

# Complete<sup>FS</sup>

Best Practice & Code of Conduct



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### Introduction to our Code

#### **(a) Purpose of this Statement**

1.1 This statement is intended to commit Complete FS to adopt the principles and practices set out by this code herein.

1.2 The packager industry comprises those firms who have entered into agreements with Lenders to undertake actions, tasks and other administrative processes to affect the introduction of business by their agent brokers to the same Lenders. This will usually be in connection with loans or mortgages secured by a legal charge on residential property. The activities of the Lenders and Brokers will constitute regulated mortgage activity as set out by the Financial Conduct Authority and the activities of the Packager will not be activities consistent with regulated mortgage activity.

1.3 The main purpose of this Statement is to address the limits and boundaries of acceptable "Complete FS" practice and how the respective parties should conduct themselves "inter se".

This code is not to supersede or over-write any commercial contracts between lenders and packagers, or packagers and brokers.

#### **(b) Background**

1.4 It has been agreed that all employees of Complete FS have a common goal: to deliver an effective mortgage product together with related contracts for consumers that delivers appropriate protection and has terms and conditions that support all parties to the contract. This should incorporate the principles of being transparent, treating all customers fairly, affordability and responsible lending/borrowing, promoting financial capability and consumer protection. No pricing or profitability discussions have taken place.

1.5 This Statement is a voluntary one, and is based on the parties' understandings of the requirements of the Consumer Protection from Unfair Trading Regulations 2007; the Financial Conduct Authority – High Level Standards and Mortgage Conduct of Business Rules, The Consumer Credit Act 1974 and its subsequent amendments.

1.6 The need for Complete FS to act fairly is central to an efficient retail financial services market and to the strengthening of consumers' confidence in it. This statement will not seek to set fixed prices for financial products, nor influence commercial contracts between Complete FS, its Network Partners or Lender Agencies. Firms can freely vary the amount they charge for products and other services. However, the Regulations require that any mortgage product and the terms of that mortgage product together with any related contracts be fair. If they are not fair they cannot be applied to the consumer.

#### **(c) Scope and status of this Statement**

1.7 It is intended that the representatives of Lenders in the mortgage industry who use Complete FS should be invited to approve and commit to this statement. Similarly, the representatives of Brokers should be invited to approve and commit to this statement. It is hoped that this Statement should be given due regard by the FCA, the OFT and the FOS in measuring the behaviour of firms and in assessing whether consumers are being dealt with appropriately.

1.8 The following paragraphs set out what are considered to be basic principles applicable to the arranging of mortgage contracts via Complete FS and the respective responsibilities of Lender and Brokers, together with their customers.

### Best practice - Basic principles

#### General

2.1 All parties will at all times act with the utmost integrity and comply with the principles, spirit and letter of the wider regulatory framework in which they operate. As far as is reasonably practical, all parties will attempt to ensure that all information gathered from customers and passed between parties is correct, accurate and complete. All parties must be transparent in their dealings at all times and hold the relevant Data Protection cover.

2.2 Complete FS employees must not explicitly or by implication support any improper or illegal activity by themselves or another party.

2.3 Complete FS employees will not act in any way liable to bring the industry or its fellow Complete FS employee into disrepute.

2.4 Complete FS directors will undertake to maintain the required liquidity, capital and financial control requirements consistent with their business activities and maintain Professional Indemnity Insurance covering the key risks in their business.

2.5 Any Lender or Broker who becomes a signatory to the Code acknowledges that it is responsible for its own business activities and for maintaining adherence to all regulatory or legislative standards.

2.6 Any party to the code can withdraw by giving 30 days written notice of its intention to withdraw.

2.7 This Code is intended to deliver outcomes which protect customers and embrace the principles set out in "Treating Customers Fairly".

2.8 Complete FS must maintain complaint handling policies and procedures, which are consistent with those set out in FCA rules.

