

[Firm(s)]

FRN: [●]

APPLICATION TO REQUEST THAT REQUIREMENTS ARE IMPOSED ON FIRM

To: The Financial Conduct Authority

FAO: Chris Walmsley

The following firms [*list the relevant BP and BP Undertaking Affiliates*] hereby [apply][applies], pursuant to Part 4A of the Financial Services and Markets Act 2000, for the requirements set out in the schedule below.

Signed:.....

Role:.....

Name:.....

Date:.....

SCHEDULE

General

1. This schedule sets out the terms of the requirements to be imposed on [*list the relevant BP and BP Undertaking Affiliates*], to take immediate effect.

[Name of BP] (FRN [BP reference number])
[Name of BP Undertaking Affiliate(s)] (FRN [BP Undertaking Affiliate(s) reference number])

Requirements included in the Firm's permission at the request of the Firm under section 55L of the Financial Services and Markets Act 2000

Terms referred to:

1. In these Requirements:
 - 1.1 'Act' means the Financial Services and Markets Act 2000 (as amended from time to time).
 - 1.2 'Agreed Scheme Claim' is defined at page 1 of the Scheme Document at Part 1 of Annex B.
 - 1.3 'AI' means Affinion International Limited, a company registered in England with registered number 1008797 and registered office at Charter Court, 50 Windsor Road, Slough SL1 2EJ.
 - 1.4 'Amendment Date' is defined at page 2 of the Scheme Document at Part 1 of Annex B.
 - 1.5 'Applicable Bar Date' means the Bar Date which is applicable to a Scheme Creditor.
 - 1.6 'Authority' means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority.
 - 1.7 'Bar Date' for the Scheme of Arrangement means each of the following, as applicable, provided that, in each case, if the Bar Date falls on a day which is not a Business Day, it shall be deemed to fall on the next Business Day:
 - 1.7.1 subject to paragraphs 1.7.2 and 1.7.3, the date falling seven months after the Scheme Effective Date (the '**Non-Exceptional Circumstances Bar Date**');
 - 1.7.2 subject to paragraph 1.7.3, if, in respect of a Scheme Creditor, one or more of the Exceptional Circumstances apply, the date falling thirteen months after the Scheme Effective Date in respect of such Scheme Creditor (the '**Exceptional Circumstances Bar Date**'); or
 - 1.7.3 if, in respect of a Scheme Creditor, such Scheme Creditor has been requested by the Scheme Administrators to re-submit a new Claim Form in accordance with Clause 3.5 of the Scheme of Arrangement, and the 30 day period for return of such Claim Form falls on a date:
 - (A) after the expiry of the Non-Exceptional Circumstances Bar Date, or
 - (B) if one or more of the Exceptional Circumstances apply, after the expiry of the Exceptional Circumstances Bar Date,the date upon which such 30 day period expires in respect of such Scheme Creditor.
 - 1.8 '**Business Day**' is defined at page 3 of the Scheme Document at Part 1 of Annex B.

- 1.9 **'Business Partners'** means
- 1.9.1 Barclays Bank Plc;
 - 1.9.2 Santander UK Plc;
 - 1.9.3 The Royal Bank of Scotland Plc;
 - 1.9.4 HSBC Bank Plc;
 - 1.9.5 Clydesdale Bank Plc;
 - 1.9.6 Tesco Personal Finance PLC;
 - 1.9.7 Capital One (Europe) plc;
 - 1.9.8 Lloyds Bank PLC;
 - 1.9.9 Northern Bank Limited T/AS Danske Bank;
 - 1.9.10 The Co-operative Bank Plc; and
 - 1.9.11 AIB Group (UK) Plc T/AS Allied Irish Bank GB in Great Britain and First Trust Bank in Northern Ireland.
- 1.10 **'Business Partner Affiliate'** means, in relation to any Business Partner, a Subsidiary of that Business Partner or a Holding Company of that Business Partner or any other Subsidiary of that Holding Company, including but not limited to the Business Partner Undertaking Affiliates.
- 1.11 **'Business Partner Undertaking Affiliate'** means those Business Partner Affiliates who have signed a Deed of Undertaking, being:
- 1.11.1 Bank of Scotland plc;
 - 1.11.2 National Westminster Bank Plc;
 - 1.11.3 Santander Cards UK Limited.
- 1.12 **'Card Security Product'** means a card security product provided by AI which was sold by AI or a Business Partner or a Business Partner Affiliate in the UK under one of the following product names, described more particularly in Annex A:
- 1.12.1 Card Protection
 - 1.12.2 Sentinel
 - 1.12.3 Sentinel Gold
 - 1.12.4 Sentinel Protection
 - 1.12.5 Sentinel Excel
 - 1.12.6 Safe and Secure Plus
- 1.13 **'Claim Form'** means the claim form in respect of a Scheme Card Security Product in the form set out at page 4 of the Scheme Document at Part 1 of Annex B.
- 1.14 **'Court'** means the High Court of Justice in England and Wales.
- 1.15 **'Court Order'** means the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006 (as amended from time to time).
- 1.16 **'Deed of Undertaking'** means a deed of undertaking executed in accordance with Clauses 2.3 and 2.4 of the Scheme Document at Part 1 of Annex B.
- 1.17 **'DISP'** means the Dispute Resolution Sourcebook from the Authority's Handbook.
- 1.18 **'Dispute Resolution Procedure'** is defined at page 5 of the Scheme Document at Part 1 of Annex B.

- 1.19 **'Disputed Scheme Claim'** is defined at page 5 of the Scheme Document at Part 1 of Annex B.
- 1.20 **'Exceptional Circumstances'** is defined at page 5 of the Scheme Document at Part 1 of Annex B.
- 1.21 **'Excluded Product Holder'** is defined at page 5 of the Scheme Document at Part 1 of Annex B.
- 1.22 **'Firm'** means [list the relevant BP and BP Undertaking Affiliates].
- 1.23 **'Holding Company'** means in relation to a person, any other person in respect of which it is a Subsidiary.
- 1.24 **'Ombudsman'** means the Financial Ombudsman Service.
- 1.25 **'Permission'** means the Firm's permission under Part 4A of the Act.
- 1.26 **'Product Holder'** is defined at page 7 of the Scheme Document at Part 1 of Annex B.
- 1.27 **'Practice Statement Letter'** means the letter issued to each Scheme Creditor in accordance with the Practice Statement (Schemes of Arrangement with Creditors) dated 15 April 2002.
- 1.28 **'Redress Amount'** is defined at page 7 of the Scheme Document at Part 1 of Annex B.
- 1.29 **'Redress Determination'** is defined at page 8 of the Scheme Document at Part 1 of Annex B.
- 1.30 **'Redress Scheme'** means the redress scheme promoted by Schemeco that the Firm is required to establish and operate (along with AI, the other Business Partners and Business Partner Undertaking Affiliates) under these Requirements, which incorporates the Scheme of Arrangement further details of which are set out in Annex B, and which is a "consumer redress scheme" for the purposes of DISP.
- 1.31 **'Registrar of Companies'** means the Registrar of Companies in England and Wales.
- 1.32 **'Requirement Date'** means the date that these Requirements come into effect.
- 1.33 **'Scheme Administrators'** means Kevin Gill and Ben Cairns of Ernst & Young LLP of 1 More London Place, London SE1 2AF or such other persons appointed pursuant to the terms of the Scheme of Arrangement.
- 1.34 **'Scheme of Arrangement'** means the solvent scheme of arrangement under Part 26 of the Companies Act 2006 described more particularly in Annex B.
- 1.35 **'Scheme Adjudicator'** is defined at page 9 of the Scheme Document at Part 1 of Annex B.
- 1.36 **'Scheme Card Security Product'** means any Card Security Product:
- 1.36.1 Purchased (or renewed) directly from AI; or
 - 1.36.2 Purchased (or renewed) from AI, following an introduction by a Business Partner or Business Partner Affiliate; or
 - 1.36.3 Purchased (or renewed) directly from a Business Partner or a Business Partner Affiliate.
- 1.37 **'Scheme Claim'** is defined at page 9 of the Scheme Document at Part 1 of Annex B.
- 1.38 **'Schemeco'** means AI Scheme Limited, a company registered in England with registered number 09295299 and registered office at 35 Great St Helen's, London EC3A 6AP.

- 1.39 **'Scheme Creditor'** means any Product Holder, other than an Excluded Product Holder, who purchased (or renewed) a Scheme Card Security Product on or after 14 January 2005 but before the Amendment Date, whether or not they still hold a Scheme Card Security Product, who has a Scheme Claim.
- 1.40 **'Scheme of Arrangement Effective Date'** means the date on which the Court Order is delivered to the Registrar of Companies in accordance with Clause 2.2 of the Scheme Document at Part 1 of Annex B.
- 1.41 **'Selling Issues'** is defined at page 10 of the Scheme Document at Part 1 of Annex B.
- 1.42 **'Subject Matter'** of the Redress Scheme means any claim, action or other right of any description however arising in relation to, in connection with, or arising from Selling Issues which a Scheme Creditor has against the Firm, AI or another Business Partner or Business Partner Affiliate under, in connection with, or arising from a Scheme Card Security Product, but only to the extent that the claim, action or other right relates to loss suffered on or after 14 January 2005. For the avoidance of doubt, any claim, action or other right of any description however arising relating to loss suffered before 14 January 2005 is outside the scope of (and unaffected by) the Scheme of Arrangement, and therefore outside the Subject Matter of (and unaffected by) the Redress Scheme.
- 1.43 **'Subsidiary'** means a subsidiary within the meaning of section 1159 of the Companies Act 2006.
- 1.44 **'these Requirements'** means the requirements and provisions in this document including its Annexes.
2. Expressions defined in the Authority's Handbook of rules and guidance or at paragraph 1 above have the meanings given to them unless the context otherwise requires.

Background

3. AI is an authorised firm which sold the Card Security Products.
4. AI considers that customers may be due compensation in respect of the Card Security Products as a result of Selling Issues.
5. Although no formal determination that there have been Selling Issues has been made by the Authority in relation to the Card Security Products, AI has been holding voluntary discussions with the Authority and has chosen, in the interests of fairness to customers and with the agreement of the Authority, to undertake a customer contact and consumer redress scheme to compensate Scheme Creditors who have Scheme Claims and who fall within paragraph 1.36.1 above.
6. Following discussions between the Authority, AI and the Business Partners, on behalf of themselves and their Business Partner Affiliates, and without any admission of liability on the part of AI, the Business Partners or the Business Partner Affiliates:
 - 6.1 the Business Partners, on behalf of themselves and their Business Partner Affiliates, have agreed to contribute to a consumer redress scheme to compensate Scheme Creditors who have Scheme Claims and who fall within paragraphs 1.36.2-1.36.3 above, on the basis that such consumer redress scheme is combined with AI's consumer redress scheme described at paragraph 5 above and that such combined consumer redress scheme takes the form of and is implemented via the Scheme of Arrangement;
 - 6.2 the Authority, AI and the Business Partners, on behalf of themselves and their Business Partner Affiliates, have agreed to the combined consumer redress scheme described at paragraph 6.1 above, with AI and the Business Partners, on behalf of themselves and their Business Partner Affiliates, agreeing to share the administrative costs of the combined consumer redress scheme; and
 - 6.3 the Authority, AI and the Business Partners, on behalf of themselves and their Business Partner Affiliates, have agreed to implement the combined consumer redress scheme via the Scheme of Arrangement. AI and the Business Partners, on behalf of themselves and their Business Partner Affiliates, have each agreed to contribute to the costs of the Scheme Administrators.
7. For the purposes of concluding the contracts relating to the Card Security Products between Product Holders and AI, the Business Partners (including the Firm) and Business Partner Affiliates acted on behalf of AI.
8. AI agrees to procure that Schemeco will promote the Redress Scheme. Schemeco has been specifically set up for the purposes of promoting the Redress Scheme.
9. Schemeco has assumed by deed poll any liabilities which AI may have in relation to the Scheme Card Security Products resulting in Schemeco being jointly and severally liable with AI for these liabilities on a primary basis.
10. Accordingly, the Firm has applied to the Authority for these Requirements. The Authority has consulted with the Prudential Regulation Authority and the Authority has accepted the application.
11. Pursuant to section 404F(7)(b) of the Act, a provision may be included in the Firm's Permission corresponding to section 404B of the Act, binding the Ombudsman to determine certain complaints for which the Firm is responsible that are referred to the Ombudsman by reference to what, in the opinion of the Ombudsman, the determination under the "consumer redress scheme" should be or should have been.

