

MMR online survey FAQs

Background

Question	Answer
Why are you conducting this survey?	We last tracked your progress in May 2013. As part of our seven-point implementation plan we committed to tracking your readiness a second time. We would like an update on how far you have got in planning for and implementing the MMR, as well as find out whether any further information might be useful for you.
Who are you asking to complete the survey?	All firms authorised for regulated home finance activities. The only exceptions are home reversion providers due to the size of the market.

General questions

Question	Answer
How many times will I need to complete the survey?	This will be the last MMR implementation survey.
Is the survey compulsory?	No. But we strongly encourage firms to complete the survey as it will help us understand where we can provide further information in the pre-implementation period and enable us to track progress.
How will I benefit from completing the survey?	<p>We will ask you if there are any areas where you need more information and we will use the results of the survey to help inform the final steps of our implementation strategy.</p> <p>While ultimate responsibility for the successful implementation of the MMR within your firm remains with your senior management, we will try to support you as much as possible in the pre-implementation period.</p>
I plan on changing my business model before 26 April 2014 and so the activities I undertake now will be different. How do I answer the survey?	We are asking firms to complete the survey based on the regulated activities they will be conducting after 26 April 2014 and we expect them to be planning accordingly.

	<p>You should provide your answers based on the activities you will conduct after 26 April 2014. For example, if you do not plan to offer advice post-implementation, you should state 'n/a' in your response.</p> <p>You should also be considering whether you need to vary your Part 4A permission and allow sufficient time to make any application. If you will not require all or some of your home finance-related activities then you should consider removing these.</p>
Do you expect me to be ready for implementation at the time of this second survey?	<p>No. However, you should have planned for implementation, but we do not expect you to be ready. You may choose to implement some elements early (e.g. income verification), but some elements (e.g. execution-only) cannot be implemented early.</p> <p>We would like larger firms to be testing new systems early next year and training staff soon after.</p>
Can my compliance consultant help me complete the survey?	<p>You can get support from a compliance consultant. However, an approved person or a sole trader who is responsible for the overall implementation of the MMR should complete the survey (or have oversight) and attest to the accuracy of the answers.</p>
Should I keep a copy of the answers I submit?	<p>Yes, this is good practice. The last page of the survey has a link so you can print your answers.</p>
You ask whether 'the firm has a plan' for certain areas of the MMR. What is a 'plan'?	<p>It is essential that senior management are involved in the planning process. A plan should set out:</p> <ul style="list-style-type: none"> ● key actions required ● specify who is responsible for the actions ● record key dates (including a target completion date), and ● how any implementation risks will be mitigated <p>Planning tools are available on our website.</p>
What does 'already implemented' [an element of the MMR] actually mean?	<p>To implement is to be operating in accordance with a new MMR rule (before or after 26 April 2014).</p>

If my firm is part of a group, how do I answer this survey?	<p>Our largest firms will receive one survey for their whole group.</p> <p>Otherwise each regulated firm should respond whether part of a group or not.</p> <p>If your firm adopts the same approach to implementation as others in the group, you should ensure the individual firm responses match.</p>
Will firms with trading names receive separate surveys?	No. Firms with trading names will not receive a separate survey as the regulated entity is responsible for planning and implementing the MMR. If one part of the firm thinks it will not implement on time and another thinks it will, you should record the least advanced position.

Follow up

Question	Answer
Will I receive feedback?	<p>Yes, at the end of the survey you will receive a high-level message.</p> <p>A link on the last page of the survey will also enable you to print your completed survey and feedback. Please remember to click 'submit' before you exit the survey.</p>
Will I receive an individual response where I ask for more information in a certain area?	No, we will not be contacting firms individually. We will focus our industry communications to help as many firms as we can. The responsibility for successful implementation of the MMR remains with the senior management of your firm. Where uncertainty remains prior to implementation you should seek your own legal advice.
What will you do if I am behind with my preparation for implementation?	<p>We do not plan to contact firms individually as a result of their completed survey.</p> <p>If after completing your planning you do not think you will be able to implement on time, you will need to consider how to mitigate this risk. This could be by varying your firm's Part 4A permission or cancelling your authorisation before 26 April 2014.</p> <p>If you have not implemented the MMR and you are conducting regulated mortgage activities after 26 April 2014, you could be in breach of our rules.</p>
Will I be referred to enforcement if I am behind with my preparation?	No. In the pre-implementation period we are focused on helping firms get ready for implementation. However, we do expect you to be ready on 26 April 2014.

