



Price and Value Assessment Information Sheet

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| Product Name: | AutoMoney Limited Hire Purchase Agreement (the “Product”) |
| Information Sheet Produced: | 25 April 2023 |

Products and Services Outcome and Price and Value Outcome – Information for Distributors of the Product

This Information Sheet has been produced in order that AutoMoney Limited (“AML”, “our”, “us”, “we”) may fulfil its responsibilities under [PRIN 2A.4.15R](#) and [PRIN 2A.3.12R\(2\)](#).

It is designed to support you to comply with your responsibilities under [PRIN 2A.3.16R](#) and [PRIN 2A.4.16R](#). Please note that you are ultimately responsible for meeting your obligations under the Consumer Duty.

This information is intended for intermediary use only and should not be provided to customers.

Summary of AML’s Price and Value Assessment

AML have assessed that:

- our hire purchase product range continues to meet the needs, characteristics, and objectives of customers in the identified target market;
- the intended distribution strategy remains appropriate for the target market; and
- the Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

This assessment does not include any fees, charges or other costs you require the customer to pay to you for any products or services you provide that are separate or in addition to the product or services we provide. You are responsible under the Consumer Duty for assessing those products or services. If you believe that the customer is not receiving fair value in respect of these products or services, you must inform us.

General Product Information

| Target Customer | Vehicle Condition | Maintenance | Option to Purchase |
|-----------------|-------------------|---------------------|--------------------|
| New | Used | Customer maintained | End of contract |
| Existing | | | |
| Former | | | |

Product Characteristics and Benefits

The Product is designed to meet the needs of the target market, most notably the need to secure finance to purchase a used motor vehicle.

The Product features and criteria are designed to support these needs with:

- advances between £4,000 and £30,000¹;
- no deposit required;
- terms available in monthly increments between 36 months and 84 months²;
- loan-to-values (“LTV”) between 90% and 110% of CAP HPI³;
- interest rates proportionate to creditworthiness risk;
- all major motor vehicle manufacturers funded⁴; and
- an option for the customer to purchase the motor vehicle⁵.

Target Market Assessment and Distribution Strategy

This following target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product:

| Customer Circumstances | Distribution Strategy | Customer Needs /Objectives |
|---|---|--|
| Customer seeking to finance the purchase of used motor vehicle. | Product available direct through AML, or via an intermediary as authorised under AML’s due diligence process. | <p>Access to a range of advances.</p> <p>Access to a range of terms.</p> <p>Flexibility in regards to any deposit paid.</p> <p>Access to higher LTV lending.</p> <p>Access to fair interest rates considering their own personal circumstances.</p> <p>Finance available for a wide range of popular motor vehicle manufacturers.</p> <p>Option to purchase the motor vehicle.</p> |

The Product is **not** designed for customers who:

- would be aged over 70 at the end of the original loan term;
- are living outside of England or Wales;
- do not hold a current, valid driving licence (including provisional);
- have resided in the UK for less than three years;
- works for the Norfolk Capital Group (the parent company of AML) or the supplying dealer;
- are acting under the authority of a power of attorney for the applicant; and/or
- fail to meet the acceptable criteria listed within AML’s Lending Policy and/or Credit Reference Agency Policies⁶.

¹ Tier dependent.

² Vehicle mileage dependent.

³ Tier dependent.

⁴ Subject to exclusions as may be made and communicated by AML from time to time.

⁵ Subject to option to purchase fee.

⁶ Subject to changes as may be made and communicated by AML from time to time.

Customers with Characteristics of Vulnerability

The Product is designed for customers who are:

- aged 18 to 70 (predominantly aged 30-29);
- in full-time or part-time employment, self-employed or in receipt of benefit only (predominantly full-time employed);
- homeowners, private tenants, council tenants or living with parents (predominantly private tenants);
- more credit impaired than the general population;
- considering the Product out of necessity or desire to purchase a used motor vehicle; and
- presumed to have a reading age and numeracy level aligned to the general population,

which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

AML recognise the potential vulnerabilities associated with the Product's target market as detailed in [Schedule 1](#).

We considered, and continue to consider on an ongoing basis, the needs, characteristics and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers;
- suitable customer service provision and communications;
- flexible policies, where appropriate, to support vulnerable customers; and
- monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

Intermediaries should continue to comply with your own obligations to ensure that you treat customers in vulnerable circumstances fairly.

Please contact us if you need any further information about how we support the needs of our customers in relation to the Product.

Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of the Product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Board, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

| Benefits | Price | Costs | Limitations |
|---|---|---|--|
| <p>Access to a range of advances.</p> <p>Access to a range of terms.</p> <p>Flexibility in regards to any deposit paid.</p> <p>Access to higher LTV lending.</p> <p>Finance available for a wide range of popular motor vehicle manufacturers.</p> <p>Option to purchase the motor vehicle.</p> | <p>Advances limited to 110% of HPI CAP value.</p> <p>Access to fair interest rates considering their own personal circumstances; the range of APRs available represent fair value to the customers within each distinct risk profile cohort⁷.</p> <p><i>NOTE: Intermediaries are not able to choose the APR available to customers, and are therefore not considered a co-manufacturer of the Product.</i></p> | <p>All fees are fair and proportionate to the actual costs involved.</p> <p><i>NOTE: AML's strategy is not predicated on making a profit from non-contractual fees (e.g. late payment fees).</i></p> <p>Commissions do not impact what the customer pays, but are nevertheless disclosed in full.</p> | <p>Product not available to customers who do not meet the criteria set out in AML's Lending and/or Credit Reference Agency Policies.</p> <p>Used vehicles only.</p> <p>Customer does not own the vehicle until all payments under the contract, including the optional Option to Purchase fee, are paid in full.</p> |

Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.

⁷ AML continually monitors macroeconomic conditions to ensure that interest rates continue to offer fair value whilst recognising the actual cost of doing business.

Schedule 1 – Target Market Vulnerabilities

| Characteristic | | Potential Characteristics/External Factors | Potential Associated Vulnerabilities/Harms |
|-----------------------|---------------------|---|---|
| Age | Younger | Little/no experience of financial products. | Low knowledge or confidence in managing finances. |
| | ↓ | No/low paid job. | Inadequate or erratic income. Low savings. |
| | ↓ | Building a family. | Income shock. Relationship breakdown. |
| | ↓ | Ageing family. | Caring responsibilities. |
| | ↓ | Retirement. | Retirement. |
| | ↓ | Deteriorating health. | Severe or long-term illness. Hearing or visual impairment. Lo mental capacity or cognitive disability. |
| | ↓ | Ageing family/support group. | Bereavement. No/low access to help or support. |
| | Older | Little/no access to/understanding of digital communication channels. | Poor or non-existent digital skills. |
| Primary Income Source | Employed (F/T) | Reliance on sole income. Risk of redundancy. | Income shock. |
| | Employed (P/T) | Transient employment. Lower income distribution. | Inadequate or erratic income. Income shock. Low savings. |
| | Self-employed | Irregular income. No sick/holiday pay. Lower income distribution. | Inadequate or erratic income. Income shock. Low savings. |
| | Benefits | Change in circumstances. Reliance on Government policy. Lower income distribution. | Income shock. Inadequate or erratic income. Low savings. |
| Residential Status | Homeowner | Exposure to increased mortgage rates. Responsible for repairs. Responsible for associated costs (insurance, etc.). Repossession. | Inadequate income (outgoing exceed income). Other life event that affects a person's experience of financial services. |
| | Private tenant | Exposure to high/increasing rental rates. Risk that tenancy not renewed at end of term/ended early. | Inadequate income (outgoing exceed income). Other life event that affects a person's experience of financial services. |
| | Council tenant | Exposure to increased rental rates. Change in circumstances meaning no longer qualify for social housing. | Inadequate income (outgoing exceed income). Other life event that affects a person's experience of financial services. |
| | Living with parents | Moving out. | Inadequate income (outgoing exceed income). Other life event that affects a person's experience of financial services. |

| Characteristic | | Potential Characteristics/External Factors | Potential Associated Vulnerabilities/Harms |
|-------------------------|---|--|---|
| Lower Credit Worthiness | Low paid job/variable income | Inadequate or erratic income. Low savings. | Low paid job/variable income. |
| | Low credit status/credit impaired | Reduced access to credit. Increased cost of borrowing. Over-indebtedness. Increased propensity to enter into arrangement with creditors. | Low credit status/credit impaired. |
| | Lenders withdraw from, or restrict access to, the non-standard consumer finance market in response to macroeconomic pressures | Financial exclusion. Increased cost of borrowing. | Lenders withdraw from, or restrict access to, the non-standard consumer finance market in response to macroeconomic pressures. |
| | Value of used cars normalises following inflation as a result of the supply/demand restrictions during the pandemic | Over-indebtedness. Poor price and value over the longer-term. Negative equity (with the risk crystallising during a voluntary surrender or repossession, thus compounding the drivers of vulnerability). | Value of used cars normalises following inflation as a result of the supply/demand restrictions during the pandemic. |
| Buying Reason | Necessity | Anchoring bias. Inertia bias. | Customers rely heavily on the first piece of information introduced when making decisions. Customers proceed with a transaction because of how far through the process they are, despite any identified concerns. |
| | Desire | Confirmation bias. Bandwagon effect. | Customers consider information that supports their opinions, and avoid the pros and cons of a vehicle/finance product for a balance perspective. Customers may opt for premium marques without regard for functionality, simply because others hold those marques in esteem. |
| Sophistication | Reading age | The average UK reading age is that of a 9 year old. | Whilst hire purchase products are not considered complex (compared to certain investment products for example), there are significant conditions and risks associated with them. Having generally lower incomes, less stable circumstances and impaired credit, AML's non-standard consumer finance target market may typically be less financially sophisticated than the average consumer. This in itself is a driver of vulnerability, and AML will ensure it avoids foreseeable harm associated with a limited understanding of financial services and associated consumer rights during the design of its products and services. |
| | Numeracy level | The average UK numeracy level is that of an 11 year old. | |