Requirements

12. Under sections 55L and 404F(7) of the Act, the following requirements and provisions are included in the Firm's permission:

12.1 the Firm must establish and operate (together with AI, the other Business Partners and their Business Partner Undertaking Affiliates) the Redress Scheme by:

12.1.1 entering into, and complying with, a deed of undertaking, under which:

(A) if the Firm is a Business Partner, it will (in particular):

(i) agree to instruct counsel to appear on its behalf at the hearing at which the Scheme of Arrangement is to be sanctioned by the Court, to give an undertaking to the Court to consent to the Scheme of Arrangement and be bound by the Scheme of Arrangement on the terms and conditions and in such form as may be sanctioned by the Court and agreed by the Firm and AI;

(ii) consent to, and undertake to be bound by the Scheme of Arrangement on the terms and conditions and in such form as may be sanctioned by the Court and agreed by the Firm and AI; and

(iii) undertake to pay any Redress Amount which AI has undertaken to procure that the Business Partner shall pay, on behalf of themselves and their Business Partner Affiliates pursuant to the terms of the Scheme of Arrangement; and

(B) if the Firm is a Business Partner Undertaking Affiliate, it will (a) consent to the terms of the Scheme of Arrangement and agree and undertake to be bound by the Scheme of Arrangement on the terms and conditions and in such form as may be sanctioned by the Court and agreed by the Firm and AI and (b) consent to redress being paid on its behalf, as necessary, by its affiliated Business Partner pursuant to the terms of the Scheme of Arrangement.

12.1.2 complying or procuring compliance with the requirements set out in Annex B that do not form part of the Scheme of Arrangement.

12.2 certain complaints are to be dealt with by the Ombudsman as described in Annex C, on the basis that the Redress Scheme corresponds to or is similar to a "consumer redress scheme" under section 404 of the Act.

Commencement and duration of these Requirements

13. These Requirements come into effect immediately.

14. These Requirements cease to have effect if:

14.1 the Practice Statement Letter is not issued by Schemeco within 12 weeks of these Requirements;

14.2 court approval to the meeting of Scheme Creditors is not obtained by Schemeco by 22 July 2015;

14.3 the meeting of Scheme Creditors does not take place by 6 October 2015;

14.4 the Scheme of Arrangement is not approved by the requisite majority of Scheme Creditors at the meeting of Scheme Creditors;

14.5 the Scheme of Arrangement is not sanctioned by the Court by 29 October 2015; or

14.6 the Scheme of Arrangement does not become effective by 31 October 2015.

15. If these Requirements cease to have effect under paragraph 14:

- 15.1 the Authority agrees that, on the application of the Firm, or of its own initiative, it will cancel these Requirements and remove them from the Firm's Permission, and the Firm's obligations under these Requirements shall cease; and
 - 15.2 upon these Requirements being cancelled and removed from the Firm's Permission, the Ombudsman shall consider complaints that would otherwise have been covered by the Redress Scheme in accordance with DISP.
16. Subject to paragraph 14, these Requirements remain in force unless otherwise varied or cancelled. The Authority retains the discretion to vary or cancel these Requirements at its own initiative in accordance with section 55L(3)(b) and (c) of the Act.

Annex A: Summary of Card Security Products

- A.1 Card Security Products are AI's credit card protection product, which typically featured the following benefits:
- A.1.1 being able to cancel all lost or stolen debit or credit cards and request replacements in one phone call to AI's contact centres which are open 24 hours a day, 7 days a week;
 - A.1.2 insurance cover to replace a lost or stolen handbag, purse, wallet or briefcase;
 - A.1.3 emergency cash advance service when cards are lost or stolen;
 - A.1.4 insurance cover to replace personal cash lost or stolen at the same time as a card is lost or stolen;
 - A.1.5 insurance cover for the telephone and communication costs of dealing with the loss of a card and personal possessions including identity documents e.g. passports;
 - A.1.6 insurance cover for replacement of lost or stolen car or home keys and replacement of locks for a customer's home; and
 - A.1.7 insurance cover for fraudulent use of lost or stolen cards (now removed from all products).
- A.2 Card Protection was sold under the following product names: Card Protection, Sentinel, Sentinel Gold, Sentinel Protection, Sentinel Excel, Safe and Secure Plus.

Annex B: Redress Scheme, including terms of the Scheme of Arrangement

Part 1: Terms of the Scheme of Arrangement

Agreed draft: 9 January 2015

THE SCHEME

IN THE HIGH COURT OF JUSTICE

No. [] of 2015

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF AI SCHEME LIMITED

-AND -

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

- between -

AI SCHEME LIMITED

and

THE SCHEME CREDITORS

(as defined below)

1 PRELIMINARY

THE SCHEME

- 1.1 This document sets out the terms of the scheme of arrangement between AI Scheme Limited and its Scheme Creditors.

DEFINITIONS

- 1.2 In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

"Agreed Scheme Claim"	In relation to a Scheme Claim, the Scheme Claim that is admitted by the Scheme Administrators (or the Scheme Adjudicator in accordance with Clause 7 of this Scheme) or has been determined in a final and binding manner in accordance with Clause 4 of this Scheme
"AI"	Affinion International Limited, a company registered in England with registered number 1008797 and registered office at Charter Court, 50 Windsor Road, Slough SL1 2EJ
"AI Claim"	any claim, action or other right of any description however arising in relation to, in connection with, or arising from, Selling Issues against AI in connection with, or arising from a Scheme Card Security Product, but only to the extent that the claim, action or other right relates to loss suffered on or

	after 14 January 2005. For the avoidance of doubt, a relevant claim, action or other right shall be an AI Claim even if the relevant Selling Issues occurred prior to 14 January 2005, but will only be an AI Claim to the extent of any loss suffered on or after 14 January 2005
"AIB Group (UK) Plc"	a company trading under the names (i) First Trust Bank in Northern Ireland and (ii) Allied Irish Bank (GB) in Great Britain registered in Northern Ireland with registered number NI018800 and registered office at 92 Ann Street, Belfast BT1 3HH, Northern Ireland
"Amendment Date"	the date (generally the renewal date for each Product Holder) on which the payment card fraud insurance cover for each Product Holder was removed from their Scheme Card Security Product, which date occurred between October 2012 and August 2013
"Authority"	the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority
"Bank of Scotland plc"	a company registered in Scotland with registered number SC327000 and registered office at the Mound, Edinburgh, EH11YZ
"Bar Date"	<p>(a) subject to paragraphs (b) and (c), the date falling 7 (seven) months after the Scheme Effective Date, or</p> <p>(b) if, in respect of a Scheme Creditor, one or more of the Exceptional Circumstances apply, the date falling 13 (thirteen) months after the Scheme Effective Date in respect of such Scheme Creditor, or</p> <p>(c) if, in respect of a Scheme Creditor, such Scheme Creditor has been requested by the Scheme Administrators to re-submit a new Claim Form in accordance with Clause 3.5 of this Scheme, and the 30 day period for return of such Claim Form falls on a date:</p> <p>(i) after the expiry of seven months after the Scheme Effective Date; or</p> <p>(ii) if one or more of the Exceptional Circumstances apply, after the expiry of thirteen months after the Scheme Effective Date,</p> <p>the date upon which such 30 day period expires in respect of such Scheme Creditor,</p>

	provided that, in each case, (1) if the Bar Date falls on a day which is not a Business Day, it shall be deemed to fall on the next Business Day and (2) the computation of the Bar Date shall not include the Scheme Effective Date
"Barclays Bank Plc"	a company registered in England with registered number 1026167 and registered office at 1 Churchill Place, London, E14 5HP
"Basis for Admission of Agreed Scheme Claims"	the Scheme Administrators will admit the claim if they conclude that this is appropriate in light of the evidence on the face of the Claim Form
"Business Day"	any day on which banks and card Issuers are open for transactions of normal banking business in the City of London other than a Saturday, Sunday or public holiday
"Business Partner Affiliate"	in relation to any Business Partner, a Subsidiary of that Business Partner or a Holding Company of that Business Partner or any other Subsidiary of that Holding Company, including but not limited to the Business Partner Undertaking Affiliates
"Business Partner Claim"	any claim, action or other right of any description however arising in relation to, in connection with, or arising from Selling Issues which a Scheme Creditor has against a Business Partner or a Business Partner Affiliate under, in connection with, or arising from a Scheme Card Security Product but only to the extent that the claim, action or other right relates to loss suffered on or after 14 January 2005. For the avoidance of doubt, a relevant claim, action or other right shall be a Business Partner Claim even if the relevant Selling Issues occurred prior to 14 January 2005, but will only be a Business Partner Claim to the extent of any loss suffered on or after 14 January 2005
"Business Partner Undertaking Affiliate"	those Business Partner Affiliates who have signed a Deed of Undertaking, being: <ul style="list-style-type: none"> • Bank of Scotland Plc • National Westminster Bank Plc • Santander Cards UK Limited
"Business Partners"	Barclays Bank Plc, Santander UK plc, The Royal Bank of Scotland plc, HSBC Bank plc, Clydesdale Bank PLC, Tesco Personal Finance plc, Capital One (Europe) Plc, Lloyds Bank Plc, Northern Bank Limited t/as Danske Bank, The Co-operative Bank Plc and AIB Group (UK) Plc t/as trading as (i) First Trust Bank in Northern Ireland and (ii) Allied Irish Bank (GB) in Great Britain, provided that, to the extent that

"Capital One (Europe) Plc"	<p>any such entity becomes Insolvent prior to the Scheme Effective Date, such entity shall cease to be a Business Partner for the purposes of the Scheme</p> <p>a company registered in England with registered number 03879023 and registered office at Trent House, Station Street, Nottingham, NG2 3HX</p>
"Card Security Product"	<p>a card security product provided by AI which was sold by AI or a Business Partner or a Business Partner Affiliate in the UK under one of the following product names:</p> <ul style="list-style-type: none"> • Card Protection • Sentinel • Sentinel Gold • Sentinel Protection • Sentinel Excel • Safe and Secure Plus
"Cash Manager"	has the meaning given to it in the Implementation Agreement
"Claim Form"	the claim form in respect of a Scheme Card Security Product in the form set out in Appendix 2 of this Scheme
"Client Identification Agreement"	each agreement so titled dated on or about [January] 2015 between the Scheme Administrators, AI and each Business Partner, as amended from time to time
"Clydesdale Bank PLC"	a public limited company incorporated in the United Kingdom with registered number SC001111 and registered address is 30 St. Vincent Place, Glasgow G1 2HL;
"COMP"	the Compensation Sourcebook from the FCA Handbook
"Companies Act"	the Companies Act 2006 (as amended from time to time)
"Co-Obligor Deed Poll"	the Deed Poll dated [23] January 2015 pursuant to which Schemeco has declared that it is, and assumes responsibility to Scheme Creditors as, a co-obligor in respect of the AI Claims.
"Court"	the High Court of Justice in England and Wales
"Court Order"	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
"Deceased Product Holder"	a Product Holder who, based on the books and records of AI as at 22 December 2014 was recorded as deceased

"Deed of Undertaking"	a deed of undertaking executed in accordance with Clauses 2.3 and 2.4 of this Scheme
"Dispute Notice"	has the meaning given to it in Clause 7.1 of this Scheme
"Dispute Resolution Procedure"	the procedure set out in Clause 7 of this Scheme
"DISP"	the Dispute Resolution Sourcebook from the FCA Handbook
"Disputed Scheme Claim"	any Scheme Claim that is referred to the Dispute Resolution Procedure for determination
"Exceptional Circumstances"	<p>where a Scheme Creditor (or, in the case of a Scheme Creditor who is deceased, a Scheme Creditor's authorised representative) can demonstrate in writing to the satisfaction of the Scheme Administrators that either:</p> <p>(a) the Scheme Creditor was out of his or her usual country of residence for at least four of the seven months immediately following the Scheme Effective Date; or</p> <p>(b) as a result of a certified medical condition in respect of such Scheme Creditor or a certified medical condition in respect of a close family member of such Scheme Creditor (as evidenced by appropriate documentation),</p> <p>it was unreasonable to expect the Scheme Creditor to respond prior to the expiry of the seven month period following the Scheme Effective Date (and such reason is accepted by the Scheme Administrators in their absolute discretion)</p>
"Excluded Product Holder"	a Product Holder who is a Deceased Product Holder, a No Loss Product Holder or a Wholesale Product Holder
"Explanatory Statement"	the explanatory statement dated on or about the date of this document required to be furnished to Scheme Creditors pursuant to section 897 of the Companies Act
"FCA Handbook"	the FCA Handbook of Rules and Guidance prepared by the Authority under FSMA (as amended from time to time)
"FCA Requirement"	a requirement imposed under section 55L FSMA
"FSCS"	the Financial Services Compensation Scheme