What will you do with the results?	<p>After we have analysed the results we will communicate our findings to the industry, not attributing to individual firms.</p> <p>We plan to use the results to tailor our final phase of communication, focusing on areas of weakness or where further clarification is required.</p>
Will my supervisor/FCA supervisory department be made aware of how I complete this survey?	Yes. However, we have no plans to contact firms individually as a result of completing this survey. The information will be used to track your readiness and the industry as a whole.
Will I be subject to any follow-up work, and what kind?	We have not planned any firm specific follow-up work in the pre-implementation period.

Functionality

Question	Answer
Is there a time limit for completion?	Yes. The deadline for survey submission is 3 January 2014. However, we would encourage you to submit the survey before the holiday period.
Can I print the survey questions before I finalise my submission?	Yes. Before the survey is submitted you can print your submission. Please click on 'Please click here to review/print your response (final opportunity)' to be presented with your response in a printable form.
Are changes permitted after submission?	No. Due to the number of firms completing this survey a manual process for resubmission is not being created. You can review your entries before you click 'submit'.
How long will it take to complete the survey?	We estimate it will take a maximum of 30 minutes to complete. The number of questions you are asked will be dependent on the regulated mortgage and home finance activities you intend to conduct after 26 April 2014.
Can I partially complete the survey, save it and return to it at a later date?	<p>Yes. Every time you click 'next' and progress to the next page the survey will save. You can exit the survey at any time.</p> <p>To re-enter the survey, click on the original link.</p> <p>When you re-enter the survey you may navigate backwards, but you must untick your entries if you wish to change them or to restart the survey from an earlier point.</p>

	BEWARE: You will not be able to click 'next' and progress unless you have completed all the questions on that page, so any partially completed pages will not be saved.
Does the survey timeout after a period of inactivity? If so, does it automatically save where I have got to?	No, the survey does not time out. It will only save responses when 'next' is clicked and you progress to the next page.
If I don't understand a question, or if one doesn't apply, can I ask someone for support?	Please call the Contact Centre (0845 606 9966) if you experience any difficulties while completing the survey.
Can I complete the survey on paper and return it to the FCA?	No. We believe the survey is straightforward to use online. Unfortunately it will not be possible to complete a paper-based survey.
The questions I am being asked are not relevant to the mortgage and home finance activities I intend to conduct after 26 April 2014. Can I reset the survey and start again?	There is no reset button. The survey tailors in response to the answers you provide to the first questions. If you do move back through the survey you must uncheck all answers, otherwise you may be asked questions that are not relevant to your business. If the tailored survey still does not reflect the activities you have selected please call 0845 606 9966.
How can I access the new rules in the FCA Handbook online?	When you access the relevant page of the Handbook you can forward date it by entering '26 Apr 2014' at the top under 'Handbook at:' and clicking 'Set'. The background should then turn pink and the post-implementation rules will show.

IT/systems

Question	Answer
What happens if the system is down and I cannot access the survey?	The system should be available during the time allocated for completion. If you have any problems, please call 0845 606 9966.
Can I access the survey using my handheld device?	Yes, the online review will be accessible via mobile and handheld devices.
Are my details and answers secure?	Yes, all of the information provided will be held within secure servers. Individual firm data will not be published. We will aggregate the data received. Individual responses will be treated as confidential. We plan to publish our findings in February 2014.
I have a visual disability, is the online survey compatible with the programmes I use?	Yes, it should be compatible.

Do I have to have specific software installed on my PC to complete the survey?	No, the survey is an internet-based system and does not depend on you having specific software.
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Finding the new rules

Question	Answer
How do I find the rules relevant to the different 'areas' (e.g. 'disclosure') listed in the survey?	The full set of rules are at the back of Policy Statement 'PS 12/16'. You can also forward date the Handbook to 26 April 2014. We have summarised the key rules and references below to help you navigate the Handbook.

Disclosure

- make the correct initial disclosures to customers at the correct times (4.4A) (as amended by 4.10 for HPP firms), and
- make customers aware of when they can request a KFI (5.4.18AR – 5.4.18B) (or FIS. See 5.8.1 for HPP firms)

Advice

- give a written record of advice when a direct deal is recommended but the firm chooses not to give an illustration (5.5.1B R) (or FIS. See 5.8.1A for HPP firms)
- assess the appropriateness of rolling-up fees (and recording positive elections) (4.7A.6R(9) & 4.6A2R)
- make customers aware they will need to demonstrate that they will have in place a clearly understood and credible repayment strategy for interest-only mortgages (4.7A.9R)
- ensure the firm's sellers make oral or written disclosure regarding the potential availability of a further advance (4.7A17R or FIS. See 5.8 for HPP firms), and
- ensure the firm's sellers explain that their assessment of appropriateness is based on the customer's current circumstances and reasonably foreseeable changes to those (4.7A.19 R) (HPP firms = 4.10)

