

From: The Mortgage Matters Partnership (FRN: 306863)
Of: 8 Stockport Road
Altrincham
Cheshire
WA15 8ET

To: Financial Conduct Authority ("the FCA")

Date: 31 July 2017

VOLUNTARY APPLICATION FOR IMPOSITION OF REQUIREMENT

The Mortgage Matters Partnership ("Mortgage Matters"), as an authorised person with a permission granted under Part 4A of the Financial Services and Markets Act 2000 ("the Act"), hereby applies to the FCA for the imposition of the requirement set out in the Schedule below:

SCHEDULE

1. General

- 1.1 Mortgage Matters has agreed to conduct a customer contact and redress programme on the terms set out in Section 3 below with immediate effect to ensure the fair treatment of its customers who took out Debt Consolidation Mortgages with it between 1 January 2007 and 7 July 2014.

2. Definitions

- 2.1 Terms referred to in this requirement:
- a) **'Customer Letter'** means the letter to be sent to every Debt Consolidation Mortgage Customer as defined in paragraph 3.1 below;
 - b) **'Debt Consolidation Mortgage'** means a regulated mortgage contract where a main purpose is to consolidate existing debts;
 - c) **'Debt Consolidation Mortgage Customer'** means a customer who was, or according to Mortgage Matters' records may have been, advised by Mortgage Matters to enter into a Debt Consolidation Mortgage during the Relevant Period;
 - d) **'the Relevant Period'** means the period 1 January 2007 to 7 July 2014; and

- e) **'Third Party'** means the independent third party as defined in paragraph 3.4 below.

3. Requirement

Customer contact

- 3.1 As soon as practicable after an appropriate methodology has been prepared at the conclusion of Phase 1 below, Mortgage Matters is required to conduct the customer contact and redress programme in accordance with the methodology and in particular to send a letter in the form and terms set out at the Annex to this Schedule ("Customer Letter") by first class post to every Debt Consolidation Mortgage Customer. No amendment shall be made to required form and terms of the Customer Letter without the prior consent of the FCA.
- 3.2 Mortgage Matters will identify each Debt Consolidation Mortgage Customer using Mortgage Matters' New Business Register.
- 3.3 Mortgage Matters will use all reasonable endeavours to find an up to date address, or find another appropriate method of contact, for any Debt Consolidation Mortgage Customer for whom it does not have a full address or for whom it receives a returned letter that cannot be delivered.

Complaints handling

- 3.4 Mortgage Matters is required to appoint an appropriately skilled independent third party contractor ("Third Party"), whose identity (as with any replacement) is to be agreed in advance with the FCA, to conduct the customer contact and redress programme work on behalf of Mortgage Matters as set out at paragraphs 3.6 to 3.15 below.
- 3.5 Mortgage Matters will instruct the Third Party to handle on its behalf, in order to treat its customers fairly and in accordance with its regulatory obligations, all complaints that it receives regarding Debt Consolidation Mortgages as a result of this customer contact and redress programme. The Third Party's work will be split into two sequential Phases:
- a) Phase 1 – Development of methodology; and
 - b) Phase 2 – Assessing suitability, establishing detriment and calculating redress.

Phase 1 – Development of methodology

- 3.6 The Third Party will design an appropriate methodology to meet the firm's regulatory obligations for:
- a) assessing the suitability of Debt Consolidation Mortgage advice;
 - b) establishing any detriment resulting from Mortgage Matters' Debt Consolidation Mortgage advice;
 - c) calculating any redress due to individual Debt Consolidation Mortgage Customers; and
 - d) delivering an appropriate and effective customer contact and redress programme in accordance with the requirement set out in this Schedule. For example, the Third Party should include in the proposed methodology how further information is to be obtained from any customers who complain and how it can be reasonably satisfied that the customer contact exercise has been conducted and completed properly.
- 3.7 The methodology will take into account in particular the FCA's Principles for Businesses and requirements for mortgage firms as set out in the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB) at the applicable time during the Relevant Period. Particular focus should be given to the following:
- a) The suitability rules in MCOB 4.7A (previously MCOB 4.7).
 - b) The specific debt consolidation rules in MCOB 4.7A.15 (previously MCOB 4.7.6).
- 3.8 Phase 2 will only commence once the FCA has confirmed in writing that it is satisfied that the methodology produced by the Third Party as a result of Phase 1 is appropriate.

Phase 2 – Assessing suitability, establishing detriment and calculating redress

- 3.9 Mortgage Matters will pass onto the Third Party any responses (written or otherwise) it receives in response to the Customer Letter, which shall be regarded as complaints under the Dispute resolution: Complaints (DISP) section of the FCA's Handbook. For any complaints that do not relate to Debt Consolidation Mortgage advice, or that the Third Party considers to have already been resolved adequately by Mortgage Matters, the Third Party will pass the complaint back to Mortgage Matters to be handled in the normal course. Otherwise all

customer contact in relation to the complaints will be conducted by the Third Party.