"FSCS Rules"	the rules under the compensation module of the FCA Handbook (as amended from time to time)
"FSMA"	the Financial Services and Markets Act 2000 (as amended from time to time)
"HMRC"	Her Majesty's Revenue and Customs
"HMRC Clearance"	means a non-statutory clearance provided by HMRC giving written confirmation of HMRC's view of the application of tax law to the transactions and events taking place under or pursuant to the Scheme
"HMRC Stamp Duty Clearance"	means a non-statutory clearance provided by HMRC giving written confirmation of HMRC's view that no stamp duty is payable in respect of the Scheme
"Holding Company"	in relation to a person, any other person in respect of which it is a Subsidiary
"HSBC Bank plc"	a company registered in England with registered number 14259 and registered office at 8 Canada Square, London, E14 5HQ
"Implementation Agreement"	the implementation agreement dated [23] January 2015 between Schemeco, Supplierco, AI, the Business Partners, the Cash Manager and the Scheme Administrators
"Insolvency Barred Claims"	has the meaning given to it in Clause 9.5 of this Scheme
"Insolvency Event"	means, in relation to a Scheme Participant, any of the following: (a) any resolution is passed or order made for the winding-up (other than a solvent winding-up), dissolution or administration of that Scheme Participant; or (b) a liquidator, receiver, administrator, compulsory manager, administrative receiver or other similar officer is appointed in respect of that Scheme Participant or the whole or substantially the whole of its assets; or (c) any analogous event occurs in any jurisdiction
"Insolvent Entity"	has the meaning given to it in Clause 9.1 of this Scheme

"Insolvent Entity Funds"	has the meaning given to it in Clause 9.1 of this Scheme
"Lloyds Bank Plc"	a company registered in England with registered number 2065 and a registered office at 25 Gresham Street, London, EC2V 7HN
"Material Contract"	(a) the Implementation Agreement (b) each Client Identification Agreement (c) each Deed of Undertaking (d) the Release Agreement; and (e) the Co-Obligor Deed Poll
"No Loss Product Holder"	a Product Holder who, based on the books and records of AI as at 9 December 2014, would, if a Scheme Creditor with an Agreed Scheme Claim, be entitled to a Redress Amount of less than £5 if: (a) the formula for calculating the Redress Amount was applied as at such date; and (b) any references to 'the date falling six weeks after the Scheme Effective Date' in items B and D of that formula were deemed to read 9 December 2014
"Northern Bank Limited t/as Danske Bank"	a company trading under the name Danske Bank and registered in Northern Ireland with registered number R568 and a registered office at Donegall Square West, Belfast BT1 6JS
"Notice of No Loss"	has the meaning given to it in Clause 4.5 of this Scheme
"Notice of Rejection"	has the meaning given to it in Clause 4.7 of this Scheme
"Ombudsman"	the Financial Ombudsman Service
"Product Holder"	any person who has purchased a Card Security Product
"Practice Statement Letter"	the letter issued to each Scheme Creditor between 27 January and 23 February 2015 in accordance with the Practice Statement (Schemes of Arrangement with Creditors) dated 15 April 2002
"Protected Claim"	has the meaning given to it in COMP 5.2.1R of the FSCS Rules
"Redress"	any compensation or refund (of any description) in respect of, related to, or connected with, a Scheme Claim
"Redress Amount"	the amount of Redress to be paid to a Scheme Creditor with an Agreed Scheme Claim equal to:

	<p>(A + B) - (C + D)</p> <p>Where:</p> <p>(a) A is the total amount of payments made by a Scheme Creditor in respect of a Scheme Card Security Product on or after 14 January 2005;</p> <p>(b) B is an amount calculated as if it were simple interest at 8% per annum on the amount of each of the payments referred to in (a) above, with such simple interest being applied from the date of each such payment to the date falling six weeks after the Scheme Effective Date;</p> <p>(c) C is the total amount of payments made to the Scheme Creditor under a Scheme Card Security Product on or after 14 January 2005 (and shall include, for the avoidance of doubt (but without limiting the generality of the foregoing), (i) any payments made to the customer following a claim by such customer under a Scheme Card Security Product and / or (ii) any compensation, refund of prepayment, repayment or other ex gratia payment made to the customer in respect of any complaint made by such customer in relation to the sale or features of a Scheme Card Security Product), in each case for the period on or after 14 January 2005; and</p> <p>(d) D is an amount calculated as if it were simple interest at 8% per annum on the amount of each of the payments referred to in (c) above, with such simple interest being applied from the date of each such payment to the date falling six weeks after the Scheme Effective Date</p>
<p>"Redress Determination"</p>	<p>a written communication from AI or a Business Partner or a Business Partner Undertaking Affiliate (in each case a "Respondent") under the consumer redress scheme established pursuant to the FCA Requirement referred to at Clause 2.2 of this Scheme, which (a) sets out the results of the Respondent's determination under the consumer redress scheme; (b) encloses a copy of the Ombudsman's standard explanatory leaflet; and (c) informs the complainant that if he is dissatisfied, he may now make a complaint to the Ombudsman and must do so within six months. A Redress Determination issued by the Scheme Adjudicator stating that it is issued on behalf of AI, a Business Partner or a Business Partner Undertaking Affiliate, and identifying AI, the Business Partner or the Business Partner Undertaking Affiliate on behalf of which it is sent, is deemed to be sent</p>

	by AI, that Business Partner or that Business Partner Undertaking Affiliate.
"Registrar of Companies"	the Registrar of Companies In England and Wales
"Release Agreement"	means the release agreements each dated [January] 2015 and made between AI and each Business Partner and each relevant Business Partner Undertaking Affiliate (if any)
"Santander UK plc"	a company registered in England with registered number 2294747 and registered office at 2 Triton Square, Regent's Place, London, NW1 3AN
"Scheme"	this scheme of arrangement under Part 26 of the Companies Act between Schemeco and Its Scheme Creditors In the form set out in this document or with, or subject to, any modification, addition or condition which the Court may think fit to approve or Impose, as appropriate
"Scheme Administrators"	Kevin Gill and Ben Cairns of Ernst & Young LLP of 1 More London Place, London SE1 2AF or such other persons appointed pursuant to the terms of the Scheme
"Scheme Adjudicator"	an independent solicitor of at least 10 years standing appointed by the Scheme Administrators who will act as an expert, not an arbitrator
"Scheme Administrator Appointment Letter"	the appointment letter pursuant to which the Scheme Administrators are appointed by Schemeco, AI and the Business Partners
"Scheme Card Security Product"	any Card Security Product: (a) purchased (or renewed) directly from AI; or (b) purchased (or renewed) from AI, following an introduction by a Business Partner or a Business Partner Affiliate; or (c) purchased (or renewed) directly from a Business Partner or a Business Partner Affiliate.
"Scheme Claim"	any claim against Schemeco arising as a result of Schemeco's assumption of liability for AI Claims pursuant to the Co-obligor Deed Poll
"Schemeco"	AI Scheme Limited Limited, a company registered in England with registered number 09295299 and registered office at 35 Great St Helen's, London EC3A 6AP
"Scheme Creditor"	any Product Holder, other than an Excluded Product Holder, who purchased (or renewed) a Scheme Card Security

"Scheme Effective Date"	Product on or after 14 January 2005 but before the Amendment Date, whether or not they still hold a Scheme Card Security Product, who has a Scheme Claim has the meaning given in Clause 2.1 of this Scheme
"Scheme Liabilities Release Deed Poll"	the scheme liabilities release deed poll between (1) the Scheme Creditors (2) the Business Partners (3) Business Partner Affiliates (4) AI and (5) Schemeco in the form annexed at Appendix 3 of this Scheme
"Scheme Meeting"	the meeting of Scheme Creditors to be held at [Central Hall Westminster, Storey's Gate, London, SW1H 9NH] on 30 June 2015 at 12pm (midday)
"Scheme Obligations Termination Date"	the date on which the obligations of the Scheme Participants terminate in accordance with Clause 12.1 of this Scheme
"Scheme Participant"	Schemeco, AI and each of the Business Partners
"Selling Issues"	where the sale of any Scheme Card Security Product or the way in which the sale of a Scheme Card Security Product was conducted by AI, a Business Partner or a Business Partner Affiliate (including, for the avoidance of doubt, the way in which a Scheme Creditor was introduced to AI by a Business Partner or Business Partner Affiliate) failed to comply with applicable regulatory rules or with the Authority's Principles for Businesses (or, where applicable, the Prudential Regulatory Authority's Fundamental Rules) or was otherwise in breach of contract or in breach of any tortious duty of care or any other requirement of the general law (taking into account relevant materials published by the Authority, other relevant regulators, the Ombudsman, former schemes, including industry codes of practice). Selling Issues shall include (but not be limited to) claims that the information provided about any Scheme Card Security Product failed to be clear or fair and not misleading, or that such information was incomplete (for example by omitting to mention material limitations or exclusions on the features or benefits provided), or that the sale was concluded after applying inappropriate pressure. Where a product was purchased and subsequently renewed, references in this definition to "the sale" shall include the initial sale and each subsequent renewal.
"Subsidiary"	means a subsidiary within the meaning of section 1159 of the Companies Act 2006
"Supplierco"	AI Supplier Limited, a company registered in England with

	registered number 9224838 and registered office at 35 Great St Helen's, London EC3A 6AP
"Tesco Personal Finance plc"	a company registered in Scotland with registered number SC173199 and registered office at Interpoint Building, 22 Haymarket Yards, Edinburgh, EH12 5BH
"The Co-operative Bank Plc"	a company registered in England with registered number 990937 and registered office at PO Box 101, 1 Balloon Street, Manchester M60 4EP
"The Royal Bank of Scotland plc"	a company registered in Scotland with registered number SC090312 and registered office at 36 St. Andrew Square, Edinburgh, EH2 2YB
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"VAT"	value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature
"Wholesale Product Holder"	a Product Holder who purchased or renewed a Card Security Product, on or after 14 January 2005 but before the Amendment Date, other than: <ul style="list-style-type: none"> (a) directly from AI as a standalone product; (b) from AI, following an introduction by a Business Partner or a Business Partner Affiliate, as a standalone product; or (c) directly from a Business Partner or a Business Partner Affiliate as a standalone product.

1.3 Interpretation

Unless the context otherwise requires or otherwise expressly provides:

- 1.3.1 references to Clauses are references to the clauses of this Scheme;
- 1.3.2 references to a statute or statutory provision include the same as subsequently modified, amended, supplemented or re-enacted from time to time;
- 1.3.3 references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- 1.3.4 references to (or to any specified provision of) the Scheme shall be construed as references to this Scheme as in force for the time being;
- 1.3.5 the singular includes the plural and vice versa and words importing one gender shall include all genders; and
- 1.3.6 headings to clauses are for ease of reference only and shall not affect the interpretation of the Scheme.

2 SCHEME – EFFECTIVE DATE

- 2.1 The Scheme Effective Date shall be the date on which the Court Order is delivered to the Registrar of Companies in accordance with Clause 2.2 below.
- 2.2 The Scheme will become effective and legally binding on Schemeco and its Scheme Creditors, in accordance with its terms, upon the Court Order having been delivered to the Registrar of Companies, and Schemeco undertakes to deliver such Court Order to the Registrar of Companies following the satisfaction of the following conditions precedent:
 - 2.2.1 the Material Contracts have been executed by the parties thereto;
 - 2.2.2 the Authority has confirmed that it has no objections to the Scheme;
 - 2.2.3 AI has applied for and the Authority has agreed to the imposition of an FCA Requirement (under Sections 404F(7) and 404F(8) FSMA) in respect of the Scheme;
 - 2.2.4 each Business Partner and Business Partner Undertaking Affiliate has applied for and the Authority has agreed to the imposition of an FCA Requirement (under Sections 404F(7) and 404F(8) FSMA) in respect of the Scheme;
 - 2.2.5 the Authority has exercised its power under Section 404F(7) FSMA to bind the Ombudsman;
 - 2.2.6 no Insolvency Event has occurred in relation to AI as at the time immediately prior to the Court Order being lodged with the Registrar of Companies in England and Wales;

- 2.2.7 HMRC Clearance has been received by Schemeco, AI and the Business Partners; and
- 2.2.8 the HMRC Stamp Duty Clearance has been delivered to the Registrar of Companies.
- 2.3 AI and each Business Partner has, by executing (respectively) a Deed of Undertaking, agreed to appear by Counsel on the hearing of the application to sanction the Scheme, to consent thereto and to undertake to be bound thereby and to execute or procure to be executed all such documents, and to do or procure to be done all such acts and things, as may be reasonably necessary to be executed or done by it or him for the purpose of giving effect to the Scheme.
- 2.4 Each Business Partner Undertaking Affiliate has, by executing a Deed of Undertaking, agreed to consent to the Scheme, and undertaken to be bound by it.
- 2.5 From the Scheme Effective Date and to the extent permitted under applicable law and regulation and subject to Clauses 7.5 and 7.6 below, no Scheme Creditor shall be entitled to commence or continue any legal process or commence any regulatory complaint against:
- 2.5.1 Schemeco in connection with any Scheme Claims;
- 2.5.2 AI in connection with any AI Claims; and
- 2.5.3 any Business Partner or any Business Partner Affiliate in connection with any Business Partner Claims,
- provided that in each case (i) there has not been an Insolvency Event in respect of the relevant Scheme Participant and (ii) the Scheme Participant has not failed to comply with any payment obligation to such Scheme Creditor under the Scheme.
- 2.6 The Scheme shall apply to all liabilities (if any) of (i) Schemeco in respect of Scheme Claims (ii) AI in respect of AI Claims and (iii) the Business Partners or Business Partner Affiliates in respect of Business Partner Claims.
- 2.7 For the avoidance of doubt:
- 2.7.1 all other liabilities of Schemeco, AI, the Business Partners and Business Partner Affiliates shall be unaffected by the Scheme;
- 2.7.2 any claim, action or other right of any description however arising relating to loss suffered by any Scheme Creditor before 14 January 2005 is outside the scope of this Scheme and is unaffected by the provisions of this Scheme; and
- 2.7.3 a Scheme Creditor who has made a regulatory complaint which was referred to the Ombudsman prior to 27 January 2015 may continue to pursue that complaint, although a Scheme Creditor shall not be entitled to pursue both a regulatory complaint and a claim under the Scheme relating to the same loss.

