

Finance & Leasing Association

Company Number: 2651248

Special Resolutions

SR1 The FLA Business Code of Practice

Explanatory note

A copy of the proposed FLA Business Code (2004) is attached. The proposal has been developed after consultation with members and previously circulated to the AFD full members, AFD Steering Group, Middle Market Group, Technology Group, Operating Leasing Group, Legal sub-committee, MFD full members and the Business Code Group.

A copy of the Code with all changes between the 2002 Business Code and the proposed Business Code (2004) underlined is enclosed to assist you in following the proposed changes.

The main areas of change are as follows:

Section 2.3.4

Addition of "any other durable medium" as a method by which to provide written reminders to customers to reflect advances in communication methods.

Section 2.5

In order to capture all relevant assets, there is a redefinition of "photocopier" as "multifunctional devices incorporating a photocopier" in the section on special rules for copiers.

Section 5.0 - Financial Difficulties

A section on financial difficulties has been added to the business code, in light of similar BBA Business Banking Code provisions on the subject.

Section 7.2

In order to facilitate complaint handling, a 21-day deadline for member response, akin to the FLA Consumer Code of Practice, has been added to section 6.2.



RESOLUTION SR1: 2003

It is resolved that the Business Code of Practice (2002) be and is hereby replaced by the Business Code of Practice (2004) for agreements signed by customers on or after 1st January 2004.

SR2 The FLA Consumer Code of Practice

Explanatory Note

A copy of the proposed FLA Consumer Code of Practice 2004 is attached. The proposal has been developed after consultation with members and previously circulated to the CFD Management Committee, CFD full members, MFD Management Committee, MFD full members, Legal sub-committee, Credit sub-committee and the Consumer Code Group.

A copy of the FLA Consumer Code with all changes between the 2002 Consumer Code and the proposed Consumer Code (2004) underlined is enclosed to assist you in following the proposed changes.

The main areas of change are as follows:

Sections 2.16 and 2.17

Addition of two new sections on publicising the code reflecting existing binding Guidance issued under the Consumer Code.

Section 2.5 and 2.6

Addition of two new sections on early settlement reflecting existing binding Guidance issued under the Consumer Code.

Section 3.4

Addition of a new section under the heading "Settling Your Loan and Insurance Early" which makes it explicit that members will be expected to cancel PPI and GAP insurance if the customer either cancels the loan agreement, settles it early or exercises his or her right to voluntary termination under sections 99-100 CCA, and the premium has been funded as part of the agreement.

Section 3.5

Addition of a new Section under the same heading "Settling Your Loan and Insurance Early" which makes it clear that the customer will lose his or her right to cancel the insurance cover where a claim has already been made.

Section 6.2

An addition to this section incorporating the recommendations of the DTI Overindebtedness Task Force to ensure that lending, including unsolicited pre approved loans and credit card cheques, will go through sound and proper assessment.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWELFTH ANNUAL GENERAL MEETING of the Finance & Leasing Association will be held in the Dubarry Suite, **Café Royal**, London, W1R 6EL at 11.30 am on Thursday 15 May 2003 for the purpose of transacting the following business:

1. To receive a Presentation by the Chairman.

2. Resolution 1: 2003

To receive the report of the directors and audited financial statements for the year to 31 December 2002 (copy attached).

3. Resolution 2: 2003

To confirm in office as a body, the Board, in accordance with the Articles of Association.

4. Resolution 3: 2003 – Special Notice

To re-appoint KPMG LLP as auditors of the Association for the ensuing year and to authorise the directors to set their remuneration.

5. To receive a Presentation by the Director General.

6. Special Resolutions SR1: 2003 & SR2: 2003

To consider and, if appropriate approve, the following Special Resolutions:-

- i) SR1. 2003 FLA Business Code of Practice
- ii) SR2. 2003 FLA Consumer Code of Practice


7. Special Resolutions SR3: 2003 & SR4: 2003

To consider and, if appropriate approve, the following Special Resolutions

- i) SR3:2003 The Board
- ii) SR4:2003 Powers and Proceedings of the Board

8. To consider and, if appropriate vote on any other items of business of which separate and lawful notice is given.

BY ORDER OF THE BOARD


D. Jeffrey
Company Secretary

Dated this 11th day of April 2002

Section 6.6

Addition of a new section which incorporates the recommendations of the DTI Overindebtedness Task Force and commits that members will reassess ability to pay before raising credit limits on a credit card or overdraft.

Sections 6.8-6.9

Change to terminology in Sections 6.8-6.9 from "interest free option " to "interest option", reflecting OFT unease with the term 'interest free option' following recent Stop Now action.

Section 7.6

Change to Section 7.6, upon the recommendation of the Office of the Information Commissioner, to make it clear to consumers that either CRA's or members may charge for data access requests.

Section 8.11

Addition to Section 8.11 to reflect statutory changes in this area.

Section 8.14

Addition of a new section under the heading of "Credit Card Cheques" to incorporate the recommendations of the DTI Overindebtedness Task Force. This commits that members will provide a clear statement of the charging arrangements, conditions of use, and the difference in protection compared with the use of the credit card each time credit card cheques are sent out.

Section 9.2

Addition of a number of bullet points under Section 9.2 which provide further guidance on how Members may consider financial difficulty sympathetically and positively.

Section 10

Changes to Section 10 'complaint procedures' to incorporate the provisions of the existing binding Guidance on publicising the Consumer Code.

RESOLUTION SR2: 2003

It is resolved that the FLA Consumer Code of Practice (2002) be and is hereby replaced by the FLA Consumer Code of Practice (2004) for agreements signed by customers on or after 1st January 2004.

BUSINESS CODE OF PRACTICE (2004)

INTRODUCTION

This Code sets out standards of good practice for the finance and leasing industry in the conduct of transactions with business customers including but not limited to, companies, other corporate bodies or unincorporated businesses, local authorities or the national health service who seek credit or leasing facilities for the purposes of a trade, profession, or public service activity.

A separate Code (the Finance & Leasing Association (FLA) Consumer Code of Practice) governs the transactions of member companies with personal consumer customers. The Codes are intended to assure all those who obtain finance facilities from members of the FLA that they are doing business with reputable organisations.

This Code does not, in all cases, indicate in precise terms particular action which must or must not be taken. It sets out key commitments, and principles with which members are expected to apply, with good sense and in the spirit of the Code.

This Code governs all relevant business transactions entered into on or after 1 January 2004.

The FLA operates a conciliation procedure for business complaints irrespective of the amount involved, and has an independent Mediation Scheme operated by the Chartered Institute of Arbitrators.

Compliance with this Code, where relevant, is a condition of membership of the Association. A list of members and further copies of the Code are available from the FLA.

