

Chapter 3A

Financial promotions and communications with customers

		<div>3A.2</div> <div>The fair, clear and not misleading rules</div>
		<div>Fair, clear and not misleading communications</div>
3A.2.1	R	<div><div>(1) When a <i>firm</i> communicates information to a <i>customer</i>, it must take reasonable steps to do so in a way that is fair, clear and not misleading.</div><div>(2) A <i>firm</i> must be able to show that it has taken reasonable steps to ensure that any <i>illustration</i> or <i>ESIS</i> is fair, clear and not misleading.</div></div>
3A.2.2	G	<div>The purpose of ■ MCOB 3A.2.1R is to restate, in a slightly amended form and as a separate <i>rule</i>, the part of <i>Principle 7</i> (Communications with clients) that relates to communication of information.</div>
3A.2.2A	G	<div>A <i>firm</i> is reminded of its obligations under ■ ESG 4.3.1R when it <i>communicates</i> or <i>approves</i> a <i>financial promotion</i> that references the <i>sustainability characteristics</i> of a product or service.</div>
		<div>Communications to customers with different addresses</div>
3A.2.3	G	<div><div>Where:</div><div><div>(1) there are two or more <i>customers</i> or prospective <i>customers</i> in relation to the same <i>home finance transaction</i>;</div><div>(2) a rule in <i>MCOB</i> requires the provision of information to such <i>customers</i>; and</div><div>(3) the <i>customers</i> have different addresses</div></div><div>a <i>firm</i> should send the information to each address. If the <i>customers</i> share the same address, it will be sufficient to send a single copy of the information addressed to each of the <i>customers</i>.</div></div>
		<div>Fair, clear and not misleading financial promotions</div>
3A.2.4	R	<div>(1) A <i>firm</i> communicating or approving a <i>non-real time financial promotion</i> of <i>qualifying credit</i> other than in (2), for a <i>home reversion plan</i> or a <i>regulated sale and rent back agreement</i> must be able to show that it has taken reasonable steps to ensure that the <i>non-real time financial promotion</i> is fair, clear and not misleading.</div>

- (2) A firm communicating a financial promotion, or approving a non-real time financial promotion in relation to an MCD regulated mortgage contract must ensure that it:
 - (a) is fair, clear and not misleading; and
 - (b) in particular, does not contain wording that may create false expectations for a consumer regarding the availability or the cost of a credit.

[Note: article 10 of the MCD]

Fair, clear and not misleading rule: approval of home purchase plan financial promotions

3A.2.5

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A firm which approves a financial promotion of a home purchase plan must take reasonable steps to ensure that the financial promotion is fair, clear and not misleading.

Restrictions on use of terms

3A.2.6

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Any communication, including a non-real time financial promotion, must describe:

- (1) any early repayment charge as an “early repayment charge” and not use any other expression to describe such charges;
- (2) any higher lending charge as a “higher lending charge” and not use any other expression to describe such charges;
- (3) any lifetime mortgage as a “lifetime mortgage” and not use any other expression to describe such a mortgage;
- (4) any home reversion plan as a “home reversion plan” and not use any other expression to describe it; and
- (5) any regulated sale and rent back agreement as a “sale and rent back agreement” and not use any other expression such as “equity release” to describe it.