- 2.8 If any sum is due or obligation is to be performed under the terms of the Scheme on a date other than a Business Day, the relevant payment shall be made, or obligation performed, on the next Business Day.

3 RIGHT TO REDRESS

- 3.1 Redress shall only be payable to Scheme Creditors in respect of Scheme Claims to the extent that such Scheme Claims are Agreed Scheme Claims.
- 3.2 Disputes in relation to Scheme Claims or purported Scheme Claims shall be determined in accordance with the Dispute Resolution Procedure. The amount of any Disputed Scheme Claim which is agreed pursuant to the Dispute Resolution Procedure will become an Agreed Scheme Claim.
- 3.3 Any Scheme Creditor who wishes to receive Redress must complete a Claim Form and certify on the Claim Form that the content of the completed Claim Form is true and accurate.
- 3.4 Claim Forms must be received by the Scheme Administrators on or before the Bar Date. If a Claim Form is received after the Bar Date, the Claim Form will be rejected and the Scheme Creditor shall have no right to Redress. The Bar Date will apply to all Scheme Creditors irrespective of whether or not they receive actual written notice of the Scheme and / or whether or not they submit a Claim Form.
- 3.5 If a Scheme Creditor submits a Claim Form which is spoiled, the Scheme Administrators shall (on no less than one occasion) send a new Claim Form to the Scheme Creditor and a request to the Scheme Creditor to complete the new Claim Form and return it by the Bar Date. The Scheme Administrators shall have absolute discretion to determine how many opportunities a Scheme Creditor will be given to submit a new Claim Form. If the Scheme Creditor fails to submit the new Claim Form by the Bar Date, the Scheme Creditor shall have no right to Redress.
- 3.6 Except as expressly set out in the Scheme, each person claiming to be a Scheme Creditor shall be responsible for all of its own costs (including the costs of submitting its Claim Form and, if applicable, of providing such documentary evidence or other evidence as the Scheme Administrators and/or the Scheme Adjudicator may require). None of Schemeco, AI, any Business Partner (nor any Business Partner Affiliate), the Scheme Administrators and/or the Scheme Adjudicator shall be liable for any costs incurred by the Scheme Creditor in completing or submitting the Claim Form or otherwise in connection with the procedures set out in Clauses 4 and 7 below.

4 ADMISSION OF CLAIMS

- 4.1 Upon receipt of a Claim Form on or prior to the Bar Date, the Scheme Administrators will assess each Scheme Claim in accordance with the Basis for Admission of Agreed Scheme Claims.
- 4.2 If a Scheme Claim is submitted on or before the Bar Date, the Scheme Administrators shall admit such a Scheme Claim as an Agreed Scheme Claim for an amount equal to the Redress Amount (calculated by reference to AI's records) if it fulfils the Basis for Admission of Agreed Scheme Claims.

- 4.3 Where a Scheme Claim is admitted as an Agreed Scheme Claim, and a Redress Amount is payable in respect of such Agreed Scheme Claim, the Scheme Creditor in respect of such Agreed Scheme Claim shall be sent a cheque for the amount of such Agreed Scheme Claim as soon as reasonably practicable following such admittance. The payment obligations in respect of such cheque shall be met in accordance with Clause 5 below.
- 4.4 Where the Scheme Creditor encashes such cheque, such Scheme Creditor shall be deemed to have accepted the amount of the Agreed Scheme Claim and shall have no recourse to the Dispute Resolution Procedure.
- 4.5 Where a Scheme Claim is admitted as an Agreed Scheme Claim, and the Redress Amount in respect of such Agreed Scheme Claim is equal to or less than zero, the Scheme Creditor shall be sent a notification that their Scheme Claim is an Agreed Scheme Claim but that no Redress is payable in respect of it (a "**Notice of No Loss**").
- 4.6 If a Scheme Creditor is dissatisfied with the value of the cheque sent to the Scheme Creditor in accordance with Clause 4.3 or the Notice of No Loss sent to the Scheme Creditor in accordance with Clause 4.5, such Scheme Creditor shall give written notice to the Scheme Administrators within 30 Business Days of the date of the letter enclosing the cheque or the Notice of No Loss (as applicable) of his intention to invoke the Dispute Resolution Procedure. In these circumstances, a Scheme Creditor who has received a cheque in accordance with Clause 4.3 shall return such cheque to the Scheme Administrators. Any such Scheme Claim in respect of which a notice to the Scheme Administrators has been given in accordance with this Clause 4.6 shall be treated as a Disputed Scheme Claim.
- 4.7 Where the Scheme Administrators reject a Scheme Claim (including a rejection of a Claim Form pursuant to Clause 3.4) such that such Scheme Claim is not an Agreed Scheme Claim, the Scheme Administrators shall prepare a written statement of their reasons for doing so (a "**Notice of Rejection**") and send it as soon as reasonably practicable to the Scheme Creditor.
- 4.8 If a Scheme Creditor is dissatisfied with the Scheme Administrators' decision with respect to its Claim Form under Clause 4.7 (including a determination by the Scheme Administrators pursuant to Clause 10.6.2(d)), it shall give written notice to the Scheme Administrators within 30 Business Days of the date of the Notice of Rejection of its intention to invoke the Dispute Resolution Procedure. Any such Scheme Claim shall be treated as a Disputed Scheme Claim.
- 4.9 The deadlines for invoking the Dispute Resolution Procedure specified in Clauses 4.6 and 4.8 shall not apply if a Scheme Creditor has not received the letter enclosing the cheque in respect of an Agreed Scheme Claim, the Notice of No Loss, or the Notice of Rejection within 40 Business Days of submitting its Claim Form, provided that the Scheme Creditor telephones or writes to the Scheme Administrators to notify them of such non-receipt within 60 Business Days of submission of the Claim Form. In such cases, the Scheme Administrators shall cancel any uncashed cheque issued to the Scheme Creditor and shall send (as applicable) a new letter enclosing a new cheque or new Notice of No Loss or new Notice of Rejection, and the new time limit for invoking the Dispute Resolution Procedure shall expire 30 Business Days from the

date of such new letter, new Notice of No Loss or new Notice of Rejection, as the case may be.

5 FUNDING OF REDRESS

5.1 Pursuant to the terms of the Implementation Agreement and each Client Identification Agreement:

5.1.1 Schemeco shall procure that AI shall pay the Redress Amount to each Scheme Creditor with an Agreed Scheme Claim who purchased their Scheme Card Security Product directly from AI; and

5.1.2 Schemeco shall procure that each Business Partner shall pay on behalf of itself and to the extent appropriate each of its Business Partner Affiliates the Redress Amount to each Scheme Creditor with an Agreed Scheme Claim who purchased their Scheme Card Security Product from (i) AI following an introduction by that Business Partner or a Business Partner Affiliate of such Business Partner or (ii) that Business Partner or a Business Partner Affiliate of such Business Partner directly; and

5.1.3 For the purposes of this Clause 5.1, the reference to the term "purchased" when used in the context of a purchase from AI following an introduction from a Business Partner or Business Partner Affiliate of such Business Partner shall mean (i) the transaction pursuant to which the relevant Scheme Card Security Product was first acquired, notwithstanding that such purchase may have occurred prior to 14 January 2005 and notwithstanding that such Scheme Card Security Product may have been renewed after such initial purchase; and (ii) each subsequent renewal of the Scheme Card Security Product referred to at (i), such that the purchase and renewals referred to in (i) and (ii) shall not be treated for the purpose of Clause 5.1.1 as a purchase from AI but rather as a purchase pursuant to Clause 5.1.2. For the avoidance of doubt, any claim, action or other right of any description however arising relating to loss suffered before 14 January 2005 is outside the scope of this Scheme and is unaffected by the provisions of this Scheme.

5.2 AI agrees, provided that payment of such Agreed Scheme Claims by AI is consistent with AI's obligations pursuant to Clause 5.1.1 above and the Deed of Undertaking, that it will be responsible for paying any Agreed Scheme Claim in respect of any Scheme Creditor listed in the Client Identification Agreement of AI in respect of the relevant Scheme Card Security Product identified or referred to therein.

5.3 Each Business Partner agrees on behalf of itself and to the extent appropriate each of its Business Partner Affiliates, provided that payment of such Agreed Scheme Claims by the relevant Business Partner is consistent with such Business Partner's obligations pursuant to Clause 5.1.2 above and the Deed of Undertaking, that it will be responsible for paying any Agreed Scheme Claim in respect of any Scheme Creditor listed in the Client Identification Agreement of the relevant Business Partner in respect of the relevant Scheme Card Security Product identified or referred to therein.

5.4 If a Scheme Creditor wishes to know which Scheme Participant:

- 5.4.1 is responsible for paying any Redress Amount to such Scheme Creditor, the Scheme Creditor must request that information in writing from the Scheme Administrators within 60 days of the date of any cheque for a Redress Amount sent to such Scheme Creditor; or
- 5.4.2 would have been responsible for paying any Redress Amount to such Scheme Creditor had Redress been payable, the Scheme Creditor must request that information in writing from the Scheme Administrators within 60 days of, as applicable, (i) the date of any Notice of No Loss or (ii) the date of any Notice of Rejection.

The Scheme Administrators shall provide the requested information to the Scheme Creditor promptly.

- 5.5 AI shall have no liability to make any payment whatsoever to any Scheme Creditor whose Agreed Scheme Claim is payable by a Business Partner pursuant to Clause 5.1.2 above and no Business Partner (nor Business Partner Affiliate) shall have any liability to make any payment whatsoever to any Scheme Creditor whose Agreed Scheme Claim is payable by (i) AI pursuant to Clause 5.1.1 above, or (ii) any other Business Partner pursuant to Clause 5.1.2 above.
- 5.6 If AI or a Business Partner fails to pay the Redress Amount due to a Scheme Creditor in accordance with Clause 5.1 above, that Scheme Creditor shall have no right of recourse to any other Scheme Participant or any Business Partner Affiliate to pay the Redress Amount.
- 5.7 Any payment made by AI or any Business Partner pursuant to Clause 5.1 is made without any admission of liability.
- 5.8 All Agreed Scheme Claims will be paid in sterling and net of any UK tax payable on the Redress Amount which is required to be withheld.
- 5.9 Any Redress Amount due in respect of a Scheme Claim shall be paid as soon as reasonably practicable after such Scheme Claim becomes an Agreed Scheme Claim, by cheque in favour of the relevant Scheme Creditor (or in favour of such party as the Scheme Creditor may direct or as may be required by operation of law) and shall be sent by post to the relevant Scheme Creditor's last known address (according to the books and records of AI). Posting of the cheque to the last known address shall be a good discharge of such obligation.
- 5.10 Any cheque not encashed within six months of the issue date shall be cancelled and such Scheme Creditor shall not receive any Redress and shall have no right of recourse to the Dispute Resolution Procedure.
- 5.11 All Redress Amounts shall be paid without (and free and clear of any deduction for) set-off or counterclaim. However, for the avoidance of doubt, in calculating the amount of any Redress Amount, the formula set out in the definition of Redress Amount shall be utilised.

6 CANCELLATION OF POLICIES

- 6.1 If a Scheme Creditor submits a Claim Form which is received by the Scheme Administrators on or before the Bar Date and which seeks payment of Redress in

respect of a Scheme Card Security Product, that Scheme Card Security Product shall be automatically cancelled as soon as reasonably practicable after the Claim Form is received by the Scheme Administrators.

