

# Chapter 12

## Charges



**12.5 Excessive charges: regulated mortgage contracts, home reversion plans and regulated sale and rent back agreements**

- 12.5.1** **R** *A firm must ensure that any regulated mortgage contract, home reversion plan or regulated sale and rent back agreement that it enters into does not impose, and cannot be used to impose, excessive charges upon a customer.*
- 12.5.2** **R** *A firm must ensure that its charges to a customer in connection with the firm entering into, making a further advance or further release on, administering, arranging or advising on a regulated mortgage contract, home reversion plan or regulated sale and rent back agreement, or arranging or advising on a variation to the terms of a regulated mortgage contract, home reversion plan or regulated sale and rent back agreement are not excessive.*
- 12.5.3** **G** When determining whether a charge is excessive, a *firm* should consider:

  - (1) the amount of its charges for the services or products in question compared with charges for similar products or services on the market;
  - (2) the degree to which the charges are an abuse of the trust that the *customer* has placed in the *firm*; and
  - (3) the nature and extent of the disclosure of the charges to the *customer*.
- 12.5.4** **G** *Mortgage lenders* are also subject to requirements relating to responsible lending (see ■ MCOB 11).
- 12.5.5** **R** *A second charge lender* may only charge interest on charges applied to a *customer* for breach of a *second charge regulated mortgage contract* if the interest is simple interest.