MCOB 3.6.3R*:
- ...
- (2) if a *non-real time qualifying credit promotion* includes information on the performance of the *firm*, on conditions in the market, interest rates, *APRs* or other *price information* this information should be relevant and recent. *Firms* should therefore avoid including this information in *qualifying credit promotions* which have a long shelf-life, ~~and where the information can become outdated;~~ and without a clear and prominent warning that the information can become outdated; and

...

...

- 3.6.13 R A *non-real time qualifying credit promotion* must, unless *MCOB 3.6.15R* (Transient advertising) applies, prominently contain one or more of the following statements in the circumstances described:
- ...
- (3) in all cases except (1) and (2): 'Your home may be repossessed if you do not keep up repayments on your mortgage.'; or if it refers in whole or in part to *qualifying credit* secured on property which is not the *customer's* home the statement may be amended but only to the extent

necessary in order to reflect that fact.

...

(6) where a *non-real time financial promotion* relates to both *qualifying credit* and credit which is not *qualifying credit* the statements required by (2) or (3) may be modified by replacing ‘mortgage’ with ‘mortgage or any other debt secured on it’.

...

5.6.9 R The amount referred to in *MCOB* 5.6.6R(2) is:

(1) ...

(2) where the *regulated mortgage contract* is a revolving credit agreement such as a secured overdraft or *mortgage credit card*;

(a) (if it provides for an initial drawdown and *linked borrowing facilities* that would allow the *customer* to increase the amount of the loan without any further approval from the *mortgage lender*) the amount of the initial drawdown; or

(b) (in all other cases) the total borrowing that the *firm* is willing to provide under the *regulated mortgage contract*; or

(3) ...

...

5.6.124 R (1) The following words must be prominently displayed in the *illustration*, after the contact details: ‘Your home may be repossessed if you do not keep up repayments on your mortgage’.

(2) If the loan may be secured on property which is not the *customer's* home the statement in (1) may be amended but only to the extent necessary in order to reflect that fact.

...

6.4.4 R The *illustration* provided as part of the *offer document* in accordance with *MCOB* 6.4.1R(1) must meet the requirements of *MCOB* 5.6 (Content of illustrations) with the following modifications:

...

~~(10) details of insurance which the *customer* has chosen to take out through the *firm*, whether or not this insurance was included in the *illustration* provided in accordance with *MCOB* 5 (Pre-application disclosure), must be included in Section 9 of the *illustration* that is part of the *offer document*;~~[deleted]

...

...

7.5.1 R Subject to *MCOB 7.5.2R*, 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):

...

...

7.6.27 R ~~For the purposes of *MCOB 7.6.22R*, *MCOB 5.6.17R* is replaced with the following;~~

~~"Section 2: 'Which service are we providing you with?'~~

~~Under the section heading 'Which service are we providing you with?' the following text should be included:~~

~~'We are providing you with an illustration for the [addition/removal] of [a party/parties] to this mortgage. You must make your own choice about whether changing the parties to this mortgage is right for you.' [deleted]~~

...

9.4.13 R The amount referred to in *MCOB 9.4.6R(2)* is:

(1) ...

(2) where the *regulated lifetime mortgage contract* is a revolving credit agreement such as a secured overdraft or *mortgage credit card*;

(a) (if it provides for an initial drawdown and linked borrowing facilities that would allow the *customer* to increase the amount of the loan without any further approval from the *mortgage lender*) the amount of the initial drawdown; or

(b) (in all other cases) the total borrowing that the *firm* is willing to provide under the *regulated lifetime mortgage contract*; or

(3) ...

...

9.5.4 R The *illustration* provided as part of the *offer document* in accordance with *MCOB 6.4.1R(1)* must meet the requirements of *MCOB 9.4*, with the following modifications:

...

(9) ~~details of insurance which the *customer* has chosen to take out through the *firm*, whether or not this insurance was included in the *illustration* provided in accordance with *MCOB 9*, must be included in Section 12 of the *illustration* that is part of the *offer document*;~~[deleted]

...

...

Addition or removal of a party to a contract

9.8.8 R For the purposes of *MCOB 7.6.22R*, *MCOB 9.4.19R* is replaced with the following:

~~"Section 2: 'Which service are we providing you with?'~~

~~Under the section heading 'Which service are we providing you with?' the following text should be included:~~

~~"We are providing you with an illustration for the addition/removal of a party/parties to this lifetime mortgage. You must make your own choice about whether changing the parties to this lifetime mortgage is right for you.";~~[deleted]

MCOB TP 1

MCOB Transitional Provisions

1 Transitional Provisions

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...
<u>9</u>	<u><i>MCOB 5.6.9R</i></u> and <u><i>MCOB 9.4.13R</i></u>	<u>R</u>	<u>A <i>firm</i> may continue to comply with <i>MCOB 5.6.9R</i> and <i>MCOB 9.4.13R</i> as they applied before amendment by the <i>Mortgages: Conduct of Business Sourcebook (Amendment No 3) Instrument 2006</i></u>	<u>31 October 2006 to 31 October 2007</u>	<u>31 October 2006</u>