7 DISPUTE RESOLUTION PROCEDURE

- 7.1 If a Scheme Creditor elects in writing (the "**Dispute Notice**") to commence the Dispute Resolution Procedure in accordance with Clauses 4.6 or 4.8, the Scheme Administrators and the Scheme Creditor shall within 30 days of the date of the Dispute Notice seek to agree the amount (if any) of the Scheme Claim. If agreement is reached, the Scheme Claim will be admitted in the agreed amount as an Agreed Scheme Claim. If agreement is not reached, the Scheme Administrators shall pass the matter to the Scheme Adjudicator 30 days after the date of the Dispute Notice, or, if later, the date on which either (i) the Scheme Administrators consider that it is not reasonably likely that they will be able to agree the amount (if any) of that Scheme Claim with the relevant Scheme Creditor, or (ii) the Scheme Creditor states that it has provided all factual information necessary to determine its Scheme Claim and requests that the matter be passed to the Scheme Adjudicator.
- 7.2 On receipt of the matter from the Scheme Administrators, the Scheme Adjudicator shall determine in its absolute discretion all matters in dispute as to the existence or proper value of the Scheme Claim.
- 7.3 The Scheme Adjudicator may, within 15 Business Days of the receipt of the matter, request documentary evidence or such other evidence as the Scheme Adjudicator may require from the Scheme Creditor. Where such a request is made, the Scheme Creditor must submit such additional information within 15 Business Days of the request. Where it is not practicable for him to supply the information within 15 Business Days, the Scheme Creditor may seek an extension of time of an additional 15 Business Days for supplying such additional information, but must seek such extension within the original 15 Business Day deadline. The consequences of failing to supply the additional information requested by the Scheme Adjudicator, as set out in Clause 7.4.3 below, shall be made clear to the Scheme Creditor when the Scheme Adjudicator writes to request the information.
- 7.4 The Scheme Adjudicator shall make its determination:
- 7.4.1 within 30 Business Days of the receipt of the matter, or
 - 7.4.2 if additional information is requested by the Scheme Adjudicator and such information is provided in accordance with Clause 7.3, within 30 Business Days of receipt of that additional information, or
 - 7.4.3 if additional information is requested by the Scheme Adjudicator but such information is not provided within 15 Business Days of the request, or within 30 Business Days where an extension has been sought by the Scheme Creditor in accordance with Clause 7.3, within 30 Business Days of the expiry of such 15 or 30 Business Day period, as applicable (and such determination shall then be made based on the information then available to the Scheme Adjudicator).

The Scheme Adjudicator's determination will be issued to the Scheme Creditor by way of a Redress Determination. The Scheme Creditor shall retain the right to make a complaint to the Ombudsman within six months of the date on which the Scheme Creditor is sent a Redress Determination, pursuant to DISP 2.8.2R(1). If the Scheme Adjudicator fails to make its determination, or no Redress Determination is sent to the Scheme Creditor, within such timeframes, the relevant Scheme Creditor shall be entitled to complain to the Ombudsman from the date on which they should have received a Redress Determination within the time limits specified in DISP 2.8.2R(2).

- 7.5 Subject to Clause 7.6 below, the determination of the Scheme Adjudicator on each and every issue before it shall be final and binding on the Scheme Administrators, the Scheme Creditor and each of the Scheme Participants. For the avoidance of doubt there shall be no right of appeal from the determination of the Scheme Adjudicator and there shall be no right to make any further claim against or to the Scheme Adjudicator within the Scheme. The amount payable pursuant to any determination by the Scheme Adjudicator shall not exceed the Redress Amount.
- 7.6 If (a) a complaint is referred to the Ombudsman by or on behalf of a Scheme Creditor on or after 27 January 2015; and (b) within 14 days of the Ombudsman telling the entity (Schemeco, AI, a Business Partner or Business Partner Affiliate) against whom the complaint has been made that the complaint has been referred to the Ombudsman, the relevant entity tells the Ombudsman in writing that the complaint (or part of the complaint) falls within the scope of the FCA Requirements referred to at Clauses 2.2.3 and 2.2.4 above, then the Ombudsman will determine the complaint by reference to what, in the opinion of the Ombudsman, the determination under the Scheme should be or should have been and the Scheme Creditor acknowledges that the Ombudsman is bound by the terms of section 404B of FSMA to take such an approach.
- 7.7 The Scheme Administrators shall appoint the Scheme Adjudicator and may appoint a replacement Scheme Adjudicator if a Scheme Adjudicator resigns, or is otherwise conflicted, or vacates office in accordance with Clause 7.8 below.
- 7.8 The office of the Scheme Adjudicator shall be vacated by the Scheme Adjudicator if that Scheme Adjudicator:
- 7.8.1 dies, becomes bankrupt or mentally disordered;
 - 7.8.2 is convicted of an indictable offence (other than a road traffic offence); or
 - 7.8.3 ceases to be a solicitor.

8 RELEASE BY SCHEME CREDITORS

- 8.1 Pursuant to the terms of the Scheme, each Scheme Creditor shall release, in full and final settlement, all or any Scheme Claims and AI Claims and Business Partner Claims it may have in accordance with this Clause 8.
- 8.2 Each Scheme Creditor who submits a Claim Form (whether they are determined to have an Agreed Scheme Claim or not) releases and shall grant a release to each of Schemeco, AI, the Business Partners and the Business Partner Affiliates in respect of all its Scheme Claims, AI Claims and Business Partner Claims (if any), provided that

all payment obligations (if any) to such Scheme Creditor under the Scheme are satisfied by the relevant Scheme Participant, on the following dates:

- 8.2.1 in the case of a Scheme Creditor who has an Agreed Scheme Claim in respect of which a Redress Amount is payable, on the date falling 30 Business Days after a cheque is posted to a Scheme Creditor provided that such release shall be deemed not to have been granted if a Scheme Creditor seeks to cash a cheque sent in accordance with the Scheme within 6 months of issue and such cheque is not honoured; or
- 8.2.2 in the case of a Scheme Creditor who has an Agreed Scheme Claim, in respect of which the Redress Amount is equal to or less than zero, on the date falling 30 Business Days after a Notice of No Loss is posted to such Scheme Creditor; or
- 8.2.3 in the case of a Scheme Creditor whose Scheme Claim is rejected such that such Scheme Claim is not an Agreed Scheme Claim, on the date falling 30 Business Days after a Notice of Rejection is posted to such Scheme Creditor;
- 8.2.4 in the case of a Scheme Creditor who invokes the Dispute Resolution Procedure pursuant to Clauses 4.6, 4.8 or 4.9, on the date:
 - (a) falling 5 Business Days after the Scheme Administrators issue a cheque to the Scheme Creditor following the Redress Determination of the Disputed Scheme Claim; or
 - (b) on which the Scheme Adjudicator rejects the Disputed Scheme Claim by way of a Redress Determination,

save that the Scheme Creditor shall retain the right to make a complaint to the Ombudsman within six months of the date on which the Scheme Creditor is sent a Redress Determination.

- 8.3 Any Scheme Creditor who does not submit a Claim Form releases and shall grant a release to each of Schemeco, AI, the Business Partners and the Business Partner Affiliates in respect of all its Scheme Claims, AI Claims and Business Partner Claims (if any) on the Bar Date.
- 8.4 Each Scheme Creditor hereby irrevocably authorises the Scheme Administrators to enter into, execute and deliver as a deed on behalf of each Scheme Creditor, a Scheme Liabilities Release Deed Poll to confirm and/or effect the releases referred to in this Clause 8.
- 8.5 Any release granted by a Scheme Creditor pursuant to this Clause 8 shall be in full, final and irrevocable settlement of any Scheme Claims, AI Claims and Business Partner Claims that the relevant Scheme Creditor may have.

9 INSOLVENCY OF AI OR ANY BUSINESS PARTNER, OR SCHEMOCO

- 9.1 If an Insolvency Event occurs with respect to either AI or any Business Partner (the "**Insolvent Entity**"), then the Scheme Administrators shall, to the extent they are able under applicable law, apply or procure to have applied any funds standing to the credit of the bank account established in accordance with the terms of the

Implementation Agreement by the Insolvent Entity (the "**Insolvent Entity Funds**") in the following order of priority:

- 9.1.1 first, to honour any cheque issued by the Insolvent Entity in respect of Redress which remains unpaid;
 - 9.1.2 secondly, in discharge (pro-rata in the event of partial payment) of all amounts due and payable, or capable of becoming due and payable (whether as at the date of the Insolvency Event or in the future) from the Insolvent Entity to Supplierco, Schemeco and/or the Scheme Administrators under the Implementation Agreement and/or the Scheme Administrator Appointment Letter;
 - 9.1.3 thirdly, provided that the Scheme Administrators are satisfied that no further liabilities are required to be discharged pursuant to Clause 9.1.1 above, in discharge of any Redress Amounts which are unpaid at the date of the Insolvency Event that are payable by the Insolvent Entity in accordance with the terms of the Implementation Agreement and Clause 5. If the Insolvent Entity Funds are insufficient to pay all such Redress Amounts in full, the Scheme Administrators shall apply the Insolvent Entity Funds in payment of such Redress Amounts on a pari passu basis; and
 - 9.1.4 fourthly, any remaining balance shall be paid to the Insolvent Entity on the Scheme Obligations Termination Date.
- 9.2 Where the Insolvent Entity is a Business Partner, no Scheme Creditor shall have any right to payment from AI, Schemeco or another Business Partner or Business Partner Affiliate in respect any unpaid Redress Amount which would otherwise have been payable by the Insolvent Entity in accordance with the terms of the Scheme.
- 9.3 Where the Insolvent Entity is AI, no Scheme Creditor shall have any right to payment from Schemeco, or a Business Partner or Business Partner Affiliate in respect of any unpaid Redress Amount which would otherwise have been payable by AI in accordance with the terms of the Scheme.
- 9.4 If any Redress Amount remains unpaid following an Insolvency Event in respect of AI or a Business Partner as the case may be then:
- 9.4.1 the unpaid element of the Redress Amount of such an Agreed Scheme Claim shall cease to be an Agreed Scheme Claim and such Scheme Creditor shall have the rights which it would have had against AI and / or the relevant Business Partner as the case may be as if the Scheme Effective Date had not occurred in respect of that Scheme Creditor;
 - 9.4.2 no further payment will be made under the Scheme to such Scheme Creditor; and
 - 9.4.3 it shall be for the FSCS to determine whether or not such unpaid claim shall be a Protected Claim against any Insolvent Entity and therefore eligible for payment by the FSCS in accordance with the FSCS Rules; and
 - 9.4.4 the Scheme Administrators shall have no obligation to assist the Scheme Creditor in making a claim against the FSCS.

- 9.5 Following the occurrence of an Insolvency Event in respect of AI or a Business Partner and save to the extent that the Scheme Administrators determine (in their sole discretion) that there are sufficient Insolvent Entity Funds to meet such a claim in accordance with Clause 9.1 above, the Scheme Administrators shall not be permitted to admit any Scheme Claim that would fall to be paid by the Insolvent Entity under the terms of the Scheme (any such claim being an "**Insolvency Barred Claim**"). In such circumstances:
- 9.5.1 the relevant Scheme Creditor shall, in relation to the Insolvency Barred Claim, have the rights which it would have had against AI and / or the relevant Business Partner as the case may be as if the Scheme Effective Date had not occurred in respect of that Scheme Creditor;
 - 9.5.2 no further payment will be made under the Scheme to such Scheme Creditor in respect of the Insolvency Barred Claim; and
 - 9.5.3 it shall be for the FSCS to determine whether or not such Insolvency Barred Claim shall be a Protected Claim against any Insolvent Entity and therefore eligible for payment by the FSCS in accordance with the FSCS Rules.
- 9.6 Notwithstanding the provisions of this Clause 9, the Scheme shall continue in accordance with its terms with respect to Scheme Creditors other than those expressly referred to in Clauses 9.4 and 9.5 above.
- 9.7 None of Schemeco, AI, or the Business Partners or Business Partner Affiliates other than the Insolvent Entity shall be liable for any obligations of the Insolvent Entity under the Scheme.
- 9.8 The Scheme Administrators shall notify each Scheme Creditor entitled to payment from the Insolvent Entity of the occurrence of any Insolvency Event in respect of such Insolvent Entity and such Scheme Creditor's right to make a claim to the FSCS.
- 9.9 If an Insolvency Event occurs in respect of Schemeco, the Scheme shall not be affected, and shall continue in accordance with its terms.
- 10 SCHEME ADMINISTRATORS' POWERS AND DUTIES**
- 10.1 The Scheme Administrators shall be a minimum of two individuals (and not more than three) who are each chartered accountants and duly qualified in the reasonable opinion of Schemeco to discharge the functions of the Scheme Administrators under the Scheme.
- 10.2 The Scheme Administrators, or any of them, may resign their appointment at any time by giving not less than 90 days' notice in writing to each Scheme Participant or such shorter period as may be agreed by each Scheme Participant provided that a new Scheme Administrator has been appointed in accordance with Clause 10.4 on or prior to that resignation taking effect.
- 10.3 The office of the Scheme Administrator shall be vacated by a Scheme Administrator if that Scheme Administrator:
- 10.3.1 dies, becomes bankrupt or mentally disordered;