2.9 Complete FS will support the broad principles of regulation

2.10 Complete FS must have established policies to handle and manage any conflicts of interest that may arise.

### Best practice - Basic principles for Packagers

#### **2.11 Referral processes**

Any advertising of Complete FS packager services will be accurate, clear, fair and not misleading. Firms should consider the likely outcome of business arising from advertisements and ensure compliance with the relevant FCA promotions or OFT advertising guidelines.

Ownership of the customer remains with the Broker at all times. Complete FS will not make proactive contact with the customer.

Intermediaries should only undertake activity on behalf of Brokers who have accepted the Complete FS terms and conditions.

#### **2.12 Credit Searches**

The use of Lender licenses for searches is a privilege afforded by the industry and must be used accordingly. In having access to this data, Complete FS is the outsourced function of the Lender. Lender only data must not be disclosed to third parties.

#### **2.13 Valuations**

Complete FS will be, where instructed by the lender, be subject to intermediary instructions and collection of the appropriate fees, instruct the required valuation report from a qualified valuation firm on the approved panel of the chosen lender. Complete FS will read the report and advise any matters, which are outside of the lender's normal criteria, to the introducing intermediary as quickly as possible. Complete FS will also ensure that the report is consistent with the needs of the lender's criteria.

Where re-types or change of lenders are required, all parties to the transaction are to be made aware as soon as is practically possible.

#### **2.14 Exclusive / Semi-Exclusive Products**

It is the responsibility of Complete FS to take all reasonable steps to ensure that any exclusive or semi-exclusive products are accurately marketed and where appropriate, pre approved by the lender.

### Best practice - Basic principles for Packagers

#### **2.15 Product Selection**

In providing support to the Brokers in selecting and recommending the most appropriate product for a customer, Complete FS is not liable for any information provided (subject to the paragraph below) and the Broker retains full responsibility for any advice or information then passed to the customer.

Notwithstanding the above, Complete FS must take all reasonable steps and apply normal commercial care and diligence in its operations to ensure accuracy.

Complete FS must ensure they have sufficient controls in place to ensure that their staff do not provide advice and that they ensure the Broker is aware of their responsibilities.

Where the options available for the customer are limited Complete FS must make this clear to the broker.

#### **2.16 Paperwork and Application Completion**

Complete FS members must take all reasonable steps to verify the accuracy of all customer information provided in support of a mortgage application. All information must be passed to Lenders without addition or alteration. All original and supporting documentation must be provided upon request.

Complete FS members must prepare and submit cases to Lenders in accordance with the agreed Lender contract, exercising appropriate skill, care and diligence, including observing good industry practice and money laundering regulations.

#### **2.17 KFI and Offer Documentation (Responsibilities and Delivery)**

The broker will always be responsible for the completeness and accuracy and retain responsibility for advice or recommendation of the KFI and any supporting documents.

Where Complete FS is responsible for the delivery of offer documentation they must take all reasonable steps to ensure its completeness and accuracy.

#### **2.18 T&C Arrangements For Staff**

Complete FS will maintain appropriate Training and Competence records for its management and staff that evidence how they assess and attain competence and how that competence is maintained and measured.

### Best practice - Basic principles for Packagers

#### 2.19 Fee and Commission Disclosure

The broker is responsible for ensuring the inclusion of all fees and commissions in any documentation to the customer. Complete FS should ensure where possible that these are on the lenders offer. The following is not an inclusive list but might comprise, Credit Search fees, Property Search fees, Solicitors fees, Valuation fees, and the commissions paid to both Complete FS and brokers from solicitors, valuers and lenders. The broker as the agent of the customer should ensure that the customer is advised of all commissions in the chain and disclose these to the customer in a way that is timely, clear, fair and not misleading.

Complete FS will aim to pay all reconciled fees due to brokers within fourteen working days of receipt from the lender, net of any disputed or indemnity reclaimed amounts.