Bridging finance (advice)

- take account of additional appropriateness factors when recommending a bridging loan (4.7A11R and 4.7A13R), and
- make customers aware they will need to demonstrate that they will have in place a clearly understood and credible repayment strategy for a bridging loan (4.7A.12R)

Training and competence

- ensure relevant staff are competent and qualified or under appropriate supervision by 26 April 2014 (TC 2.1)

Execution-only

- manage execution-only sales (4.8A.17R)
- ensure customers are not encouraged to opt out of receiving advice (4.8A.5R)
- transact and monitor rate switches and other variations without advice (4.8A.10R)
- ensure the customer specifies minimum information for the contract he wishes to purchase (e.g. rate of interest) via execution-only and sellers record this (4.8A.14R(3))
- inform the customer, clearly, prominently, and in a durable medium (and orally if applicable), that the firm is not required to assess suitability and the customer will not benefit from the protection of the rules (in 4.7A) (4.8A.14R (4) /4.8A.16G)
- obtain written confirmation from the customer regarding loss of protections and is making a positive election to proceed with an execution-only sale (4.8A.14R (5)), and
- follow the record-keeping requirements for execution-only sales (4.8A.18R)

Equity release (advice)

- amend its initial disclosure explaining the one relevant market and limitations (8.3.2B R)
- ensure advice is given for all sales (8.6A4R/8.6A.5R), and
- gather the appropriate information and make the necessary disclosures when arranging execution-only sales (only when advice is rejected) (8.6A4R/8.6A.5R/8.6A.7R)

Sale and rent back (advice)

- ensure all sales are advised (4.2.1 G(2) (f) 4.11.3R)

Affordability assessments (lenders/HPP providers)

- assess whether a mortgage/HPP is affordable (11.6.1G to 11.6.19G)
- assess income (11.6.5.R and 11.6.8R)
- evidence income (subject to appropriate fraud controls) (11.6.8R)
- assess committed expenditure (11.6.10R (1))
- assess basic essential expenditure (11.6.10R (2))
- assess basic quality of living costs (11.6.10R (3))
- take account of future changes to income and expenditure (11.6.14R)
- consider the effect of future interest rate rises (11.6.18R), and
- approach debt consolidation for credit-impaired consumers (11.6.16R)

Interest-only (lenders)

- assess and evidence repayment strategies for interest-only mortgages (11.6.41R)
- assess affordability for interest-only mortgages (11.6.48R), and
- conduct mid-term reviews of repayment strategies for interest-only mortgages (11.6.49R)

Transitionals (lenders/HPP):

- apply the transitional arrangements (11.7.1R to 11.7.5G)

Record-keeping/monitoring (lenders/HPP providers)

- update and approve its responsible lending/financing policy (11.6.20R)
- monitor the effectiveness of affordability assessments (11.6.22R), and
- amend its record keeping requirements (11.6.60R)

Fee roll-up (lenders)

- ensure fees and charges are not automatically rolled-up into the loan (4.6A.1R)

Mortgage administration (lenders/TPAs)

- implement the change in definition from arrears to payment shortfall (Annex A: Amendments to the glossary of definitions (PS12/16))
- restrict direct debit requests to a maximum of two per calendar month (13.3.1AR (1))
- review the suitability of direct debit as a payment method (where requests are refused in two consecutive months) (13.3.1AR(2))
- objectively justify payment shortfall charges (12.4.1R/12.4.4R/12.4.5R/12.4.8R)
- ensure concessionary rates are not removed for those in payment shortfall (2.6A-1 R), and
- keep an adequate record of its dealings with customers to show compliance with MCOB 13 (including telephone conversations) in light of the new payment shortfall definition (13.3.9R)

Bridging finance (lenders)

- incorporate the new definition of a bridging loan (i.e. a RMC with a term of 12 months or less) in its procedures
- consider how credible the sale of an existing property is for repayment of an interest-only bridging loan (e.g. independent valuation) (11.6.54G (1))
- ensure bridging loans are not used for credit repair (unless a guaranteed offer of long-term finance is obtained) (11.6.53 E & 11.6.54 G(2)), and
- comply with MCOB 11.6.55R when extending the term of a bridging loan

Business loans (lenders/HPP providers)

- apply responsible lending requirements for loans solely for a business purpose (if applicable) (11.6.25R to 11.6.32R)

High net worth (lenders/HPP providers)

- apply responsible lending requirements for high net worth mortgage customers (if applicable) (11.6.33R to 11.6.39R)