- 10.3.2 is convicted of an indictable offence (other than a road traffic offence);
 - 10.3.3 resigns his office by 90 days' notice in writing to each Scheme Participant;
or
 - 10.3.4 ceases to be a chartered accountant.
- 10.4 If there is a vacancy in the office of the Scheme Administrator, Schemeco, after consultation with AI and the Business Partners and agreement by the Authority, shall forthwith appoint as a replacement Scheme Administrator a qualified chartered accountant.
- 10.5 The Scheme Administrators shall have the powers, duties and functions conferred upon them by this Scheme.
- 10.6 The Scheme Administrators shall:
- 10.6.1 as soon as reasonably practicable after the Scheme Effective Date (i) write to all Scheme Creditors of whom they are aware (a) notifying them of the Scheme Effective Date and (b) inviting them to submit a Claim Form on or before the Bar Date and (ii) advertise for Scheme Claims in those newspapers as were used to advertise the Scheme Meeting and such notice shall be substantially in the form set out at Appendix 4;
 - 10.6.2 have sole responsibility for:
 - (a) determining whether any Scheme Claim is an Agreed Scheme Claim;
 - (b) notifying each Scheme Creditor if its claim is a Disputed Scheme Claim or has been rejected and the reasons for such rejection;
 - (c) conduct of Disputed Scheme Claims pursuant to the Dispute Resolution Procedure or otherwise to the extent that the Scheme Adjudicator is not responsible in accordance with the terms of the Scheme; and
 - (d) determining whether or not the Exceptional Circumstances apply;
 - 10.6.3 issue cheques to Scheme Creditors with Agreed Scheme Claims in accordance with the terms of the Scheme and the Implementation Agreement;
 - 10.6.4 have the power to do all things ancillary to the matters referred to in Clauses 10.6.1 and 10.6.3 above or which are otherwise required to be done by the Scheme Administrators in accordance with the Scheme;
 - 10.6.5 have the power to delegate all or any of the functions, powers, rights, authorities and discretions conferred upon the Scheme Administrators under the Scheme from time to time and to revoke any such delegation, provided that the Scheme Administrators shall be responsible for any act or omission of any such employee or delegate to the same extent as if they had expressly authorised it;

- 10.6.6 have the power to defend any proceedings against them in respect of carrying out their functions and exercising their powers under the Scheme; and
- 10.6.7 have the power to apply to the Court for directions in relation to any particular matter arising in the course of the Scheme.
- 10.7 In the absence of manifest error, none of Schemeco, AI or the Business Partners will be entitled to challenge any decision made by the Scheme Administrators as regards Scheme Claims, Agreed Scheme Claims, the payment of Redress, a Redress Determination or any Redress Amount.
- 10.8 Save as expressly provided for herein, the Scheme Administrators shall not have any duty or responsibility to manage, oversee or conduct the business, property or affairs of Schemeco and such duty shall remain solely with the directors of Schemeco.
- 10.9 Subject to Clause 10.14, the Scheme Administrators shall not incur any personal liability in connection with the preparation, adoption, agreement or implementation of the Scheme or in connection with any ancillary arrangement including, without limitation, the deeds and agreements referred to in Part D of the Explanatory Statement.
- 10.10 The functions and powers of the Scheme Administrators under the Scheme may be performed and exercised jointly or severally and any act required to be done by the Scheme Administrators pursuant to the Scheme may be done by all or any one or more of them.
- 10.11 The Scheme Administrators may perform their duties through agents and employees and shall be entitled to rely on any communication, instrument, document or information (whether provided in writing or orally) considered by him to be genuine and correct and shall be entitled to rely upon the advice of, or information obtained from, any professional advisor or other person instructed by him considered by them in good faith to be competent.
- 10.12 In carrying out their functions and exercising their powers under the Scheme, the Scheme Administrators shall act bona fide with due care and diligence in the interests of the Scheme Creditors as a whole and they shall use their powers under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms. However, nothing in this Scheme shall require the Scheme Administrators to take any action which would be unlawful in the United Kingdom, or contrary to any other applicable law.
- 10.13 In carrying out their duties and functions under the Scheme, the Scheme Administrators and, where appropriate, the Scheme Adjudicator shall make reasonable adjustments to the process for administering the Scheme (including without limitation the process for assessing and determining Scheme Claims, and (subject to the Bar Date) the deadlines for submitting Scheme Claims and invoking the Dispute Resolution Procedure) where such adjustments are considered by the Scheme Administrators or Scheme Adjudicator, as the case may be, to be reasonably necessary to accommodate the disability of a Scheme Creditor that is notified or otherwise drawn to the attention of the Scheme Administrators or Scheme Adjudicator, as the case may be. Such reasonable adjustments shall include, but not

be limited to, providing copies of communications in respect of the Scheme to a Scheme Creditor in braille, large print or in audio format upon request.

- 10.14 Save as expressly set out in this Scheme, the Scheme Administrators shall act as agents of Schemeco (without personal liability) in respect of all functions and powers conferred on them under the Scheme. The Scheme Administrators shall, in their capacity as such, incur no liability to any Scheme Creditor or other person arising from the exercise of any power or discretion vested in them under the Scheme, except where such liability arises as a result of their own gross negligence, wilful default, breach of duty, breach of trust, fraud, bad faith or dishonesty (or as a result of the gross negligence, wilful default, breach of duty, breach of trust, fraud, bad faith or dishonesty of any employee).
- 10.15 To the extent permitted by law and in the absence of manifest error, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the Scheme Administrators in accordance with and to implement the provisions of the Scheme or the exercise by the Scheme Administrators in good faith and with due care of any power conferred upon them for the purposes of the Scheme if exercised in accordance with and to implement the provisions of the Scheme and the Scheme Administrators shall not be liable for any loss unless such loss is attributable to their own gross negligence, wilful default, breach of duty, breach of trust, fraud, bad faith or dishonesty (or to the gross negligence, wilful default, breach of duty, breach of trust, fraud, bad faith or dishonesty of any employee).

11 MODIFICATIONS OF THE SCHEME

- 11.1 The Scheme Participants may, at any hearing to sanction the Scheme, consent to any modification of the Scheme or terms or conditions that the Court may think fit to approve or impose.
- 11.2 Subject to Clause 11.3 below, the Scheme Administrators shall have the power at any time after the Scheme Effective Date, and if they consider it expedient to do so, to modify the terms of the Scheme without reference to the Scheme Creditors, so long as such modification is effected with the consent of each of the Scheme Participants and the Authority, does not adversely affect the interests under the Scheme of any Scheme Creditor and is in the best interests of the Scheme Creditors as a whole.
- 11.3 Where the proposed modification of the Scheme is purely of a technical or legal nature, the consent of the Authority shall not be required save that the Scheme Administrators shall give reasonable prior notification to the Authority of any such proposed modification.

12 TERMINATION OF THE SCHEME

- 12.1 The Scheme Obligations Termination Date shall be the date on which any one of the conditions set out in Clause 12.2 has been satisfied.
- 12.2 The obligations of the Scheme Participants in respect of the Scheme shall terminate on the earlier of:

- 12.2.1 the date the Scheme Administrators give notice to the Scheme Participants that all Agreed Scheme Claims have been paid in full and the Bar Date has expired and all Disputed Scheme Claims have been finally determined; or
- 12.2.2 the date the Scheme Administrators acting reasonably, and following consultation with the Scheme Participants, determine that it is no longer possible to complete the Scheme.
- 12.3 The Scheme Obligations Termination Date shall be notified to the Scheme Creditors by way of publication in those newspapers as were used to advertise the Scheme Meeting. Such notice shall be substantially in the form set out at Appendix 5.
- 12.4 For the avoidance of doubt, the occurrence of the Scheme Obligations Termination Date shall mean that no further obligation may arise for any Scheme Participant under the Scheme, but shall be without prejudice to all other rights and obligations (including Scheme Creditor releases) under the Scheme.

13 NOTICE

- 13.1 A Claim Form or other notice to be given to the Scheme Administrators or Schemeco:
 - 13.1.1 must be given in writing;
 - 13.1.2 may be sent by post or may be delivered but shall only be deemed served upon actual receipt, provided that if such receipt occurs on a Saturday, Sunday or public holiday or after 5.30 p.m. on any Business Day in London such Claim Form or other such notice shall be deemed to have been received at 9.30 a.m. on the next Business Day in London; and
 - 13.1.3 must be addressed to the Scheme Administrators at Ernst & Young LLP, 1 More London Place, London SE1 2AY, FAO Kevin Gill and Ben Cairns.
- 13.2 Any notice given under the Scheme by the Scheme Administrators to any person shall be sufficiently served by posting the same by first class (or equivalent) or airmail post to or leaving the same at the address of such person last known to AI. If such notice is posted, it shall be deemed to have been received by the addressee 48 hours after the same shall have been posted.
- 13.3 A Claim Form or other notice which is signed by a person authorised by a Scheme Creditor on his behalf may be rejected by the Scheme Administrators if it is not accompanied by a power of attorney duly executed by the Scheme Creditor in favour of such person whereby such person is authorised to execute the notice concerned, or by a copy of such power of attorney certified as a true copy thereof by a solicitor or notary or a person authorised to administer oaths in any relevant jurisdiction, together with a statutory declaration made by the donee of the power stating that such power had not been revoked prior to its signature of such notice. In the case of a Claim Form or other notice which is signed on behalf of a Scheme Creditor which is a corporation or other legally constituted person or a partnership, the Scheme Administrators shall not be required to make enquiry as to the authority of the signatory to sign such notice on behalf of such Scheme Creditor.

14 OBLIGATIONS SEVERAL

The obligations of each Scheme Participant under the Scheme are several. Failure by a Scheme Participant to perform its obligations under the Scheme does not affect the obligations of any other Scheme Participant under the Scheme. No Scheme Participant is responsible for the obligations of any other Scheme Participant under the Scheme.

15 ASSIGNMENT

No Scheme Creditor may assign its Scheme Claim or any other rights under the Scheme to any person.

16 BANKRUPTCY

16.1 To the extent that any Scheme Claim has vested in a trustee in bankruptcy or is subject to an individual voluntary arrangement (pursuant to Part VIII of the Insolvency Act 1986) in respect of any Scheme Creditor, references to Scheme Creditor in the Scheme shall be read as references to such Scheme Creditor's trustee in bankruptcy or the relevant supervisor of such an individual voluntary arrangement, who shall be bound by and subject to the terms of the Scheme (including, but not limited to, the provisions set out in Clause 8 above).

16.2 It shall be the relevant Scheme Creditor's obligation to inform any relevant trustee in bankruptcy or supervisor of the existence of any Scheme Claim and neither Schemeco, nor the Scheme Administrators, nor AI, nor any Business Partner or Business Partner Affiliate, shall be responsible for ensuring that such a trustee in bankruptcy or supervisor has notice of the Scheme, and absent any such notice, any payment of a Redress Amount or any issue of a Notice of No Loss or a Notice of Rejection by the Scheme Administrators to the Scheme Creditor shall discharge the obligations arising under or in connection with the Scheme to that Scheme Creditor.

17 GOVERNING LAW AND JURISDICTION

17.1 The Scheme and any non-contractual obligations arising out of or in connection with the Scheme shall be governed by, and construed in accordance with, the laws of England and Wales and the Scheme Creditors hereby agree that the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of or in connection with the Explanatory Statement or any provision of the Scheme, or out of any action taken or omitted to be taken under the Scheme or any non-contractual obligations arising out of or in connection with the Scheme. For such purposes, the Scheme Creditors irrevocably submit to the jurisdiction of the Court, provided, however, that nothing in this Clause 17 shall affect the validity of other provisions determining governing law and jurisdiction as between Schemeco and its Scheme Creditors, whether contained in any contract or otherwise.

17.2 The Scheme shall take effect subject to any prohibition or condition imposed by law.

Dated []

APPENDIX 1

**NOTICE CONVENING THE MEETING OF SCHEME CREDITORS TO VOTE ON THE
SCHEME**

No. [] of 2015

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

IN THE MATTER OF AI SCHEME LIMITED

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 1 April 2015 made in the above matter, the Court has directed that a meeting (hereinafter called the "Creditors' Meeting") be convened of the Scheme Creditors (as defined in the Scheme of Arrangement hereinafter mentioned) of the above named company (hereinafter called "the Company") for the purposes of considering and, if thought fit, approving (with or without modifications) a Scheme of Arrangement, proposed to deal with the card protection products bought or renewed by Scheme Creditors after 14 January 2005, made between the Company and the Scheme Creditors and that the Creditors' Meeting will be held at [Central Hall Westminster, Storey's Gate, London, SW1H 9NH] commencing at 12pm (midday) on 30 June 2015 at which place and time all such Scheme Creditors are requested to attend.

Scheme Creditors may vote in person at the Creditors' Meeting or they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place.

It is requested that voting forms be lodged with AI Scheme Services, PO Box 260, Wymondham NR18 8DU by 17:00 on 23 June 2015.

By the Order, the Court has appointed Kevin Gill, and in his absence Ben Cairns, both of Ernst & Young LLP, 1 More London Place, London, SE1 2AF to act as Chairman at the Creditors' Meeting and has directed the Chairman to report the result of the Creditors' Meeting to the Court. A copy of the statement required to be furnished pursuant to Section 897 of the Companies Act 2006 together with certain documents related to the proposed Scheme of Arrangement (including a copy of the proposed Scheme of Arrangement) are available for viewing on the following website www.aischeme.co.uk.

