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Chapter 15: Agreements Secured on Land - Summary

# Overview

This chapter establishes specific requirements for firms engaged in consumer credit lending and credit broking for credit agreements secured on land. It supplements general CONC rules with additional protections for customers entering into secured lending arrangements, emphasizing transparency, customer understanding, and fair treatment throughout the lending process.

# Key Points and Main Findings

## Application and Scope

* Applies to firms conducting consumer credit lending for regulated credit agreements secured on land
* Applies to firms engaged in credit broking for land-secured credit agreements
* Works in conjunction with other CONC chapters (particularly CONC 7 for arrears/default/recovery)
* Excludes certain arranging/introducing activities for investment property loans, regulated mortgages, and home purchase plans

## Pre-Agreement Disclosure Requirements

* Firms must disclose key contract terms and conditions before agreement execution
* Must highlight features carrying particular risks to customers
* Required to explain consequences of missed/underpayments including:  
    
  Default charges  
  Risk of home repossession  
  Impact on credit record  
  Future credit availability issues
* Default charges
* Risk of home repossession
* Impact on credit record
* Future credit availability issues
* Must clarify circumstances when rates/charges may change
* Off-premises visit purposes must be clearly stated in advance
* Default charges
* Risk of home repossession
* Impact on credit record
* Future credit availability issues

## Customer Understanding and Protection

* Firms cannot proceed if they suspect customer doesn't understand material obligations/risks
* Must encourage customers to:  
    
  Read all documentation carefully  
  Seek independent advice  
  Take adequate time to obtain advice
* Read all documentation carefully
* Seek independent advice
* Take adequate time to obtain advice
* Oral explanations should supplement written disclosures where appropriate
* Must conduct creditworthiness assessments (per CONC 5.2A)
* Read all documentation carefully
* Seek independent advice
* Take adequate time to obtain advice

## Fees, Charges, and Variations

* All fees and charges must be clearly explained in the credit agreement and related materials
* Variable rate changes must:  
    
  Be explained before agreement  
  Only recover genuine cost increases  
  Be communicated before implementation
* Be explained before agreement
* Only recover genuine cost increases
* Be communicated before implementation
* Early repayment charges must be fair, reasonable, and reflect necessary costs
* Partial early capital repayments must be permitted
* Be explained before agreement
* Only recover genuine cost increases
* Be communicated before implementation

## Post-Sale Requirements

* Customers must be promptly notified of any shortfall following property sale

# Important Details and Conclusions

The chapter emphasizes consumer protection through mandatory transparency and understanding verification before secured lending agreements are finalized. Firms must balance commercial interests with duties to ensure customers fully comprehend the risks of secured borrowing, particularly home repossession risks. The requirements create a framework where informed consent is paramount, with firms bearing responsibility to verify customer understanding rather than merely providing information. The provisions for variable rates and early repayment ensure ongoing fairness throughout the agreement lifecycle, while post-sale notification requirements protect customers even after property disposition.