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1.0 KEY COMMITMENTS

Members shall:

- 1.1 Conduct their business lawfully, comply with all relevant legislation and judicial decisions and trade fairly and responsibly.
- 1.2 Behave at all times with integrity and endeavour to ensure that brokers, suppliers of goods and services financed by the member and all other persons with whom the member has commercial relationships do likewise.
- 1.3 Act responsibly and with care in the day-to-day conduct of their business.
- 1.4 Not knowingly misrepresent facts to a customer concerning any aspect of a credit, hire or lease transaction. Members shall also take all reasonable steps to ensure that brokers, suppliers and any other intermediaries when acting as agents of the member, do not misrepresent facts regarding such transactions to a customer.
- 1.5 Satisfy themselves about the identity of a person seeking to enter into an agreement or to open an account, to assist in protecting their customers, members of the public and themselves against fraud.
- 1.6 Respect confidential information supplied to them in the course of their business.
- 1.7 Ensure that the credit, hire or lease documentation embodies all the express terms and conditions of the agreement which affect the customer's obligations.
- 1.8 In the case of a hire agreement, ensure that the period of hire or minimum period of hire must be no longer than a period which is reasonable in relation to the expected working life of the equipment if it is maintained in accordance with manufacturer's recommendations.
- 1.9 Provide adequate training for members of their staff, bringing this Code and the principles contained in it to their attention and requiring them to carry out their duties in accordance with it.
- 1.10 Follow where applicable any requests conveyed by the Association from the Financial Services Authority, and the enforcement authorities.
- 1.11 Follow where applicable any guidance notes issued by the Association.

2.0 VENDOR LEASING OF OFFICE EQUIPMENT ETC

2.0.1 Section 2 of the Code applies to all asset finance transactions by members of the FLA where the member:

- ❖ Enters into, or manages, any agreement for the provision to a customer of office equipment or vending machines;
- ❖ And where the member has been introduced by the supplier of that equipment either directly or through a broker or other intermediary;
- ❖ And where the value of the equipment supplied to the customer does not exceed £50,000.

2.0.2 All such agreements are described below as "hire" agreements.

2.1 DOCUMENTATION

2.1.1 Documentation must be easy to read and clearly laid out. The following information must appear in one place on the page which the customer signs:

- a) minimum number of rental payments to be made by the customer (including any additional payment due on expiry) and period of hire (or minimum/initial period of hire), with the frequencies of rental payments to be made;
- b) amount or amounts of each payment to be made by the customer (excluding any payments upon default);
- c) any period of notice required to be given by the customer in order to terminate the hiring;
- d) any payments or charges payable by the customer upon early termination of the agreement in addition to the balances of contracted payments so that any such payments or charges are clearly explained;
- e) any increase in the amount of any rentals or charges which will occur without any action or notice by the member or supplier, other than by reference to changes in VAT.

2.1.2 All applicable particulars under paragraph 2.1.1 above must be stated clearly. Either "minimum" or "initial" must be used to describe the minimum/initial period of hire.

2.1.3 There must also appear clearly on the page which the customer signs, reference to information on any right of the member or supplier at any

time to increase the amount of rentals or charges (such as through a tax variation clause) and/or to impose additional rentals or charges (other than for default or non-payment).

2.1.4 Where the customer is required to give notice in order to terminate the period of hire at the end of the minimum/initial period:

- a) the requisite date and period of notice must not be such as to extend the stated minimum/initial period, and the notice period must not be more than 3 months;
- b) the latest occasion on which such notice can be given must be included in the particulars referred to at paragraph 2.1.1 above.

2.1.5 Where the agreement continues beyond a minimum/initial period of hire, the customer must be given the right to terminate the agreement by giving notice at any time and the requisite period of notice must not exceed 3 months. This does not, however, preclude possible conditions for secondary rental periods being an element of discussions at that stage in terms of value for money considerations.

2.1.6 Any details in the document relating to any date or period for equipment change, equipment upgrade, review of period of hire or other date or period must be described clearly. This must include a statement as to whether such date or period is or is not the period of hire. Alternatively, the expiry date of the period of hire must be clearly shown and described as such.

2.1.7 All payments must be shown inclusive of VAT, or alternatively it must be stated next to each payment that VAT is payable in addition to the amount shown.

2.1.8 If the agreement provides for the hiring, leasing or bailment of equipment then the agreement must be clearly described as a hiring, leasing or rental agreement on the page which the customer signs even if the agreement also provides for other supplies or services.

2.1.9 Where the agreement is inclusive of equipment maintenance, supplies of consumables, or any other support services, then the document must state on the page which the customer signs:

- a) the period during which such supply will continue if that period is different from the period of hire or minimum/initial period of hire;
- b) any limitation on the amount or volume of such supply or services;
- c) the details of any commitment by the customer to take and pay for the supply of such equipment maintenance, supplies of consumables or support services after the end of any such period or after any such limitation has been exceeded.

2.1.10 Variations of existing agreements shall comply with all the requirements set out in section 2.

2.2 BEFORE CONCLUDING AGREEMENTS

2.2.1 Members shall take all reasonable steps to check, or to arrange that the supplier will check, that signatories to agreements have authority to commit the customer.

2.2.2 Members shall endeavour to ensure that the FLA Check-List for Lessees or similar guidance or information is supplied to customers with their lease agreement documentation.

2.2.3 Where an agreement is replacing another agreement, members should notify customers of any amount required to settle the current agreement, where they are aware of such an amount.

2.3 HIRE PERIOD AND TERMINATION

2.3.1 The period of hire or minimum period of hire must not be longer than a period which is reasonable in relation to the expected working life of the equipment if it is maintained in accordance with the manufacturer's recommendations.

2.3.2 Where the agreement is inclusive of equipment maintenance, supplies of consumables or any other support service, and the customer requests terms for the termination of the lease, then:

- a) a termination sum should be quoted to the customer;
- b) except for the maximum amount provided in (c) below, the customer should not be charged for the above mentioned services which will not be required following termination;
- c) where the duration of the contract for services exceeds 12 months, the customer may be charged for such services an amount representing 6 months costs to the member of providing or arranging the provision of such services, or (in the case of contracts which have run for less than 6 months since inception) the balance of contracted service costs for the first 12 months.

2.3.3 If the supplier applies increases in charges for the supply of goods or services in relation to leased equipment and those charges or the increases are to be recovered through the agreement, then the member shall encourage the supplier to apply increases which are fair and reasonable having regard to increased costs experienced by the supplier.

- 2.3.4 Where the customer is required to give notice in order to terminate the hiring at the expiry of a minimum/initial period of hire, members shall provide a reminder to the customer either in writing or any other durable medium. The reminder must clearly explain that requirement, and specify the level of rental following that period if the hiring is not terminated. The reminder must be sent not more than 3 months, nor less than 1 month, prior to the last date for the customer to give notice.

2.4 PRICING OF EQUIPMENT

- 2.4.1 Prices paid for the purchase of equipment to be hired shall be fair and reasonable having regard to market values and to enhancements and other facilities, services and items of which the customer is aware or has been made aware.