If you have not received a pack explaining the Scheme to refund product holders, please contact our freephone number 0800 678 1930 (outside of the UK dial +44 208 475 3103), quoting your product number or unique customer reference number. We are available between 8am and 8pm Monday to Friday, and 8am to 6pm on Saturdays. Alternatively, you can write to AI Scheme Services, PO Box 260, Wymondham NR18 8DU, to request a copy.

APPENDIX 2

CLAIM FORM IN RESPECT OF A SCHEME CARD SECURITY PRODUCT

APPENDIX 3

SCHEME LIABILITIES RELEASE AGREEMENT

Dated 2015

**THE SCHEME CREDITORS and
THE BUSINESS PARTNERS and
AFFINION INTERNATIONAL LIMITED and
AI SCHEME LIMITED**

SCHEME LIABILITY RELEASE DEED POLL

In relation to the Scheme

THIS DEED POLL OF RELEASE (this Deed) is made on

By:

- (1) **THE SCHEME CREDITORS**, as defined in the Scheme and each acting by its agents and attorneys as appointed pursuant to the Scheme;

In favour of:

- (2) **THE BUSINESS PARTNERS** as listed and defined in Schedule 1 to this Deed;
 - (3) **THE BUSINESS PARTNER AFFILIATES** as defined in the Scheme (as such term is defined below);
 - (4) **AFFINION INTERNATIONAL LIMITED** (Registered no. 1008797), a company incorporated in the United Kingdom whose registered office is at Charter Court, 50 Windsor Road, Slough, SL1 2EJ ("**AI**"); and
 - (5) **AI SCHEME LIMITED**, (Registered no. 09295299), a company incorporated in the United Kingdom whose registered office is at 35 Great St. Helen's, London, EC3A 6AP ("**Schemeco**"),
- together the "**Parties**".

WHEREAS:

- (A) Schemeco has entered into a scheme of arrangement with the Scheme Creditors under Part 26 of the Companies Act 2006, such scheme of arrangement having been sanctioned by the Court pursuant to an order of the court dated 9 July 2015 (the "**Scheme**").
- (B) Each of the Scheme Creditors has agreed to be bound by the terms of the Scheme and to give the releases and waivers set out in this Deed in connection with the Scheme.

DEFINITIONS

Unless otherwise defined in this Deed or the context otherwise requires, words and expressions used in this Deed shall have the meanings given to them in the Scheme.

IT IS AGREED:

1 Releases and Waivers

- 1.1 Subject to Clause 1.2, each Scheme Creditor (whether they have an Agreed Scheme Claim or not) hereby fully, irrevocably and unconditionally releases each of Schemeco, AI, the Business Partners and the Business Partner Affiliates and their respective directors and employees to the fullest extent permissible by applicable law from (and fully, irrevocably and unconditionally waive) any and all claims, actions, debts, losses, liabilities, demands and proceedings whatsoever, whether existing, prospective or contingent, known or unknown, which any of the Scheme Creditors has or, but for this Deed, may in the future have, in any capacity whatsoever against any and all of Schemeco, AI, the Business Partners and the Business

Partner Affiliates and their respective directors and employees under or in connection with or arising out of any Scheme Claim, AI Claim or any Business Partner Claim.

1.2 The release in Clause 1.1 will take effect in respect of the relevant Scheme Creditor on the following dates:

1.2.1 in the case of a Scheme Creditor who submits a Claim Form and has an Agreed Scheme Claim in respect of which a Redress Amount is payable, on the date falling 30 Business Days after a cheque is posted to the Scheme Creditor in respect of that Scheme Creditor's Agreed Scheme Claim, provided that such release shall be deemed not to have been granted if a Scheme Creditor seeks to cash a cheque sent in accordance with the Scheme which has not been cancelled in accordance with the Scheme and such cheque is not honoured; or

1.2.2 In the case of a Scheme Creditor who submits a Claim Form and who has an Agreed Scheme Claim, in respect of which the Redress Amount is equal to or less than zero, on the date falling 30 Business Days after a Notice of No Loss is posted to such Scheme Creditor; or

1.2.3 in the case of a Scheme Creditor who submits a Claim Form and whose Scheme Claim is rejected such that such Scheme Claim is not Agreed Scheme Claim, on the date falling 30 Business Days after a Notice of Rejection is posted to such Scheme Creditor; or

1.2.4 in the case of a Scheme Creditor who invokes the Dispute Resolution Procedure pursuant to Clauses 4.6, 4.8 or 4.9 of the Scheme, on the date:

(a) falling 5 Business Days after the Scheme Administrators issue a cheque to the Scheme Creditor following the Redress Determination of the Disputed Scheme Claim; or

(b) on which the Scheme Adjudicator rejects the Disputed Scheme Claim by way of a Redress Determination,

save that the Scheme Creditor shall retain the right to make a complaint to the Ombudsman within six months of the date on which the Scheme Creditor is sent a Redress Determination or, if the Scheme Adjudicator fails to make its determination, or no Redress Determination is sent to the Scheme Creditor, within the specified timeframes, the relevant Scheme Creditor shall be entitled to complain to the Ombudsman within the time limits specified in DISP 2.8.2R(2); or

1.2.5 in the case of any Scheme Creditor who does not submit a Claim Form, on the Bar Date.

2 Execution, Counterparts and Amendment

- 2.1 This Deed has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.
- 2.2 This Deed may be executed in any number of counterparts, and by each of the Parties on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.
- 2.3 This Deed may not be amended, varied, or modified nor any provision waived except with prior written consent of each party to this Deed provided that any amendment which adversely affects the rights of a person who is a beneficiary of a release or waiver hereunder but is not a party hereto may not be made without that person's prior written consent.
- 2.4 In the event that any release or waiver given by a party hereto (the "Releasor") in favour of another party hereto or other beneficiary hereunder (the "Releasee") is found by a court of competent jurisdiction to be unenforceable (an "Unenforceable Release"), the Releasor agrees that it shall not (and shall not instruct, encourage or support any other person to) bring or join any action, claim or suit or other proceedings of any kind against the Releasee in relation to or arising out of any matter or thing which was the subject of such Unenforceable Release.

3 Invalidity

- 3.1 Each of the provisions of this Deed is severable. If any such provision is held to be or becomes invalid or unenforceable in any respect under the law of any jurisdiction, it shall have no effect in that respect and the Parties shall use all reasonable efforts to replace it in that respect with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

4 Third Party Enforcement Rights

- 4.1 The specified third party beneficiaries of the releases, waivers, undertakings and/or commitments referred to in Clause 1 shall, in each case, have the right to enforce the relevant terms by reason of the Contracts (Rights of Third Parties) Act 1999. The rights of any such third party beneficiary are subject to the other terms and conditions of this Deed.
- 4.2 Except as provided in Clause 4.1, a person who is not a party to this Deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

5 Governing Law and Jurisdiction

- 5.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

- 5.2 The courts of England shall have exclusive jurisdiction to settle any dispute including a dispute relating to non-contractual obligations arising out of or in connection with this Deed.
- 5.3 The English courts are the most appropriate and convenient courts to settle any such dispute in connection with this Deed. Each of the Parties irrevocably waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.
- 5.4 References in this Clause 5 to a dispute in connection with this Deed include any dispute as to the existence, validity or termination of this Deed.

Schedule 1 – Business Partners

- 1 **BARCLAYS BANK PLC** (Registered no. 01026167), a public limited company incorporated in the United Kingdom whose registered address is 1 Churchill Place, London, E14 5HP;
- 2 **SANTANDER UK PLC** (Registered no. 02294747), a public limited company incorporated in the United Kingdom whose registered address is 2 Triton Square, Regent's Place, London, NW1 3AN;
- 3 **THE ROYAL BANK OF SCOTLAND PLC** (Registered no. SC090312), a public limited company incorporated in the United Kingdom whose registered address is 36 St Andrew Square, Edinburgh, EH2 2YB;
- 4 **HSBC BANK PLC** (Registered no. 00014259), a public limited company incorporated in the United Kingdom whose registered address is 8 Canada Square, London, E14 5HQ;
- 5 **CLYDESDALE BANK PLC** (Registered no. SC001111), a public limited company incorporated in the United Kingdom whose registered address is 30 St. Vincent Place, Glasgow, G1 2HL;
- 6 **TESCO PERSONAL FINANCE PLC** (Registered no. SCI73199), a public limited company incorporated in the United Kingdom whose registered address is Interpoint Building, 22 Haymarket Yards, Edinburgh, EH12 5BH;
- 7 **CAPITAL ONE (EUROPE) PLC** (Registered no. 03879023), a public limited company incorporated in the United Kingdom whose registered address is Trent House, Station Street, Nottingham, NG2 3HX;
- 8 **LLOYDS BANK PLC** (Registered no. 00002065), a public limited company incorporated in the United Kingdom whose registered address is 25 Gresham Street, London, EC2V 7HN;
- 9 **NORTHERN BANK LIMITED T/AS DANSKE BANK** (Registered no. R568), a company incorporated in Northern Ireland whose registered address is Donegall Square West, Belfast, BT1 6JS;
- 10 **THE CO-OPERATIVE BANK PLC** (Registered no. 0990937), a public limited company registered in England whose registered address is at PO Box 101, 1 Balloon Street, Manchester, M60 4EP; and
- 11 **AIB GROUP (UK) PLC T/AS (I) FIRST TRUST BANK IN NORTHERN IRELAND AND (II) ALLIED IRISH BANK (GB) IN GREAT BRITAIN** (Registered no. NI018800), a public limited company registered in Northern Ireland whose registered address is 92 Ann Street, Belfast, BT1 3HH, Northern Ireland

(together the "**Business Partners**").

In witness of which the Scheme Creditors have executed and delivered this Deed on the date stated at its beginning:

The Scheme Creditors

SIGNED as a DEED POLL by
[Ben Cairns] [Kevin Gill] of
Ernst and Young, in his
capacity as Scheme Administrator
for and on behalf of the
SCHEME CREDITORS;

Scheme Administrator

In the presence of

Name:

Address:

Occupation:

Witness

APPENDIX 4

No. [●] of 2015

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF AI SCHEME LIMITED

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 9 July 2015 made in the above matter, the Court has sanctioned the scheme of arrangement (the "Scheme") proposed to be made between the above named company (hereinafter called "the Company") and its Scheme Creditors (as defined in the Scheme). A copy of the Order was delivered to the Registrar of Companies in England and Wales on 27 July 2015, and the Scheme became effective on that date.

Please not that all Scheme Creditors are now bound by the provisions of the Scheme.

A copy of the terms of the Scheme is available to download from www.aischeme.co.uk. Should you require a paper copy, please contact AI Scheme Services, PO Box 260, Wymondham NR18 8DU, and a copy will be sent to you free of charge.

Return of Claim Form

Scheme Creditors will receive a claim form together with documents setting out additional information.

Scheme Creditors wishing to submit a claim under the Scheme must complete and return their original claim form by post to AI Scheme Services, PO Box 260, Wymondham NR18 8DU on or before 29 February 2016. No claim forms received after 29 February 2016 will be accepted (other than where one or more Exceptional Circumstances (as defined in the Scheme) applies). No claims made by email, telephone or using photocopies of the original claim form will be accepted.

The Scheme website and the documents that Scheme Creditors will receive with the claim form contain important information and guidelines explaining the process for submitting a claim.

Further information and contact details

Any Scheme Creditor who has any questions concerning this notice or who requires assistance in completing the claim form, should contact our freephone number 0800 678 1930 (outside of the UK dial +44 208 475 3103), quoting your policy number or unique customer reference number. The telephone helpline is available between 8am and 8pm Monday to Friday, and 8am to 6pm on Saturdays. Further information may be obtained from www.aischeme.co.uk.

APPENDIX 5

NOTICE OF SCHEME OBLIGATIONS TERMINATION DATE

No. [] of 2015

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

IN THE MATTER OF AI SCHEME LIMITED

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that the Scheme Obligations Termination Date (as defined in the Scheme of Arrangement made between AI Scheme Limited and its respective Scheme Creditors pursuant to Part 26 of the Companies Act 2006 which was sanctioned in the High Court of Justice of England and Wales on 9 July 2015 and became effective on 27 July 2015) occurred on [•].