- 3.10 Mortgage Matters will instruct the Third Party to handle, on a timely basis, all complaints that Mortgage Matters receives regarding Debt Consolidation Mortgages.
- 3.11 The execution of Phase 2 will take into account the FCA's complaint handling rules in DISP and all of Mortgage Matters' other regulatory obligations.
- 3.12 The Third Party will, for each complaint that Mortgage Matters receives regarding Debt Consolidation Mortgages, apply the methodology designed in Phase 1 to obtain further information from the customer as necessary and to assess if the advice was suitable.
- 3.13 Where the Third Party considers the advice given was unsuitable, the Third Party will further apply the methodology designed in Phase 1 to assess any detriment resulting from Mortgage Matters' Debt Consolidation Mortgage advice and report to Mortgage Matters with its view regarding the appropriate amount of redress payable to individual Debt Consolidation Mortgage Customers. Mortgage Matters will have an opportunity to make representations to the Third Party in respect of each customer.
- 3.14 Mortgage Matters will instruct the Third Party to respond to each complainant in accordance with the methodology to indicate the outcome of the complaint and, where applicable, offer redress on its behalf.
- 3.15 Phase 2 may only conclude with the FCA's consent.

Redress

- 3.16 Mortgage Matters shall promptly pay the redress due to each Debt Consolidation Mortgage Customer who accepts its offer of redress made pursuant to the customer contact and redress programme. If its offer of redress is rejected then Mortgage Matters must notify complainants of their rights to refer their complaint to the Financial Ombudsman Service in accordance with DISP in the usual way.

Miscellaneous

- 3.17 Mortgage Matters and the Third Party shall report to the FCA as the FCA reasonably requires from time to time. The Third Party shall in any event produce a report at least every two months to the FCA setting out its view regarding the appropriate amount of redress payable to

individual Debt Consolidation Mortgage Customers, with supporting rationale for each customer.

3.18 Mortgage Matters shall promptly inform the FCA in the event that any material issues emerge during the course of the customer contact and redress programme.

3.19 For the avoidance of doubt, this customer contact and redress programme remains subject to the overall oversight, approval and jurisdiction of the FCA through Mortgage Matters' FCA Supervisors in the usual way and the FCA reserves its power to seek to amend the customer contact and redress programme as appropriate, or substitute other arrangements in its place, if it considers it appropriate for the fair treatment of consumers or to meet its obligations or objectives generally.

3.20 Any variation from the requirement in this Schedule must be agreed in advance with the FCA.

3.21 The FCA will publish this requirement on its website.

Signed:

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Mr Charles Kleimunt, for and on behalf of Mortgage Matters

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Mr Jeremy Kleimunt, for and on behalf of Mortgage Matters

ANNEX TO SCHEDULE – CUSTOMER LETTER (to be on Mortgage Matters' headed letter)

This letter is important and requires your careful consideration.

If you took out a Debt Consolidation Mortgage this letter is relevant to you.

[Customer name and address]

[Date]

Dear [Customer name]

Your Debt Consolidation Mortgage arranged by The Mortgage Matters Partnership

Ref: [Customer reference] **Date of Mortgage recommendation:** [Date]

- We are writing to you as a customer who may have been affected by failings in our Debt Consolidation Mortgages business between 1 January 2007 and 7 July 2014.
- Please read this letter carefully. If you think you are affected, we have given you information on the steps you may want to take in the section below on *'what you should do next'*.

What this means for you

This means that if you took out a Debt Consolidation Mortgage, we may not have fully considered the costs and implications for you of consolidating debts into your mortgage and as a result may not have given you suitable advice. In particular, we may not have taken appropriate account of the following:

1. If you were having difficulties making payments at the time, whether it would have been more appropriate for you to have gone into a debt management or insolvency arrangement with your creditors, instead of incorporating your existing debts into a mortgage.
2. Whether it was appropriate for you to secure a previously unsecured loan; and/or
3. The costs associated with increasing the period over which your consolidated debt was to be repaid.

As a result, if you completed a Debt Consolidation Mortgage with us we are offering to reassess the advice we gave to you and review your file.

What you should do next

If you think you may have been affected, you should write to The Mortgage Matters Partnership at 8 Stockport Road, Altrincham, WA15 8ET or email [Email address] as soon as possible.

You should state the reason you wish your advice to be reassessed, and also provide your current home or email address and contact phone number.

We have appointed an independent consultant, [name], to handle and review all complaints. Making a complaint will not negatively affect your mortgage in any way.

We also remind you that it is important that you regularly consider whether your mortgage is suitable for your individual needs and circumstances, which may change over time.

We understand that you may want to be sure that this letter is genuine. If you wish to check the details on the FCA's website please go to this link:

<https://register.fca.org.uk> and search the register for our reference number: [306863](#).

Although The Mortgage Matters Partnership is no longer trading, we are still authorised and regulated by the Financial Conduct Authority.

If you have any queries about this letter, please contact us on: [Telephone number].

Yours sincerely

Charles Kleimunt

Jeremy Kleimunt

For and on behalf of The Mortgage Matters Partnership