2.5 SPECIAL RULES FOR COPIERS

- 2.5.1 The following additional rules will apply to the hiring of photocopiers within the scope of paragraph 2.0.1 above. This section (2.5) applies only to stand-alone photocopiers and multi-functional devices incorporating a photocopier.
- 2.5.2 Members shall ensure that, prior to an agreement being made for the hiring of a machine, the customer shall receive from the supplier written particulars of:
- a) the cost price of the equipment after deducting any allowance to be made by the supplier in respect of the value of existing equipment;
 - b) any amount required to settle an existing agreement which, to the knowledge of the member, will be replaced by the prospective agreement;
 - c) the rate of rental to be applied by the member to the agreement expressed as a rate per £1,000 cost price of the equipment;
 - d) the period of hire (or minimum/initial period of hire);
 - e) the frequency and number of rental payments;
 - f) the total of the rentals to be payable under the agreement during the period of hire (or minimum/initial period of hire);
 - g) any charges payable in respect of equipment maintenance, supplies of consumables or any other support services which are included in or collected together with the rentals payable under the agreement, together with a statement that full details of these charges are shown on

the service proposal sheet and/or in the service contract the customer has signed with the supplier;

- h) whether each of the above amounts are inclusive or exclusive of VAT;
- i) where any equipment to be hired is not new at the time when the agreement is made, an appropriate reference to that fact.

2.5.3 The information detailed in paragraph 2.5.2 above should be submitted to the customer by the supplier in a lease proposal sheet, if they cannot be supplied by completion of a tender document issued by the customer. Where there is a master agreement which provides the information in paragraph 2.5.2 above, it need not be repeated in documentation relating to deals made under the master agreement.

2.5.4 Where the agreement is inclusive of equipment maintenance, supplies of consumables or any other support services, and the charges for the same are not shown separately from the finance payments, then the amount of the rental payments attributable to such charges shall be shown on the page of the agreement which the customer signs.

2.5.5 Where the agreement provides for the escalation of charges payable in respect of equipment maintenance, supplies of consumables or any other support services, whether included in the rental payments or separately from the rental payments, then that must be made clear on the page which the customer signs, and any such escalation shall be calculated by reference only to the amount of such charges.

2.5.6 Minimum/initial hire periods should not exceed a term of 5 years.

2.5.7 Where the customer requests terms for the early termination of the lease, a termination sum should be quoted including a discount to reflect accelerated receipt of future rentals (excluding any part of such rentals attributable to charges in respect of equipment maintenance, supplies of consumables or any other support services). Such discount shall be not less than the contractual rate of discount for liquidated damages on default, provided that all costs incurred by the member are recovered.

2.5.8 Agreements shall contain provisions allowing the customer to terminate the hiring at any time on reasonable notice and on payment of such amount or amounts and on such other conditions (if any) as shall be clearly disclosed or explained in the agreement, and the provisions of paragraph 2.5.7 above will apply.

2.5.9 Where the lessor is in separate ownership from the supplier, then the full correct name of the lessor shall be prominently shown on the page which the customer signs. Where there is similarity between the name of the lessor, or the trading name used by the lessor, and the name of the supplier or manufacturer, while these two companies are

nevertheless in separate ownership, then wherever the trading name of the lessor appears in the agreement, the name of the parent company of the lessor or the name of the group of which the lessor is a member shall be shown with no less prominence than that trading name of the lessor in each place.

2.5.10 Where an agreement or attachment is branded with the name of the supplier or manufacturer then, wherever the name of the supplier/manufacturer appears, the name of the lessor or the name of the group of which the lessor is a member shall be shown prominently. The provisions of paragraph 2.5.9 above shall also apply.

2.5.11 Where the documentation is drawn up by the supplier for placement with one of a number of alternative lessors, then:

- a) that fact shall be disclosed to the customer within the particulars referred to at paragraph 2.5.2 above;
- b) the name of the lessor who has acquired the agreement shall be disclosed to the customer as soon as possible;
- c) the lessor shall accept full responsibility for any representations made to the customer by the supplier concerning the terms and conditions of the agreement.

2.6 SPECIAL RULES FOR COST-PER-USE AGREEMENTS

2.6.1 The following special rules shall apply to agreements within the scope of paragraph 2.0.1 above, where:

- a) payments under the agreement are set out as a cost-per-item used or consumed or for each time the equipment is used; and
- b) the agreement provides for a minimum level of usage or consumption.

2.6.2 The conditions defined above, and the resulting minimum amount payable per payment period, must be shown in the particulars referred to at paragraph 2.1.1 above.

2.6.3 Such agreements should not be actively marketed or offered other than to those organisations for whom they are suitable (for example, larger customers with professional buyers).

2.7 LEGISLATION

2.7.1 Where there is any conflict between the requirements of the above guidance and any relevant legislation (for example, the Consumer

Credit Act (Agreements) Regulations 1983 made under the Consumer Credit Act 1974) then the legislation will take priority.

3.0 LOCAL AUTHORITIES AND THE NATIONAL HEALTH SERVICE

- 3.0.1 The rules under paragraphs 3.1 to 3.3 below shall apply to all lease transactions entered into by members of the FLA where the member enters into, or manages, any agreement for the provision to local authorities (LAs) or National Health Service (NHS) (the customer) of any equipment of any value where the member is dealing directly with the customer, or has been introduced by any finance broker who is dealing directly with the customer.
- 3.0.2 For the purposes of this section of the Code, the NHS shall include all bodies subject to the National Health Service Act 1977 and local authorities shall include all bodies subject to the Local Authorities (Capital Finance) Regulations 1997, or any amending or succeeding legislation or similar or related legislation in Scotland or Northern Ireland.
- 3.0.3 Paragraphs 3.1 to 3.3 below will also apply to brokers or other third parties who are members of the FLA, whether full or associate, who are engaged in the business referred to in paragraph 3.0.1 above, and reference to the obligations of members in this section of the Code shall also include reference to such third parties, wherever appropriate.
- 3.0.4 Members who are introduced to lease transactions by third parties that are not full or associate members of the FLA shall, where relevant, make reasonable endeavours to deal only with such third parties who agree to adhere to paragraphs 3.1 to 3.3 below and shall provide such third parties with a copy of this section of the Code.

3.1 BEFORE ENTERING INTO AGREEMENTS

- 3.1.1 Before entering into an agreement, and save where the member is acting in the capacity of head lessor, the member shall provide the customer clear and accessible information, in the lease documentation (such as the lease schedule, agreement or a separate short summary) which the customer must sign, which must include the following:
 - a) the period of the facility;
 - b) the rental costs (expressed as £ rental per £1000 of asset cost); and, where such rental cost is subject to adjustment, the assumed cost funds and adjustments (expressed as +/- 1% movement); and

- c) the amount or amounts of each payment – the ‘rental profile’ – to be made by the customer (other than for default or non-payment);
- d) the amount of any such charges, such as administration, in addition to the rental, payable by the customer to the member on entering into the agreement (other than for default or non-payment). Members reserve the right to charge separately for these and to change their charges, and the range of services which may be provided, from time to time. The customer will be informed of these charges, as fixed when the parties enter into the contract, at the same time as the information set out in 3.1.1 (a)-(c) above; and the customer must be informed of any subsequent changes at the appropriate time;
- e) the amount or amounts of any commission, fee or other payment payable by the member to any third party acting on behalf of the lessee, itemised as advised or invoiced by the third party;
- f) the identity of such third party, where the FLA member has made any residual exposure they may have to the equipment the subject of an arrangement with any third party;
- g) whether VAT is payable under 3.1.1(a)-(c) above;
- h) where the member is acting as an intermediary, the nature of any mandates or agency agreements entered into between the member and the lessee which relate to the transaction.