Part 2: Complaints and Redress Determinations

1. From and including the Requirement Date, DISP 1.1.11A R shall apply in respect of any complaint made by a Scheme Creditor to AI, the Firm, another Business Partner, a Business Partner Undertaking Affiliate, or the Scheme Administrators (when acting on their behalf) where the subject matter of the complaint falls within the Subject Matter of the Redress Scheme. Where part of a complaint made by a Scheme Creditor to AI, the Firm, another Business Partner, Business Partner Undertaking Affiliate, or the Scheme Administrators (when acting on their behalf) falls within the Subject Matter of the Redress Scheme, DISP 1.1.11A R shall apply in respect of that part and references below to a complaint falling within this paragraph 1 shall be construed as references to that part.
2. The Firm must establish and maintain a fair and intelligent filtering of cases in order to identify whether a complaint (or parts of a complaint) received after the Requirement Date falls within the Subject Matter of the Redress Scheme.
3. If the Firm receives a complaint (or part thereof) falling within Paragraph 1 prior to the Applicable Bar Date:
 - 3.1. within 10 Business Days of the receipt of the complaint, the Scheme Creditor will be sent a letter acknowledging the complaint, notifying the Scheme Creditor that the complaint falls to be dealt with under the Scheme of Arrangement, and providing information about the process for making a Scheme Claim;
 - 3.2. if the Scheme Creditor subsequently submits a Scheme Claim under the Scheme of Arrangement which is admitted as an Agreed Scheme Claim, the Scheme Administrators will pay redress in accordance with the Scheme of Arrangement. If, having made an Agreed Scheme Claim, the Scheme Creditor subsequently attempts to pursue his earlier complaint, or makes a further complaint falling within the Subject Matter of the Redress Scheme, the entity responsible for the complaint (and not, for the avoidance of doubt, the Scheme Administrators) shall issue a Redress Determination notifying the Scheme Creditor that his complaint fell to be dealt with under the Scheme of Arrangement, that he has already made an Agreed Scheme Claim and has released the relevant entity from further liability as a result of making the Agreed Scheme Claim;
 - 3.3. if the Scheme Creditor subsequently submits a Scheme Claim under the Scheme of Arrangement which becomes a Disputed Scheme Claim, the Scheme Adjudicator (on behalf of the Firm, a Business Partner and/or a Business Partner Undertaking Affiliate and/or AI, as appropriate) will send a Redress Determination to a Scheme Creditor containing its determination of the Disputed Scheme Claim;
 - 3.4. if, by 8 weeks prior to the Bar Date, the Scheme Creditor has not submitted a Scheme Claim under the Scheme of Arrangement, the Scheme Administrators will send the Scheme Creditor a letter reminding the Scheme Creditor of the information contained in the letter at paragraph 3.1 above and reminding the Scheme Creditor of the impending Bar Date for submitting a Scheme Claim under the Scheme of Arrangement; and
 - 3.5. if the Scheme Creditor does not submit a Scheme Claim under the Scheme of Arrangement, the entity responsible for the complaint shall, within 8 weeks after the Exceptional Circumstances Bar Date, issue a Redress Determination notifying the Scheme Creditor that his complaint fell to be dealt with under the Scheme of Arrangement, that the time for making a claim under the Scheme of Arrangement has passed and that his complaint is now time-barred.
4. If the Firm receives a complaint (or part thereof) falling within Paragraph 1 after the Applicable Bar Date:
 - 4.1. if the Scheme Creditor made a Scheme Claim prior to the Exceptional Circumstances Bar Date and the Scheme Creditor has not already received a Redress Determination, the entity responsible for the complaint shall issue within 8 weeks of receiving the complaint a Redress Determination notifying the Scheme Creditor that his complaint fell to be dealt

- with under the Scheme of Arrangement, that he has already made a Scheme Claim and the outcome of the Scheme Claim; and
- 4.2. if the Scheme Creditor did not make a Scheme Claim under the Scheme of Arrangement, the entity responsible for the complaint shall issue within 8 weeks of receiving the complaint a Redress Determination notifying the Scheme Creditor that his complaint fell to be dealt with under the Scheme of Arrangement, that the time for making a claim under the Scheme of Arrangement has passed and that his complaint is now time-barred.
5. If these Requirements cease to have effect pursuant to Paragraph 14 of these Requirements:
 - 5.1. complaints (or any part thereof) falling within Paragraph 1 shall be dealt with by the entity responsible for the complaint in accordance with DISP as if the complaint had been received on the date that the Requirements cease to have effect; and
 - 5.2. notwithstanding paragraph 5.1 above, the Firm must not take into account any period during which the Requirements were in effect for the purposes of relying on any limitation period (or periods) or time limits within which complainants must:
 - 5.2.1. make complaints about matters within the Subject Matter of the Redress Scheme;
 - 5.2.2. refer such a complaint to the Ombudsman; or
 - 5.2.3. bring claims before the court about matters within the Subject Matter of the Redress Scheme,
 and the Firm must not otherwise limit any redress that may be due to the complainant, when complying with DISP or otherwise, because of any period during which the Requirements were in effect.
 6. For the avoidance of doubt, nothing in these Requirements affects the Firm's obligations to resolve complaints (or parts of complaints) whose subject matter falls outside of the Subject Matter of the Redress Scheme in accordance with their existing obligations, in particular under DISP.

Part 3: Scheme Claims Decisioning Procedures

This Part 3 of Annex B describes the general scheme claims decisioning procedures to be followed by the Scheme Administrators in administering the Scheme of Arrangement. However, reasonable adjustments will be made by the Scheme Administrators to the administration process where such adjustments are necessary to accommodate the disability of a Scheme Creditor that is notified or otherwise drawn to the attention of the Scheme Administrators (as set out at section 10.13 of the Scheme Document at Part 1 of Annex B).

1. Claim Form acceptance process

- 1.1. Claim Forms received by the Scheme Administrators will be scanned upon receipt. The scanning process will be used to identify whether the Claim Form has been appropriately completed.
- 1.2. Where the scanning process identifies that the Claim Form has been appropriately completed, the Claim Form will then be processed in accordance with paragraph 2 below.
- 1.3. The scanning process will identify that the Claim Form has not been appropriately completed where:
 - 1.3.1. The Scheme Creditor has not signed the Claim Form;
 - 1.3.2. The Claim Form is torn or in some other damaged state which renders the Claim Form illegible; or
 - 1.3.3. The Scheme Creditor has not written any comments in the box on the Claim Form.

In these cases, the Claim Form will be reviewed by the Scheme Administrators. Provided that the Scheme Creditor has written comments in the box on the Claim Form and has signed the Claim Form such that the Scheme Creditor's intentions in submitting the Claim Form can be established, the Claim Form will then be processed in accordance with

paragraph 2 below. In other cases, the Claim Form will not be accepted for processing and the Scheme Creditor will be given no fewer than one further opportunity to re-submit his or her claim, by being sent a new Claim Form for completion.

2. Process for determining the validity of claims

- 2.1. Each Claim Form which is accepted for processing under the process described in paragraph 1 will then be manually reviewed by the Scheme Administrators. This will be a brief review, the purpose of which is to ensure that only claims of Scheme Creditors who are alleging Selling Issues are accepted as Scheme Claims.
- 2.2. Scheme Creditors will be treated as alleging Selling Issues and accepted as making a Scheme Claim where the Scheme Creditor's comments on the Claim Form suggest that the Scheme Creditor:
 - 2.2.1. wants his or her money back;
 - 2.2.2. is dissatisfied with the way in which the Scheme Card Security Product was sold to him or her, including (but not limited to) where the Scheme Creditor considers he received unsuitable advice in relation to the sale of the Scheme Card Security Product;
 - 2.2.3. considers that the way in which the Scheme Card Security Product was sold failed to comply with applicable regulatory rules or with the Authority's Principles for Businesses or was otherwise in breach of contract or any tortious duty of care or any other requirement under the general law (taking into account relevant materials published by the Authority, other relevant regulators, the Ombudsman and former schemes, and including industry codes of practice);
 - 2.2.4. alleges that the information provided about the Scheme Card Security Product failed to be clear, fair and not misleading, or that such information was incomplete (for example by omitting to mention material limitations or exclusions on the features or benefits provided); or
 - 2.2.5. alleges that the sale was concluded after applying inappropriate pressure.
- 2.3. A Scheme Creditor will not be treated as alleging Selling Issues (and will not be accepted as making a Scheme Claim or otherwise fall within the Subject Matter of the Redress Scheme) where, for example:
 - 2.3.1. he has returned a Claim Form but the comments on it indicate that he is happy with the Scheme Card Security Product and/or is not seeking redress;
 - 2.3.2. he has returned a Claim Form but the comments on it deal with a product other than a Scheme Card Security Product; or
 - 2.3.3. he has written unrelated or abusive text in his Claim Form which does not suggest any allegation of Selling Issues.
- 2.4. For the avoidance of doubt, Scheme Creditors will be treated as alleging Selling Issues and accepted as making a Scheme Claim where:
 - 2.4.1. the Scheme Creditor alleges Selling Issues, but also indicates that he wants to keep the Scheme Card Security Product. In such cases, the Scheme Creditor will be

accepted as making a Scheme Claim and eligible for compensation, but will be notified when sent any compensation payable that his Scheme Claim has been treated as a request to cancel the Scheme Card Security Product;

2.4.2.the Scheme Creditor alleges Selling Issues, but indicates that other features of the Scheme Card Security Product such as the facility to cancel lost or stolen cards and order replacements in one phone call was of benefit to them. In such cases, the Scheme Creditor will be accepted as making a Scheme Claim and eligible for compensation, but will be notified when sent any compensation payable that his Scheme Claim has been treated as a request to cancel the Scheme Card Security Product; and

2.4.3.the Scheme Creditor alleges Selling Issues, but also includes abusive or unrelated text in the Claim Form.

2.5. All Claim Forms which are identified as not alleging Selling Issues shall be subject to a second review by the Scheme Administrators for quality assurance purposes.

3. Valid claims

3.1. A Scheme Creditor whose Claim Form is (a) accepted for processing under the steps identified in section 1 above and (b) identified as alleging Selling Issues (and thereby making a Scheme Claim) under the steps identified in section 2 above will be eligible to be paid compensation under the terms of the Scheme Document in Part 1 of this Annex B. The amount of compensation payable shall be calculated in accordance with the terms set out on pages 7 and 8 of the Scheme Document at Part 1 of this Annex B.

4. Claim Forms returned after the Bar Date

4.1. If Scheme Creditors return their Claim Forms to the Scheme Administrators after the Bar Date, those Claim Forms will not be accepted or reviewed in accordance with the steps described in sections 1 to 3 above, as such those Scheme Creditors will not be entitled to compensation under the terms of the Scheme of Arrangement.

5. Dispute Resolution Procedure

5.1. If a Scheme Creditor disagrees with the rejection of his Claim Form by the Scheme Administrators or with the amount of compensation payable to him, he may initiate the Dispute Resolution Procedure.

Part 4: Reminder Letters

1. If a Scheme Creditor meets any of the following three conditions:

1.1. a Scheme Creditor has submitted a voting form under the Scheme of Arrangement;

1.2. a Scheme Creditor has submitted a complaint about Selling Issues after the effective date of these Requirements; or

1.3. a Scheme Creditor has been sent a replacement compensation Claim Form under the Scheme of Arrangement because the Scheme Creditor had previously submitted a Claim Form that was deemed to be spoiled for the purposes of Clause 3.5 of the Scheme of Arrangement;

but has not, by 8 weeks prior to the Non-Exceptional Circumstances Bar Date, submitted a Scheme Claim under the Scheme of Arrangement, the Scheme Administrators will send the Scheme Creditor a letter reminding the Scheme Creditor of the impending Non-Exceptional

Circumstances Bar Date for submitting a Scheme Claim under the Scheme of Arrangement.

Part 5: Updates to the Authority

1. The Scheme Administrators will provide the Authority with periodic updates on the operation of the Redress Scheme on such terms and in such manner as may be agreed between the Scheme Administrators and the Authority.

Annex C: Complaints to be dealt with by the Ombudsman

- C.1 This annex applies only where:
- C.1.1 a complaint is referred to the Ombudsman by or on behalf of a Scheme Creditor (whether or not the Scheme Creditor has made a claim under the Scheme of Arrangement);
 - C.1.2 the complaint is referred to the Ombudsman on or after the Requirement Date; and
 - C.1.3 within 14 days of the Ombudsman telling the Firm in writing that the complaint has been referred to the Ombudsman, the Firm tells the Ombudsman in writing that the complaint (or part of the complaint) is covered by the Redress Scheme.
- C.2 Subject to paragraph C.1 above, this annex applies where a Scheme Creditor:
- C.2.1 makes a complaint to the Ombudsman in respect of an act or omission of the Firm and, at the time the complaint is made, the subject matter of the complaint is within the Subject Matter of the Redress Scheme and therefore falls to be dealt with (or has been dealt with) under the Redress Scheme;
 - C.2.2 is not satisfied with the Redress Determination issued by the Firm under the Redress Scheme; or
 - C.2.3 considers that the Firm has failed to make and issue a Redress Determination in accordance with the Redress Scheme.
- C.3 The Ombudsman is required to determine the complaint under section 404B of the Act and the provisions of DISP as if the Redress Scheme were a “consumer redress scheme” under section 404 of the Act.
- C.4 The Ombudsman will usually determine a complaint only by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case. However, in these circumstances the Ombudsman is required to determine the complaint by reference to what, in the opinion of the Ombudsman, the determination under the Redress Scheme should be or should have been.
- C.6. Where a complaint is made to the Ombudsman and only part of the complaint is a complaint falling within this annex, the Ombudsman will deal with that part of the complaint in accordance with this annex and will deal with the remainder of the complaint in the usual way in accordance with DISP.