

**REQUIREMENTS IMPOSED BY THE OFFICE OF FAIR TRADING (OFT)
PURSUANT TO SECTION 33A AND SECTION 33D(4) OF THE
CONSUMER CREDIT ACT 1974 ('the Act')**

REQUIREMENTS RELATING TO:

Hermes Property Services Limited (consumer credit licence No: 622271),
Registered Office address: Bridge Studio, 34a, Deodar Road, London, SW15
2NN, (Company Number 6548951).

**THE OFT REQUIRES HERMES TO DO OR NOT TO DO (OR TO CEASE DOING)
AS FOLLOWS:**

1. Assessing affordability

Hermes Property Services Limited ('HPSL') shall comply fully with its requirement to properly assess affordability in accordance with paragraphs 4.4.1, 4.4.2 and 4.4.4 of the CCTA Code of Conduct. In particular, it shall ensure that its decision to lend to each borrower is subject to a proper assessment of the borrower's ability to meet repayments under the agreement in a sustainable manner, having regard to the customer's current circumstances and any reasonably foreseeable changes to those circumstances, in particular HPSL will:

- a. require potential borrowers to provide documentary evidence of income declared;
- b. take account of a potential borrower's regular expenditure having regard to any documentation provided and where no evidence is available, take steps to ensure the expenditure declared is reasonable; and
- c. take account of a potential borrower's personal circumstances when assessing affordability.

2. Adequate explanations

HPSL shall comply fully with its requirement to provide 'adequate explanations' in accordance with section 55A of the Consumer Credit Act 1974 and section 4.3.2 of the CCTA Code of Conduct. In particular, staff will inform borrowers, before meeting with the borrower to complete the agreement, of the provisional weekly and/or monthly repayment and total amount payable under the credit agreement and, where the agreement is to be secured by a bill of sale, the particular features of a bill of sale agreement which differ from the more common forms of finance, including:

- a. HPSL's right to recover the vehicle without first obtaining a court order; and
- b. that HPSL may enter private premises to do so.

3. Training and monitoring

HPSL will implement and maintain procedures to ensure that all employees are fully trained on company procedures and that their compliance with those procedures is regularly monitored, particularly:

- a. All field, call centre and compliance staff will receive adequate training on assessing affordability in accordance with the requirement 'Assessing affordability' above;
- b. All field and call centre staff will receive adequate training on explaining the product and its associated risks in accordance with 'Adequate explanations' above;
- c. The training detailed in (a) and (b) above will be completed within 6 weeks of a new staff member being employed and in any event prior to new staff members having unsupervised contact with any consumers;

- d. All existing call centre and compliance staff will receive re-training in accordance with (a) and (b) above within 6 weeks of the date of these requirements;
- e. All staff's performance and compliance with company procedures, particularly in respect of the requirements given herein, will be monitored and reviewed regularly; and
- f. All staff will be subject to further re-training, disciplinary action and ultimately dismissal if they do not adhere to the said company procedures.

ANY FAILURE TO COMPLY WITH THE ABOVE REQUIREMENTS WILL RENDER HERMES LIABLE TO FURTHER FORMAL ACTION BY THE OFT. THIS COULD INCLUDE THE IMPOSITION OF FINANCIAL PENALTIES PURSUANT TO SECTION 39A OF THE ACT AND/OR THE REVOCATION OF HERMES' CONSUMER CREDIT LICENCE PURSUANT TO SECTION 32 OF THE ACT.

Authorised signatory on behalf of the OFT



Simon Brindley, Credit Legal Director

Date:

21st August 2012