3.2 TENDERING FOR BUSINESS

- 3.2.1 Nothing in this section of the Code shall affect the rights and obligations of members, customers or third parties under current legislation on public procurement.
- 3.2.2 Members may co-operate with one another, in joint tenders, joint ventures or other combinations, providing that they are consistent with competition law. Where such persons deal jointly as principals, the members of such arrangements shall be identified in writing to the customer.

3.3 EXPIRY OF THE AGREEMENT

- 3.3.1 At the expiry of every agreement where the member retains residual value rights, members will consider any requests by the customer to:
 - a) retain possession/use of the equipment for an appropriate period; and

b) agree a new lease at fair market rates.

3.3.2 Where residual value rights are sold to another member, the latter will also consider such requests.

4 BROKERS, ARRANGERS AND OTHER INTERMEDIARIES

4.1 The following additional rules under paragraphs 4.1 – 4.9 below will apply to any member of the Association's Asset Finance Division in the business of broking or arranging asset finance deals, or acting in any other way as an intermediary between an asset finance provider and a customer, where the latter is a business or a public body (hereinafter referred to as "the Intermediary"). It applies to any Intermediary who may engage in any activity from the simple introduction of a customer to an asset finance provider through to actively organising finance for a customer. In this context, asset finance may include lease finance, hire purchase or such other finance as the asset finance provider may offer and the customer may require, in relation to equipment.

4.2 The Intermediary will be independent of the provider of funds for the transaction and will obtain remuneration for its services. It may arrange, structure and provide for the inclusion of other services in an asset finance transaction.

4.3 The Intermediary may act as an intermediary between asset finance providers and customers; or it may act as an intermediary between asset finance providers, the supplier of the goods and the customer. In some instances it may have no contact with the customer.

4.4 The Intermediary's provision of services as described in 4.1 above will be on terms consistent with their mandate to place business. The mandate may be any written or verbal agreement that the Intermediary has with its client.

4.5 Full members of the Association shall make reasonable endeavours to deal with non-member intermediaries only if they agree to adhere to this section of the Code, and shall provide such third parties with a copy of the Code.

4.6 For the avoidance of any doubt, Intermediaries shall also adhere to the key commitments and all other relevant sections of this Code.

Terms of Business

4.7 Where dealing on behalf of the customer, the Intermediary will obtain the customer's consent to act on its behalf, setting out the terms of business agreement (TBA) under which the Intermediary will provide services as described in 4.1 above. Consent may be verbal or in

writing. If a fee is paid by the customer, written consent to the TBA, including the fee structure, must be obtained. This TBA will be provided to the asset finance provider if requested.

4.8 Where appropriate, the Intermediary will inform the asset finance provider:

- (i) That it is engaging in broker to broker transactions;
- (ii) That it is paid a retainer by the customer;
- (iii) Whether it is acting on behalf of either the customer or the supplier of the goods;
- (iv) That it has a financial or personal interest in either the supplier of the goods or the customer's business;

In addition, the Intermediary will, where appropriate, inform the asset finance provider(s) and the customer:

- (v) That it is submitting written credit applications to more than one finance provider and the number of such applications; and will inform the customer that a record of each search will be stored;
- (vi) That it has an interest in the residual value of the assets financed in a deal;
- (vii) That it is receiving a fee from both the asset finance provider(s) and the customer.

4.9 Where searches are made for data on any individual, in respect of business covered by this Section, that individual's prior consent will be obtained in writing or in any other durable medium by the Intermediary.

5.0 FINANCIAL DIFFICULTIES

5.1 Members will consider cases of financial difficulty sympathetically and positively.

5.2 Members will tell customers where they can get help from debt counselling and business support organisations.

6.0 THE ASSOCIATION

- 6.1 The Association and its members shall publicise the existence of the Business Code of Practice and where appropriate provide details of the Conciliation and Mediation Schemes.
- 6.2 Members shall notify the Association of any matters which might adversely affect the reputation of the industry or of the Association.
- 6.3 Any instance of non-compliance shall be drawn to the attention of the member concerned by the Association. In the event of continued or repeated non-compliance the Association shall take such action as it deems appropriate, including a warning or expulsion from membership of the member concerned.
- 6.4 Unless the Association otherwise agrees, members shall not represent that any particular transaction or terms of a transaction exist only because the Association so wishes.

7.0 COMPLAINTS PROCEDURE

- 7.1 Members shall deal promptly and at an appropriate management level with complaints.
- 7.2 If a customer makes a complaint to the Association about an existing account or agreement with a member, the Association shall refer the complaint to the Chief Executive of the member for consideration. The Chief Executive will investigate and send a response to the complainant within 21 days of receiving the letter from the FLA.
- 7.3 The Association shall endeavour to conciliate between the customer and the member and to restore communication between the customer and the member where this has broken down. The Association shall accept complaints for conciliation made against full members and their subsidiary companies; and, for associate members who are brokers, arrangers or intermediaries in relation to complaints arising from a relevant Section of the Code.
- 7.4 If conciliation fails, the complaint may be referred to the Association's independent Mediation Scheme, with the agreement of all parties. A fee will be payable. The FLA Mediation Scheme is operated by the Chartered Institute of Arbitrators. The Rules of the Mediation Scheme are available on request.
- 7.5 Nothing in this Code restricts or is intended to restrict the rights of a complainant or a member to pursue remedies through the courts.
- 7.6 The Conciliation and Mediation Schemes shall not be invoked where a customer's complaint has already been considered under any other

Ombudsman Scheme, other relevant Codes of Practice, or where the complaint has been the subject of a judicial decision.

CHECK-LIST FOR LESSEES

Customers who are introduced to lease agreements by equipment suppliers are recommended to take the following steps:

1. Make it clear within your own organisation who can sign such agreements.
2. Ensure that the supplier of any equipment involved is reputable and an accredited supplier of the equipment involved.
3. Check the name of the leasing company, and where relevant its parent company, on the page of the lease agreement which you sign and whether this company is a member of the Finance & Leasing Association. FLA members are required to ensure that their contracts are clear and unambiguous.
4. Ensure with the supplier that the equipment is new, or if not that you are content that used or refurbished equipment is suitable.
5. Always ensure that the completed contract corresponds with any verbal or written quotation and, for copiers, a lease proposal sheet supplied via the sales person or negotiator involved.
6. Read your contract carefully **before** signing it and ensure it is correct, particularly in respect of the rental amount and the period of hire. Never sign an agreement which is not fully completed.
7. Make sure you understand and agree with all terms and conditions of the contract and, if you are unsure, seek advice.
8. Make sure you understand the costs involved and whether the agreement allows for any automatic increases in charges.
9. Check the period of hire and any notice period required for its termination and the settlement terms to be applied on early termination.
10. Ensure that the length of the agreement is not longer than the expected working life of the equipment involved.
11. Check whether the agreement includes the supply of service(s) and whether this will continue after any minimum or initial period of hire. If you are entering into a separate contract for the provision of service you should check its terms carefully.
12. If any agreements are made to your contract or a further contract is required to replace an existing agreement – do not sign until you have made the same checks as you did for the original agreement.

