

Chapter 12

Charges



12.1 Application

Who?

12.1.1 **R** This chapter applies to a *firm* in a category listed in column (1) of the table in **MCOB 12.1.2 R** in accordance with column (2) of that table.

12.1.2 **R** This table belongs to **MCOB 12.1.1 R**

(1) Category of firm	(2) Applicable section
<i>mortgage lender</i>	whole chapter except MCOB 12.1.6 R and MCOB 12.7
<i>mortgage adviser</i> <i>mortgage arranger</i>	MCOB 12.1 (except MCOB 12.1.6 R), MCOB 12.2 and MCOB 12.5.2 R
<i>mortgage administrator</i> <i>a firm that was a mortgage lender or mortgage administrator before the sale of a repossessed property</i>	MCOB 12.1 (except MCOB 12.1.6 R), MCOB 12.2, MCOB 12.4 and MCOB 12.5.2 R
<i>home purchase provider</i> <i>home purchase adviser</i> <i>home purchase arranger</i> <i>home purchase administrator</i> <i>a firm that was a home purchase provider or home purchase administrator before the sale of a repossessed property</i>	MCOB 12.1.1 R to MCOB 12.1.3 R and MCOB 12.7
<i>regulated sale and rent back firm</i>	MCOB 12.1.1 R to MCOB 12.1.3 R, MCOB 12.2.1 G and MCOB 12.5
<i>reversion provider</i>	MCOB 12.1, MCOB 12.2 and MCOB 12.5.1 R to MCOB 12.5.3 G
<i>reversion adviser</i> <i>reversion arranger</i> <i>reversion administrator</i> <i>a firm that was a reversion provider or reversion administrator before the termination of a home reversion plan</i>	MCOB 12.1, MCOB 12.2, MCOB 12.5.2 R and MCOB 12.5.3 G

		What?
12.1.3	R	<p>This chapter applies where a <i>firm</i>:</p> <ul style="list-style-type: none"> (1) <i>enters into</i>, or makes a further advance on, a <i>home finance transaction</i>; or (2) <i>administers a home finance transaction</i>; or (3) <i>arranges or advises on a home finance transaction</i> or a variation to the terms of a <i>home finance transaction</i>.
12.1.4	R	<p>The <i>payment shortfall</i> charges and excessive charges requirements in this chapter will continue to apply to a <i>firm</i> after a <i>regulated mortgage contract</i> has come to an end following the sale of a <i>repossessed</i> property. The excessive charges requirements will continue to apply to a <i>firm</i> after a <i>home reversion plan</i> has ended. References in this chapter to '<i>customer</i>' will include references to a former <i>customer</i> as appropriate.</p>
12.1.5	G	<p>The <i>FCA</i> will expect a <i>firm</i> to ensure that charges made to a <i>customer</i> arising from the sale of a <i>repossessed</i> property and charges arising in relation to a <i>sale shortfall</i> are not excessive and are subject to the same considerations as apply with respect to <i>payment shortfall</i> charges under this chapter.</p>
		<p>Charges under regulated mortgage contracts which had previously been regulated credit agreements</p>
12.1.5A	R	<p>The <i>rules</i> in ■ MCOB 12.4 (Payment shortfall charges: regulated mortgage contracts) and ■ MCOB 12.5 (Excessive charges: regulated mortgage contracts, home reversion plans and regulated sale and rent back agreements) apply to:</p> <ul style="list-style-type: none"> (1) <i>second charge regulated mortgage contracts</i> entered into before 21 March 2016, in relation to charges imposed on a customer for events occurring on or after 21 March 2016; and (2) <i>regulated mortgage contracts</i> which are <i>legacy CCA mortgage contracts</i> secured by a <i>first charge legal mortgage</i>, in relation to charges imposed on a customer for events occurring on or after the earliest of: <ul style="list-style-type: none"> (a) the date on which the <i>lender</i> first acts in compliance or purported compliance with <i>rules</i> in the <i>FCA Handbook</i> which apply to <i>regulated mortgage contracts</i> in respect of the contract; (b) the date from which the <i>lender</i> notifies the borrower in writing that it will act in compliance with such <i>rules</i> in respect of the contract; and (c) 21 March 2017.
12.1.6	R	<p>This chapter does not apply to a <i>firm</i> carrying on <i>reversion activities</i> or <i>regulated sale and rent back activities</i> in respect of a <i>customer</i> acting in his capacity as an <i>unauthorised reversion provider</i> or as an <i>unauthorised SRB agreement provider</i>.</p>