#### 2.20 Record Keeping

Complete FS, Brokers, and Lender firms will maintain appropriate records of Personnel, Products, Literature, applications and related documentation, computer records and authorities and make these available for review by any appropriately authorised individual or firm, for as long as the contractual arrangements between them demand. They may also hold case data for management information and fraud prevention purposes.

#### 2.21 Treating Customers Fairly

Complete FS will adhere to the principle of treating customers fairly and ensure that they can provide detailed evidence to support the needs of Lenders and Brokers in evidencing to the FCA that they are delivering fair outcomes for consumers.

#### 2.22 Exchange of Management Information

There should be a regular exchange of Management Information between Complete FS and lenders to ensure that standards are maintained.

##### **The data should include as a minimum:-**

- Submission to completion rates
- Business mix – BTL/FTB/remo/short term
- AIP rates
- First time offer rates
- Not proceeded with
- Volume and value lender spread
- Complaints

#### 2.23 Monitoring of the Code

Upon launching the code and thereafter at annual intervals, Complete FS will certify in a form prescribed that they are adhering to the terms of the Code of Practice

This certification will comprise a schedule of “practices” that will be determined periodically. Complete FS principals will sign confirmation of adherence and this will allow other market participants, including brokers and lenders, to monitor that firms are complying with the Code and their stated adherence to its principles and practice.

### Practical application of the basic principles

#### **(a) Implications of Statement**

3.1 The Financial Conduct Authority has indicated that they do not see the “packaging” element of the industry as undertaking regulated mortgage activity. The purpose of this Code is to delineate the boundaries between regulated mortgage activity and “packaging”.

3.2 It is intended that Complete FS will seek FCA confirmation of this Statement and this should be recognised by them as being an appropriate Statement of Good Practice. Complete FS will also seek confirmation from FOS that they deem this to be an appropriate statement that they will recognise in undertaking their responsibilities. This Statement should be reflected in any regulatory revisions planned.

3.3 Should FOS receive a complaint on any matter involving the activities undertaken by a firm who are bound by this Code, it should determine it by reference to what is, in its opinion, fair and reasonable in all the circumstances of the case. In considering what is fair and reasonable in all the circumstances of the case, the FOS should take into account the relevant law, regulations, regulators’ rules and guidance and standards, relevant codes of practice and, where appropriate, what it considers to have been good industry practice at the relevant time, including this Code.

3.4 Complete FS adheres to the practices as described in this code.

3.5 Given the risk of information asymmetry between the Lender/Complete FS/Broker and customer, it is incumbent on the Lender/Complete FS/Broker to demonstrate that they have undertaken all reasonable steps to ensure that all parties understands the contracts they are entering into.

#### **(b) The Burden of Responsibility on Customers (Caveat Emptor)**

3.6 Whilst Complete FS, Lenders and brokers should act responsibly in meeting the requirements of this statement, this is not to the exclusion of consumers having a responsibility to provide information requested, be aware of the limitations and exclusions they are advised of and to read the documentation submitted to them.

### The way forward

#### **(a) Past Customers**

This Statement does not apply retrospectively. Any contract or claim should operate against the regulations, rules and market conditions that prevailed at the time that any business or contract was completed.

#### **(b) Future Customers**

We expect Packagers to operate to reflect the requirements set out in this Statement as soon as their business models can be amended to reflect its content.

#### **(c) Review of the Code**

This code and subsequent amendments will be owned by Complete FS, who will use its Board to approve the Code and any subsequent amendments. The Board will take due account of input from its Packager Taskforce or any subsequent body it appoints to advise it on the Code. The Code will be reviewed periodically, but not less than annually.

#### **(d) What it Means**

**E**thical code of conduct

**Q**uality and focused accuracy in everything we say and do

**U**nderwriting expertise

**I**nnovative Lending Solutions, with diverse and exclusive lending products

**S**upporting Borrowers, Regulators, Lenders and Intermediaries

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