CONSUMER CODE OF PRACTICE (2004)

Introduction

We are the biggest UK representative organisation for the UK consumer credit and asset finance sectors including motor finance to consumers and to business. Our members provide a wide range of facilities to consumers, including hire purchase, conditional sale (an agreement where the goods will become yours only when you have made all of the payments due under the agreement), personal contract purchase plans, personal lease plans, secured and unsecured personal loans, credit cards and store card facilities.

We campaign for industry best practice. The Consumer Code of Practice 2004 sets out standards of good practice for the industry and is intended to reassure anyone who applies for finance from FLA's full members that they are doing business with reputable organisations.

The Code sets out the key commitments and principles which we expect our members to follow, with good sense and in the spirit of the Code.

This Code updates and replaces the 2002 Code of Practice, and governs all consumer credit, hire or lease agreements entered into on or after 1 January 2004 (but not business agreements), regardless of the amount (referred to in the Code as "your loan" or "your agreement"). Purchase money mortgages (loans to buy a home) for residential property, long-term savings and investment business are not covered by this code.

We have a separate code for business transactions. You can get a copy on our website at www.fla.org.uk

We have a free conciliation and arbitration procedure for consumer complaints. The arbitration scheme is totally independent of us and is run by the Chartered Institute of Arbitrators.

Our full members must keep to the Code of Practice (where it is relevant to your agreement) at all times to be a full member. You can get a list of members and more copies of the Code from us. If you would like a copy of this Code in large print, in another language or on audio tape, please contact us at the address below.

We require the Chief Executive of each full member to confirm in writing every year that they comply with the Code.

Finance & Leasing Association
Imperial House
15-19 Kingsway
London
WC2B 6UN.
Phone: 020 7836 6511

Fax: 020 7420 9600

Website: www.fla.org.uk

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1 Key commitments

1.1 As full members of the Finance & Leasing Association (FLA), we promise we will:

- act fairly, reasonably and responsibly in all our dealings with you;
- make sure that all services and products meet the requirements of FLA Code of Practice and all relevant laws and regulations;
- not discriminate against you because of your race, sex, disability, ethnic background or sexuality;
- help you when you need information and guidance;
- act honestly and try to make sure that credit brokers, and all other suppliers of goods and services we do business with, do the same;
- keep your personal information confidential;
- correct mistakes and handle complaints quickly;
- consider cases of financial difficulty sympathetically and positively;
- follow any guidance notes that the FLA issue, where relevant;
- train our staff to make sure that the procedures they follow reflect the commitments set out in this Code; and
- make copies of this Code freely and readily available to you.

2 Information

Terms and conditions

- 2.1 When you become a customer, and whenever you ask, we will give you:
- written terms and conditions of your agreement or information on how your account works;
 - the interest rate that applies to your account;
 - details of when you have to pay interest;
 - details of how we may change the interest rate;
 - a full explanation of how we work out interest, if you ask; and
 - details of any extra fees and charges you may have to pay under your agreement, including how we will tell you the amount.
- 2.2 We will tell you the charges for any other service or product before or at the time we provide that service or product, and at any time you ask.
- 2.3 All written terms and conditions will set out your rights and responsibilities clearly and in plain language. We will only use legal and technical language where necessary.
- 2.4 If you have a joint account, our written terms and conditions will provide information on your individual rights and responsibilities.
- 2.5 **Settling Your Loan Early**
- When you become a customer, and whenever you ask, we will explain how you may settle your loan agreement early and how we work out the amount you will pay us.
- 2.6 If you would like to know more about settling your loan early or the amount you will have to pay, you should contact us first.

Telling you about changes

Changes to terms and conditions (other than interest rates)

- 2.7 Occasionally we may change our terms and conditions, but only where our agreement allows us to do so. We will let you know how we will tell you about these changes. If the change is to your disadvantage, we will always give you at least 30 days' notice before making the change. If we need to use your personal information for purposes you have not already agreed to, or if we want to give your personal information to other people you have not agreed to, we will ask your permission first.

Changes to interest rates

- 2.8 If you have an agreement where we have the right to change the interest rate from time to time, this may affect your monthly payment. We will tell you about any changes to the interest rate at least seven days before they take effect in one of the following ways.

- By putting obvious notices in our branches, if we have any, and in the newspapers we usually use.
- By letter, e-mail or other personal notices.

To help you compare rates more easily, our notices will (wherever possible) clearly show the old and new interest rates that apply to your agreement.

If your interest rate changes in line with a published rate (for example, a finance house base rate), this section (2.8) will not apply as the association or organisation concerned will publish the change to the rate.

The way we market our services

- 2.9 From time to time we may tell you about other services and products which may interest you. However, we will act responsibly and carefully and will be selective about sending you details of services and products.

We may do this by post, phone, e-mail or fax. If we decide to fax you, we will get your permission first.

- 2.10 In the case of revolving credit accounts, and on all accounts that have been closed, we will remind you, at least once every three years, that you can ask us not to send you this information. This is extra to your rights under the Data Protection Act 1998.

- 2.11 When you become a customer, we will tell you if we would like to pass your name and address to other companies for marketing purposes. We may also tell you about another company's services or products and, if you say you are interested, that company may contact you direct. When you become a customer, or at any other time, you may say that you do not want us to send you any of the information in 2.9 to 2.11 above. We will tell you how to do this in our documents.
- 2.12 We will tell you if we want to use any information about transactions on your revolving credit or credit card account for marketing purposes.

Young people

- 2.13 We will:
- take particular care with applications for credit from young people; and
 - not knowingly send marketing material about our lending products (for example, loans or credit and store cards) to you if you are under 18.

Advertising

- 2.14 We will make sure that all advertising and promotional material is clear, fair and not misleading.
- 2.15 All our advertising will meet the British Codes of Advertising, Sales Promotion and Direct Marketing, the Radio Authority Advertising Code, and the Independent Television Commission Code on Advertising Standards and Practice. You can get copies of these codes from the contact addresses listed in the 'Helpful information' section at the back of this booklet.

Publicising the Code

- 2.16 When you become a customer and whenever you ask, we will tell you we are a member of the FLA and follow the FLA Consumer Code of Practice. We will also tell you how to get copies of this Code.
- 2.17 Section 2.16 above will only apply if the FLA Consumer Code of Practice and FLA complaint handling service is relevant to your agreement.

3 Selling general insurance

- 3.1 Where appropriate, we will tell you whether we offer payment protection insurance (which covers repayments under your loan agreement).

Sales and marketing

3.2 Before you take out payment protection insurance, or at the time you take it out, we will give you the following information to help you to decide if the policy is suitable for you.

- The name of the insurer.
- A summary of cover, which will explain what the product is, the cost, and the key benefits, exclusions and eligibility criteria (conditions).
- The term of your insurance cover.
- Any qualifying periods or excess payments or periods needed before you can make a claim.
- How to make a claim and who to contact if you make a claim that is disputed.
- If and when you may cancel your insurance policy, and what action you need to take to do this.

This information will help to explain if the policy is suitable for you if you are self-employed, on contract or part-time work, or if you have a medical condition that you had been diagnosed with before you took out this insurance.

Documentation

3.3 Once you have taken out insurance, we will give you a copy of your policy or certificate of insurance within 21 days, with a contact phone number for any questions you may have.

Settling Your Loan and Insurance Early

Sections 3.4 and 3.5 below only apply if you have GAP insurance and/or payment protection insurance and the premium is funded as part of your agreement.

- 3.4 We will advise you how to cancel your insurance if you cancel your agreement or settle it early and we will tell you how we work out a refund of part of your premium (if any).
- 3.5 You will not be able to cancel your insurance under section 3.4 above if you have already made a claim on your insurance policy.
- 3.6 The proceeds from your policy may affect your right to claim state benefits where you have to declare your income and savings. In your policy documents, your insurer will tell you whether your insurance covers repayments under your loan agreement, or whether it is cover which will add to your income, regardless of your loan.

Service

- 3.7 If you make a claim, we will work with you and your insurer so that your claim is dealt with quickly and fairly.

4 Suppliers of goods and other services

- 4.1 If we offer other services to you, we will only do so through a reputable supplier.
- 4.2 We will encourage the suppliers of goods and services that we finance to:
- a maintain high standards of quality, workmanship and service; and
 - b follow relevant codes of practice which do not allow high-pressure selling or high-pressure canvassing (cold calling).
- 4.3 If you have bought goods on finance which are faulty, or a service (for example, a holiday or home repairs or improvements) which is not satisfactory, you may find it useful to contact the supplier you bought those goods or services from (for example, the holiday company, repairer, retailer or dealer). The supplier should be able to help you. However, if you are not able to resolve your complaint in that way, you should contact us.

5 Credit brokers

- 5.1 We will try to make sure that any credit broker we deal with does not pressure you to enter into an agreement with us that you may find difficult to repay.
- 5.2 Before we accept business from any credit broker for the first time, we will:
- a satisfy ourselves that the broker is honest, competent and licensed under the Consumer Credit Act; and
 - b make the broker aware of the principles of this code or (where relevant) the Finance Industry Standards Association (FISA) Code.
- 5.3 We will monitor the activities of credit brokers we deal with and, in particular, we will:
- a demand that they follow this code or (where relevant) the FISA Code;
 - b refuse to deal with a credit broker who is not competent, or who fails to act honestly or in line with this code, (in those circumstances we will consider reporting this to the Office of Fair Trading); and

- c report any known relevant criminal conviction of a credit broker to the Office of Fair Trading and to the FLA.

6 Lending

Financial assessment

- 6.1 When you buy goods from a supplier on credit, they will send your credit application to us for assessment, regardless of the amount of the credit you have applied for.
- 6.2 As responsible lenders, we will try to make sure that all lending (including unsolicited pre approved loans and credit card cheques) will go through a sound and proper assessment. This assessment may look at:
- your ability to repay;
 - your income and commitments;
 - how you have handled your financial affairs in the past;
 - information from credit reference agencies and, with your permission, other people, for example, employers, other lenders and landlords;
 - information you have supplied, including proof of your identity and why you are applying for credit;
 - credit assessment techniques, for example, credit scoring (see paragraph 6.3 below);
 - your age;
 - where you live, although this will not be the only thing that affects your application;
 - any security you have provided (such as your home).
- 6.3 A credit-scoring system generally takes account of information you have provided, any information we may hold about you, and information from credit reference agencies. The credit-scoring system gives points for each piece of relevant information and adds these up to produce a score. If we use this system, we will tell you. The FLA has a leaflet called 'Your credit decision explained' which explains how credit scoring works. You can get copies from us or the FLA.

- 6.4 If we refuse your credit application, you will have a right to ask us to review our decision. We will tell you who to contact if you want us to review our decision.
- 6.5 We will not pressure you to enter into an agreement with us that we think you may find difficult to repay.
- 6.6 Before we raise your credit limit on a credit card or overdraft, we will reassess your ability to pay.

Identity

- 6.7 When you apply to open an account, we will tell you what identification we need from you to check your identity and address. This may include checking the electoral register. This is important for your security and in some circumstances may be necessary by law. We will also tell you what enquiries we may make with credit reference agencies.

'Buy now pay later' schemes

- 6.8 We are committed to responsible lending, and will not encourage you to commit yourself to a loan you cannot afford. If you buy goods on credit, the supplier may offer you a 'buy now pay later' product. We will make sure that the start date for repayments will not be more than 12 months from when you have the goods or from when you sign your credit agreement, whichever is earlier. However, this will not include buying a car on credit where you may, for example, pay a deposit of at least half of the cost of the vehicle. In that case, you may not have to pay the other half until more than 12 months after you have taken delivery of the car.

Interest option credit

- 6.9 If we offer interest option credit we will work with retailers to make sure they are able to explain the options that will be open to you.
- 6.10 Where you have an interest option credit agreement, we will:
 - a write to you towards the end of the interest option period to remind you about the options that are open to you;
 - b make it clear in the credit agreement and when writing to you as required by paragraph a above, the date from which interest is payable if you do not make the final payment within the interest option period.

- c allow you a short 'grace period' at the end of the interest option period to make the final payment if you can show you have made a reasonable effort to pay on time;
- d tell you clearly at the beginning of your agreement if we have any restrictions on how you can make the final payment; and
- e allow you to make the final payment in the way you prefer, depending on any restrictions (see (d) above).

Guarantees

- 6.11 If we accept a guarantee or other security from someone for your liabilities, we may give your confidential financial information to the person giving the guarantee or other security or to their legal adviser. We will also:
- encourage them to take independent legal advice to make sure that they understand their commitment and the possible consequences of their decision (the documents we ask them to sign will contain this recommendation as a clear and obvious notice);
 - tell them that by giving the guarantee or other security they may become liable instead of, or as well as, you;
 - limit each guarantee or security to a particular transaction or limit of liability; and
 - tell them about the ways we may use or reveal information that may not be obvious, and get their permission to use or reveal information before they enter into the guarantee.

7 Data protection and confidentiality

Credit reference agencies

- 7.1 When you apply for credit, we will tell you that we may use the information you give us to carry out a search with a credit reference agency (CRA). The CRA will keep a record of any search, and other lenders may use it to assess applications from you and other members of your household for credit in the future. We and other lenders may also use the search information to prevent or detect fraud and money-laundering, to trace debt, and for statistical purposes.
- 7.2 We will tell you if we plan to tell credit reference agencies that you have an account and how you run that account.

Confidentiality

- 7.3 We will keep your personal information confidential and will tell you how we plan to use this information before we collect it.
- 7.4 We will not reveal information we hold about you to others, unless:
- we have your permission to do so;
 - we have to by law;
 - we have a public duty to do so; or
 - it is in our interests to do so (for example, for legal proceedings or to enforce a guarantee). But we will not use this as a reason to give your personal information to anyone else, including other companies within our group.
- 7.5 As a general rule, we will give you reasonable notice if we decide to file a default on your credit reference file. However, we may not always give you notice beforehand, for example, if we plan to repossess our property or take court action.

Information

- 7.6 We will let you know how to get a copy of information which we and/or the CRAs hold and that you have a right to see under the Data Protection Act. A fee may be charged for supplying that information.
- 7.7 If we record or monitor phone conversations, we will let you know.

8 Running your account

Section 8 only applies to current accounts and revolving credit accounts (unless it says otherwise).

Statements

- 8.1 To help you manage your account and check entries on it, we will send you regular account statements. We will normally provide you with a statement every month or every three months, or at least once a year. Unless you ask us, we may not send you statements if your balance is nil and there have been no transactions on your account since the last statement. You may ask us to provide account statements more often than they are normally available on your type of account, although there may be limits on this depending on the type of account you have. We may charge a fee for this extra service.
- 8.2 If your statement has an entry which seems to be wrong, you should tell us as soon as possible so we can sort it out.

Pre-notification: Current accounts only

- 8.3 If charges or debit interest (or both) have built up on your current account during a charging period, we will give you at least 14 days' notice of the amount before we take it from your account. The 14 days start from the date we post the notification to you.

Cheques

- 8.4 We will keep original cheques paid from your account (or copies) for at least six years, unless we have already returned these to you.
- 8.5 If there is a dispute with us about a cheque paid from your account, we will give you the cheque or a copy as evidence (unless we have already returned the cheque to you). If there is an unreasonable delay in resolving your dispute, we will add the amount of the cheque to your account until we have sorted the matter out.
- 8.6 If we need to tell you that one of your cheques or other items has been returned unpaid, we will do this either by letter or in another private and confidential way.

Cards and PINs

- 8.7 We will only send you a card if you ask for one or to replace a card we have already issued.
- 8.8 We will only send your PIN (personal identification number) to you and we will send it separately from your card.

Choosing your own PIN

- 8.9 We will tell you if you can choose your own PIN and, if so, we will encourage you to do so carefully. This should make it easier for you to remember your PIN.

Taking care

- 8.10 You must take care of your chequebook, PINs, cards, passwords and selected personal information to help prevent fraud and protect your accounts. We will tell you what security measures you and we must take to protect your account.
- 8.11 Once you have told us that a chequebook or card has been lost or stolen or that someone else knows your PIN, password or selected personal information, we will take immediate steps to prevent these from being used to access your accounts. If your **credit card** has been used by someone else before you tell us it has been lost or stolen, you will only have to pay the first £50 of what was spent on your card. If someone else uses your card details without your permission for a transaction where the cardholder does not need to be present, you will not have to pay anything.
- 8.12 We will refund you the amount of any transaction, together with any interest and charges:
- if you have not received your card and it is misused by someone else;
 - for all transactions you have not authorised after you have told us that someone else knows your PIN, password or selected personal information; and
 - if the cash machine (or an associated system) was faulty and these faults were not obvious or the machine did not have a warning message or notice at the time you used it.
- 8.13 We will not stop your revolving credit account without giving you reasonable notice, unless there are exceptional circumstances. For example, if we suspect that your account is being used fraudulently, or if you break the terms and conditions of your agreement.

Credit card cheques

- 8.14 We will give you a clear statement of the charging arrangements, conditions of use, and the difference in protection compared with the use of the credit card each time we send you credit card cheques. We will not offer you inducements to borrow (such as entry in prize draws) when we send you credit card cheques. The offer of a lower APR is not an inducement to borrow in this instance.

9 Difficulties

Financial difficulties

- 9.1 We will consider cases of financial difficulty sympathetically and positively.

How we can help each other

- 9.2 If you find yourself in financial difficulties (if you cannot afford to pay your loan), you should let us know as soon as possible. The sooner you discuss your problems with us, the easier it will be for both of us to find a solution. The more you tell us about your full financial circumstances, the more we may be able to help. If you are in financial difficulties:

- ❖ When you first contact us to tell us that you are in financial difficulties we will explain what our procedures are and will discuss your options with you;
- ❖ We will tell you if we pass your account to a third party such as a debt collector or solicitor;
- ❖ If we sell your account to a third party we will make sure they are aware of any arrangement already reached with you;
- ❖ If we agree to accept reduced payments from you we will tell you what information will be passed to the credit reference agencies about your account;
- ❖ We will not harass you or put you under undue pressure;
- ❖ In considering your options with you we will try to ensure that you are left with enough money to pay reasonable day-to-day expenses;
- ❖ We will tell you promptly if we agree to freeze or reduce the interest rate or application of interest on your account or if we intend to revert to the rate of interest on your agreement or reapply interest to your account;

❖ We will send you a statement of your account when you ask us to. We may charge a fee for this extra service;

❖ You should tell us as soon as your personal circumstances change.

9.3 If you are in difficulties, you can get help and advice from debt-counselling organisations. If you send us your permission, in writing, we will work with debt-counselling organisations that we recognise. This service may be free of charge. For example:

- Citizens Advice;
- Money advice centres;
- The Consumer Credit Counselling Service; or
- National Debt Line.

All of the above are free of charge.

You can find their phone numbers at the back of this booklet. The FLA has a leaflet called "Money Problems? Take Advice" which will give you more information on the range of debt-counselling organisations available. You can get a copy from the FLA, or we can provide you with a copy or similar information.

9.4 If our relationship with you has broken down, we will include this in the information we supply to credit reference agencies. You should be aware that this may have serious consequences on your ability to get credit in the future.

9.5 Credit reference agencies hold different types of information. You can get copies of the information held about you by writing to the following addresses, enclosing a fee of £2. We will tell you which agency we use.

Experian	Equifax	Call Credit plc
Consumer Help Service	Credit file advice centre	ConsumerServicesTeam
PO Box 8000	PO Box 1140	PO Box 491
Nottingham	Bradford	Leeds
NG1 5GX	BD1 5US	LS1 5XX

9.6 Mortgages. If we repossess property you own, which we then sell, we will contact you about recovering any debt you still owe us within the first six years (five years in Scotland) after the sale. If you have committed mortgage fraud, we may increase this period up to 12 years.

10 Complaint procedures

Internal procedures

- 10.1 If you complain to us, and whenever you ask, we will tell you about the internal procedures we have for handling complaints fairly and quickly. These include setting a time limit for letting you know we have received your complaint, and details of the independent ombudsman or arbitration scheme we belong to. If we need to investigate your complaint further to respond fully, we will tell you and will keep you regularly updated.
- 10.2 If you want to make a complaint, you should contact us first. We will tell you what the phone number is, although you may find it on any recent letters that you have received from us, in your local phone book, or from Directory Enquiries. To help us deal with your complaint quickly, please have your agreement number ready and any other forms of identification we have agreed with you. Or, you may want to write to us.

External procedures

- 10.3 When you become a customer, and if you have made a complaint which we are not able to resolve to your satisfaction, we will give you details of the external complaint-handling services we belong to. This may be the FLA, or the Financial Ombudsman Service (or both). We will tell you which external complaint-handling service is appropriate for you.

The FLA Conciliation and Independent Arbitration Scheme

- 10.4 If you want to make a complaint to the FLA, you may phone them on 020 7420 9624. You can also write to the Compliance Manager at the FLA, enclosing brief details of your complaint, a copy of your agreement (if you have it) and copies of any relevant correspondence.
- 10.5 As a first step, the FLA will refer your complaint to our Chief Executive, who will make sure that we investigate it and send a response to you within 21 days of receiving the letter from the FLA.
- 10.6 If you are still not satisfied, the FLA will try to conciliate (help you reach an agreement). If conciliation fails, you may refer your complaint to the FLA's independent Arbitration Scheme, which is run by the Chartered Institute of Arbitrators. Your complaint must be covered by the scheme, which we will

explain to you. We will give you a copy of the rules of the scheme, which you can also get from the FLA or the Chartered Institute of Arbitrators.

- 10.7 The Arbitration Scheme applies to all consumer agreements, whether or not they are regulated by the Consumer Credit Act. However, the scheme will not apply to complaints about:

- our decision on whether to lend you money or to take security and, if so, on what terms;
- the rate of interest we charged you or the amount of other charges we make;
- any faulty or unsuitable goods we have financed; or
- a supplier of goods allegedly giving you false information or breaking their contract with you.

The arbitrator will decide any dispute in line with the rules of the scheme.

- 10.8 You will have the right to go to court at any stage, unless you have chosen binding arbitration (settling a dispute by using an arbitrator) and the arbitrator has made a decision.

- 10.9 You will not be entitled to use the FLA Conciliation and Independent Arbitration Scheme if your complaint has been, or is being considered by the courts or by any other independent arbitration or ombudsman scheme.

11 Monitoring and compliance

- 11.1 We have a Code Compliance Officer and our internal auditing procedures make sure we meet (comply with) the code. We have to fill in an 'annual statement of compliance' as a condition of our membership of the FLA.
- 11.2 The code is monitored by the FLA Consumer Code Group which is made up of representatives from the finance houses and independent consumers. It also has an independent chairman. The Group produces an annual report, which we can send to you, if you ask.
- 11.3 You can contact the Consumer Code Group if you have a complaint about the general running of the code by writing to:

The Compliance Manager
Finance & Leasing Association
Imperial House
15-19 Kingsway
London
WC2B 6UN.
Phone: 020 7420 9624

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Glossary of terms

These definitions explain the meaning of words and phrases used in the code. They are not exact legal or technical definitions.

Agreement

A credit, hire or lease agreement with a member of the FLA.

Card

A general term for any plastic card which may be used to pay for goods and services or to withdraw cash. In this code, this definition does not include electronic purses. Electronic purses are any card, or function of a card, which contains real value in the form of electronic money which someone had paid for beforehand. Some cards can be reloaded with more money and can be used for a range of purposes.

Consumer

A customer who enters into a credit, hire or lease agreement or opens an account with a member of the FLA, other than for business purposes, regardless of the amount.

Credit broker

A person licensed under the Consumer Credit Act 1974 who introduces a customer to a company which will offer credit, hire or lease agreements.

Credit reference agencies

Organisations, licensed under the Consumer Credit Act 1974, which hold information about individuals that is of interest to lenders. FLA members may contact these agencies for information to help them make various decisions, for example, whether or not to lend you money. Members may give information to, or ask for information from, these agencies.

Credit scoring

A system used by some members to help them make decisions about whether or not to lend you money. A credit-scoring system takes account of information you have provided, and any other information the lender may hold. It gives points for each piece of relevant information and adds these up to produce a score.

Excess period

The insurer will not start to pay a claim during this period.

Excess payment

An amount the policyholder must pay towards the cost of a claim. The insurer deducts this amount from the claim if the settlement is greater.

Final payment

The full amount the customer must pay under the agreement.

General insurance

Includes any form of insurance sold by FLA members including, for example, payment protection insurance, extended warranty, motor insurance, breakdown cover, and GAP (the difference between the amount the motor insurer pays if the vehicle is written off, and the amount the customer owes under the agreement for the vehicle, if this is greater). Payment protection insurance covers payments against one or more of the following.

- Accident or sickness
- Unemployment
- Redundancy
- Death

The key benefits, exclusions and eligibility conditions will vary. Extended warranty extends the guarantee the manufacturer has offered.

Guarantee

A promise given by a person called the 'guarantor' to pay another person's debts if that person does not pay them.

Interest option products

An agreement under which interest is payable from the start but if the customer repays the full amount of credit before the end of a specified period (the interest option period) the creditor will excuse the customer from paying all of the interest that would otherwise have been payable under it.

Members

Finance and leasing companies who are full members of the FLA. You can get a list of these from the FLA, or see website www.fla.org.uk

Notice period

If notice periods are set out in this code, the notice period will start from the date we post the notification to you.

Password

A word or an access code which the customer has chosen to allow them to use a phone or home-banking service. It is also used for identification.

PIN (personal identification number)

A confidential number which allows the customer to withdraw cash and use other services at a cash machine.

Qualifying period

The period of time between the event giving rise to a claim and the insurer making the first benefit payment. Payments will be backdated for this period.

Revolving credit

An agreement where the customer can continue to receive cash, goods or services, up to an agreed credit limit (if any), as long as they keep up repayments and do not go over the agreed credit limit (for example, a credit card or store card).

Security

A word used to describe valuable items such as title deeds to houses, share certificates, life policies, and so on, which represent assets used as support for a loan. Under a secured loan, the lender has the right to sell the security if the loan is not repaid.

Selected personal information

Private and personal facts and information that a customer has chosen (for example, a password) which can be used to check the customer's identity when accessing accounts.

Unpaid cheque

This is a cheque which, after being paid into the account of the person it is written out to, is returned 'unpaid' (bounced) by the bank whose customer issued the cheque. This leaves the person the cheque was written out to without the money in their account.

Young people

People aged between 18 to 21.

Helpful information

Copies of FLA Consumer Code of Practice

All members will make copies of the code available to you if you ask. You can also get copies from the FLA.

Other codes of practice

You can get copies of the British Codes of Advertising Sales Promotion and Direct Marketing from the Advertising Standards Authority on 020 7580 5555, the Radio Authority Advertising Code from the Radio Authority Advertising Commission on 020 7430 2724, and the Independent Television Commission Code on Advertising Standards and Practice from the Independent Television Commission on 020 7255 3000.

Free money advice

You can get the phone numbers for the free debt-counselling organisations that FLA members recognise from the following.

- Citizens Advice. To find your local office, look in your phone book under 'C' or in the Yellow Pages under 'Counselling and advice', or from www.citizensadvice.org.uk.
- Call National Debtline on 080 8808 4000 (this call is free).
- Call Consumer Credit Counselling Service on 0800 138 1111 (this call is free).
- Call Money Advice Scotland on 0141 572 0237.
- Call Advice UK on 020 7489 1800.
- The Trading Standards Department of your local council (also known as the Consumer Protection Department). You can find their details in the Yellow Pages under the heading 'Consumer organisations'.
- If you are a student, contact the Student Welfare Officer at your students' union.